

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CHINA MENGNIU DAIRY COMPANY LIMITED

中國蒙牛乳業有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2319)

ANNOUNCEMENT OF THE INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

HIGHLIGHTS

- In the first half of 2024, due to the imbalance between demand and supply in the dairy industry and lower-than-expected consumer demand, the Group delivered a revenue of RMB44,670.5 million, representing a year-on-year decrease of 12.6%. Gross profit margin increased by 1.9 percentage points year-on-year to 40.3%.
- By navigating external challenges and actively pursuing quality and efficiency improvement measures, the Group achieved an operating profit of RMB3,119.3 million, with the operating profit margin increasing by 0.6 percentage points year-on-year to 7.0%. Profit attributable to equity shareholders amounted to RMB2,445.8 million.
- The Group is committed to increasing returns for its shareholders and plans to repurchase shares of the Company during the following 12 months up to HK\$2 billion in value, subject to market conditions.
- The Group is consistently implementing its “GREEN” strategy and “dual-carbon goals”, actively driving initiatives such as deforestation-free strategies, green packaging transformation, and promoting a circular economy and establishing a “1+N” Sustainability Report Disclosure System, publishing China’s first TNFD report in the dairy industry, continuously steering the entire industry, both upstream and downstream, towards a greener and more sustainable future.

* For identification purposes only

The board (the “Board”) of directors (the “Directors”) of China Mengniu Dairy Company Limited (the “Company”) is pleased to present the unaudited consolidated interim results of the Company and its subsidiaries (the “Group” or “Mengniu”) for the six months ended 30 June 2024, together with the comparative amounts. The interim results and interim financial information have been reviewed by the audit committee (the “Audit Committee”) and the auditors of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2024 — unaudited

(Expressed in Renminbi (“RMB”))

		Six months ended 30 June	
		2024	2023
	Notes	RMB’000	RMB’000
Revenue	4	44,670,500	51,118,523
Cost of sales		<u>(26,685,822)</u>	<u>(31,488,281)</u>
Gross profit		17,984,678	19,630,242
Other income and gains	5	738,047	502,614
Selling and distribution expenses		(12,680,483)	(13,906,192)
Administrative expenses		(1,941,034)	(2,184,456)
Impairment losses on trade receivables and other financial assets, net		(88,567)	(91,451)
Loss on derecognition of financial assets measured at amortised cost		(16,728)	(32,581)
Other expenses	6	(752,766)	(440,227)
Interest income		914,126	841,136
Finance costs		(884,270)	(727,129)
Share of profits and losses of associates		<u>(170,713)</u>	<u>111,322</u>
Profit before tax	7	3,102,290	3,703,278
Income tax expense	8	<u>(570,267)</u>	<u>(644,290)</u>
Profit for the period		<u>2,532,023</u>	<u>3,058,988</u>
Attributable to:			
Owners of the Company		2,445,810	3,020,476
Non-controlling interests		<u>86,213</u>	<u>38,512</u>
		<u>2,532,023</u>	<u>3,058,988</u>
Earnings per share attributable to ordinary equity holders of the Company (expressed in RMB per share)	10		
Basic		0.623	0.765
Diluted		<u>0.622</u>	<u>0.762</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2024 — unaudited

(Expressed in RMB)

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Profit for the period	2,532,023	3,058,988
Other comprehensive income		
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	(321,888)	(36,056)
Effective portion of changes in fair value of hedging instruments arising during the period		
— Total hedging loss recognised in other comprehensive income (excluding exchange differences)	102,492	107,786
— Amount reclassified from other comprehensive income to profit or loss	(97,365)	(87,562)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	(316,761)	(15,832)
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation	(24,361)	(136,255)
Equity investments designated at fair value through other comprehensive income:		
— Changes in fair value	(4,580)	(11,753)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	(28,941)	(148,008)
Other comprehensive income, net of tax	(345,702)	(163,840)
Total comprehensive income for the period	2,186,321	2,895,148
Attributable to:		
Owners of the Company	2,133,009	2,822,160
Non-controlling interests	53,312	72,988
	2,186,321	2,895,148

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2024 — unaudited

(Expressed in RMB)

	At 30 June 2024	At 31 December 2023
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS		
Property, plant and equipment	21,303,933	21,715,379
Construction in progress	2,015,505	2,348,779
Investment properties	58,598	59,421
Right-of-use assets	2,707,985	2,733,497
Goodwill	8,905,878	8,952,282
Other intangible assets	12,479,530	12,617,999
Investments in associates	10,535,561	10,408,632
Deferred tax assets	1,521,088	1,434,197
Derivative financial instruments	332,588	324,509
Other financial assets	18,907,359	20,147,281
Long-term prepayments	801,541	349,713
	<u>79,569,566</u>	<u>81,091,689</u>
Total non-current assets		
CURRENT ASSETS		
Other financial assets	6,512,863	8,531,769
Derivative financial instruments	19,290	23,492
Inventories	5,716,370	6,088,450
Trade and bills receivables	3,437,856	3,668,604
Prepayments, other receivables and other assets	2,684,016	3,095,554
Pledged deposits and restricted deposits	346,559	276,593
Cash and bank balances	18,436,774	12,443,800
	<u>37,153,728</u>	<u>34,128,262</u>
Total current assets		

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*
at 30 June 2024 — unaudited
(Expressed in RMB)

		At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
	<i>Notes</i>		
CURRENT LIABILITIES			
Trade and bills payables	12	9,166,225	9,499,441
Other payables and accruals		10,301,215	12,892,166
Interest-bearing bank and other borrowings		17,755,110	9,806,937
Derivative financial instruments		1,466	—
Income tax payable		391,826	340,853
Other financial liabilities		50,757	54,661
		<u>37,666,599</u>	<u>32,594,058</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(512,871)</u>	<u>1,534,204</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>79,056,695</u>	<u>82,625,893</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		23,807,183	27,603,818
Deferred income		644,607	636,194
Deferred tax liabilities		3,485,442	3,729,709
Derivative financial instruments		860	4,461
		<u>27,938,092</u>	<u>31,974,182</u>
NET ASSETS		<u>51,118,603</u>	<u>50,651,711</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*
at 30 June 2024 — unaudited
(Expressed in RMB)

	At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
EQUITY		
Equity attributable to owners of the Company		
Share capital	358,143	358,143
Shares held under share award scheme	(114,293)	(148,344)
Other reserves	9,897,787	10,045,196
Retained earnings	34,586,416	34,064,964
	44,728,053	44,319,959
Non-controlling interests	6,390,550	6,331,752
TOTAL EQUITY	<u>51,118,603</u>	<u>50,651,711</u>

NOTES

(Expressed in RMB unless otherwise indicated)

1 BASIS OF PREPARATION

This interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard 34 (“IAS 34”), *Interim financial reporting*, issued by the International Accounting Standards Board (“IASB”), and Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issue on 28 August 2024.

The interim financial information has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

The preparation of an interim financial information in conformity with IAS 34 and HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards and Hong Kong Financial Reporting Standards (“HKFRSs”).

The interim financial information is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA.

The financial information relating to the financial year ended 31 December 2023 that is included in the interim financial information as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2023 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 26 March 2024.

As at 30 June 2024, the Group’s current liabilities exceeded its current assets by RMB512,871,000. Notwithstanding the above, considering the performance and cashflow forecast for the twelve months ending 30 June 2025 prepared by management of the Group, the directors of the Company are of the opinion that the Group has sufficient financial resources to continue as a going concern for the next twelve months. Therefore, the directors of the Company are satisfied that it is appropriate to prepare the interim financial information on a going concern basis.

2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following new and amended IFRS accounting standards issued by the IASB to this interim financial information for the current accounting period:

- Amendments to IAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current* (“2020 amendments”)
- Amendments to IAS 1, *Presentation of financial statements: Non-current liabilities with covenants* (“2022 amendments”)
- Amendments to IFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to IAS 7, *Statement of cash flows* and IFRS 7, *Financial instruments: Disclosures — Supplier finance arrangements*

The equivalent new and revised HKFRSs, consequently issued by the HKICPA as a result of these developments, have the same effective date as those issued by the IASB and are in all material aspects identical to the pronouncements issued by the IASB.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Impacts of the adoption of the amended IFRS accounting standards are disclosed below:

Amendments to IAS 7, Statement of cash flows and IFRS 7, Financial instruments: Disclosures — Supplier finance arrangements

The amendments introduce new disclosure requirements to enhance transparency of supplier finance arrangements and their effects on an entity’s liabilities, cash flows and exposure to liquidity risk. Since those disclosures are not required for any interim period presented within the annual reporting period in which the amendments are initially applied, the Group has not made additional disclosures in this interim financial information.

Besides above, none of other developments has had a material effect on how to the Group’s results and financial position for the current period have been prepared or presented in this interim financial information.

3 OPERATING SEGMENT INFORMATION

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

- Liquid milk business — manufacture and distribution of ultra-high temperature milk (“UHT milk”), milk beverages, yogurt and fresh milk;
- Ice cream business — manufacture and distribution of dairy-based ice cream;
- Milk formula business — manufacture and distribution of milk powder;
- Cheese business — manufacture and distribution of cheese; and
- Others — principally the Group’s manufacture of raw materials for daily products and trading business.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resources 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 interest income, non-lease-related finance costs, share of profits/losses of associates, income tax expense, as well as head office and corporate income/expenses are excluded from such measurement.

Segment assets exclude investments in associates and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude liabilities of 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)*

The following tables present the revenue, profit and certain asset and liability information for the Group's operating segments:

Six months ended 30 June 2024

	Liquid milk business RMB'000	Ice cream business RMB'000	Milk formula business RMB'000	Cheese business RMB'000	Others RMB'000	Total RMB'000
Segment revenue (Note 4):						
Sales to external customers	36,261,544	3,371,448	1,635,262	2,114,319	1,287,927	44,670,500
Intersegment sales	<u>544,209</u>	<u>26,260</u>	<u>12,016</u>	<u>4,791</u>	<u>224,504</u>	<u>811,780</u>
	36,805,753	3,397,708	1,647,278	2,119,110	1,512,431	45,482,280
<i>Reconciliation:</i>						
Elimination of intersegment sales						<u>(811,780)</u>
Revenue						<u><u>44,670,500</u></u>
Segment results	2,551,326	384,750	23,483	118,585	95,719	3,173,863
<i>Reconciliation:</i>						
Interest income						914,126
Finance costs (other than interest on lease liabilities)						(866,003)
Share of (losses)/profits of associates						(170,713)
Corporate and other unallocated income/(expenses)						<u>51,017</u>
Profit before tax						3,102,290
Income tax expense						<u>(570,267)</u>
Profit for the period						<u><u>2,532,023</u></u>
At 30 June 2024						
Segment assets	69,876,537	6,512,576	16,239,812	15,720,875	1,993,564	110,343,364
<i>Reconciliation:</i>						
Elimination of intersegment receivables						(37,225,483)
Corporate and other unallocated assets						33,069,852
Investments in associates						<u>10,535,561</u>
Total assets						<u><u>116,723,294</u></u>
Segment liabilities	25,131,581	4,122,477	6,637,041	4,006,930	1,744,304	41,642,333
<i>Reconciliation:</i>						
Elimination of intersegment payables						(37,225,483)
Corporate and other unallocated liabilities						<u>61,187,841</u>
Total liabilities						<u><u>65,604,691</u></u>

3 OPERATING SEGMENT INFORMATION (continued)

Six months ended 30 June 2023

	Liquid milk business RMB'000	Ice cream business RMB'000	Milk formula business RMB'000	Cheese business RMB'000	Others RMB'000	Total RMB'000
Segment revenue (Note 4):						
Sales to external customers	41,640,229	4,308,698	1,894,213	2,256,051	1,019,332	51,118,523
Intersegment sales	572,536	24,974	16,639	16,850	491,620	1,122,619
	42,212,765	4,333,672	1,910,852	2,272,901	1,510,952	52,241,142
<i>Reconciliation:</i>						
Elimination of intersegment sales						(1,122,619)
Revenue						<u>51,118,523</u>
Segment results						
Interest income	2,818,627	716,223	(134,814)	75,666	5,379	3,481,081
<i>Reconciliation:</i>						
Finance costs (other than interest on lease liabilities)						841,136
Share of (losses)/profits of associates						(705,735)
Corporate and other unallocated income/(expenses)						111,322
						(24,526)
Profit before tax						3,703,278
Income tax expense						(644,290)
Profit for the period						<u>3,058,988</u>
At 31 December 2023						
Segment assets						
Elimination of intersegment receivables	69,989,322	6,521,677	16,628,126	15,403,307	2,179,511	110,721,943
Corporate and other unallocated assets						(33,004,852)
Investments in associates						27,094,228
						10,408,632
Total assets						<u>115,219,951</u>
Segment liabilities						
Elimination of intersegment payables	28,708,293	4,454,086	6,905,303	3,750,950	1,841,636	45,660,268
Corporate and other unallocated liabilities						(33,004,852)
						51,912,824
Total liabilities						<u>64,568,240</u>

4 REVENUE

An analyses of the revenue are as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Revenue from contracts with customers:		
Sale of goods	44,645,616	51,104,118
Consignment processing services	<u>24,884</u>	<u>14,405</u>
	<u>44,670,500</u>	<u>51,118,523</u>

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2024

Segments	Liquid milk business <i>RMB'000</i>	Ice cream business <i>RMB'000</i>	Milk formula business <i>RMB'000</i>	Cheese business <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Type of goods:						
Sale of products	36,261,544	3,371,448	1,610,378	2,114,319	1,287,927	44,645,616
Consignment processing services	—	—	<u>24,884</u>	—	—	<u>24,884</u>
Total revenue from contracts with customers	<u>36,261,544</u>	<u>3,371,448</u>	<u>1,635,262</u>	<u>2,114,319</u>	<u>1,287,927</u>	<u>44,670,500</u>
Geographical markets:						
The Chinese Mainland	36,224,831	2,272,027	1,365,724	2,114,319	341,728	42,318,629
Overseas	<u>36,713</u>	<u>1,099,421</u>	<u>269,538</u>	—	<u>946,199</u>	<u>2,351,871</u>
Total revenue from contracts with customers	<u>36,261,544</u>	<u>3,371,448</u>	<u>1,635,262</u>	<u>2,114,319</u>	<u>1,287,927</u>	<u>44,670,500</u>

4 REVENUE (continued)

Disaggregated revenue information for revenue from contracts with customers (continued)

For the six months ended 30 June 2023

Segments	Liquid milk business <i>RMB'000</i>	Ice cream business <i>RMB'000</i>	Milk formula business <i>RMB'000</i>	Cheese business <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Type of goods:						
Sale of products	41,640,229	4,308,698	1,879,808	2,256,051	1,019,332	51,104,118
Consignment processing services	—	—	14,405	—	—	14,405
Total revenue from contracts with customers	<u>41,640,229</u>	<u>4,308,698</u>	<u>1,894,213</u>	<u>2,256,051</u>	<u>1,019,332</u>	<u>51,118,523</u>
Geographical markets:						
The Chinese Mainland	41,603,022	3,340,574	1,544,643	2,256,051	252,914	48,997,204
Overseas	<u>37,207</u>	<u>968,124</u>	<u>349,570</u>	<u>—</u>	<u>766,418</u>	<u>2,121,319</u>
Total revenue from contracts with customers	<u>41,640,229</u>	<u>4,308,698</u>	<u>1,894,213</u>	<u>2,256,051</u>	<u>1,019,332</u>	<u>51,118,523</u>

5 OTHER INCOME AND GAINS

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Government grants	285,017	259,305
Net fair value gain on exchangeable bonds	15,960	—
Net fair value gain on listed equity investment at fair value through profit or loss	46,803	—
Gain on deemed disposal of subsidiaries	269,387	—
Gain on disposal of assets and liabilities held for sale	—	14,521
Gross rental income	12,188	32,648
Foreign exchange gain, net	—	15,852
Others	108,692	180,288
	<u>738,047</u>	<u>502,614</u>

6 OTHER EXPENSES

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Write-down of inventories to net realisable value	346,145	22,804
Donations	49,502	25,883
Educational surcharges, city construction tax, and other taxes	243,888	264,661
Foreign exchange losses, net	45,766	—
Others	67,465	126,879
	<u>752,766</u>	<u>440,227</u>

7 PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	<i>Notes</i>	Six months ended 30 June	
		2024	2023
		<i>RMB'000</i>	<i>RMB'000</i>
Cost of inventories sold		26,664,114	31,476,438
Cost of consigned processing services		21,708	11,843
Impairment of trade receivables and other financial assets, net		88,567	91,451
Depreciation of property, plant and equipment		1,464,892	1,344,734
Depreciation of right-of-use assets		184,131	194,861
Depreciation of investment properties		2,258	2,258
Amortisation of other intangible assets		67,107	47,144
Outsourcing expenses	(a)	72,967	123,496
Other rental expenses		252,701	300,078
Employee benefit expense (including directors' and senior executive's emoluments)	(b)	<u>4,204,235</u>	<u>4,424,102</u>

Notes:

- (a) For the purpose of promoting operation efficiency, the Group outsourced the production of certain products. The amounts represent the total amounts paid by the Group for purchasing outsourcing services.
- (b) The employees of the subsidiaries of the Group established in the PRC (other than Hong Kong) participate in defined contribution retirement benefit scheme managed by the local government authority, whereby these subsidiaries are required to contribute to the scheme ranging from 16% to 20% of the employees' basic salaries. Employees of these subsidiaries are entitled to retirement benefits, calculated based on a percentage of the average salaries level in the PRC (other than Hong Kong), from the above mentioned retirement scheme at their normal retirement age.

7 PROFIT BEFORE TAX (continued)

Notes: (continued)

(b) (continued)

The Group also operated a Mandatory Provident Fund Scheme (the “MPF scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement plan.

The Group has no further obligation for payment of other retirement benefits beyond the above contributions.

8 INCOME TAX EXPENSE

(a) Taxation in the consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Current income tax		
Current income tax charge	662,997	673,388
Deferred income tax		
Relating to origination and reversal of tax losses and temporary differences	(92,730)	(29,098)
	<u>570,267</u>	<u>644,290</u>

Notes:

- (i) The provision for the income tax is based on the statutory rate of 25% (2023: 25%) on the estimated taxable profits determined in accordance with the Law of the People’s Republic of China on Corporate Income Tax (“PRC CIT Law”), except for certain subsidiaries of the Group which enjoy a preferential tax rate according to related tax policies or certain subsidiaries in other jurisdictions. Certain subsidiaries of the Company entitle to the preferential tax rate of 15% (2023: 15%), and certain research and development expenses of these companies are qualified for 100% (2023: 100%) additional deduction for tax purpose.
- (ii) Pursuant to the income tax rules and regulations of Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to income tax in Cayman Islands and the BVI.
- (iii) The provision for Hong Kong Profits Tax is calculated by applying at 16.5% (2023: 16.5%) of the estimated assessable profits for the six months ended 30 June 2024.
- (iv) The provision for Australia, New Zealand and Indonesia Profit Tax is calculated by applying at 30%, 28% and 25%, respectively, (2023: 30%, 28% and 25%, respectively), of the estimated assessable profits for the six months ended 30 June 2024.

8 INCOME TAX EXPENSE (continued)

(a) Taxation in the consolidated statement of profit or loss represents: (continued)

Notes: (continued)

- (v) Certain subsidiaries were granted lower tax rates by the state tax bureau in accordance with the PRC CIT law and the corresponding transitional tax concession policy and “The notice of tax policies relating to the implementation of the western China development strategy”.
- (vi) Certain subsidiaries were granted tax exemptions in accordance with the policy of “The notice of preferential tax policy for preliminary processing of agriculture products”.

(b) Pillar Two income tax

The Group operates in multiple jurisdictions, operation jurisdictions of Netherlands, Vietnam and Malaysia have enacted new tax laws to implement the Pillar Two model rules published by the OECD, and the new tax laws have taken effect from 1 January 2024. Other operation jurisdictions will enact tax laws to implement the Pillar Two model rules published by the OECD in forthcoming years. So far the Pillar Two model didn't have a significant impact on the consolidated financial statements and no Pillar Two income tax was recognised during the six months ended 30 June 2024.

9 DIVIDENDS

(a) Dividends payable to equity shareholders of the Group attributable to the interim period

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

(b) Dividends payable to equity shareholders of the Group attributable to the previous financial year, approved during the interim period

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Final dividend in respect of the previous financial year of RMB0.489 (the corresponding period in 2023: RMB0.402) per ordinary share	<u>1,924,358</u>	<u>1,588,015</u>

10 EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

(a) Basic earnings per share

The basic earnings per share amounts for the period is calculated by dividing the profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the six months ended 30 June 2024.

A reconciliation of the weighted average number of shares used in calculating the basic earnings per share amount are as follows:

	Six months ended 30 June	
	2024	2023
	Number of shares (in thousand)	Number of shares (in thousand)
Issued ordinary shares at 1 January	3,935,293	3,955,196
Effect of share options exercised	—	807
Effect of shares purchased	<u>(6,333)</u>	<u>(7,026)</u>
Weighted average number of ordinary shares for the purpose of the basic earnings per share calculation	<u>3,928,960</u>	<u>3,948,977</u>

(b) Diluted earnings per share

The diluted earnings per share amounts is calculated by dividing the profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

A reconciliation of the weighted average number of shares used in calculating the diluted earnings per share amount are as follows:

	Six months ended 30 June	
	2024	2023
	Number of shares (in thousand)	Number of shares (in thousand)
Weighted average number of ordinary shares for the purpose of the basic earnings per share calculation	3,928,960	3,948,977
Effect of dilution — Weighted average number of ordinary shares:		
Share options	—	6,143
Share awards	<u>4,323</u>	<u>8,583</u>
Weighted average number of ordinary shares for the purpose of the diluted earnings per share calculation	<u>3,933,283</u>	<u>3,963,703</u>

11 TRADE AND BILLS RECEIVABLES

The Group normally allows a credit limit to its customers which is adjustable in certain circumstances. The Group closely monitors overdue balances. In view of the aforementioned and the fact that the Group's trade 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 receivables. The trade receivables are non-interest-bearing.

The Group sold non-recourse trade receivables to third parties for cash proceeds. These trade receivables have been derecognised from the consolidated statement of financial position, because the Group transfers substantially all of the risks and rewards, primarily credit risk.

Based on the Group's accounting policy of financial assets, the Group measured bills receivable at fair value through other comprehensive income.

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

	At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Less than 1 year	3,318,015	3,571,620
1 to 2 years	82,793	85,675
2 to 3 years	34,908	10,842
Over 3 years	2,140	467
	<u>3,437,856</u>	<u>3,668,604</u>

12 TRADE AND BILLS PAYABLES

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

	At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Within 3 months	7,487,179	8,189,298
4 to 6 months	1,392,787	1,144,836
7 to 12 months	199,834	104,397
Over 1 year	86,425	60,910
	<u>9,166,225</u>	<u>9,499,441</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2024, the industry experienced a brief downturn due to an oversupply of raw milk, lower-than-expected consumer demand, and the imbalance between demand and supply. While actively tackling short-term challenges and maintaining its long-term strategic focus, Mengniu has focused on its “Creating a New Mengniu” initiative and the FIRST blueprint. In promoting its overarching goal of high-quality development, it firmly adhered to the principles of “value creation, consistent focus on R&D and innovation, brand building, digitization, accelerated channel optimisation, and new business development”.

During the reporting period, Mengniu consistently upgraded and innovated its product categories, created diverse new product lines based on existing categories, and accelerated its expansion of To B channels to better meet the diverse and personalized consumer needs. In addition, Mengniu continued to lead the transformation and upgrade of dairy products from “drinking milk” to “eating milk”, from “basic nutrition supply” to “greater health” and from “primary processing” to “value-added further processing”.

Mengniu continued to focus on brand building, staying true to its brand proposition of “born to excel”. As a member of the Olympic Partners (TOP) programme, Mengniu further enhanced its global brand awareness, reputation and influence by leveraging the platform of the Paris Olympics. In response to the trend of channel restructuring and reform, Mengniu has actively promoted omni-channel expansion and development. This includes actively expanding high-growth emerging channels while preserving the strong presence of its brands in offline channels, thereby creating an integrated online and offline business model to drive sales in multiple dimensions.

In response to the industry’s temporary demand and supply imbalance, Mengniu has capitalized on the opportunity presented by digital transformation, accelerating the development of new, high quality production capabilities in the dairy industry and undertaking a systematic and integrated transformation of the entire value chain. Meanwhile, at the operational level, Mengniu has actively promoted precision management, and continues to build a lean and efficient organizational structure. These efforts are aimed at fully unlocking organizational potential and enhancing the Group’s operational efficiency and profitability.

Business Division Performance

Liquid Milk Business

Room Temperature Product Business

In the first half of 2024, while actively navigating external challenges such as declined consumer confidence and channel reform, Mengniu's room temperature business unit continued to push forward in high-quality development. Specifically, the business unit further solidified its business foundation in respect of products, brands and channels, and achieved margin growths thanks to the enhanced efficiency in operation and execution.

The room temperature business unit enhanced its category structure by pivoting high-nutrition and diversified consumer demands for high quality and competitive prices. During the reporting period, *Milk Deluxe* firmly took a deeper dive into its "better" brand proposition, and the organic series won the gold award at the BIOFACH Germany (德國國際有機產品博覽會) for another consecutive year, boosting its brand's influence. Mengniu's parent brand launched lactose-free milk to supplement the segmentation track and expand the milk-drinking population to meet the needs of the majority of Chinese consumers facing lactose intolerance.

The room temperature milk beverages launched new products like Fruit Milk Drink Earl Gray Tea, Melon Oolong Flavored milk tea drinks, "A Sip of Milk" of the Fruit Milk Drink brand and Suan Suan Ru Lemon Tea Flavored Drinks Ice Shake Lemon Tea strengthened its efforts across multi-scene, multi-crowd and cross-category communication, rejuvenating the category comprehensively. The Group remained committed to its brand differentiation strategy for its room temperature yogurt brand, *Just Yoghurt*, by focusing on the minimalistic formulations of zero additives. One of the brand's flagship products is an additive-free plain yogurt, packaged in Tetra Pak, emphasizing simplicity and purity in its ingredients. The series continued to pioneer a formulation revolution by further upgrading product quality and optimizing product formulation, aligning our innovative products to evolving customer demands.

Following the overall trend of channel restructuring, the room temperature business unit actively promoted the implementation of RTM channel strategy, strengthened channel control and enhanced refined management. During the reporting period, the business unit further strengthened distributor empowerment. Meanwhile, it also deepened online penetration, with priorities given to high-growth channels such as interest-based and content-based e-commerce. In addition, its O2O channels led the industry, characterized by greater market share advantage and sustained increase of new retail members with number of total online members exceeding 82 million. Furthermore, the room temperature business unit has continued to tap into lower-tier markets, increasing its market penetration rate of outlets and strengthening service penetration and infrastructure construction among towns and villages.

Lastly, the Group has been actively expanding into the To B market while maintaining its strength in the C-end business. Its professional catering brand, Mengniu Dairy Professionals, upholds the business philosophy of “Professional dairy, dedicated to creation” and is committed to building a high-quality, ingredient-based product matrix and relying on integrated cutting-edge marketing. Currently, it has established cooperation with a number of brands, such as Yum China and Daka International (大咖國際), a subsidiary of Mixue (蜜雪冰城), in the areas of bakery, coffee, tea drinks and catering.

Chilled Product Business

During the reporting period, the chilled industry experienced a decline in performance, with its channels displayed varied trends: traditional channels trended downward, while emerging channel experienced rapid growth. Through a series of actions, including refining product categories, enhancing brand strategies, and upgrading the RTM model, *Mengniu*’s chilled product business outperformed the industry despite the challenging environment. The Group has maintained its No. 1 market share for 20 consecutive years, with continued improvement in product structure and profitability.

In terms of business performance, Mengniu’s chilled product division has continued to strategically position itself in high-growth segments by addressing the growing consumer demand for nutrition, flavor and functionality, leading the way in category value innovation. Mengniu’s chilled yogurt has been upgraded to a 100% raw milk formula, and it is actively expanding into the zero-sucrose business and tasty fruit bits high-growth segment to better meet consumers’ health and nutrition needs. The *Champion* brand has been positioned as “China’s health yogurt leader”, which focuses on functionality with two distinct product lines designed to meet consumers’ daily functional needs. The entire line of *YO!FINE DIARY Yogurt*, launched in 2023, targeting the premium delicious yogurt, has been well-received by consumers. In 2024, the product line continued to achieve significant growth of sales volume and further increased its market share, continuing to set new industry standard. Yoyi C products continued to solidify the brand positioning of “probiotics suitable for Chinese people”. The Chinese patent PC-01 for probiotics used in all Yoyi C products won the 24th China Patent Silver Award (第二十四屆中國專利銀獎) and the Second Prize of the National Science and Technology Progress Award in 2023 (2023年度國家科學技術進步獎二等獎), which is the only and highest honor for the dairy industry in the field of patents at present.

Operationally, in response to changes in market demands and channels, Mengniu’s chilled product division advanced its RTM translation and accelerated its expansion into high-growth channels. Growth in convenience stores, warehouse membership, vertical fresh food supply, e-commerce, and specialty channels outpaced the industry, leading to further optimization of the segment’s channel structure.

Fresh Milk Business

The domestic fresh milk market faced challenges in the first half of 2024. Mengniu's fresh milk division maintained its strategic focus and resilience. By prioritizing consumer value and adapting to changing consumption patterns, the division achieved growth despite the overall market downturn. *Shiny Meadow*, in particular, saw double-digit growth.

Shiny Meadow, our high-end brand, continued to lead the premium market, outperforming the industry despite challenges. The newly launched dual protein milk under *Shiny Meadow* quickly gained market acclaim, with strong reputation and sales performance. *Xiaoxianyu*, a sub-brand targeting young consumers, achieved double-digit sales growth through partnerships with the Ta Foundation and other public charity activities.

In terms of channels, Mengniu's fresh milk business deepened synergies and strategic cooperation with key partners, maintaining its lead in both online and offline channels. Through close collaboration with Tmall and JD.com, and by establishing the industry's first self-operated livestreaming room on Douyin, the Group secured the largest market share in e-commerce and fresh food e-commerce during the reporting period. Additionally, the fresh milk division continued to expand into incremental channels such as coffee, tea drinks, snacks, and membership stores, driving new growth.

Leveraging digital intelligence, the fresh milk division further improved supply chain efficiency, implemented full-chain logistics management, and developed end-to-end smart logistics. This elevated the customer experience, earned industry and customer acclaim, and sharply boosted the brand's core competitiveness.

Milk Formula Business

In the first half of 2024, the infant formula industry continued to be impacted by declining birth rates and other challenges. However, growing demands from new mothers for improved ingredients, higher quality, and specialized features have driven continuous advancements in product offerings. During the period, Mengniu's milk powder business restructured its model, sharpened its focus on delivering precise nutritional benefits, and streamlined operations, resulting in a return to profitability.

Mengniu centered its domestic infant formula strategy on strengthening the *Reeborne* brand. During the period, *Reeborne* actively contributed to the construction of R & D strength and sales channel adjustment, further strengthened its brand through integrated online and offline marketing. In the first half of 2024, *Reeborne* collaborated with Jiangnan University and Sun Yat-Sen University to release the world's first validated MLCT results. MLCT is the innovative ingredient in the Mengniu's inaugural products to

be registered under the new national standard. *Reeborne's* patented¹ affinity formula (MLCT+ new OPO) has effectively enhanced the strength of infant formula products and lead the high quality development of the industry.

Bellamy's continued to strengthen its position as the leader of Australia's organic baby food. *Bellamy's* rolled out a cross-border co-branding themed marketing campaign with the globally renowned IP Smurfs (藍精靈) to enhance its brand presence across channels. In market expansion, *Bellamy's* actively pursued growth in the Southeast Asian market, achieving a strong year-on-year sales growth in the region during the first half of the year. For product deployment, *Bellamy's* Chinese-labelled Organic Series (貝拉米大貿有機系列) introduced two new products in the region during the first half of the year, *Nuorui* Infant Formula Milk Powder (諾瑞兒嬰幼兒配方奶粉) and *Bellamy's Organic High-calcium Growing-up Milk Powder* (貝拉米有機高鈣成長奶粉) recently, further enriching its range of infant and children's milk powders and reinforcing its position as the leading organic milk formula brand in cross-border e-commerce. In the baby food segment, *Bellamy's* upgraded its dairy-free, hypoallergenic and organic rice powder for infants and toddlers during the year, adding unique ingredients like water-soluble ferrous iron and organic FOS prebiotics, to cater to the needs of the new generation of mothers.

Mengniu's adult-tailored formula milk business focused on the *Yourui* (悠瑞) brand. With worsening aging and rising health awareness, consumer demand has become more diversified and precise, and China's healthcare and nutrition market still has huge potential. During the period, based on the in-depth study of the middle-aged and elderly population, *Yourui* collaborated with several organizations to release a white paper titled "The Health Status of Middle-aged and Elderly Adults in China and Proprietary Nutrition Solutions (《中國中老年人健康狀況及專屬營養解決方案》)". The brand continued to optimize its formulas, with a strategic focus on products that support bone, joint, and muscle health, aiming to reinforce its leadership in the nutrition and healthcare market for middle-aged and senior individuals.

Ice Cream Business

In the first half of 2024, the ice cream industry faced significant challenges, including weak consumer confidence, elevated inventory levels, and aggressive destocking efforts, leading to a decline in overall sales. Meanwhile, as consumer demands become more refined, along with channel diversification and the emergence of new consumption scenarios such as outdoor activities and tourism, the ice cream category is expected to see continued growth.

¹Note: China patent, number ZL 2021 1 0901955.4

The ice cream division focused on three strategies: boosting brand influence, refining product offerings, and tightening channel control, emphasizing execution from brand to point-of-sale. The Group prioritized *Suibian* while ramping up efforts around *Mood for Green* and *Ice+*. It deepened IP cooperation and accelerated the channel marketing. The division also advanced product innovation and upgrades, strengthening its brand and product portfolio with strategic reserves.

Staying rooted in the chocolate ice-cream segment, *Suibian* expanded its product lineup with cup and cone offerings, and launched the *Suibian Gold Label* (隨變•金標) series, further upgrading its range to meet the demands among young customers for high-quality, multi-flavor, and versatile products. *Mood for Green* reinforced its “a bite of nature (一口大自然)” brand proposition by introducing new innovations and expanding its bean-flavored ice cream lineup. *Ice+* cultivated a fun, cool brand image by launching an electrolyte drink sorbet in collaboration with NBA, appealing to younger consumers who seek functional benefits in their products. It further enhanced its appeal with a beer ice cream introduced through a cross-border marketing campaign with Brave the World Super X (勇闖天涯 Super X); high-end brand Deluxe partnered with Peet’s Coffee to launch “Pure Coffee Ice Cream” (純萃咖啡冰淇淋), the only packaged ice cream on the market made with real coffee concentrate, opening up new possibilities in coffee shop channels.

In terms of channels, Ice Cream Division remained focused on direct control of its sales terminals, prioritizing store expansion and market coverage. The Company strengthened its presence by boosting product displays at key outlets and leveraging digital tools for better management and targeting, ensuring efficient cost control and display quality. Mengniu also expanded into new channels like convenience stores, whole sale snack stores, and live streaming. Additionally, it launched marketing campaigns in key areas such as campuses, communities, and tourist spots to drive sales.

The overseas ice cream business continued to reach new heights. *Aice* focused on innovative product development, ramped up its social media promotion and expanded in-store sales, strengthening its product, brand, and channel presence. This strategy drove robust sales revenue growth and significantly boosted profit margins. *Aice* secured the top spot in Indonesia and ranked second in the Philippines in the snacking ice cream market. Meanwhile, the Group actively explored new opportunities in overseas markets, expanding into Indochina Peninsula markets such as Vietnam and Thailand.

Cheese Business

China’s cheese industry and consumption are still in the early stages. However, as consumers shift from “drinking milk” to “eating milk,” and the dairy sector transitions from primary to value-added processing, the cheese market is poised for significant long-term growth.

During the reporting period, Shanghai Milkground Food Tech Co., Ltd. (600882.SH) (“Milkground”) focused on four key strategies: product leadership, brand strength, channel cultivation, and management upgrades (產品引領、品牌佔位、渠道精耕、管理升級). These efforts solidified its competitive edge, maintained its market leadership, and further strengthened its position. *Milkground* expanded its reach from children’s snack to adult’s snacks and shifted from snacking to dining scenarios, driving industry upgrades and reinforcing its dual focus on retail and enterprise customers. In the first half of 2024, *Milkground* solidified its position as the “No.1 Cheese Brand in China (中國奶酪第一品牌)” by revitalizing its brand image and core values, culminating in the introduction of a new LOGO. In May 2024, *Milkground* launched a new line of ready-to-eat nutritional products for adults, marking its transition from a focus on children’s cheese to products for all age groups.

In terms of ready-to-eat nutritious cheese, *Milkground’s* chilled division, while maintaining its leadership in basic products, has continuously iterated and upgraded its offerings. New products such as Cheese Granules (奶酪小粒), upgraded Mousse Cup Cheese, bite-sized Cheese (一口奶酪) and Fresh Hand-torn Cheese (原制手撕奶酪), have enriched the product lineup. Meanwhile, the room-temperature division has introduced a variety of casual snack cheeses for adults, broadening both flavors and categories. For family dining scenarios like “breakfast” and “baking,” the brand launched light-fat mozzarella cheese during the period, with ongoing innovations and upgrades in cheese products designed for family meals.

Meanwhile, *Milkground* focused on the development of the catering cheese sector. Relying on its leading technology and supply chain advantages, *Milkground* continued to enrich the innovative application of cheese products in Western cuisine, bakery, tea beverages and coffee, industrial use, and Chinese cuisine by providing product customization and launching a variety of new season-specific products. In terms of fresh cheese, new domestic fresh cheese products such as mascarpone cheese, fresh mozzarella cheese, brie cheese and sour cream have recently been launched.

In June 2024, *Milkground* completed a cash acquisition of 100% of the Group’s equity interests in Inner Mongolia Mengniu Cheese Co., Ltd. (Mengniu Cheese). This acquisition and integration are set to strengthen the leadership positions of both entities within the cheese product market.

Innovative Business

In terms of nutritional science, Mengniu adhered to forward-looking insights and unremitting technological exploration, continued to overcome technical difficulties and break through, continuously breaking through technical barriers, casting excellent product competitiveness.

In March 2024, Mengniu *Reeborne* led the release of the group standard titled “Determination of 7 Kinds of Human Milk Oligosaccharides in Infant Formula Milk Powder and Formulated Milk Powder (《嬰幼兒配方乳粉及調製乳粉中7種母乳低聚糖的測定》)”. This standard is the first group standard domestically which uses liquid chromatography to identify seven types of human milk oligosaccharides (HMOs) in infant formula milk powder and formulated milk powder simultaneously. It sets the stage for industry transformation, fostering new quality productive forces and fostering higher quality in product development.

In May 2024, Synaura Biotechnology (Shanghai) Co., Ltd., a company under Mengniu, successfully secured nearly RMB100 million in Pre-A financing. The round was led by CICC Qide Fund (中金啟德基金) under CICC Capital, a well-known investment institution, with participation from Moutai Fund (茅台基金) and additional investment from original shareholder Beihai Mengniu Venture Capital (北海蒙牛創投). This financing round underscores Mengniu Group’s strong confidence and commitment to the future of synthetic biology. In July 2024, Synaura Biotechnology was honored with the “2024 Major Scientific and Technological Innovation Achievement Award in the Dairy Industry” (2024奶業重大科技創新成果獎) for its project on “Breakthrough and Application of Human Milk Oligosaccharide (HMO) Production Technologies” (母乳低聚糖(HMO)生產技術突破及應用). This achievement once again earned high recognition from the industry and highlighted the Company’s significant contribution to the high-quality development of the dairy sector.

In February 2023, Mengniu launched the M-ACTION brand, marking its entry into the sports nutrition sector. Positioned as “China’s professional leader in sports nutrition” (中國專業運動營養領導者), M-ACTION has developed an initial product lineup that includes a liquid protein range, an aerobic exercise range, and a protein bar range. These products can satisfy the nutrition requirement of athletes before, during, and after aerobic, anaerobic, and general workouts. M-ACTION has become the official partner of the Chinese national triathlon team and sponsoring premier events like the Wuxi Marathon, TsaiGu TangSi Trail, and Gold Coast Trail, driving the rapid growth in the brand’s impact on the sports crowd.

At the beginning of 2024, M-ACTION advanced product innovation by introducing Fast-Endura™ and other cutting-edge technologies in its energy gel series, offering Chinese runners scientifically-backed energy supplements. M-ACTION also developed Fast-hydro technology, launching a range of electrolyte products designed to help runners maintain optimal hydration during exercise. Additionally, M-ACTION's beetroot juice, produced from natural beetroot using advanced scientific methods, is engineered to enhance runners' maximum oxygen uptake. Reflecting its commitment to professional R&D, M-ACTION established the "M-ACTION Sports Performance Laboratory," bringing together a team of multidisciplinary experts and cutting-edge research facilities. It is capable of carrying out fourteen key research projects, including foundational sports nutrition research, the development of sports nutrition foods, and sports performance evaluation, leading the development of the sports nutrition industry in China.

In terms of channels, M-ACTION takes a deep dive into the DTC channels, driving steady month-over-month revenue growth on platforms like Tmall, JD.com, and Douyin, with repurchase rates outpacing those of similar products. In addition, M-ACTION is actively diversifying its sales channels. In March 2024, the brand's liquid protein products debuted at Sam's Club as the first of their kind, achieving impressive sales right from the start.

Quality Management

In the first half of 2024, the Group focused on its "Creating a New Mengniu" initiative and the FIRST blueprint, aiming to achieve "World-class Quality." By enhancing its Quality Management System 3.0 and reinforcing its commitment to a culture of quality, the Group strengthened the long-term mechanisms within its management system, laying a solid foundation for sustainable and high-quality growth.

Regarding system certifications, the Group maintained its seven major certifications, including ISO9001, HACCP, GMP, FSSC22000, BRC, IFS, and SQF, covering 58 factories with a 100% passing rate.

Under its smart quality management strategy and transformation plan, Mengniu has developed a digital project management system tailored to its business needs. This system sharpens the focus on inspection resources, streamlines inspection processes to be more efficient and intelligent, and supports leaner, more effective operations. By leveraging new technologies, Mengniu is also enhancing its ability to monitor food safety risks and is driving improvements in both product quality and quality management capabilities.

During the reporting period, Mengniu launched a series of campaigns, including the “World-class Quality: My Responsibility” campaign (世界品質責任有我), the “World-class Quality for Consumers” event (世界品質讓消費者看見) 3.15 event, and the “World-class Quality Through Innovation” initiative (世界品質創新有我). During the “World-class Quality for Consumers” event, more than 2,000 consumers visited over 60 Mengniu factories, where they were able to experience the Company’s commitment to world-class quality both in person and online.

Milk Source Management

In the first half of 2024, Mengniu rolled out ten initiatives to support dairy ranches in managing the significant demand-supply imbalance in the industry. These initiatives included efforts in “technological innovation, financial assistance, platform subsidies, digital intelligence, green energy promotion, advancements in seed farming, ensuring forage supply, diversified operations, and policy support”. The goal was to help ranch partners stabilize operations, enhance quality and efficiency, and ensure sustainable development.

In terms of technological innovation, the Group has helped ranches boost their technical capabilities and lower feeding costs by promoting precise nutrition practices and standardizing operating procedures (SOPs). On the financial side, Mengniu has provided nearly RMB730 million to its upstream partners, ensuring they have the necessary funds for development. In terms of empowerment of the industrial chain, Mengniu has leveraged its upstream resources — ranging from feed and forage farming to seed technology and digital tools — to supply high-quality forage and other essential materials to ranches, further reducing procurement costs.

The Group is committed to integrating sustainable practices into its milk source management. In the first half of 2024, we supported ranch partners in enhancing their carbon emission management through training programs, technical assistance, and resource integration. We also leveraged resources from the China Dairy Cow Industry Technology System (中國奶牛產業技術體系), the Dairy Industry Technical Service Alliance (奶業技術服務聯盟), China Agricultural University, Modern Dairy, and other industry experts resource of upstream and downstream to deliver on-site practical and theoretical training. These initiatives are designed to guide the ranches toward more scientific breeding practices and improved operational efficiency.

Corporate Digital Strategy

Digital intelligence remains a cornerstone of Mengniu’s strategy. In the first half of 2024, the digital intelligence team continued to advance digital initiatives across the Company, strengthening the foundation of Mengniu’s capabilities in this area. Drawing on operational experience, the team accelerated platform development, unlocked the value of data assets, and integrated AI to boost productivity. They led efforts to transform the organization and upgrade production models, provided digital solutions to address supply-demand imbalances in the industry, and contributed to the Group’s high-quality growth while helping improve quality and improve efficiency across the industry.

During the reporting period, Mengniu further advanced its AI infrastructure by developing an enterprise-wide intelligence system and a centralized knowledge repository. The Company also launched no-code and low-code platforms, supporting over 1,700 AI applications tailored to various business needs, which further improved decision-making, execution efficiency, and consumer experience. In the consumer sector, Mengniu focused on building eight core marketing capabilities aligned with its business objectives. In distribution channels, the Company upgraded store and warehouse systems, introduced a smart sales system, and launched a comprehensive digital marketing platform, a collaborative channel platform, and a TPM system, providing flexible and efficient solutions for product distribution. These initiatives significantly reduced sales costs and restructured the value chain across the board. In the supply chain, Mengniu streamlined processes and embraced integration to unlock the full potential of its industrial chain, addressing technical bottlenecks behind supply-demand imbalances and greatly improving inventory turnover. On the management side, Mengniu promoted the “AI Smart Data Analysis Assistant,” leveraging AIGC technology to drive sustainable growth in front-end operations while continuously upgrading its mid- and back-end digital systems.

FINANCIAL REVIEW

Revenue

During the period, due to the lower-than-expected demand and the explicit imbalance of the demand and supply, the revenue of the Group amounted to RMB44,670.5 million for the six months ended 30 June 2024 (2023: RMB51,118.5 million), representing a year-on-year decrease of 12.6%.

Gross Profit

The Group's gross profit for the period decreased to RMB17,984.7 million (2023: RMB19,630.2 million) due to the decrease in revenue during the period. Gross profit margin increased by 1.9 percentage points to 40.3% as compared with the same period last year (2023: 38.4%) due to the decrease in raw milk prices.

Operating Expenses and Operating Profit

During the period, as the Group actively promoted quality improvement and efficiency improvement, selling and distribution expenses decreased by 8.8% to RMB12,680.5 million (2023: RMB13,906.2 million), representing an increase to 28.4% (2023: 27.2%) of the Group's revenue. Product and brand marketing expenses during the period decreased by 12.1% to RMB4,499.4 million (2023: RMB5,119.7 million), accounting for 10.1% of the Group's revenue (2023: 10.0%).

Due to the Group's expenses control during the period, the administrative expenses decreased by 11.1% to RMB1,941.0 million (2023: RMB2,184.5 million), accounting for 4.3% (2023: 4.3%) of the Group's revenue. Educational surcharges, city construction tax and other taxes included in other expenses amounted to RMB243.9 million (2023: RMB264.6 million), representing a year-on-year decrease of 7.8%.

Total business operating expenses, including selling and distribution expenses, administrative expenses and educational surcharges, city construction tax and other taxes, decreased by 9.1% to RMB14,865.4 million (2023: RMB16,355.3 million), accounting for 33.3% of the Group's revenue (2023: 32.0%). Due to the decrease in revenue during the period, operating profit (gross profit less business operating expenses) amounted to RMB3,119.3 million (2023: RMB3,274.9 million), representing a year-on-year decrease of 4.8%; operating profit margin was 7.0% (2023: 6.4%), representing a year-on-year increase of 0.6 percentage points.

EBITDA and Net Profit

During the period, as the Group's gross profit decreased, and share of profits and losses of associates turned from profit to loss, the Group's earnings before interest, taxes, depreciation, and amortization ("EBITDA") decreased by 7.5% to RMB4,790.8 million (2023: RMB5,178.3 million); however, benefiting from the increase of gross profit margin and the active promotion of quality improvement and efficiency enhancement by the Group during the period, EBITDA margin was 10.7% (2023: 10.1%), representing a year-on-year increase of 0.6 percentage points.

Due to the oversupply cycle of raw milk, the impairment of raw milk powder inventories and share of profits and losses of associates turned from profit to loss during the period, profit attributable to owners of the Company decreased by 19.0% year-on-year to RMB2,445.8 million (2023: RMB3,020.5 million). Basic earnings per share were RMB0.623 (2023: RMB0.765), representing a year-on-year decrease of 18.6%.

Income Tax Expenses

For the six months ended 30 June 2024, income tax expenses of the Group totaled RMB570.3 million (2023: RMB644.3 million), representing a 11.5% decrease year-on-year. The effective income tax rate was 18.4% (2023: 17.4%), representing an increase of 1.0 percentage point year-on-year. The increase of the effective tax rate was mainly due to the decrease in the share of results of associates not subject to taxation during the period.

Capital Expenditure

For the six months ended 30 June 2024, the capital expenditure of the Group amounted to RMB1,692.9 million (2023: RMB1,887.2 million), representing a decrease of 10.3% year-on-year. Of the total, RMB1,583.4 million was spent on building new production facilities and modifying existing ones as well as related investments, and the investment in equities amounted to RMB109.5 million.

Working Capital, Financial Resources, and Capital Structure

For the six months ended 30 June 2024, the Group recorded net cash inflow from operating activities of RMB1,919.9 million (2023: RMB3,450.6 million), representing a decrease of 44.4% as compared with the same period last year. The decrease in net cash inflow from operating activities was mainly due to the decrease in net profit and the increase in the raw milk powder inventories during the period.

As of 30 June 2024, outstanding interest-bearing bank and other borrowings of the Group increased to RMB41,562.3 million (31 December 2023: RMB37,410.8 million), of which interest-bearing bank and other borrowings repayable within one year amounted to RMB17,755.1 million (31 December 2023: RMB9,806.9 million). More than 90% of the interest-bearing bank and other borrowings were bearing interest at fixed rates. The increase in interest-bearing bank and other borrowings was mainly due to the short-term strategic financing and the reserves for repayment of foreign currency debt due in the future, which resulted in an increase in cash and bank deposits.

Net borrowings (total amount of interest-bearing bank and other borrowings net of cash and cash at banks) of the Group as of 30 June 2024 were RMB23,125.5 million (31 December 2023: RMB24,967.0 million).

The Group's total equity as of 30 June 2024 amounted to RMB51,118.6 million (31 December 2023: RMB50,651.7 million). Its debt-to-equity ratio (total amount of interest-bearing bank and other borrowings divided by total equity) was 81.3% (31 December 2023: 73.9%).

Finance costs of the Group were RMB884.3 million (2023: RMB727.1 million), or approximately 2.0% when expressed as a percentage of revenue (2023: 1.4%), representing an increase of 0.6 percentage points year-on-year. The increase in finance costs was mainly due to the increase in average borrowing amounts and interest rates.

PRODUCTS

Liquid milk

The revenue amounted to RMB36,261.5 million (2023: RMB41,640.2 million), accounting for 81.2% of Mengniu's total revenue (2023: 81.5%).

UHT milk

Milk Deluxe introduced the "Dream Cap" upgraded packaging product in 2018, heralding the Milk Deluxe 3.0 era. The organic pure milk products under this brand have received dual certification under the organic standards of both China and the European Union. Our key product Milk Deluxe Desert Organic Pure Milk, which is based on the concept of "organic in the desert, a better organic," contains 4.0g of protein and 130mg of natural calcium per 100ml. The product is packaged with craft materials and features plant-based bottle caps, resulting in a 19% reduction in carbon emissions compared to conventional packaging, in keeping with the brand's environmentally friendly and sustainable principles.

Mengniu's UHT milk line includes *Selected Meadow*, *Mengniu* pure milk, high-calcium milk, low-fat high-calcium milk and skimmed milk. In 2024, Mengniu launched a new lactose-free milk product under its parent brand to meet the needs of Chinese consumers who are lactose intolerant.

Key Products:

Milk Deluxe 4.0g Desert Organic Pure Milk

Mengniu Lactose-free Milk

Room Temperature Yogurt

Just Yoghurt focuses on breakthroughs in differentiation and a return to “pure” and “additive-free” demands. Key products include zero additive original taste yogurt of diamond shaped packaging, which focuses on “no artificial flavors, no color additives, no gelatin, no milk formula”. The product has passed EU standard certification, demonstrating Mengniu’s insistence on quality.

Key Products:

Just Yoghurt-Original Taste (Additive Free)

Room Temperature Milk Beverage

Key products under the *Fruit Milk Drink* brand include “Orange Blossom Honey Pomelo + Aloe Bits” and “Jasmine Flavored + Green Grape Bits” fruit flavor milk shake yogurt drinks. This series is fermented from premium raw milk with low-fat content, targeting the expanding population of young Generation-Z consumers. In 2024, *Fruit Milk Drink* made its debut in the milk tea category popular among young consumers, launching a new series of beverages in flavors including “Earl Gray Tea Flavor” and “Melon Oolong Flavor”. These drinks are highlighted for their “zero added milk powder, zero non-dairy creamer, and zero trans fats,” using premium formulas and high-quality ingredients to meet the desire for cozy, relaxing drinks.

The key product of *Suan Suan Ru* is Lemon Tea Flavored Drinks Ice Shake Lemon Tea. With the selling point of “zero-fat, dietary fibers, and Swiss lactobacillus”, this product line is designed to be light, refreshing, and smooth, making it particularly appealing to a wide audience of young consumers.

Key Products:

Fruit Milk Drink PET Blossom Fruit Yogurt Smoothies

Fruit Milk Drink Milk Tea Drinks

Suan Suan Ru Lemon Tea Flavored Drinks Ice Shake Lemon Tea

Chilled Yogurt

To appeal to a variety of taste preferences, Mengniu has fully committed to developing its premium brand, *YO!FINE DIARY*, positioned as “Yogurt so good you’ll savor every last spoonful” (好吃到舔勺的酪酸奶). The Green Grapefruit Yogurt and Osmanthus and Water Chestnut Yogurt (桂花馬蹄酪) have won several prestigious industry awards, while the Forest Avocado Yogurt (森林牛油果酪) and King Sultan Durian Yogurt (蘇丹王榴蓮酪) have been well received by consumers. For its nutritional product line, *Mengniu* has upgraded all of its chilled yogurt products to a 100% raw milk formula and is actively expanding into the zero-sucrose and fruit grain segments. In the functional nutrition segment, *Champion*, positioned as the “leader in Chinese healthcare yogurt,” continues to innovate and upgrade to meet consumers’ needs for both functional and nutritional products.

Key products:

YO!FINE DIARY Yogurt

Mengniu Fresh Yogurt (蒙牛鮮酸奶)

Champion Jianzihao (健字號) immune booster series

Chilled Milk Beverage

The flagship products in the chilled probiotic drink category are *Yoyi C* products, which adhere to the brand positioning of “probiotics suitable for Chinese people” and have been the No. 1 brand in the industry for three consecutive years. The new product, *Yoyi C* 100ml Smooth Drinks, pioneered the industry with a formula of 5 strains of complex probiotics, which has been highly acclaimed across all major platforms since its launch.

Key products:

Yoyi C zero sucrose product

Yoyi C Smooth Drinks (優益C暢快產品)

Fresh Milk

High-end brand *Shiny Meadow* has launched an innovative product, Dual Protein Milk, made from 100% raw milk as the milk source and enriched with six almonds per 350ml serving, offering consumers easily digestible, high quality, and balanced nutrition. *Xiaoxianyu*, a sub-brand of *Shiny Meadow*, has focused on light-calorie fresh milk, rapidly expanding its reach among young consumers. Leveraging the Paris Olympics, fresh milk segment under Mengniu Modern Meadow launched seasonal products like Mood for Green Raw Milk Green Shasha and Functional Flavor 5 Black Milk, continually enhancing its product value.

Key Products:

Shiny Meadow

Xiaoxianyu

Mengniu Modern Meadow fresh milk

Ice Cream

Revenue from the ice cream business amounted to RMB3,371.4 million (2023: RMB4,308.7 million), accounting for 7.5% of Mengniu's total revenue (2023: 8.4%).

Suibian continued to stay rooted in the chocolate ice cream segment, and leveraging on the core selling point of “high cocoa solids content + pure raw milk”, the *Suibian* • Gold Label 72% series has anchored around the new consumption demand for high-quality chocolate ice cream of young generation, which has received widespread interests and praise from consumers. The new Bright Colours Cup (亮色杯) series, which mixes and matches dark chocolate chips with fresh and popular flower and fruit flavors, is quite popular among the young. The Lava series has made a bold breakthrough in its core product, Soft Berry (軟芯莓莓), with the introduction of a new four-layered, richly textured Chocolate Ice Cream Suibian White Chocolate Lava (巧克力冰淇淋隨變白巧流芯). *Mood for Green* has launched the Green Shasha Crispy Cone Ice Cream (綠莎莎脆筒雪糕), and the frozen fragrans and mung bean cake flavored ice cream (桂花綠豆糕口味冰淇淋) featuring the Chinese dessert concept.

Key Products:

Suibian

Mood for Green

Ice+

Deluxe

AICE

Milk Formula

Revenue from the milk formula business amounted to RMB1,635.3 million (2023: RMB1,894.2 million), accounting for 3.7% of Mengniu's total revenue (2023: 3.7%).

In terms of infant milk powder, “Enzhi (恩至)” series under *Reeborne* brands is Mengniu *Reeborne's* star product which is the first in the world containing innovative MLCT structured lipids and a new OPO component, featuring a patented affinity formula. In 2024, the core products of *Reeborne* series have upgraded its milk sources to A2 β -casein milk to enhance the overall affinity of the formula. *Reeborne* Jingzhi (菁至) series utilizes rare desert organic milk sources and is fortified with rare organic OPO and other nutrients. A2 β -casein milk source products have also been launched to meet the comprehensive needs of high-end consumers for organic products. *Bellamy's* launched new products such as Nuoruier (諾瑞兒) infant formula and *Bellamy's* organic high-calcium growing-up milk powder.

In terms of nutritional supplements, *Yourui* (悠瑞) is mainly promoting the bone strength series products. The basic version of *Yourui* (悠瑞) bone strength products scientifically developed three-step calcium locking formula from the intake, absorption, calcium locking; on top of the basic version formula, the premium version of *Yourui* (悠瑞) bone strength products has innovatively added HMB to enhance muscle cell reproduction and inhibit muscle loss, which comprehensively guards the mobility of middle-aged and elderly.

Key Products:

Reeborne

Bellamy's

Yourui (悠瑞)

Cheese

Revenue from the cheese business amounted to RMB2,114.3 million (2023: RMB2,256.1 million), accounting for 4.7% of Mengniu’s total revenue (2023: 4.4%).

In terms of instant nutritional cheese, *Milkground* further enriches its product matrix and expands its snacks of adult-tailored leisure cheese offering, launching a variety of new products such as flower-flavour cheese sticks, bite-sized cheese, cheese granules, mousse cheese cups, codfish cheese sticks, hand-ripped cheese, and leisure snacks such as the cheese time series products, etc.; and in the aspect of family dining cheese, it launches new products such as light-fat mozzarella cheese crumbles.

In the field of To B catering cheese sector, *Milkground* continued to maintain its leading position in domestic large-package mozzarella cheese, and upgraded its whipping cream products and launched new products, the first of its kind in the industry, such as cheese thick cream and shredded cheese slices, which are widely used in Western cuisine, bakery, tea beverages and coffee, industrial use, and Chinese cuisine, and introduced four new domestic fresh cheese products, namely Mascarpone cheese, Fresh Mozzarella cheese, Brie cheese, and sour cream.

Key Products:

Milkground cheese granules

Milkground flower-flavored cheese sticks

Milkground codfish cheese sticks

PRODUCTION

Mengniu deploys its production capacity according to the potential of relevant markets and its product strategy. As of 30 June 2024, Mengniu had 45 production bases in China, 2 production bases in Indonesia, 2 production bases in Australia, 1 production base in Philippines, and 1 production base in New Zealand, respectively. It had a total annual production capacity of 13.90 million tons (December 2023: 14.04 million tons).

SUSTAINABLE DEVELOPMENT

Sustainable green development underpins high-quality growth. During the period, the Group made consistent progress in advancing its “GREEN” sustainable development strategy and dual-carbon objectives. Specifically, Mengniu has implemented 15 carbon reduction measures across six key areas throughout its value chain, establishing a “leading strategy” for driving the green transformation of the dairy industry.

During the reporting period, the Group established a “1+N” sustainability report disclosure system and released several key reports, including the “2023 Annual Sustainability Report”, “Green Packaging Value Report”, “Nature-Related Information Disclosure Report” and “Climate-Related Information Disclosure. These publications provide a comprehensive view of its sustainability efforts. Notably, the “Nature-Related Information Disclosure Report” is the first in China’s dairy industry to align with the Taskforce on Nature-related Financial Disclosures (TNFD) Framework. This report offers details of Mengniu’s nature-related management practices across its production processes and supply chain. It underscores the Group’s commitment to sustainable development and its leadership in driving the green transformation of the dairy industry.

With regards to green packaging, the Group leveraged its Green Packaging Taskforce to complete the construction of a packaging materials database and develop the 4R1D green packaging strategy (Reduce/Recycle/Reuse/Renew/Degradable). Quantitative objectives were set across various areas, including the elimination of environmentally unfriendly plastics, reduction of fossil-based virgin plastics, use of reclaimed materials, recycling of recycled and degradable materials, and end-of-pack recycling. These initiatives are driving green packaging transformation comprehensively.

The Group actively advanced its circular economy strategy by forming a strategic partnership with the recycling platform Aihuishou (AtRenew) to launch the “New Life Dairy Packaging Recycling Program (乳品包裝減塑新生計劃).” This program employs Aihuishou’s smart recycling machines at offline sites to gather and recycle dairy packaging, minimizing the environmental footprint of packaging waste and enhancing the synergy between green consumption and circular economy practices. Furthermore, the Group has also signed a sustainable development strategic agreement with the Bel Group to collaborate extensively on sustainability efforts, such as low-carbon agricultural, nutritional awareness programs, food waste reduction.

While promoting sustainable development across its value chain, the Group also took active steps to protect forests and promote biodiversity. During the reporting period, Mengniu officially became a member of the Roundtable on Sustainable Palm Oil (RSPO) and launched the RSPO-certified palm oil procurement campaign. In May, Mengniu’s Modern Dairy completed the purchase and delivery of China’s first batch of “zero-deforestation” soybeans at Tianjin Port. The Group remains committed to the principles of “green development, harmonious coexistence”, leading its entire value chain towards a more environmentally friendly and sustainable future.

The Group enhanced its social responsibility efforts, and has established the Inner Mongolia Mengniu Public Charity Foundation. The Foundation focuses on four major areas: disaster relief, nutrition enhancement, rural revitalization and ecological protection. It actively engages in philanthropic and charity activities through research, systematic funding, and public advocacy strategies.

HUMAN RESOURCES

As of 30 June 2024, the Group had a total of over 43,000 employees in the Chinese Mainland, Hong Kong, Oceania and Southeast Asia.

In the first half of 2024, Mengniu remained committed to its strategic objective of “Creating a New Mengniu.” Building on the foundation of Mengniu’s corporate culture and spirit, the Company reinforced six key mindsets: consumer-oriented, client-oriented, profitability-driven, full value chain approach, long-term approach, as well as integrity and discipline. These efforts were aimed at fostering a shift in mindset and awareness, enhancing the execution of strategies, and driving the high-quality development of our business. The ongoing development of Mengniu’s employer brand system and the recruitment of high-tech talents contributed to the cultivation of skilled professionals in China’s dairy industry and the creation of a sustainable talent ecosystem.

During the reporting period, in light of changes in the internal and external market environment and business development, Mengniu further accelerated talent training by building a talent development system in a systematical manner, continuously consolidating the talent plan, and being committed to building six future-oriented talent teams vigorously promoting the recognition of professional skills and the accreditation of professional titles, so as to link up the career paths for the development of talents and provide them with a broader career platform.

Mengniu has continued to develop a comprehensive remuneration system that links business performance with a people-oriented approach, and drives high-quality development with competitive remuneration, differentiated performance, diversified incentives, flexible benefits and satisfactory experience.

OUTLOOK

Driven by the Chinese government’s unwavering commitment to policies aimed at expanding domestic demand and promote high-quality development, the country’s macroeconomic environment and consumer confidence are expected to continue recovering. Meanwhile, as consumers increasingly prioritize the nutritional value and health benefits of dairy products due to growing awareness, premium and diversified offerings are set to remain highly favoured. This trend is expected to create new opportunities for consumption growth and structural upgrades, boosting the long-term development of the dairy industry as well as nutrition and healthcare products.

As an industry leader, Mengniu is committed to tackling industry challenges while remaining firmly committed to executing its strategic initiatives. The Group will adhere to the developmental direction of “value creation, consistent focus on R&D and innovation, brand building, digitization, accelerated channel optimization and new business development”, with a strong emphasis on driving high-quality growth through accelerating the refinement of product mix and facilitating a balanced business expansion.

The Group will continue to advance channel transformation, enhance refined management of internal operations, and further improve organizational efficiency. The Group will continue to develop the “FIRST Mengniu” brand that is beloved by consumers, into one that is increasingly international, socially responsible, culturally strong and digitally transformed. We aim to lead China’s dairy industry into a new stage of premium development, characterized by “high-tech, high-efficiency, and high-quality” growth.

SHARE REPURCHASE PLAN

The Group is committed to increasing returns for its shareholders. As part of such commitment, the Company plans to repurchase shares of the Company during the following 12 months up to HK\$2 billion in value, subject to market conditions. For further details on the Company’s share repurchase plan, please refer to the announcement of the Company dated 28 August 2024.

CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix C1 to the Listing Rules as its own code of corporate governance practices.

The Board has reviewed the Company’s corporate governance practices and is satisfied that the Company has been in compliance with all code provisions of the CG Code during the six months ended 30 June 2024.

SECURITIES TRANSACTIONS OF DIRECTORS

The Company has adopted, in terms no less exacting than, the standards required by the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix C3 to the Listing Rules as the Company’s code of conduct and rules governing dealings by all Directors in the securities of the Company. The Directors have confirmed, following the specific enquiry by the Company, that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2024.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2024, except that the trustee of the share award scheme of the Company adopted on 26 March 2013 (the “Share Award Scheme”), pursuant to the rules of the Share Award Scheme, purchased on the open market a total of 3,400,000 shares of the Company at a total consideration of approximately HK\$56,055,000. During the period, the Company did not sell any treasury shares and did not hold any treasury shares as at 30 June 2024.

AUDIT COMMITTEE

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Li Michael Hankin (chairman), Mr. Yih Dieter and Mr. Ge Jun.

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 unaudited interim financial information for the six months ended 30 June 2024.

SCOPE OF WORK OF KPMG

The interim financial information for the six months ended 30 June 2024 is unaudited, but has been reviewed by KPMG, in accordance with Hong Kong Standard on Review Engagements 2410 "*Review of interim financial information performed by the independent auditor of the entity*", issued by the Hong Kong Institute of Certified Public Accountants, whose unmodified review report is included in the interim report to be sent to shareholders.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Company at www.mengniu.com and Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk. The interim report of the Company will be available at the aforesaid websites and despatched to the shareholders as per the Company's corporate communications arrangements in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the executive Directors are Mr. Jeffrey, Minfang Lu, Mr. Gao Fei and Ms. Wang Yan; the non-executive Directors are Mr. Qing Lijun, Mr. Wang Xi and Mr. Simon Dominic Stevens; and the independent non-executive Directors are Mr. Yih Dieter (alias Yih Lai Tak, Dieter), Mr. Li Michael Hankin and Mr. Ge Jun.

APPRECIATION

The Board would like to take this opportunity to express gratitude to our shareholders and the public for their continued support, and to all staff for their hard work and commitment.

By order of the Board
China Mengniu Dairy Company Limited
Gao Fei
Chief Executive Officer and Executive Director

Hong Kong, 28 August 2024