優然牧業
YOURAN DAIRY

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

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 9858

2026
INTERIM REPORT

Company Profile

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

As of June 30, 2026, the Group operated 100 dairy farms, 15 feed mills, 5 forage grass plantation bases, 4 world leading dairy cow key breeding bases, 1 breeding bull station and an online dairy industry chain platform Jumuc.com, with a herd size of dairy cows of 615,814 heads and dairy goats of 21,755 heads. For the six months ended June 30, 2026, the Group's production of premium raw milk and specialty raw milk was 2,218,271 tons. Among the specialty raw milk, on the basis of 8 categories, namely organic milk, Jersey milk, DHA milk, A2 milk, organic A2 milk, selenium-rich milk, organic Jersey milk and goat milk, the Group newly launched DHA-A2 milk, further enriching the specialty raw milk category. The Group produced 593,385 tons of concentrated feed products for dairy cows, beef cattle and mutton sheep, dairy goats, camels, yaks and other livestock species. Through its online platform and 22 offline ruminant farming products marketplaces, the Group covers more than 10,000 types of ruminant farming products for various core business operations of dairy farms. The sales volume of the Group's breeding products, such as common frozen semen, sex-sorted frozen semen and sex-sorted embryos of high-quality dairy cows and beef cattle, amounted to 656,608 straws/units, increased by 21.5% as compared with that of the 2025 Interim Period, and the market share continued to expand.

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

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Hao Haijun (郝海軍) *(Chairman and President)*
Mr. Dong Jiping (董計平)
Ms. Meng Yilan (孟一蘭)

Non-Executive Directors

Mr. Bai Wenzhong (白文忠)
Ms. Li Lin (李林)
Mr. Xu, Zhan Kevin (許湛)

Independent Non-Executive Directors

Ms. Xie Xiaoyan (謝曉燕)
Mr. Yao Feng (姚峰)
Ms. Huang Lin (黃琳)

AUDIT COMMITTEE

Ms. Xie Xiaoyan (謝曉燕) *(Chairperson)*
Mr. Yao Feng (姚峰)
Ms. Huang Lin (黃琳)

REMUNERATION COMMITTEE

Ms. Huang Lin (黃琳) *(Chairperson)*
Ms. Xie Xiaoyan (謝曉燕)
Mr. Bai Wenzhong (白文忠)

NOMINATION COMMITTEE

Mr. Hao Haijun (郝海軍) *(Chairperson)*
Mr. Yao Feng (姚峰)
Ms. Xie Xiaoyan (謝曉燕)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Mr. Yao Feng (姚峰) *(Chairperson)*
Ms. Xie Xiaoyan (謝曉燕)
Ms. Huang Lin (黃琳)

COMPANY SECRETARY

Ms. Yu Wing Sze (余詠詩)

AUTHORISED REPRESENTATIVES

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

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditor

REGISTERED OFFICE

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

Corporate Information

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN CHINA

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

LEGAL ADVISORS

As to Hong Kong law
King & Wood

As to Cayman Islands law
Ogier

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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Camana Bay
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Cayman Islands

HONG KONG SHARE REGISTRAR

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17/F, Far East Finance Centre
16 Harcourt Road
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PRINCIPAL BANKER

Bank of Communications
Inner Mongolia Region Branch
No. 18 Xinhua East Street, Saihan District
Hohhot, Inner Mongolia
China

STOCK CODE

9858

COMPANY WEBSITE

https://www.yourandairy.com/

Highlights

	Six months ended June 30, 2026 RMB'000 (unaudited)	Six months ended June 30, 2025 RMB'000 (unaudited)	Period-on-period change (%)
Revenue	**10,626,704**	10,284,217	3.3
Gross profit	**3,150,489**	3,086,430	2.1
Profit/(Loss) for the period	**845,159**	(247,126)	442.0
Profit/(Loss) for the period attributable to owners of the Company	**806,027**	(296,571)	371.8
Non-IFRSs Measures:			
Cash EBITDA *Note 1*	**2,893,802**	2,810,692	3.0
Profit for the period (before biological assets fair value adjustments) *Note 2*	**2,161,591**	1,985,389	8.9
	Tons	*Tons*	
Annualized average milk yield per milkable cow (excluding Jerseys)	**13.1**	12.9	1.6

The Board did not recommend the distribution of an interim dividend for the six months ended June 30, 2026.

Notes:

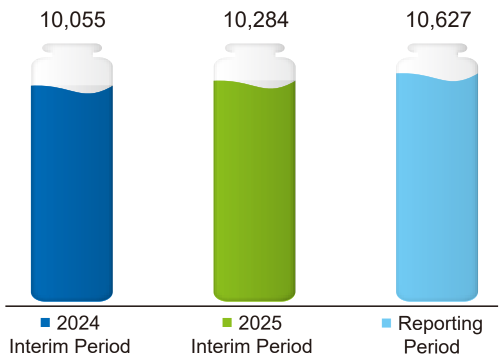
1. It represents profit for the period after adjusting the following items: (i) other gains and losses, (ii) impairment losses (including reversals of impairment losses) on financial assets, (iii) impairment losses recognized in respect of property, plant and equipment and right-of-use assets, (iv) losses arising from changes in fair value less costs to sell of biological assets, (v) income tax expense, (vi) finance costs, (vii) interest income, and (viii) depreciation and amortization charged to profit or loss.

2. It represents profit for the period excluding losses arising from changes in fair value less costs to sell of biological assets.

Highlights

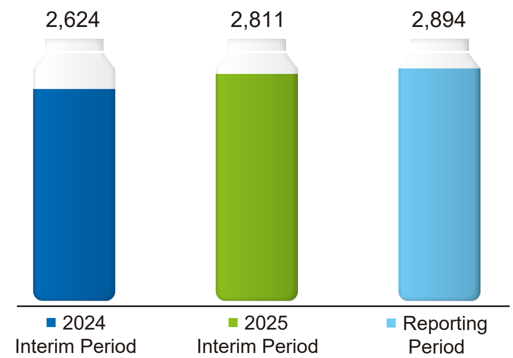
Steady growth of revenue

(RMB million)



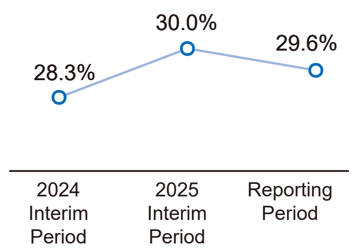
Year-on-year rise in cash EBITDA

(RMB million)



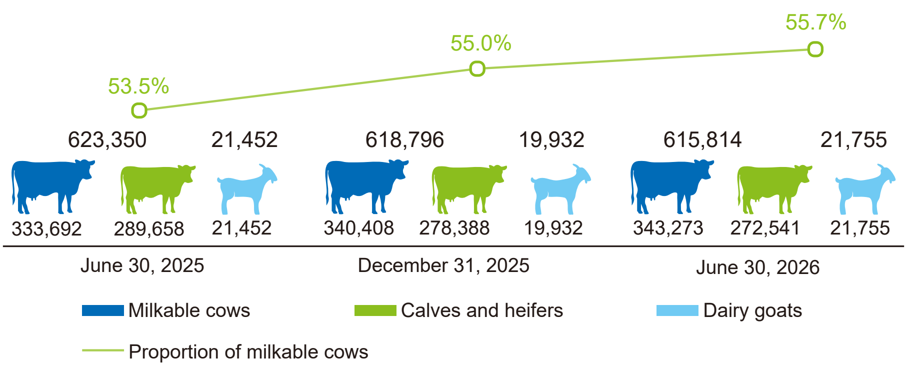
Gross profit margin remains stable on a year-on-year basis during the Reporting Period

(%)



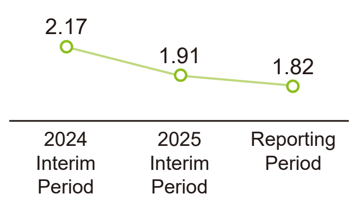
Continued optimization of herd structure

(heads)



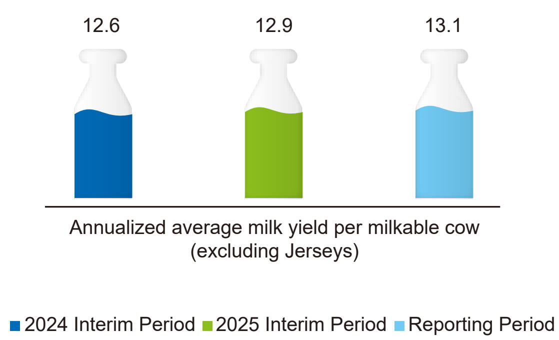
Continuous decrease of feed cost of raw milk

(RMB/kg)



Annualized average milk yield per milkable cow hits new high

(tons/head/year)



Distribution Map of Production Bases


100 self-operated dairy farms

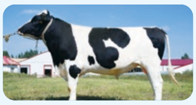
Covering 17 provinces (autonomous regions and municipalities) with a herd size of approximately 0.6158 million dairy cows and 0.0218 million dairy goats

15 feed mills

Mainly produces concentrated feed products for dairy cows, beef cattle and mutton sheep, dairy goats, camels, yaks and other livestock species, with an output of concentrated feed of approximately 0.5934 million tons during the Reporting Period

5 forage grass plantation bases

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



4 key breeding bases,

1 breeding bull station

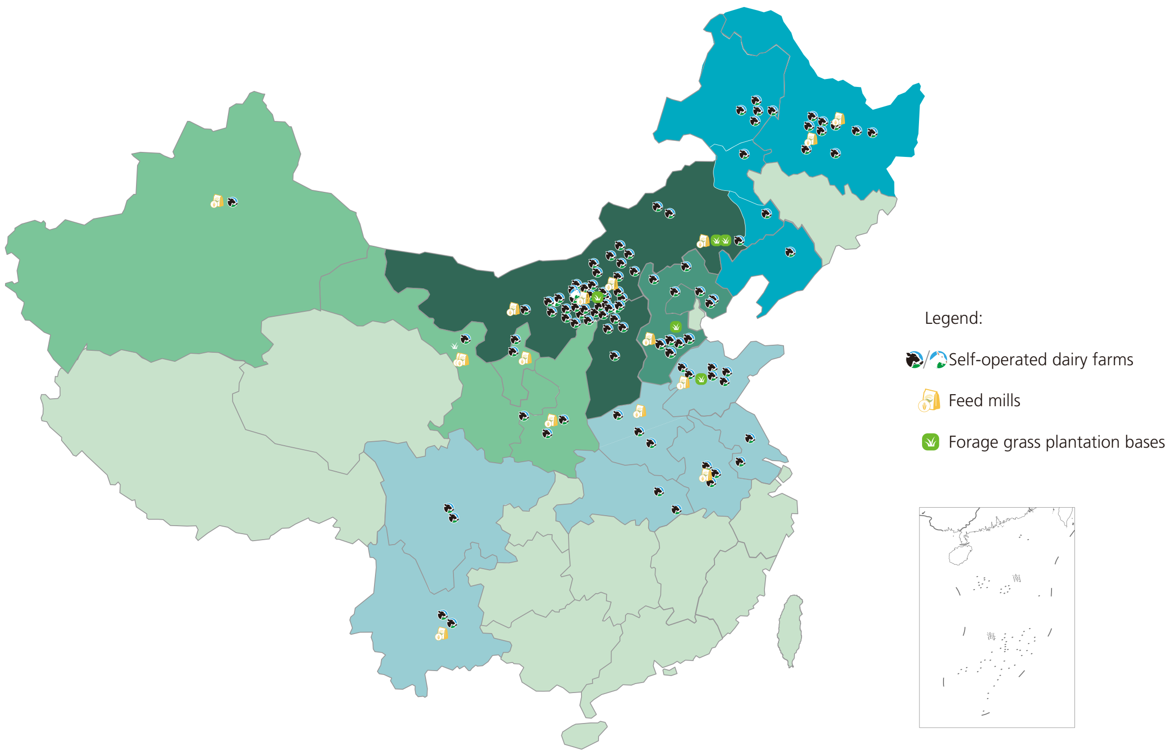
Provides dairy farms with, among others, frozen semen and sex-sorted embryos of high-quality dairy cows and beef cattle, with the sales volume of the breeding products of approximately 0.6566 million straws/units during the Reporting Period

1 dairy farming industry chain platform,

22 offline ruminant farming products marketplaces

Industry chain financial center, warehousing and logistics center, cloud innovation sharing center and global procurement center

Provides more than 10,000 types of ruminant farming products, covering various core business operations of dairy farms



Production base distribution area	Quantity		
	Self-operated dairy farms	Feed mills	Forage grass plantation bases
Inner Mongolia and Shanxi Regions	43	3	1
Northeast Region	18	3	2
North China Region	11	1	1
Central China Region	21	4	1
Northwest Region	7	4	/
Total	100	15	5

Management Discussion and Analysis

INDUSTRY REVIEW

During the Reporting Period, China's macroeconomic policies took effect, leading to steady economic performance with good momentum for growth. End-consumer demand for dairy products has stabilized and improved, with national dairy production rising by 5.8% year-on-year, demonstrating the resilience of demand for dairy products as a staple consumer category.

On the supply side, capacity rationalization continued, and milk prices bottomed out, stabilized and began to rebound. During the Reporting Period, monitoring data from the Ministry of Agriculture and Rural Affairs showed that the average price of raw milk in major milk-producing provinces fell by 1.6% year-on-year to RMB3.03/kg. The year-on-year decline kept narrowing, and year-on-year growth turned from negative to positive in July 2026. On the farming side, the average price of soybean meal declined by approximately 4.3% year-on-year, while the average corn price climbed by approximately 5.1% during the Reporting Period. Meanwhile, statistics from China Customs revealed that the price of imported alfalfa hay rose by approximately 7.5% year-on-year. In addition, beef prices trended upward consistently, with the national average beef price increasing by 7.6% year-on-year. The widening supply-demand gap for beef cattle brought about a notable "beef-milk linkage" effect, which further offset the downward impact on milk prices and enabled the industry to maintain a relatively stable development trend.

Policy-wise, policies to boost consumption and advance industrial upgrading continued to be strengthened. In terms of boosting consumption, the Opinion of the Central Committee of the Communist Party of China and the State Council on Anchoring Agricultural and Rural Modernization and Solidly Promoting Comprehensive Rural Revitalization was issued in February 2026, stressing the adoption of multiple measures to lift dairy consumption. In March 2026, the Minister of Agriculture and Rural Affairs explicitly advised consumers to "cut oil intake appropriately, increase bean consumption and consume more dairy products" at the "Ministers' Passage" during the National People's Congress and the Chinese People's Political Consultative Conference, sending further positive signals at the national level to guide the expansion of dairy consumption. In July 2026, the Dairy Association of China released the Proposals on the Independent and Controllable Development of Intensive Dairy Processing at the 17th Dairy Conference, and launched the "Healthy China · Vibrant Renewal" National Dairy Consumption Week, collaborating with upstream and downstream players across the industrial chain to promote popularization of scientific dairy consumption knowledge and innovation in consumption scenarios. In terms of quality standards and industrial upgrading, in January 2026, the State Administration for Market Regulation issued the Detailed Rules for the Review of Dairy Production Licenses (Draft for Comments), which refined the classification of dairy products from 3 categories to 11 categories and implemented full-process and closed-loop supervision. In April 2026, the National Health Commission solicited public comments on revisions to 37 national food safety standards, including those for Pasteurized Milk and Sterilized Milk, making adjustments to product definitions, labeling requirements, and technical specifications to further enhance the quality and safety of liquid milk. In terms of trade protection, China officially imposed countervailing duties on relevant imported dairy products originating from the European Union from February 13, 2026 for a period of five years, effectively protecting the domestic dairy industry from the impact of low-priced imports.

Management Discussion and Analysis

Overall, during the Reporting Period, China's dairy industry stood at a critical juncture in its transition from "scale expansion" to "quality and efficiency-driven growth". On the supply side, there were clear signals that raw milk prices had bottomed out and rebounded. On the demand side, momentum for structural growth continued to unfold, with new growth areas such as deep processing, functional nutrition and the B2B market rapidly emerging. The industry is shifting away from the recurring cycle of "rising milk prices – capacity expansion – renewed oversupply" toward a new path of high-quality development centered on "value creation, technological innovation and full-chain collaboration".

BUSINESS REVIEW

As the largest provider of comprehensive products and services along the upstream dairy industry chain in China, the Group was principally engaged in providing premium raw milk and specialty raw milk to large-scale dairy manufacturers and offering comprehensive ruminant farming solutions to dairy farms during the Reporting Period. During the Reporting Period, the Group's revenue increased by 3.3% from RMB10,284 million for the 2025 Interim Period to RMB10,627 million for the Reporting Period.

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

Business Segments	Business Lines	Business Introduction	Operations	Revenue
Raw milk	Raw milk business	The Group provides premium raw milk and specialty raw milk to large-scale dairy manufacturers. Specialty raw milk mainly includes organic milk, Jersey milk, DHA milk, A2 milk, organic A2 milk, selenium-rich milk, organic Jersey milk, dairy goat milk and DHA-A2 milk, etc.	As of June 30, 2026, the Group operated 100 modern dairy farms (including 1 dairy goat farm) across 17 provinces (autonomous regions and municipalities) in China, with a herd size of approximately 0.6158 million heads of dairy cows and a herd size of approximately 0.0218 million heads of dairy goats. During the Reporting Period, the sales volume of the Group's raw milk was approximately 2,174,978 tons.	During the Reporting Period, revenue from the Group's raw milk business was approximately RMB8.053 billion, representing an increase of 2.0% from the 2025 Interim Period and accounted for approximately 75.8% of the Group's total revenue during the Reporting Period.
Comprehensive ruminant farming solutions	Feed business	The Group provides nutrition concentrated feed and forage grass for dairy farms that meet the demands of ruminants for their growth and production, and offers ancillary ruminant farming solutions, such as nutrition, breeding techniques, and healthcare.	As of June 30, 2026, the Group operated 15 feed mills and many forage grass plantation bases in China. During the Reporting Period, the total sales volume (including internal transactions) of the Group's concentrated feed was approximately 572,342 tons.	During the Reporting Period, revenue from the Group's comprehensive ruminant farming solutions was approximately RMB2.574 billion, representing an increase of 7.8% from the 2025 Interim Period and accounted for 24.2% of the Group's total revenue during the Reporting Period.

Management Discussion and Analysis

Business Segments	Business Lines	Business Introduction	Operations	Revenue
	Ruminant farming products marketplace business	The Group provides ruminant farming products purchased from selected suppliers, such as veterinary drugs, equipment and other items for dairy farms, through its online platform, Jumuc.com, and offline pickup stores and offers ancillary ruminant farming solutions to promote its diversification of the Group's product offerings and comprehensively address its customers' business needs.	During the Reporting Period, the Group provided over 10,000 ruminant farming products through its online platform, Jumuc.com, and 22 offline pick-up stores to 25 provinces, municipalities and autonomous regions of China, covering core operations of dairy farms.	
	Breeding business	Through its subsidiary, SKX, the Group provides dairy farms with, among others, common frozen semen, sex-sorted frozen semen and sex-sorted embryos of high-quality dairy cows and beef cattle in China and overseas.	As of June 30, 2026, the Group operated 4 key breeding bases and 1 breeding bull station in total, with herd sizes of 187 heads of dairy breeding bulls, 103 heads of beef cattle breeding bulls, and 249 heads of breeding goats, respectively. During the Reporting Period, the sales volume of the Group's breeding products was 656,608 straws/units.	

Management Discussion and Analysis

I. PERFORMANCE OF EACH BUSINESS SEGMENT AND OPERATION REVIEW

(I) Raw Milk Business

The Group has established long-term and stable relationships with large dairy manufacturers in the PRC. Benefiting from China's steady economic growth, the close collaboration between large-scale dairy manufacturers and upstream dairy enterprises, as well as the integrated dairy industry value chain, continued to support the sustainable development of the Group's businesses. During the Reporting Period, the major customers of the Group's raw milk business included Yili Group, Bright Dairy and Junlebao Dairy, etc.

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

	As of June 30, 2026	As of December 31, 2025	Change (%)
Number of self-operated dairy farms Note 1	**100**	100	No change
Herd size of dairy cows (in heads)	**615,814**	618,796	(0.5)
Including: Milkable cows	**343,273**	340,408	0.8
Calves and heifers	**272,541**	278,388	(2.1)
Proportion of milkable cows in the herd size of dairy cows	**55.7%**	55.0%	Increased by 0.7 percentage point
Herd size of dairy goats (in heads)	**21,755**	19,932	9.1

Note:

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

	For the six months ended June 30,		Period-on-period change (%)
	2026	2025	
Raw milk production volume (in tons)	**2,218,271**	2,081,580	6.6
Raw milk sales volume (in tons)	**2,174,978**	2,039,670	6.6
Average price of raw milk (RMB/kg)	**3.70**	3.87	(4.4)
Annualized average milk yield per milkable cow (excluding Jerseys Note 1) Note 2 (in tons)	**13.1**	12.9	1.6

Notes:

1. Jerseys are a breed of small dark brown dairy cow originating from the Jersey Islands, the English Channel, with a high milk fat and milk protein content and lower milk yield per milkable cow as compared to Holsteins.

2. For the six months ended June 30, 2026, the annualized average milk yield per milkable cow is calculated by dividing the total raw milk production volume by the cumulative feeding days of milkable cows and multiplied by 365 days.

Management Discussion and Analysis

Farm overview and herd structure

As of June 30, 2026, the Group operated 100 modern dairy farms (including 1 dairy goat farm) across 17 provinces (autonomous regions and municipalities) in China. The herd size of dairy cows was 615,814 heads, representing a decrease of 0.5% as compared with 618,796 heads as of December 31, 2025, including 343,273 milkable cows, accounting for 55.7% of the total number of dairy cows, increased by 0.7 percentage point as compared with 55.0% as of December 31, 2025. As of June 30, 2026, the herd size of dairy goats was 21,755 heads, including 10,849 milkable goats, and 10,906 young female goats and female goat lambs. The optimization of herd structure has laid the foundation for the Group to further enhance its profitability.

Dairy farms operation management and raw milk production volume

During the Reporting Period, the Group's raw milk production volume amounted to 2,218,271 tons, representing an increase of 6.6% from 2,081,580 tons for the 2025 Interim Period; the annualized average milk yield per milkable cow (excluding Jerseys) was 13.1 tons, representing an increase of 1.6% from 12.9 tons for the 2025 Interim Period; the gross profit margin of the raw milk business was 34.8%, representing an increase of 0.1 percentage point from 34.7% for the 2025 Interim Period.

During the Reporting Period, the Group focused on enhancing operational efficiency, reducing costs, and improving herd health, resulting in overall improvements across key operation indicators. In terms of milk yield per milkable cow, the annualized average milk yield per milkable cow (excluding Jerseys) continued to increase steadily through the development of benchmark ranches, upgrades to SOP and improvements in cow comfort. In terms of cost control, centered on the TPM framework, the Group advanced lean management initiatives. Through targeted improvements and effective inventory reduction, the Group significantly enhanced inventory turnover and lowered equipment breakdown rates, successfully curbing overall expenses. Meanwhile, the feed cost per kilogram of raw milk fell by 4.7% due to reduced feeding costs by developing new feed ingredients to diversify feed sources and implementing precision nutrition management. In terms of genetic improvement, the Group completed genetic improvements for nearly 5,000 dairy cows by integrating ovum pick-up-in vitro fertilization (OPU-IVF) embryo transfer and whole-genome testing technologies, continuously enhancing herd productivity. With respect to the digital precision nutrition platform, the Group integrated feeding management, production performance and health parameters to establish a closed-loop monitoring system covering the entire process from "input-process-output". Leveraging the Group's proprietary "Cow Doctor" AI large language model, the Group further enhanced precision nutrition and feeding applications. The Group launched a daily feed costs analysis module for different herds, enabling multi-dimensional analysis and decomposition of feed cost per kilogram of raw milk and daily feeding costs. The Group established an early warning system for ranch production indicators, facilitating a transformation from experience-based management toward data-driven intelligent management.

Innovation in Raw Milk Product Categories

The Group continued to deploy specialty raw milk products, building a diversified product matrix covering organic milk, Jersey milk, A2 milk, DHA milk and goat milk, etc. During the Reporting Period, the Group launched DHA-A2 milk, further enriching its specialty raw milk offerings.

Management Discussion and Analysis

(II) Comprehensive Ruminant Farming Solutions

The Group provides high-quality concentrated feed and forage grass covering the full lifecycle of ruminants, and creates breeding products with core competitiveness.

Concentrated feed business

The Group has deepened its expertise in ruminant animal nutrition, meeting the nutritional needs of various ruminants at all growth stages through twelve product categories.

As of June 30, 2026, the Group operated 15 feed mills. During the Reporting Period, the total sales volume of concentrated feed (including internal transactions) was 572,342 tons, representing a year-on-year increase of 5.3%, and the production volume was 593,385 tons, representing a year-on-year increase of 8.5%. In response to cyclical fluctuations in the industry, the Group implemented multiple initiatives, including new product R&D, product upgrades, technology-empowered services, brand enhancement, channel expansion and lean management, to provide customers with one-stop integrated solutions for cost reduction and efficiency improvement, while continuously enhancing cost competitiveness and product quality across the entire value chain.

In terms of product innovation, the Group remained closely aligned with the needs of downstream farming and continuously advanced technological innovation and product upgrades. During the Reporting Period, the Group launched "Airuite GuanZeng (艾瑞特冠增)", a compound energy concentrated feed for dairy cows, supporting ranches in improving milk production while reducing costs. For beef cattle and mutton sheep feed, the Group launched "Chu You Neng (芻優能)", "Yuan Yi Mu No.1 (元益牧一號)" and specialized feed for marbled beef cattle, effectively reducing culling rates in beef cattle and mutton sheep farming, improving production performance and supporting the production of high-quality marbled beef. For other categories, the Group launched new products including high-energy lactation feed for camels and compound fiber pellets for dairy goats, complemented by customized farming solutions and digital tools to address industry development challenges. Meanwhile, the Group completed technological upgrades in key areas including palatability, diarrhea resistance and raw material mycotoxin removal for beef cattle and mutton sheep feed, continuously optimizing product performance. During the Reporting Period, the Group led and participated in the formulation of national standard "Nutrient Requirements of Beef Cattle (《肉牛營養需要量》)" and the group standard "Concentrate Supplements for Dairy Goats (《奶山羊精料補充料》)", contributing to the standardized and high-quality development of the industry.

In terms of technical services, the Group has established an expert service think tank comprising nearly 200 specialists. Leveraging the "Jumuc.com" online platform, county-level service centers and ruminant farming products marketplaces, the Group has developed a three-tier integrated farming service system that facilitates the deep integration of technical services and sales. For the dairy cattle business, the Group has established a full-cycle closed-loop service system. Through dedicated initiatives such as feed programme optimization and farm empowerment, the Group has developed more than 40 demonstration farms. For the beef cattle and mutton sheep business, the Group provided customized products, on-site services, etc., and a three-tier service framework under a comprehensive 6M customer value creation system. Supported by systematic high-efficiency fattening models, including the "7–9–8" beef cattle and the "10086" mutton sheep, the Group deeply empowered frontline customers and developed more than 40 benchmark farms to enhance farming efficiency.

Management Discussion and Analysis

In terms of brand and channel development, the dairy cow feed business has focused on farming groups, innovated customer acquisition models, and promoted the transformation of its business approach from price-driven competition to value-based marketing. During the Reporting Period, the Group successfully expanded its customer base to include multiple large-scale ranches. For the beef cattle and mutton sheep feed business, the Group continued to optimize its channel structure by establishing a coordinated development model integrating direct sales and distributor networks. The Group expanded its customer base among beef cattle and meat sheep farming groups, achieving nationwide industrial coverage. Meanwhile, in response to the geographically dispersed nature and differentiated requirements of beef cattle and mutton sheep farming, the Group upgraded its product portfolio into four major product series, Niu Man Fu (牛滿福), Yang Zheng Wang (羊正旺), Xi Le Te Ge (喜樂特格) and Mu Le You (牧樂優), to precisely address the needs of customers across different regions. During the Reporting Period, sales volume of beef cattle and mutton sheep feed grew by 63.6% year-on-year.

In terms of production and operation management, the Group has comprehensively implemented the TPM lean management system, accelerated the upgrading of intelligent and green manufacturing, and achieved automated operations across the entire production chain, which continuously reduced unit processing costs, stabilized product quality and ensured efficient order fulfillment. During the Reporting Period, the Ningxia Feed Mill successfully passed the preliminary audit by the Japan Institute of Plant Maintenance (JIPM) for the Award for Excellence in Consistent TPM Commitment, demonstrating steady enhancement in the Group's lean manufacturing capabilities.

Forage grass business

Centered on Ar Horqin Banner, known as "China's Grass Capital", the Group has built a system of premium forage grass plantation bases. As of June 30, 2026, the Group had laid out multiple grass plantation bases nationwide, promoting the construction of supporting planting bases near farms, realizing the deep integration of planting and breeding with the industry chain, and providing stable and high-quality forage for the raw milk business.

The Group continued to promote the deep integration of forage production and technological innovation. The Group has developed an established technology system through continuous accumulation covering variety selection, standardized cultivation, efficient water-saving irrigation, alfalfa regreen management, land desertification control and ecological restoration, pest and disease management, and soil testing-based fertilization. As a result, field management capabilities have continued to improve. During the Reporting Period, key achievements included: independently developing hybrid breeding technologies integrating cold-resistant alfalfa genes with superior germplasm resources, achieving an alfalfa regrowth rate of 79%; pioneering wrapped silage technology to effectively preserve alfalfa protein content and improve feed palatability; implementing a planting-and-farming integration model to improve desertified and saline-alkali soils, while exploring soil carbon sequestration technologies to enhance carbon accumulation at mills; introducing standardized water-fertilizer integration practices and completing approximately 14,000 mu of no-till carbon-sequestration seeding; leveraging its industry-first SOP system for alfalfa cultivation to achieve standardized management throughout the entire process, while promoting high-dormancy alfalfa cultivation techniques to improve forage yield and land-use efficiency.

Management Discussion and Analysis

The Group actively undertook scientific research initiatives and advanced demonstration projects including new alfalfa variety breeding, water-saving cultivation and herbicide residue control. During the Reporting Period, the Group successfully obtained approval to lead the Inner Mongolia Autonomous Region Key Research and Development Project titled "Research on Key Technologies for the Creation of High-Yield and High-Quality Alfalfa Germplasm Resources and the Breeding of New Varieties". Meanwhile, the Group became one of the first enterprises in China to initiate breeding programs for BMR (brown midrib) corn and high-yield, low-lignin alfalfa varieties. By collaborating with leading domestic research teams to deepen industry-academia-research cooperation, the Group has established an integrated pipeline covering germplasm creation, breeding line selection and regional trials to develop proprietary forage varieties adapted to arid and semi-arid regions of northern China, address the shortage of premium forage seed resources in China, and provide critical genetic resources to support the high-quality development of the grass-based livestock and dairy industries.

Ruminant farming products marketplace business

As of June 30, 2026, the Group provided over 10,000 ruminant farming products through the online platform, Jumuc.com and 22 offline ruminant farming products marketplaces nationwide, which comprehensively covered core operational needs of dairy farms and provided one-stop sourcing solutions to its customers.

During the Reporting Period, the ruminant farming products marketplace business leveraged its full-industry-chain advantages to continue expanding its product categories related to beef cattle and mutton sheep. In terms of customer operations, the focus was on strengthening customer stickiness and expanding private-domain reach, promoting the coordinated operation of the "Jumuc.com" online platform and new media channels, implementing an enterprise WeChat private-domain system, and conducting multi-channel promotions in conjunction with marketing campaigns to deepen engagement with existing customers. At the same time, a diversified communication matrix was employed to effectively enhance platform user activity and customer stickiness.

Breeding Business

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

As of June 30, 2026, the Group operated 4 core breeding bases in Inner Mongolia (including 2 for dairy cattle, 1 for beef cattle and 1 for dairy goats) and 1 breeding bull station integrating dairy cattle and beef cattle. The herd size of dairy breeding bulls, beef breeding bulls and dairy breeding goats amounted to 187 heads, 103 heads and 249 heads, respectively. During the Reporting Period, the sales volume of the Group's breeding products increased by 21.5% from 540,606 straws/units in the 2025 Interim Period to 656,608 straws/units in the Reporting Period, resulting in a continuous expansion of its market share.

Management Discussion and Analysis

The Group has long been focusing on high-end breeding sources and key breeding technologies development as well as their industrialization, and is committed to breaking through the "bottleneck" technologies in dairy cattle, beef cattle and dairy goats breeding. During the Reporting Period, in collaboration with renowned domestic and international universities and research institutions, the Group achieved multiple major breakthroughs in livestock breeding and biological breeding:

i. independently designed and developed the Breeding No. 1 and No. 2 Series Chips, covering approximately 50,000 loci across the dairy cattle whole-genome. These chips integrated functional loci with high yield, superior quality, high fertility, disease resistance and longevity traits, as well as reproduction-related single nucleotide polymorphisms (SNPs) loci identified through independent research, providing a vital tool for whole-genome selection;

ii. completed telomere-to-telomere (T2T) whole-genome sequencing and assembly of dairy cattle with high yield, high fertility, disease resistance and longevity traits, obtaining a complete and precise T2T dairy cattle genome;

iii. bred China's top-quality dairy breeding bulls and innovatively integrated efficient production technologies for sex-sorted embryos of dairy cows; and

iv. achieved a breakthrough in the heterologous expression technology of long-acting follicle-stimulating hormone (FSH), successfully expressing it in yeast, insect cells and animal cell lines, and validating its functional activity in vivo in goats, with related patents submitted for review.

Thanks to sustained investment and technological breakthroughs, the Group has again achieved outstanding results in dairy cattle breeding. According to the evaluation results of comprehensive breeding values of Chinese dairy breeding bulls released by the National Animal Husbandry Service of the Ministry of Agriculture and Rural Affairs in April 2026, genomically tested Holstein young bulls bred by the Group and evaluated occupied five of the top ten positions in Genomic China Performance Index rankings, with an additional 47 breeding bulls ranked among the national top 100, maintaining the industry's largest number. These achievements fully demonstrate the Group's leading position in dairy cattle breeding. Furthermore, the Group continued to maintain a leading market share in China in the production and promotion of super sex-sorted frozen bovine semen and high-quality sex-sorted embryos for dairy cattle.

II. R&D STRATEGIES MANAGEMENT

Leveraging more than 40 years of deep cultivation in the upstream dairy industry and its premium breeding resources of approximately 0.6158 million dairy cows and 0.0218 million dairy goats, the Group continued to focus on R&D across the entire upstream dairy industry chain.

Management Discussion and Analysis

During the Reporting Period, the Group empowered product upgrades and enhanced core competitiveness through technological innovation, with the following key measures and outcomes:

i. In terms of R&D system, as of June 30, 2026, the R&D team comprised nearly 400 members, with core personnel possessing extensive upstream dairy R&D and practical experience. In terms of intellectual property rights, 8 new patents were granted, bringing the cumulative total of core patents to 121, covering all business segments. Meanwhile, the Group was successfully recognized as a National Model Enterprise of Intellectual Property and participated in the formulation of 2 national, group and local standards, further solidifying its technological barriers.

ii. In terms of product and technology R&D, nine categories of specialty raw milk maintained strong price resilience by virtue of their scarcity attributes; simultaneously, concentrated feed products such as structural calf feed and rumen-protected soybean meal were launched, continuously improving ruminant nutrition solutions. In terms of technology breakthroughs, the Group established a China's leading ruminant nutrition database, deepened the industrialization of herd genetic improvement and sex-sorting technologies, and innovated forage grass processing technologies and planting models.

iii. In terms of research efforts, the Group collaborated with renowned domestic universities and research institutions to participate in and undertake major projects such as agricultural biological breeding and the National Dairy Technology Innovation Center, accelerating the commercialization of achievements. During the Reporting Period, the Group's key laboratory of precise and efficient dairy farming technology was accredited as a key laboratory of the Ministry of Agriculture and Rural Affairs.

III. QUALITY ASSURANCE

Sticking to the mission of "Creating the Source Power for the Healthy Life of Human Beings with Quality" and adhering to the management concept that quality is life, the Group implements the quality management system among all the staff, during the entire process and in all aspects and the production program of "high quality, high standards and high requirements" with quality culture building, full-chain control and the output of high-quality products as its three core pillars, laying a solid foundation for quality management.

Following the philosophy of "good breeding breeds good cows, good grass raises good cows, and good cows produce good milk", the Group has established over 1,400 strict control standards covering the entire process from forage grass planting, feed processing, breeding and production to fresh milk transportation, with real-time monitoring, analysis and inspection to ensure effective implementation of all standards. As the first comprehensive enterprise of dairy farming and feed processing in China that has passed SQF (Safe Quality Food system) certification, the Group continually optimized the certification system by benchmarking against international advanced standards and built a "full-value chain" quality control model. During the Reporting Period, 26 dairy farms passed ChinaGAP (China Good Agricultural Practice) certification, while 5 dairy farms and 1 feed mill maintained SQF certification and continued to promote system certifications such as ISO 9001 (the quality control system), ISO 22000 (the food safety management system) and FAMI-QS (European Feed Additives and Premixtures Quality System), achieving standardized quality control across the entire process.

Management Discussion and Analysis

In terms of intelligent management, the Group established a leading near-infrared nutrition database with the volume of marked samples exceeding one million. By applying raw material adulteration identification technology and leveraging the near-infrared database, quality information management system and EHSQ (Environment, Health, Safety and Quality) system, the Group realized intelligent management of full-chain quality information. In risk prevention and control, the Group deepened a forward-looking prevention system, enhanced risk prevention and control capabilities through measures such as intrinsic quality improvements, early warning of herd health hazards, open-kitchen transparency in milking parlours, and raw material adulteration identification and strengthened full-chain quality audits and routine quality assurance control points (QACP), forming a closed-loop risk management framework of "source prevention – process control – post-event traceability."

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

IV. PROCUREMENT STRATEGIES MANAGEMENT

The Group implements a "full lifecycle" supplier management system, establishes a system for monitoring raw material market trends and issuing risk alerts, and innovates cost control and procurement models. Centred on the core strategy of cost reduction and efficiency enhancement, the Group optimizes raw material inventory levels and procurement timing, continuously strengthens supply chain resilience and effectively resists market volatility risks through diversified procurement strategies such as hedging of futures, strategic reserve, direct purchase from sources, global purchases and dynamic pricing, combined with full-process lean control.

During the Reporting Period, the Group continued to advance the refinement, digitization and green upgrading of its supply chain. Through strategic procurement innovations, raw material structure optimization and synergistic collaboration within the supplier ecosystem, the feed cost of raw milk per kilogram decreased by 4.7% year-on-year, achieving significant results in cost reduction and efficiency improvements. In terms of supply assurance and quality control, the Group continued to refine its full-chain control system. In terms of green procurement, the Group deepened the development of its green supply chain, implemented sustainable supplier management and green procurement initiatives, and added 5 new dairy farms that use deforestation-free soybean meal, with a total procurement volume of nearly 14,000 tonnes.

V. DIGITAL MANAGEMENT

The Group continues to promote the deep integration of digital and intelligent technologies with its business, establishes a full-chain data governance system centred on its data platform. This enables real-time visibility, dynamic analysis and intelligent warning of operational indicators, driving the shift from "experience-driven" to "data-driven" decision-making, empowering the Group's high-quality development, and reinforcing its industry-leading position.

Management Discussion and Analysis

During the Reporting Period, the Group focused on upgrading the unified data platform infrastructure, achieved full integration across core business areas, and accelerated the construction and operation of its digital and intelligent decision-making platform, with details set out below:

i. In terms of technology application, we have deeply integrated key technologies, including AI large models, big data analysis, operations research algorithms, low-code platforms, OCR identification, AI vision, the Internet of Things and blockchain, into our business scenarios, advanced digital and intelligent construction from single-point applications to full-scenario deployment driven by large models. Through upgrades to computing infrastructure and continuous iteration and optimisation of algorithms, we have built a technology capability system covering the entire industry chain, laying a solid technical foundation for operational efficiency and scientific decision-making;

ii. In terms of platform development, we completed the upgrade and iteration of the decision-making platform driven by our self-developed "Cow Doctor" AI large model, launched feed cost analysis and dairy farms warning systems and other core modules, which enabled precision nutrition decision-making and proactive risk management in operations. Our digital and intelligent capabilities have also been extended to new business areas, with systems now covering emerging segments such as bovine colostrum and beef cattle farming;

iii. In terms of smart farming, our self-developed AI precision sprinkler system has been deployed in over 20 dairy farms, effectively improving cooling efficiency and reducing water consumption. The national roll-out of digital and intelligent veterinary drug warehouse management system has facilitated the refined inventory management and compliance. The liquid fertiliser return-to-field system has achieved full-process online control, promoting the resource utilisation of farming waste and green circular development; and

iv. In terms of supply chain and integrated business-finance management, the feed supply chain master planning system has been promoted and applied across national production bases, with continuous optimisation in production capacity compatibility rate. In the dairy goat business, automatic collection and allocation of biological asset costs have been realised, improving the precision and efficiency of financial accounting. Additionally, the contract lifecycle management system has been fully launched, and the digital and intelligent talent platform has officially commenced operations, which successfully supports the annual talent review and provides digital and intelligent assurance for the implementation of the Group's talent strategy.

In addition, the Group has simultaneously built a proactive defence system, through tiered control, layered encryption and refined governance, deploying real-time monitoring and defence and self-developed trap system covering all endpoints, significantly enhancing business continuity, data security and compliance operational capabilities, and laying a solid security foundation for the transformation.

Management Discussion and Analysis

VI. BUILDING A SUSTAINABLE DEVELOPMENT MODEL

The Group adheres to its strategic goals of "carbon peak by 2030, carbon neutrality by 2050", and has established the "EARTH" sustainable development strategy model, centred on green ecology, responsible governance, respect and recognition, win-win cooperation, and nutrition and health, to build a new sustainable development governance framework and operating mechanism, promoting the deep integration of environmental, social and governance (ESG) management with business operations.

During the Reporting Period, the Group continued to advance low-carbon dairy farm construction and carbon asset development. In low-carbon and carbon neutrality certification, Pingdingshan Dairy Farm was rated as a low-carbon dairy farm for three consecutive years, Luoyang Dairy Farm received its first three-star low-carbon dairy farm rating, and Liaocheng Dairy Farm achieved "carbon-neutral" farm certification by offsetting emissions through self-reserved green certificates and carbon credits, becoming the Group's second certified carbon-neutral farm. In carbon asset development, 69,000 tons of VCS carbon credits of Weifang Dairy Farm were successfully issued, maintaining the industry-leading position in carbon credit reserves. In green certificates, nearly 4,000 green certificates were issued across five dairy farms, with a cumulative reserve of tradable green certificates amounting to over 40,000.

The Group adheres to the principle of ecological priority, and has deeply cultivated the "planting-and-farming integration" circular development model, to establish a technical system for manure reduction, harmless treatment and resource utilisation. Based on the specific conditions of each farm, it customises "one case per farm" approaches, using manure to produce fermented and organic bedding materials, and building a full-scale closed-loop resource utilisation system combining "solid fertiliser reuse + liquid fertiliser return-to-field", achieving harmless manure treatment and efficient circular utilisation of resources.

During the Reporting Period, at the 2026 Food and Agriculture Organization of the United Nations (FAO) International Symposium on Antimicrobial Reduction Pathways and Sustainable Development of Animal Husbandry (2026年聯合國糧農組織(FAO)抗微生物藥物減量化路徑和畜牧業可持續發展國際研討會), the Group's Chilechuan Eco-Smart Dairy Farm was recognized by the FAO as the world's first "5G Demonstration Pilot Farm". In research and development, the Group's project application of "Technological Breakthroughs in Low-Carbon Treatment of Dairy Farm Manure and Value Enhancement of Carbon Assets (《奶牛場糞污低碳處理與碳資產增值技術攻關》) under the Inner Mongolia Autonomous Region's Open Competition Mechanism (內蒙古自治區揭榜掛帥) has completed the project establishment announcement.

Management Discussion and Analysis

VII. PROSPECTS

Going forward, the Group will capitalise on opportunities arising from industry policies and consumption recovery, focusing on six strategies: technology-driven innovation, platform collaboration and expansion, lean management, digital empowerment of business, talent development and corporate culture, and sustainable green development. The Group will continue to build its core competitiveness and operational efficiency, to expand revenue and profit margins. The development priorities for each business segment are as follows:

i. The raw milk business will focus on improving herd quality and milk yield per milkable cow to produce high-quality raw milk, reduce the cost of raw milk per kilogram, increase the profit per cow through precise nutrition, diversification of feed ingredients, upgrade of environmental processes and deployment of new energy technologies. It will also strengthen technology-empowered business, independently develop high-value digital intelligent systems and equipment, advance the construction of digital platforms and build smart farms to enhance the efficiency of production and operation of its own farms and empower the industry to upgrade as a whole;

ii. The feed business will focus on the "product + service" model, establishing a customer value creation service system and developing feed products that align with market demand, to provide systematic solutions that improve customers' profitability and risk resistance. By driving both end-user control and distributor networks, and strengthening brand communication, the Group will enhance customer loyalty and market competitiveness, and achieve the shift from price competition to value marketing;

iii. The forage grass business will strengthen independent R&D in forage plantation industry, focus on seed source research and overcome bottlenecks in seed source, improve the quality, production and conversion rate of forage by applying precise planting management and advanced processing technologies, provide high quality forage grass resources for ranches, continuously reduce the cost of farming and enhance its core competitiveness and profitability; and

iv. The breeding business will breed breeding cattle with excellent quality and produce high-quality and low-cost frozen semen and embryos to promote the independent control of germplasm sources for dairy cows, beef cows and dairy goats, and to help the industry improve genetically.

Besides, the Group will closely track industry development trends and market changes, and actively capture growth opportunities in new segments of the animal husbandry, and cultivate new growth drivers. The Group will continue to consolidate and expand its long-term advantages of "the most comprehensive upstream dairy industry chain, the largest scale, the best structure and layout and high-efficiency operation" to promote the sustainable and high-quality development and to create value for customers, Shareholders, employees and the society, thus contributing to the revitalization of China's dairy industry.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

Our revenue increased by 3.3% from RMB10,284 million for the 2025 Interim Period to RMB10,627 million for the Reporting Period.

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

	For the six months ended June 30,	
	2026 *(RMB'000)* (unaudited)	2025 *(RMB'000)* (unaudited)
Raw milk	**8,052,531**	7,895,650
Comprehensive ruminant farming solutions	**2,574,173**	2,388,567
Total	**10,626,704**	10,284,217

The increase in our total revenue was primarily due to the growth of raw milk business and comprehensive ruminant farming solutions business.

Our revenue generated from raw milk increased by 2.0% from RMB7,896 million for the 2025 Interim Period to RMB8,053 million for the Reporting Period, which was mainly due to the increase of 6.6% in the sales volume of our raw milk from 2,039,670 tons for the 2025 Interim Period to 2,174,978 tons for the Reporting Period as a result of continuous improvement in the milk yield per milkable cow and the continuous optimization of the herd structure; due to the decline in the price of raw milk resulting from the temporary imbalance of the supply and demand in domestic raw milk, the average unit price of raw milk of the Group was RMB3.70/kg for the Reporting Period, representing a decrease of 4.4% as compared to RMB3.87/kg for the 2025 Interim Period.

Our revenue generated from comprehensive ruminant farming solutions increased by 7.8% from RMB2,389 million for the 2025 Interim Period to RMB2,574 million for the Reporting Period, which was mainly due to our efforts in advancing our product iteration, optimizing our business mix and adjusting our sales strategy, which led to higher sales volume and, in turn, revenue growth.

Management Discussion and Analysis

Cost of sales

Our cost of sales increased by 3.7% from RMB9,681 million for the 2025 Interim Period to RMB10,040 million for the Reporting Period. The increase in our cost of sales was primarily due to our overall business growth and the effect of fair value adjustment on agricultural produce.

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

	For the six months ended June 30,	
	2026	2025
	(RMB'000)	*(RMB'000)*
	(unaudited)	(unaudited)
Raw milk	**5,247,234**	5,152,243
Comprehensive ruminant farming solutions	**2,228,981**	2,045,544
Total	**7,476,215**	7,197,787

Cost of sales for the raw milk business before raw milk fair value adjustments increased by 1.8% from RMB5,152 million for the 2025 Interim Period to RMB5,247 million for the Reporting Period, which was primarily due to the increase in the number of dairy cows as a result of our continuous optimization of the herd structure, leading to an increase of sales volume.

During the Reporting Period, the Group's average feed cost of premium raw milk and specialty raw milk was RMB1.82/kg, representing a decrease of 4.7% from the 2025 Interim Period, which was primarily due to the Group's precise control of the procurement timing through supply chain process management, which maximized the reduction of raw material procurement costs, as well as our enhanced lean operation management and continuous improvement in feed conversion rate and milk yield per milkable cow.

Cost of sales of comprehensive ruminant farming solutions business before forage grass fair value adjustments increased by 9.0% from RMB2,046 million for the 2025 Interim Period to RMB2,229 million for the Reporting Period, which was primarily due to the combined effect of optimization of sales strategy by the Group during the Reporting Period, leading to an increase in sales volume, as well as the Group's strengthened lean operation management, active development of new raw materials, increase in the use of cost-effective raw materials, the effective progress in cost reduction of product formula, and the precise control of the procurement timing to maximize the reduction of raw material procurement costs.

Fair value adjustment on agricultural produce included in cost of sales increased by 3.3% from RMB2,483 million for the 2025 Interim Period to RMB2,564 million for the Reporting Period.

Management Discussion and Analysis

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

Our gains arising from initial recognition of agricultural produce at fair value less costs to sell at the point of harvest were RMB2,483 million for the 2025 Interim Period and RMB2,564 million for the Reporting Period, respectively, mainly due to the combined effect of the increase in sales volume of raw milk and the decrease in the average feed cost. According to the requirements of IFRSs, agricultural produce shall be initially recognized at fair value less costs to sell at the point of harvest and the difference between fair value less costs to sell and the actual cost incurred shall be included in profit or loss.

Gross profit and gross profit margin

As a result of the foregoing, we recorded a gross profit of RMB3,086 million for the 2025 Interim Period, representing a gross profit margin of 30.0%, and a gross profit of RMB3,150 million for the Reporting Period, representing a gross profit margin of 29.6%.

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

	For the six months ended June 30,			
	2026		2025	
	RMB'000 *(except for percentage)* (unaudited)		*RMB'000* *(except for percentage)* (unaudited)	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
Raw milk	**2,805,297**	**34.8%**	2,743,407	34.7%
Comprehensive ruminant farming solutions	**345,192**	**13.4%**	343,023	14.4%
Total	**3,150,489**	**29.6%**	3,086,430	30.0%

The decrease in gross profit margin was primarily due to the combined effects of a higher proportion of revenue generated from the comprehensive ruminant farming solutions business and a slight decrease in the gross profit margin of this business.

The gross profit of the raw milk business increased from RMB2,743 million for the 2025 Interim Period to RMB2,805 million for the Reporting Period. The gross profit margin of the raw milk business increased from 34.7% for the 2025 Interim Period to 34.8% for the Reporting Period, which was mainly due to the combined effects of the Group's precise control of the procurement timing through supply chain process management to maximize the reduction of raw material procurement costs, and the Group's strengthened lean operation management and continuous improvement in feed conversion rate and milk yield per milkable cow.

Management Discussion and Analysis

The gross profit of the comprehensive ruminant farming solutions business increased from RMB343 million for the 2025 Interim Period to RMB345 million for the Reporting Period, which was mainly due to an increase in both sales volume and gross profit amount driven by the Group's continuous promotion in product iteration, improvement in business mix and adjustments in sales strategy. The gross profit margin of comprehensive ruminant farming solutions business decreased from 14.4% for the 2025 Interim Period to 13.4% for the Reporting Period, mainly because of the decrease in gross profit margin resulting from the Group's adjustment to product structure for customers' benefits.

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

Our losses arising from changes in fair value less costs to sell of biological assets decreased from RMB2,233 million for the 2025 Interim Period to RMB1,316 million for the Reporting Period, which was primarily due to the combined effect of (i) the moderation of the decline in the market prices of raw milk, (ii) continuous increase in the price of culled cows, and (iii) cost reduction and efficiency enhancement on an ongoing basis, improvements in unit production of dairy cows and the decrease in the feed cost during the Reporting Period.

Other income

Our other income increased by 26.3% from RMB153 million for the 2025 Interim Period to RMB193 million for the Reporting Period, which was primarily due to the increase in government grants released from deferred income and the increase in rental income.

Impairment losses (including reversals of impairment losses) on financial assets

Our impairment losses (including reversals of impairment losses) on financial assets recorded a reversal from a net loss of RMB34 million for the 2025 Interim Period to a net gain of RMB7 million for the Reporting Period, which was primarily due to the reversal of bad debt provisions previously made for several customers by the Group.

Impairment loss recognized in respect of property, plant and equipment and right-of-use assets

Our impairment loss recognized in respect of property, plant and equipment and right-of-use assets for the Reporting Period amounted to RMB79 million. This was mainly due to the impairment tests conducted by the Group on certain dairy farms with impairment indications in accordance with the requirements of IAS 36 Impairment of Assets. Based on the results of these tests, the Group recognized impairment losses for the portion of the long-term assets whose recoverable amount was lower than their carrying amount, and recognized impairment losses for the assets that were obsolete, idle, or scheduled for discontinuation of use. During the 2025 Interim Period, upon impairment tests, the recoverable amounts of dairy farms' assets with impairment indications were all higher than their carrying amount, resulting in no impairment losses.

Management Discussion and Analysis

Other gains and losses

Our other gains and losses increased by 379.1% from a gain of RMB11 million for the 2025 Interim Period to a gain of RMB53 million for the Reporting Period, which was primarily due to an increase in exchange gains and an increase in gains on termination of lease agreements.

Selling and distribution expenses

Our selling and distribution expenses increased by 5.0% from RMB304 million for the 2025 Interim Period to RMB319 million for the Reporting Period, which was primarily due to the increase in freight charges resulting from increased sales volume, and the Company's strategic deployment in the beef cattle and mutton sheep feed business in response to market development trends to promote overall business growth, which resulted in associated marketing expenses, leading to an increase in selling and distribution expenses. During the Reporting Period, the proportion of selling and distribution expenses in our revenue was 3.0%, remaining stable year-on-year.

Administrative expenses

Our administrative expenses increased by 5.4% from RMB402 million for the 2025 Interim Period to RMB424 million for the Reporting Period, which was primarily due to the increase in total expenses as a result of the increase in personnel. The proportion of administrative expenses in our revenue increased from 3.9% for the 2025 Interim Period to 4.0% for the Reporting Period, primarily due to the growth rate of administrative expenses increasing at a rate higher than that of revenue.

Other expenses

Our other expenses increased by 36.1% from RMB62 million for the 2025 Interim Period to RMB84 million for the Reporting Period, which was primarily due to an increase in rental expense.

Finance costs

Our finance costs decreased by 30.5% from RMB395 million for the 2025 Interim Period to RMB274 million for the Reporting Period, which was primarily due to the decline in interest-bearing liabilities and financing rate of the Group.

Profit/(loss) before tax

As a result of the foregoing, the Group recorded a loss before tax of RMB214 million for the 2025 Interim Period, compared with a profit before tax of RMB885 million for the Reporting Period, thereby achieving a turnaround from loss to profit.

Income tax expense

Our income tax expense increased by 20.6% from RMB33 million for the 2025 Interim Period to RMB40 million for the Reporting Period, primarily due to the increase in profit from our comprehensive ruminant farming solutions business.

Management Discussion and Analysis

Profit/(loss) for the period

As a result of the foregoing, we generated a loss of RMB247 million for the 2025 Interim Period, compared with a profit of RMB845 million for the Reporting Period, primarily due to (i) the increase in gross profit arising from the Group's increased sales and decreased selling cost per kilogram of raw milk; (ii) the decrease in finance costs; and (iii) the decrease in losses arising from changes in fair value less costs to sell of biological assets, driven by the moderate decline in the market prices of raw milk, the increase in the price of culled cows, cost reduction and efficiency enhancement implemented by the Group, improvements in unit production of dairy cows and the decrease in the feed cost.

Non-IFRSs Measures

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

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

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

i. Cash EBITDA represents profit for the period after adjusting the following items: (i) other gains and losses, (ii) impairment losses (including reversals of impairment losses) on financial assets, (iii) impairment loss recognized in respect of property, plant and equipment and right-of-use assets, (iv) loss arising from changes in fair value less costs to sell of biological assets, (v) income tax expense, (vi) finance costs, (vii) interest income, and (viii) depreciation and amortization charged to profit or loss; and

ii. Profit for the period (before biological assets fair value adjustments) is derived from profit/(loss) for the period excluding loss arising from changes in fair value less costs to sell of biological assets.

Management Discussion and Analysis

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

Cash EBITDA

	For the six months ended June 30,	
	2026 *(RMB'000)* (unaudited)	2025 *(RMB'000)* (unaudited)
Profit/(loss) for the period	845,159	(247,126)
Adjustments:		
Other gains and losses	(53,136)	(11,090)
Impairment loss recognized in respect of property, plant and equipment and right-of-use assets	78,661	–
Impairment losses (including reversals of impairment losses) on financial assets	(6,548)	34,049
Losses arising from changes in fair value less costs to sell of biological assets	1,316,432	2,232,515
Adjusted profit for the period	2,180,568	2,008,348
Adjustments:		
Income tax expense	39,572	32,801
Finance costs	273,991	394,501
Interest income	(7,922)	(11,505)
Depreciation and amortization charged directly to profit or loss	407,593	386,547
Cash EBITDA	2,893,802	2,810,692

Management Discussion and Analysis

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

	For the six months ended June 30,	
	2026 *(RMB'000)* (unaudited)	2025 *(RMB'000)* (unaudited)
Profit/(loss) for the period	845,159	(247,126)
Adjustments:		
Losses arising from changes in fair value less costs to sell of biological assets	1,316,432	2,232,515
Profit for the period (before biological assets fair value adjustments)	2,161,591	1,985,389

Liquidity and Capital Resources

During the Reporting Period, the Group funded its cash requirements principally through a combination of cash generated from operating activities of the Company, proceeds from the top-up subscription and the specific mandate subscription and bank borrowings.

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

	For the six months ended June 30,	
	2026 *(RMB'000)* (unaudited)	2025 *(RMB'000)* (unaudited)
Net cash generated from operating activities	3,412,909	2,868,737
Net cash used in investing activities	(1,147,682)	(2,784,050)
Net cash used in financing activities	(1,285,582)	(19,155)
Net increase in cash and cash equivalents	979,645	65,532
Effect of foreign exchange rate changes	21	1,119
Cash and cash equivalents at the beginning of the period	1,913,169	1,614,669
Cash and cash equivalents at the end of the period	2,892,835	1,681,320

Management Discussion and Analysis

Net Cash Generated from Operating Activities

During the Reporting Period, net cash generated from operating activities was RMB3,413 million. During the 2025 Interim Period, net cash generated from operating activities was RMB2,869 million.

Net Cash Used in Investing Activities

During the Reporting Period, net cash used in investing activities was RMB1,148 million, which was mainly attributable to (i) payments for feeding biological assets of RMB1,993 million, (ii) placement of pledged and restricted bank deposits of RMB105 million, and (iii) payments for property, plant and equipment of RMB336 million, partially offset by the proceeds from the disposal of biological assets of RMB782 million and withdrawal of time deposits of RMB344 million.

During the 2025 Interim Period, net cash used in investing activities was RMB2,784 million, which was mainly attributable to (i) payments for feeding biological assets of RMB2,191 million, (ii) placement of pledged and restricted bank deposits of RMB845 million, and (iii) payments for property, plant and equipment of RMB538 million, partially offset by the proceeds from the disposal of biological assets of RMB649 million.

Net Cash Used in Financing Activities

During the Reporting Period, net cash used in financing activities was RMB1,286 million, which was mainly attributable to (i) new bank and other borrowings of RMB17,273 million, (ii) proceeds from the issue of shares of RMB2,060 million, and (iii) repayment of principal and interest payments on bank and other borrowings of RMB20,501 million.

During the 2025 Interim Period, net cash used in financing activities was RMB19 million, which was mainly attributable to (i) new bank and other borrowings of RMB17,666 million, and (ii) repayment of principal and interest payments on bank and other borrowings of RMB17,600 million.

Management Discussion and Analysis

Indebtedness

	As of June 30, 2026 *(RMB'000)* (unaudited)	As of December 31, 2025 *(RMB'000)* (audited)
Bank borrowings		
Unsecured	**19,891,364**	22,846,002
Secured	**335,467**	382,516
Other borrowings	**188,076**	183,320
	20,414,907	23,411,838
The carrying amounts of the above borrowings are repayable:		
Within one year	**15,324,996**	16,083,449
More than one year but within two years	**1,222,257**	2,665,276
More than two years but within five years	**2,917,772**	3,413,413
More than five years	**949,882**	1,249,700
	20,414,907	23,411,838
Less: Amounts due within one year shown under current liabilities	**(15,324,996)**	(16,083,449)
Amount shown under non-current liabilities	**5,089,911**	7,328,389
Lease liabilities	**2,052,368**	2,244,231
Less: Amount due within one year shown under current liabilities	**(244,613)**	(300,014)
Amount shown under non-current liabilities	**1,807,755**	1,944,217

Contingent Liabilities

As of June 30, 2026, the Group had no significant contingent liability.

Management Discussion and Analysis

Net Gearing Ratio

As at June 30, 2026, the Group's net gearing ratio was 117.0%, representing a decrease of 59.7 percentage points as compared to 176.7% as at December 31, 2025, mainly due to the decrease in net debt of the Company during the Reporting Period. Net gearing ratio is calculated as net debt (equivalent to bank and other borrowings, less bank balances and cash, and less pledged and restricted bank deposits, time deposits and deposits placed with a related party under current assets) divided by total equity and multiplied by 100%.

Capital Commitment

As at June 30, 2026, the Group's capital commitment for the acquisition of property, plant and equipment and acquisition of biological assets was RMB266 million (as at December 31, 2025: RMB348 million), representing a decrease as compared with the capital commitment of December 31, 2025, which was mainly due to the decrease in expense for purchase of assets as the Group completed the strategic blueprint of construction of dairy farms on the golden milk source belt, which led to significant reduction of investment scale in the future.

Pledge of Assets

As at June 30, 2026, certain Group's bank and other borrowings and bills payables had been secured by the pledge of the Group's assets, including 60.59% of shares of Shanxi Youran Tianhe Dairy Co., Ltd. held by the Group, as well as pledged bank deposits in the carrying amount of RMB211 million.

Foreign Exchange Risk

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

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

Significant Investments

Save as disclosed in this report, the Group did not make or hold any significant investments (including any investment in an investee company representing 5%, or more of the Company's total assets as at June 30, 2026) during the Reporting Period.

Future Plans for Material Investments and Capital Assets

Save as disclosed in this report, as of June 30, 2026, the Group did not have other plans for material investments and capital assets.

Management Discussion and Analysis

Material Acquisitions and/or Disposals

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

Employee and Remuneration Policy

The following table sets forth the number of full-time staff dedicated to our business and operations categorized by function as at June 30, 2026.

Function	Number of Staff	% of Total
Management Personnel	1,332	10.2%
Professional Personnel[Note 1]	1,401	10.7%
Technicians	2,879	22.1%
Skilled Personnel[Note 2]	6,980	53.5%
Supporting Personnel[Note 3]	463	3.5%
Total	**13,055**	**100.0%**

Notes:

1. Professional personnel primarily include staff who are responsible for human resources, finance, procurement and other functions.

2. Skilled personnel primarily include milkers, drivers, testing personnel, maintenance personnel, and calf raisers.

3. Supporting personnel primarily include custodians, chefs and cleaning operatives.

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

i. Talent guarantee: Adhering to the philosophy of "internal cultivation, external talent attraction, dynamic reserves, and long-term empowerment," the Group adopts both internal and external measures to build a comprehensive talent assurance system. Internally, it has established a tiered training and development system, conducts regular talent reviews, and proactively builds reserve pools for key positions. Externally, it recruits high-end R&D talent with precision and deepens school-enterprise cooperation to attract young talent. Building upon tiered talent reviews, the Group has constructed a balanced talent echelon across all levels and multiple sequences, aligned with five specialized training programs for differentiated empowerment, while simultaneously advancing the construction of a qualification system to continuously strengthen the talent pipeline.

Management Discussion and Analysis

ii. Capacity enhancement: The Group implements talent training in a tiered and categorized manner. Through the "Talent Leader – Talent Series," it empowers incumbent managers, while the "Talent Leader – Leader Series" cultivates the reserve management team. Leveraging the five pathways of the Dairy Elite Program, it enhances the comprehensive capabilities of professional and technical personnel. At the same time, the Group collaborates with top global experts in dairy farming and feed processing to build an interactive empowerment platform for domestic and overseas talent, introducing cutting-edge concepts and international experience.

iii. Organizational efficiency enhancement: The Group has advanced organizational transformation in a coordinated manner by integrating measures such as optimizing the organizational structure, introducing advanced equipment and technologies, and establishing a digital management platform. Through these efforts, it has continuously refined its organizational management model, comprehensively enhanced organizational effectiveness, and fostered a sound and sustainable organizational development climate.

iv. Cultural construction: The Group adheres to a business-oriented approach and systematically promotes the normalized integration of corporate culture. Leveraging a matrix of WeChat official accounts, it deepens content operations, translating values into vivid, real-life cases. It has introduced cultural lecturer certification and made corporate culture a compulsory course for all employees, fostering the integration of cultural concepts into day-to-day practices. The Group continuously uncovers front-line cultural stories and builds benchmark cases, using exemplary role models to inspire all employees to strive for excellence.

The Group's total remuneration expenses, excluding retirement scheme contributions, for the Reporting Period were RMB902 million, representing an increase of 6.9% as compared to RMB844 million for the 2025 Interim Period.

Significant Events after the Reporting Period

On August 5, 2026, Inner Mongolia Youran and SKX entered into a non-legally binding letter of intent, pursuant to which SKX shall dispose of the entire equity interests in its 18 subsidiaries, which are principally engaged in dairy farming business, to Inner Mongolia Youran and Inner Mongolia Youran shall dispose of the entire equity interests in its 2 subsidiaries, which are primarily engaged in the production and sale of feeds and ruminant farming products, to SKX. For details of the above transaction, please refer to the announcement of the Company dated August 5, 2026.

Save as disclosed above, there are no other significant events that might affect the Group since the end of the Reporting Period and up to the Latest Practicable Date.

Other Information

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

As at June 30, 2026, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures (as the case may be) of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at June 30, 2026, so far as is known to any Director or chief executive of the Company, the following parties (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, were as follows:

Name of Shareholder	Nature of interest	Number of Shares[1]	Percentage of issued share capital (%)[2]
Yili[3]	Interest in controlled corporations	1,620,050,000(L)	36.07
Boyuan[3]	Beneficial interest	1,099,250,000(L)	24.48
Jingang[3]	Beneficial interest	520,800,000(L)	11.60
PAG[4]	Interest in controlled corporations	730,102,530(L)	16.26
Pacific Alliance Group Limited[4]	Interest in controlled corporations	730,102,530(L)	16.26
Shan Weijian[4]	Interest in controlled corporations	730,102,530(L)	16.26
PAG Capital Limited[4]	Interest in controlled corporations	730,102,530(L)	16.26
PAG Dairy GP I Limited[4]	Interest in controlled corporations	730,102,530(L)	16.26
PAG Dairy I LP[4]	Interest in controlled corporations	730,102,530(L)	16.26

Other Information

Name of Shareholder	Nature of interest	Number of Shares(1)	Percentage of issued share capital (%)(2)
PAG II(4)	Beneficial interest	730,102,530(L)	16.26
Zhuhai Zhongxin(5)	Interest in controlled corporations	472,482,819(L)	10.52
Pasture(5)	Interest in controlled corporations	472,482,819(L)	10.52
Hao Meirong(5)	Interest in controlled corporations	472,482,819(L)	10.52
Cloud Up(5)	Interest in controlled corporations	472,482,819(L)	10.52
Meadowland(5)	Beneficial interest	472,482,819(L)	10.52

Notes:

1. The letter "L" denotes the Shareholder's long position in such Shares.

2. The percentages are calculated on the basis of 4,491,227,833 Shares in issue as at June 30, 2026. Certain percentage figures in the above table are subject to rounding adjustments.

3. Boyuan Investment Holding Limited ("**Boyuan**", formerly known as "China Youran Dairy Holding Limited") directly held 1,099,250,000 Shares and Jingang directly held 520,800,000 Shares. Each of Boyuan and Jingang is a wholly-owned subsidiary of Yili. Accordingly, Yili was deemed to be interested in an aggregate of 1,620,050,000 Shares.

4. PAGAC Yogurt Holding II Limited ("**PAG II**") directly held 730,102,530 Shares in the long position. PAG II was a wholly-owned subsidiary of PAG Dairy I LP, a fund managed by PAG Capital Limited, and the general partner of PAG Dairy I LP is PAG Dairy GP I Limited. Accordingly, PAG Dairy I LP and PAG Dairy GP I Limited were deemed to be interested in 730,102,530 Shares in the long position held by PAG II. PAG Capital Limited is wholly controlled by Pacific Alliance Group Limited and Pacific Alliance Group Limited is wholly controlled by PAG. PAG is controlled as to 34.93% by Mr. Shan Weijian. Accordingly, PAG Capital Limited, Pacific Alliance Group Limited, Mr. Shan Weijian and PAG were deemed to be interested in 730,102,530 Shares in the long position held by PAG II.

5. Meadowland Investment Limited Partnership ("**Meadowland**") is an exempted limited partnership established under the laws of the Cayman Islands, which directly held 472,482,819 Shares. Cloud Up Development Company Limited ("**Cloud Up**") is the general partner of Meadowland. Cloud Up is wholly-owned by Ms. Hao Meirong (郝美蓉). Accordingly, Cloud Up and Ms. Hao Meirong (郝美蓉) were deemed to be interested in 472,482,819 Shares in the long position held by Meadowland. Meanwhile, Pasture Holding Limited ("**Pasture**") is the limited partner of Meadowland and controls 100% of Meadowland. Pasture is controlled as to 45.80% by Zhuhai Zhongxin Enterprise Management Partnership (Limited Partnership) (珠海眾心企業管理合夥企業(有限合夥)) ("**Zhuhai Zhongxin**"). Accordingly, Pasture and Zhuhai Zhongxin were deemed to be interested in 472,482,819 Shares in the long position held by Meadowland.

Save as disclosed above, as at June 30, 2026, so far as the Directors are aware, no other parties had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

Other Information

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

During the Reporting Period, none of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange (including sale of Treasury Shares). As at June 30, 2026, the Company did not hold any Treasury Shares.

USE OF NET PROCEEDS FROM THE PLACING UNDER GENERAL MANDATE AND TOP-UP SUBSCRIPTION AND THE SUBSCRIPTION UNDER SPECIFIC MANDATE

On January 16, 2026, the Company, Boyuan (as seller), and J.P. Morgan Securities (Asia Pacific) Limited and CLSA Limited (as placing agents) have entered into a placing and subscription agreement. On January 20, 2026, the placing agents have successfully placed an aggregate of 299,250,000 placing shares to not less than six placees on a best effort basis at the placing price of HK$3.92 per placing share. To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, the placees and their ultimate beneficial owners are independent third parties. None of the placees has become a substantial shareholder of the Company immediately after completion of the placing. Meanwhile, on January 26, 2026, the Company allotted and issued 299,250,000 top-up subscription shares to Boyuan at HK$3.92 per Share. The market price of the Shares closed at HK$4.38 per Share on January 16, 2026, being the date on which the terms of the issue were fixed and the net price of each Share issued under placing under general mandate and top-up subscription was approximately HK$3.87.

In addition, on January 16, 2026, the Company and Boyuan have entered into a specific mandate subscription agreement, pursuant to which the Company has conditionally agreed to allot and issue, and Boyuan has conditionally agreed to subscribe for 299,250,000 specific mandate subscription shares at HK$3.92 per Share. The specific mandate subscription was completed on June 29, 2026 in accordance with the terms and conditions of the specific mandate subscription agreement. The market price of the Shares closed at HK$4.38 per Share on January 16, 2026, being the date on which the terms of the issue were fixed and the net price of each Share issued under subscription under specific mandate was approximately HK$3.91.

Upon completion of the placing, the top-up subscription and the specific mandate subscription, the net proceeds will be applied to the following: (i) approximately 35% for advancing technology enablement and digital transformation in enhancing operational efficiency; (ii) approximately 55% for repaying interest-bearing debt and optimizing capital structure to provide flexibility for potential acquisitions or investment opportunities; and (iii) approximately 10% for replenishing working capital and for general corporate purposes. For details of the above transactions, please refer to the announcements of the Company dated January 16, 2026, January 26, 2026, February 6, 2026, March 6, 2026, April 2, 2026, April 30, 2026, May 4, 2026, May 22, 2026 and June 29, 2026, and the circular dated April 30, 2026.

The net proceeds from the top-up subscription and the specific mandate subscription, after deducting all relevant fees, costs and expenses (including but not limited to legal expenses) incidental to the top-up subscription and the specific mandate subscription, are estimated to be approximately HK$2,328.10 million (equivalent to approximately RMB2,056.65 million). As at June 30, 2026, there has been no change in the intended use of the net proceeds. The following sets forth the status of use of net proceeds as at June 30, 2026:

Other Information

Use of net proceeds	% of net proceeds	Net proceeds *(Approximately million in RMB)*	Utilised amounts as at June 30, 2026 *(Approximately million in RMB)*	Unutilised amounts as at June 30, 2026 *(Approximately million in RMB)*	Expected timeline for utilising the remaining net proceeds[Note]
Advanced technology enablement and digital transformation in enhancing operational efficiency	35%	719.83	21.46	698.37	Expected to be fully utilized by December 31, 2028
Repayment of interest-bearing debt and optimizing capital structure to provide flexibility for potential acquisitions or investment opportunities	55%	1,131.16	812.99	318.17	Expected to be fully utilized by December 31, 2026
Replenishment of working capital and for general corporate purposes	10%	205.66	205.66	–	–
Total	**100%**	**2,056.65**	**1,040.11**	**1,016.54**	

Note:

The expected timeline for the use of net proceeds for advanced technology enablement and digital transformation in enhancing operational efficiency is based on the Group's best estimate and may be subject to change.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

Other Information

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

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

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

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

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

Other Information

OTHER BOARD COMMITTEES

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

INTERIM DIVIDEND

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

CHANGES IN INFORMATION OF DIRECTORS

Ms. Xie Xiaoyan ceased to act as an independent director of Jinhe Biotechnology Co., Ltd. (金河生物科技股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 002688)) due to expiration of her term of office, with effect from May 21, 2026. Save as disclosed above, as of the Latest Practicable Date, there was no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

INVESTOR RELATIONS

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

Report on Review of Condensed Consolidated Financial Statements

Deloitte. 德勤

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

Introduction

We have reviewed the condensed consolidated financial statements of China Youran Dairy Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 41 to 75, which comprise the condensed consolidated statement of financial position as of June 30, 2026 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") as issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

August 25, 2026

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2026

	NOTES	Six months ended June 30, 2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Revenue	4	10,626,704	10,284,217
Cost of sales	5	(10,040,432)	(9,680,506)
Gains arising on initial recognition of agricultural produce at fair value less costs to sell at the point of harvest		2,564,217	2,482,719
Gross profit		3,150,489	3,086,430
Losses arising from changes in fair value less costs to sell of biological assets		(1,316,432)	(2,232,515)
Other income	6	193,338	153,112
Impairment losses (including reversals of impairment losses) on financial assets	17	6,548	(34,049)
Impairment loss recognized in respect of property, plant and equipment and right-of-use assets		(78,661)	–
Other gains and losses	7	53,136	11,090
Selling and distribution expenses		(319,497)	(304,271)
Administrative expenses		(423,951)	(402,049)
Other expenses		(83,887)	(61,619)
Share of loss of a joint venture		(60)	(1,446)
Share of losses of associates		(22,301)	(34,507)
Finance costs	8	(273,991)	(394,501)
Profit/(loss) before tax		884,731	(214,325)
Income tax expense	9	(39,572)	(32,801)
Profit/(loss) for the period	10	845,159	(247,126)
Other comprehensive (expense)/income, net of income tax			
Items that will not be reclassified to profit or loss:			
Fair value (loss)/gain on investments in equity instruments at fair value through other comprehensive income ("FVTOCI"), net of related income tax		(2,454)	2,720
Exchange differences arising on translation from functional currency to presentation currency		–	(16,288)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(64)	36,995
Other comprehensive (expense)/income for the period, net of income tax		(2,518)	23,427
Total comprehensive income/(expense) for the period		842,641	(223,699)
Profit/(loss) for the period attributable to:			
Owners of the Company		806,027	(296,571)
Non-controlling interests		39,132	49,445
		845,159	(247,126)
Total comprehensive income/(expense) for the period attributable to:			
Owners of the Company		803,687	(273,246)
Non-controlling interests		38,954	49,547
		842,641	(223,699)
		RMB	RMB
EARNINGS/(LOSS) PER SHARE	11		
Basic		0.19	(0.08)
Diluted		0.19	(0.08)

Condensed Consolidated Statement of Financial Position

At June 30, 2026

	NOTES	June 30, 2026 RMB'000 (unaudited)	December 31, 2025 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	13	13,900,197	14,499,418
Investment properties		2,276	2,276
Right-of-use assets	13	2,723,186	2,945,399
Goodwill	14	672,014	672,014
Intangible assets		21,168	22,959
Biological assets	15	14,762,367	14,583,108
Deferred tax assets		52,259	53,504
Interests in associates	19	773,301	795,602
Interest in a joint venture		1,955	2,079
Equity instruments at FVTOCI		13,230	15,684
Pledged and restricted bank deposits	20	19,628	19,627
Deposits paid for purchase of property, plant and equipment		39,248	11,012
Deposits paid for purchase of biological assets		324	3,174
Deposits paid for right-of-use assets		–	1,808
Prepayments, deposits and other receivables	18	26,653	12,685
Other non-current assets	26	28,699	21,699
		33,036,505	33,662,048
Current assets			
Inventories		2,619,308	4,000,583
Trade receivables	16	766,540	660,445
Bills receivable		1,152	500
Contract assets		513	543
Biological assets	15	13,254	319
Prepayments, deposits and other receivables	18	164,996	131,592
Financial assets at fair value through profit or loss ("FVTPL")		–	54,628
Amounts due from related parties	26	1,240,917	1,369,308
Pledged and restricted bank deposits	20	267,690	83,678
Bank balances and cash		1,743,841	1,197,221
Deposits placed with a related party	26	1,148,994	715,948
Time deposits		–	494,000
		7,967,205	8,708,765
Current liabilities			
Trade and bills payables	21	1,573,328	2,146,229
Other payables and accruals	22	1,186,392	1,523,676
Contract liabilities		32,653	27,396
Amounts due to related parties	26	100,126	204,097
Bank and other borrowings	23	15,324,996	16,083,449
Lease liabilities		244,613	300,014
Other provisions		21,282	19,807
Income tax payable		17,186	16,670
		18,500,576	20,321,338

Condensed Consolidated Statement of Financial Position

At June 30, 2026

	NOTES	June 30, 2026 RMB'000 (unaudited)	December 31, 2025 RMB'000 (audited)
Net current liabilities		(10,533,371)	(11,612,573)
Total assets less current liabilities		22,503,134	22,049,475
Non-current liabilities			
Bank and other borrowings	23	5,089,911	7,328,389
Deferred tax liabilities		10,445	10,696
Deferred income		825,686	898,108
Lease liabilities		1,807,755	1,944,217
Other provisions		26,739	26,251
		7,760,536	10,207,661
Net assets		14,742,598	11,841,814
Capital and reserves			
Share capital	24	317	258
Reserves		13,841,661	10,979,890
Equity attributable to owners of the Company		13,841,978	10,980,148
Non-controlling interests		900,620	861,666
Total equity		14,742,598	11,841,814

The condensed consolidated financial statements on pages 41 to 75 were approved and authorised for issue by the board of directors on August 25, 2026 and are signed on its behalf by:

Hao Haijun
Director

Dong Jiping
Director

Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2026

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Other reserve RMB'000	Capital reserve RMB'000	Investment revaluation reserve RMB'000	Translation reserve RMB'000	Statutory reserve RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At January 1, 2026 (audited)	258	7,406,702	188,567	722,077	2,143	(185,673)	942,272	1,903,802	10,980,148	861,666	11,841,814
(Loss)/profit and total comprehensive (expense)/income for the period	–	–	–	–	(2,297)	(43)	–	806,027	803,687	38,954	842,641
Change of functional currency of the Company (Note)	18	571,259	–	54,037	–	(555,872)	–	(69,442)	–	–	–
Issue of shares (Note 24)	41	2,072,701	–	–	–	–	–	–	2,072,742	–	2,072,742
Share issuance cost	–	(14,599)	–	–	–	–	–	–	(14,599)	–	(14,599)
At June 30, 2026 (unaudited)	317	10,036,063	188,567	776,114	(154)	(741,588)	942,272	2,640,387	13,841,978	900,620	14,742,598
At January 1, 2025 (audited)	258	7,406,702	188,567	722,077	(1,693)	(299,143)	827,492	2,450,986	11,295,246	864,512	12,159,758
Profit/(loss) and total comprehensive income/(expense) for the period	–	–	–	–	2,618	20,707	–	(296,571)	(273,246)	49,547	(223,699)
At June 30, 2025 (unaudited)	258	7,406,702	188,567	722,077	925	(278,436)	827,492	2,154,415	11,022,000	914,059	11,936,059

Note:

The functional currency of the Company was changed from United States dollars ("USD") to Renminbi ("RMB") prospectively from January 1, 2026 (as set out in Note 1). Accordingly, all financial statement items of the Company have been translated into the new functional currency using the exchange rate prevailing on that date.

Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2026

	NOTE	Six months ended June 30, 2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
OPERATING ACTIVITIES			
Cash generated from operations		3,443,048	2,901,897
Interest received		7,922	11,505
Income taxes paid		(38,061)	(44,665)
Net cash generated from operating activities		3,412,909	2,868,737
INVESTING ACTIVITIES			
Payments for property, plant and equipment		(335,545)	(537,992)
Payments for right-of-use assets		(301)	(9,761)
Proceeds from disposal of property, plant and equipment		–	12,167
Payments for biological assets		(1,993,331)	(2,191,201)
Proceeds from disposal of biological assets		781,945	649,121
Proceeds from disposal of financial assets at FVTPL		54,655	–
Proceeds from disposal of FVTOCI		–	82
Placement of pledged and restricted bank deposits		(104,631)	(844,724)
Withdrawal of pledged and restricted bank deposits		70,618	15,604
Receipt of government grants for assets		4,162	122,654
Receipt arising from subleases classified as finance leases		22,234	–
Payments for other non-current assets		(7,000)	–
Advance receipts for the disposal of other non-current assets		15,512	–
Withdrawal of time deposits		344,000	–
Net cash used in investing activities		(1,147,682)	(2,784,050)
FINANCING ACTIVITIES			
New bank and other borrowings raised		17,272,935	17,666,115
Repayments of bank and other borrowings		(20,263,030)	(17,245,931)
Interest paid for bank borrowings		(238,408)	(354,433)
Repayment of lease liabilities		(74,795)	(50,684)
Interest paid for lease liabilities		(41,952)	(41,329)
Recover of dividends receivables pledged for bank borrowings		–	7,107
Issue of shares	24	2,059,723	–
Payments of share issue costs		(55)	–
Net cash used in financing activities		(1,285,582)	(19,155)
Net increase in cash and cash equivalents		979,645	65,532
Cash and cash equivalents at the beginning of the period		1,913,169	1,614,669
Effect of foreign exchange rate changes		21	1,119
Cash and cash equivalents at the end of the period, represented by bank balances and cash and deposits placed with a related party		2,892,835	1,681,320

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2026

1. GENERAL INFORMATION

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

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

The condensed consolidated financial statements are presented in RMB. The directors of the Company adopted RMB as its presentation currency for the preparation of its financial statements because the Group primarily conducts its business in the PRC. The functional currency of the Company was changed from United States dollars USD to RMB in current interim period as the Company ceased its trading operations and transitioned to a financing-focused structure. The directors of the Company have determined that RMB better reflects the economic substance of the Company, given that all existing USD borrowings were fully replaced with RMB borrowings in January 2026, and the majority of its cash balance is and will be held in RMB. Accordingly, the functional currency of the Company was changed prospectively from January 1, 2026.

2. BASIS OF PREPARATION

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

Going concern assessment

As at June 30, 2026, the Group had net current liabilities of RMB10.5 billion. The condensed consolidated financial statements have been prepared on a going concern basis, because the directors of the Company are of the opinion that based on a cash flow forecast of the Group for the 12 months ending June 30, 2027 prepared by the management, the Group would have adequate funds to meet its liabilities as and when they fall due for at least 12 months from June 30, 2026. Based on the forecast, the sufficiency of the Group's working capital for the next 12 months depends on the Group's ability to obtain the anticipated cash flows from the Group's operating activities, the available unutilised bank loan facilities obtained and the expected renewal of certain utilised bank loan facilities for an aggregate amount of approximately RMB3.1 billion within 12 months from June 30, 2026.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2026

3. ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2026 are the same as those presented in the Group's annual financial statements for the year ended December 31, 2025.

Application of amendments to IFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to IFRS Accounting Standards issued by the IASB for the first time, which are mandatorily effective for the annual periods beginning on or after January 1, 2026 for the preparation of the Group's condensed consolidated financial statements as described below:

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

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

4. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers

	Six months ended June 30,	
	2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Types of goods:		
Sales of raw milk	**8,052,531**	7,895,650
Sales of feeds	**2,213,305**	2,074,100
Sales of ruminant farming products	**290,189**	228,161
Sales of breeding products	**70,679**	86,306
	10,626,704	10,284,217
Timing of revenue recognition:		
A point in time	**10,626,704**	10,284,217

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2026

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment revenue and results

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

For the six months ended June 30, 2026 (unaudited)

	Raw milk business RMB'000	Comprehensive ruminant farming solutions RMB'000	Segment total RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue					
External customers	8,052,531	2,574,173	10,626,704	–	10,626,704
Inter-segment revenue	–	697,856	697,856	(697,856)	–
	8,052,531	3,272,029	11,324,560	(697,856)	10,626,704
Segment results	2,251,358	130,207	2,381,565	–	2,381,565
Losses arising from changes in fair value less costs to sell of biological assets					(1,316,432)
Share of losses of associates					(22,301)
Share of loss of a joint venture					(60)
Fair value gain on financial assets at FVTPL					26
Unallocated other income and expenses					(35,182)
Unallocated finance costs					(122,885)
Profit before tax					884,731

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2026

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

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

Other segment information

	Raw milk business RMB'000	Comprehensive ruminant farming solutions RMB'000	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
For the six months ended June 30, 2026 (unaudited)					
Amounts included in the measurement of segment profit or loss:					
Depreciation and amortization charged directly to profit or loss	369,529	32,174	401,703	5,890	407,593
Impairment losses (including reversals of impairment losses) on financial assets	322	(6,870)	(6,548)	–	(6,548)
Impairment loss of property, plant and equipment and right-of-use assets	78,661	–	78,661	–	78,661
Gain on termination of lease agreements and subleases classified as finance leases	(36,695)	–	(36,695)	–	(36,695)
Loss on disposal of property, plant and equipment, net	11,668	142	11,810	–	11,810
Interest income	(3,339)	(1,145)	(4,484)	(3,438)	(7,922)
Finance costs	144,625	6,481	151,106	122,885	273,991
Income tax expense	683	38,889	39,572	–	39,572
Amounts regularly provided to the CODM but not included in the measurement of segment profit or loss or segment assets:					
Additions to non-current assets (Note)	2,413,192	50,981	2,464,173	694	2,464,867
Interests in associates	–	–	–	773,301	773,301
Interest in a joint venture	–	–	–	1,955	1,955
Share of losses of associates	–	–	–	22,301	22,301
Share of loss of a joint venture	–	–	–	60	60

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2026

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2026

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

Geographic information

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

Revenue from major customers

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

	Six months ended June 30,	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Customer A:		
Revenue from sales of raw milk	**7,766,194**	7,638,331
Revenue from sales of feeds	**73,456**	66,744
Revenue from ruminant farming products	**499**	264
Revenue from breeding products	**4,904**	5,901

5. COST OF SALES

An analysis of cost of sales is as follows:

	Six months ended June 30,	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Cost of raw milk sold before fair value adjustments	**5,247,234**	5,152,243
Raw milk fair value adjustments	**2,571,774**	2,491,292
Cost of raw milk sold after fair value adjustments	**7,819,008**	7,643,535
Cost of feeds sold before forage grass fair value adjustments	**1,955,237**	1,801,342
Forage grass fair value adjustments	**(7,557)**	(8,573)
Cost of feeds sold after fair value adjustments	**1,947,680**	1,792,769
Cost of ruminant farming products sold	**242,854**	187,687
Cost of breeding products	**30,890**	56,515
Total cost of sales	**10,040,432**	9,680,506

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2026

6. OTHER INCOME

An analysis of other income is as follows:

	Six months ended June 30,	
	2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Government grants released from deferred income	**81,780**	44,851
Incentive subsidies	**60,954**	71,669
Rental income	**22,766**	6,010
Bank interest income	**2,239**	8,459
Interest income from Yili Group (as defined in Note 26)	**5,683**	3,046
Income from sale of scrap materials	**6,945**	4,451
Compensation income	**2,860**	4,232
Others	**10,111**	10,394
	193,338	153,112

7. OTHER GAINS AND LOSSES

	Six months ended June 30,	
	2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Foreign exchange differences, net	**28,225**	(1,518)
(Loss)/gain on disposal of property, plant and equipment, net	**(11,810)**	4,892
Fair value gain on financial assets at FVTPL	**26**	779
Gain on termination of lease agreements	**28,418**	849
Reversal of provision regarding to a civil litigation	**–**	5,574
Gain on subleases classified as finance leases	**8,277**	–
Others	**–**	514
	53,136	11,090

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2026

8. FINANCE COSTS

	Six months ended June 30,	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest on:		
Bank and other borrowings	**231,551**	357,422
Lease liabilities	**41,952**	41,329
Unwinding of the discount of other provisions	**488**	469
	273,991	399,220
Less: Amounts capitalized to construction in progress	**–**	(4,719)
	273,991	394,501

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

9. INCOME TAX EXPENSE

	Six months ended June 30,	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current tax:		
PRC Enterprise Income Tax ("EIT")	**36,110**	37,167
Under/(over) provision in prior periods:		
PRC EIT	**2,468**	(747)
Deferred tax	**994**	(3,619)
	39,572	32,801

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2026

9. INCOME TAX EXPENSE *(Continued)*

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

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

The Group is operating in certain jurisdictions where the Pillar Two Rules are effective. However, based on calculation and the best estimation, the management of the Group considered that the Group is not liable to top-up tax under the Pillar Two Rules.

10. PROFIT/(LOSS) FOR THE PERIOD

The Group's profit/(loss) for the period is arrived at after charging:

	Six months ended June 30,	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Depreciation of:		
Property, plant and equipment	**605,518**	611,150
Right-of-use assets	**99,455**	109,300
Amortization of intangible assets	**1,790**	1,791
Total depreciation and amortization	**706,763**	722,241
Less: Capitalized in biological assets	**(283,013)**	(293,515)
Capitalized in inventories	**(16,157)**	(42,179)
Depreciation and amortization charged directly to profit or loss	**407,593**	386,547
Research and development costs recognized in profit or loss	**60,675**	60,514
Employee benefits expense:		
Salaries, allowances and other benefits	**902,129**	843,723
Retirement benefit scheme contributions	**85,472**	79,425
Total staff costs	**987,601**	923,148
Less: Capitalized in biological assets	**(225,603)**	(223,554)
	761,998	699,594

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2026

11. EARNINGS/(LOSS) PER SHARE

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

	Six months ended June 30,	
	2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Earnings/(loss) for the purpose of basic and diluted earnings/(loss) per share	806,027	(296,571)

	Six months ended June 30,	
	2026 '000 (unaudited)	2025 '000 (unaudited)
Number of shares:		
Number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share	4,153,952	3,892,728

12. DIVIDEND

No dividends were paid, declared or proposed during the current interim period (six months ended June 30, 2025: nil). The directors of the Company have determined that no dividend will be paid in respect of the current interim period.

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

During the current interim period, construction in progress of the Group was increased with an aggregate amount of RMB38,257,000 (six months ended June 30, 2025: RMB167,669,000), and property, plant and equipment (excluding properties under construction) increased by RMB54,075,000 (six months ended June 30, 2025: RMB145,669,000), which are used for capital improvement and upgrading of dairy farms.

During the current interim period, the Group entered into several new lease agreements with lease terms ranging from 2 to 10 years. On lease commencement, the Group recognized right-of-use assets of RMB29,511,000 (six months ended June 30, 2025: RMB5,331,000) and lease liabilities of RMB26,833,000 (six months ended June 30, 2025: RMB4,883,000).

During the current interim period, the Group early terminated a lease with the lessor. The Group derecognized the right-of-use assets of RMB129,148,000 and lease liabilities of RMB157,566,000, resulting in a gain of RMB28,418,000 in profit or loss.

During the current interim period, the Group entered into several sublease agreements, which were classified as finance leases. The Group derecognized the right-of-use assets of RMB45,273,000 and recognized finance lease receivables of RMB53,550,000, resulting in a gain of RMB8,277,000 in profit or loss.

Notes to the Condensed Consolidated Financial Statements
For the six months ended June 30, 2026

14. GOODWILL

	June 30, 2026 RMB'000 (unaudited)	December 31, 2025 RMB'000 (audited)
Carrying amount	**672,014**	672,014

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

As at June 30, 2026, the recoverable amount of SKX Group exceeds its carrying amount by RMB534,303,000. If the discount rate was increased by 0.79%, the growth rate beyond the five-year period was reduced by 1.16%, or the estimated selling prices for raw milk covering five-year period were reduced by 1.55%, while other parameters remain constant, the recoverable amount of SKX Group would equal to its carrying amount.

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2026

15. BIOLOGICAL ASSETS

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

	June 30, 2026 RMB'000 (unaudited)	December 31, 2025 RMB'000 (audited)
Dairy cows:		
Calves and heifers	**5,380,145**	5,600,192
Milkable cows	**8,803,387**	8,467,524
Feeder cattle	**13,254**	319
Breeding stock:		
Breeding bulls and others	**328,732**	256,914
Breeding goats, young male goats and male goat lambs	**2,108**	1,472
Dairy goats:		
Young female goats and female goat lambs	**120,583**	117,372
Milkable goats	**127,412**	139,634
Total	**14,775,621**	14,583,427
Less: current portion classified under current assets	**(13,254)**	(319)
Non-current portion classified under non-current assets	**14,762,367**	14,583,108

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

16. TRADE RECEIVABLES

	June 30, 2026 RMB'000 (unaudited)	December 31, 2025 RMB'000 (audited)
Trade receivables	**879,308**	780,089
Less: Allowance for credit losses	**(112,768)**	(119,644)
	766,540	660,445
Trade receivables from related parties (Note 26)	**1,233,692**	1,360,785

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2026

16. TRADE RECEIVABLES *(Continued)*

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

	June 30, 2026 RMB'000 (unaudited)	December 31, 2025 RMB'000 (audited)
Within 90 days	**705,289**	571,886
91 days to 180 days	**50,330**	56,486
181 days to 1 year	**10,763**	30,828
Over 1 year	**158**	1,245
	766,540	660,445

As at June 30, 2026, trade receivables from related parties are aged within 90 days based on the month of delivery.

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

	June 30, 2026 RMB'000 (unaudited)	December 31, 2025 RMB'000 (audited)
Not yet past due	**640,863**	550,486
Past due for less than 30 days	**70,634**	14,002
Past due for more than 30 days but less than 90 days	**34,458**	34,511
Past due for more than 90 days	**20,585**	61,446
	766,540	660,445

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2026

17. IMPAIRMENT LOSSES (INCLUDING REVERSALS OF IMPAIRMENT LOSSES) ON FINANCIAL ASSETS

	Six months ended June 30,	
	2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Impairment losses (reversal)/recognized in respect of:		
Trade receivables	(6,837)	34,069
Other receivables	289	(20)
	(6,548)	34,049

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

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	June 30, 2026 RMB'000 (unaudited)	December 31, 2025 RMB'000 (audited)
Classified under current assets:		
Prepayments	121,312	105,044
Value-added tax recoverable	10,626	8,185
Deposits placed with brokers for commodity forward contracts	8	12
Rental receivables	17,348	1,893
Utility and other deposits	13,442	16,673
Advances to staff	2,605	1,690
Other receivables	8,422	7,691
	173,763	141,188
Less: Allowance for credit losses	(8,767)	(9,596)
	164,996	131,592
Classified under non-current assets:		
Rental receivables	16,410	–
Utility and other deposits	10,243	12,685
	26,653	12,685

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2026

19. INTERESTS IN ASSOCIATES

	June 30, 2026 RMB'000 (unaudited)	December 31, 2025 RMB'000 (audited)
Cost of investment in associates	**1,098,386**	1,098,386
Share of post-acquisition loss	**(342,464)**	(320,163)
Exchange adjustments	**105,299**	105,299
Impairment	**(87,920)**	(87,920)
	773,301	795,602

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2026

20. PLEDGED AND RESTRICTED BANK DEPOSITS

An analysis of pledged and restricted bank deposits is as follows:

	June 30, 2026 RMB'000 (unaudited)	December 31, 2025 RMB'000 (audited)
Deposits pledged to banks to secure banking facilities granted to the Group:		
Bank borrowings and Bills payables	211,290	34,840
Restricted bank deposits	76,028	68,465
	287,318	103,305
Less: classified under current assets	(267,690)	(83,678)
Non-current portion	19,628	19,627

As at June 30, 2026, pledged bank deposits carry fixed interest rates ranging from 1.30% to 1.50% per annum (December 31, 2025: 0.05%-2.86%). Pledged bank deposits amounting to RMB150,000,000 (December 31, 2025: RMB4,200,000) have been pledged to secure bills payable, and was classified as time deposits as of December 31, 2025, and deposits amounting to RMB61,290,000 (December 31, 2025: RMB30,640,000) have been pledged to secure bank borrowings. These deposits will be released upon the settlement of the corresponding bills payable and bank borrowings within one year, and are therefore classified as current assets.

21. TRADE AND BILLS PAYABLES

	June 30, 2026 RMB'000 (unaudited)	December 31, 2025 RMB'000 (audited)
Trade payables	1,054,319	1,792,646
Bills payable	519,009	353,583
	1,573,328	2,146,229

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

	June 30, 2026 RMB'000 (unaudited)	December 31, 2025 RMB'000 (audited)
Within 1 year	1,033,155	1,771,357
1 to 2 years	3,259	2,789
2 to 3 years	1,280	2,528
More than 3 years	16,625	15,972
	1,054,319	1,792,646

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2026

22. OTHER PAYABLES AND ACCRUALS

	June 30, 2026 RMB'000 (unaudited)	December 31, 2025 RMB'000 (audited)
Payables for purchase of property, plant and equipment	**349,246**	564,066
Salaries and welfare payables	**336,759**	386,442
Deposits received from suppliers	**146,223**	174,740
Service and professional fee payables	**114,589**	180,758
Freight charges payables	**86,616**	80,962
Storage fee payables	**4,710**	12,553
Non-income tax related tax payables	**46,836**	40,764
Sundry payables and accrued expenses	**99,888**	83,391
Accrued issue costs	**1,525**	–
	1,186,392	1,523,676

23. BANK AND OTHER BORROWINGS

During the current interim period, the Group obtained new bank borrowings amounting to RMB17,272,935,000 (six months ended June 30, 2025: RMB17,666,115,000).

During the current period, as the financial covenant terms of the long-term borrowings were not breached, the long-term borrowings were not reclassified as current liabilities. No subsequent events that indicate the Group to have difficulty in complying with its bank borrowing covenants.

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

	June 30, 2026 % (unaudited)	December 31, 2025 % (audited)
Effective interest rates:		
Floating rate borrowings	**1.65 to 5.17**	1.65 to 5.75
Fixed rate borrowings	**2.08 to 2.50**	1.98 to 3.00

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2026

24. SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary shares USD	Equivalent nominal value of ordinary shares RMB'000
Ordinary shares of USD0.00001 each			
Authorized:			
At January 1, 2025 (audited) and June 30, 2025 (unaudited), January 1, 2026 (audited) and June 30, 2026 (unaudited)	10,000,000,000	100,000	691
Issued and fully paid:			
At January 1, 2025 (audited) and June 30, 2025 (unaudited) and January 1, 2026 (audited)	3,892,727,833	38,927	258
Change of functional currency of the Company	–	–	18
Issue of shares under placing and the top-up subscription (Note)	299,250,000	2,993	21
Issue of shares under specific mandate (Note)	299,250,000	2,993	20
At June 30, 2026 (unaudited)	4,491,227,833	44,913	317

Note: On January 16, 2026, the Company entered into a placing and subscription agreement with Boyuan Investment Holding Limited ("Boyuan"), a wholly-owned subsidiary of Yili Group, as seller, and the placing agents, pursuant to which Boyuan agreed to place 299.25 million existing shares, and the Company agreed to issue an equivalent number of new shares (the "Top-up Subscription") at HK$3.92 per share. On January 20, 2026, the placing was completed, with the shares placed to not less than six independent third-party placees. The Top-up Subscription was completed on January 26, 2026 with net proceeds of RMB1,040 million, maintaining Boyuan's shareholding percentage unchanged.

On the same date of the placing and subscription agreement, the Company entered into a specific mandate subscription agreement to issue an additional 299.25 million new shares to Boyuan at HK$3.92 per share. The specific mandate subscription was approved by independent shareholders and the granting of a whitewash waiver and completed on June 29, 2026 with total proceeds of RMB1,020 million.

25. FAIR VALUE MEASUREMENTS

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2026

25. FAIR VALUE MEASUREMENTS *(Continued)*

	Fair value hierarchy			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at June 30, 2026 (unaudited)				
Assets				
Biological assets:				
Calves and heifers (Note (a))	–	–	5,380,145	5,380,145
Milkable cows (Note (b))	–	–	8,803,387	8,803,387
Feeder cattle	–	–	13,254	13,254
Breeding bulls and others (Note (c))	–	–	328,732	328,732
Dairy goats (Note (d))	–	–	247,995	247,995
Breeding goats, young male goats and male goat lambs	–	–	2,108	2,108
Debt instruments at FVTOCI (Note (e))	–	1,152	–	1,152
Equity instruments at FVTOCI (Note (f))	–	–	13,230	13,230
	–	1,152	14,788,851	14,790,003

	Fair value hierarchy			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at December 31, 2025 (audited)				
Assets				
Biological assets:				
Calves and heifers (Note (a))	–	–	5,600,192	5,600,192
Milkable cows (Note (b))	–	–	8,467,524	8,467,524
Feeder cattle	–	–	319	319
Breeding bulls and others (Note (c))	–	–	256,914	256,914
Dairy goats (Note (d))	–	–	257,006	257,006
Breeding goats, young male goats and male goat lambs	–	–	1,472	1,472
Debt instruments at FVTOCI (Note (e))	–	500	–	500
Equity instruments at FVTOCI (Note (f))	–	–	15,684	15,684
Financial assets at FVTPL	–	54,628	–	54,628
	–	55,128	14,599,111	14,654,239

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2026

25. FAIR VALUE MEASUREMENTS *(Continued)*

Notes	Assets	Valuation technique(s)	Significant unobservable input(s)	Inter-relationship between significant unobservable inputs and fair value measurements
(a)	Biological assets – Calves and heifers	The fair value of 14 months old heifers is determined by reference to the local market selling price. The fair values of calves and heifers at age-group less than 14 months are determined by subtracting the estimated feeding costs required to raise the cows from their respective age at the end of the reporting period to 14 months plus the margins that would normally be required by a raiser. Conversely, the fair values of heifers at age group older than 14 months are determined by adding the estimated feeding costs required to raise the heifers from 14 months old to their respective age at the end of the reporting period plus the margins that would normally be required by a raiser.	Estimated local market selling prices of the heifers of 14 months old are RMB21,400 to RMB21,810 per head as at June 30, 2026 (December 31, 2025: RMB22,100 to RMB23,550). Estimated feeding costs per head plus margin that would normally be required by a raiser for calves and heifers younger than 14 months old (i.e. from born to 14 months) are ranging from RMB17,849 to RMB20,974 as at June 30, 2026 (December 31, 2025: RMB17,918 to RMB20,750). Estimated feeding costs per head plus margin that would normally be required by a raiser for heifers older than 14 months old are ranging from RMB14,361 to RMB16,419 as at June 30, 2026 (December 31, 2025: RMB13,803 to RMB16,292).	An increase in the estimated local market selling price used would result in an increase in the fair value measurement of calves and heifers, and vice versa. An increase in the estimated feeding costs plus the margin that would normally be required by a raiser used would result in an increase/ decrease in the fair value measurement of calves and heifers older/younger than 14 months old, and vice versa.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2026

25. FAIR VALUE MEASUREMENTS *(Continued)*

Notes	Assets	Valuation technique(s)	Significant unobservable input(s)	Inter-relationship between significant unobservable inputs and fair value measurements
(b)	Biological assets – Milkable cows	The fair values of milkable cows are determined by using the multi-period excess earnings method, which is based on the discounted future cash flows to be generated by such milkable cows.	Estimated feed costs per kg of raw milk used in the valuation process are ranging from RMB1.86 to RMB2.77 as at June 30, 2026 (December 31, 2025: RMB1.88 to RMB2.70), taking into account management's experience and knowledge of market conditions. A milkable cow could have as many as six lactation cycles. Estimated daily milk yield at each lactation cycle is ranging from 18.44 kg to 37.47 kg as at June 30, 2026 (December 31, 2025: from 17.80 kg to 39.74 kg), depending on the number of the lactation cycles and the individual physical condition. Estimated local future market prices for raw milk are ranging from RMB3,369 to RMB5,794 per tonne as at June 30, 2026 (December 31, 2025: RMB3,346 to RMB5,729 per tonne), taking into account management's experience and knowledge of market conditions. Discount rate for estimated future cash flows used is 12.5% as at June 30, 2026 (December 31, 2025: 12.4%), taking into account weighted average cost of capital determined using a capital asset pricing model.	An increase in the estimated feed costs per kg of raw milk used would result in a decrease in the fair value measurement of the milkable cows, and vice versa. An increase in the estimated daily milk yield per head used would result in an increase in the fair value measurement of milkable cows, and vice versa. An increase in the estimated average selling price of raw milk would result in an increase in the fair value measurement of milkable cows, and vice versa. An increase in the estimated discount rate used would result in a decrease in the fair value measurement of milkable cows, and vice versa.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2026

25. FAIR VALUE MEASUREMENTS *(Continued)*

Notes	Assets	Valuation technique(s)	Significant unobservable input(s)	Inter-relationship between significant unobservable inputs and fair value measurements
(c)	Biological assets – Breeding bulls	The fair values of breeding bulls are determined by using the multi-period excess earnings method, which is based on the discounted future cash flows to be generated by such breeding bulls.	The estimated feed costs per day per bull used in the valuation are RMB38 as at June 30, 2026 (December 31, 2025: RMB39) based on the historical average feed costs per day of breeding bulls taking into account management's experience and knowledge of market conditions. Estimated local future market prices for sex-sorting frozen bovine semen are RMB144 per straw as at June 30, 2026 (December 31, 2025: RMB147 per straw). Estimated local future market prices for conventional frozen bovine semen are RMB31 per straw as at June 30, 2026 (December 31, 2025: RMB28 per straw). Discount rate for estimated future cash flow used is 12.5% as at June 30, 2026 (December 31, 2025: 12.4%), taking into account weighted average cost of capital determined using a capital asset pricing model.	An increase in the estimated feed costs per day of breeding bulls used would result in a decrease in the fair value measurement of the breeding bulls, and vice versa. An increase in the estimated selling price of frozen dairy bovine semen used would result in an increase in the fair value measurement of breeding bulls, and vice versa. An increase in the estimated discount rate used would result in a decrease in the fair value measurement of breeding bulls, and vice versa.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2026

25. FAIR VALUE MEASUREMENTS *(Continued)*

Notes	Assets	Valuation technique(s)	Significant unobservable input(s)	Inter-relationship between significant unobservable inputs and fair value measurements
(d)	Biological assets – Dairy goats	The fair value of 8 months old dairy goats is determined by reference to the market selling price.	Estimated market selling prices of the dairy goats of 8 months old are RMB10,213 per head as at June 30, 2026 (December 31, 2025: RMB11,213).	An increase in the estimated local market selling price used would result in an increase in the fair value measurement of dairy goats, and vice versa.
		The fair values of dairy goats at age group less than 8 months are determined by subtracting the estimated feeding costs required to raise the dairy goats from their respective age at the end of the reporting period to 8 months plus the margins that would normally be required by a raiser.	Estimated feeding costs per head plus margin that would normally be required by a raiser for dairy goats younger than 8 months old (i.e. from born to 8 months) are RMB3,267 as at June 30, 2026 (December 31, 2025: RMB3,504).	An increase in the estimated feeding costs plus the margin that would normally be required by a raiser used would result in an increase/decrease in the fair value measurement of dairy goats older/younger than 8 months old, and vice versa.
		Conversely, the fair values of dairy goats at age group of 8 to 13 months are determined by adding the estimated feeding costs required to raise the dairy goats from 8 months old to their respective age at the end of the reporting period plus the margins that would normally be required by a raiser.	Estimated feeding costs per head plus margin that would normally be required by a raiser for dairy goats older than 8 months old are RMB3,849 as at June 30, 2026 (December 31, 2025: RMB3,927).	
		The fair value of the dairy goats older than 13 months (after milk production) are determined by amortising the fair value at 13 months over five lactations after considering the culling price.		

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2026

25. FAIR VALUE MEASUREMENTS *(Continued)*

Notes	Assets	Valuation technique(s)	Significant unobservable input(s)	Inter-relationship between significant unobservable inputs and fair value measurements
(e)	Debt instruments at FVTOCI: Bills receivable	Discounted cash flow method was used to capture the present value of the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.	N/A	N/A
(f)	Equity instruments at FVTOCI	Market approach	Fair value is estimated based on value of comparable listed companies and discount for lack of liquidity.	An increase in the discount for lack of liquidity would result in a decrease in the fair value measurement of the unquoted equity investments, and vice versa. If the discount for lack of liquidity increase by 1%, the estimated fair value of equity instruments at FVTOCI will decrease by RMB159,000 as at June 30, 2026 (December 31, 2025: RMB189,000), vice versa.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2026

25. FAIR VALUE MEASUREMENTS *(Continued)*

Reconciliation of Level 3 fair value measurements

	Equity instruments at FVTOCI RMB'000	Biological assets RMB'000	Total RMB'000
At January 1, 2026 (audited)	**15,684**	**14,583,427**	**14,599,111**
Fair value changes during the period	**(2,454)**	**–**	**(2,454)**
Purchase cost	**–**	**7,319**	**7,319**
Feeding and other related costs	**–**	**2,283,848**	**2,283,848**
Decrease due to disposal/death	**–**	**(782,541)**	**(782,541)**
Losses arising from changes in fair value less costs to sell of biological assets	**–**	**(1,316,432)**	**(1,316,432)**
At June 30, 2026 (unaudited)	**13,230**	**14,775,621**	**14,788,851**
At January 1, 2025 (audited)	11,766	15,365,203	15,376,969
Fair value changes during the period	2,808	–	2,808
Purchase cost	–	238	238
Feeding and other related costs	–	2,483,592	2,483,592
Decrease due to disposal/death	(82)	(658,994)	(659,076)
Losses arising from changes in fair value less costs to sell of biological assets	–	(2,232,515)	(2,232,515)
At June 30, 2025 (unaudited)	14,492	14,957,524	14,972,016

The fair value changes for equity instruments at FVTOCI during the six months ended June 30, 2026 is reported under "investment revaluation reserve" and "non-controlling interests".

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2026

26. RELATED PARTY TRANSACTIONS

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

Transactions with Yili Group

	Notes	Six months ended June 30, 2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Sales of raw milk to Yili Group	(a)	**7,766,194**	7,638,331
Sales of feeds to Yili Group	(a)	**73,456**	66,744
Sales of ruminant farming products to Yili Group	(a)	**499**	264
Sales of breeding products to Yili Group	(a)	**4,904**	5,901
Other service to Yili Group	(a)	**5,025**	1,241
Purchase of dairy products from Yili Group	(a)	**30,603**	22,498
Purchase of shared financial services from Yili Group	(b)	**4,991**	4,991
Purchase of other service and materials from Yili Group		**3,705**	1,915
Purchase of dairy cows from Yili Group	(i)	**3,659**	–
Interest income from Yili Group	(f)	**5,683**	3,046
Purchase of transportation service from Yili Group	(g)	**112,033**	–

Transactions with Jiangsu Nongken

	Notes	Six months ended June 30, 2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Sales of feeds to Jiangsu Nongken	(a)	**19,691**	17,594
Sales of breeding products to Jiangsu Nongken	(a)	**–**	1,120
Sales of ruminant farming products to Jiangsu Nongken	(a)	**–**	520
Other service to Jiangsu Nongken	(a)	**104**	99

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2026

26. RELATED PARTY TRANSACTIONS *(Continued)*

Balances with Yili Group

	Notes	June 30, 2026 RMB'000 (unaudited)	December 31, 2025 RMB'000 (audited)
Amounts due from a related party:			
Trade receivables from Yili Group	(c)	**1,219,250**	1,356,252
Other receivables from Yili Group		**2,728**	3,306
Prepayments to Yili Group	(g)	**4,455**	5,144
		1,226,433	1,364,702
Amounts due to a related party:			
Trade payables to Yili Group	(d)	**22,628**	25,698
Trade payables to suppliers factored to Yili Group	(e)	**21,833**	138,176
Other payables to Yili Group	(g)	**770**	840
Advance from Yili Group	(h)	**54,895**	39,383
		100,126	204,097
Deposits placed with Yili Finance Company Limited	(f)	**1,148,994**	715,948

Balances with Jiangsu Nongken

	Note	June 30, 2026 RMB'000 (unaudited)	December 31, 2025 RMB'000 (audited)
Amounts due from a related party:			
Trade receivables from Jiangsu Nongken	(c)	**14,442**	4,533
Other receivables from Jiangsu Nongken		**42**	73
		14,484	4,606

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2026

26. RELATED PARTY TRANSACTIONS *(Continued)*

Notes:

(a) The above sale and purchase transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved, and the prices are mainly determined based on prices offered to independent third parties.

(b) The Group entered into the shared financial services agreement with Yili Group in 2022. Pursuant to the agreement, Yili Group provided accounting related shared financial services to the Group. The service fee is determined using cost-plus basis, being the total costs incurred by Yili Group in respect of the provision of the shared financial services plus a fixed percentage of 5%, to cover costs and expenses, such as personnel and maintenance.

(c) The trade receivables are mainly related to the sale of raw milk to Yili Group and sales of feeds to Jiangsu Nongken. As at June 30, 2026, trade receivables from related parties are aged within 90 days based on the date of delivery.

(d) The trade payables are related to the purchase of raw materials from Yili Group, which aged within one year at the end of the reporting period.

(e) During the six months ended June 30, 2026 and year ended December 31, 2025, certain suppliers discounted their trade receivables from the Group to the financial institution of Yili Group and got payments earlier than the due date. The Group then received the payment notice confirmed by the suppliers and the financial institution of Yili Group, according to which the Group is required to pay the debts to the financial institution of Yili Group directly.

(f) The Group entered into the financial services agreement with Yili Finance Company Limited, a subsidiary of Yili Group which has financial institution license. Pursuant to the agreement, Yili Finance Company Limited provided deposit service to the Group. The interest rates are determined according to and shall not be lower than the benchmark deposit rates prescribed by the PBOC and the deposit rates offered by the major commercial banks in the PRC.

(g) The Group entered into a Logistics and Operation Support Services Framework Agreement with Inner Mongolia Yishun Supply-chain Management Co., Ltd. ("Yishun"), a wholly-owned subsidiary of Yili Group, on August 22, 2025, under which Yishun will provide logistics services and operation support services to the Group. The agreement is effective from August 22, 2025 to December 31, 2027. Pricing is determined through tendering where applicable, or based on comparable market prices from independent third parties, ensuring terms are no less favourable than those available from unrelated parties.

(h) Announcement by the Group on August 22, 2025, the Group entered into the New Research Center Sale and Purchase Agreement with Yili Group, to sell the Ruminant Nutrition and Health Technology Research Center. The Group is responsible for the full development and construction of the center. Upon completion and obtaining statutory acceptance certification, the final consideration will be determined by a jointly appointed independent third-party valuation firm, and Yili Group will acquire the Center at the appraised value. During construction, Yili Group will make monthly advance payments based on progress, which was recorded in the amounts due to related parties. The center is under construction as of June 30, 2026, and the related construction cost of RMB28,699,000 is recorded in other non-current assets (December 31, 2025: RMB21,699,000).

(i) The Group entered into a Framework Agreement of Dairy Cows Procurement with Beijing Youyuan Animal Husbandry Co., Ltd. ("Youyuan"), a non-wholly-owned subsidiary of Yili Group, on March 27, 2026, under which the Group will purchase dairy cows from Youyuan. The agreement is effective from April 1, 2026 to March 31, 2027. Pricing is determined through tendering where applicable, or based on comparable market prices from independent third parties, ensuring terms are no less favourable than those available from unrelated parties.

Notes to the Condensed Consolidated Financial Statements
For the six months ended June 30, 2026

26. RELATED PARTY TRANSACTIONS *(Continued)*

Settlement arrangements with Yili Group

	Note	Six months ended June 30, 2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Trade receivables from the sale of feeds and breeding products settled on behalf by Yili Group	(j)	**203,002**	387,733

Note:

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

Compensation to key management personnel

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

	Six months ended June 30, 2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Salaries, allowances and other benefits	**4,360**	4,443
Retirement benefit scheme contributions	**296**	273
	4,656	4,716

Subscription arrangements with Yili Group

During the current interim period, the Company entered into two share subscription agreements with a wholly-owned subsidiary of Yili Group. Details of these transactions and the net proceeds are set out in Note 24.

27. CAPITAL COMMITMENTS

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

	June 30, 2026 RMB'000 (unaudited)	December 31, 2025 RMB'000 (audited)
Capital expenditures in respect of acquisition of property, plant and equipment: Contracted but not provided for	**266,276**	348,028

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2026

28. CONTINGENT LIABILITIES

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

29. EVENT AFTER THE REPORTING PERIOD

Subsequent to the reporting period, on August 5, 2026, Inner Mongolia Youran, a wholly-owned subsidiary of the Company, and SKX, a non wholly-owned subsidiary of the Company, entered into a non-legally binding letter of intent (the "Letter of Intent") in relation to the asset swap transactions between Inner Mongolia Youran and SKX (the "Proposed Transactions"). Pursuant to the Letter of Intent, (a) SKX shall dispose of the entire equity interests in its 18 subsidiaries, which are principally engaged in dairy farming business, to Inner Mongolia Youran; (b) Inner Mongolia Youran shall dispose of the entire equity interests in its 2 subsidiaries, which are primarily engaged in the production and sale of feeds and ruminant farming products, to SKX; and (c) the difference in the consideration for each of the aforementioned disposals shall be settled by one party to the other in cash.

As of the date of issuance of these condensed consolidated financial statements, the consideration of the Proposed Transactions has not been determined. Subject to, among others, negotiations, obtaining of all approvals (including but not limited to resolutions from their respective boards of directors and/or shareholders' meetings, if required) and completion of audit and valuation, Inner Mongolia Youran and SKX will enter into a definitive agreement which will set out the terms of the Proposed Transactions in detail.

Definitions

"2024 Interim Period"	six months ended June 30, 2024
"2025 Interim Period"	six months ended June 30, 2025
"AI"	artificial intelligence
"Audit Committee"	the audit committee of the Company
"Auditor"	Deloitte Touche Tohmatsu, the auditor of the Group
"Board"	the board of Directors
"Bright Dairy"	the group of companies comprising Bright Dairy & Food Co., Ltd. (光明乳業股份有限公司), a company incorporated in the PRC, and its subsidiaries, as a group being one of our customers
"China" or "PRC"	the People's Republic of China and, for the purpose of this report, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
"Company" or "our Company"	China Youran Dairy Group Limited (中國優然牧業集團有限公司), an exempted company with limited liability incorporated in the Cayman Islands on August 21, 2020
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Director(s)"	the director(s) of our Company
"Group", "our Group", "we", "us" or "our"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"IFRSs"	International Financial Reporting Standards
"Inner Mongolia Youran"	Inner Mongolia Youran Dairy Co., Ltd. (內蒙古優然牧業有限責任公司), a company established under the laws of the PRC on August 1, 2007 and a wholly-owned subsidiary of the Company
"Jingang"	Hong Kong Jingang Trade Holding Co., Limited, a company incorporated in Hong Kong, and a wholly-owned subsidiary of Yili

Definitions

"Junlebao Dairy"	the group of companies comprising Shijiazhuang Junlebao Dairy Co., Ltd. (石家莊君樂寶乳業有限公司), a company incorporated in the PRC, and its subsidiaries, as a group being one of our customers
"Latest Practicable Date"	September 10, 2026, being the latest practicable date for ascertaining certain information in this interim report before its publication
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
"mu"	mu (畝), a unit of land traditionally used in East Asia equivalent to approximately 666.67 sq.m.
"Non-IFRSs Measures"	Non-International Financial Reporting Standards Measures
"OCR"	Optical Character Recognition
"R&D"	research and development
"Reporting Period"	six months ended June 30, 2026
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) of par value US$0.00001 each in the issued share capital of our Company
"Shareholder(s)"	holder(s) of the Share(s)
"SKX"	Inner Mongolia Saikexing Reproductive Biotechnology (Group) Co., Ltd. (內蒙古賽科星繁育生物技術(集團)股份有限公司), a company established under the laws of the PRC and whose shares are listed on the National Equities Exchange and Quotations (stock code: 834179) which has been a subsidiary of the Company since January 8, 2020

Definitions

"SOP"	Standard Operating Procedures
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"TPM"	Total Productive Maintenance
"Treasury Share(s)"	has the meaning ascribed thereto under the Listing Rules
"US$" or "USD"	United States dollars, the lawful currency of the United States
"Yili"	Inner Mongolia Yili Industrial Group Co., Ltd. (內蒙古伊利實業集團股份有限公司), a company established under the laws of the PRC in June 1993 and whose shares are listed on the Shanghai Stock Exchange (stock code: 600887), and is the Company's Controlling Shareholder
"Yili Group"	Yili, its subsidiaries and associates
"%"	per cent