中国飞鹤

中國飛鶴有限公司
China Feihe Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 6186

2026
INTERIM REPORT

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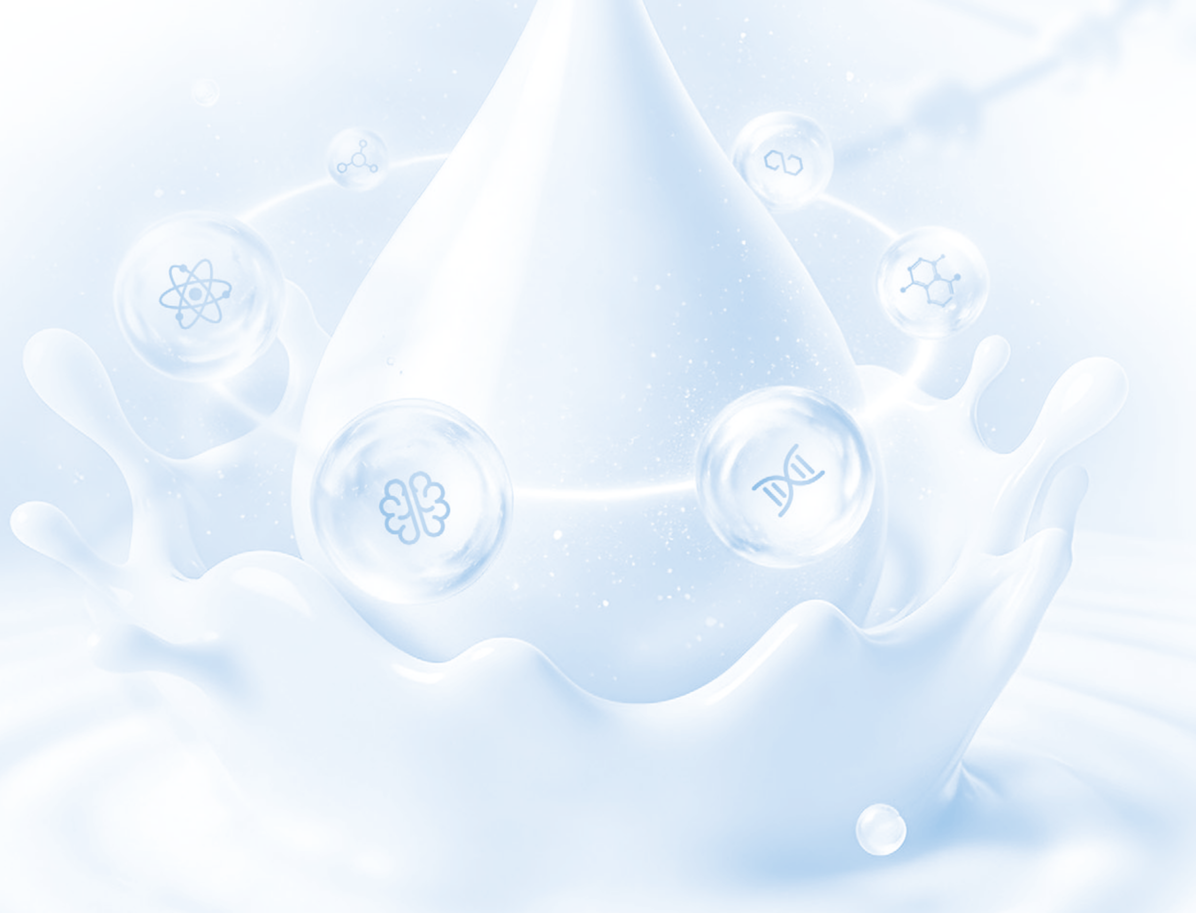

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. LENG Youbin *(Chairman & Chief Executive Officer)*
Mr. LIU Hua
Mr. CAI Fangliang
Ms. Judy Fong-Yee TU

Non-executive Directors

Mr. GAO Yu
Mr. Kingsley Kwok King CHAN (resigned on 15 May 2026)
Mr. CHEUNG Kwok Wah
Mr. Maher EL-OMARI (alias: Mac)

Independent Non-executive Directors

Ms. LIU Jinping
Mr. SONG Jianwu
Mr. FAN Yonghong
Mr. Jacques Maurice LAFORGE

AUDIT COMMITTEE

Mr. FAN Yonghong *(Chairman)*
Mr. GAO Yu
Mr. Jacques Maurice LAFORGE

REMUNERATION COMMITTEE

Ms. LIU Jinping *(Chairlady)*
Mr. LIU Hua
Mr. Jacques Maurice LAFORGE

NOMINATION COMMITTEE

Mr. LENG Youbin *(Chairman)*
Ms. LIU Jinping
Mr. SONG Jianwu

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Mr. LIU Hua *(Chairman)*
Ms. Judy Fong-Yee TU
Ms. LIU Jinping

COMPANY SECRETARY

Ms. Judy Fong-Yee TU

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance
27/F, One Taikoo Place
979 King's Road, Quarry Bay, Hong Kong

AUTHORISED REPRESENTATIVES

Mr. LIU Hua
Ms. Judy Fong-Yee TU

PRINCIPAL BANK

China Construction Bank Corporation
Qiqihar Branch
No. 267, Yongan Avenue
Longsha District
Qiqihar
Heilongjiang
PRC

REGISTERED OFFICE

Maricorp Services Ltd.
P.O. Box 1103, George Town
Grand Cayman KY1-1102
Cayman Islands

CORPORATE HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

C-16th Floor, Star City International Building
10 Jiuxianqiao Road
Chaoyang District
Beijing
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1920, 19/F
Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Maricorp Services Ltd.
P.O. Box 1103, George Town
Grand Cayman KY1-1102
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre, 183 Queen's Road East
Wanchai
Hong Kong

INVESTOR RELATIONS CONTACT

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CORPORATE WEBSITE

www.feihe.com

STOCK CODE

6186

Financial Highlights

Key Financial Data

The table below sets out our financial highlights for the six months ended 30 June 2026.

	For the six months ended 30 June		
	2026	**2025**	**Percentage changed**
	(In thousands of RMB)		
	(Unaudited)	(Unaudited)	
Revenue	**9,362,363**	9,150,525	2.3%
Gross profit	**5,800,076**	5,634,862	2.9%
Profit for the period	**901,139**	1,032,538	(12.7)%
Earnings per share attributable to ordinary equity holders of the parent (RMB)			
– Basic	**0.10**	0.11	(9.1)%
– Diluted	**0.09**	0.11	(18.2)%

Management Discussion and Analysis

INDUSTRY OVERVIEW

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

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

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

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

- Favorable industry policies by the PRC government:

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

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

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

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

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

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

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

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

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

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

BUSINESS OVERVIEW

Dairy Products

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

Sales and Distribution Network

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

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

Production Capacity Improvements

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

Marketing

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

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

- Maximize online interactivity with consumers; and

- Targeted and result-driven exposure on media.

Vitamin World USA

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

OPERATING RESULTS AND ANALYSIS

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

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

Revenue

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

Cost of Sales

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

Gross Profit and Gross Profit Margin

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

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

Other Income and Gains, Net

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

Selling and Distribution Expenses

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

Administrative Expenses

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

Other Expenses

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

Finance Costs

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

Profit before Tax

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

Income Tax Expense

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

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

Profit for the Period

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

Liquidity and Capital Resources

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

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

Cash and Cash Equivalents

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

Net Proceeds from the Global Offering

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

Bank Borrowings

As at 30 June 2026, the Group's interest-bearing bank borrowings were approximately RMB420.1 million. The Group's bank and other borrowings are denominated in Renminbi. As at 30 June 2026, except for the interest-bearing bank and other borrowings with an aggregate amount of approximately RMB302.6 million which were charged at fixed interest rates, the remaining borrowings were charged at floating interest rates. Of the Group's interest-bearing bank and other borrowings as at 30 June 2026, 90% will mature within one year and the remaining will mature after one year.

Capital Structure

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

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

INTEREST RATE RISK AND EXCHANGE RATE RISK

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

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

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the six months ended 30 June 2026, the Group did not have any material acquisitions and disposals of subsidiaries or associated companies. As at 30 June 2026, the Group did not hold any significant investments in the equity interests of any other companies.

PLEDGE OF THE GROUP'S ASSETS

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

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

CONTINGENT LIABILITIES

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

SUBSEQUENT EVENTS

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

FUTURE PROSPECTS

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

Other Information and Corporate Governance

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company recognizes the importance of maintaining and promoting sound corporate governance. The principles of the Company's corporate governance are to promote effective internal control measures, to ensure that its business and operations are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to the Company and its Shareholders. The Company has adopted the CG Code as set out in Appendix C1 to the Listing Rules as its own code of corporate governance.

Save as disclosed below, the Board is of the view that the Company has complied with the applicable code provisions set out in Part 2 of the CG Code during the Reporting Period.

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

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

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as the code of conduct regarding directors' dealings in the securities of the Company.

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

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

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2026, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register kept by the Company referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

(i) Interest in Shares/derivative shares of the Company

Name of Director/ Chief Executive	Nature of interest	Capacity	Long position/ Short position	Number of Shares/ derivative shares	Approximate Percentage of shareholding in the Company[1]
LENG Youbin	Corporate interest	Interest of controlled corporation	Long	403,654,129[2]	4.45%
	Other interest	Founder of a discretionary trust	Long	3,164,271,993[3]	34.90%
	Other interest	Interest of spouse	Long	317,451,633[4]	3.50%
	Other interest	Interest of controlled corporation	Long	259,587,000[5]	2.86%
LIU Hua	Other interest	Founder of a discretionary trust	Long	345,681,920[6]	3.81%
CHEUNG Kwok Wah	Beneficial interest	Beneficial owner	Long	326,000[7]	0.00%
CAI Fangliang	Corporate interest	Interest of controlled corporation	Long	101,647,734[8]	1.12%
Judy Fong-Yee TU	Other interest	Founder of a discretionary trust	Long	23,717,804[9]	0.26%
	Beneficial interest	Beneficial owner	Long	104,762[9]	0.00%
GAO Yu	Beneficial interest	Beneficial owner	Long	7,536,151[10]	0.08%

Notes:

(1) The percentage has been computed based on the total number of Shares of the Company in issue as at 30 June 2026 (i.e. 9,067,251,704 Shares, including 259,587,000 treasury Shares).

(2) 403,654,129 Shares were held by Mr. Leng through his wholly owned corporation – Dasheng Limited.

(3) 3,164,271,993 Shares were held by Harneys Trustees Limited as the trustee of Leng Family Trust, which in its capacity as trustee holds the entire issued share capital of LYB International Holding Limited, which in turn holds the entire issued share capital of Garland Glory Holdings Limited. Leng Family Trust was established by Mr. Leng as the settlor and the trust is a discretionary trust for the benefits of Mr. Leng and his family members. Mr. Leng was deemed to be interested in 3,164,271,993 Shares held by Garland Glory Holdings Limited by virtue of the SFO.

(4) 317,451,633 Shares were held by Sail Faith Limited, which is controlled by the spouse of Mr. Leng, and thus he was deemed to be interested in the 317,451,633 shares held by Sail Faith Limited by virtue of the SFO.

(5) As Mr. Leng controlled more than one-third of the voting power at the Company's general meetings, he was deemed to have an interest in 259,587,000 treasury Shares of the Company. Such number of the treasury Shares reflects the number of the treasury Shares held by the Company as at 30 June 2026.

(6) 345,681,920 Shares were held by Harneys Trustees Limited as the trustee of LH Family Trust, which in its capacity as trustee holds the entire issued share capital of RL Equity LLC, which in turn holds the entire issued share capital of LH Financial Holding Limited. LH Family Trust was established by Mr. Liu Hua as the settlor and the only discretionary object. Mr. Liu was deemed to be interested in 345,681,920 Shares directly held by LH Financial Holding Limited by virtue of the SFO.

(7) 326,000 Shares were held by Mr. Cheung Kwok Wah as beneficial owner.

(8) 101,647,734 Shares were held by Mr. Cai Fangliang through his controlled corporation – Adroit Shipping Limited. Adroit Shipping Limited is directly wholly owned by Mr. Cai Fangliang.

(9) 23,717,804 Shares were held by the J.T. Living Trust, which was established by Ms. Judy Fong-Yee Tu as the settlor and the only discretionary object. Ms. Judy Fong-Yee Tu was deemed to be interested in the 23,717,804 Shares by virtue of the SFO. 104,762 Shares were held by Ms. Judy Fong-Yee Tu as beneficial owner.

(10) 7,536,151 Shares were held by Mr. Gao Yu, which was the result of the distribution of shares or interests of the Company from each of Morgan Stanley Private Equity Asia III, LLC and Morgan Stanley Private Equity Asia Fund III from 11 October 2022 and up until 30 June 2026.

(ii) Interest in associated corporations

Name of Director/ Chief Executive	Nature of interest	Capacity	Associated corporation	Number of ordinary shares	Percentage of shareholding in the associated corporation
Cai Fangliang	Beneficial interest	Beneficial owner	Jilin Green Energy Ecological Livestock Co., Limited[(1)]	N/A[(2)]	7.66%

Notes:

(1) Jilin Green Energy Ecological Livestock Co., Limited is held as to 40% by the Company and therefore is an associated corporation of the Company under the SFO.

(2) Jilin Green Energy Ecological Livestock Co., Limited is a limited liability company incorporated in the PRC and does not issue any shares.

Save as disclosed above, as at 30 June 2026, none of the Directors or the chief executive of the Company have any interest in the Shares or debentures of the Company or any interests in the shares or debentures of the Company's associated corporations (within the meaning of Part XV of the SFO) which: (i) will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which they are taken or deemed to have under such provisions of the SFO); (ii) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) will be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

As at 30 June 2026, neither the Directors nor chief executive of the Company have any short position in the Shares or debentures of the Company, or in shares or debentures of any of the Company's associated corporations (within the meaning of Part XV of the SFO).

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, as at 30 June 2026, the following persons (other than the Directors and chief executive of the Company) had interest or short positions in the Shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which will be required, pursuant to Section 336 of the SFO, to be recorded in the register kept by the Company:

Name of shareholder	Capacity	Long position/ Short position	Number of Shares/ derivative shares	Percentage of shareholding in the Company[(1)]
Harneys Trustees Limited	Trustee of a trust	Long	3,736,100,469[(2)]	41.20%
	Other	Long	259,587,000[(2)]	2.86%
LYB International Holding Limited	Interest in a controlled corporation	Long	3,164,271,993[(2)]	34.90%
	Other	Long	259,587,000[(2)]	2.86%
Garland Glory Holdings Limited	Beneficial owner	Long	3,164,271,993[(2)]	34.90%
	Other	Long	259,587,000[(2)]	2.86%
UBS TC (Jersey) Ltd	Trustee of a trust	Long	1,055,005,761[(3)]	11.64%

Notes:

(1) The percentage has been computed based on the total number of Shares of the Company in issue as at 30 June 2026 (i.e. 9,067,251,704 Shares, including 259,587,000 treasury Shares).

(2) Harneys Trustees Limited is deemed to be interested in 3,995,687,469 Shares in aggregate by virtue of the SFO:

(a) 3,164,271,993 Shares were held by Harneys Trustees Limited as the trustee of Leng Family Trust, which in its capacity as trustee holds the entire issued share capital of LYB International Holding Limited, which in turn holds the entire issued share capital of Garland Glory Holdings Limited. Leng Family Trust is a discretionary trust established by Mr. Leng as the settlor and for the benefits of Mr. Leng and his family members. Accordingly, Harneys Trustees Limited is deemed to be interested in 3,164,271,993 Shares directly held by Garland Glory Holdings Limited;

(b) 345,681,920 Shares were held by Harneys Trustees Limited, the trustee of LH Family Trust, in its capacity as trustee holds the entire issued share capital of LH Capital Holding Limited, which in turn holds the entire issued share capital of LH Financial Holding Limited. LH Family Trust is a discretionary trust established by Mr. Liu Hua as the settlor and the only discretionary object. Accordingly, Harneys Trustees Limited is deemed to be interested in 345,681,920 Shares directly held by LH Financial Holding Limited;

(c) 226,146,556 Shares were held by Harneys Trustees Limited, the trustee of Liu Family Trust, in its capacity as trustee holds the entire issued share capital of LSH International Holding Limited, which in turn holds the entire issued share capital of LSH Investment Holding Limited. Liu Family Trust is a discretionary trust established by Mr. Liu Shenghui as the settlor and the only discretionary object. Accordingly, Harneys Trustees Limited is deemed to be interested in 226,146,556 Shares directly held by LSH Investment Holding Limited; and

(d) As each of Harneys Trustees Limited, LYB International Holding Limited and Garland Glory Holdings Limited controlled more than one-third of the voting power at the Company's general meetings, each of them was deemed to have an interest in 259,587,000 treasury Shares of the Company. Such number of the treasury Shares reflects the number of the treasury Shares held by the Company as at 30 June 2026.

(3) UBS TC (Jersey) Ltd, as the trustee of several trusts, is deemed to be interested in the Shares of the Company.

Save as disclosed above, as at 30 June 2026, no other person (other than the Directors and chief executive of the Company) had any interest or short position in the Shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

EMPLOYEES AND REMUNERATION

As at 30 June 2026, the Group had 9,166 full-time employees (YST: 2,151), the majority of whom are based in China.

In compliance with the CG Code, the Remuneration Committee was set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices.

In line with the performance of the Group and individual employees, the Group strives to offer a good working environment, various training programs as well as an attractive remuneration package to its employees. The Group provides training programs to our employees, including new hire training for new employees and regular quality control, production safety and other technical training for our personnel to enhance their skill and knowledge. The Group takes measures to promote equal opportunities, anti-discrimination, and diversity among employees. In addition, the Group endeavours to motivate its staff with performance-based remuneration. On top of basic salary, the Group will reward staff with outstanding performance by way of bonuses, honorary awards, promotions, options or a combination of the above to further align the interests of the employees and the Company, to attract talented individuals, and to create long-term incentive for its staff.

As at 30 June 2026, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years.

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

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

The Company will utilize such treasury shares as permitted under the Listing Rules including but not limited to sale or transfer, subject to market conditions and its capital management needs. Holding treasury shares will give the Company flexibility in managing its capital structure without having to issue new Shares.

USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

The Company was listed on the Stock Exchange on 13 November 2019 and the net proceeds raised from the Global Offering were approximately HK$6,554.7 million. During the Reporting Period, there was no change in the intended use of net proceeds as disclosed in the Prospectus. For the unutilized amounts of HK$1,121.3 million as at 30 June 2026, the Company will bring them forward from prior period and apply the remaining net proceeds in the manner set out in the Prospectus. It is expected that the remaining net proceeds from the Global Offering will be fully utilized by 31 December 2026.

The following table sets forth a breakdown of the utilization of the net proceeds as at 30 June 2026.

Intended use of proceeds	Initial intended allocation (HK$ million)	Unutilized amount as at 31 December 2025 (HK$ million)	Utilized amount for the six months ended 30 June 2026 (HK$ million)	Unutilized amount as at 30 June 2026 (HK$ million)	Expected timeline for utilizing the remaining proceeds[(1)]
Repayment of offshore debts	2,621.9	208.3	–	208.3	Before 31 December 2026
Potential merger and acquisition opportunities	1,310.9	–	–	–	–
Operation of the Company's Kingston Plant	655.5	272.5	15.0	257.5	Before 31 December 2026
Research and development activities of overseas infant milk formula and nutritional supplement products	655.5	655.5	–	655.5	Before 31 December 2026
Expansion of Vitamin World USA operations	327.7	–	–	–	–
Marketing initiatives	327.7	152.1	152.1	–	–
Working capital and general corporate purposes	655.5	–	–	–	–
	6,554.7	1,288.4	167.1	1,121.3	

Note:

(1) The Company expects that the use of part of net proceeds will be delayed by two years from the originally expected time. The delay is mainly due to the macroeconomic environment in the PRC being affected by social and economic factors, in particular, changes in the market environment of the infant formula industry in the PRC.

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board resolved to declare an interim dividend of HK$0.0828 per share of the Company for the six months ended 30 June 2026 (the "**2026 Interim Dividend**") with an aggregate amount of approximately HK$729,122,367 (equalling approximately RMB630,797,300) to the Shareholders whose names are listed on the Company's register of members as at 11 September 2026, being the record date for the Shareholders' entitlement to the 2026 Interim Dividend (except for the holders of treasury shares, if any). All treasury shares and repurchased shares pending cancellation will not receive the 2026 Interim Dividend. The Company will withdraw all repurchased shares from the Central Clearing and Settlement System (CCASS), and either re-register them in its own name as treasury shares or cancel such repurchased shares, in each case before the record date for the Shareholders' entitlement to the 2026 Interim Dividend. The 2026 Interim Dividend is based on (i) our dividend policy set out in the Prospectus of intending to distribute no less than 30% of our net profit for each financial year, and (ii) an approximately additional 40% of our profit for the six months ended 30 June 2026, totaling approximately 70% of our profit for the six months ended 30 June 2026 in RMB denomination being converted into Hong Kong dollar denomination based on the average central parity rate of RMB to Hong Kong dollar as announced by the People's Bank of China for the five business days prior to 26 August 2026. For the avoidance of doubt, such profit for the six months ended 30 June 2026 includes the profit/loss of YuanShengTai Dairy Farm Limited. The 2026 Interim Dividend will be declared and paid in Hong Kong dollars, and is expected to be paid on or around 22 September 2026.

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

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

AUDIT COMMITTEE

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

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

PRE-IPO SHARE OPTION SCHEME

The Company adopted the Pre-IPO Share Option Scheme on 14 October 2019 and a summary of the principal terms of the Pre-IPO Share Option Scheme is set out as below.

Purposes

The purposes of the Pre-IPO Share Option Scheme are to: (i) replace the DIF Share Option Schemes; (ii) attract and retain the best available personnel for positions of substantial responsibility; (iii) provide additional incentive to the Directors and employees of the Group (the "**Employee(s)**", together with the Directors, the "**Pre-IPO Service Providers**"); and (iv) promote the success of the business of the Group.

Pre-IPO Participants

A grant of the Pre-IPO Share Option under the Pre-IPO Share Option Scheme (the "**Pre-IPO Award**") may be made to the Pre-IPO Service Providers selected by the Board (including any committee of Directors or of other individuals appointed by the Board or by the compensation committee of the Board satisfying relevant requirements of applicable laws) of the Company (the "**Pre-IPO Administrator**"). A holder of an outstanding Pre-IPO Award will be a participant (the "**Pre-IPO Participant**") under the Pre-IPO Share Option Scheme. For the avoidance of doubt, Pre-IPO Awards may be granted to any holder of the outstanding DIF Share Options, who is a company wholly owned, directly or indirectly, by (i) one or more Pre-IPO Service Providers or (ii) any trusts, if all of the beneficiaries consist only of the Pre-IPO Service Providers (in the case of a discretionary trust, all discretionary objects consist only of the Pre-IPO Service Providers).

Maximum Number of Shares in Respect of Which Pre-IPO Awards May Be Granted

The maximum number of the Shares that may be subject to Pre-IPO Awards and issued under the Pre-IPO Share Option Scheme is 190,190,704, representing approximately 2.10% of the total number of the issued shares of the Company as at the date of this interim report.

Grant of Options

Subject to the terms and provisions of the Pre-IPO Share Option Scheme, the Pre-IPO Administrator may grant Pre-IPO Share Options in such amounts as the Pre-IPO Administrator, in its sole discretion, will determine; provided that, no Pre-IPO Share Option authorized by the Pre-IPO Share Option Scheme shall be granted upon and following the Listing.

The date of grant of an Pre-IPO Award will be, for all purposes, the date on which the Pre-IPO Administrator makes the determination granting such Pre-IPO Award, or such other later date as is determined by the Pre-IPO Administrator. Notice of the determination will be provided to each Pre-IPO Participant within a reasonable time after the date of such grant.

Exercise Price

The per Share exercise price for the Shares to be issued pursuant to the exercise of the Pre-IPO Share Option shall be determined by the Pre-IPO Administrator, provided that such exercise price shall be no less than one hundred percent of the fair market value (the "**Fair Market Value**") per Share on the date of grant. For the avoidance of doubt, for the per Share exercise price for the Shares to be issued upon the exercise of the Pre-IPO Share Option granted in order to replace the existing DIF Share Options as of the date of adoption of the Pre-IPO Share Option Scheme, the relevant Fair Market Value per Share shall be with reference to that of the respective date of grant of such outstanding DIF Share Options.

Duration of Pre-IPO Share Option Scheme

Unless sooner terminated in accordance with the terms of the Pre-IPO Share Option Scheme, it will continue in effect for a term of seven years from the effective date. The term of each Pre-IPO Share Option will be stated in the Award Agreement and will be no more than five years from the date of grant thereof.

Time of Vesting and Exercise of Pre-IPO Share Options

Any Pre-IPO Share Option granted will be exercisable according to the terms of the Pre-IPO Share Option Scheme and at such times and under such conditions as determined by the Pre-IPO Administrator and set forth in the Award Agreement. A Pre-IPO Share Option may not be exercised for a fraction of a Share.

In respect of any particular Pre-IPO Share Option, the exercise period shall commence on the later of:

(1) the business day immediately following the expiry of six months from the Listing Date, or

(2) where the exercise of such Pre-IPO Share Option is subject to any performance target being met, the date of such performance target being proved (to the reasonable satisfaction of the Pre-IPO Administrator) to have been met.

Details of the Pre-IPO Share Options Granted under the Pre-IPO Share Option Scheme

All the Pre-IPO Share Options representing 190,190,704 Shares were granted to Dasheng Limited on 14 October 2019 under the Pre-IPO Share Option Scheme with a term of five years. Dasheng Limited is not required to pay for the grant of any Pre-IPO Share Option. On 29 September 2022, Dasheng Limited exercised all of the Pre-IPO Share Options granted for a total of 190,190,704 Shares. There was no outstanding Pre-IPO Share Option available for grant at the beginning and at the end of the Reporting Period.

During the Reporting Period, no option was granted under the Pre-IPO Share Option Scheme, and none of the options granted under the Pre-IPO Share Option Scheme had been exercised, cancelled or lapsed.

Further details of the Pre-IPO Share Option Scheme are set out in appendix IV to the Prospectus.

2020 SHARE OPTION SCHEME

The Company adopted the 2020 Share Option Scheme on 22 June 2020 and a summary of the principal terms of the 2020 Share Option Scheme is set out as below.

Purposes

The purposes of the 2020 Share Option Scheme are (i) to attract and retain skilled and experienced personnel for positions of substantial responsibility, (ii) to provide additional incentive to directors of the Company and its subsidiaries, key employees and other stakeholders of the Group, and (iii) to promote the success of the Company's business.

Participants

Participants (the "**Participant(s)**") include:

(a) any Eligible Employee;

(b) any director (including executive director, non-executive director and independent non-executive director) of the Company or the subsidiaries; and

(c) any consultant, adviser, agent, business partner, joint venture partner, service provider, contractor of the Company or the subsidiaries.

The basis of eligibility of any of the class of Participants to the grant of any 2020 Share Options shall be determined by the Board from time to time.

Maximum Number of Shares in Respect of Which Awards May Be Granted

The maximum number of the Shares that may be subject to awards and issued under the 2020 Share Option Scheme is 134,000,100, representing 1.48% of the total number of the issued shares of the Company as at the date of this interim report.

Maximum Entitlement of Each Participant under the 2020 Share Option Scheme

The total number of Shares issued and to be issued upon exercise of the 2020 Share Options granted to each eligible Participant (including exercised, cancelled and outstanding 2020 Share Options) in any 12-month period shall not exceed 1% of the Shares in issue (the "**Individual Limit**").

Grant of 2020 Share Options

On and subject to the terms of the 2020 Share Option Scheme and the Listing Rules, the Board shall be entitled at any time within ten (10) years after 22 June 2020 to offer to grant to any Participant as the Board may in its absolute discretion select, and subject to such conditions as the Board may think fit, a 2020 Share Option to subscribe for such number of Shares as the Board may determine at the Subscription Price (the "**Offer**").

An Offer shall be made to a Participant by an Offer Letter in such form as the Board may from time to time determine requiring the Participant to undertake to hold the 2020 Share Option on the terms on which it is to be granted and to be bound by the terms of the 2020 Share Option Scheme and any other terms and conditions as contained in the Offer Letter and shall remain open for acceptance by the Participant concerned for such time to be determined by the Board, provided that no such Offer shall be open for acceptance after the expiry of ten (10) years after 22 June 2020 or after the 2020 Share Option Scheme has been terminated in accordance with the terms hereof or after the Participant to whom the Offer is made has ceased to be a Participant. The Offer Letter shall specify the terms on which the 2020 Share Option is to be granted.

An Offer shall be deemed to have been accepted and the 2020 Share Option to which such Offer relates shall be deemed to have been granted and to have taken effect when the duplicate letter comprising acceptance of offer duly signed by the Grantee, together with the payment of HK$1.00 to the Company as the consideration for the grant thereof is received by the Company. Such payment shall in no circumstances be refundable. Once accepted, the 2020 Share Option is granted as from the Offer Date.

Exercise of Options

A 2020 Share Option may, subject to the terms and conditions upon which such 2020 Share Option is granted, be exercised in whole or in part in the manner as set out below by the Grantee (or, as the case may be, his or her legal personal representative(s)) giving notice in writing to the Company stating that the 2020 Share Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the Subscription Price for the Shares in respect of which the notice is given. The aggregate Subscription Price shall be paid by cash, cheque or any other means deemed acceptable by the Board. Any exercise of a 2020 Share Option by a Grantee shall be subject to the applicable laws, regulations, rules and requirements of any relevant country or jurisdiction. Within ten (10) business days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate of the auditors or the independent financial adviser retained by the Company, the Company shall allot and issue, and shall instruct the Share Registrar to issue, the relevant Shares to the Grantee (or his or her legal personal representative(s)) credited as fully paid and issue to the Grantee (or his or her legal personal representative(s)) a share certificate in respect of the Shares so allotted. Subject to the terms and conditions upon which such 2020 Share Option was granted and any restrictions applicable under the Listing Rules, a 2020 Share Option may be exercised by the Grantee (or their legal personal representatives) at any time during the Option Period, provided that it satisfies the requirements as set out in the supplemental circular of the Company dated 5 June 2020.

Vesting Period

The Options shall vest on the vesting date as determined by the Board in its absolute discretion. The periods over which the Options will vest may exceed any minimum vesting periods prescribed by any laws, regulations or rules to which the 2020 Share Option Scheme may be subject, including the Listing Rules or regulations of any stock exchange on which the Shares may be listed and quoted. Furthermore, the Shares to be issued and allotted to a Grantee pursuant to the exercise of any Option under the 2020 Share Option Scheme may or may not at the discretion of the Board, be subject to any retention period.

There is no general requirement for any performance target that has to be achieved before the exercise of any Option except as otherwise imposed by the Board in the offer letter by which an offer to grant an Option is made to a Participant.

Subscription Price

The Subscription Price shall be such price as determined by the Board in its absolute discretion at the time of the grant of the relevant 2020 Share Option (and shall be stated in the Offer Letter), but in any case the Subscription Price shall not be less than the higher of:

(a) the closing price of the Shares as stated in the daily quotation sheet of the Stock Exchange on the date of grant, which must be a business day;

(b) the average closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five (5) business days immediately preceding the date of grant; and

(c) the nominal value of a Share.

Duration of the 2020 Share Option Scheme

The 2020 Share Option Scheme shall be valid and effective for a period of ten (10) years commencing on 22 June 2020. After the expiry of the ten (10) year period, no further Options will be offered or granted but in all other aspects the provisions of the 2020 Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any 2020 Share Option granted prior thereto. 2020 Share Options granted hereunder shall continue to be exercisable subject to the terms of the 2020 Share Option Scheme and in accordance with their terms of grant after the end of the ten (10) year period of the 2020 Share Option Scheme until the end of the Option Period.

Further details of the 2020 Share Option Scheme are set out in the supplemental circular of the Company dated 5 June 2020.

There was no outstanding share option granted under the 2020 Share Option Scheme at the beginning and at the end of the Reporting Period. During the Reporting Period, no share option has been granted under the 2020 Share Option Scheme, and none of the share options granted under the 2020 Share Option Scheme had been exercised, cancelled or lapsed.

As at the beginning of the Reporting Period, 80,696,300 share options were available for grant under the 2020 Share Option Scheme, representing approximately 0.89% of the total number of the issued shares of the Company as at the date of this interim report. As at the end of the Reporting Period, 80,696,300 share options were available for grant under the 2020 Share Option Scheme, representing approximately 0.89% of the total number of the issued shares of the Company as at the date of this interim report.

All the grantees being granted the share options under the 2020 Share Option Scheme on 2 February 2021, 15 July 2021 and 24 January 2022 are employees of the Company working under employment contracts that are regarded as "continuous contracts" for the purposes of the Employment Ordinance. None of the numbers of the share options granted to each of such grantees in any 12-month period exceeds the Individual Limit.

For more details, please refer to the announcements of the Company dated 2 February 2021, 15 July 2021 and 24 January 2022.

2023 SHARE AWARD PLAN

The Company adopted the 2023 Share Award Plan on 25 May 2023 and a summary of the principal terms of the 2023 Share Award Plan is set out as below.

Purposes

The 2023 Share Award Plan aims at (i) recognise and reward the contribution of certain Eligible Participants to the growth and development of the Group and give incentives thereto in order to retain them for the continual operation and development of the Group; and (ii) attract suitable personnel for further development of the Group.

Participants

Eligible Participant is any person belonging to the following classes of participants: (i) Employee Participant; (ii) Related Entity Participant; and (iii) Service Provider. The eligibility of any of the Eligible Participants to a Share Award shall be determined by the Board or the Committee from time to time on the basis of the Board's or the Committee's opinion as to his contribution and/or future contribution to the development and growth of the Group.

Shares Pool

The Shares Pool is comprised of the following: (i) such Shares as may be purchased by the Trustee on the Stock Exchange or off the market by utilising the Group Contribution and other distributions in accordance with the terms of the 2023 Share Award Plan; (ii) such Shares which remain unvested and revert to the Trustee pursuant to the terms of the 2023 Share Award Plan; (iii) such Shares which any person or company recommended by the Company may irrevocably donate or transfer to or irrevocably vest or caused to be vested in the Trustee to be held upon trusts and with and subject to the powers and provisions in the Trust Deed; and (iv) the Returned Shares.

Duration

The 2023 Share Award Plan shall be valid and effective for a term of 10 years commencing from 25 May 2023, and after the expiry of such 10-year term no further Share Awards may be made but the terms of the 2023 Share Award Plan shall remain in full force and effect to the extent necessary to give effect to any Share Awards made prior thereto and the administration of the trust property held by the Trustee pursuant to the Trust Deed.

Administration

The 2023 Share Award Plan shall be subject to the administration by the Board or the Committee in accordance with the terms of the 2023 Share Award Plan and the Trust Deed.

Maximum Grant Limit

The Board or the Committee shall not make any further Share Awards which will result in the number of Shares awarded by the Board or the Committee under the 2023 Share Award Plan exceeding 10 per cent (10%) of the issued share capital of the Company as at 25 May 2023 (i.e. 906,825,170 Shares) (the "**Plan Mandate Limit**"). The Board or the Committee shall not make any further Share Awards to any Service Provider which will result in the number of Shares awarded by the Board or the Committee to all Service Providers under the 2023 Share Award Plan exceeding 0.5 per cent (0.5%) of the issued share capital of the Company as at 25 May 2023 (i.e. 45,341,258 Shares) (the "**Service Provider Sub-limit**"). The Board or the Committee shall not instruct the Trustee to purchase any Shares for the purpose of the 2023 Share Award Plan when such purchase will result in the Plan Mandate Limit or the Service Provider Sub-limit being exceeded. As at 1 January 2026, the number of Shares that may be awarded under Share Awards available for grant under the Plan Mandate Limit and Service Provider Sub-limit are 847,588,977 Shares and 45,341,258 Shares, respectively. As at 30 June 2026, the number of Shares that may be awarded under Share Awards available for grant under the Plan Mandate Limit and Service Provider Sub-limit are 847,588,977 Shares and 45,341,258 Shares, respectively.

In particular, any grant of Share Awards to any Director, chief executive or substantial Shareholder of the Company, or any of their respective associates, shall be subject to the prior approval of the remuneration committee of the Board and the independent non-executive Directors of the Company (excluding anyone who is a proposed recipient of the grant of the Share Award).

In addition, (i) where any grant of Share Awards (excluding grant of share options) to any Director (other than an independent non-executive Director) or chief executive of the Company, or any of their respective associates, would result in the Shares issued and to be issued in respect of all Share Awards granted (excluding any Share Awards lapsed in accordance with the terms of the 2023 Share Award Plan) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue at the date of such grant; or (ii) where any grant of Share Awards to an independent non-executive Director or substantial Shareholder of the Company or any of their respective associates would result in the number of Shares issued and to be issued upon exercise of all Share Awards already granted (excluding any Share Awards lapsed in accordance with the terms of the 2023 Share Award Plan) to such person in the 12 month period up to and including the date of such grant representing in aggregate over 0.1% of Shares in issue at the date of such grant, such further grant of Share Awards must be approved by Shareholders in general meeting in the manner as required under the Listing Rules.

Vesting and Vesting Period

Pursuant to the terms of the 2023 Share Award Plan, the Trustee shall vest in and transfer to any Selected Participant the legal and beneficial ownership of the Awarded Shares to which such Selected Participant is entitled under the relevant Share Awards as soon as practicable after the latest of: (i) the earliest vesting date as specified in the Award Notice to which such Share Awards relates; (ii) the receipt by the Trustee of the requisite information and documents stipulated by the Trustee within the stipulated period; and (iii) where applicable, the date on which the condition(s) and/or performance target(s) (if any) to be attained or paid by such Selected Participant as specified in the related Award Notice having been attained or paid and notified to the Trustee by the Board or the Committee in writing.

Rights Contained in the Share Award

The Trustee shall not exercise the voting rights in respect of any Shares held under the trust constituted by the Trust Deed. In particular, the Trustee holding unvested Shares under the 2023 Share Award Plan, whether directly or indirectly, shall abstain from voting on matters that require Shareholders' approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given. The Selected Participants shall not have any right to receive any Awarded Shares set aside for them pursuant to the terms of the 2023 Share Award Plan unless and until the Trustee has vested and transferred the legal and beneficial ownership of such Awarded Shares in and to the Selected Participants in accordance with the terms of the 2023 Share Award Plan. Prior to the vesting of any Awarded Shares, a Selected Participant is not entitled to any interest or rights attaching to the unvested Awarded Shares, including but not limited to voting rights and rights to receive dividends.

Lapse of Awards and Returned Shares

In the event (i) a Selected Participant ceases to be an Employee Participant or Related Entity Participant other than for reason as provided in certain terms of the 2023 Share Award Plan, or (ii) the subsidiary or Related Entity by which a Selected Participant is employed or, in respect of a deceased or retired Selected Participant under certain terms of the 2023 Share Award Plan, was employed immediately prior to his death or retirement, ceases to be a subsidiary or Related Entity of the Company (or of a member of the Group), or (iii) the Board or the Committee shall at its absolute discretion determine in respect of a Service Provider that (a) the Service Provider or his associate has committed any breach of any contract entered into between the Service Provider or his associate on one part and any member of the Group or any Related Entity on the other part as the Board or the Committee may in its absolute discretion determine; or (b) the Selected Participant has been guilty of misconduct, or has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally, or has been convicted any criminal offence involving his integrity or honesty; or (c) the Selected Participant could no longer make any contribution to the growth and development of any member of the Group or the Related Entity by reason of the cessation of its relationship with the Group or its Related Entity or by any other reasons whatsoever; or (iv) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company) (each of these, an event of "**Total Lapse**"), the Share Award shall automatically lapse forthwith and all the Awarded Shares shall not vest on the relevant Vesting Date but shall become Returned Shares and the dividends and other distributions declared and made in respect of the deemed vested Awarded Shares shall form part of the income of the trust fund for the purposes of the 2023 Share Award Plan.

In the event (i) a Selected Participant is found to become an Excluded Participant or (ii) a Selected Participant fails to return duly executed transfer documents prescribed by the Trustee (or such later date as may be determined by the Board or the Committee at its sole and absolute discretion having to all relevant circumstances) for the relevant Awarded Shares within the stipulated period (each of these, an event of "**Partial Lapse**"), the relevant part of a Share Award made to such Selected Participant shall automatically lapse forthwith and the relevant Awarded Shares shall not vest on the relevant Vesting Date but shall become Returned Shares and the dividends and other distributions declared and made in respect of the deemed vested Awarded Shares shall form part of the income of the trust fund for the purposes of the 2023 Share Award Plan.

Termination

The 2023 Share Award Plan shall terminate on the earlier of: (i) the 10th anniversary date of the 25 May 2023; and (ii) such date of early termination as determined by the Board or the Committee and notified to the Trustee in writing, provided that such termination shall not affect any subsisting rights of any Selected Participant. Subject to the decision of the Board or the Committee and the terms of the 2023 Share Award Plan, all the Awarded Shares shall become vested in the Selected Participant on such date of termination, save in respect of any event of Total Lapse.

Details of the Share Awards under the 2023 Share Award Plan

Movements of the Share Awards under the 2023 Share Award Plan during the six months ended 30 June 2026 are as follows:

Selected Participants[1]	Date of grant	Vesting Date	Purchase Price (HK$)	Number of underlying ordinary shares comprised in the Share Awards outstanding as at 1 January 2026	Number of underlying ordinary shares comprised in the Share Awards granted during the six months ended 30 June 2026	Number of underlying ordinary shares comprised in the Share Awards lapsed or cancelled during the six months ended 30 June 2026	Number of underlying ordinary shares comprised in the Share Awards vested during the six months ended 30 June 2026	Number of underlying ordinary shares comprised in the Share Awards outstanding as at 30 June 2026
Employees	1 July 2024	Within 24 months after the date of grant	Nil	478,010	–	478,010	–	–
	25 January 2025	Within 36 months after the date of grant	Nil	26,195,140	–	–	–	26,195,140

Note:

(1) None of the Selected Participants were Directors, chief executives or substantial Shareholders of the Company or any of their respective associate (as defined in the Listing Rules).

Save as disclosed above, during the Reporting Period, no other Share Awards under the 2023 Share Award Plan had been granted, vested, cancelled or lapsed.

The number of Shares that may be awarded in respect of Share Awards granted under the 2023 Share Award Plan during the Reporting Period divided by the weighted average number of the Shares in issue (excluding treasury shares) for the Reporting Period was 0.30%. For more details, please refer to the announcement of the Company dated 25 May 2023.

CHANGE OF DIRECTORS' INFORMATION

Mr. GAO Yu has been serving as an independent commissioner of PT Merdeka Gold Resources Tbk (listed on the Indonesia Stock Exchange, Ticker: EMAS, and the Stock Exchange, Stock Code: 6228) since 22 April 2026. A disciplinary action dated 8 September 2026 published by the Stock Exchange in relation to the public censure has been made against Home Control International Limited (a company listed on the Stock Exchange, Stock Code: 1747) and its relevant former directors, including Mr. GAO Yu. For details, please refer to the announcement of the Company dated 9 September 2026.

Mr. CHEUNG Kwok Wah has been serving as the chief executive officer of TH International Limited (listed on the Nasdaq Stock Exchange, Stock Code: THCH) since 15 June 2026.

Mr. Kingsley Kwok King CHAN has tendered his resignation as a non-executive Director with effect from 15 May 2026.

Save as disclosed above, during the Reporting Period and as at the Latest Practicable Date, there was no change in the information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Independent Review Report

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To the board of directors of China Feihe Limited

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 31 to 59, which comprises the condensed consolidated statement of financial position of China Feihe Limited (the "**Company**") and its subsidiaries (the "**Group**") as at 30 June 2026 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. 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 this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made 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 Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information 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 Hong Kong 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 interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong

26 August 2026

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2026

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

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2026

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

Interim Condensed Consolidated Statement of Financial Position

30 June 2026

	Notes	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**10,118,015**	9,576,742
Investment properties		**17,162**	27,736
Right-of-use assets		**429,711**	420,020
Goodwill		**112,402**	112,402
Intangible assets		**10,884**	11,974
Investments in associates		**94,103**	100,985
Financial asset at fair value through other comprehensive income		**1,800**	1,800
Deposits		**47,173**	78,499
Biological assets	*11*	**2,499,030**	2,407,030
Deferred tax assets		**533,538**	354,336
Long-term bank deposits		**990,000**	690,000
Total non-current assets		**14,853,818**	13,781,524
CURRENT ASSETS			
Inventories	*12*	**2,360,409**	2,505,587
Trade and bills receivables	*13*	**556,293**	373,991
Prepayments, deposits and other receivables		**1,399,368**	1,086,540
Structured deposits		**8,294,328**	8,632,252
Restricted cash		**32,452**	120,047
Cash and cash equivalents		**7,069,521**	7,538,805
Total current assets		**19,712,371**	20,257,222
CURRENT LIABILITIES			
Trade and bills payables	*14*	**1,713,081**	1,656,813
Other payables and accruals	*15*	**5,131,138**	4,062,594
Interest-bearing bank borrowings		**380,138**	567,350
Lease liabilities		**28,250**	37,568
Tax payable		**310,128**	424,992
Total current liabilities		**7,562,735**	6,749,317
NET CURRENT ASSETS		**12,149,636**	13,507,905
TOTAL ASSETS LESS CURRENT LIABILITIES		**27,003,454**	27,289,429

Interim Condensed Consolidated Statement of Financial Position

30 June 2026

	Notes	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Other payables and accruals	*15*	**676,609**	695,962
Interest-bearing bank borrowings		**40,000**	165,450
Lease liabilities		**92,922**	84,858
Deferred tax liabilities		**151,976**	221,671
Total non-current liabilities		**961,507**	1,167,941
Net assets		**26,041,947**	26,121,488
EQUITY			
Equity attributable to owners of the parent			
Issued capital	*16*	**1**	1
Reserves		**24,286,594**	24,432,120
		24,286,595	24,432,121
Non-controlling interests		**1,755,352**	1,689,367
Total equity		**26,041,947**	26,121,488

LIU Hua
Director

Judy Fong-Yee TU
Director

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2026

		Attributable to owners of the parent										
	Note	Issued capital RMB'000	Treasury shares RMB'000	Share premium account RMB'000	Capital contribution reserve RMB'000	Reserve funds RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Other reserves RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2026		**1**	**(1,049,588)**	**6,433,216**	**80,346**	**863,268**	**(234,956)**	**18,464,971**	**(125,137)**	**24,432,121**	**1,689,367**	**26,121,488**
Profit for the period		**–**	**–**	**–**	**–**	**–**	**–**	**837,086**	**–**	**837,086**	**64,053**	**901,139**
Other comprehensive income for the period:												
Exchange differences on translation of financial statements of group companies		**–**	**–**	**–**	**–**	**–**	**3,478**	**–**	**–**	**3,478**	**(753)**	**2,725**
Total comprehensive income for the period		**–**	**–**	**–**	**–**	**–**	**3,478**	**837,086**	**–**	**840,564**	**63,300**	**903,864**
Final 2025 dividend declared	*8*	**–**	**–**	**–**	**–**	**–**	**–**	**(986,090)**	**–**	**(986,090)**	**–**	**(986,090)**
Transfer from retained profits		**–**	**–**	**–**	**–**	**2,492**	**–**	**(2,492)**	**–**	**–**	**–**	**–**
Addition of non-controlling interest		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2,685**	**2,685**
At 30 June 2026 (unaudited)		**1**	**(1,049,588)***	**6,433,216***	**80,346***	**865,760***	**(231,478)***	**18,313,475***	**(125,137)***	**24,286,595**	**1,755,352**	**26,041,947**
At 1 January 2025		1	(30,320)	6,433,216	80,346	862,834	(60,571)	18,772,817	(125,137)	25,933,186	1,474,199	27,407,385
Profit for the period		–	–	–	–	–	–	1,000,105	–	1,000,105	32,433	1,032,538
Other comprehensive income for the period:												
Exchange differences on translation of financial statements of group companies		–	–	–	–	–	26,107	–	–	26,107	(589)	25,518
Total comprehensive income for the period		–	–	–	–	–	26,107	1,000,105	–	1,026,212	31,844	1,058,056
Final 2024 dividend declared	*8*	–	–	–	–	–	–	(1,350,316)	–	(1,350,316)	–	(1,350,316)
Transfer from retained profits		–	–	–	–	588	–	(588)	–	–	–	–
Share-based payment arrangements		–	1,460	–	–	–	–	–	–	1,460	–	1,460
Addition of non-controlling interest		–	–	–	–	–	–	–	–	–	36,700	36,700
At 30 June 2025 (unaudited)		1	(28,860)*	6,433,216*	80,346*	863,422*	(34,464)*	18,422,018*	(125,137)*	25,610,542	1,542,743	27,153,285

* These reserve accounts comprise the consolidated reserves of RMB24,286,594,000 (30 June 2025: RMB25,610,541,000) in the interim condensed consolidated statement of financial position.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2026

	Notes	Six months ended 30 June 2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**1,460,332**	1,758,631
Adjustments for:			
Finance costs	*6*	**9,374**	16,360
Interest income	*4*	**(97,385)**	(162,594)
Depreciation of property, plant and equipment	*5*	**532,905**	332,932
Depreciation of investment properties	*5*	**5,780**	6,407
Depreciation of right-of-use assets	*5*	**19,528**	11,031
Amortisation of intangible assets		**1,090**	1,090
(Gain)/loss on disposal of items of property, plant and equipment, net	*5*	**(89)**	2,047
Fair value gains on structured deposits	*4*	**(62,076)**	(50,195)
Changes in fair value less costs to sell of biological assets		**336,989**	423,433
Write-down of inventories to net realisable value	*5*	**15,137**	20,878
Impairment of trade receivables	*5*	**5,463**	–
Gain on lease termination		**(666)**	–
Loss on lease modification		**200**	297
Amortisation of deferred income	*4*	**(19,134)**	(24,960)
Share of losses of associates		**10,580**	7,473
Share-based payment arrangements		**–**	1,460
		2,218,028	2,344,290
Decrease in inventories		**125,743**	83,061
(Increase)/decrease in trade and bills receivables		**(188,217)**	60,336
Increase in prepayments, deposits and other receivables		**(16,146)**	(517,199)
Increase/(decrease) in trade and bills payables		**56,502**	(128,999)
Increase/(decrease) in other payables and accruals		**900,950**	(748,902)
Cash generated from operations		**3,096,860**	1,092,587
Interest received		**88,682**	190,790
Interest paid		**(9,535)**	(15,003)
Income taxes paid		**(923,488)**	(1,190,953)
Net cash flows from operating activities		**2,252,519**	77,421

	Note	Six months ended 30 June 2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment and right-of-use assets		**(788,964)**	(316,433)
Proceeds from disposal of items of property, plant and equipment		**1,979**	42,141
Acquisition of assets	*17*	**(516,953)**	–
Additions of biological assets		**(391,572)**	(347,481)
Proceeds from disposal of biological assets		**179,941**	76,840
Purchases of structured deposits		**(1,300,000)**	(4,350,000)
Proceeds from redemption of structured deposits		**1,700,000**	3,695,000
Placement of restricted cash		**(78,505)**	(34,301)
Withdrawal of restricted cash		**166,100**	27,859
Receipt of asset-related government grants		**6,000**	36,290
Deposits paid for purchases of items of property, plant and equipment		**(18,196)**	(45,748)
Placement of time deposits with original maturity of more than three months when acquired		**(1,446,389)**	(598,385)
Withdrawal of time deposits with original maturity of more than three months when acquired		**2,037,645**	1,729,030
Capital injection to an associate		**(3,698)**	–
Net cash flows used in investing activities		**(452,612)**	(85,188)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		**193,402**	540,082
Repayment of bank and other loans		**(506,051)**	(757,861)
Dividend paid		**(986,090)**	(1,350,316)
Principal portion of lease payments		**(21,282)**	(31,116)
Net cash flows used in financing activities		**(1,320,021)**	(1,599,211)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**479,886**	(1,606,978)
Cash and cash equivalents at beginning of period		**5,872,123**	7,214,612
Effect of foreign exchange rate changes, net		**(31,725)**	11,601
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**6,320,284**	5,619,235
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents		**8,091,973**	7,220,914
Less: Long-term bank deposits		**(990,000)**	(710,000)
Less: Restricted cash		**(32,452)**	(34,347)
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position		**7,069,521**	6,476,567
Less: Non-pledged time deposits with original maturity of more than three months when acquired		**(749,237)**	(857,332)
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows		**6,320,284**	5,619,235

1. BASIS OF PREPARATION

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

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

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

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

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

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

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

3. OPERATING SEGMENT INFORMATION

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

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

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

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

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

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

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

3. OPERATING SEGMENT INFORMATION (Continued)

Six months ended 30 June 2026 (unaudited)

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

3. OPERATING SEGMENT INFORMATION (Continued)

Six months ended 30 June 2025 (unaudited)

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

3. OPERATING SEGMENT INFORMATION (Continued)

Geographical information

(a) Revenue from external customers

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

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

(b) Non-current assets

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

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

4. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

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

Revenue from contracts with customers

Disaggregated revenue information

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

4. REVENUE, OTHER INCOME AND GAINS, NET (Continued)

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

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

Notes:

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

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

5. PROFIT BEFORE TAX

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

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

* The item are included in "Other income and gains, net" or "Other expenses" in the interim condensed consolidated statement of profit and loss.

6. FINANCE COSTS

An analysis of finance costs is as follows:

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

7. INCOME TAX

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

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

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

8. DIVIDEND

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

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

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

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

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

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

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

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

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

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2026, the Group acquired items of property, plant and equipment of RMB1,167,703,000 (six months ended 30 June 2025: RMB316,433,000).

Assets with a net book value of RMB1,890,000 were disposed of by the Group during the six months ended 30 June 2026 (six months ended 30 June 2025: RMB44,188,000), resulting in a gain on disposal of RMB89,000 (six months ended 30 June 2025: loss on disposal of RMB2,047,000).

At 30 June 2026, certain of the Group's plant and machinery and construction in progress with an aggregate net carrying amount of approximately RMB20,785,000 (31 December 2025: RMB21,321,000 (audited)) were pledged to secure the loans borrowed from a third party and a bank.

11. BIOLOGICAL ASSETS

(a) Nature of activities

The biological assets of the Group comprise primarily dairy cows held to produce raw milk and beef cattle raised for sale (30 June 2025: dairy cows held to produce raw milk).

The quantity of dairy cows owned by the Group as at 30 June 2026 and 31 December 2025 is shown below. The Group's biological assets contain heifers, calves and beef cattle and milkable cows. Heifers and calves held at 30 June 2026 and 31 December 2025 were dairy cows that have not had their first calves.

	30 June 2026 Heads (Unaudited)	31 December 2025 Heads (Audited)
Dairy cows and beef cattle		
Heifers, calves and beef cattle	**56,817**	55,419
Milkable cows	**58,582**	50,164
Total	**115,399**	105,583

The Group is exposed to fair value risks arising from changes in prices of the dairy products. The Group does not anticipate that the price of the dairy products will decline significantly in the foreseeable future and the directors are of the view that there are no available derivative or other contracts that the Group can enter into for managing the risk of a decline in the price of the dairy products.

In general, the heifers are inseminated with semen when they reach approximately 16 months old. After approximately 9 months following a successful insemination, a calf is born and the dairy cow begins to produce raw milk and the lactation period begins. A milkable cow is typically milked for approximately 305 days before a dry period of approximately 60 days.

When a heifer begins to produce milk, it would be transferred to the category of milkable cows based on the estimated fair value on the date of transfer. The sale of dairy cows is not one of the Group's principal activities and therefore the proceeds are not recognised as revenue.

Beef cattle are bred for four months and then sold for profit. The sale of beef cattle has become one of the Group's principal activities since November 2025 and the proceeds are recognised as revenue.

11. BIOLOGICAL ASSETS (Continued)

(b) Value of dairy cows

The value of the Group's biological assets at the end of the reporting period was:

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Dairy cows and beef cattle	**2,499,030**	2,407,030

	Heifers, calves and beef cattle RMB'000	Milkable cows RMB'000	Total RMB'000
Balance as at 31 December 2024 and 1 January 2025 (audited)	993,920	1,345,730	2,339,650
Increase due to raising (feeding costs and others)	792,087	–	792,087
Transfer (out)/in	(691,671)	691,671	–
Decrease due to sales	(33,738)	(148,672)	(182,410)
Loss arising from changes in fair value less costs to sell	(135,658)	(406,639)	(542,297)
Balance as at 31 December 2025 (audited)	924,940	1,482,090	2,407,030
Acquisition of assets	**90,716**	**81,838**	**172,554**
Additions	**452**	**1,805**	**2,257**
Increase due to raising (feeding costs and others)	**434,119**	**–**	**434,119**
Transfer (out)/in	**(388,732)**	**388,732**	**–**
Decrease due to sales	**(69,250)**	**(110,691)**	**(179,941)**
Loss arising from changes in fair value less costs to sell	**(91,665)**	**(245,324)**	**(336,989)**
Balance as at 30 June 2026 (unaudited)	**900,580**	**1,598,450**	**2,499,030**

11. BIOLOGICAL ASSETS (Continued)

(c) Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's biological assets:

	Fair value measurement using significant unobservable inputs (Level 3) RMB'000
As at 30 June 2026 (unaudited)	**2,499,030**
As at 31 December 2025 (audited)	2,407,030

As at 30 June 2026, the biological assets of RMB442,632,000 (31 December 2025: RMB1,276,194,000 (audited)) were pledged for the interest-bearing bank borrowings.

12. INVENTORIES

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Feed	**378,150**	571,526
Raw materials	**908,758**	799,725
Work in progress	**420,064**	465,861
Finished goods	**634,562**	636,330
Others	**18,875**	32,145
	2,360,409	2,505,587

13. TRADE AND BILLS RECEIVABLES

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

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

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

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

14. TRADE AND BILLS PAYABLES

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

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

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

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

15. OTHER PAYABLES AND ACCRUALS

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Deferred income	**685,729**	705,912
Other payables	**1,111,463**	1,158,842
Accruals	**3,166,304**	2,312,511
Contract liabilities	**844,251**	581,291
	5,807,747	4,758,556
Non-current portion	**(676,609)**	(695,962)
Current portion	**5,131,138**	4,062,594

16. SHARE CAPITAL

	Number of shares			
	30 June 2026	31 December 2025	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Authorised				
2,000,000,000,000 ordinary shares of US$0.000000025 each	**2,000,000,000,000**	2,000,000,000,000	**303**	303
Issued and paid-up				
9,067,251,704 ordinary shares of US$0.000000025 each	**9,067,251,704**	9,067,251,704	**1**	1

In 2025, the Company repurchased 259,587,000 ordinary shares on the Stock Exchange at a total consideration of approximately RMB1,016,166,104, and 259,587,000 (31 December 2025: 259,587,000) ordinary shares were repurchased but not yet cancelled as at 30 June 2026 and the reporting date.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

17. ACQUISITION OF ASSETS

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

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

17. ACQUISITION OF ASSETS (Continued)

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

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

An analysis of the cash flows in respect of the acquisition is as follows:

	RMB'000 (Unaudited)
Cash consideration	(546,292)
Outstanding cash consideration	29,339
Net outflow of cash and cash equivalents included in cash flows from investing activities	(516,953)

18. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Contracted, but not provided for:		
Construction and purchases of items of property, plant and equipment	**230,715**	253,553

19. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with related parties during the period:

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Companies controlled by the controlling shareholder:		
Purchases of goods	**169,780**	8,975

These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

(b) Other transaction with related parties:

As at 30 June 2026, a director of a subsidiary and his wife provided guarantees for certain of the Group's bank loan facilities up to RMB340,000,000 (31 December 2025: RMB340,000,000 (audited)), of which an amount of RMB103,047,000 (31 December 2025: RMB161,367,000 (audited)) was unutilised.

As at 30 June 2026, the president of a subsidiary and his wife provided guarantees for certain of the Group's bank loan facilities up to RMB260,540,000 (31 December 2025: RMB260,540,000 (audited)), of which an amount of RMB30,000,000 (31 December 2025: RMB122,240,000 (audited)) was unutilised.

(c) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Short-term employee benefits	**16,150**	19,103
Post-employment benefits	**139**	139
Total compensation paid/payable to key management personnel	**16,289**	19,242

20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Financial assets				
Financial asset at fair value through other comprehensive income	**1,800**	1,800	**1,800**	1,800
Structured deposits	**8,294,328**	8,632,252	**8,294,328**	8,632,252
	8,296,128	8,634,052	**8,296,128**	8,634,052
Financial liabilities				
Interest-bearing bank borrowings	**420,138**	732,800	**419,995**	732,664

Management has assessed that the fair values of cash and cash equivalents, restricted cash, trade and bills receivables, trade and bills payables, financial assets included in prepayments, deposits and other receivables, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at 30 June 2026 and 31 December 2025 were assessed to be insignificant.

The fair values of the structured deposits are determined in accordance with discounted cash flow analysis. The fair values of financial assets and financial liabilities carried at amortised cost approximate to their carrying amounts.

20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
At 30 June 2026 (unaudited)				
Financial asset at fair value through other comprehensive income	–	–	1,800	1,800
Structured deposits	–	8,294,328	–	8,294,328
	–	8,294,328	1,800	8,296,128
At 31 December 2025 (audited)				
Financial asset at fair value through other comprehensive income	–	–	1,800	1,800
Structured deposits	–	8,632,252	–	8,632,252
	–	8,632,252	1,800	8,634,052

The Group did not have any financial liabilities measured at fair value as at 30 June 2026 (31 December 2025: Nil).

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets and financial liabilities (year ended 31 December 2025: Nil).

The fair value of the financial asset at fair value through other comprehensive income was estimated using the market approach, with an unobservable input as the price-to-book ratio of comparable companies. A 20% (31 December 2025: 20%) increase/decrease in the price-to-book ratio of comparable companies would result in an increase/decrease in fair value by approximately RMB360,000 (31 December 2025: RMB360,000 (audited)).

20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Liabilities for which fair values are disclosed:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
At 30 June 2026 (unaudited)				
Interest-bearing bank and other borrowings	**–**	**419,995**	**–**	**419,995**
At 31 December 2025 (audited)				
Interest-bearing bank and other borrowings	–	732,664	–	732,664

21. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 26 August 2026.

Definitions

"Audit Committee"	the audit committee under the Board
"Award Notice"	the notice to be sent to the Trustee upon the making of a Share Award containing the particulars referred to in the 2023 Share Award Plan
"Awarded Share(s)"	the Share(s) provisionally awarded to a Selected Participant pursuant to a Share Award
"Board"	the board of Directors
"CG Code"	the Corporate Governance Code as set out in Appendix C1 of the Listing Rules
"China" or "PRC" or "Chinese mainland"	the People's Republic of China, and for the purposes of this interim report for geographical reference only (unless otherwise indicated), excluding Taiwan, Macau and Hong Kong
"Committee"	the person(s) from time to time delegated by the Board with the power and authority to administer the 2023 Share Award Plan in accordance with the terms of the 2023 Share Award Plan
"Companies Law"	the Companies Law, Cap 22 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands
"Company," "us," "China Feihe" or "we"	China Feihe Limited (中國飛鶴有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 26 October 2012, whose Shares are listed on the main board of the Stock Exchange
"DIF Holding"	Diamond Infant Formula Holding Limited, an exempted company incorporated in the Cayman Islands with limited liability on 24 October 2012
"DIF Share Option(s)"	option(s) granted under the DIF Share Option Schemes to subscribe for DIF Ordinary Shares
"DIF Share Option Schemes"	collectively, the First DIF Share Option Scheme and the Second DIF Share Option Scheme
"Director(s)"	director(s) of the Company
"Eligible Employee"	any employee (whether full time or part time) of the Group

"Eligible Participants"	any person belonging to the following classes of participants: (a) Employee Participant; (b) Related Entity Participant; and (c) Service Provider
"Employee Participant"	any director and employee of the Group
"Excluded Participant"	any person who is resident in a place where the award of the Awarded Shares and/or the award of the Returned Shares and/or the vesting and transfer of Shares pursuant to the terms of the 2023 Share Award Plan is not permitted under the laws and regulations of such place or where in the view of the Board or the Committee or the Trustee (as the case may be) compliance with applicable laws and regulations in such place make it necessary or expedient to exclude such person
"First DIF Share Option Scheme"	the first pre-IPO share option scheme adopted by DIF Holding on 18 December 2013
"Global Offering"	the offer of the Shares for subscription as described in the section headed "Structure of the Global Offering" in the Prospectus
"Grantee"	any Participant who accepts the offer of the grant of any 2020 Share Option in accordance with the terms of the 2020 Share Option Scheme or (where the context so permits) any person entitled to any such 2020 Share Option in consequence of the death or incapacitation of the original Grantee, or the legal personal representative of such person
"Group" or "we" or "our" or "us"	the Company and its subsidiaries
"Group Contribution"	such contribution in the form of money or otherwise made by the Company or any of its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency for Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFRS Accounting Standard"	the International Financial Reporting Standards, which include all International Financial Reporting Standards, International Accounting Standards (IASs) and Interpretations issued by the International Accounting Standards Board (IASB)

"Kingston Plant"	the Company's production facility in the city of Kingston, Ontario, Canada
"Latest Practicable Date"	21 September 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this interim report prior to its publication
"Listing"	the listing of the Shares on the main board of the Stock Exchange
"Listing Date"	13 November 2019, on which the Shares were listed on the Stock Exchange and from which dealings in the Shares were permitted to commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules
"Offer Date"	the date on which such 2020 Share Option is offered to a Participant under the 2020 Share Option Scheme
"Offer Letter"	the letter by which an offer to grant a 2020 Share Option is made to a Participant
"Option Period"	the period to be determined and notified by the Board to each Grantee at the time of making an offer of any 2020 Share Option, which shall not be longer than ten (10) years from the date of grant of the 2020 Share Option
"Pre-IPO Share Option"	the pre-IPO share option(s) granted under the Pre-IPO Share Option Scheme
"Pre-IPO Share Option Scheme"	the share option scheme adopted by the Company on 14 October 2019
"Prospectus"	the prospectus of the Company dated 30 October 2019 in connection with the Hong Kong public offering of the Company
"Related Entity"	the holding companies, fellow subsidiaries or associated companies of the Company
"Related Entity Participant"	directors and employees of the Related Entity
"Remuneration Committee"	the remuneration committee under the Board

"Renminbi" or "RMB"	the lawful currency of the PRC
"Reporting Period"	the period commencing from 1 January 2026 and ending on 30 June 2026
"Returned Shares"	such Awarded Shares which are not vested and/or forfeited in accordance with the terms of the 2023 Share Award Plan (whether as a result of a Total Lapse or a Partial Lapse or otherwise), or such Shares being deemed to be Returned Share
"Second DIF Share Option Scheme"	the second pre-IPO share option scheme adopted by DIF Holding on 1 January 2017
"Selected Participant"	any Eligible Participant for whom Shares have been provisionally set aside pursuant to a Share Award or his personal representative
"Service Provider"	any supplier, distributor, contractor, adviser (professional or otherwise) or consultant in any area of business or business development of any member of the Group, who provided its services to any member of the Group on a continuing and recurring basis
"SFO"	the 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) in the share capital of the Company, with a nominal value of US$0.000000025 each
"Share Award(s)"	a provisional award of the Awarded Shares made in accordance with the terms of the 2023 Share Award Plan
"Shareholder(s)"	holder(s) of the Shares
"Shares Pool"	the appropriate number of Awarded Shares set aside by the Trustee, at any time during the continuation of the 2023 Share Award Plan and the Trust Deed, out of a pool of issued Shares, fully paid or credited as fully paid, for the time being and from time to time held by the Trustee pursuant to the Trust Deed
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Price"	the price per Share at which a Grantee may subscribe for Shares upon the exercise of a 2020 Share Option granted under the 2020 Share Option Scheme

"subsidiary"	a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) of the Company, whether incorporated in Hong Kong or elsewhere, and "subsidiaries" shall be construed accordingly
"Trust Deed"	the trust deed dated 25 May 2023 entered into by the Company as settlor and the Trustee as trustee in respect of Shares and other trust fund (if any) held or to be held by the Trustee subject to the terms thereof, as amended from time to time
"Trustee"	the original trustee or other trustee or trustees as shall be appointed pursuant to and in accordance with the terms of the Trust Deed
"United States" or "U.S."	the United States of America and its territories
"US$"	the lawful currency of the United States
"Vesting Date"	in relation to any Selected Participant, the date on which the legal and beneficial ownership of the Awarded Shares are vested in such Selected Participant pursuant to a Share Award
"Vitamin World USA"	Vitamin World USA Corporation, a corporation incorporated in the State of Delaware, the United States on 13 December 2017 and a wholly-owned subsidiary of the Company
"YST"	YuanShengTai Dairy Farm Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1431)
"%"	per cent.
"2020 Share Option"	an option to subscribe for Shares granted pursuant to the 2020 Share Option Scheme
"2020 Share Option Scheme"	the share option scheme adopted by the Company on 22 June 2020
"2023 Share Award Plan"	the share award plan adopted by the Company on 25 May 2023