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**China Feihe Limited**

**中國飛鶴有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 6186)**

**ANNOUNCEMENT OF THE ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**FINANCIAL HIGHLIGHTS**

For the year ended 31 December 2025:

- The Group's revenue was RMB18,112.6 million, representing a decrease of 12.7% as compared with last year.
- The Group's gross profit was RMB11,775.4 million, representing a decrease of 14.5% as compared with last year.
- The Group's profit for the year was RMB2,093.8 million, representing a decrease of 42.7% as compared with last year.
- Basic earnings per share of the Company amounted to RMB0.21 (2024: RMB0.39).
- Diluted earnings per share of the Company amounted to RMB0.21 (2024: RMB0.39).
- The Board has proposed to declare final dividend of HK\$0.1290 per share of the Company (2024: HK\$0.1632 per share of the Company). The Company also paid an interim dividend of HK\$0.1209 per share of the Company with an aggregate amount of approximately HK\$1,096,327,741 (equalling approximately RMB1,000,000,000) in September 2025.

The board of directors (the “**Board**”) of China Feihe Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “**Group**”, “**We**” or “**Feihe**”) for the year ended 31 December 2025 (the “**Reporting Period**”), together with the comparative amounts and explanatory notes.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>REVENUE</b>	4	<b>18,112,585</b>	20,748,550
Cost of sales		<u>(6,337,185)</u>	<u>(6,983,747)</u>
Gross profit		<b>11,775,400</b>	13,764,803
Other income and gains, net	4	<b>1,198,019</b>	1,465,058
Selling and distribution expenses		<b>(7,161,991)</b>	(7,181,223)
Administrative expenses		<b>(1,682,666)</b>	(1,681,261)
Other expenses		<b>(178,317)</b>	(146,322)
Finance costs		<b>(31,767)</b>	(44,646)
Share of losses of associates		<b>(24,191)</b>	(8,910)
Share of loss of a joint venture		–	(3,272)
Changes in fair value less costs to sell of biological assets		<u>(542,297)</u>	<u>(614,501)</u>
<b>PROFIT BEFORE TAX</b>	5	<b>3,352,190</b>	5,549,726
Income tax expense	6	<u>(1,258,391)</u>	<u>(1,895,606)</u>
<b>PROFIT FOR THE YEAR</b>		<u><b>2,093,799</b></u>	<u>3,654,120</u>
Attributable to:			
Owners of the parent		<b>1,939,458</b>	3,570,125
Non-controlling interests		<u><b>154,341</b></u>	<u>83,995</u>
		<u><b>2,093,799</b></u>	<u>3,654,120</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT</b>			
Basic (expressed in RMB per share)	8	<u><b>0.21</b></u>	<u>0.39</u>
Diluted (expressed in RMB per share)	8	<u><b>0.21</b></u>	<u>0.39</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2025

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>PROFIT FOR THE YEAR</b>	<b><u>2,093,799</u></b>	<b><u>3,654,120</u></b>
<b>OTHER COMPREHENSIVE LOSS</b>		
<i>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of financial statements of group companies	<u>(175,298)</u>	<u>(84,007)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b><u>1,918,501</u></b>	<b><u>3,570,113</u></b>
Attributable to:		
Owners of the parent	<b>1,765,073</b>	3,485,401
Non-controlling interests	<b><u>153,428</u></b>	<u>84,712</u>
	<b><u>1,918,501</u></b>	<b><u>3,570,113</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	<i>Notes</i>	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>9,576,742</b>	9,496,701
Investment properties		<b>27,736</b>	38,734
Right-of-use assets		<b>420,020</b>	359,015
Goodwill		<b>112,402</b>	112,402
Intangible assets		<b>11,974</b>	14,161
Investment in a joint venture		–	–
Investments in associates		<b>100,985</b>	120,356
Financial asset at fair value through other comprehensive income		<b>1,800</b>	1,800
Deposits		<b>78,499</b>	46,339
Biological assets		<b>2,407,030</b>	2,339,650
Deferred tax assets		<b>354,336</b>	347,957
Long-term bank deposits		<b>690,000</b>	600,000
		<hr/>	<hr/>
Total non-current assets		<b>13,781,524</b>	13,477,115
<b>CURRENT ASSETS</b>			
Inventories		<b>2,505,587</b>	2,153,945
Trade and bills receivables	9	<b>373,991</b>	395,219
Prepayments, deposits and other receivables		<b>1,086,540</b>	668,564
Structured deposits		<b>8,632,252</b>	9,681,736
Restricted cash		<b>120,047</b>	27,905
Cash and cash equivalents		<b>7,538,805</b>	9,321,222
		<hr/>	<hr/>
Total current assets		<b>20,257,222</b>	22,248,591
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	10	<b>1,656,813</b>	1,565,160
Other payables and accruals		<b>4,062,594</b>	4,101,044
Interest-bearing bank borrowings		<b>567,350</b>	514,804
Lease liabilities		<b>37,568</b>	27,429
Tax payable		<b>424,992</b>	382,593
		<hr/>	<hr/>
Total current liabilities		<b>6,749,317</b>	6,591,030
<b>NET CURRENT ASSETS</b>			
		<b>13,507,905</b>	15,657,561
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<b>27,289,429</b>	29,134,676

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
<b>NON-CURRENT LIABILITIES</b>		
Other payables and accruals	<b>695,962</b>	705,608
Interest-bearing bank borrowings	<b>165,450</b>	485,054
Lease liabilities	<b>84,858</b>	53,823
Deferred tax liabilities	<b>221,671</b>	482,806
	<hr/>	<hr/>
Total non-current liabilities	<b>1,167,941</b>	1,727,291
	<hr/>	<hr/>
<b>NET ASSETS</b>	<b>26,121,488</b>	27,407,385
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<b>EQUITY</b>		
Equity attributable to owners of the parent		
Issued capital	<b>1</b>	1
Reserves	<b>24,432,120</b>	25,933,185
	<hr/>	<hr/>
Non-controlling interests	<b>24,432,121</b>	25,933,186
	<b>1,689,367</b>	1,474,199
	<hr/>	<hr/>
Total equity	<b>26,121,488</b>	27,407,385
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## NOTES

### 1. CORPORATE AND GROUP INFORMATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands on 26 October 2012. The registered office address of the Company is P.O. Box 1103, George Town, Grand Cayman KY1-1102, Cayman Islands.

During the year, the Company and its subsidiaries (collectively referred to as the “**Group**”) consisted of the production and sale of dairy products and raw milk, and sale of nutritional supplements.

The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 13 November 2019.

### 2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standard (“**IASs**”), and Interpretations) as issued by the International Accounting Standards Board (“**IASB**”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for a financial asset at fair value through other comprehensive income and structured deposits which have been measured at fair value and biological assets and agricultural produce which have been measured at fair value less costs to sell. The financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

#### **Basis of consolidation**

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

## **2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES**

The Group has adopted amendments to IAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries, joint ventures and associates for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

In addition, the IASB has issued amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37 *Disclosures about Uncertainties in the Financial Statements*, which added illustrative examples in the corresponding IFRS Accounting Standards. These examples reflect existing requirements in the corresponding IFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions.

## **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 – manufacture and sale of raw milk and beef cattle (2024: manufacture 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/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that bank interest income, other interest income, non-lease-related finance costs, share of loss of a joint venture, and share of losses of associates, as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, financial asset at fair value through other comprehensive income, structured deposits, long-term bank 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 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.

**Year ended 31 December 2025**

	<b>Raw milk RMB'000</b>	<b>Dairy products and nutritional supplements products RMB'000</b>	<b>Total RMB'000</b>
<b>Segment revenue</b>			
Sales to external customers	112,190	18,000,395	18,112,585
Intersegment sales	<u>2,621,019</u>	<u>–</u>	<u>2,621,019</u>
	<b>2,733,209</b>	<b>18,000,395</b>	<b>20,733,604</b>
<i>Reconciliation:</i>			
Elimination of intersegment sales			<u>(2,621,019)</u>
Revenue			<u><b>18,112,585</b></u>
<b>Segment results</b>	<b>547,204</b>	<b>2,457,844</b>	<b>3,005,048</b>
<i>Reconciliation:</i>			
Elimination of intersegment results			(66,588)
Bank interest income			123,235
Other interest income			343,624
Share of losses associates			(24,191)
Finance costs (other than interest on lease liabilities)			<u>(28,938)</u>
Profit before tax			<u><b>3,352,190</b></u>
<b>Segment assets</b>	<b>7,039,962</b>	<b>9,549,142</b>	<b>16,589,104</b>
<i>Reconciliation:</i>			
Corporate and other unallocated assets			<u>17,449,642</u>
Total assets			<u><b>34,038,746</b></u>
<b>Segment liabilities</b>	<b>1,778,902</b>	<b>4,825,545</b>	<b>6,604,447</b>
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			<u>1,312,811</u>
Total liabilities			<u><b>7,917,258</b></u>

Year ended 31 December 2024

	Raw milk <i>RMB'000</i>	Dairy products and nutritional supplements products <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Segment revenue</b>			
Sales to external customers	154,290	20,594,260	20,748,550
Intersegment sales	2,397,608	–	2,397,608
	<u>2,551,898</u>	<u>20,594,260</u>	<u>23,146,158</u>
<i>Reconciliation:</i>			
Elimination of intersegment sales			<u>(2,397,608)</u>
Revenue			<u>20,748,550</u>
<b>Segment results</b>	290,146	5,026,855	5,317,001
<i>Reconciliation:</i>			
Elimination of intersegment results			(182,296)
Bank interest income			218,979
Other interest income			249,386
Share of losses associates			(8,910)
Share of loss of a joint venture			(3,272)
Finance costs (other than interest on lease liabilities)			<u>(41,162)</u>
Profit before tax			<u>5,549,726</u>
<b>Segment assets</b>	7,070,052	8,562,632	15,632,684
<i>Reconciliation:</i>			
Corporate and other unallocated assets			<u>20,093,022</u>
Total assets			<u>35,725,706</u>
<b>Segment liabilities</b>	1,990,632	4,462,432	6,453,064
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			<u>1,865,257</u>
Total liabilities			<u>8,318,321</u>

## Geographical information

### (a) Revenue from external customers

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Chinese mainland	17,881,802	20,545,954
United States of America	183,284	164,082
Canada	47,499	38,514
	<u>18,112,585</u>	<u>20,748,550</u>

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

### (b) Non-current assets

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Chinese mainland	11,223,383	10,940,287
United States of America	51,212	38,365
Canada	1,460,793	1,548,706
	<u>12,735,388</u>	<u>12,527,358</u>

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

## Information about major customers

There was no single external customer of the Group that individually accounted for 10% or more of the Group's total revenue during the year (2024: Nil).

## 4. REVENUE, OTHER INCOME AND GAINS, NET

Revenue represents the net invoiced amount of goods sold, after allowances for returns and trade discounts, during the year.

An analysis of revenue is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue from contracts with customers	<u>18,112,585</u>	<u>20,748,550</u>

**Revenue from contracts with customers**

*(i) Disaggregated revenue information*

**For the year ended 31 December 2025**

<b>Segments</b>	<b>Raw milk RMB'000</b>	<b>Dairy products and nutritional supplements products RMB'000</b>	<b>Total RMB'000</b>
<b>Type of goods</b>			
Sales of goods	<u>112,190</u>	<u>18,000,395</u>	<u>18,112,585</u>
<b>Geographical markets</b>			
Chinese mainland	112,190	17,769,612	17,881,802
United States of America	–	183,284	183,284
Canada	–	47,499	47,499
<b>Total</b>	<u>112,190</u>	<u>18,000,395</u>	<u>18,112,585</u>
<b>Timing of revenue recognition</b>			
Goods transferred at a point in time	<u>112,190</u>	<u>18,000,395</u>	<u>18,112,585</u>

**For the year ended 31 December 2024**

<b>Segments</b>	<b>Raw milk RMB'000</b>	<b>Dairy products and nutritional supplements products RMB'000</b>	<b>Total RMB'000</b>
<b>Type of goods</b>			
Sales of goods	<u>154,290</u>	<u>20,594,260</u>	<u>20,748,550</u>
<b>Geographical markets</b>			
Chinese mainland	154,290	20,391,664	20,545,954
United States of America	–	164,082	164,082
Canada	–	38,514	38,514
<b>Total</b>	<u>154,290</u>	<u>20,594,260</u>	<u>20,748,550</u>
<b>Timing of revenue recognition</b>			
Goods transferred at a point in time	<u>154,290</u>	<u>20,594,260</u>	<u>20,748,550</u>

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	<b>2025</b> <b>RMB'000</b>	2024 <b>RMB'000</b>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sales of goods	<u><b>559,799</b></u>	<u>683,327</u>

**(ii) Performance obligations**

Information about the Group's performance obligations is summarised below:

*Sale of dairy products and raw milk*

The performance obligation is satisfied upon delivery of products. The Group has a policy of requiring payment in advance from customers for the sales of products (other than cash and credit card sales), except for some major customers, where the trading terms are on credit. The Group grants a defined credit period usually ranging from one to three months from the date of invoice to these customers.

*Sale of nutritional supplements*

The performance obligation is satisfied when control of goods has been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

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

	<i>Note</i>	<b>2025</b> <b>RMB'000</b>	2024 <b>RMB'000</b>
<b>Other income</b>			
Bank interest income		<b>123,235</b>	218,979
Other interest income		<b>343,624</b>	249,386
Government grants related to			
– Assets		<b>44,769</b>	71,158
– Income	<i>(i)</i>	<b>518,695</b>	592,666
Gross rental income from investment property operating leases		<b>14,468</b>	16,769
E-commerce income		<b>14,727</b>	69,813
Others		<b>138,501</b>	68,889
		<u><b>1,198,019</b></u>	<u>1,287,660</u>
<b>Gains, net</b>			
Fair value gains on structured deposits, net		–	91,336
Gain on disposal of a subsidiary		–	19,078
Foreign exchange difference, net		–	66,984
		<u>–</u>	<u>177,398</u>
Total other income and gains, net		<u><b>1,198,019</b></u>	<u>1,465,058</u>

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

## 5. PROFIT BEFORE TAX

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cost of inventories sold*	4,705,917	5,376,403
Breeding costs to produce	1,156,020	1,161,055
Production costs for raw milk	475,248	446,289
	<u>6,337,185</u>	<u>6,983,747</u>
Cost of sales		
Depreciation of property, plant and equipment	561,193	697,414
Less: Capitalised in biological assets	(99,837)	(88,448)
	<u>461,356</u>	<u>608,966</u>
Depreciation recognised in the consolidated statement of profit or loss		
Depreciation of investment properties	10,701	14,651
Depreciation of right-of-use assets	39,482	22,713
Employee benefit expense* (excluding directors' and chief executive's remuneration):		
Wages and salaries	1,222,464	1,210,480
Pension scheme contributions (defined contribution schemes)**	263,959	256,857
Equity-settled share option expense	1,431	54,162
Less: Capitalised in biological assets	(114,773)	(104,308)
	<u>1,373,081</u>	<u>1,417,191</u>
Write-down of inventories to net realisable value#	108,881	73,486
Impairment of trade and other receivables, net	13,243	81,461
Loss on disposal of items of property, plant and equipment, net	8,646	15,970
Fair value gain on structured deposits	64,484	(91,336)
Foreign exchange difference, net***	72,470	(66,984)
	<u>72,470</u>	<u>(66,984)</u>

# Included in "Cost of sales" in the consolidated statement of profit or loss.

\* Part of the employee benefit expense is included in "Cost of inventories sold".

\*\* There are no forfeited contribution that may be used by the Group as the employer to reduce the existing level of contributions.

\*\*\* The items are included in "Other income and gains, net" or "Administrative expenses" in the consolidated statement of profit or loss.

## 6. INCOME TAX

Taxes on profits assessable in Chinese mainland have been calculated at the applicable PRC corporate income tax (“CIT”) rate of 25% (2024: 25%) during the year. 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.

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current – PRC		
Charge for the year	1,516,068	2,168,967
Current – elsewhere		
Charge for the year	7,176	4,880
	<u>1,523,244</u>	<u>2,173,847</u>
Deferred	(264,853)	(278,241)
	<u>1,258,391</u>	<u>1,895,606</u>
Total tax charge for the year		

## 7. DIVIDEND

Interim dividend of HK\$0.1209 (2024: HK\$0.1632) per ordinary share, equivalent to an aggregate of approximately RMB1.00 billion (2024: RMB1.35 billion) was declared and paid during the year ended 31 December 2025.

The proposed final dividend of HK\$0.1290 (2024: HK\$0.1632) per ordinary share, equivalent to an aggregate of approximately RMB1.00 billion (2024: equivalent to approximately RMB1.37 billion) for the year is subject to the approval of the Company’s shareholders at the forthcoming Annual General Meeting (the “AGM”).

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

The calculation of the basic earnings per share amounts is based on the profit for the year 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 years ended 31 December 2025 and 2024.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent and the total of (i) the weighted average number of ordinary shares outstanding during the year, 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.

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Earnings:		
Profit for the year attributable to ordinary equity holders of the parent	<u>1,939,458</u>	<u>3,570,125</u>

	Number of shares	
	2025	2024
Shares:		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	9,024,735,995	9,048,859,615
Effect of dilution – weighted average number of ordinary shares:		
Share award	<u>24,520,857</u>	<u>5,710,730</u>
	<u><b>9,049,256,852</b></u>	<u><b>9,054,570,345</b></u>

## 9. TRADE AND BILLS RECEIVABLES

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	383,297	382,041
Bills receivable	<u>15,817</u>	<u>25,234</u>
	399,114	407,275
Impairment	<u>(25,123)</u>	<u>(12,056)</u>
	<u><b>373,991</b></u>	<u><b>395,219</b></u>

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

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

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 month	205,014	308,529
1 to 2 months	63,123	41,518
2 to 3 months	33,259	20,016
Over 3 months	<u>72,595</u>	<u>25,156</u>
	<u><b>373,991</b></u>	<u><b>395,219</b></u>

## 10. TRADE AND BILLS PAYABLES

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:

	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 3 months	<b>1,624,079</b>	1,428,376
3 to 6 months	<b>20,313</b>	65,890
Over 6 months	<b>12,421</b>	70,894
	<b><u>1,656,813</u></b>	<u>1,565,160</u>

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry Overview

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

- Growth in consumers' confidence in the quality of and preference for China's infant milk formula products. With the enhancement in the quality management regime of China's dairy industry and the increased competitiveness of Chinese dairy brands, consumers' confidence in and consumption preference for China's infant milk formula products continued to increase. Such increase will drive the production and sales of China's infant milk formula products, which could in turn better satisfy consumers' diversified and unique consumption needs.
- Growth of the high-end infant milk formula segment. Due to increasing urbanization, rising disposable income and growing health awareness, the demand for high-end infant milk formula products is expected to be the driving force of the overall infant milk formula industry in China. According to the National Bureau of Statistics, China's per capita annual disposable income in 2025 reached RMB43,377, with a compound annual growth rate of 6.1% from 2020 to 2025. Such increase will in turn increase the consumption momentum of China's high-end infant milk formula products.
- Increasing urbanization and rising disposable income. The increase in the urbanization rate and the per capita annual disposable income of Chinese residents will enhance the purchasing power of consumers, allowing them to purchase more infant milk formula products. Lower-tier cities as well as rural areas in China are becoming wealthier and more urbanized, and families in such regions are increasingly able to afford higher-quality infant milk formula products. In general, these regions have larger populations and therefore higher potential for consumption growth.

- Favorable industry policies by the PRC government:
  - o The National Development and Reform Commission of China unveiled the Action Plan for the Promotion of Domestic Infant Milk Formula (國產嬰幼兒配方乳粉提升行動方案) in May 2019, aiming to increase the portion of domestically manufactured infant milk formula in China with a target to remain a 60% self-sufficient level in the industry, and to encourage the use of fresh milk in the production of infant milk formula.
  - o On 22 February 2021, a series of national safety standards on infant food and infant milk formula were released by the State Healthcare Commission, such as National Standard for Infant Formula Food Safety (GB10765-2021) (食品安全國家標準嬰兒配方食品) and National Standard for Larger Infant Formula Food Safety (GB 10766-2021) (食品安全國家標準較大嬰兒配方食品). After a transition period of two years, those standards were implemented on 22 February 2023. The new national safety standards have made stricter provisions on areas such as protein, carbohydrate, microelement, which is conducive to the innovation of leading infant milk formula enterprises and the further development of infant milk formula industry.
  - o On 20 July 2021, the State Council issued the Decision on Optimizing Birth Policy to Promote Long-term Balanced Development of Population (關於優化生育政策促進人口長期均衡發展的決定), proposing the implementation of the three-child policy and supporting measures to slow down the decline of birth rate. Later, the National Healthcare Security Administration issued the Notice on Supporting Maternity Insurance under the Three-Child Policy (關於做好支持三孩政策生育保險工作的通知), and the National People's Congress Standing Committee voted to pass the decision on amending the Law of Population and Family Planning, advocating on age-appropriate marriage and childbirth, which promotes childbirths. During the National People's Congress (NPC) and the Chinese People's Political Consultative Conference (CPPCC) in March 2022, the government reported the detailed implementation plan of the three-child policy, such as increasing maternity subsidies and medical security, adjustment of personal income tax on the care for children under the age of three, and development of commonly affordable childcare services.

- o On 12 November 2021, the State Administration for Market Regulation published the Announcement of the State Administration for Market Regulation on the Further Regulation of Labels and Identification of Infant Milk Formula Product (市場監管總局關於進一步規範嬰幼兒配方乳粉產品標籤標識的公告) (the “**SAMR Announcement**”), which made further stipulations on the characteristics, such as the label’s main display layout, content claim, pattern, and feeding suggestion form. In addition, it is stipulated that if the product name refers to certain animal origin, all the milk protein raw materials in the product should come from such animal species. For compound ingredients in product ingredient list (excluding compound food additives), the original ingredients must be specified. From the date of the SAMR Announcement, the registration application for the infant formula products shall be carried out according to the stipulations contained therein. With effect from 22 February 2023, labels and markings on manufactured products shall comply with the requirements of the SAMR Announcement. Products manufactured prior to this date can be sold until the expiration of their shelf life.
- o On 10 July 2023, the State Administration for Market Regulation published the Amendment to the Measures for the Administration of Formula Registration of Infant Milk Formula Product (嬰幼兒配方乳粉產品配方註冊管理辦法), which further tightens the registration conditions of infant milk formula products and ensures the quality and food safety of infant milk formula products. The Amendment came into force on 1 October 2023.
- o In October 2024, the General Office of the State Council issued the Several Measures on Accelerating the Improvement of the Childbirth Support Policy System and Promoting the Development of a Childbirth-Friendly Society (關於加快完善生育支持政策體系推動建設生育友好型社會的若干措施). The document proposed specific measures in various aspects, including enhancing childbirth service support, strengthening the childcare service system, reinforcing support in education, housing, and employment, and fostering a childbirth-friendly social environment. These measures aimed to reduce the costs of childbirth, parenting, and education while creating a societal atmosphere that respects and supports childbirth.
- o On 14 March 2025, Hohhot officially issued and implemented the Implementing Opinions on Promoting Population Gathering and Promoting High-Quality Population Development (關於促進人口集聚推動人口高質量發展的實施意見) (the “**Opinions**”). The Opinions, in the context of the implementation of an active childbirth and parenting support policy, proposed a one-time childcare subsidy of RMB10,000 for families having one child and settling in Hohhot, RMB50,000 for families having two children and settling in Hohhot, and RMB100,000 for families having three or more children and settling in Hohhot.

- o In July 2025, China issued the Implementation Programme for the Childcare Subsidy System (《育兒補貼製度實施方案》). Starting from 1 January, 2025, all families with one child, two children, or three children can receive a subsidy of RMB3,600 per year until the child reaches the age of three. Infants born before 1 January, 2025 and under the age of three are also eligible under the policy and can receive the corresponding subsidy based on the number of months. This policy is a significant national livelihood policy that directly distributes cash subsidies nationwide to families with children, which will help reduce the cost of raising children and is expected to benefit over 20 million families with infants each year.
- o In August 2025, the General Office of the State Council issued the Opinions on Gradually Implementing Free Preschool Education (《關於逐步推行免費學前教育的意見》), clearly stating that starting from the autumn semester of 2025, the tuition fees for the first year of preschool education for children in public kindergartens will be waived. For private kindergartens approved by the education department, the reduction of tuition fees will be implemented in accordance with the standards of the same type of public kindergartens. The Opinion also emphasizes ensuring assistance for disadvantaged children, the payment of teachers' salaries, and the standardized operation of kindergartens, aiming to gradually reduce the cost of family education and promote the popularization and inclusiveness of preschool education.

## **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 2,800 offline customers with more than 70,000 retail points of sale as at 31 December 2025. 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 73.3% of its total revenue from dairy products for the year ended 31 December 2025.

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 31 December 2025, the Group had 11 production facilities to manufacture its products with a designed annual production capacity exceeding 438,000 tonnes in total. The Group established light cream production lines during the Reporting Period. The Group regularly upgrades 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 year ended 31 December 2025, over 700,000 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 194 people as at 31 December 2025. The Group also sells such products through its own website Vitamin World USA, and e-commerce platforms. Our revenue generated from nutritional supplement products was RMB183.3 million, accounting for 1.01% of the Group's total revenue for the year ended 31 December 2025.

## Operating Results and Analysis

The table below sets forth the Group's 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 years indicated, together with changes (expressed in percentages) from 2024 to 2025.

### Consolidated statement of profit or loss

	Year Ended 31 December				Year-on-Year Change
	2025		2024		
	<i>(In thousands of RMB, except percentages)</i>				
<b>Revenue</b>	<b>18,112,585</b>	<b>100.0%</b>	20,748,550	100.0%	(12.7)%
Cost of sales	<u>(6,337,185)</u>	<u>(35.0)%</u>	<u>(6,983,747)</u>	<u>(33.7)%</u>	<u>_(9.3)%</u>
<b>Gross profit</b>	<b>11,775,400</b>	<b>65.0%</b>	13,764,803	66.3%	(14.5)%
Other income and gains, net	<b>1,198,019</b>	<b>6.6%</b>	1,465,058	7.1%	(18.2)%
Selling and distribution expenses	<u>(7,161,991)</u>	<u>(39.5)%</u>	<u>(7,181,223)</u>	<u>(34.6)%</u>	<u>(0.3)%</u>
Administrative expenses	<u>(1,682,666)</u>	<u>(9.3)%</u>	<u>(1,681,261)</u>	<u>(8.1)%</u>	<u>0.1%</u>
Other expenses	<u>(178,317)</u>	<u>(1.0)%</u>	<u>(146,322)</u>	<u>(0.7)%</u>	<u>21.9%</u>
Finance costs	<u>(31,767)</u>	<u>(0.2)%</u>	<u>(44,646)</u>	<u>(0.2)%</u>	<u>(28.8)%</u>
Share of losses of associates	<u>(24,191)</u>	<u>(0.1)%</u>	<u>(8,910)</u>	<u>(0)%</u>	<u>172%</u>
Share of loss of a joint venture	<u>-</u>	<u>-</u>	<u>(3,272)</u>	<u>(0)%</u>	<u>(100)%</u>
Changes in fair value less costs to sell of biological assets	<u>(542,297)</u>	<u>(3.0)%</u>	<u>(614,501)</u>	<u>(3.0)%</u>	<u>(11.8)%</u>
<b>Profit before tax</b>	<b>3,352,190</b>	<b>18.5%</b>	5,549,726	26.8%	(39.6)%
Income tax expense	<u>(1,258,391)</u>	<u>(6.9)%</u>	<u>(1,895,606)</u>	<u>(9.1)%</u>	<u>(33.6)%</u>
Profit for the year	<u><b>2,093,799</b></u>	<u><b>11.6%</b></u>	<u>3,654,120</u>	<u>17.7%</u>	<u>(42.7)%</u>
<b>Other comprehensive loss</b>					
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of financial statements of group companies	<u>(175,298)</u>	<u>(1.0)%</u>	<u>(84,007)</u>	<u>(0.4)%</u>	<u>109%</u>
<b>Total comprehensive income for the year</b>	<u><b>1,918,501</b></u>	<u><b>10.6%</b></u>	<u>3,570,113</u>	<u>17.3%</u>	<u>(46.3)%</u>

## Revenue

The Group's revenue decreased by 12.7% from RMB20,748.6 million in 2024 to RMB18,112.6 million in 2025, primarily due to the intensified industry competition and the decrease in revenue from infant milk formula products.

The following table sets forth a breakdown of the Group's revenue by product category for the years indicated.

	Year Ended 31 December				Year-on-Year Change
	2025		2024		
	<i>(In thousands of RMB, except percentages)</i>				
Infant milk formula products	15,868,339	87.6%	19,061,587	91.9%	(16.8)%
Other dairy products*	2,060,962	11.4%	1,514,039	7.3%	36.1%
Nutritional supplement products	183,284	1.0%	172,924	0.8%	6.0%
<b>Total revenue</b>	<b>18,112,585</b>	<b>100%</b>	<b>20,748,550</b>	<b>100%</b>	<b>(12.7)%</b>

\* Our other dairy products include adult milk powder, liquid milk, rice powder supplement products and other products, among others.

## Cost of Sales

The Group's cost of sales decreased by 9.3% from RMB6,983.7 million in 2024 to RMB6,337.2 million in 2025, primarily due to the decrease in our revenue.

### ***Gross Profit and Gross Profit Margin***

The table below sets forth a breakdown of the Group's gross profit and gross profit margin by product category for the years indicated.

	Year Ended 31 December				Year-on-Year Change in Gross Profit
	2025		2024		
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	
	<i>(In thousands of RMB, except percentages)</i>				
Infant milk formula products	11,664,565	73.5%	13,587,568	71.3%	(14.2)%
Other dairy products	20,547	1.0%	78,215	5.2%	(73.7)%
Nutritional supplement products	90,288	49.3%	99,020	57.3%	(8.8)%
<b>Gross profit</b>	<b>11,775,400</b>	<b>65.0%</b>	<b>13,764,803</b>	<b>66.3%</b>	<b>(14.5)%</b>

As a result of the foregoing, the Group's gross profit decreased by 14.5% from RMB13,764.8 million in 2024 to RMB11,775.4 million in 2025.

The Group's gross profit margin decreased from 66.3% in 2024 to 65.0% in 2025 primarily due to the increase in the contribution of the sales of raw material powders (i.e., whole milk powder, skim milk powder and light cream) to the Group's total revenue.

### ***Other Income and Gains, Net***

Other income and gains, net decreased by 18.2% from RMB1,465.1 million in 2024 to RMB1,198.0 million in 2025, primarily due to the decrease in bank interest income and the reduction in government subsidies.

### ***Selling and Distribution Expenses***

Selling and distribution expenses decreased by 0.3% from RMB7,181.2 million in 2024 to RMB7,162.0 million in 2025, primarily due to the decrease in promotional item expenses.

### ***Administrative Expenses***

Administrative expenses increased by 0.1% from RMB1,681.3 million in 2024 to RMB1,682.7 million in 2025, primarily due to the increase in professional and legal fees.

### ***Other Expenses***

Other expenses increased by 21.9% from RMB146.3 million in 2024 to RMB178.3 million in 2025, primarily due to the fair value losses on financial assets.

### ***Finance Costs***

Finance costs decreased by 28.8% from RMB44.6 million in 2024 to RMB31.8 million in 2025, primarily due to the decrease of the Group's interest-bearing borrowings during 2025.

### ***Profit before Tax***

As a result of the foregoing, the Group's profit before tax decreased by 39.6% from RMB5,549.7 million in 2024 to RMB3,352.2 million in 2025.

### ***Income Tax Expense***

Our income tax expense decreased by 33.6% from RMB1,895.6 million in 2024 to RMB1,258.4 million in 2025 as a result of a decrease in our profit before tax in 2025.

The Group's effective tax rate, calculated by dividing the Group's income tax expense by the Group's profit before tax, was 34.2% in 2024 and 37.5% in 2025.

### ***Profit for the Year***

As a result of the foregoing, our profit for the year decreased by 42.7% from RMB3,654.1 million in 2024 to RMB2,093.8 million in 2025.

### **Liquidity and Capital Resources**

In 2025, 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 31 December 2025, the Group had cash and cash equivalents of RMB7,538.8 million, which primarily consisted of cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted for use.

### ***Net Proceeds from the Global Offering***

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

### ***Bank Borrowings***

As at 31 December 2025, the Group’s interest-bearing bank borrowings were approximately RMB732.8 million.

### **Capital Structure**

As at 31 December 2025, the Group had net assets of RMB26,121.5 million, comprising current assets of RMB20,257.2 million, non-current assets of RMB13,781.5 million, current liabilities of RMB6,749.3 million and non-current liabilities of RMB1,167.9 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 bank balances. 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 (0.32) as at 31 December 2024 and (0.28) as at 31 December 2025.

### **Cash Flow**

The Group’s net cash flows from operating activities was RMB2,213.8 million in 2025, as compared with RMB4,179.3 million in 2024. The Group’s net cash flows from investing activities was RMB9.6 million in 2025, as compared with net cash flows used in investing activities was RMB1,316.8 million in 2024. The Group’s net cash flows used in financing activities was RMB3,466.0 million in 2025, as compared with RMB3,031.6 million in 2024.

### **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 year ended 31 December 2025, 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 year ended 31 December 2025, 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.

### **Capital Expenditure and Commitments**

For the year ended 31 December 2025, the capital expenditures incurred by the Group was approximately RMB1,519.8 million, primarily attributable to property, plant and equipment, investment properties and biological assets. As at 31 December 2025, the capital commitments of the Company was approximately RMB262.3 million, primarily attributable to construction of plant and purchases of item of equipment.

### **Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures**

During the year ended 31 December 2025, the Group did not have any material acquisitions and disposals of subsidiaries or associated companies.

### **Pledge of the Group's Assets**

As at 31 December 2025, the total pledged group assets amounted to approximately RMB1,407.5 million, representing an increase of RMB219.8 million as compared with the beginning of 2025.

### **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 31 December 2025, the Group did not have any contingent liabilities.

### **Subsequent Events**

The Group has no material subsequent events after 31 December 2025 as of the date of this announcement.

## **Future Prospects**

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

## **OTHER INFORMATION**

### **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

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

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

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

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

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

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

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

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, the Company repurchased a total of 259,587,000 Shares (the “**Share Repurchase**”) on the Stock Exchange at an aggregate consideration of HK\$1,100,059,040. All of the Shares repurchased were held as treasury shares of the Company. Particulars of the Share Repurchase are summarized as follows:

<u>Month of Repurchase</u>	<u>No. of Shares Repurchased</u>	<u>Price paid per Share</u>		<u>Aggregate Consideration</u>
		<u>Highest</u>	<u>Lowest</u>	
		<u>HK\$</u>	<u>HK\$</u>	
July 2025	2,000,000	4.70	4.60	9,300,000
October 2025	30,945,000	4.20	4.02	127,925,920
November 2025	156,403,000	4.49	4.11	672,795,270
December 2025	70,239,000	4.23	4.02	290,037,850
Total	<u>259,587,000</u>			<u>1,100,059,040</u>

Save as disclosed above, 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 Board considers that the then trading price of the Shares did not reflect their intrinsic value and the business prospects of the Group. The Share Repurchase reflects the confidence of the Board and the management team in the current and long-term business outlook and growth of the Company, driven by the Company’s market leading position. The Board considers that the Share Repurchase is in the best interest of the Company and the Shareholders as a whole.

## **USE OF NET PROCEEDS FROM THE GLOBAL OFFERING**

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

As at 31 December 2025, the Company has utilized the net proceeds from the Global Offering for the following purpose: (i) HK\$2,413.6 million being used for the payment of offshore debts; (ii) HK\$327.7 million being used for the expansion of Vitamin World USA operations; (iii) HK\$655.5 million being used for the working capital and general corporate purposes; (iv) HK\$1,310.9 million being used for merger and acquisition; (v) HK\$175.6 million being used for marketing initiatives; and (vi) HK\$383.0 million being used for funding the operation of the Group's Kingston plant. For the amounts not yet utilized, the Company will apply the remaining net proceeds in the manner set out in the Prospectus.

## **AUDIT COMMITTEE**

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

The Audit Committee has reviewed with the Company's management and the external auditors, the accounting principles and practices adopted by the Company and discussed auditing, risk management, internal control, whistleblowing policy and system and financial reporting matters, including the review of the Group's financial statements and annual results for the year ended 31 December 2025.

## **SCOPE OF WORK OF THE COMPANY'S AUDITOR**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in this preliminary announcement have been agreed by the Company's auditor, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Ernst & Young on this preliminary announcement.

## **FINAL DIVIDEND**

The Board resolved to recommend a final dividend of HK\$0.1290 per share of the Company for the year ended 31 December 2025 (the “**2025 Final Dividend**”) with an aggregate amount of approximately HK\$1,135,997,019 (equalling approximately RMB1,000,000,000) to the Shareholders whose names are listed on the Company’s register of members as at 12 June 2026 (except for the holders of treasury shares, if any), subject to the approval by the Shareholders at the forthcoming annual general meeting of the Company (the “**AGM**”). All treasury shares and repurchased shares pending cancellation will not receive the 2025 Final 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 2025 Final Dividend. The 2025 Final Dividend is based on our dividend policy set out in the Prospectus of intending to distribute no less than 30% of our net profit for each financial year, which consists of 30% of our profit for the six months ended 31 December 2025 and an additional over 115% of our profit for the six months ended 31 December 2025, totalling over 145% of our profit for the six months ended 31 December 2025 in RMB denomination being converted into Hong Kong dollar denomination based on the average central parity rate of RMB to Hong Kong dollar as announced by the People’s Bank of China for the five business days prior to the date of this announcement. For the avoidance of doubt, such profit for the six months ended 31 December 2025 does not include the profit/loss of YuanShengTai Dairy Farm Limited. The 2025 Final Dividend will be declared and paid in Hong Kong dollars. Once the relevant resolution is passed at the AGM, the 2025 Final Dividend is expected to be paid on or around 24 June 2026. The Company also paid an interim dividend of HK\$0.1209 per share of the Company with an aggregate amount of approximately HK\$1,096,327,741 (equalling approximately RMB1,000,000,000) in September 2025.

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

## **ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS**

The AGM will be held on 5 June 2026, for considering, among other things, the 2025 Final Dividend. A notice convening the AGM will be published and dispatched to the Shareholders in accordance with the requirements of the articles of association of the Company and the Listing Rules in due course. In order to ascertain Shareholders’ entitlement to attend and vote at the AGM and to the proposed 2025 Final Dividend, the register of members of the Company will be closed from 2 June 2026 to 5 June 2026 (both days inclusive) and from 11 June 2026 to 12 June 2026 (both days inclusive) respectively, during which periods no transfer of Shares will be registered.

In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant Share certificates must be lodged for registration 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 1 June 2026. Shareholders whose names appear on the register of members of the Company on 5 June 2026 will be entitled to attend and vote at the AGM.

In order to qualify for the 2025 Final Dividend (subject to the approval by Shareholders at the AGM), all transfer documents accompanied by the relevant Share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at the above-mentioned address for registration no later than 4:30 p.m. on 10 June 2026. The 2025 Final Dividend will be paid to the Shareholders whose names are listed on the Company's register of members on 12 June 2026.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

This results announcement is published on the HKEXnews website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at [www.feihe.com](http://www.feihe.com). The 2025 annual report of the Company containing all the information required by the Listing Rules will be published on the websites of the Company and the Stock Exchange.

By order of the Board  
**China Feihe Limited**  
**LENG Youbin**  
*Chairman*

Beijing, the PRC, 26 March 2026

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