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MODERN FARMING
现代牧业

China Modern Dairy Holdings Ltd.

中國現代牧業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1117)

PROFIT WARNING

This announcement is made by China Modern Dairy Holdings Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) would like to inform the shareholders of the Company and potential investors that, based on the assessment of the latest unaudited consolidated management accounts of the Group (the “**Management Accounts**”), for the six-month period ended June 30, 2025 (the “**Period**”), the Group is expected to record a net loss in the range between RMB800 million to RMB1,000 million, as compared to a net loss of RMB207 million for the six-month period ended June 30, 2024 (the “**2024 Same Period**”). The Group is expected to record a cash EBITDA^(note) for the Period basically comparable to that of the 2024 Same Period, while the cash EBITDA for the 2024 Same Period was RMB1,515 million.

During the Period, there was no obvious improvement in the situation of phased oversupply of the domestic raw milk, and the selling price of raw milk in the domestic raw milk market remained at a low level and decreased significantly as compared to the 2024 Same Period. The decrease in the selling price of raw milk of the Group was basically comparable to that of the market. Nevertheless, under the effort of the management team of the Group, the operation costs of the Company have been effectively under control and reduced through bulk commodity procurement strategy, precision feeding and adjustment to feed formula, as well as enhancing the control and management of the cost expenditures. Among which, the cost of sales per kg of milk is expected to decrease by more than RMB0.22/kg as compared to the 2024 Same Period, while the sales volume of raw milk of the Group is expected to increase by approximately 10% as compared to the 2024 Same Period, which offset the impact arising from the decrease in the selling price of raw milk. The cash EBITDA is expected to be basically comparable to the 2024 Same Period.

However, due to the impact of the following factors, the Group is expected to record a significant increase in loss for the Period as compared to that of the 2024 Same Period:

During the Period, the Group proactively culled low-producing and inefficient cows to improve the herd structure and stabilize the core herd, resulting in an improvement in key operational indicators. It is expected that the total number of dairy cows of the Group as of June 30, 2025 will slightly decrease as compared to that at the end of 2024, but the proportion of milkable cows in the total number of dairy cows will increase to 53%, and the average annualized yield of milkable cows will exceed 13 tonnes/head. As a result of the increase in the number of culled cows and the decrease in selling price in the raw milk market, it is expected that a loss will be incurred in the revaluation of the fair value of dairy cows, which will ultimately result in a loss arising from changes in the fair value less costs to sell of dairy cows in the range of RMB1,650 million to RMB1,850 million, as compared to the increase in the range of RMB500 million to RMB700 million for the 2024 Same Period.

However, the loss in re-assessment in fair value of dairy cows is a non-cash item, which will not have a material adverse effect on the cash flows, working capital and going concern of the Group.

The Group has taken effective measures to reduce costs and enhance efficiency, and has also achieved significant cost-saving benefits. The Group believes that as the demand for dairy products recovers, the supply and demand in the raw milk market will become stable and balanced, and the selling price of raw milk is expected to be in a stable recovery, which will significantly enhance the Group's profitability, achieve high-quality sustainable growth and continue to create value for our shareholders.

Information contained in this announcement is based solely on the preliminary assessment by the Board upon reviewing the unaudited consolidated Management Accounts of the Group and the information currently available to the Board, and has not been audited and reviewed by the independent auditors of the Company.

The overall financial results of the Group for the Period will only be ascertained when all the relevant results and accounting treatments are finalized. Since the Group's financial performance will also be affected by other factors, the Company will make further announcement as and when appropriate if there is further material information upon finalization of the financial results.

Shareholders of the Company and potential investors are advised to refer to the interim results announcement of the Group for the six months ended June 30, 2025, which will be published by the end of August 2025.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company, and should note that undue reliance on or use of the above information may cause investment risks.

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

For and on behalf of the Board
China Modern Dairy Holdings Ltd.
ZHAO Jiejun
Chairman

Hong Kong, June 20, 2025

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