China Feihe Limited

中國飛鶴有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6186)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2026:

- The Group's revenue was RMB9,362.4 million, representing an increase of 2.3% as compared to the same period last year;
- The Group's gross profit was RMB5,800.1 million, representing an increase of 2.9% as compared to the same period last year;
- The Group's profit for the period was RMB901.1 million, representing a decrease of 12.7% as compared to the same period last year;
- Basic earnings per share of the Company amounted to RMB0.10; and
- Diluted earnings per share of the Company amounted to RMB0.09.

The board of directors (the "**Board**") of China Feihe Limited (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "**Group**", "**We**" or "**Feihe**") for the six months ended 30 June 2026 (the "**Reporting Period**"), together with the comparative figures for the corresponding period in 2025.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2026

	Notes	Six months ended 30 June 2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
REVENUE	*4*	**9,362,363**	9,150,525
Cost of sales		**(3,562,287)**	(3,515,663)
Gross profit		**5,800,076**	5,634,862
Other income and gains, net	*4*	**345,738**	540,082
Selling and distribution expenses		**(3,425,205)**	(3,174,706)
Administrative expenses		**(883,420)**	(773,735)
Other expenses		**(19,914)**	(20,606)
Finance costs	*6*	**(9,374)**	(16,360)
Share of losses of associates		**(10,580)**	(7,473)
Changes in fair value less costs to sell of biological assets		**(336,989)**	(423,433)
PROFIT BEFORE TAX	*5*	**1,460,332**	1,758,631
Income tax expense	*7*	**(559,193)**	(726,093)
PROFIT FOR THE PERIOD		**901,139**	1,032,538
Attributable to:			
Owners of the parent		**837,086**	1,000,105
Non-controlling interests		**64,053**	32,433
		901,139	1,032,538
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (expressed in RMB per share)	*9*	**0.10**	0.11
Diluted (expressed in RMB per share)	*9*	**0.09**	0.11

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	**901,139**	1,032,538
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of group companies	**2,725**	25,518
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**903,864**	1,058,056
Attributable to:		
Owners of the parent	**840,564**	1,026,212
Non-controlling interests	**63,300**	31,844
	903,864	1,058,056

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2026

	Notes	**30 June 2026** **RMB'000** **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**10,118,015**	9,576,742
Investment properties		**17,162**	27,736
Right-of-use assets		**429,711**	420,020
Goodwill		**112,402**	112,402
Intangible assets		**10,884**	11,974
Investment in associates		**94,103**	100,985
Financial asset at fair value through other comprehensive income		**1,800**	1,800
Deposits		**47,173**	78,499
Biological assets		**2,499,030**	2,407,030
Deferred tax assets		**533,538**	354,336
Long-term bank deposits		**990,000**	690,000
Total non-current assets		**14,853,818**	13,781,524
CURRENT ASSETS			
Inventories		**2,360,409**	2,505,587
Trade and bills receivables	*10*	**556,293**	373,991
Prepayments, deposits and other receivables		**1,399,368**	1,086,540
Structured deposits		**8,294,328**	8,632,252
Restricted cash		**32,452**	120,047
Cash and cash equivalents		**7,069,521**	7,538,805
Total current assets		**19,712,371**	20,257,222
CURRENT LIABILITIES			
Trade and bills payables	*11*	**1,713,081**	1,656,813
Other payables and accruals		**5,131,138**	4,062,594
Interest-bearing bank borrowings		**380,138**	567,350
Lease liabilities		**28,250**	37,568
Tax payable		**310,128**	424,992
Total current liabilities		**7,562,735**	6,749,317
NET CURRENT ASSETS		**12,149,636**	13,507,905
TOTAL ASSETS LESS CURRENT LIABILITIES		**27,003,454**	27,289,429

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
NON-CURRENT LIABILITIES		
Other payables and accruals	**676,609**	695,962
Interest-bearing bank borrowings	**40,000**	165,450
Lease liabilities	**92,922**	84,858
Deferred tax liabilities	**151,976**	221,671
Total non-current liabilities	**961,507**	1,167,941
Net assets	**26,041,947**	26,121,488
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**1**	1
Reserves	**24,286,594**	24,432,120
	24,286,595	24,432,121
Non-controlling interests	**1,755,352**	1,689,367
Total equity	**26,041,947**	26,121,488

NOTES

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2026 has been prepared in accordance with International Accounting Standard ("**IAS**") 34 *Interim Financial Reporting* and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2025.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025, except for the adoption of the following amended IFRS Accounting Standards for the first time for the current period's financial information:

Amendments to IFRS 9 and IFRS 7	*Amendments to IFRS 9 Amendments to the Classification and Measurement of Financial Instruments*
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7

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

(a) Amendments to IFRS 9 and IFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify that a financial asset is derecognised when the entity's rights to the contractual cash flows expire or are transferred, while a financial liability is derecognised on the settlement date. The amendments introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. Since the Group's accounting policy for the derecognition of financial assets and liabilities in prior years aligned with the amendments and the Group did not have the financial assets that were addressed by the amendments, the amendments did not have any impact on the condensed consolidated interim financial information. The Group will provide additional disclosures for its equity investments designated at fair value through other comprehensive income in the Group's consolidated financial statements for the year ending 31 December 2026.

(b) Amendments to IFRS 9 and IFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. As the Group did not have any contracts that are in the scope of the amendments, the amendments did not have any impact on the condensed consolidated interim financial information.

(c) Annual Improvements to IFRS Accounting Standards – Volume 11 set out narrow scope amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. The amendments include clarifications, simplifications, corrections or changes to improve consistency in the corresponding IFRS Accounting Standards. The amendments did not have any impact on the condensed consolidated interim financial information.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and has two reportable operating segments as follows:

- Raw milk segment – production and sale of raw milk and sale of beef cattle (six months ended 30 June 2025: production and sale of raw milk); and

- Dairy products and nutritional supplements products segment – manufacture and sale of dairy products and sale of nutritional supplements

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

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

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

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

Six months ended 30 June 2026 (unaudited)

	Raw milk *RMB'000* (Unaudited)	Dairy products and nutritional supplements products *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Segment revenue			
Sales to external customers	**145,660**	**9,216,703**	**9,362,363**
Intersegment sales	**1,416,839**	**–**	**1,416,839**
	1,562,499	**9,216,703**	**10,779,202**
Reconciliation:			
Elimination of intersegment sales			**(1,416,839)**
Revenue			**9,362,363**
Segment results	**177,847**	**1,278,572**	**1,456,419**
Reconciliation:			
Elimination of intersegment results			**(75,570)**
Bank interest income			**62,936**
Other interest income			**34,449**
Share of losses of associates			**(10,580)**
Finance costs (other than interest on lease liabilities)			**(7,322)**
Profit before tax			**1,460,332**
Income tax expense			**(559,193)**
Profit for the period			**901,139**
Segment assets	**7,302,283**	**10,229,865**	**17,532,148**
Reconciliation:			
Corporate and other unallocated assets			**17,034,041**
Total assets			**34,566,189**
Segment liabilities	**1,652,697**	**5,989,303**	**7,642,000**
Reconciliation:			
Corporate and other unallocated liabilities			**882,242**
Total liabilities			**8,524,242**

Six months ended 30 June 2025 (unaudited)

	Raw milk *RMB'000* (Unaudited)	Dairy products and nutritional supplements products *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Segment revenue			
Sales to external customers	7,806	9,142,719	9,150,525
Intersegment sales	1,304,008	–	1,304,008
	1,311,814	9,142,719	10,454,533
Reconciliation:			
Elimination of intersegment sales			(1,304,008)
Revenue			9,150,525
Segment results	115,474	1,508,833	1,624,307
Reconciliation:			
Elimination of intersegment results			(5,794)
Bank interest income			74,307
Other interest income			88,287
Share of losses of associates			(7,473)
Finance costs (other than interest on lease liabilities)			(15,003)
Profit before tax			1,758,631
Income tax expense			(726,093)
Profit for the period			1,032,538
31 December 2025 (audited)			
Segment assets	7,039,962	9,549,142	16,589,104
Reconciliation:			
Corporate and other unallocated assets			17,449,642
Total assets			34,038,746
Segment liabilities	1,778,902	4,825,545	6,604,447
Reconciliation:			
Corporate and other unallocated liabilities			1,312,811
Total liabilities			7,917,258

Geographical information

(a) Revenue from external customers

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Chinese mainland	**9,234,883**	9,041,300
United States of America	**85,135**	91,012
Canada	**42,345**	18,213
	9,362,363	9,150,525

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

(b) Non-current assets

	30 June	31 December
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Chinese mainland	**11,941,422**	11,223,383
United States of America	**46,328**	51,212
Canada	**1,340,730**	1,460,793
	13,328,480	12,735,388

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

4. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	**9,362,363**	9,150,525

Revenue from contracts with customers

Disaggregated revenue information

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Type of goods		
Sales of goods	**9,362,363**	9,150,525
Geographical markets		
Chinese mainland	**9,234,883**	9,041,300
United States of America	**85,135**	91,012
Canada	**42,345**	18,213
	9,362,363	9,150,525
Timing of revenue recognition		
Goods transferred at a point in time	**9,362,363**	9,150,525

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

		Six months ended 30 June	
		2026	2025
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Other income			
Bank interest income		**62,936**	74,307
Other interest income		**34,449**	88,287
Government grants related to			
– Assets	*(i)*	**19,134**	24,960
– Income	*(ii)*	**66,754**	299,248
Gross rental income from investment property operating lease		**10,590**	6,008
E-commerce service income		**53,380**	–
Others		**36,330**	44,967
		283,573	537,777
Gains, net			
Fair value gains on structured deposits		**62,076**	50,195
Gain on disposal of items of property, plant and equipment		**89**	–
Foreign exchange differences, net		**–**	(49,514)
Others		**–**	1,624
		62,165	2,305
Total other income and gains, net		**345,738**	540,082

Notes:

(i) The Group received government grants in respect of the construction and acquisition of property, plant and equipment, the purchases of feed and the construction of farms. These government grants are recorded initially at fair value as deferred income, which are amortised to match the depreciation charge of the property, plant and equipment in accordance with their estimated useful lives.

(ii) Various government grants have been received by the Group's subsidiaries operated in Chinese mainland. There are no unfulfilled conditions or contingencies relating to these grants.

5. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**2,605,890**	2,731,226
Breeding costs to produce	**674,476**	559,019
Production costs of raw milk	**281,921**	225,418
Cost of sales	**3,562,287**	3,515,663
Depreciation of property, plant and equipment	**577,709**	382,914
Less: Capitalised in biological assets	**(44,804)**	(49,982)
Depreciation recognised in the interim condensed consolidated statement of profit or loss	**532,905**	332,932
Depreciation of right-of-use assets	**19,528**	11,031
Depreciation of investment properties	**5,780**	6,407
Lease payments not included in the measurement of lease liabilities	**5,335**	2,198
Interest expense on lease liabilities	**2,052**	1,357
Write-down of inventories to net realisable value	**15,137**	20,878
Impairment of trade receivables	**5,463**	–
(Gain)/loss on disposal of items of property, plant and equipment	**(89)**	2,047
Foreign exchange differences, net	**45,239**	49,514

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on:		
Bank loans	**7,322**	15,003
Lease liabilities	**2,052**	1,357
	9,374	16,360

7. INCOME TAX

Taxes on profits assessable in Chinese mainland have been calculated at the applicable PRC corporate income tax ("**CIT**") rate of 25% (six months ended 30 June 2025: 25%) during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

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

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current – PRC		
Charge for the period	**698,169**	727,607
Underprovision in prior period	**3,836**	–
Withholding tax	**105,250**	300,000
	807,255	1,027,607
Deferred	**(248,062)**	(301,514)
Total tax charge for the period	**559,193**	726,093

8. DIVIDEND

During the six months ended 30 June 2026, the Company declared a final dividend of HK$0.1290 per ordinary share, equivalent to a total of approximately RMB1.0 billion for the year ended 31 December 2025 to its shareholders. During the six months ended 30 June 2025, the Company declared a final dividend of HK$0.1632 per ordinary share, equivalent to a total of approximately RMB1.35 billion for the year ended 31 December 2024 to its shareholders.

Subsequent to the end of the reporting period, the board of directors declared an interim dividend of HK$0.0828 per share for the six months ended 30 June 2026, amounting to a total of approximately RMB0.6 billion. For the year ended 31 December 2025, the Company declared an interim dividend of HK$0.1209 per ordinary share for the six months ended 30 June 2025, amounting to a total of approximately RMB1.0 billion.

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

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares outstanding as adjusted to reflect the treasury shares during the six months ended 30 June 2026 and 2025.

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

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

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings:		
Profit for the period attributable to ordinary equity holders of the parent	**837,086**	1,000,105

	Number of shares	
	30 June 2026	30 June 2025
	(Unaudited)	(Unaudited)
Shares:		
Weighted average number of ordinary shares outstanding during the period used in the basic earnings per share calculation	**8,807,664,704**	9,054,820,598
Effect of dilution – weighted average number of ordinary shares:		
Share award	**9,638,135**	1,264,937
	8,817,302,839	9,056,085,535

10. TRADE AND BILLS RECEIVABLES

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Trade receivables	**575,527**	383,297
Bills receivable	**11,352**	15,817
	586,879	399,114
Impairment	**(30,586)**	(25,123)
	556,293	373,991

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

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

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Within 1 month	**486,138**	205,014
1 to 2 months	**15,779**	63,123
2 to 3 months	**13,289**	33,259
Over 3 months	**41,087**	72,595
	556,293	373,991

11. TRADE AND BILLS PAYABLES

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Trade and bills payables	**1,713,081**	1,656,813

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

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Within 3 months	**1,606,513**	1,624,079
3 to 6 months	**47,045**	20,313
Over 6 months	**59,523**	12,421
	1,713,081	1,656,813

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

12. ACQUISITION OF ASSETS

On 7 February 2026, the Group entered a sales and purchase agreement with an independent third party (the "**Seller**") engaged in the production and sale of raw milk. The acquisition was made as part of the Group's strategy to expand its production capacity. The purchase consideration was in the form of cash with RMB546,292,000.

As acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs, which meets the definition of a business outlined in IFRS 3, the Group determines the acquisition as business combination. The Group elected to apply the optional concentration test in accordance with IFRS 3 Business Combinations. This acquisition has been accounted for as an acquisition of assets rather than a business combination, given that substantially all of the fair value of the gross assets acquired is concentrated in a group of similar identifiable assets (property, plant and equipment and biological assets).

The individual transaction price for each identifiable asset and liability is as follows:

	Individual transaction price (Unaudited) *RMB'000*
Property, plant and equipment	374,212
Biological assets	172,554
Other payables and accruals	(474)
Total individual transaction price	546,292
Satisfied by cash	546,292

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

China has been one of the most populous countries in the world. With continued urbanization and the rise in the number of women in the workplace, an increasing number of mothers in China have grown to realize the convenience and nutritional benefits offered by infant milk formula products as a supplement to and/or substitute for breast milk for their infants. According to the National Bureau of Statistics, China's birth rate dropped from 8.52‰ in 2020 to 5.63‰ in 2025, with number of newborns declining to approximately 7.9 million in 2025. According to Frost & Sullivan, an industry consulting firm, the number of children aging from zero to three decreased accordingly from approximately 41.9 million in 2020 to approximately 26.5 million in 2025. Despite the decline from 2020 to 2025, the number of newborns is expected to improve from 2026 to 2028, thanks to the newborn supporting and subsidy measures. Due to the factors listed below, China's infant milk formula market in terms of retail sales value is expected to remain stable.

- Growth in consumers' confidence in the quality of and preference for China's infant milk formula products. With the enhancement in the quality management regime of China's dairy industry and the increased competitiveness of Chinese dairy brands, consumers' confidence in and consumption preference for China's infant milk formula products continued to increase. Such increase will drive the production and sales of China's infant milk formula products, which could in turn better satisfy consumers' diversified and unique consumption needs.

- Growth of the high-end infant milk formula segment. Due to increasing urbanization, rising disposable income and growing health awareness, the demand for high-end infant milk formula products is expected to be the driving force of the overall infant milk formula industry in China. According to the National Bureau of Statistics, China's per capita annual disposable income in 2025 reached RMB43,377, with a compound annual growth rate of 6.1% from 2020 to 2025. Such increase will in turn increase the consumption momentum of China's high-end infant milk formula products.

- Increasing urbanization and rising disposable income. The increase in the urbanization rate and the per capita annual disposable income of Chinese residents will enhance the purchasing power of consumers, allowing them to purchase more infant milk formula products. Lower-tier cities as well as rural areas in China are becoming wealthier and more urbanized, and families in such regions are increasingly able to afford higher-quality infant milk formula products. In general, these regions have larger populations and therefore higher potential for consumption growth.

- Favorable industry policies by the PRC government:

  - o The National Development and Reform Commission of China unveiled the Action Plan for the Promotion of Domestic Infant Milk Formula (國產嬰幼兒配方乳粉提升行動方案) in May 2019, aiming to increase the portion of domestically manufactured infant milk formula in China with a target to remain a 60% self-sufficient level in the industry, and to encourage the use of fresh milk in the production of infant milk formula.

  - o China has continued to enhance food safety and product standards for infant milk formula. New national food safety standards released in 2021 became effective in 2023, imposing more stringent requirements on nutritional composition, quality and safety and facilitating product innovation and high-quality industry development.

  - o The revised formula registration regime for infant milk formula implemented in 2023 further strengthened product registration, quality and safety requirements, raising industry entry thresholds and promoting orderly market development.

  - o In October 2024, the General Office of the State Council introduced measures to accelerate the development of a comprehensive childbirth-support policy system covering childbirth, childcare, education, housing and employment, with a view to reducing the costs associated with childbirth, parenting and education and building a childbirth-friendly society.

  - o In 2025, China established a nationwide childcare subsidy system, under which eligible children under three years of age receive a childcare subsidy based on a national basic standard of RMB3,600 per child per year from 1 January 2025.

  - o Beginning from the autumn semester of 2025, China gradually implemented free preschool education by waiving childcare and education fees for children in the final preschool year at public kindergartens and providing corresponding reductions for eligible children attending private kindergartens, further reducing childcare and education costs for families.

  - o In March 2026, China released the *Outline of the 15th Five-Year Plan for National Economic and Social Development* (中華人民共和國國民經濟和社會發展第十五個五年規劃綱要), which further called for the development of a childbirth-friendly society and the enhancement of childbirth support policies and incentives, with a view to effectively reducing the costs of childbirth, childcare and education and stabilizing the number of newborns. Relevant measures include enhancing the role of childcare subsidies and exploring a dynamic adjustment mechanism for subsidy standards, expanding maternity insurance coverage, improving maternity and childcare leave arrangements, developing affordable childcare services, and strengthening housing support for families with multiple children.

- To support the continued implementation of the nationwide childcare subsidy system, the central government allocated approximately RMB99.9 billion of childcare subsidy funds in 2026, representing an increase of approximately 10.6% from 2025. Total childcare subsidy funding arranged by governments at various levels is expected to reach approximately RMB110.0 billion in 2026, further supporting eligible families with infants and reducing their childcare burden.

- According to the 2026 Government Work Report, the nationwide childcare subsidy system has benefited more than 30 million infants and young children, while the free final-year preschool education policy has benefited approximately 14 million children. The government further proposed strengthening housing support for newly married and first-time-parent families, supporting housing improvement needs of families with multiple children, enhancing maternity insurance and leave arrangements, and further developing affordable childcare and integrated nursery-kindergarten services.

- In 2026, China continued to provide central government financial support for the integrated development of dairy farming and processing, including support for dairy processing and cold-chain storage and transportation facilities and equipment, as well as the standardized upgrading of dairy farming operations, which is expected to further improve supply chain efficiency, product quality and industry integration.

Business Overview

Dairy Products

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

Sales and Distribution Network

The Group primarily sells its products through an extensive nationwide distribution network of over 2,600 offline customers with approximately 67,000 retail points of sale as at 30 June 2026. The Group's offline customers are distributors who sell its products to retail outlets as well as maternity store operators, supermarkets and hypermarket chains in some cases. Revenue generated through sales to the Group's offline customers accounted for 70.5% of its total revenue from dairy products for the six months ended 30 June 2026.

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

Production Capacity Improvements

The Group continued to optimize its production arrangements to increase its capacity and efficiency. As at 30 June 2026, the Group had 13 production facilities to manufacture its products with a designed annual production capacity exceeding 485,000 tonnes in total. The Group established light cream production lines during the Reporting Period. The Group regularly upgrades and expands its production facilities to meet its production needs.

Marketing

The Group is a pioneer in China's infant milk formula market by positioning its brand as "More suitable for the constitution of Chinese babies" (更適合中國寶寶體質) and has established a strong brand association with this message. The Group's innovative online and offline marketing strategies have enabled Feihe to become one of the most widely recognized and reputable infant milk formula brands among Chinese consumers today. The Group's marketing strategy consists of three key components:

- Face-to-face seminars, including Mother's Love seminars, Carnivals and Roadshows. During the six months ended 30 June 2026, approximately 330,000 face-to-face seminars were held in total;

- Maximize online interactivity with consumers; and

- Targeted and result-driven exposure on media.

Vitamin World USA

The Group acquired the retail health care business of Vitamin World in early 2018 through Vitamin World USA Corporation ("**Vitamin World USA**"). Vitamin World USA engages in the retailing of vitamins, minerals, herbs, and other nutritional supplements. It operated 42 specialty stores across the United States of America (the "**United States**"), mostly in malls and outlet centres, and employed 187 people as at 30 June 2026. The Group also sells such products through its own website of Vitamin World USA, and e-commerce platforms. Our revenue generated from nutritional supplement products in the United States was RMB85.1 million, accounting for 0.91% of the Group's total revenue for the six months ended 30 June 2026.

Operating Results and Analysis

The table below sets forth the Group's interim condensed consolidated statement of profit or loss and consolidated statement of comprehensive income in amounts and as a percentage of the Group's total revenue for the periods indicated, together with changes (expressed in percentages) from 2025 to 2026.

	For the six months ended 30 June				Percentage Changed
	2026		2025		
	(In thousands of RMB, except percentages) (Unaudited)				
Revenue	**9,362,363**	**100%**	9,150,525	100%	2.3%
Cost of sales	**(3,562,287)**	**(38.0)%**	(3,515,663)	(38.4)%	1.3%
Gross profit	**5,800,076**	**62.0%**	5,634,862	61.6%	2.9%
Other income and gains, net	**345,738**	**3.7%**	540,082	5.9%	(36.0)%
Selling and distribution expenses	**(3,425,205)**	**(36.6)%**	(3,174,706)	(34.7)%	7.9%
Administrative expenses	**(883,420)**	**(9.5)%**	(773,735)	(8.5)%	14.2%
Other expenses	**(19,914)**	**(0.2)%**	(20,606)	(0.2)%	(3.4)%
Finance costs	**(9,374)**	**(0.1)%**	(16,360)	(0.2)%	(42.7)%
Share of losses of associates	**(10,580)**	**(0.1)%**	(7,473)	(0.1)%	41.6%
Changes in fair value less costs to sell of biological assets	**(336,989)**	**(3.6)%**	(423,433)	(4.6)%	(20.4)%
Profit before tax	**1,460,332**	**15.6%**	1,758,631	19.2%	(17.0)%
Income tax expense	**(559,193)**	**(6.0)%**	(726,093)	(7.9)%	(23.0)%
Profit for the period	**901,139**	**9.6%**	1,032,538	11.3%	(12.7)%
Other comprehensive income					
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	**2,725**	**0.1%**	25,518	0.3%	(89.3)%
Total comprehensive income for the period	**903,864**	**9.7%**	1,058,056	11.6%	(14.6)%

Revenue

The Group's revenue increased by 2.3% from RMB9,150.5 million for the six months ended 30 June 2025 to RMB9,362.4 million for the six months ended 30 June 2026, primarily because the increase in revenue from certain infant milk formula series and other dairy products.

Cost of Sales

The Group's cost of sales increased by 1.3% from RMB3,515.7 million for the six months ended 30 June 2025 to RMB3,562.3 million for the six months ended 30 June 2026, primarily due to the increase in purchasing raw material during the Reporting Period.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by 2.9% from RMB5,634.9 million for the six months ended 30 June 2025 to RMB5,800.1 million for the six months ended 30 June 2026.

The Group's gross profit margin increased from 61.6% for the six months ended 30 June 2025 to 62.0% for the six months ended 30 June 2026, primarily due to the increase in gross profit of certain infant milk formula series.

Other Income and Gains, Net

Other income and gains, net decreased by 36.0% from RMB540.1 million for the six months ended 30 June 2025 to RMB345.7 million for the six months ended 30 June 2026, primarily due to the decrease in interest income.

Selling and Distribution Expenses

Selling and distribution expenses increased by 7.9% from RMB3,174.7 million for the six months ended 30 June 2025 to RMB3,425.2 million for the six months ended 30 June 2026, primarily due to the increase in the expenses of advertisement.

Administrative Expenses

Administrative expenses increased by 14.2% from RMB773.7 million for the six months ended 30 June 2025 to RMB883.4 million for the six months ended 30 June 2026, primarily due to an increase in employee salaries.

Other Expenses

Other expenses decreased slightly by 3.4% from RMB20.6 million for the six months ended 30 June 2025 to RMB19.9 million for the six months ended 30 June 2026.

Finance Costs

Finance costs decreased by 42.7% from RMB16.4 million for the six months ended 30 June 2025 to RMB9.4 million for the six months ended 30 June 2026, primarily due to the decrease of the interest-bearing borrowings.

Profit before Tax

As a result of the foregoing, the Group's profit before tax decreased by 17.0% from RMB1,758.6 million for the six months ended 30 June 2025 to RMB1,460.3 million for the six months ended 30 June 2026.

Income Tax Expense

Our income tax expense decreased by 23.0% from RMB726.1 million for the six months ended 30 June 2025 to RMB559.2 million for the six months ended 30 June 2026 as a result of a decrease in our profit before tax for the six months ended 30 June 2026.

The Group's effective tax rate, calculated by dividing the Group's income tax expense by the Group's profit before tax, was 41.3% for the six months ended 30 June 2025 and 38.3% for the six months ended 30 June 2026.

Profit for the Period

As a result of the foregoing, our profit for the period decreased by 12.7% from RMB1,032.5 million for the six months ended 30 June 2025 to RMB901.1 million for the six months ended 30 June 2026.

Liquidity and Capital Resources

For the six months ended 30 June 2026, the Group financed its operations primarily through cash flows from operations, interest-bearing bank borrowings, and net proceeds from the global offering of the Company (the "**Global Offering**"). The Group monitors its bank balances on a daily basis and conduct monthly reviews of our cash flows. We also prepare a monthly cash flow plan and forecast, which is submitted for approval by our Chief Financial Officer and Vice President of Finance Department, to ensure that we are able to maintain an optimum level of liquidity and meet our working capital needs.

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

Cash and Cash Equivalents

As at 30 June 2026, the Group had cash and cash equivalents of RMB7,069.5 million, which primarily consisted of cash on hand and at banks, including term deposits, and assets similar in nature to cash, which were not restricted for use.

Net Proceeds from the Global Offering

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

Bank Borrowings

As at 30 June 2026, the Group's interest-bearing bank borrowings were approximately RMB420.1 million.

Capital Structure

As at 30 June 2026, the Group had net assets of RMB26,041.9 million, comprising current assets of RMB19,712.4 million, non-current assets of RMB14,853.8 million, current liabilities of RMB7,562.7 million and non-current liabilities of RMB961.5 million.

The Group's gearing ratio was calculated by net debt divided by the capital. Net debt is calculated as interest-bearing bank borrowings, as shown in the consolidated statements of financial position less cash and cash equivalents. Total capital is calculated as equity holders' funds (i.e, total equity attributable to equity holder of the Company), as shown in the consolidated statements of financial position. The Group's gearing ratio was (0.28) as at 31 December 2025 and (0.27) as at 30 June 2026.

Interest Rate Risk and Exchange Rate Risk

We are exposed to interest rate risk due to changes in interest rates of interest-bearing financial assets and liabilities. During the six months ended 30 June 2026, we have not used any derivatives to hedge interest rate risk.

We have transactional currency exposures mainly with respect to our operation of the overseas plant in Canada, which was made in Canadian dollars. During the six months ended 30 June 2026, we did not have a foreign currency hedging policy in respect of other foreign currency transactions, assets and liabilities. We will monitor our foreign currency exposure closely and will consider hedging significant foreign currency exposure in accordance with our plans to develop overseas business.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the six months ended 30 June 2026, the Group did not have any material acquisitions and disposals of subsidiaries or associated companies.

Pledge of the Group's Assets

As at 30 June 2026, the total pledged group assets amounted to approximately RMB493.4 million, representing a decrease of RMB914.1 million as compared to the beginning of 2026.

Future Plans for Material Investments or Capital Assets

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

Contingent Liabilities

As at 30 June 2026, the Group did not have any significant contingent liabilities.

Subsequent Events

The Group has no material subsequent events after 30 June 2026 as of the date of this announcement.

Future Prospects

In the future, Feihe will adhere to long-termism, deeply cultivate its core business, take innovation in milk protein raw materials as the core engine, continuously deepen breast milk research and explore nutrition in early life, constantly iterate and optimize milk protein extraction processes and product formulas, further overcome production technologies for high-end milk protein raw materials, and achieve comprehensive self-sufficiency and high quality in core raw materials. At the same time, we will continue to expand our full life cycle nutrition business, develop more nutritional products suitable for different age groups and consumption scenarios, and safeguard the quality of human life through nutrition.

OTHER INFORMATION

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

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

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

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

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company nor any member of the Group purchased, sold or redeemed any of the Company's listed securities (including the sale of treasury shares (as defined in the Listing Rules)). As at the end of the Reporting Period, the Company held 259,587,000 treasury shares (whether held or deposited in the Central Clearing and Settlement System, or otherwise).

USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

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

As at 30 June 2026, the Company has utilized the net proceeds from the Global Offering for the following purpose: (i) HK$2,413.6 million being used for the payment of offshore debts; (ii) HK$327.7 million being used for the expansion of Vitamin World USA operations; (iii) HK$655.5 million being used for the working capital and general corporate purposes; (iv) HK$1,310.9 million being used for merger and acquisition; (v) HK$327.7 million being used for marketing initiatives; and (vi) HK$398.0 million being used for funding the operation of the Group's Kingston plant. For the amounts not yet utilized, the Company will apply the remaining net proceeds in the manner set out in the Prospectus.

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board resolved to declare an interim dividend of HK$0.0828 per share of the Company for the six months ended 30 June 2026 (the "**2026 Interim Dividend**") with an aggregate amount of approximately HK$729,122,367 (equalling approximately RMB630,797,300) to the Shareholders whose names are listed on the Company's register of members as at 11 September 2026, being the record date for the Shareholders' entitlement to the 2026 Interim Dividend (except for the holders of treasury shares, if any). All treasury shares and repurchased shares pending cancellation will not receive the 2026 Interim Dividend. The Company will withdraw all repurchased shares from the Central Clearing and Settlement System (CCASS), and either re-register them in its own name as treasury shares or cancel such repurchased shares, in each case before the record date for the Shareholders' entitlement to the 2026 Interim Dividend. The 2026 Interim Dividend is based on (i) our dividend policy set out in the Prospectus of intending to distribute no less than 30% of our net profit for each financial year, and (ii) an approximately additional 40% of our profit for the six months ended 30 June 2026, totaling approximately 70% of our profit for the six months ended 30 June 2026 in RMB denomination being converted into Hong Kong dollar denomination based on the average central parity rate of RMB to Hong Kong dollar as announced by the People's Bank of China for the five business days prior to the date of this announcement. For the avoidance of doubt, such profit for the six months ended 30 June 2026 includes the profit/loss of YuanShengTai Dairy Farm Limited. The 2026 Interim Dividend will be declared and paid in Hong Kong dollars, and is expected to be paid on or around 22 September 2026.

In order to ascertain the Shareholders' entitlement to the 2026 Interim Dividend, the register of members of the Company will be closed from 10 September 2026 to 11 September 2026 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for the 2026 Interim Dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on 9 September 2026.

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

AUDIT COMMITTEE

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

The Audit Committee has reviewed with the Company's management and the external auditors, the accounting principles and practices adopted by the Company and discussed auditing, risk management, internal control, whistleblowing policy and system and financial reporting matters, including the review of the Group's financial statements and interim results for the six months ended 30 June 2026.

The unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2026 has been reviewed by the Company's auditor, Ernst & Young, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The auditor's independent review report will be included in the Company's 2026 interim report to the Shareholders.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the HKEXnews website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.feihe.com. The 2026 interim report of the Company containing all the information required by the Listing Rules will be published on the websites of the Company and the Stock Exchange.

By Order of the Board
China Feihe Limited
LENG Youbin
Chairman

Beijing, the PRC, 26 August 2026

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