MODERN FARMING
现代牧业

China Modern Dairy Holdings Ltd.
中國現代牧業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1117)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

HIGHLIGHTS

The Group's corporate vision is "deploying the whole industry chain, be innovative with digital intelligence, and be a global dairy farming leader". With raw milk production as its core business, the Group has built a business system covering the entire value chain of the dairy industry through the dual drives of digital transformation and ecological development. The Group's current business scope covers breeding research and development, forage plantation, feed, dairy cows breeding, value chain digital intelligence platform and newly acquired desert-sourced organic milk business. Through the collaborative development model of the entire value chain, the Group's business maintained a steady growth trend.

- **Successful Acquisition of CSM:** As of 20 July 2026, the Group and its parties acting in concert held approximately 71.49% of the shares of China Shengmu Organic Milk Limited ("**CSM**"), and the offer became unconditional in all respects. As of the close of the offer period on 3 August 2026, the Group held approximately 53.53% of the equity interest in CSM, becoming the largest shareholder of CSM. This enables the Group to rapidly secure access to a scarce supply of organic milk from the desert, optimise its product mix and enhance its high-end raw milk supply capacity. After the acquisition, the Group has achieved notable expansion in business scale and asset base, unlocking economies of scale to enhance synergy, strengthening overall operational and financial capabilities, and further consolidating its leading position in the raw milk supply market.

- **Excellent Product Quality:** Modern Dairy's brand of pure milk has won the gold medal at the Monde Selection Quality Awards for thirteen consecutive years. We always abide by the mission of "raising healthy cows, safeguarding every drop of good milk". From forage grass planting, cow breeding to milk processing, the Group utilises digital intelligence to carry out 24/7 all-weather monitoring of each node in the whole dairy value chain to ensure every drop of milk is of the highest quality and is both nutritious and safe.

- **Strong Operating Cash Flow:** The Group has continuously taken effective measures to enhance quality and increase efficiency, achieving significant cost savings during the period. The Group recorded net cash from operating activities of RMB768.5 million, an increase of 56.8% compared to the same period in 2025, enhancing the Group's core competitiveness and resilience to industry cycles.

- **Healthy Dairy Cow Structure:** As at 30 June 2026, the Group raises a total of 460,854 dairy cows, representing a year-on-year ("**yoy**") decrease of 2.5%, and the proportion of milkable cows to the total number of dairy cows increased by 6.0 percentage point ("**ppt**") to 60.1% as compare to same period last year, such proportion is at a very ideal level and in line with the overall herd management strategy.

- **Continued Raw Milk Business Growth:** During the period, the average annualized milk yield ("**AMY**") per milkable cow and total milk production reached record highs. The average AMY per milkable cow reached 13.3 tons, a yoy increase of 0.4%, leading the industry. The total raw milk yield reached 1.778 million tons, representing a yoy increase of 7.1%.

- **Outstanding ESG Performance:** MSCI Inc., one of the world's largest index companies, has upgraded Modern Dairy's rating to AA, ranking it first among Chinese livestock companies. Furthermore, the Group was selected into the S&P Global Sustainability Yearbook for the first time, highlighting our achievements and influence in the global sustainable development field.

INTERIM DIVIDEND

The Board did not declare the payment of any interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: nil).

In this announcement, "**we**", "**us**" and "**our**" refer to the Company (as defined below) and unless the context otherwise requires, the Group (as defined below).

(All amounts in Renminbi ("**RMB**") million unless otherwise stated)

	For the six months ended 30 June		
	2026 **(unaudited)**	2025 (unaudited)	Period to Period Change
FINANCIAL DATA			
Revenue	**6,592.8**	6,072.5	+8.6%
Cash EBITDA *(Note)*	**1,598.8**	1,476.5	+8.3%
Profit/(loss) for the period	**41.7**	(983.8)	N/A
Net cash from operating activities	**768.5**	490.0	+56.8%
Profit/(loss) per share (basic) *(RMB cents)*	**0.20**	(11.67)	N/A
KEY OPERATION DATA			
Herd size (heads)	**460,854**	472,480	-2.5%
Average annualised milk yield (tons/head • year)	**13.3**	13.2	+0.4%
Milk yield (ten thousand tons)	**177.8**	166.1	+7.1%

Note:

Cash EBITDA is defined as earnings before finance costs and tax having added back: i) depreciation and amortisation charged to profit or loss; ii) other gains and losses, net; iii) impairment losses under expected credit loss model, net of reversal; and iv) loss arising from changes in fair value less costs to sell of dairy cows.

The board (the "**Board**") of directors (the "**Directors**") of China Modern Dairy Holdings Ltd. (the "**Company**", "**CMD**" or "**Modern Dairy**") is pleased to present the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2026, together with comparative figures for the corresponding period in 2025. The interim results have been reviewed by the audit committee of the Company (the "**Audit Committee**") and the Group's auditor KPMG.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

		Six months ended 30 June	
		2026	2025
	Note	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Revenue	*4*	**6,592,803**	6,072,518
Cost of sales		**(6,264,145)**	(5,842,037)
Gains arising on initial recognition of raw milk at fair value less costs to sell at the point of harvest		**1,398,732**	1,373,132
Gross profit		**1,727,390**	1,603,613
Loss arising from changes in fair value less costs to sell of dairy cows		**(760,067)**	(1,822,852)
Other income	*5*	**166,211**	134,620
Selling and distribution costs		**(275,316)**	(214,055)
Administrative expenses		**(316,833)**	(338,972)
Impairment losses under expected credit loss ("**ECL**") model, net of reversal	*9*	**(6,437)**	(8,655)
Other gains and losses, net	*6*	**(142,946)**	(16,708)
Other expenses		**(3,381)**	(8,670)
Share of results of associates and a joint venture		**16,553**	(8,367)
Profit/(loss) before finance costs and taxation		**405,174**	(680,046)
Finance costs	*7*	**(353,676)**	(292,427)
Profit/(loss) before taxation		**51,498**	(972,473)
Income tax	*8*	**(9,763)**	(11,298)
Profit/(loss) for the period		**41,735**	(983,771)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2026

	Note	Six months ended 30 June 2026 RMB'000 (unaudited)	Six months ended 30 June 2025 RMB'000 (unaudited)
Attributable to:			
Equity shareholders of the Company		**15,290**	(913,474)
Perpetual capital securities holders		**3,425**	–
Non-controlling interests		**23,020**	(70,297)
Profit/(loss) for the period		**41,735**	(983,771)
Profit/(loss) per share	*10*		
Basic (RMB)		**0.20 cents**	(11.67) cents
Diluted (RMB)		**0.19 cents**	(11.67) cents
Profit/(loss) for the period		**41,735**	(983,771)
Other comprehensive income for the period (after tax and reclassification adjustments):			
Item that will not be reclassified to profit or loss:			
Fair value change on investments in equity instruments at fair value through other comprehensive income ("**FVTOCI**")		**(10,037)**	(370)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(9,578)**	(780)
Other comprehensive income for the period		**(19,615)**	(1,150)
Total comprehensive income for the period		**22,120**	(984,921)
Attributable to:			
Equity shareholders of the Company		**(4,112)**	(914,501)
Perpetual capital securities holders		**3,425**	–
Non-controlling interests		**22,807**	(70,420)
Total comprehensive income for the period		**22,120**	(984,921)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

	Note	At 30 June 2026 *RMB'000* (unaudited)	At 31 December 2025 *RMB'000* (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**7,198,803**	7,456,076
Right-of-use assets		**2,333,705**	2,387,434
Goodwill		**1,816,870**	1,818,318
Other intangible assets		**28,821**	31,504
Interests in associates and a joint venture		**634,789**	617,583
Biological assets	*11*	**11,340,289**	11,271,008
Equity instruments at FVTOCI		**63,347**	40,645
Derivative financial instruments		**–**	16,405
Bank balances		**2,455,257**	1,346,058
Deferred tax assets		**14,288**	12,085
		25,886,169	24,997,116
CURRENT ASSETS			
Inventories		**1,982,010**	3,010,164
Trade and other receivables and prepayments	*12*	**1,828,510**	1,834,095
Derivative financial instruments		**113,674**	154,518
Restricted bank deposits		**1,842,280**	8,339
Bank balances		**5,243,943**	6,554,174
Financial assets measured at fair value through profit or loss ("**FVTPL**")		**–**	20,003
		11,010,417	11,581,293
CURRENT LIABILITIES			
Trade and other payables	*13*	**3,030,891**	4,635,614
Tax payable		**8,734**	7,637
Bank borrowings	*14*	**3,191,604**	2,189,448
Other borrowings	*15*	**1,406,779**	1,642,585
Long term bonds	*16*	**3,001,788**	3,099,913
Lease liabilities		**210,019**	208,997
Short term debenture	*17*	**–**	204,153
Other liabilities		**159,899**	16,206
Contract liabilities		**10,391**	12,421
Deferred income		**16,271**	31,364
		11,036,376	12,048,338
NET CURRENT LIABILITIES		**(25,959)**	(467,045)
TOTAL ASSETS LESS CURRENT LIABILITIES		**25,860,210**	24,530,071

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 June 2026

	Note	At 30 June 2026 RMB'000 (unaudited)	At 31 December 2025 RMB'000 (audited)
NON-CURRENT LIABILITIES			
Bank borrowings	*14*	**9,737,042**	8,393,990
Other borrowings	*15*	**668,597**	996,231
Long term bonds		**2,663,814**	2,737,221
Lease liabilities	*16*	**2,020,487**	2,105,746
Derivative financial instruments		**133,463**	–
Other liabilities		**62,066**	213,634
Deferred tax liabilities		**4,528**	6,045
Deferred income		**262,301**	258,832
		15,552,298	14,711,699
NET ASSETS		**10,307,912**	9,818,372
CAPITAL AND RESERVES			
Share capital		**675,869**	675,869
Reserves		**7,591,363**	7,618,544
Total equity attributable to equity shareholders of the Company		**8,267,232**	8,294,413
Perpetual capital securities		**500,475**	–
Non-controlling interests		**1,540,205**	1,523,959
TOTAL EQUITY		**10,307,912**	9,818,372

NOTES

1. GENERAL INFORMATION

China Modern Dairy Holdings Ltd. (the "**Company**") was incorporated and registered in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. Its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 26 November 2010. The registered office of the Company is Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KYI-1104, Cayman Islands.

As at 30 June 2026, China Mengniu Dairy Co., Ltd. ("**Mengniu**") and its wholly-owned subsidiary together owned 49.39% of the issued share capital of the Company. Mengniu and its subsidiaries are hereinafter collectively referred to as "Mengniu Group".

The principal activity of the Company is investment holding and its subsidiaries (together, the "**Group**") are mainly engaged in production and sales of milk, trading, production and sales of feeds, sales of breeding products and provision of platform services.

The condensed consolidated financial statements are presented in Renminbi ("**RMB**"), which is the functional currency of the Company.

2. BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("**IAS**") 34, Interim financial reporting, issued by the International Accounting Standards Board ("**IASB**"). It was authorised for issue on 25 August 2026.

In preparation of the consolidated financial statements for the six months ended 30 June 2026, the Directors have given careful consideration to the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by RMB25,959,000 (2025: RMB467,045,000). Taking into account, (i) the available credit facilities of approximately RMB7,804,960,000 (of which approximately RMB1,029,120,000 expires after one year) which remain unutilised as at 30 June 2026 and the facilities are from licensed banks; (ii) the expected net cash inflows generated from the Group's operations for the next twelve months, the Directors are satisfied that the Group will be able to meet in full its financial obligations as and when they fall due in the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2025 annual financial statements, except for the newly adopted accounting policy for perpetual capital securities and for the accounting policy changes that are expected to be reflected in the 2026 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial results announcement contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2025 annual financial statements. The condensed consolidated interim financial statements and the accompanying notes do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("**IFRSs**").

The interim financial results announcement is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA.

The financial information relating to the financial year ended 31 December 2025 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

3. CHANGES IN ACCOUNTING POLICIES

The IASB has issued a number of amendments to IFRS Accounting Standards that are first effective for the current accounting period. Of these, only the amendments to IFRS 9, Financial instruments and IFRS 7, Financial instruments: Disclosures − Amendments to the classification and measurement of financial instruments, are relevant to the Group's financial statements. The impacts of adopting these amendments are discussed below.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. REVENUE AND SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified two reportable segments.

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines and geographical location of customers is as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products of service lines		
– Raw milk	**5,398,982**	5,068,880
– Integrated dairy farming solutions	**1,193,821**	1,003,638
	6,592,803	6,072,518
Disaggregated by geographical location of customers		
– Chinese Mainland	**6,397,017**	5,920,005
– Other countries	**195,786**	152,513
	6,592,803	6,072,518

(b) Information about profit or loss

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the "**CODM**"), in order to allocate resources and to assess performance. Information reported to CODM for the purposes of resources allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Prior year segment disclosures have been represented to conform with the current period's presentation.

The Group's reportable segments under IFRS 8 are as follows:

- Raw milk business – raising and breeding dairy cows to produce and sell raw milk.
- Integrated dairy farming solution business – trading, production and sales of feeds and breeding products, provision of platform and other services through digital intelligence platform.

Disaggregation of revenue from contracts with customers by timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

For the six months ended 30 June	Raw milk business		Integrated dairy farming solution business		Total	
	2026	2025	**2026**	2025	**2026**	2025
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Disaggregated by timing of revenue recognition						
Point in time	**5,398,982**	5,068,880	**1,192,781**	989,041	**6,591,763**	6,057,921
Over time	**–**	–	**1,040**	14,597	**1,040**	14,597
Revenue from external customers	**5,398,982**	5,068,880	**1,193,821**	1,003,638	**6,592,803**	6,072,518
Inter-segment revenue	**–**	–	**1,389,318**	949,389	**1,389,318**	949,389
Reportable segment revenue	**5,398,982**	5,068,880	**2,583,139**	1,953,027	**7,982,121**	7,021,907
Reportable segment profit/(loss)	**49,268**	(891,829)	**30,571**	51,780	**79,839**	(840,049)

(c) Reconciliations of reportable segment profit or loss

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Reportable segment profit/(loss)	**79,839**	(840,049)
Elimination of inter-segment profit	**(11,610)**	(5,754)
Reportable segment profit/(loss) derived from the Group's external customers, associates and joint venture	**68,229**	(845,803)
Unallocated share of profits less losses of associates	**14,535**	11,319
Unallocated other income	**3,839**	1,786
Unallocated other gains and losses	**1,276**	13,301
Unallocated expenses	**(36,381)**	(153,076)
Consolidated profit/(loss) before taxation	**51,498**	(972,473)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/(loss) represents the profit/(loss) before tax earned by each segment without allocation of central administration expenses, corporate income and expenses, other gains and losses and share of profit of associates that are not directly attributable to operating segments. This is the measure reported to the CODM for the purposes of resources allocation and assessment of segment performance. Inter-segment revenue is charged at prices agreed between group entities, which are determined by reference to the prices offered to third party customers.

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.

5. OTHER INCOME

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Interest income	**89,774**	45,631
Government grants related to		
– Assets *(Note i)*	**52,088**	59,425
– Income *(Note ii)*	**5,803**	21,457
	57,891	80,882
Others	**18,546**	8,107
	166,211	134,620

Notes:

i. These government grants are in relation to (i) compensations of the capital expenditure incurred for purchase of plant and machinery and right-of-use assets, which are recognised over the useful life of the related assets; (ii) the purchase of inventories, which are credited to the profit or loss over the periods in which the inventories were consumed; and (iii) purchase of biological assets measured at fair value less costs to sell, which are credited to the profit or loss, when the conditions attaching to the government grant are met.

ii. These government grants are unconditional government subsidies received by the Group for the purpose of giving immediate financial support to the Group's operation.

6. PROFIT/(LOSS) BEFORE FINANCE COSTS AND TAX

Profit/(loss) before finance costs and tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Cost of sales:		
Breeding costs to produce raw milk	**3,805,494**	3,538,310
Raw milk fair value adjustments included in cost of sales	**1,398,732**	1,373,132
Cost of feeds and farm supplies sold	**1,059,417**	926,657
Cost of breeding products sold and platform services	**502**	3,938
	6,264,145	5,842,037
Other gains and losses, net:		
Net foreign exchange gain	**(48,131)**	(12,214)
Loss on disposal of property, plant and equipment	**3,523**	6,436
Gain on partial redemption of long term bonds	**–**	(1,564)
Foreign currency option contracts	**28,390**	(476)
CFCCS	**26,231**	26,243
Cross currency swap ("**CCS**")	**122,151**	–
Changes in provision for obligation to return dairy cows	**593**	(1,825)
Fair value loss/(gain) on commitment to non-controlling interests	**17,214**	(15,778)
Others	**(7,025)**	15,886
	142,946	16,708
Depreciation of property, plant and equipment	**386,646**	393,816
Depreciation of right-of-use assets	**92,918**	115,857
Amortisation of other intangible assets	**5,018**	4,743
Less: capitalised in biological assets	**(200,425)**	(206,074)
Depreciation and amortisation charged to profit or loss	**284,157**	308,342
Employee benefits expense:		
Salaries and allowances	**518,003**	569,204
Retirement benefit schemes contributions	**51,632**	46,953
Equity-settled share award expense	**24,544**	25,101
Less: capitalised in biological assets	**(132,984)**	(145,094)
Employee benefits charged to profit or loss	**461,195**	496,164

7. FINANCE COSTS

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Interest expenses on:		
Bank borrowings	**171,676**	176,476
Long term bonds	**96,506**	43,086
Short term debenture	**47**	2,007
Lease liabilities	**43,970**	48,674
Other borrowings	**41,477**	22,184
Total finance costs	**353,676**	292,427

8. INCOME TAX

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Current tax:		
PRC enterprise income tax	**11,844**	11,187
Other jurisdictions	**1,638**	768
	13,482	11,955
Deferred tax:		
PRC enterprise income tax	**(3,536)**	–
Other jurisdictions	**(183)**	(657)
	(3,719)	(657)
Income tax expense	**9,763**	11,298

The Company is incorporated as an exempted company and as such is not subject to any tax in the Cayman Islands.

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

Under the Law of the People's Republic of China (the "**PRC**") on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the statutory income tax rate of the PRC subsidiaries is 25% for both periods.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

According to the prevailing tax rules and regulation of the EIT Law, 52 subsidiaries of the Group is exempted from EIT for taxable profit from the operation of agricultural business in the PRC for the six months ended 30 June 2026 (six months ended 30 June 2025: 58).

Pursuant to the PRC EIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Chinese Mainland. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. Deferred taxation has not been provided for in the condensed consolidated financial statements in respect of the accumulated profits of the PRC subsidiaries amounting to RMB5,126,041,000 (31 December 2025: RMB4,683,051,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

9. IMPAIRMENT LOSSES ON TRADE AND OTHER RECEIVABLES

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Impairment loss in respect of:		
Trade receivables	**6,437**	4,635
Other receivables	**–**	4,020
	6,437	8,655

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2026 are the same as those presented in the Group's financial statements for the year ended 31 December 2025 and six months ended 30 June 2025.

10. PROFIT/(LOSS) PER SHARE

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

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Profit/(loss)		
Profit/(loss) for the purposes of basic and diluted profit/(loss) per share	**15,290**	(913,474)

(a) Basic profit/(loss) per share

The number of shares adopted in the calculation of the basic profit/(loss) per share has been arrived at after adjusting the effect of shares repurchased by the Company and the shares held under the Company's Share Award Scheme:

	Six months ended 30 June	
	2026	2025
	'000	*'000*
Issued ordinary shares at 1 January	**7,915,662**	7,915,662
Effect of award shares vested	**27,549**	27,491
Effect of shares repurchased under the Company's Share Award Scheme	**(111,899)**	(117,809)
Weighted average number of ordinary shares for the purpose of basic profit/(loss) per share	**7,831,312**	7,825,344

(b) Diluted profit/(loss) per share

The calculation of diluted profit per share for the period ended 30 June 2026 has not taken into account the effect of the option granted to China Agricultural as the adjusted exercise price significantly exceeded the average market price during the period and accordingly the option had no dilutive effect.

	Six months ended 30 June	
	2026	2025
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic profit/(loss) per share	**7,831,312**	7,825,344
Effect of deemed issue of shares under the company's share award scheme for nil consideration	**129,907**	–
Weighted average number of ordinary shares for the purpose of diluted profit/(loss) per share	**7,961,219**	7,825,344

11. BIOLOGICAL ASSETS

The fair value less costs to sell of dairy cows at the end of the reporting period is set out below:

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Milkable cows	**7,884,132**	7,632,654
Heifers and calves	**3,456,157**	3,638,354
Total dairy cows	**11,340,289**	11,271,008

The Group has engaged Jones Lang LaSalle Corporate Appraisal And Advisory Limited, an independent firm of professional valuers, to assist it in assessing the fair values of the Group's dairy cows.

12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Trade receivables	**1,459,060**	1,434,576
Bills receivable	**4,329**	56,404
Less: allowance for credit losses	**(54,199)**	(48,776)
	1,409,190	1,442,204
Prepayments for feeds, materials, insurance and others	**141,335**	114,760
Dividends receivable from associates	**15,681**	–
Receivable from disposal of property, plant and equipment	**49,334**	65,644
Input value added tax recoverable	**7,439**	14,278
Short term entrusted loans to associates	**173,658**	173,693
Guarantee deposit paid	**15,824**	11,944
Others	**16,049**	11,572
	1,828,510	1,834,095
Analysed as:		
Current	**1,828,510**	1,834,095

Trade receivables at the end of the reporting period principally represent receivables from sales of raw milk, feeds and farm supplies. The Group allows a credit period of 30 days to its customers of raw milk and no more than 90 days to its customers of feeds and farm supplies.

The following is an aged analysis of trade receivables and bills receivable, net of allowance for credit losses, presented based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates at the end of the reporting period:

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Trade receivables		
– within 30 days	**1,153,993**	1,220,768
– beyond 30 days but within 90 days	**225,012**	126,998
– beyond 90 days but within 1 year	**25,856**	38,034
Bills receivables		
– within 30 days	**2,367**	20
– beyond 30 days but within 90 days	**250**	56,358
– beyond 90 days but within 1 year	**1,712**	26
	1,409,190	1,442,204

13. TRADE AND OTHER PAYABLES

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Trade payables	**1,201,013**	1,329,426
Trade payables under supplier finance arrangements *(Note i)*	**798,508**	1,940,379
	1,999,521	3,269,805
Payable for acquisition of property, plant and equipment	**519,422**	685,513
Accrued staff costs	**173,901**	294,959
Accrued repair and maintenance cost of property, plant and equipment	**112,394**	114,784
Guaranteed deposits	**133,270**	167,686
Payables for acquisition of subsidiaries	**10,650**	11,985
Others	**81,733**	90,882
	3,030,891	4,635,614
Analysed as:		
Current	**3,030,891**	4,635,614
Non-current	**–**	–
	3,030,891	4,635,614

Note:

i. These supplier finance arrangements permit certain suppliers of the Group to be paid a discounted amount by certain financial companies earlier than the due date. The Group repays the financial companies the full amount on the originally scheduled payment due date and does not bear any finance costs.

As at 30 June 2026, suppliers have already received RMB670,020,000 payments from the finance providers (31 December 2025: RMB1,830,241,000).

The credit period granted by suppliers for trade purchases is generally within 180 days (31 December 2025: 180 days). The following is an aged analysis of trade payables based on invoice dates at the end of the reporting period:

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Within 180 days	**1,933,601**	3,216,972
Beyond 180 days but within 360 days	**34,324**	18,703
Beyond 360 days	**31,596**	34,130
	1,999,521	3,269,805

14. BANK BORROWINGS

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Bank borrowings:		
Unsecured	**11,770,452**	9,390,015
Secured *(Note i)*	**1,158,194**	1,193,423
	12,928,646	10,583,438
Carrying amounts repayable:		
Within one year	**3,191,604**	2,189,448
Between one to two years	**4,554,587**	3,844,518
Between two to five years	**5,182,455**	4,549,472
	12,928,646	10,583,438
Less: Amounts due within one year shown under current liabilities	**(3,191,604)**	(2,189,448)
Amounts shown under non-current liabilities	**9,737,042**	8,393,990

Note:

i. RMB1,158,194,000 bank borrowings as at 30 June 2026 were secured by property, plant and equipment, leasehold lands, biological assets, bank deposits, and equity interests in subsidiaries owned by the Group (2025: RMB1,193,423,000 bank borrowings were secured by property, plant and equipment, leasehold lands, biological assets, trade receivables, bank deposits and equity interests in subsidiaries).

The interest rate of the bank borrowings as at 30 June 2026 ranged from 1.45% to 4.50% (31 December 2025: 1.20% to 3.50%) per annum. Interest rate of variable-rate borrowings are determined based on the benchmark lending rate and loan prime rate announced by the People's Bank of China and the SOFR.

The Group's bank borrowings are all denominated in Renminbi.

15. OTHER BORROWINGS

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Other borrowings:		
− From Mengniu	**1,642,907**	2,227,607
− Others	**432,469**	411,209
	2,075,376	2,638,816
Unsecured	**2,053,521**	2,638,816
Secured *(Note i)*	**21,855**	–
	2,075,376	2,638,816
Carrying amounts repayable:		
Within one year	**1,406,779**	1,642,585
Between one to two years	**262,601**	595,733
Between two to five years	**214,627**	190,581
Over five years	**191,369**	209,917
	2,075,376	2,638,816
Less: Amounts due within one year shown under current liabilities	**(1,406,779)**	(1,642,585)
Amounts shown under non-current liabilities	**668,597**	996,231

Note:

i. Certain other borrowings as at 30 June 2026 are secured by biological asset owned by the Group (31 December 2025: Nill).

The interest rate of the other borrowings as at 30 June 2026 ranged from 2.80% to 4.00% (31 December 2025: 2.80% to 8.00%) per annum.

16. LONG TERM BONDS

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Carrying amounts repayable:		
Within one year	**3,001,788**	3,099,913
Between one to two years	**300,000**	–
Between two to five years	**2,363,814**	2,737,221
	5,665,602	5,837,134
Less: Amounts due within one year shown under current liabilities	**(3,001,788)**	(3,099,913)
Amounts shown under non-current liabilities	**2,663,814**	2,737,221

On 15 July 2021, the Company issued bonds in an aggregate principal amount of USD500 million which will mature on 14 July 2026 (the "**USD Bonds**"). The net proceeds of the USD Bonds amounted to USD495,165,000 (equivalent to RMB3,200,760,000) after deducting the underwriting discounts and commissions. The USD Bonds bear interest at the rate of 2.125% per annum, payable semi-annually in arrears. The Company used the proceeds from the USD Bonds for refinancing and general corporate purposes. The carrying amount repayable within one year at the balance sheet date represented interest payable and the USD Bonds payable due within one year. The USD Bonds has been repaid on 10 July 2026.

On 10 July 2025, the Company issued bonds in an aggregate principal amount of USD350 million which will mature on 10 July 2030 (the "**new USD Bonds**"). The net proceeds of the new USD Bonds amounted to USD346,458,000 (equivalent to RMB2,477,518,000) after deducting the underwriting discounts and commissions. The new USD Bonds bear interest at the rate of 4.875% per annum, payable semi-annually in arrears. The Company intended to use the proceeds from the new USD Bonds for refinancing and general corporate purposes. The carrying amount repayable within one year at the balance sheet date represented interest payable.

On 28 April 2025, Modern Farming (Group) Co., Ltd. (the "**Issuer**"), a non-wholly owned subsidiary of the Company issued medium-term notes in an aggregate principal amount of RMB300 million maturing on 28 April 2028 (the "**RMB Notes**"). The net proceeds of the RMB Notes amounted to RMB299,100,000 after deducting the underwriting discounts and commissions. The RMB Notes bear interest at the rate of 2.75% per annum, payable annually in arrears. The Issuer used the proceeds from the RMB Notes for refinancing and general corporate purposes. The carrying amounts repayable within one year are interests payable.

17. SHORT TERM DEBENTURE

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Analysed as:		
Current	–	204,153

On 9 January 2025, Modern Farming (Group) Co., Ltd. (the "**Issuer**") issued domestic short-term debentures of principal amount RMB200,000,000 at 2.1% per annum with 365 days tenure in the PRC. The net proceeds of the short-term debentures amounted to RMB199,800,000 after deducting the underwriting discounts and commissions. The Issuer used the proceeds from the short-term debenture for refinancing and general corporate purposes.

The short-term debenture was fully settled on its maturity date of 4 January 2026. The Issuer repaid the entire principal amount of RMB200,000,000 to debenture holders, along with all accrued interest.

18. DIVIDENDS

Dividends

Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period.

	Six months ended 30 June	
	2026 *RMB'000*	2025 *RMB'000*
No final dividend in respect of the previous financial year approved and paid during the following interim period (six months ended 30 June 2025: RMB1.22 cents per share)	–	95,589

The directors of the Company have determined that no dividend will be proposed in respect of the interim period.

BUSINESS REVIEW

RAW MILK BUSINESS

In the first half of 2026, despite that the market has improved, the Group continued to implement various cost reduction and efficiency enhancement measures, optimise the herd structure and boost the per head milk yield of dairy cows. During the period, the number of culled cattle decreased alongside rising culled cattle prices. Losses arising from changes in the fair value of dairy cows decreased yoy. Gross profit from raw milk sales also grew, with gross profit margin remaining stable. Other operating costs and expenses were effectively controlled in the period. The Group continuously strengthened lean management at its farms, raising the proportion of core cattle herds and improving the health standards of dairy cows. As a result, key operating indicators demonstrated notable improvements for the period.

	As at	
	30 June 2026	30 June 2025
	Heads	*Heads*
	(unaudited)	(unaudited)
Dairy cows		
Milkable cows	**276,871**	255,535
Heifers and calves	**183,983**	216,945
Total	**460,854**	472,480

Milk Yield

During the period, the AMY of milkable cows was 13.3 tons (2025: 13.2 tons) per head on average, representing a yoy increase of 0.4%, and the total milk yield was 1,778 thousand tons (2025: 1,661 thousand tons) during the period, representing a yoy increase of 7.1%. The sustained improvement in milk yield per dairy cow is attributable to comprehensive and efficient herd management, coupled with meticulous monitoring and adjustment. Such management encompasses genetic optimisation across dairy cow generations, extension of peak lactation periods, parity, breeds, living comfort, health conditions and feed formulation, among other factors.

Our Company continuously conducts research and optimization in these areas, and regularly invites dairy experts to provide on-site guidance and research, so as to align the ranch management and technical standards with international benchmarks and ensure every drop of raw fresh milk produced features premium quality and rich nutritional value.

INTEGRATED DAIRY FARMING SOLUTIONS

The integrated dairy farming solutions business covers the entire dairy farming value chain, including feed, forage grass, breeding R&D and intelligent digital platforms, and we strive to provide one-stop professional services for dairy farming operators and facilitate small and medium-sized operators in the industry to improve their dairy farms' operational efficiency and bring economic benefits in society.

Feeds and Forage Grass Business

While ensuring the supply of high-quality forage grass for our own farms, the Group leverages its industry chain advantages to actively expand into feed trading and forage cultivation. Currently, its feeds and forage grass business covers the planting and processing of all categories of forage, including alfalfa, oats, and silage corn.

In terms of feeds trading, the Group continues to develop relationships with high-quality downstream customers and actively advances the establishment of strategic cooperation with them. Meanwhile, we will also continuously improve product offerings and actively identify upstream suppliers and strengthen close cooperation with large domestic feeds companies to ensure high product quality and stable supply, enhance customer stickiness, and achieve multi-win value marketing among various parties.

In terms of forage planting, the Group has established 2 planting bases. Additionally, through cooperation with growers, we manage and control relevant land areas exceeding 2 million mu. In the production and processing of feeds and forage grass, the Group owns 6 production and processing plants in Chinese Mainland and has jointly invested in and has been operating 3 feed production factories in partnership with major feed enterprises. Regarding international operations, we have deployed high-quality alfalfa production across three states in the United States, set up 3 processing and production bases with an annual supply capacity of over 300,000 tons of high-quality forage.

The Group's feeds and forage grass is supplied to numerous markets including Chinese Mainland, Japan, South Korea, the Middle East and Southeast Asia. The business has continued to develop in an orderly and effective manner.

Intelligent Digital Platform Business

The intelligent digital platform business consists of Aiyangniu and Yunyangniu internet platforms. Aiyangniu is an e-commerce platform company with information technology at its core. Its business covers the trading of dairy farming supplies such as feed, veterinary medicines, and equipment. It integrates services including bidding and price comparison, supply chain finance, and smart ranch management systems. Through a centralized procurement model, it effectively reduces the cost of ranch supplies and has established a logistics distribution network covering major pastoral areas nationwide. It has also built the "Mucaitong" vehicle transportation monitoring platform, utilizing Beidou/GPS technology to optimize logistics routes. The relevant technology projects have passed the acceptance test of the "Livestock B2B E-commerce Trading Platform" technology project and have obtained multiple software copyrights.

Another digital platform, Yunyangniu, is an internet-based intelligent system focusing on dairy cow production and breeding, data management and AI empowerment. Yunyangniu adheres to the mission of "being a digital translator for cows and understanding every cow", and is committed to building a shared service platform for millions of dairy cows. Its functions include providing AIOT smart solutions, management consulting, and online diagnosis and treatment services for dairy cows. By integrating industry chain resources, empowering farms and assisting them in addressing various operational and management challenges, we can break through the bottlenecks in industrial development.

Breeding Business

The Group actively responded to the national call by continuously increasing investment in the breeding business and improving the self-owned rate of core breeding sources, and made every effort to promote the genetic improvement of dairy cows to enhance breeding technology and achieve self-sufficiency. The Group and Beijing Shounong Animal Husbandry Development Co., Ltd. jointly established the Meng Yuan Genetics Technology Business in Beijing with an aim to integrate superior resources, expand the full industrial chain ecosystem, build China's largest dairy cattle breeding resource population, and establish a globally leading joint entity for dairy cattle breeding and reproduction services. This initiative aims to support the independent and healthy development of China's dairy cattle seed industry and contribute to the national strategic goal of turning around the seed industry, as emphasised by the central government. The establishment of Meng Yuan Genetics provides strong assurance for tasks such as bull breeding, genomic selection, genetic evaluation, and embryo engineering.

We have deeply engaged in core sectors including elite breeding selection and digital and intelligent farming. Backed by multiple national-level core dairy cattle breeding farms, the Group has independently developed a suite of innovative outcomes such as the "Modern No. 1" and "Modern No. 1 mini" genomic chips, filling technological gaps and resolving the bottleneck constraints in the seed industry.

FINANCIAL OVERVIEW

SALES REVENUE

Business Analysis

The following table sets forth the details of the consolidated revenue during the period:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Raw milk business	**5,398,982**	5,068,880
Integrated dairy farming solutions	**1,193,821**	1,003,638
Consolidated revenue	**6,592,803**	6,072,518

During the period, the Group recorded sales revenue of RMB6,592.8 million (2025: RMB6,072.5 million), representing a yoy increase of 8.6%.

Raw Milk Business

The following table sets forth the details of sales revenue, sales volume and average selling price ("**ASP**") of raw milk for the periods indicated:

	2026 (unaudited)			2025 (unaudited)		
	Sales revenue	**Sales volume**	**ASP**	Sales revenue	Sales volume	ASP
	RMB'000	***tons***	***RMB/kg***	*RMB'000*	*tons*	*RMB/kg*
Raw milk	**5,398,982**	**1,680,442**	**3.21**	5,068,880	1,541,713	3.29

The total revenue from the sales of raw milk increased by 6.5% yoy to RMB5,399.0 million during the period (2025: RMB5,068.9 million). Despite a slight decrease in ASP of raw milk during the period, sales volume posed a growth, which collectively drove a rise in overall revenue.

The ASP of raw milk declined by 2.4% yoy to RMB3.21/kg (2025: RMB3.29/kg). This was mainly due to the downward trend of selling prices in the domestic raw milk market.

Total sales volume of raw milk increased by 8.9% yoy to approximately 1,680 thousand tons during the period (2025: 1,542 thousand tons), mainly due to the rise in the AMY per milkable cow and an increase in the proportion of milkable cows.

Integrated Dairy Farming Solutions Business

During the period, sales revenue of the integrated dairy farming solutions amounted to RMB1,193.8 million (2025: RMB1,003.6 million), representing a yoy increase of 19.0%, which was mainly due to adjustments in sales strategy, with the Group focusing on high-quality clients, resulting in a remarkable increase in revenue. This business segment continues to contribute profits to the Group, whilst also enhancing the value chain layout, strengthening supply chain resilience, and supporting the Group's high-quality, sustainable and stable development.

COST OF SALES

The Group's cost of sales consisted of cost of raw milk and integrated dairy farming solutions. The following table sets forth the breakdown of the cost of sales of our products for the periods indicated:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Raw milk	**3,805,494**	3,538,310
Integrated dairy farming solutions	**1,059,919**	930,595
Total cost of sales	**4,865,413**	4,468,905

During the period, the Group's integrated cost of sales amounted to RMB4,865.4 million (2025: RMB4,468.9 million), representing a yoy increase of 8.9%, mainly due to the increase in the raw milk sales volume and the increase in sales scale of integrated dairy farming solutions.

Raw Milk Business

During the period, the cost of sales of raw milk business amounted to RMB3,805.5 million (2025: RMB3,538.3 million), representing a yoy increase of 7.6%, mainly due to the increase in sales volume of raw milk.

During the period, as a result of the falling prices of key bulk feedstuffs, the Group kept the average unit cost of raw milk before inter-segment offset low at RMB2.29/kg (2025: RMB2.32/kg). The Group's cost-control ability maintains an industry-leading level, where the average feed cost of raw milk amounted to RMB1.76/kg (2025: RMB1.79/kg), representing a yoy decrease of RMB0.03/kg, mainly due to the decrease in feed prices.

Integrated Dairy Farming Solutions Business

During the period, the cost of sales of integrated dairy farming solutions amounted to RMB1,059.9 million (2025: RMB930.6 million), representing a yoy increase of 13.9%, mainly due to the effective cost control measures, and the sales increases are obviously higher than the cost increases.

OVERALL GROSS PROFIT AND PROFITABILITY

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

	Six months ended 30 June			
	2026 (unaudited)		2025 (unaudited)	
	Gross profit *RMB'000*	**Gross profit margin**	Gross profit *RMB'000*	Gross profit margin
Raw milk business	**1,593,488**	**29.5%**	1,530,570	30.2%
Integrated dairy farming solutions business	**133,902**	**11.2%**	73,043	7.3%
Total	**1,727,390**	**26.2%**	1,603,613	26.4%

During the period, gross profit of the Group's raw milk business amounted to RMB1,593.5 million (2025: RMB1,530.6 million), representing a yoy increase of 4.1% as market demand for raw milk has been recovering and cost control measures have been effective, while the gross profit margin remained stable at 29.5% (2025: 30.2%). The gross profit of the Group's integrated dairy farming solutions was RMB133.9 million (2025: RMB73.0 million), representing a huge yoy increase of 83.3%. Gross profit margin also remarkably increased to 11.2% (2025: 7.3%), representing a yoy lift of 3.9 ppt, mainly due to effective sales strategies and appropriate scale expansion.

Losses Arising from Changes in Fair Value Less Costs to Sell of Dairy Cows

During the period, losses arising from changes in the dairy cow fair value less costs to sell of dairy cows were RMB760.1 million (2025: RMB1,822.9 million), representing a significant yoy decrease of 58.3%. This was mainly attributable to the substantial completion of the strategic culling measures in the preceding financial year. As a result, the volume of cattle culled during the period fell remarkedly. Coupled with higher culling prices, the loss arising from fair value changes of dairy cattle decreased significantly.

Gains Arising on Initial Recognition of Raw Milk at Fair Value Less Costs to Sell at the Point of Harvest

During the period, the gains arising on initial recognition of raw milk at fair value less costs to sell at the point of harvest amounted to RMB1,398.7 million (2025: RMB1,373.1 million), representing an increase of 1.9% yoy.

International Financial Reporting Standards requires that raw milk harvested was initially measured at fair value less costs to sell, and the difference between the fair value less costs to sell and the actual costs incurred was booked to profit or loss account.

OTHER INCOME

Other income mainly consisted of government subsidies, interest income and other business income. Government subsidies mainly consisted of subsidies for agricultural projects and subsidies for the operations of the Group. During the period, other income amounted to RMB166.2 million (2025: RMB134.6 million), representing an increase of 23.5% yoy.

The following table sets forth the breakdown of other income of our business for the periods indicated:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest income	**89,774**	45,631
Government grants related to		
− Assets	**52,088**	59,425
− Income	**5,803**	21,457
	57,891	80,882
Others	**18,546**	8,107
Total	**166,211**	134,620

OPERATING EXPENSES

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Selling and distribution costs	**275,316**	214,055
Administrative expenses	**316,833**	338,972
Total operating expenses	**592,149**	553,027

During the period, the overall operating expenses of the Group amounted to approximately RMB592.1 million (2025: RMB553.0 million). The analysis is set forth as follows:

- **Selling and Distribution Costs**

The analysis of the selling and distribution costs is set forth below:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Transportation costs and others	**260,708**	204,429
Taxes and surcharges	**14,608**	9,626
Total selling and distribution costs	**275,316**	214,055

Selling and distribution costs mainly consisted of transportation costs for sales of raw milk, transportation costs and other expenses (mainly salaries and other daily expenses of the sales department) for integrated dairy farming solutions, as well as taxes and surcharges related expenses. During the period, the Group recorded selling and distribution costs of RMB275.3 million (2025: RMB214.1 million), a year-on-year increase of 28.6%, mainly due to the increase in raw milk sales and the increase in unit transportation costs during the period.

- **Administrative Expenses**

Administrative expenses mainly included remuneration of management staff (including equity-settled share award expenses) and depreciation charges of office building, staff quarters and facilities, and other daily administrative expenses. During the period, the administrative expenses of the Group were RMB316.8 million (2025: RMB339.0 million), representing a yoy decrease of RMB22.1 million or 6.5%, as the Group continued to strengthen cost reduction and efficiency improvement, simplify processes, and reduce administrative expenses correspondingly.

IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

During the period, the impairment losses under expected credit loss model, net of reversal of the Group amounted to RMB6,437 thousand (2025: RMB8,655 thousand). The Group has assessed the corresponding expected credit loss of its trade receivables and other receivables based on the principle of prudence, resulting in an increase in expected credit losses based on the expected credit loss model. However, it does not indicate the ultimate actual losses.

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Impairment loss in respect of:		
Trade receivables	**6,437**	4,635
Other receivables	**–**	4,020
	6,437	8,655

OTHER GAINS AND LOSSES, NET

Other gains and losses mainly consisted of net foreign exchange gain or loss and fair value gain/loss on derivative financial instruments. During the period, the Group recorded a net loss arising from other gains and losses of RMB142.9 million (2025: net loss of RMB16.7 million), representing an increase of RMB126.2 million yoy.

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Other gains and losses, net:		
Net foreign exchange gain	**(48,131)**	(12,214)
Loss on disposal of property, plant and equipment	**3,523**	6,436
Gain on partially redemption of long term bonds	**–**	(1,564)
Fair value loss on derivative financial instruments:		
Cross currency swap	**122,151**	–
Foreign currency option contracts	**28,390**	(476)
Capped and floored cross currency swap	**26,231**	26,243
Changes in provision for obligation to return dairy cows	**593**	(1,825)
Fair value loss/(gain) on commitment to non-controlling interests	**17,214**	(15,778)
Others	**(7,025)**	15,886
	142,946	16,708

FINANCE COSTS

During the period, finance costs amounted to RMB353.7 million (2025: RMB292.4 million), among which, the finance costs generated from interest-bearing borrowings amounted to RMB309.7 million (2025: RMB243.8 million), representing an increase of 27.0% yoy, mainly due to the increase in the scale of interest-bearing borrowings.

PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

During the period, as a result of a significant decrease in the loss arising from change in fair value less cost as to sell of diary cows, and increase in gross profit, the profit attributable to owners of the Company amounted to RMB15.3 million (2025: loss of RMB913.5 million), achieving a turnaround from loss to profit.

During the period, basic profit per share of the Company (the "**Share**") was approximately RMB0.20 cents (2025: loss of RMB11.67 cents). Diluted profit per Share was approximately RMB0.19 cents (2025: loss of RMB11.67 cents).

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

The Group's total equity as at 30 June 2026 was RMB10,307.9 million (as at 31 December 2025: RMB9,818.4 million). As at 30 June 2026, the Group's net gearing ratio (calculated on the basis of the amount of total interest-bearing borrowings less cash and deposit assets as a percentage of the total equity) was 108.0% (as at 31 December 2025: 115.7%), representing a decrease of 7.7 ppt as compared with that as at 31 December 2025.

As at 30 June 2026, the Group's available and unutilised credit facilities amounted to approximately RMB7,805 million (31 December 2025: RMB7,420 million). Having considered (i) forecast cash flow from operating activities of continuing operation; and (ii) existing financial resources and gearing level of the Group, the Directors believe that the Group's financial resources are sufficient to meet its debt repayment, day-to-day operations as well as contracted capital expenditures as at 30 June 2026.

GROUP STRUCTURE

Save as disclosed in this announcement, there was no material change in the structure of the Group during the period.

CAPITAL STRUCTURE

As at 30 June 2026, the number of issued ordinary shares of the Company was 7,915,662,048 shares.

As at 30 June 2026, the net assets attributable to owners of the Company amounted to approximately RMB8,267.2 million (31 December 2025: approximately RMB8,294.4 million), the net borrowings of the Group (total interest-bearing borrowings less cash and deposit assets) amounted to approximately RMB11,128.1 million (31 December 2025: approximately RMB11,355.0 million).

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

As at 30 June 2026, no buildings and equipment of the Company (as at 31 December 2025: nil) were pledged as security for the Group's borrowings.

As at 30 June 2026, biological assets with carrying value of RMB1,015.0 million (as at 31 December 2025: RMB1,101.1 million) and properties of RMB15.7 million (as at 31 December 2025: RMB15.8 million) were pledged to secure the Group's borrowings.

Save as disclosed above, the Group did not have any significant contingent liabilities as at 30 June 2026.

CAPITAL COMMITMENTS

As at 30 June 2026, the Group had capital commitments of RMB60.3 million relating to acquisition of property, plant and equipment (as at 31 December 2025: RMB84.5 million), representing a decrease of RMB24.2 million or 28.6%, mainly due to the Group's caution in new investments and strict control of capital expenditures.

MATERIAL ACQUISITIONS AND DISPOSALS

Acquisition of CSM

Reference is made to but not limited to (i) the announcement published by the Company on 30 October 2025 in relation to the proposed possible mandatory conditional cash offer for the acquisition ("**Offer**") of all issued shares of China Shengmu Organic Milk Limited (other than the shares of CSM already owned or agreed to be acquired by the Company and Start Great Holdings Limited) ("**CSM**") (the "**Rule 3.5 Announcement**"); (ii) the composite document jointly issued by the Company and CSM in relation to the Offer on 30 June 2026 (the "**Composite Document**"); (iii) the circular published by the Company on 24 December 2025 in connection with the transactions contemplated under the share purchase agreements and the Offer (the "**CMD Circular**"); and (iv) the announcements published by the Company on 21 July 2026 and 3 August 2026 regarding the Offer becoming unconditional and the close of the Offer, respectively.

Please refer to the section headed "Reasons for and Benefits of the Offer" in the Composite Document for details of the benefits of the share purchase agreements and the Offer to the Group.

Save as disclosed elsewhere in this announcement, the Group did not have any significant acquisitions and disposal during the period.

SIGNIFICANT INVESTMENTS

Save as disclosed elsewhere in this announcement, the Group had no significant investments during the period.

PLANS FOR MATERIAL INVESTMENTS OR CAPITAL

Save as disclosed elsewhere in this announcement, the Group does not have any concrete plans for material investments and capital assets.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as otherwise disclosed in this announcement, our Directors have confirmed that, as of 30 June 2026, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

EVENTS AFTER THE REPORTING PERIOD

Referring to the section of "Acquisition of CSM" of this announcement and the Rule 3.5 Announcement, Composite Document and CMD Circular in relation to the Offer and the announcements published by the Company on 21 July 2026 and 3 August 2026 regarding the Offer becoming unconditional and being closed, respectively.

On 20 July 2026, the Offer became unconditional in all respects as the valid acceptances received, together with the shares already held, exceeded 50% of the voting rights. As of 21 July 2026 (the first closing date), the level of valid acceptances reached 49.90%, increasing the cumulative shareholding of the Company and its concert parties to 81.17%. The Offer formally closed on 3 August 2026.

As at 3 August 2026, the Company had received valid acceptances in respect of a total of 4,379,519,346 CSM shares, representing approximately 52.25% of its total issued share capital. Taking into account (i) the existing 107,200,000 (or 1.28%) CSM shares that already held by the Company and 2,513,178,555 (or 29.99%) CSM shares held by Mengniu (party acting in concert), the Company and its concert parties hold an aggregate of 6,999,897,901 CSM shares, representing approximately 83.52% of total issued share capital of CSM.

In view of the above circumstances, CSM does not meet the minimum public float requirement of 25% under Rule 8.08(1) of the Listing Rules. The directors of the Company have undertaken to the Stock Exchange to take appropriate measures to restore CSM's required public float as soon as possible.

Foreign Exchange Risk Management

The Group mainly operates its business in the Chinese Mainland, and the foreign exchange risks related to its operations are not significant. Even so, the Group still strictly monitors and controls potential financial risks. The Group was primarily subject to foreign currency risk from the movement of the exchange rates between RMB against USD. We manage the foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and may enter into foreign currency option contracts or capped and floored cross currency swap, when necessary, to manage its foreign exchange exposure.

HUMAN RESOURCES AND REMUNERATION OF EMPLOYEES

As at 30 June 2026, the Group employed 9,204 staff in Chinese Mainland and Hong Kong (as at 30 June 2025: 9,080), with a male to female employee ratio of 7:3. During the period, total employee costs (excluding equity-settled share award expenses) amounted to approximately RMB569.6 million (2025: RMB616.2 million).

In compliance with PRC laws, the Group provides pension insurance, medical insurance, work injury insurance, unemployment insurance, maternity insurance and housing provident fund for its employees in Chinese Mainland. For employees based in Hong Kong, retirement benefits are provided under the Mandatory Provident Fund Scheme, together with life insurance and medical insurance. Under the Group's share award scheme, share awards may be granted at the discretion of the Group to middle to senior management to recognise their contributions to the Group and serve as an incentive for talent retention.

In 2026, the Group continued to implement its excellent operation management system, completed organisational structure optimisation for industrial chain businesses, and rolled out the Eight Star Ranch evaluation mechanism. It further deepened the application of Five Aspect Management, benchmarking management and lean management to drive transformation towards lean organisation, refined management and lean operation. In respect of talent development, the Group strove to strengthen the supply of high calibre and highly skilled talents, focused on building six core talent teams, and steadily advanced dual-career-path talent pipeline development and core talent retention initiatives. The "Niuren Hui" learning platform was upgraded, the internal trainer system enhanced, and the PK competitive evaluation mechanism covering the 3 major tracks of performance, skills and innovation continuously refined to enhance employees' professional capabilities and build a sustainably developing career platform.

On the performance management front, a four-dimensional evaluation model covering "organisation, operation, quality and culture" was upgraded and established. Value-based behaviours were incorporated into performance assessments for all employees to reinforce profit orientation and strict operational constraints. Dedicated incentive and recognition driven mechanisms were put in place to fully unlock the team's performance-driving momentum. On the basis of offering competitive remuneration and benefits to employees, the Group fully supports its strategic objectives of "quality improvement, cost reduction, efficiency enhancement, new business expansion and talent development". Taking talent growth as its core driving force, the Group strives to achieve high quality and sustainable development.

RESTATED MOVEMENT OF THE SHARE AWARD

Details of the Awarded Shares and their movements during the year ended 31 December 2025 are restated as below:

Type of Grantees	Name of Grantee or Type	Date of Grant	No. of Share Award Unvested as of 1.1.2025	During the year: Granted	Vested	Lapsed	Cancelled	No. of Share Award Unvested as at 31.12.2025	Vesting Date of Share Award: By batch: First 50%	By batch: Second 50%	Average Purchase Price of Share Awards (vested) *(HK$)*	Closing Price Immediately Before the Date of Grant *(HK$)*
Directors	Sun Yugang	28/4/2023	2,805,000	–	(2,805,000)	–	–	–	28/4/2024	28/4/2025	0.86	0.99
		3/4/2024	5,770,000	–	(2,596,500)	(577,000)	–	2,596,500	3/4/2025	3/4/2026	0.86	0.68
		8/4/2025	–	4,635,000	–	–	–	4,635,000	8/4/2026	8/4/2027	N/A	0.99
	Zhu Xiaohui	28/4/2023	1,636,500	–	(1,636,500)	–	–	–	28/4/2024	28/4/2025	0.86	0.99
		3/4/2024	3,400,000	–	(1,530,000)	(340,000)	–	1,530,000	3/4/2025	3/4/2026	0.86	0.68
		8/4/2025	–	2,618,000	–	–	–	2,618,000	8/4/2026	8/4/2027	N/A	0.99
Other Grantees	Five highest paid individuals in aggregate (excluding Directors)	28/4/2023	6,661,500	–	(6,661,500)	–	–	–	28/4/2024	28/4/2025	0.86	0.99
		3/4/2024	13,977,000	–	(6,289,650)	(1,397,700)	–	6,289,650	3/4/2025	3/4/2026	0.86	0.68
		8/4/2025	–	11,451,000	–	–	–	11,451,000	8/4/2026	8/4/2027	N/A	0.99
	Other employees	28/4/2023	22,216,708	–	(20,921,606)	(1,295,102)	–	–	28/4/2024	28/4/2025	0.86	0.99
		3/4/2024	54,796,000	–	(23,322,375)	(7,903,075)	–	23,570,550	3/4/2025	3/4/2026	0.86	0.68
		8/4/2025	–	46,613,000	–	(1,336,000)	–	45,277,000	8/4/2026	8/4/2027	N/A	0.99
			111,262,708	65,317,000	(65,763,131)	(12,848,877)		97,967,700				

Note: There was no cancelled Awarded Shares under the share award scheme of the Company for the year ended 31 December 2025.

PROSPECTS

Looking ahead, the Group will continue to focus on the dairy farming industry, guided by market demand and national policies, to consolidate its cost-leading advantage and continuously enhance the overall competitiveness and resilience of the industry chain. We will adhere to innovation-driven and high-quality development, actively promote digital transformation and green, low-carbon and circular models, and explore value creation across the entire industry chain, striving to become a globally leading modern and intelligent dairy farming group.

Our development strategy will be further advanced in the following three aspects:

1. **Consolidate and strengthen core business:** We will further optimize the dairy herd structure and improve milk yield per cow and raw milk quality. We will strengthen cost control and promote steady improvement in production efficiency and profitability through lean management, technology upgrades and the application of digital tools. Meanwhile, we will advance green and low-carbon development to achieve efficient resource utilization and carbon emission reduction targets and ensure that our core business maintains steady growth amid industry cycle fluctuations. Following the completion of the Group's offer for the acquisition of CSM, both parties will fully leverage strategic synergies to form a powerful synergy in scale expansion, structural optimization and efficiency improvement in the future. We will also engage in in-depth cooperation across multiple dimensions, including operations management, channel expansion, asset integration and ecosystem development, further solidifying the Group's leading position as a top intensive dairy farming platform in China.

2. **Accelerate the expansion of new businesses and the second growth curve:** We will deepen the research and development of breeding technologies and strengthen the construction of a high-yield and high-quality dairy cow breeding system; and we will also vigorously develop forage planting and feed business to improve forage quality and yield and thus enhance overall efficiency. Meanwhile, we will promote the online procurement and consultation platforms for farm supplies to efficiently aggregate high-quality resources; and we will also achieve 24/7 digital monitoring of dairy cow health, thereby providing advanced smart farming solutions for the group and the entire industry chain.

3. **Actively explore pathways for extending the industrial chain and expanding international business:** We will accelerate the development of a full-chain business model for dairy farming services, and work with universities, research institutions and industry partners to promote technology sharing and model innovation. In addition, we will actively explore overseas markets and gradually implement the "going global" strategy through technology and management exports, with the aim of exporting China's advanced model of large-scale dairy farming and enhancing the Group's influence and competitiveness in the global dairy value chain.

INTERIM DIVIDEND

The Board did not declare the payment of any interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: nil).

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report ("**CG Code**") as set out in Appendix C1 to the Listing Rules. The Company has, throughout the period, complied with the code provisions set out in the CG Code.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as the Company's code of conduct regarding securities transactions by the Directors. Following specific enquiries by the Company, all the Directors confirmed that they have complied with the required standards set out in the Model Code throughout the period.

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

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities for the six months ended 30 June 2026.

AUDIT COMMITTEE

The Audit Committee currently comprises two independent non-executive Directors, namely Mr. Lee Kong Wai, Conway, Mr. Chow Ming Sang and one non-executive Director Mr. Shen Xinwen. The Audit Committee has reviewed, with the Company's management and the external auditors the accounting principles and practices adopted by the Company and discussed auditing, risk management, internal control and system and financial reporting matters, including the review of the Group's unaudited interim financial statements for the six months ended 30 June 2026.

REVIEW OF INTERIM RESULTS

The condensed consolidated interim financial statements for the six months ended 30 June 2026 of the Group have been reviewed by the Group's auditor, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants, and the Audit Committee.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of the Company (www.moderndairyir.com) and the website of The Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk).

The 2026 interim report of the Group will be published on the aforesaid websites and will be dispatched to the shareholders of the Company in due course.

APPRECIATION

The Board would like to take this opportunity to express gratitude to our shareholders for their continued support, and to all our staff for their hard work and commitment.

By order of the Board
China Modern Dairy Holdings Ltd.
CHEN Yiyi
Chairman

Hong Kong, 25 August 2026

As of the date of this announcement, the executive directors are Mr. SUN Yugang and Mr. ZHU Xiaohui, the non-executive directors are Mr. CHEN Yiyi (Chairman), Mr. SHEN Xinwen, Mr. WEN Yongping and Ms. GAN Lu, the independent non-executive directors are Mr. LI Shengli, Mr. LEE Kong Wai Conway and Mr. CHOW Ming Sang.