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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 2024**

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2024:

- The Group's revenue was RMB20,748.6 million, representing an increase of 6.2% as compared with last year.
- The Group's gross profit was RMB13,764.8 million, representing an increase of 8.7% as compared with last year.
- The Group's profit for the year was RMB3,654.1 million, representing an increase of 11.1% as compared with last year.
- Basic earnings per share of the Company amounted to RMB0.39 (2023: RMB0.37).
- Diluted earnings per share of the Company amounted to RMB0.39 (2023: RMB0.37).
- The Board has proposed to declare final dividend of HK\$0.1632 per share of the Company (2023: HK\$0.1484 per share of the Company). The Company also paid an interim dividend of HK\$0.1632 per share of the Company with an aggregate amount of approximately HK\$1,479,775,000 (equalling approximately RMB1,351,924,000) in September 2024.

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 2024 (the “**Reporting Period**”), together with the comparative amounts and explanatory notes.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	4	20,748,550	19,532,203
Cost of sales		<u>(6,983,747)</u>	<u>(6,868,850)</u>
Gross profit		13,764,803	12,663,353
Other income and gains, net	4	1,465,058	1,659,531
Selling and distribution expenses		(7,181,223)	(6,709,067)
Administrative expenses		(1,681,261)	(1,762,049)
Other expenses		(146,322)	(100,862)
Finance costs		(44,646)	(53,132)
Share of losses of associates		(8,910)	(5,958)
Share of loss of a joint venture		(3,272)	(1,450)
Impairment losses on property, plant and equipment and right-of-use assets		–	(89,812)
Changes in fair value less costs to sell of biological assets		<u>(614,501)</u>	<u>(750,262)</u>
PROFIT BEFORE TAX	5	5,549,726	4,850,292
Income tax expense	6	<u>(1,895,606)</u>	<u>(1,559,940)</u>
PROFIT FOR THE YEAR		<u>3,654,120</u>	<u>3,290,352</u>
Attributable to:			
Owners of the parent		3,570,125	3,390,009
Non-controlling interests		<u>83,995</u>	<u>(99,657)</u>
		<u>3,654,120</u>	<u>3,290,352</u>
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT			
Basic (expressed in RMB per share)	8	<u>0.39</u>	<u>0.37</u>
Diluted (expressed in RMB per share)	8	<u>0.39</u>	<u>0.37</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*Year ended 31 December 2024*

	2024 RMB'000	2023 RMB'000
PROFIT FOR THE YEAR	<u>3,654,120</u>	<u>3,290,352</u>
OTHER COMPREHENSIVE (LOSS)/INCOME		
<i>Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of financial statements of group companies	<u>(84,007)</u>	<u>153,660</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>3,570,113</u>	<u>3,444,012</u>
Attributable to:		
Owners of the parent	3,485,401	3,543,469
Non-controlling interests	<u>84,712</u>	<u>(99,457)</u>
	<u>3,570,113</u>	<u>3,444,012</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

		2024	2023
	Notes	RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		9,496,701	9,494,034
Investment properties		38,734	211,741
Right-of-use assets		359,015	395,097
Goodwill		112,402	112,402
Intangible assets		14,161	16,334
Investment in a joint venture		–	3,338
Investments in associates		120,356	99,866
Financial asset at fair value through other comprehensive income		1,800	1,800
Deposits		46,339	110,873
Biological assets		2,339,650	2,252,706
Deferred tax assets		347,957	402,216
Long-term bank deposits		600,000	540,000
Total non-current assets		13,477,115	13,640,407
CURRENT ASSETS			
Inventories		2,153,945	2,258,059
Trade and bills receivables	9	395,219	431,184
Prepayments, deposits and other receivables		668,564	694,959
Structured deposits		9,681,736	8,670,910
Restricted cash		27,905	58,218
Cash and cash equivalents		9,321,222	10,440,941
Total current assets		22,248,591	22,554,271
CURRENT LIABILITIES			
Trade and bills payables	10	1,565,160	1,838,223
Other payables and accruals		4,101,044	4,660,948
Interest-bearing bank borrowings		514,804	504,914
Lease liabilities		27,429	87,402
Tax payable		382,593	290,743
Total current liabilities		6,591,030	7,382,230
NET CURRENT ASSETS		15,657,561	15,172,041
TOTAL ASSETS LESS CURRENT LIABILITIES		29,134,676	28,812,448

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
NON-CURRENT LIABILITIES		
Other payables and accruals	705,608	620,756
Interest-bearing bank borrowings	485,054	872,836
Lease liabilities	53,823	171,260
Deferred tax liabilities	482,806	813,250
	<hr/>	<hr/>
Total non-current liabilities	1,727,291	2,478,102
	<hr/>	<hr/>
NET ASSETS	27,407,385	26,334,346
	<hr/>	<hr/>
EQUITY		
Equity attributable to owners of the parent		
Issued capital	1	1
Reserves	25,933,185	24,944,858
	<hr/>	<hr/>
	25,933,186	24,944,859
Non-controlling interests	1,474,199	1,389,487
	<hr/>	<hr/>
Total equity	27,407,385	26,334,346
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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 International Financial Reporting Standards (“**IFRSs**”) (which include all International Financial Reporting Standards, International Accounting Standard (“**IASs**”), and Interpretations) 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 2024. 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 the following revised IFRSs for the first time for the current year's financial statements:

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the "2020 Amendments")
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i> (the "2022 Amendments")
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

The nature and the impact of the revised IFRSs are described below:

- (a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

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
- 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 2024

	Raw milk	Dairy products and nutritional supplements	Total
	RMB'000	products RMB'000	RMB'000
Segment revenue			
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>
Segment results	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>
Segment assets	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>
Segment liabilities	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>

Year ended 31 December 2023

	Raw milk <i>RMB'000</i>	Dairy products and nutritional supplements products <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue			
Sales to external customers	234,060	19,298,143	19,532,203
Intersegment sales	1,974,521	–	1,974,521
	<hr/>	<hr/>	<hr/>
	2,208,581	19,298,143	21,506,724
<i>Reconciliation:</i>			
Elimination of intersegment sales			(1,974,521)
			<hr/>
Revenue			19,532,203
			<hr/>
Segment results	(325,738)	4,756,742	4,431,004
<i>Reconciliation:</i>			
Elimination of intersegment results			2,274
Bank interest income			198,911
Other interest income			269,499
Share of loss of an associate			(5,958)
Share of loss of a joint venture			(1,450)
Finance costs (other than interest on lease liabilities)			(43,988)
			<hr/>
Profit before tax			4,850,292
			<hr/>
Segment assets	7,374,703	8,593,488	15,968,191
<i>Reconciliation:</i>			
Corporate and other unallocated assets			20,226,487
			<hr/>
Total assets			36,194,678
			<hr/>
Segment liabilities	2,232,003	5,146,586	7,378,589
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			2,481,743
			<hr/>
Total liabilities			9,860,332
			<hr/>

Geographical information

(a) Revenue from external customers

	2024 RMB'000	2023 RMB'000
Mainland China	20,545,954	19,287,735
United States of America	164,082	206,671
Canada	38,514	37,797
	<u>20,748,550</u>	<u>19,532,203</u>

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

(b) Non-current assets

	2024 RMB'000	2023 RMB'000
Mainland China	10,940,287	10,971,859
United States of America	38,365	42,901
Canada	1,548,706	1,681,631
	<u>12,527,358</u>	<u>12,696,391</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 (2023: 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:

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers	<u>20,748,550</u>	<u>19,532,203</u>

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2024

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

For the year ended 31 December 2023

Segments	Raw milk RMB'000	Dairy products and nutritional supplements products RMB'000	Total RMB'000
Type of goods			
Sales of goods	234,060	19,298,143	19,532,203
Geographical markets			
Mainland China	234,060	19,053,675	19,287,735
United States of America	–	206,671	206,671
Canada	–	37,797	37,797
Total	234,060	19,298,143	19,532,203
Timing of revenue recognition			
Goods transferred at a point in time	234,060	19,298,143	19,532,203

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:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sales of goods	<u>683,327</u>	<u>1,067,872</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:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Other income		
Bank interest income	218,979	198,911
Other interest income	249,386	271,121
Government grants related to		
– Assets	71,158	57,221
– Income	592,666	916,199
Gross rental income from investment property operating leases	16,769	52,196
E-commerce income	69,813	21,659
Others	68,889	42,714
	<u>1,287,660</u>	<u>1,560,021</u>
Gains, net		
Fair value gains on structured deposits, net	91,336	99,510
Gain on disposal of a subsidiary	19,078	–
Foreign exchange difference, net	66,984	–
	<u>177,398</u>	<u>99,510</u>
Total other income and gains, net	<u>1,465,058</u>	<u>1,659,531</u>

- (i) Various government grants have been received by the Group's subsidiaries operated in Mainland China. 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):

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Cost of inventories sold*	5,376,403	5,251,008
Breeding costs to produce	1,161,055	1,195,214
Production costs for raw milk	446,289	422,628
	<u>6,983,747</u>	<u>6,868,850</u>
Cost of sales		
Depreciation of property, plant and equipment	697,414	630,037
Less: Capitalised in biological assets	(88,448)	(96,652)
	<u>608,966</u>	<u>533,385</u>
Depreciation recognised in the consolidated statement of profit or loss		
Depreciation of investment properties	14,651	45,192
Depreciation of right-of-use assets	22,713	27,176
Employee benefit expense* (excluding directors' and chief executive's remuneration):		
Wages and salaries	1,210,480	1,130,052
Pension scheme contributions (defined contribution schemes)**	256,857	233,407
Equity-settled share option expense	54,162	162,656
Less: Capitalised in biological assets	(104,308)	(96,125)
	<u>1,417,191</u>	<u>1,429,990</u>
Write-down of inventories to net realisable value#	73,486	42,726
Impairment of trade and other receivables, net	81,461	961
Loss on disposal of items of property, plant and equipment, net	15,970	663
Fair value gain on structured deposits	(91,336)	(99,510)
Foreign exchange difference, net***	(66,984)	64,246

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 Mainland China have been calculated at the applicable PRC corporate income tax (“CIT”) rate of 25% (2023: 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.

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current – PRC		
Charge for the year	2,168,967	1,665,311
Current – elsewhere		
Charge for the year	4,880	12,373
	<u>2,173,847</u>	<u>1,677,684</u>
Deferred	(278,241)	(117,744)
	<u>1,895,606</u>	<u>1,559,940</u>
Total tax charge for the year		

7. DIVIDEND

Interim dividend of HK\$0.1632 (2023: HK\$0.1349) per ordinary share, equivalent to an aggregate of approximately RMB1.35 billion (2023: RMB1.14 billion) was declared and paid during the year ended 31 December 2024.

The proposed final dividend of HK\$0.1632 (2023: HK\$0.1484) per ordinary share, equivalent to an aggregate of approximately RMB1.37 billion (2023: equivalent to approximately RMB1.22 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 2024 and 2023.

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.

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Earnings:		
Profit for the year attributable to ordinary equity holders of the parent	<u>3,570,125</u>	<u>3,390,009</u>

	Number of shares 2024	2023
Shares:		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	9,048,859,615	9,060,350,520
Effect of dilution – weighted average number of ordinary shares:		
Share award	5,710,730	17,221,290
	<u>9,054,570,345</u>	<u>9,077,571,810</u>

9. TRADE AND BILLS RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	382,041	423,743
Bills receivable	25,234	16,244
	<u>407,275</u>	439,987
Impairment	(12,056)	(8,803)
	<u>395,219</u>	<u>431,184</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:

	2024 RMB'000	2023 RMB'000
Within 1 month	308,529	231,086
1 to 2 months	41,518	144,011
2 to 3 months	20,016	30,321
Over 3 months	25,156	25,766
	<u>395,219</u>	<u>431,184</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:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 3 months	1,428,376	1,730,387
3 to 6 months	65,890	68,854
Over 6 months	70,894	38,982
	<u>1,565,160</u>	<u>1,838,223</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 10.48‰ in 2019 to 6.77‰ in 2024, with number of newborns declining to approximately 9.5 million in 2024. According to Frost & Sullivan, an industry consulting firm, the number of children aging from zero to three decreased accordingly from approximately 47.2 million in 2019 to approximately 28.2 million in 2024. Despite the decline from 2019 to 2024, the number of newborns is expected to improve from 2024 to 2027, 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 2024 reached RMB41,314, with a compound annual growth rate of 6.1% from 2019 to 2024. 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.

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 77,000 retail points of sale as at 31 December 2024. 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 77.1% of its total revenue from dairy products for the year ended 31 December 2024.

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 2024, the Group had production facilities to manufacture its products with a designed annual production capacity exceeding 365,000 tonnes in total. 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 “**Wise Babies Opt For Feihe**” (聰明寶寶喝飛鶴) 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 2024, over 920,000 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 199 people as at 31 December 2024. 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 RMB172.9 million, accounting for 0.83% of the Group's total revenue for the year ended 31 December 2024.

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 2023 to 2024.

Consolidated statement of profit or loss

	Year Ended 31 December				Year-on-Year Change
	2024		2023		
	(In thousands of RMB, except percentages)				
Revenue	20,748,550	100.0%	19,532,203	100.0%	6.2%
Cost of sales	(6,983,747)	(33.7)%	(6,868,850)	(35.2)%	1.7%
Gross profit	13,764,803	66.3%	12,663,353	64.8%	8.7%
Other income and gains, net	1,465,058	7.1%	1,659,531	8.5%	(11.7)%
Selling and distribution expenses	(7,181,223)	(34.6)%	(6,709,067)	(34.3)%	7.0%
Administrative expenses	(1,681,261)	(8.1)%	(1,762,049)	(9.0)%	(4.6)%
Other expenses	(146,322)	(0.7)%	(100,862)	(0.5)%	45.1%
Finance costs	(44,646)	(0.2)%	(53,132)	(0.3)%	(16.0)%
Share of losses of associates	(8,910)	(0)%	(5,958)	(0)%	49.5%
Share of loss of a joint venture	(3,272)	(0)%	(1,450)	(0)%	125.7%
Impairment losses on property, plant and equipment and right-of-use assets	–	–	(89,812)	(0.5)%	(100)%
Changes in fair value less costs to sell of biological assets	(614,501)	(3.0)%	(750,262)	(3.8)%	(18.1)%
Profit before tax	5,549,726	26.8%	4,850,292	24.8%	14.4%
Income tax expense	(1,895,606)	(9.1)%	(1,559,940)	(8.0)%	21.5%
Profit for the year	3,654,120	17.7%	3,290,352	16.8%	11.1%
Other comprehensive (loss)/ income					
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of financial statements of group companies	(84,007)	(0.4)%	153,660	0.8%	(154.7)%
Total comprehensive income for the year	3,570,113	17.3%	3,444,012	17.6%	3.7%

Revenue

The Group's revenue increased by 6.2% from RMB19,532.2 million in 2023 to RMB20,748.6 million in 2024, primarily due to the impact of the increase in awareness of brand and the growth 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
	2024		2023		
	<i>(In thousands of RMB, except percentages)</i>				
Infant milk formula products	19,061,587	91.9%	17,876,825	91.5%	6.6%
Other dairy products*	1,514,039	7.3%	1,423,680	7.3%	6.3%
Nutritional supplement products	172,924	0.8%	231,698	1.2%	(25.4)%
Total revenue	20,748,550	100%	19,532,203	100%	6.2%

* 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 increased by 1.7% from RMB6,868.9 million in 2023 to RMB6,983.7 million in 2024, primarily due to the increase 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
	2024	Gross Profit Margin	2023	Gross Profit Margin	
	Gross Profit	(In thousands of RMB, except percentages)	Gross Profit		
Infant milk formula products	13,587,568	71.3%	12,411,334	69.4%	9.5%
Other dairy products	78,215	5.2%	118,830	8.3%	(34.2)%
Nutritional supplement products	99,020	57.3%	133,189	57.5%	(25.7)%
Gross profit	13,764,803	66.3%	12,663,353	64.8%	8.7%

As a result of the foregoing, the Group's gross profit increased by 8.7% from RMB12,663.4 million in 2023 to RMB13,764.8 million in 2024.

The Group's gross profit margin increased from 64.8% in 2023 to 66.3% in 2024, primarily due to changes in product structure of infant milk formula products and the decreasing costs of our raw materials.

Other Income and Gains, Net

Other income and gains, net decreased by 11.7% from RMB1,659.5 million in 2023 to RMB1,465.1 million in 2024, primarily due to a decrease in government subsidies.

Selling and Distribution Expenses

Selling and distribution expenses increased by 7.0% from RMB6,709.1 million in 2023 to RMB7,181.2 million in 2024, primarily due to the increase in publicity expenses and online sales platform expenses.

Administrative Expenses

Administrative expenses decreased by 4.6% from RMB1,762.0 million in 2023 to RMB1,681.3 million in 2024, primarily due to the decrease in share-based payment expenses.

Other Expenses

Other expenses increased by 45.1% from RMB100.9 million in 2023 to RMB146.3 million in 2024, primarily due to the increase in impairment of other receivables.

Finance Costs

Finance costs decreased by 16.0% from RMB53.1 million in 2023 to RMB44.6 million in 2024, primarily due to the decrease of the Group's interest-bearing borrowings during the 2024.

Profit before Tax

As a result of the foregoing, the Group's profit before tax increased by 14.4% from RMB4,850.3 million in 2023 to RMB5,549.7 million in 2024.

Income Tax Expense

Our income tax expense increased by 21.5% from RMB1,559.9 million in 2023 to RMB1,895.6 million in 2024 as a result of an increase in our profit before tax in 2024.

The Group's effective tax rate, calculated by dividing the Group's income tax expense by the Group's profit before tax, was 32.2% in 2023 and 34.2% in 2024.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 11.1% from RMB3,290.4 million in 2023 to RMB3,654.1 million in 2024.

Liquidity and Capital Resources

In 2024, 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 2024, the Group had cash and cash equivalents of RMB9,321.2 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 2024, the Group’s interest-bearing bank borrowings were approximately RMB999.9 million.

Capital Structure

As at 31 December 2024, the Group had net assets of RMB27,407.4 million, comprising current assets of RMB22,248.6 million, non-current assets of RMB13,477.1 million, current liabilities of RMB6,591.0 million and non-current liabilities of RMB1,727.3 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 (0.36) as at 31 December 2023 and (0.32) as at 31 December 2024.

Cash Flow

The Group’s net cash flows from operating activities was RMB4,179.3 million in 2024, as compared with RMB4,145.3 million in 2023. The Group’s net cash flows used in investing activities was RMB1,316.8 million in 2024, as compared with net cash flows from investing activities was RMB386.7 million in 2023. The Group’s net cash flows used in financing activities was RMB3,031.6 million in 2024, as compared with RMB2,705.3 million in 2023.

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 2024, 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 2024, 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 2024, the capital expenditures incurred by the Group was approximately RMB1,401.6 million, primarily attributable to property, plant and equipment, investment properties and biological assets. As at 31 December 2024, the capital commitments of the Company was approximately RMB337.2 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 2024, 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 2024, the total pledged group assets amounted to approximately RMB1,187.7 million, representing an increase of RMB768.8 million as compared with the beginning of 2024.

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 2024, the Group did not have any contingent liabilities.

Subsequent Events

The Group has no material subsequent events after 31 December 2024 as of the date of this announcement.

Future Prospects

The Company will continue to seize development opportunities and focus on independent innovation, especially in areas such as breast milk research, brain development studies, milk protein technology, and nutrition for all age groups. We will keep making breakthroughs in these fields. In terms of product innovation, we will further advance our efforts in developing nutrition for all age groups, using nutrition to deliver care and providing consumers with more comprehensive and precise “Nutrition Support for All Age Groups”. For market expansion, we will continue to empower our global research and development efforts, expand into international markets, and enhance the global influence of the Feihe brand, making China Feihe a global brand. As we transition from family health to nutrition for all age groups, the Company will actively fulfill its corporate responsibilities, leading the high-quality development of China’s dairy industry and contributing to the modernization of China.

Standing at the new starting point of 2025, China Feihe will continue to use innovation as the engine for development, supported by solid technological strength. We will keep pouring our passion into the precise nutrition business and lead the way forward for China’s dairy industry.

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 for 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. 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 code provision C.1.3 of the CG Code.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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 did not hold any treasury shares (whether held or deposited in the Central Clearing and Settlement System, or otherwise).

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 2024, 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\$655.0 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\$183.8 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 2024.

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 2024 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\$0.1632 per share of the Company for the year ended 31 December 2024 (the “**2024 Final Dividend**”) with an aggregate amount of approximately HK\$1,479,775,000 (equalling approximately RMB1,366,120,000) to the Shareholders whose names are listed on the Company’s register of members as at 5 June 2025 (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**”). The 2024 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 2024 and an additional over 50% of our profit for the six months ended 31 December 2024, totalling over 80% of our profit for the six months ended 31 December 2024 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 2024 does not include the profit/loss of YuanShengTai Dairy Farm Limited. The 2024 Final Dividend will be declared and paid in Hong Kong dollars. Once the relevant resolution is passed at the AGM, the 2024 Final Dividend is expected to be paid on or around 16 June 2025. The Company also paid an interim dividend of HK\$0.1632 per share of the Company with an aggregate amount of approximately HK\$1,479,775,000 (equalling approximately RMB1,351,924,000) in September 2024.

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 29 May 2025, for considering, among other things, the 2024 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 2024 Final Dividend, the register of members of the Company will be closed from 26 May 2025 to 29 May 2025 (both days inclusive) and from 4 June 2025 to 5 June 2025 (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 23 May 2025. Shareholders whose names appear on the register of members of the Company on 29 May 2025 will be entitled to attend and vote at the AGM.

In order to qualify for the 2024 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 3 June 2025. The 2024 Final Dividend will be paid to the Shareholders whose names are listed on the Company's register of members on 5 June 2025.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the HKEXnews website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.feihe.com. The 2024 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, 28 March 2025

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.