Interim Report 2026

AUSNUTRIA DAIRY CORPORATION LTD

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1717)

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Ausnutria Dairy Corporation Ltd
Interim Report 2026

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Mission

Nourishing Life & Growth.

Vision

To become the most trustworthy milk formula, nutrition and healthcare enterprise in the world.

Sustainability Vision

We strive to nourish life and growth by providing quality nutritional options to all on a global level. We are committed to creating value in a sustainable manner, and helping build a world in which everyone is empowered to live a healthy and prosperous life.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Ren Zhijian *(Chief Executive Officer)*
Mr. Bartle van der Meer
Mr. Zhang Zhi

Non-executive Directors

Mr. Han Shixiu *(Chairman)*
Ms. Yan Junrong
Mr. Zou Ying

Independent Non-executive Directors

Mr. Ma Ji
Mr. Chen Fuquan
Mr. Aidan Maurice Coleman

COMPANY SECRETARY

Ms. Cheung Ka Lai

AUTHORISED REPRESENTATIVES

Mr. Han Shixiu
Ms. Cheung Ka Lai

AUDIT COMMITTEE

Mr. Ma Ji *(Chairman)*
Mr. Chen Fuquan
Mr. Aidan Maurice Coleman

NOMINATION COMMITTEE

Mr. Han Shixiu *(Chairman)*
Mr. Zou Ying
Mr. Ma Ji
Mr. Chen Fuquan
Mr. Aidan Maurice Coleman

REMUNERATION COMMITTEE

Mr. Chen Fuquan *(Chairman)*
Mr. Han Shixiu
Mr. Ren Zhijian
Mr. Ma Ji
Mr. Aidan Maurice Coleman

AUDITORS

PricewaterhouseCoopers
Certified Public Accountants

LEGAL ADVISER

As to Hong Kong law
King & Wood

FINANCIAL ADVISER ON RETAINER BASIS

Asian Capital Limited

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACES OF BUSINESS

In Hong Kong

Unit 16, 36/F.
China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Sheung Wan
Hong Kong

In Mainland China

Block A, Building 1, Ausnutria Building
Suncity, Purui East Road
Yueliangdao Street
Wangcheng District, Changsha City
Hunan Province, the PRC

In the Netherlands

Dokter van Deenweg 150
8025 BM Zwolle
The Netherlands

In Australia

25-27 Keysborough Avenue
Keysborough VIC 3173
Australia

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company
(Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong
Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

PRINCIPAL BANKERS

Bank of China
The Hongkong and Shanghai Banking
Corporation Limited

STOCK CODE

1717

INVESTORS' CONTACT

Ms. Tracy Sun
Email: ir@ausnutria.com

COMPANY'S WEBSITE

www.ausnutria.com.hk

The board (the "**Board**") of directors (the "**Directors**") of Ausnutria Dairy Corporation Ltd (the "**Company**" or "**Ausnutria**") hereby presents the interim report of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2026 (the "**2026 Interim Period**" or "**1H 2026**"), together with the comparative figures for the corresponding period in 2025 (the "**2025 Interim Period**" or "**1H 2025**").

FINANCIAL AND BUSINESS REVIEW

Revenue

	Notes	Six months ended 30 June 2026 RMB'M (Unaudited)	Six months ended 30 June 2025 RMB'M (Unaudited)	Change %	Proportion to total revenue Six months ended 30 June 2026 % (Unaudited)	Proportion to total revenue Six months ended 30 June 2025 % (Unaudited)
Own-branded formula milk powder products:						
Cow milk (in the PRC)	(i)	523.1	961.4	(45.6)	16.5	24.7
Goat milk (in the PRC)	(i)	978.6	1,381.1	(29.1)	31.0	35.6
Goat milk (elsewhere)	(i)	516.2	483.4	6.8	16.3	12.4
		1,494.8	1,864.5	(19.8)	47.3	48.0
		2,017.9	2,825.9	(28.6)	63.8	72.7
Cheese, Private Label and others:						
Cheese	(ii)	514.5	478.7	7.5	16.3	12.3
Private Label and others	(iii)	393.4	426.7	(7.8)	12.4	11.0
		907.9	905.4	0.3	28.7	23.3
Dairy and related products		2,925.8	3,731.3	(21.6)	92.5	96.0
Nutrition products	(iv)	237.4	155.5	52.7	7.5	4.0
Total		3,163.2	3,886.8	(18.6)	100.0	100.0

Notes:

(i) Representing the sales of own-branded cow milk formula products in the People's Republic of China (the "**PRC**") and own-branded goat milk formula ("**Kabrita**") products in the PRC, the Middle East, the United States (the "**US**"), the Commonwealth of Independent States (the "**CIS**"), Europe, Canada, Mexico, South Korea, South Africa, etc.

(ii) Representing the sales of goat cheese, semi-hard goat cheese and related by-product.

(iii) Representing the sales of formula milk powder products (including infant milk formula ("**IMF**")) under the customers' own brands as well as milk, milk powder, cream and other milk derived ingredients such as whey protein powder, etc.

(iv) Representing the sales of nutrition products mainly in the PRC and Australia.

The Group recorded revenue of RMB3,163.2 million for the 2026 Interim Period, representing a decrease of 18.6% from the 2025 Interim Period. The decrease in revenue was mainly due to one-off proactive operational adjustments in current period as well as the external factor of the declining birth rate in the PRC, which led to intensified competition in the industry.

Own-branded Goat Milk Formulas

For the 2026 Interim Period, revenue of the Group's own-branded goat milk formulas (Kabrita) amounted to RMB1,494.8 million, representing a year-on-year ("**YoY**") decrease of 19.8%. The decrease in revenue was mainly attributable to (i) a YoY decrease in Kabrita sales in the PRC, mainly due to the temporary in-market supply tightness and one-off proactive adjustments in its distribution channel in the second quarter of 2026 by the Group under the view of the long-term healthy development of channels and the enhancement of consumer experience; and (ii) revenue from Kabrita overseas increased YoY by RMB32.8 million or 6.8%, which maintained strong momentum in the Middle East, North America, the CIS, and other expanding markets. The Group continues to optimise its product portfolio, centre around its core brands, core products and core channels, focus on a mega-brand strategy to cater to a more diverse consumer base and to maintain Kabrita's leadership in global markets.

Overseas markets (including but not limited to the Middle East, the US, the CIS, Europe, Mexico, South Korea, Vietnam, etc.)

In 1H 2026, the Group's Kabrita brand achieved steady growth in overseas markets, with overall performance in line with the budget targets for the year 2026. This was primarily attributable to the continued improvement in market penetration in regions such as the Middle East, North America, and the CIS, as well as successful expansion into emerging markets including Europe, Southeast Asia and Canada. Kabrita continued to deepen its international market penetration strategy through channel expansion, product innovation and brand building, resulting in comprehensive business growth.

The Middle East market remained the largest contributor to the Group's overseas business, accounting for 45.1% of the Group's overall overseas revenue. Against the high revenue base established by the successful marketing initiatives implemented in 1H 2025, the Middle East operational team managed to meet the budget indicators and deliver solid operational results, fully demonstrating the strong risk resistance and resilience of the business despite the political turbulence in various locations and multiple supply chain challenges in the region in 1H 2026. During the reporting period, the Group advanced both product iteration and scientific research initiatives. On the product front, the upgraded Kabrita formula was launched in May this year and is scheduled to be introduced into the Middle East market in the near term. In terms of scientific research, the MESK II clinical study, the first to incorporate Kabrita products, is expected to be officially initiated at King Faisal Specialist Hospital in Saudi Arabia in August. As the Group continued to strengthen its presence in professional medical channels, the recognition of the Group's goat milk products and Kabrita's premium formulas among medical professionals continued to rise.

Revenue from the North American market (comprising the US and Canada) accounted for 20.8% of the Group's total overseas revenue, with overall operating performance remaining stable. In June this year, Kabrita received the Shout-out Award from Amazon during its Prime Day event in recognition of the brand's remarkable sales performance during the promotional period. As to channel development, the brand has successfully entered Walmart stores, while the US team is fully advancing cooperation to enter Target, the second-largest retailer in the US. The Canadian business has demonstrated strong growth momentum since its market launch and recorded a YoY revenue increase of up to 30% during the period, driven by comprehensive store shelf coverage and a premium product portfolio.

In 1H 2026, the Group achieved a YoY revenue growth of 24.2% in the CIS market, which accounted for 21.5% of the Group's total overseas revenue. This was underpinned by a comprehensive marketing strategy and a complete product portfolio covering all channels, enabling the Group to establish a significant edge in the local goat milk segment.

In terms of scientific research and certification, during the ESPGHAN (European Society for Paediatric Gastroenterology, Hepatology and Nutrition) Annual Congress held in Lille, France in May 2025, the Group hosted an exclusive international scientific dinner, bringing together more than 55 medical experts from around the world for academic exchange. During the event, Dr. Karen Knipping presented an academic research abstract focusing on protein ratios, which was publicly displayed at ESPGHAN as an electronic poster titled "*Goat milk fat does not alter digestion kinetics in goat milk-based infant formula, while whey:casein ratio drives protein digestion differences*". The research data fully validated the crucial role of protein composition in infant digestion and absorption, providing solid academic support for Kabrita's unique protein ratio research and development ("**R&D**") concept while further strengthening the brand's differentiated advantages over cow milk powder and competing goat milk products.

The PRC market

In 1H 2026, Kabrita's PRC division followed its "flagship product-led brand building" operational strategy, focusing on strengthening brand power and enhancing consumers' willingness to choose the brand proactively. Through the coordinated execution of brand building, product innovation, channel optimisation and member operations, the Group continued to reinforce Kabrita's two core advantages as the world's No. 1 goat milk brand and its feeding results of being easy to absorb and hypoallergenic, thereby supporting business development.

During the reporting period, Kabrita's industry-leading position was recognised by two leading authorities. According to Frost & Sullivan, an authoritative consulting firm, Kabrita ranked first globally in both sales volume and value in the global goat milk powder market in 2025. Statistics from NielsenIQ showed that in 2025, the market share of Kabrita in goat milk powder for infants and toddlers imported into the PRC exceeded 80% in terms of sales volume and value. Accordingly, Kabrita has maintained a market share of over 60% in this segment for eight consecutive years, further solidifying its leadership position in the industry.

In terms of brand building, Kabrita remained the top seller in the goat milk powder segment in overall brand exposure, online search popularity and word-of-mouth user-generated content (UGC). The brand continued its film and television content marketing efforts through exclusive product placements in popular television dramas, including *Pursuit of Jade*, *Born To Be Alive* and *The Heir*, targeting a wider consumer audience beyond the mother-and-baby segment. In content marketing, the brand carried out refined operations by focusing on key infant formula consumption scenarios, such as formula transition and infants with sensitive constitutions, while communicating the core product values of the Yuebai (悅白) series – being easy to absorb and hypoallergenic – through leading content platforms such as RedNote and Douyin. As for consumer engagement activities, the brand launched the "Goat-luck Babies Celebrate the New Year" CNY marketing campaign during the Spring Festival period, featuring an innovative AI-powered interactive experience that enabled users to generate personalised festive greeting visuals with one click. The campaign received the Bronze Award in the Maternal and Child category at the 17th Tiger Roar Awards. The brand also partnered with the popular IP Nailoong to cover all consumption scenarios, further reinforcing its core selling points of easy absorption and hypoallergenic benefits. In addition, brand-exclusive live-streaming sessions were also conducted across major e-commerce platforms, topping Tmall's maternal and child supplies during the event, effectively enhancing brand affinity and driving sell-through at the retail level.

In terms of product innovation and portfolio optimisation, while strengthening the leadership position of Yuebai (悅白), Kabrita continuously expanded its "1+N+X" full lifecycle product portfolio. In the IMF segment, Yuebai (悅白) products have been continuously upgraded to reinforce its core advantages of being easy to absorb and hypoallergenic. The new Yuehu (Lanyue) (悅護藍曜版) was officially launched to capture growth opportunities in the popular "absorption + immunity" segments. In the field of children's and students' milk powder, new products including Qiweixing (啟味星) and Gao Caisheng (高材生) were introduced to address the growth and nutritional needs of children and students across different age groups. In the adult milk powder segment, the Group launched new products under the Yingjia (營嘉) series to cater to the diversified and specialised nutritional needs of middle-aged and elderly consumers. In addition, series including Jingying Children's Formula (睛瀅兒童粉) and Yueyunmei Maternal Formula (悅孕美媽媽粉) were comprehensively upgraded, further strengthening Kabrita's full lifecycle nutrition offering.

As to channel development, the Group focused on key customers and further optimised its distributor structure, driving steady improvements in both store activity and single-store sales performance for core product series such as Jingcuiyuebai (晶萃悅白), Yueqi (悅啟) and Glossom (晶綻). For the Yuehu (悅護) series, the Group further enhanced the risk resistance of its channels by strictly controlling new distributorship admission and maintaining a stable pricing system across all channels. Meanwhile, the Group adopted a disciplined approach to channel expansion, with a continued focus on channel stability by reducing channel inventory and maintaining product freshness. Through demand-based production scheduling and supply allocation, as well as refined management of inventory turnover quotas, the Group effectively shortened overall inventory turnover days, significantly improved product freshness at the retail level and further enhanced pricing discipline across the entire value chain, thereby laying a solid foundation for stronger retail sell-through, new customer acquisition and repeat purchases in the second half of the year.

Own-branded Cow Milk Formulas

For the 2026 Interim Period, revenue of the Group's own-branded cow milk formulas amounted to RMB523.1 million, representing a YoY decrease of 45.6%. The decrease mainly resulted from the (i) ongoing fierce challenges faced by the entire IMF industry in Mainland China; and (ii) temporary international supply constraints from April to May 2026, stemming primarily from shifts in the global logistics landscape, volatility in transportation expenses and increasingly stringent regulatory requirements. Concurrently, the Group implemented one-off, short-term proactive adjustments to its distribution channels in the second quarter of 2026, which resulted in temporary material headwinds to current-period performance. However, these initiatives accelerated the optimisation of channel structure and strengthen inventory management in alignment with prevailing industry trends, they will enhance the quality of retail operations and establish a stronger foundation for the subsequent healthy development of the businesses.

In 1H 2026, the Group's own-brand cow milk formula business, Hyproca 1897, remained focused on its positioning as a premium comprehensive nutrition milk powder, while continuing to strengthen its brand marketing, product iteration and channel development. During the period, the Group strategically launched a dedicated initiative to optimise market freshness. While this placed certain short-term pressure on business performance, inventory turnover days of distributors of its core flagship products have returned to a reasonable level, and the overall channel ecosystem has been effectively restored.

With respect to brand marketing, the Group continued to promote its core proposition of "comprehensive nutrition from breast milk", further reinforcing consumers' perception of the brand as a provider of premium products imported from the Netherlands. Leveraging authoritative market recognition, it further strengthened the brand's benchmark image in the premium segment through its industry credentials as the pioneer of comprehensive nutrition IMF in the PRC and the best-selling brand by national sales for three consecutive years. During the reporting period, the brand participated in the Fourth China Breast Milk Science Conference and further deepened industry-academia-research collaboration in breast milk research with Peking University Health Science Center and the Chinese Nutrition Society. On the communication front, an all-scenario marketing matrix was established to combine online and offline engagement. This included launching the original Mother's Day IP campaign *Mums Who Truly Enjoy It All* (《這屆媽媽超盡興》), and leveraging proprietary branded IP initiatives to further strengthen emotional connections and value resonance with premium mother groups.

As to channel building, the Group continued to optimise its distributor network and enhance retail store operations, while further strengthening strategic partnerships with key channel operators. During the reporting period, offline sales across multiple major chain stores achieved double-digit YoY growth, with retail sell-through of core flagship products continuing to improve. In terms of e-commerce channel development, the Group successively established self-operated official flagship stores on several emerging content platforms. During the 618 Shopping Festival, it achieved outstanding performance by exceeding 100% for both sales target achievement and YoY growth. In terms of pricing management, the Group safeguarded the all-channel bottom-line retail prices through a series of initiatives, maintaining a stable and orderly retail pricing system for its core flagship products.

Nutrition business

For the 2026 Interim Period, revenue derived from the nutrition products amounted to RMB237.4 million, representing a YoY increase of RMB81.9 million, or 52.7%. This strong growth was driven by ongoing distribution channels expansion, product innovation, portfolio premiumisation and brand development initiatives.

In 1H 2026, the Group's nutrition business remained committed to its development strategy of "research-driven growth with dual-business advancement", with its To Business ("**ToB**") and To Consumer ("**ToC**") operations advancing in tandem. The ToB segment anchored its core competitiveness in self-developed proprietary probiotic strains, accelerating commercial application and channel expansion. Meanwhile, the ToC segment leveraged the Australian Nutrition Care brand ("**NC**") to continuously reinforce its position as a cross-border professional nutrition specialist. Overall, the Group made encouraging progress in strain research and scientific certification, commercial applications, product portfolio expansion, brand influence and other dimensions, positioning the nutrition segment as an important driver of the Group's performance growth.

ToB Business Segment

During the reporting period, the ToB nutrition business remained focused on the probiotics sector. Driven primarily by the proprietary R&D and industrialisation of core strains, the Group continuously deepened strategic collaboration with industry partners and made encouraging progress across multiple areas, including strain research and scientific certification, channel expansion, product innovation and commercialisation, and industry influence.

In terms of strain certification and industry promotion, in February 2026, the Group's proprietary Bifidobacterium longum subsp. infantis strain YLGB-1496 received approval from the National Health Commission for inclusion in the *List of Strains Permitted for Use in Infant and Young Children Food (《可用於嬰幼兒食品的菌種名單》)*. It became one of the earlier probiotic strains originating from Chinese breast milk and independently developed by a Chinese dairy enterprise in the list for application in infant and young children food. Following the approval, Bioflag, a subsidiary of the Group, currently holds two proprietary probiotic strains approved for use in infant and young children's food. During the same period, Bifidobacterium animalis subsp. lactis CP-9, a new food ingredient, successfully passed the technical review by the expert committee. Building on these certification milestones, the Group further strengthened its academic credentials and industry engagement. During the period, it published the *Scientific Evidence White Paper on YLGB-1496 (《YLGB-1496 科學循證白皮書》)* and the *White Paper on Bifidobacteria Science and Applications in China (《中國雙歧桿菌科學與應用白皮書》)*, marking the fourth consecutive year the Group has published an industry white paper. This has gradually established an industry research system spanning from niche demographics to the full lifecycle, and from fundamental scientific research to industrial applications. Meanwhile, through participation in major industry events, including Vitafoods Europe, the ISPH Probiotics Conference, the New Nutrition Business Conference and HNC Healthplex Expo, together with the Innovation Leadership Forum held in Cambridge, the United Kingdom, in May, the Group showcased its portfolio of patented probiotic strains and nutritional products, further advancing the internationalisation of its core strain portfolio. During the reporting period, CP-9, K56, Yibobo PLUS and Bioflag also received the iSEE Award – Global Innovative Technology (iSEE 全球創新技術獎), the FBIF Wow Food Awards (FBIF食品創新獎), the Nutrition Box Awards – Best-selling Product (營養盒子爆品獎) and the HNC Intelligent Manufacturing Technology Innovation Leadership Award (HNC智造技術創新領軍企業獎), respectively.

In terms of commercial application, the Group continued to broaden the application scenarios of its core strains across the product portfolios of its business partners. BL-99 had been successfully applied across multiple product categories, including milk powder, probiotic supplements, frozen dairy products and cheese, with related products delivering encouraging market performance. Among them, Changshi Probiotic Freeze-Dried Powder, developed using BL-99, received the Annual Gold Award for Gut Health at the Functional Foods for Wellness Summit. Proprietary strains including K56 and YLGB-1496 also achieved further commercial application and progressed into pilot production. At the same time, leveraging the Group's extensive proprietary strain resources, products including NC Seasonal, Aunulife First ShouHu PRO (愛益森首護PRO) and NC Daily Flush delivered strong market performance in niche segments such as allergic rhinitis management and gastrointestinal health. NC SoForSleep Probiotic, formulated with the patented strain CCFM1025 (Bifidobacterium breve), targeted emotional well-being and sleep quality through modulation of the gut-brain axis and received an encouraging market response following its launch.

In respect of pharmaceutical distribution channels, the Group continued to expand its presence in the pharmaceutical retail market and established partnerships with several top 100 pharmacy chain operators, forming a nationwide pharmaceutical distribution network. Leveraging its differentiated bottled probiotic product portfolio, which covers all age groups and multiple product categories, the Group maintained steady growth in pharmaceutical channel sales during the reporting period and further strengthened its position as a leading supplier of probiotic products to the pharmaceutical channel.

In terms of new products, the Group launched Yizhizhuang Plus (益質壯plus), a probiotic product specifically developed for infants and children, and introduced a series of new products based on its proprietary strains, including BL-99, CP-9, K56 and CCFM1025. These products addressed a broad range of health needs, including gastrointestinal health, weight management, children's immunity, sleep improvement and women's health, and were subsequently incorporated into the product portfolios of key pharmaceutical channel customers and private-domain distribution partners.

Regarding supply chain enhancement, the Group continued to advance the intelligent upgrading of its production facilities during the reporting period. The automated filling production line for its innovative capsule-form probiotics officially commenced operation, providing manufacturing support for the large-scale production of innovative dosage forms and facilitating the expansion of the Group's business in new product formats. In June, the Group officially signed an agreement for the establishment of its premium probiotic fermentation and intelligent warehousing project in Huai'an Economic & Technological Development Zone. Upon completion, the new facility will create production synergies with Bioflag's existing probiotic demonstration production line, with a strategic focus on probiotic strains for infants, thereby further enhancing the Group's self-sufficiency in probiotic raw materials and strengthening its industrialisation capabilities.

ToC Business Segment

During the reporting period, the Group's Australian professional nutrition brand, Nutrition Care, continued to reinforce its positioning as an Australian pharmacy-grade nutrition brand by leveraging the Group's global industrial platform and research capabilities. Through a series of initiatives, including media engagement, industry-academia-research collaboration, the launch of three new products and integrated omni-channel marketing, the brand further enhanced its brand influence, enriched its product portfolio and strengthened its market presence, thereby reinforcing its competitive position in the cross-border nutrition segment.

In terms of brand building, NC further strengthened its positioning as a premium imported nutrition brand through brand endorsement and scientific collaboration during the reporting period. On the one hand, Haiwai Net, the online version of People's Daily Overseas Edition, conducted an on-site visit to NC's proprietary plants, self-operated research laboratories and local pharmacy chains in Australia to verify its fully integrated research and manufacturing model, together with its Therapeutic Goods Administration ("TGA") pharmaceutical-grade quality management system, further strengthening consumer confidence in NC's positioning as an Australian pharmacy-grade nutrition brand. On the other hand, NC continued to deepen its industry-academia-research collaboration with Jiangnan University, focusing on the emotional well-being and sleep health segment through the exclusive licensed probiotic strain Bifidobacterium breve CCFM1025. The strain's mechanism of action in regulating the gut-brain axis and alleviating anxiety and sleep disorders has been supported by five PRC invention patents and multiple publications in internationally recognised scientific journals, providing solid scientific evidence for NC's differentiated sleep nutrition products.

With respect to product innovation, NC launched three new products during the reporting period, namely NC Gut Support Chewables, NC Daily Flush Probiotics and NC SoForSleep Probiotics, further enriching its family nutrition product portfolio across the gastrointestinal health, and emotional well-being and sleep health segments. NC Gut Support Chewables, an upgraded tablet formulation of the brand's classic Gut Relief, complemented the existing powder product by offering an integrated solution of daily conditioning and convenient symptom relief to address diversified gastrointestinal health needs. Targeting women's digestive health and body management needs, NC Daily Flush Probiotics contains the proprietary probiotic Bifidobacterium strains BL-99 and CP-9 and delivers 120 billion CFU of probiotics per bottle. According to clinical study results, the product increased bowel movement frequency by 66.7% and reduced abdominal fat thickness by 11.6%. NC SoForSleep Probiotics, developed with the exclusive licensed Bifidobacterium breve CCFM1025 strain from Jiangnan University and formulated with traditional food-medicine homologous ingredients, demonstrated the ability to reduce anxiety scores and improve sleep quality based on clinical studies, providing gentle support for healthy sleep.

In terms of channel development, NC achieved coordinated growth across its online sales channels. Platform-based e-commerce remained a key growth driver during the reporting period. By strengthening cooperation with major e-commerce platforms and addressing diversified consumer demand across multiple consumption scenarios, the brand achieved rapid sales growth. Social commerce channels also delivered encouraging growth through collaboration with KOLs and brand-operated live-streaming initiatives. Meanwhile, the private-domain distribution business continued its operation. NC Seasonal Biotic Synbiotic Mix, one of the brand's flagship products, performed strongly in health supplement rankings on the Sam's Club App, further enhancing the brand's market presence in the cross-border nutrition category. Offline operations remained focused on strategic cooperation with key channels, while continuing to promote joint product development initiatives and improve retail sell-through.

Looking ahead to the second half of the year, the Group will continue to integrate its global resources while adhering to infant-grade quality standards. It will further expand its proprietary strain library, strengthen clinical research, enhance its industrialisation capabilities and build comprehensive probiotic solutions covering all age groups, striving to enhance its overall competitiveness in the PRC probiotics industry.

Cheese, Private Label and Others

The Group is also engaged in the sales of goat cheese, dairy related products such as milk, milk powder, cream and other milk derived ingredients such as whey protein powder. For the 2026 Interim Period, revenue derived from the cheese products amounted to RMB514.5 million, representing a YoY increase of RMB35.8 million, or 7.5% led by continuous optimisation of the product portfolio in overseas markets and improved operational efficiency. On 14 July 2026, the Group entered into a share purchase agreement to sell 35% of its equity interests in Amalthea Group B.V. ("**Amalthea**") to A-ware Dairy Trade B.V. ("**A-ware**"), one of the largest cheese producers in Europe, at a cash consideration of approximately EUR15.78 million (equivalent to approximately HK$141 million). The partial disposal enables the Group to realise substantial value from its investment in Amalthea while retaining majority control and continuing consolidation of Amalthea as a subsidiary. The Group believes that the cooperation with A-ware will better leverage both parties' strengths, particularly in the production capability, as well as the resources that they have established in different countries over the years, and continuously sustain the provision of a diverse product portfolio to customers.

The Private Label and others revenue contributed by these businesses remained comparable with the prior period.

Gross profit and gross profit margin

	Six months ended 30 June		Six months ended 30 June	
	2026 RMB'M (Unaudited)	2025 RMB'M (Unaudited)	2026 % (Unaudited)	2025 % (Unaudited)
Own-branded formula milk powder products:				
Cow milk	230.9	502.7	44.1	52.3
Goat milk	710.3	1,028.1	47.5	55.1
	941.2	1,530.8	46.6	54.2
Cheese, Private Label and others:				
Cheese	35.1	32.7	6.8	6.8
Private Label and others	38.5	25.3	9.8	5.9
Dairy and related products	1,014.8	1,588.8	34.7	42.6
Nutrition products	120.5	65.4	50.8	42.1
	1,135.3	1,654.2	35.9	42.6
Less: provision for inventories	(616.5)	(26.5)		
Total	518.8	1,627.7	16.4	41.9

The Group's gross profit for the 2026 Interim Period was RMB518.8 million, representing a decrease of RMB1,108.9 million, or 68.1%, when compared with the 2025 Interim Period. The decrease in the gross profit margin of the Group from 41.9% for the 2025 Interim Period to 16.4% for the 2026 Interim Period was primarily due to the aggregate effect of (i) the increase in inventories provision related to one-off inventory adjustments in distribution channel to enhance inventory structure management in current period; (ii) upward trend in raw material procurement cost, including the appreciation of the EUR against the RMB exchange rate; and (iii) other additional one-off supply chain costs in current period, partially offset through cost saving initiatives. The Group aims to continuously improve its operational efficiency, production planning and logistics lead times at upstream production facilities, optimise its product portfolio and freshness levels of inventory at retail terminals.

Selling and distribution expenses

Selling and distribution expenses, which mainly comprised advertising and promotion expenses, exhibition and trade show expenses, salaries and travelling costs of the sales and marketing staff and delivery costs. The decrease in selling and distribution expenses was primarily due to the decrease in promotional item expenses.

Administrative expenses

Administrative expenses mainly comprised staff costs, travelling expenses, office expenses, auditor's remuneration, professional fees and depreciation. The decrease in administrative expenses was mainly contributed by the cost-saving plan implemented by the Group.

Other income, other gains/(losses) – net

The amount mainly represented (i) subsidies from the PRC government of RMB9.3 million (2025 Interim Period: RMB14.7 million); (ii) the interest income derived from the bank deposits of RMB20.1 million (2025 Interim Period: RMB17.7 million); and (iii) considering the intense market competition in IMF powder products in the PRC, under which Ozfarm Royal Pty Ltd ("**Ozfarm**") and Australian Dairy Park Pty Ltd ("**ADP**") have yet to consistently achieve their previous targets, the recoverable amount from Ozfarm and ADP cash-generating unit, which were calculated based on the latest 5-year forecast, are lower than its carrying amount and accordingly, an impairment of goodwill amounted to RMB15.8 million is recognised for the current period, and an impairment charge of RMB27.6 million on intangible assets was also recognized based on above impairment assessment.

Finance costs – net

The finance costs of the Group for the 2026 Interim Period amounted to RMB30.7 million (2025 Interim Period: RMB16.8 million), representing mainly the interest on bank borrowings raised principally for the financing of the upstream capital expenditures of the Group, particularly in the Netherlands.

The increase in finance costs was mainly attributable to the new IMF factory in the Netherlands which was capitalised at the end of last year, leading to the cessation of capitalisation of the related borrowing costs for the 2026 Interim Period. As at 30 June 2026, approximately 100% (31 December 2025: 100%) of the Group's bank borrowings are denominated in EUR.

Share of profits of investments accounted for using the equity method

The amount mainly represented share of profits of Farmel Holding B.V. and its subsidiaries (the "**Farmel Group**") of RMB31.8 million for the 2026 Interim Period (2025 Interim Period: share of profits amounted to RMB4.1 million). The Farmel Group is principally engaged in the collection and trading of milk and dairy related commodities in Europe, the purpose for the investment in the Farmel Group is to secure the long-term milk supply for the Group's operations in the Netherlands.

Income tax credit/(expenses)

The effective income tax rate of the Group decreased from 25.0% for the 2025 Interim Period to 14.7% for the 2026 Interim Period. The decrease in effective income tax rate by 10.3 percentage points was mainly due to a one-off write-off of deferred tax assets of RMB79.9 million (2025 Interim Period: nil) being recognised as a result of loss making on some of the Company's subsidiaries, partially offset by preferential tax regarding on reinvestment with dividends during the period.

Profits/(losses) attributable to equity holders of the Company

The Group recorded a loss attributable to equity holders of the Company of approximately RMB705.1 million for the 2026 Interim Period compared with a profit attributable to equity holders of the Company of approximately RMB180.5 million for the 2025 Interim Period.

The Group's reported net loss was primarily attributable to the adverse impacts mainly from: (i) one-time inventory related adjustments leading to materially low gross profit margin; (ii) non-cash asset impairments related to goodwill and other intangible assets charged based on the principle of prudence management assessment to further enhance asset quality; and (iii) other one-off costs for Group organisational structure optimisation and efficiency enhancement.

Analysis on Condensed Consolidated Statement of Financial Position

As at 30 June 2026, the total assets and net asset value of the Group amounted to RMB9,722.2 million (31 December 2025: RMB10,255.7 million) and RMB5,146.1 million (31 December 2025: RMB6,086.4 million), respectively.

The decrease in total assets of the Group as at 30 June 2026 was mainly attributable to the net effects of:

(i) the inventory balance decreased by RMB358.4 million as a result of temporary inventory turnover fluctuations and inventory provision charges;

(ii) the net decrease of cash and cash equivalents, time deposit and long-term time deposits, with original maturity over one year total amounted to RMB95.3 million mainly used in investments of production expansion and maintain operational activities; and

(iii) the decrease of goodwill and other intangible assets of RMB88.2 million, mainly arising from RMB43.4 million impairments charged and others adversely affected by the appreciation of EUR against RMB.

The decrease in net assets of the Group as at 30 June 2026 by RMB940.3 million was mainly resulted from the net effects of (i) the net loss attributable to equity holders of the Company generated for the 2026 Interim Period of RMB705.1 million (2025 Interim Period: the net profit attributable to equity holders amounted to RMB180.5 million); (ii) the exchange difference on translation of foreign operations of RMB144.8 million mainly generated from the appreciation of EUR against RMB; and (iii) the payment of final 2025 dividend of RMB77.4 million during the 2026 Interim Period.

Working Capital Cycle

As at 30 June 2026, the current assets to current liabilities ratio of the Group was 0.85 times (31 December 2025: 1.0 time).

An analysis of key working capital cycle is as follows:

	Six months ended 30 June		
	2026 Number of days	2025 Number of days	Change Number of days
Inventories turnover days	123	155	(32)
Debtors' turnover days	45	36	9
Creditors' turnover days	35	43	(8)

The decrease in Group's inventories turnover days was mainly due to the recognition of a one-off material inventory provision recognised in current period. In view of continuous changes in the IMF industry and international supply chain environment, the Group continued to strengthen its supply chain management capabilities, optimise the allocation of production and inventory resources, and enhance supply chain resilience and operational efficiency to mitigate the impact of external environmental fluctuations on its operations.

The increase in turnover days of the Group's trade receivables was mainly due to the proportionate increase in sales from the Group's overseas markets which have comparatively longer credit terms than those in the PRC.

MATERIAL INVESTMENTS AND ACQUISITIONS AND DISPOSALS

On 14 July 2026, Ausnutria B.V., an indirect wholly-owned subsidiary of the Company, and A-ware Dairy Trade B.V. ("**A-ware**") entered into a share purchase agreement, pursuant to which Ausnutria B.V. conditionally agreed to sell, and A-ware conditionally agreed to acquire, the 35% of the issued shares in Amalthea Group B.V. ("**Amalthea**") held by Ausnutria B.V., at a consideration of EUR15,781,458 (equivalent to approximately HK$141 million) (the "**Disposal**"). Subject to completion, Ausnutria B.V. also agreed to assign to A-ware the pro rata portion of the total outstanding loan balance of Amalthea at a consideration of EUR1,400,000 (equivalent to approximately HK$13 million). The Disposal was completed on 20 July 2026.

Save as disclosed above and elsewhere in this report, the Company did not make or hold any significant investments (including any investment in an investee company representing 5% or more of the Company's total assets as at 30 June 2026) during the 2026 Interim Period and there were no other material acquisitions or disposals of subsidiaries, joint ventures or associated companies during the 2026 Interim Period and up to the date of this report.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as otherwise disclosed in this report, the Company did not have other plans for material investments or purchase of capital assets.

TREASURY POLICY

The Group has adopted a prudent treasury policy in respect of investments in financial products. Any surplus funds of the Group will only be invested in time deposits or low risk financial instruments from reputable commercial banks that can be redeemed within a short notice period, including primary bank-sponsored wealth management products, money market funds and interbank deposits.

FINANCIAL RESOURCES AND LIQUIDITY

The Group adopts conservative financial management policies. A summary of liquidity and financial resources is set out below:

	Notes	30 June 2026 RMB'M (Unaudited)	31 December 2025 RMB'M (Audited)
Bank borrowings		(2,413.5)	(2,508.7)
Lease liabilities		(100.2)	(111.2)
Less: Restricted cash	(i)	1.8	1.9
Time deposits	(ii)	105.4	21.8
Long-term time deposits, with original maturity over one year	(ii)	829.2	923.5
Cash and cash equivalents	(ii)	822.9	907.6
Net debt		(754.4)	(765.1)
Total assets		9,722.2	10,255.7
Shareholders' equity		5,083.6	6,026.7
Gearing ratio	(iii)	7.8%	7.5%
Solvency ratio	(iv)	52.3%	58.8%

Notes:

(i) An analysis of restricted cash by currency is set out below:

Currency	30 June 2026 RMB'M (Unaudited)	30 June 2026 % (Unaudited)	31 December 2025 RMB'M (Audited)	31 December 2025 % (Audited)
EUR	1.3	72.2	1.4	73.7
Others	0.5	27.8	0.5	26.3
Total	1.8	100.0	1.9	100.0

(ii) An analysis of cash and cash equivalents, time deposit and long-term time deposits by currency is set out below:

Currency	30 June 2026 RMB'M (Unaudited)	30 June 2026 % (Unaudited)	31 December 2025 RMB'M (Audited)	31 December 2025 % (Audited)
RMB	1,379.2	78.5	1,488.7	80.3
US$	221.9	12.6	102.7	5.6
EUR	82.5	4.7	11.6	0.6
HK$	22.1	1.3	182.0	9.8
Others	51.8	2.9	67.9	3.7
Total	1,757.5	100.0	1,852.9	100.0

(iii) Calculated as a percentage of net bank loans and lease liabilities over total assets.

(iv) Calculated as a percentage of shareholders' equity over total assets.

The Group is dedicated to maintaining its overall liquidity by maximising the cashflows generated from operating activities, particularly on the control of the inventory level, and increasing the facilities with banks to reserve sufficient funding to support its business development, in particular to meet the Group's strategy of building of the new IMF base powder facility (the "**New IFBP Facility**") and other related facilities in the Netherlands and the expansion into the nutrition business.

Following the continued corporate guarantee executed by the ultimate shareholder (namely, Inner Mongolia Yili Industrial Group Co, Ltd. ("**Yili Industrial**")), the Group has renewed the facilities from main cooperating banks with more favorable terms during the 2026 Interim Period. As at 30 June 2026, the Group had outstanding borrowings of RMB2,413.5 million (31 December 2025: RMB2,508.7 million), all of which was due within one year (31 December 2025: same).

An analysis of the Group's outstanding borrowings by currency is set out below:

Currency	30 June 2026 RMB'M (Unaudited)	30 June 2026 % (Unaudited)	31 December 2025 RMB'M (Audited)	31 December 2025 % (Audited)
EUR	2,413.5	100.0	2,508.7	100.0
Total	2,413.5	100.0	2,508.7	100.0

As at 30 June 2026, the major outstanding borrowings of RMB2,376.6 million (31 December 2025: RMB2,487.1 million) were guaranteed by the ultimate shareholder (namely, Yili Industrial) and the secured short-term bank borrowings of the Group of RMB35.5 million were secured by the pledge of accounts receivable, inventory, and property, plant, and equipment of Amalthea, a wholly-owned subsidiary of the Group, as at 30 June 2026 (31 December 2025: RMB20.1 million).

FOREIGN EXCHANGE RISK

The operations of the Group are mainly carried out in the PRC, the Netherlands and Australia. During the 2026 Interim Period, revenue, cost of sales and operating expenses of the Group are mainly denominated in Renminbi ("**RMB**"), Hong Kong dollars ("**HK$**"), Euro ("**EUR**"), United States dollars ("**US$**"), Australian dollars ("**AUD**") or Taiwan dollars ("**TWD**") and RMB is the Group's presentation currency. Besides, most of the bank deposits and bank loans of the Group are denominated in RMB and EUR, respectively. The Group is exposed to potential foreign exchange risk as a result of fluctuation of HK$, EUR, US$, AUD or TWD against RMB.

The Group adopts a hedging policy to actively manage its currency risk exposure concerning non-RMB denominated indebtedness. Depending on the market circumstances, trend of currency rates and the cost of hedging, the Group will consider and enter into a hedging arrangement to mitigate the impact of RMB fluctuation against other operating currencies if necessary.

The management monitors its foreign currency exposure closely to ensure appropriate measures are taken promptly against any significant potential adverse impact.

INTEREST RATE RISK

The Group has exposure to the risk of change in market interest rate in relation to its bank borrowings with a floating interest rate. As at 30 June 2026, the Group did not have any outstanding interest rate swap contract and will consider and enter into interest rate swap or cap contract to mitigate the risk of floating interest rate if necessary.

CREDIT RISK

The Group seeks to maintain strict control over its outstanding receivables and closely monitors the collection to minimise credit risk. As the Group's exposure spreads over a diversified portfolio of customers, there is no significant concentration of credit risk.

The carrying amounts of cash and cash equivalents, trade and bills receivables, deposits and other receivables represent the Group's maximum exposure to credit risk in relation to the Group's other financial assets.

CAPITAL COMMITMENTS

As at 30 June 2026, the Group had contracted, but not provided for, capital commitments mainly in respect of purchase of land and buildings, plant and machineries, and other intangible assets of a total of RMB109.4 million (31 December 2025: RMB62.6 million).

CONTINGENT LIABILITIES

As at 30 June 2026, the Group did not have any significant contingent liabilities (31 December 2025: Nil).

INNOVATION AND R&D

With respect to innovation and R&D, the Company continued to advance technological upgrades throughout the goat milk industry chain and commercialised key ingredient technologies in 1H 2026. Goat milk casein hydrolysate and goat whey protein hydrolysate, two industry-first goat-milk-derived hydrolysed protein ingredients, reached commercial-scale production, filling a technological gap in the domestic commercialisation of hydrolysed protein ingredients derived from goat milk. The Company plans to gradually apply these ingredients across a diverse range of product categories, including formulated milk powder and nutrition health products, thereby strengthening the Company's technological foundation for differentiation in the goat milk segment and extending its reach across the full value chain. In addition, the Company's independently developed project, "Development of Infant Milk Formula Based on the Separation and Purification of High-Purity, Highly Absorbable Bovine- and Caprine-Derived Lactoferrin and Scientifically Optimised Formulation Ratios (《基於高純高吸收率的牛羊雙源乳鐵蛋白分離提純及科學配比工藝的嬰幼兒配方乳粉創制》)", received the Second Prize in the Technology Progress Awards of the China Dairy Industry Association. The award recognised the project's original technological breakthroughs in lactoferrin separation and purification, the preservation of bioactivity and the scientific optimisation of formulation ratios, further demonstrating the Company's industry-leading position in core ingredient technologies for infant and young child nutrition.

With respect to product innovation, the Company steadily progressed products under the new national standards and developed new products across all categories, further optimising its product portfolio. It successfully advanced the trial production required for registration of 21 IMF products in seven series under the new national standards 2.0 and submitted registration applications for three products in one series. The Company also completed the development and market launch of three IMF products in one series, 13 formulated milk powder products and five own-branded nutrition products, aligning its portfolio more closely with market demand. Product innovation was recognised by industry bodies: three children's milk powder products from Hyproca's Nutrition Star (營養星球) series received the Two-Star Taste Award at the iSEE Global Awards (iSEE全球美味獎二星獎), with their overall performance in flavour, processing techniques and nutritional formulation highly rated by the professional judging panel. Packaging innovation also achieved an important breakthrough. The use of innovative, distinctively shaped bottles for the SoForSleep and Daily Flush products not only filled a gap in creative packaging for the Company's powdered products, but also helped set a direction for differentiated packaging of powdered products in contract manufacturing, further enhancing the market competitiveness of its contract manufacturing business. Additionally, the application for inclusion of CP-9, a probiotic strain derived from Chinese breast milk and independently developed by the Company, in the *List of Strains Permitted for Use in Infant and Young Children Food (《可用於嬰幼兒食品的菌種名單》)* formally entered the public consultation stage. Research findings relating to the strain also received the Innovative Technology of the Year at the 2025 iSEE Award (iSEE全球食品創新獎「年度創新技術」獎), laying a solid foundation for the global expansion of the Company's probiotic products and its further growth in the infant and young child probiotic segment.

With respect to industry collaboration, the Company worked with national research platforms and leading industry bodies to continue publishing cutting-edge research and jointly develop academic standards for the industry. In May, the Company, together with Yili Group and the National Center of Technology Innovation for Dairy, jointly published the *White Paper on Bifidobacterium longum subsp. infantis YLGB-1496 (《長雙歧桿菌嬰兒亞種 YLGB-1496 白皮書》)* at the 21st Symposium on Probiotics and Health (ISPH). In June, the Company joined forces with the Yili Innovation Center and XinYingYang to publish the *White Paper on Bifidobacteria Science and Applications in China (《中國雙歧桿菌科學與應用白皮書》)* at the New Nutrition Business Conference 2026. Together, the two white papers further strengthened the framework for scientific research and industrial applications of bifidobacteria in China, underscoring the Company's industry-leading contribution to probiotic research. During the same period, Bioflag, a subsidiary of the Company, received the Intelligent Manufacturing Technology Innovation Leadership Award (智造技術創新領軍企業獎) at HNC Healthplex Expo 2026, Natural & Nutraceutical Products China 2026 (HNC 2026), reflecting broad industry recognition of the Company's overall capabilities in the industrial application of probiotics and intelligent manufacturing.

With respect to intellectual property, the Company continued to strengthen the protection of, and build its portfolio around, its R&D achievements. In the first half of the year, it filed 17 patent applications and added 8 newly granted and valid patents to its portfolio. It also filed 70 trademark registration applications, secured 25 registered trademarks and published 11 academic papers, further enhancing its technological reserves and academic prowess.

In June 2026, the Company successfully passed the on-site audit of its intellectual property compliance management system for 2026, marking a new level in the standardised management of intellectual property and providing strong compliance assurance for its R&D and innovation activities and global business expansion.

INDUSTRY OUTLOOK

Looking ahead to the second half of 2026, macro-environmental uncertainties are expected to persist, with geopolitical conflicts and strong market competition continuing to exert considerable pressure on the industry. However, the number of newborns is expected to record a modest recovery this year, which may help ease overall market contraction. To achieve its established strategic objectives in such a challenging environment, the Company must maintain its strategic focus, strengthen organisational capabilities aligned with its strategic objectives and the competitive landscape, and make timely refinements to its operating strategies. Guided by the established direction of its five-year strategic plan and taking into account recent industry developments, the Company will adapt its operating initiatives with agility. It has also carefully mapped out its strategic pathways and key priorities as follows:

1. Continue to invest in brand resources, reinforce global recognition of its own-branded goat milk formula as the world's leading brand and secure a top-of-mind awareness among consumers. At the strategic level, the Company will provide comprehensive support for expanding its IMF portfolio and advancing scientific research and innovation. It will also promote precision marketing for its own-branded cow and goat milk formula products using in-can code technology and fully capitalise on the freshness advantage of products at the point of sale, thereby supporting healthy and steady business growth;

2. Establish a robust profit model and explore opportunities for international expansion for the nutrition business by leveraging industry trends and the strengths of its end-to-end nutrition products value chain to develop flagship probiotic strains. Through these initiatives, the Company aims to progressively build core competitive strengths and develop the nutrition business into its second growth engine;

3. Continue to advance its internationalisation strategy by completing product upgrades and renewal in core markets including the Middle East, the United States, and Canada, achieving breakthroughs in sales volumes and increasing market share. The Company will also accelerate its expansion into emerging markets such as India, completing the global footprint of its own-branded goat milk powder;

4. Further enhance quality control and efficiency across the global supply chain to improve cost competitiveness and supply agility;

5. Build an R&D and innovation ecosystem, make full use of global R&D resources, and strengthen the development and application of innovative ingredients and nutrients, thereby supporting existing businesses and laying a solid foundation for future success;

6. Develop an integrated global digital operating system to deliver more targeted services to consumers and enhance operational efficiency and corporate management capabilities;

7. Continue to strengthen corporate governance and internal controls; and

8. Ausnutria's mission to advance human nutrition is just beginning, and countless challenges lie ahead for the Company to overcome. The Company will embrace technology and the opportunities of our time with an open mind, and learn to coexist harmoniously with artificial intelligence. With innovation at the forefront, we are committed to shaping the future.

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

Ausnutria maintains a long-term commitment to its sustainability vision by supporting the United Nations Sustainable Development Goals (SDGs). Centred on the three strategic pillars of "Better Life", "Better Nutrition" and "Better Environment", the Group has expanded its research and innovation beyond the development of new and upgraded products to driving industry progress, developed its philanthropic initiatives from standalone assistance into coordinated actions, and transformed low-carbon production from a compliance requirement into a source of momentum for green growth. By integrating sustainability more deeply throughout its operations, Ausnutria continues to deliver long-term value to its shareholders, consumers, and the broader community.

Better Nutrition: Advancing the twin growth engines of formula milk and nutrition products and accelerating the translation of research outcomes into practical applications

Ausnutria reinforces the foundations for its development through scientific research and innovation, enhances efficiency through smart manufacturing, and responds to diverse needs with a broad range of new products, turning "Better Nutrition" from a corporate aspiration into a tangible reality for consumers. During the reporting period, the National Health Commission approved Bifidobacterium longum subsp. infantis YLGB-1496 for inclusion in the *List of Strains Permitted for Use in Infant and Young Children Food (《可用於嬰幼兒食品的菌種名單》)*, making Ausnutria a domestic enterprise with two approved infant probiotic strains. Construction commenced on the Ausnutria AI Smart Factory project, while an agreement was signed for a high-end probiotic fermentation and intelligent warehousing project. These initiatives will enable Ausnutria to strengthen its smart manufacturing capabilities and enhance the autonomy and control of its supply system, while building a more efficient, flexible and forward-looking global supply chain network. Haiwai Net, the online version of People's Daily Overseas Edition, conducted an on-site visit to the fully self-controlled industry chain of Nutrition Care in Australia. Through visits to the brand's proprietary factories, research laboratories, and local pharmacy chains, it examined NC's end-to-end production capabilities, quality control standards and reputation in the local market from multiple perspectives. In the first half of the year, Ausnutria continued to advance its dual-engine strategy of "formula milk + nutrition products" and launched a range of products, including Kabrita Yingjia Changhu Adult Milk Powder (營嘉暢護成人粉), the new Hyproca Huanzhi (歡致), and the new NC SoForSleep Probiotics, thereby continuing to meet growing consumer demand for quality nutrition and health solutions.

Better Life: Pursuing social good alongside business success for shared growth and prosperity

In the course of its business operations, Ausnutria actively gives back to society through philanthropy and public welfare, while fostering a caring and people-focused workplace for its employees. These efforts promoted shared growth and prosperity among employees, the corporation and society, making "Better Life" both tangible and deeply felt. In June, the eighth Ausnutria Family Carnival, themed "'Aus' in the Great Outdoors – Fun for Children and U", was held in a warm and joyful atmosphere. Nearly 500 employees and their families participated in the event, which featured a range of engaging activities to strengthen parent-child bonds and help employees achieve a better work-life balance. Kabrita joined forces with the Maternal and Child Nutrition Branch (婦幼營養分會) of the Chinese Nutrition Society and the CNGWCC to organise the National Nutrition Week – Maternal and Child Nutrition Education Carnival (全民營養周婦幼營養科普嘉年華) and the Nationwide Outreach Programme for Maternal and Infant Healthy Growth (母嬰健康成長萬里行), respectively. The carnival alone delivered over 3,000 public nutrition education sessions, reaching more than 60,000 families with children from birth to age three. In 1H 2026, the Company donated supplies worth approximately RMB521,000 to the Hunan Charity Federation to help people in need through the winter, and supplies worth approximately RMB561,400 to the Tibet Autonomous Region to improve the nutritional health of local mothers and infants. Through these initiatives, Ausnutria continued to contribute to rural revitalisation, education support and nutritional assistance.

Better Environment: Pursuing green development and advancing the green and low-carbon transition

Green development underpins high-quality growth. This is particularly important for the dairy industry, which spans the primary, secondary and tertiary sectors of the economy. During the reporting period, Ausnutria continued to advance its green and low-carbon transition. Sustainability was integrated from the outset into the design of its AI Smart Factory project, including the introduction of a solar power system to reduce conventional energy use. The Group's factories worldwide continued to implement energy conservation and emissions reduction measures and accelerate the green transformation of their production and operations, taking practical actions to support the country's "dual carbon" goals of peaking carbon emissions and achieving carbon neutrality.

In recognition of its strong performance in corporate operations and sustainability, Ausnutria received several awards in 1H 2026, including the 2025 Healthy Enterprise of Hunan Province (2025年度湖南省健康企業), the Development Contribution Award (發展貢獻獎), the Third Prize in the Hunan Provincial Young Talent Competition for Scientific and Technological Innovation (湖南省科技創新青年突擊隊建功競賽), and the Second Prize of the Technological Progress Award (技術進步獎) of the China Dairy Industry Association. Looking ahead, Ausnutria will continue to deepen collaboration with its partners. Guided by the principles of "Better Life", "Better Nutrition" and "Better Environment", the Group will remain steadfast in advancing sustainability and create lasting value for society at large.

HUMAN RESOURCES

Number of full-time employees	Mainland China	Hong Kong	The Netherlands	Australia	Others	Total
30 June 2026	2,025	10	670	88	263	3,056
31 December 2025	2,111	8	687	93	196	3,095

For the 2026 Interim Period, total employee costs, including Directors' emoluments, amounted to RMB727.9 million (2025 Interim Period: RMB729.4 million). The Group determined the remuneration packages of all employees with reference to individual performance and current market salary scale.

The Group provides a defined contribution mandatory provident fund for retirement benefits of its employees in Hong Kong and various plans in either defined benefit or defined contribution arrangements for the retirement benefits of its employees in the Netherlands and Australia. The Group also provides various welfare schemes as required by the applicable local laws and regulations to its employees in the PRC and other countries.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving high standards of corporate governance within the Group at all times and believes that such practices help safeguard the interests of the Shareholders, enhance corporate value and accountability, and improve its performance.

The Company has adopted the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as its own code of corporate governance practices. The Board also strives to implement the best practices embodied in the CG Code whenever feasible and as far as practicable.

In the opinion of the Board, the Company has complied with the respective code provisions of the CG Code during the 2026 Interim Period and up to the date of this report. The Company will continue to review its corporate governance practices from time to time to ensure they comply with the CG Code and align with the latest developments.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as contained in Appendix C3 to the Listing Rules as the standards for the Directors' dealings in the securities of the Company. Following specific enquiries made by the Company with all Directors, the Directors confirmed that they had complied with the required standard set out in the Model Code during the 2026 Interim Period.

The Group has a written guideline "Employees' Code of Dealing the Securities of the Company" for its senior management and employees who are likely to be in possession of unpublished inside information of the Company on terms no less exacting than the Model Code and the Guidelines on Disclosure of Inside Information of the Securities and Futures Ordinance (the "**SFO**"). Such guideline provides a general guide and standards for the Company's senior management, officers and relevant employees in dealing in the securities of the Company.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The audit committee of the Company (the "**Audit Committee**") was established with written terms of reference in compliance with Rules 3.21 to 3.23 of the Listing Rules. The primary duties of the Audit Committee are to provide the Board with an independent review of the effectiveness of the financial reporting process, internal control and risk management of the Group, oversee the audit process and perform other duties and responsibilities stated in the written terms of reference.

The Audit Committee has reviewed this report including the unaudited condensed consolidated interim financial statements of the Group for the 2026 Interim Period and does not have any disagreement with the accounting treatment adopted by the Group.

SHARE OPTION SCHEME

Summary of Terms

A new share option scheme was conditionally approved and adopted by all Shareholders on 26 May 2022 (the "**New Share Option Scheme**") whereby the Board was authorised, at their discretion, to invite, among other eligible participants, employees of the Group (including proposed employees, whether full-time or part-time and including any executive Director), non-executive Directors (including independent non-executive Directors of the Company), advisers and consultants, to take up options to subscribe for the shares of the Company (the "**Shares**"). The purpose of the New Share Option Scheme is to enable the Company to grant options to the selected participants as incentives or rewards for their contribution to the Group. Each option gives the holder the right to subscribe for one ordinary share of HK$0.1 each of the Company. The New Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date on which the New Share Option Scheme is approved (i.e. valid till 25 May 2032). In respect of any particular option, the period within which the option may be exercised by the grantee shall be a period to be determined by the Board at its discretion and notified by the Board to each grantee, and such period shall not be more than 10 years from the date on which such option is granted. Further details of the New Share Option Scheme are set out in the circular of the Company dated 22 April 2022.

The total number of the Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme shall not in aggregate exceed 10% of the total number of the Shares in issue as at the date of approval of the New Share Option Scheme (i.e. 180,854,584 Shares), which represents approximately 10.17% of the issued Shares as at 30 June 2026. As at 1 January 2026 and 30 June 2026, 180,854,584 options were available for grant under the New Share Option Scheme.

Unless approved by the Shareholders, the total number of Shares issued and to be issued upon the exercise of the share options granted to each eligible person (including exercised, cancelled and outstanding share options) in any 12-month period shall not exceed 1% of the relevant class of securities of the Company in issue. The maximum number of Shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the issued share capital of the Company from time to time.

As at 30 June 2026, no option had been granted or agreed to be granted under the New Share Option Scheme.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

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

Long positions in ordinary shares of the Company:

	Number of Shares held, capacity and nature of interest			
Name of Director	Beneficial Owner	Interest of a controlled corporation	Total	Approximate percentage of issued share capital[3]
Mr. Bartle van der Meer	1,509,000	95,453,230[1]	96,962,230	5.45%

Long positions in ordinary shares of associated corporations:

Name of Director	Company/ Name of associated corporation	Capacity/ Nature of interest	Number of shares interested	Total	Approximate percentage of interest in such corporation[4]
Mr. Ren Zhijian	Yili Industrial	Beneficial owner	240,000[2]	240,000	0.00%
Mr. Zhang Zhi	Yili Industrial	Beneficial owner	30,000	30,000	0.00%
Ms. Yan Junrong	Yili Industrial	Beneficial owner	629,400	629,400	0.01%
Mr. Zou Ying	Yili Industrial	Beneficial owner	132,800	132,800	0.00%

Notes:

(1) The Shares are held by Dutch Dairy Investments HK Limited ("**DDIHK**"), which is in turn wholly-owned by Dutch Dairy Investments B.V. ("**DDI**"). DDI is wholly-owned by Fan Deming B.V., which is wholly-owned by Mr. Bartle van der Meer. Mr. Bartle van der Meer is therefore deemed to be interested in 95,453,230 Shares held by DDIHK and is interested in 96,962,230 Shares in aggregate under the SFO.

(2) Subsequent to the reporting period, Mr. Ren Zhijian sold 10,000 shares of Yili Industrial. Accordingly, as at the date of this report, Mr. Ren Zhijian is interested in 230,000 issued A shares of Yili Industrial.

(3) As at 30 June 2026, the total number of the issued Shares was 1,778,144,841.

(4) As at 30 June 2026, the total number of issued A shares of Yili Industrial was 6,325,360,667.

Save as disclosed above, as at 30 June 2026, none of the Directors and chief executive of the Company had registered an interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2026, according to the register kept by the Company pursuant to Section 336 of the SFO and so far as was known to, or can be ascertained after reasonable enquiry by the Directors, the following persons (other than the Directors and chief executive of the Company) had an interest or short position in the shares and underlying interests of 5% or more of the issued share capital of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO:

Long positions in the shares of the Company:

Name	Notes	Number of Shares	Nature of interest	Approximate percentage of issued share capital[3]
Inner Mongolia Yili Industrial Group Co, Ltd.	1	1,070,113,149	Interest of controlled corporation	60.18%
Center Laboratories, Inc.		146,918,271	Beneficial owner	8.26%
Dutch Dairy Investments HK Limited	2	95,453,230	Beneficial owner	5.37%
Dutch Dairy Investments B.V.	2	95,453,230	Interest of a controlled corporation	5.37%
Fan Deming B.V.	2	95,453,230	Interest of a controlled corporation	5.37%

Notes:

1. Yili Industrial is beneficially interested in 1,070,113,149 Shares through its wholly-owned subsidiary, Hongkong Jingang Trade Holding Co., Limited.

2. DDIHK is wholly-owned by DDI. DDI is wholly-owned by Fan Deming B.V., which is in turn wholly-owned by Mr. Bartle van der Meer. Each of DDI, Fan Deming B.V. and Mr. Bartle van der Meer is therefore deemed to be interested in the Shares held by DDIHK under the SFO.

3. As at 30 June 2026, the total number of the issued Shares was 1,778,144,841.

Save as disclosed above, as at 30 June 2026, the Directors are not aware of any other person, other than the Directors, whose interests are set out in the section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" above, who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or was recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the 2026 Interim Period, the Company repurchased 2,533,000 Shares on the Stock Exchange at a total consideration of HK$3,929,510. The repurchases were effected by the Board with a view to enhancing shareholder value in the long term. Details of the Shares repurchased by the Company during the 2026 Interim Period are disclosed as below:

Month of Repurchase	Aggregate number of Shares repurchased	Repurchased Price		Total consideration paid
		Highest	Lowest	
		HK$	HK$	HK$
April	896,000	1.75	1.49	1,534,120
May	726,000	1.62	1.33	1,116,270
June	911,000	1.49	1.33	1,279,120
Total	2,533,000			3,929,510

Notes:

1. Shares repurchased and not yet cancelled.

2. The total consideration paid excluded expenses paid for the Share repurchase.

Save for the above, neither the Company nor any of its subsidiaries purchased, redeemed or sold interest in any of the Shares (including sale of treasury shares, as defined under the Listing Rules) during the 2026 Interim Period. As at 30 June 2026, the Company did not hold any treasury shares (as defined under the Listing Rules).

DIVIDEND DISTRIBUTION

The Board does not recommend a payment of an interim dividend for the 2026 Interim Period (2025 Interim Period: Nil).

CHANGES IN DIRECTORS' INFORMATION

No changes required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules subsequent to the date of the annual report for the year ended 31 December 2025 and up to the date of this report.

EVENTS AFTER THE END OF THE REPORTING PERIOD

On 14 July 2026, Ausnutria B.V. entered into a share purchase agreement with A-ware Dairy Trade B.V. for the disposal of 35% of the issued shares in Amalthea Group B.V. at a consideration of EUR15,781,458, and agreed to assign the pro rata portion of the outstanding shareholder loan at a consideration of EUR1,400,000. Completion took place on 20 July 2026, following which Amalthea continued to be a subsidiary of the Company and A-ware became a substantial shareholder of Amalthea and therefore a connected person of the Company at the subsidiary level. On the same date, Ausnutria B.V., A-ware and Amalthea entered into a shareholders' agreement, pursuant to which, among other things, Ausnutria B.V. granted a put option to A-ware, and A-ware granted a call option to Ausnutria B.V., in respect of the sale shares upon the occurrence of certain termination events. Furthermore, on the same date, Amalthea and A-ware entered into a supply agreement for an initial fixed term of ten years. The Disposal and the grant of put option constituted discloseable transactions of the Company under Chapter 14 of the Listing Rules, and the supply agreement constituted a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. Further details are set out in the announcement of the Company dated 14 July 2026.

Save as disclosed elsewhere in this report, there are no significant events affecting the Group after the 2026 Interim Period and up to the date of this report.

Condensed Consolidated Interim Statement of Profit or Loss

For the six months ended 30 June 2026
(All amount in RMB unless otherwise stated)

	Notes	2026 Unaudited RMB'000	2025 Unaudited RMB'000
Revenue	5, 6	3,163,176	3,886,787
Cost of sales	7	(2,644,398)	(2,259,102)
Gross profit		518,778	1,627,685
Selling and distribution expenses	7	(951,307)	(1,013,103)
Administrative expenses	7	(294,878)	(299,645)
Research and development expenses	7	(54,937)	(51,182)
Net impairment losses on financial assets		(2,180)	(5,498)
Other income, other gains/(losses) - net	8	(33,285)	(4,054)
Operating (loss)/profit		(817,809)	254,203
Finance costs – net		(30,682)	(16,777)
Share of profits of investments accounted for using the equity method		32,037	3,735
(Loss)/Profit before income tax		(816,454)	241,161
Income tax credit/(expense)	9	120,040	(60,305)
(Loss)/Profit for the period		(696,414)	180,856
Attributable to:			
The equity holders of the Company		(705,050)	180,454
Non-controlling interests		8,636	402
		(696,414)	180,856
		RMB cents	RMB cents
(Loss)/earnings per share attributable to the equity holders of the Company			
Basic and diluted	11	(39.69)	10.14

The notes on pages 32 to 52 are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 June 2026
(All amount in RMB unless otherwise stated)

	2026 Unaudited RMB'000	2025 Unaudited RMB'000
(Loss)/Profit for the period	(696,414)	180,856
Other comprehensive (loss)/income:		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(34,367)	372,483
Cashflow hedges	(6,525)	–
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	(40,892)	372,483
Item that will not be reclassified to profit or loss		
Exchange differences on translation of the Company's financials	(110,452)	(43,251)
Total other comprehensive (loss)/income for the period	(151,344)	329,232
Total comprehensive (loss)/income for the period	(847,758)	510,088
Attributable to:		
The equity holders of the Company	(854,829)	508,546
Non-controlling interests	7,071	1,542
	(847,758)	510,088

Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2026

(All amount in RMB unless otherwise stated)

	Notes	As at 30 June 2026 Unaudited RMB'000	As at 31 December 2025 Audited RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	3,339,239	3,560,743
Investment property	12	128,626	137,805
Right-of-use assets	12	175,101	182,620
Goodwill	12	361,767	393,315
Other intangible assets	12	415,709	472,319
Investments accounted for using the equity method		202,819	179,979
Financial assets at fair value through profit or loss		26,895	27,755
Prepayments, deposits and other assets		29,296	54,285
Long-term time deposits, with original maturity over one year		829,164	923,460
Deferred tax assets		519,364	408,670
Total non-current assets		6,027,980	6,340,951
Current assets			
Inventories	13	1,622,699	1,981,061
Trade and bills receivables	14	892,552	697,722
Prepayments, other receivables and other assets		235,851	230,014
Income tax recoverable		12,995	74,676
Time deposits		105,390	21,778
Restricted cash		1,811	1,917
Cash and cash equivalents		822,946	907,578
Total current assets		3,694,244	3,914,746
Total assets		9,722,224	10,255,697
LIABILITIES			
Non-current liabilities			
Lease liabilities		83,975	94,531
Defined benefit plan		901	955
Deferred revenue		79,349	78,979
Deferred tax liabilities		33,473	52,697
Other liabilities		17,277	17,258
Total non-current liabilities		214,975	244,420

As at 30 June 2026

(All amount in RMB unless otherwise stated)

	Notes	As at 30 June 2026 Unaudited RMB'000	As at 31 December 2025 Audited RMB'000
Current liabilities			
Trade and bills payables	15	536,965	537,711
Other payables and accruals		742,592	612,440
Contract liabilities		618,438	227,410
Derivative financial liabilities		7,676	–
Bank borrowings		2,413,506	2,508,738
Lease liabilities		16,190	16,632
Income tax payable		25,817	21,932
Total current liabilities		4,361,184	3,924,863
Total liabilities		4,576,159	4,169,283
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital	16	154,044	154,044
Reserves		4,929,513	5,872,651
		5,083,557	6,026,695
Non-controlling interests		62,508	59,719
Total equity		5,146,065	6,086,414
Total equity and liabilities		9,722,224	10,255,697

The notes on pages 32 to 52 are an integral part of these condensed consolidated interim financial statements.

The condensed consolidated interim financial statements on pages 26 to 52 were approved by the board of directors on 26 August 2026 and were signed on its behalf by:

Mr. Ren Zhijian
Director

Mr. Zhang Zhi
Director

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2026

(All amount in RMB unless otherwise stated)

	Attributable to the equity holders of the Company											
	Share capital RMB'000	Share premium account RMB'000	Capital reserve RMB'000	Treasury shares RMB'000	Share option reserves RMB'000	Statutory surplus reserves RMB'000	Exchange fluctuation reserves RMB'000	Retained profits RMB'000	Cash flow hedge reserve RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 31 December 2025 (audited)	154,044	2,810,566	(1,988,353)	–	52,989	192,605	43,361	4,761,483	–	6,026,695	59,719	6,086,414
Comprehensive loss:												
(Loss)/Profit for the year	–	–	–	–	–	–	–	(705,050)	–	(705,050)	8,636	(696,414)
Other comprehensive loss for the year												
– Exchange differences on translation	–	–	–	–	–	–	(143,254)	–	–	(143,254)	(1,565)	(144,819)
– Cashflow hedges	–	–	–	–	–	–	–	–	(6,525)	(6,525)	–	(6,525)
Total comprehensive loss for the period	–	–	–	–	–	–	(143,254)	(705,050)	(6,525)	(854,829)	7,071	(847,758)
Repurchase of shares	–	–	–	(3,434)	–	–	–	–	–	(3,434)	–	(3,434)
Cancellation of shares	–	–	–	–	–	–	–	–	–	–	–	–
Final 2025 dividend paid	–	(77,378)	–	–	–	–	–	–	–	(77,378)	–	(77,378)
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	(9,398)	(9,398)
Acquisition of non-controlling interest	–	–	(7,497)	–	–	–	–	–	–	(7,497)	5,116	(2,381)
Transfer from retained profits	–	–	–	–	–	136	–	(136)	–	–	–	–
As at 30 June 2026 (unaudited)	154,044	2,733,188	(1,995,850)	(3,434)	52,989	192,741	(99,893)	4,056,297	(6,525)	5,083,557	62,508	5,146,065

The notes on pages 32 to 52 are an integral part of these condensed consolidated interim financial statements.

	Attributable to the equity holders of the Company										
	Share capital RMB'000	Share premium account RMB'000	Capital reserve RMB'000	Treasury shares RMB'000	Share option reserves RMB'000	Statutory surplus reserves RMB'000	Exchange fluctuation reserves RMB'000	Retained profits RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 31 December 2024 (audited)	154,173	2,911,426	(1,988,353)	–	52,989	181,093	(185,119)	4,595,392	5,721,601	61,878	5,783,479
Comprehensive income:											
Profit for the year	–	–	–	–	–	–	–	180,454	180,454	402	180,856
Other comprehensive income for the year											
– Exchange differences on translation	–	–	–	–	–	–	328,092	–	328,092	1,140	329,232
– Cashflow hedges	–	–	–	–	–	–	–	–	–	–	–
Total comprehensive income for the period	–	–	–	–	–	–	328,092	180,454	508,546	1,542	510,088
Repurchase of shares	–	–	–	(2,473)	–	–	–	–	(2,473)	–	(2,473)
Cancellation of shares	(129)	(2,344)	–	2,473	–	–	–	–	–	–	–
Final 2024 dividend paid	–	(98,516)	–	–	–	–	–	–	(98,516)	–	(98,516)
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	(6,813)	(6,813)
Acquisition of non-controlling interest	–	–	–	–	–	–	–	–	–	–	–
Transfer from retained profits	–	–	–	–	–	–	–	–	–	–	–
As at 30 June 2025 (unaudited)	154,044	2,810,566	(1,988,353)	–	52,989	181,093	142,973	4,775,846	6,129,158	56,607	6,185,765

The notes on pages 32 to 52 are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Cash Flows

For the six months ended 30 June 2026

(All amount in RMB unless otherwise stated)

	Notes	2026 Unaudited RMB'000	2025 Unaudited RMB'000
Cash flows from operating activities			
Cash generated from operations		50,521	356,174
Interest received		10,824	10,136
Interest paid		(26,965)	(38,290)
Income tax refunded/(paid)		46,089	(51,047)
Net cash flows generated from operating activities		80,469	276,973
Cash flows used in investing activities			
Payments for property, plant and equipment		(58,554)	(124,568)
Additions to other intangible assets		(52,593)	(29,788)
Decrease in time deposits		20,000	160,000
Increase in time deposits with maturity more than 3 months		–	(700,000)
Proceeds from disposal of property, plant and equipment		346	4,576
Net cash flows used in investing activities		(90,801)	(689,780)
Cash flows (used in)/from financing activities			
New bank borrowings		2,342,731	1,118,979
Repayments of bank Borrowings		(2,284,402)	(908,851)
Payment of lease payments (principal)		(17,383)	(15,279)
Acquisition of non-controlling interests		(2,381)	–
Repurchase of shares		(3,434)	(2,473)
Dividends paid to the equity holders of the Company		(71,538)	(97,084)
Dividends paid to non-controlling shareholders		(9,398)	(3,971)
Decrease in restricted cash		–	152
Net cash flows (used in)/generated from financing activities		(45,805)	91,473
Net decrease in cash and cash equivalents		(56,137)	(321,334)
Cash and cash equivalents at beginning of the period		907,578	1,214,703
Effect of foreign exchange rate changes, net		(28,495)	51,709
Cash and cash equivalents at end of the period		822,946	945,078

The notes on pages 32 to 52 are an integral part of these condensed consolidated interim financial statements.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2026
(All amount in RMB unless otherwise stated)

1 CORPORATE INFORMATION

Ausnutria Dairy Corporation Ltd (the "**Company**") was incorporated as an exempted company with limited liability in the Cayman Islands on 8 June 2009. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal offices of the Group are located at (i) Unit 16, 36/F., China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong; (ii) Block A, Building 1, Ausnutria Building, Suncity, Purui East Road, Yueliangdao Street, Wangcheng District, Changsha City, Hunan Province, the People's Republic of China (the "**PRC**"); (iii) Dokter van Deenweg 150, 8025 BM Zwolle, the Netherlands; and (iv) 25-27 Keysborough Avenue, Keysborough VIC 3173, Australia.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited since 8 October 2009. The Company and its subsidiaries are hereinafter collectively referred to as the "Group".

The Company acts as an investment holding company of the Group. During the period, the Group is principally engaged in research and development, production, marketing and distribution of dairy and related products and nutrition products to its worldwide customers, particularly in the PRC.

In the opinion of the directors, the parent and the ultimate holding company of the Company is Hongkong Jingang Trade Holding Co., Limited ("**Jingang Trade**") and Inner Mongolia Yili Industrial Group Co., Ltd. ("**Yili Industrial**"), respectively.

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

2.1 Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 June 2026 have been prepared in accordance with International Accounting Standard ("**IAS**") 34 Interim Financial Reporting issued by the International Accounting Standards Board ("**IASB**"). The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2025. The condensed consolidated interim financial statements are presented in Renminbi ("**RMB**") and all values are rounded to nearest thousand (RMB'000), except when otherwise indicated.

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (continued)

2.2 Change in accounting policies

(a) New and amended standards adopted by the Group

The following amended standards and interpretations have been adopted by the Group for the first time to the financial reporting periods commencing on or after 1 January 2026:

		Effective for accounting periods beginning on or after
IFRS 9 and IFRS 7 (Amendments)	Amendments to the classification and measurement of financial instruments	1 January 2026
IFRS 9 and IFRS 7 (Amendments)	Amendments to contracts Referencing Nature-dependent Electricity	1 January 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026

The amendments listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New and amended standards not yet adopted by the Group

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for the reporting period beginning on 1 January 2026 and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions:

		Effective for accounting periods beginning on or after
IFRS 18	Presentation and disclosure in financial statements	1 January 2027
IFRS 19	Subsidiaries without public accountability: disclosures	1 January 2027
IAS 21 (Amendments)	Amendments to translation to a Hyperinflationary Presentation Currency	1 January 2027
IFRS 10 and IAS 28 (Amendments)	Amendments to sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	To be determined

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (continued)

2.2 Change in accounting policies (continued)

(b) New and amended standards not yet adopted by the Group (continued)

According to the assessment made by the directors of the Company, these new and amended standards are either not relevant to the Group or not significant to the financial performance and positions of the Group when they become effective, except for IFRS 18 which will mainly impact the presentation of the consolidated statement of profit or loss.

IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. From the high-level preliminary assessment performed, although the adoption of IFRS 18 will have no impact on the Group's net profit, the Group expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported, such as the rental income and fair value gains/losses.

The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles.

From a cash flow statement perspective, there will be changes to how interest received and interest paid are presented. Interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.

The Group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18.

3 ESTIMATES

The preparation of the condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2025.

4 FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

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

There have been no changes in the major risk management policies since the period end.

(a) Liquidity risk

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000	Carrying value RMB'000
As at 30 June 2026 (unaudited)						
Lease liabilities	4,192	12,575	61,964	25,323	104,054	100,165
Bank borrowings and interest payables	555,530	1,902,173	–	–	2,457,703	2,413,506
Trade and bills payables	530,630	6,335	–	–	536,965	536,965
Financial liabilities included in other payables and accruals	388,194	89,509	–	–	477,703	477,703
Total	1,478,546	2,010,592	61,964	25,323	3,576,425	3,528,339

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(a) *Liquidity risk (continued)*

	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000	Carrying value RMB'000
As at 31 December 2025 (audited)						
Lease liabilities	4,323	12,968	67,437	30,847	115,575	111,163
Bank borrowings and interest payables	14,314	2,522,635	–	–	2,536,949	2,508,738
Trade and bills payables	531,347	6,364	–	–	537,711	537,711
Financial liabilities included in other payables and accruals	281,201	95,450	–	–	376,651	376,651
Total	831,185	2,637,417	67,437	30,847	3,566,886	3,534,263

Interest payments on borrowings are calculated based on borrowings held as at the balance sheet dates without taking into account of future issues. Floating-rate interest is estimated using the current interest rate as at the balance sheet dates.

4.2 Fair value estimation of financial instruments

(a) *Fair value hierarchy*

The table below analyses the Group's financial instruments carried at fair value as at 30 June 2026 and 31 December 2025, by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Group's financial assets and liabilities that are measured at fair value as at 30 June 2026 and 31 December 2025.

4 FINANCIAL RISK MANAGEMENT (continued)

4.2 Fair value estimation of financial instruments (continued)

(a) *Fair value hierarchy (continued)*

As at 30 June 2026 (unaudited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Non-current				
Financial assets at fair value through profit or loss ("**FVPL**")	–	–	26,895	26,895
Short-term derivative liabilities				
– Foreign currency options	–	(7,676)	–	(7,676)
Total	–	(7,676)	26,895	19,219

As at 31 December 2025 (audited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Non-current				
Financial assets at FVPL	–	–	27,755	27,755
Short-term derivative liabilities				
– Foreign currency options	–	–	–	–
	–	–	27,755	27,755

There were no transfers among levels of the fair value measurements during the six months ended 30 June 2026.

The fair values of the above financial assets at FVTPL as at 30 June 2026 and 31 December 2025 were determined using market approach.

The fair value of foreign currency options is determined using forward exchange rates at the balance sheet date.

5 OPERATING SEGMENT INFORMATION

The Company's board of directors examines the Group's performance both from a product and geographic perspective and has identified two reportable segments of its business:

Dairy and related products segment: comprises the manufacturing and sale of dairy and related products, particularly on formula milk powder products, to its worldwide customers; and

Nutrition products segment: comprises the manufacturing and sale of nutrition products (mainly including probiotic related products and gut relief products) to its customers principally in the Chinese mainland and Australia.

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 the reportable segment profit which is measured consistently with the Group's profit before tax except that interest income, non-lease-related finance costs as well as unallocated head office and corporate expenses are excluded from such measurement.

Segment assets exclude cash and cash equivalents, restricted cash, time deposits and long-term time deposits as these assets are managed on a group basis.

Segment liabilities exclude bank borrowings as these liabilities are managed on a group basis.

	Dairy and related products RMB'000	Nutrition products RMB'000	Total RMB'000
Six months ended 30 June 2026 (unaudited)			
Segment revenue			
Sales to external customers (Note 6)	2,925,763	237,413	3,163,176
Rental income (Note 8)	5,543	-	5,543
Segment results	(801,908)	14,333	(787,575)
Reconciliation:			
Segment results			
Interest income (Note 8)			20,140
Unallocated finance costs (other than interest on lease liabilities)			(29,014)
Corporate and other unallocated expenses			(20,005)
Loss before tax			(816,454)
Other segment information			
Cost of goods sold	2,544,110	100,288	2,644,398
Selling and distribution expenses	869,494	81,813	951,307
Impairment losses recognised in profit or loss	658,803	3,252	662,055
Share of profits of investments accounted for using the equity method	(32,023)	(14)	(32,037)
Depreciation and amortisation	181,925	12,488	194,413
Capital expenditure*	98,323	1,889	100,212

5 OPERATING SEGMENT INFORMATION (continued)

	Dairy and related products RMB'000	Nutrition products RMB'000	Total RMB'000
As at 30 June 2026 (unaudited)			
Segment assets	7,924,275	454,213	8,378,488
Reconciliation:			
Elimination of intersegment receivables			(415,575)
Corporate and other unallocated assets			1,759,311
Total assets			9,722,224
Segment liabilities	2,227,035	351,193	2,578,228
Reconciliation:			
Elimination of intersegment payables			(415,575)
Corporate and other unallocated liabilities			2,413,506
Total liabilities			4,576,159

	Dairy and related products RMB'000	Nutrition products RMB'000	Total RMB'000
Six months ended 30 June 2025 (unaudited)			
Segment revenue			
Sales to external customers (Note 6)	3,731,253	155,534	3,886,787
Rental income (Note 8)	5,335	–	5,335
Segment results	267,875	(13,994)	253,881
Reconciliation:			
Segment results			
Interest income (Note 8)			17,706
Unallocated finance costs (other than interest on lease liabilities)			(15,159)
Corporate and other unallocated expenses			(15,267)
Profit before tax			241,161
Other segment information			
Cost of goods sold	2,170,846	88,256	2,259,102
Selling and distribution expenses	947,292	65,811	1,013,103
Impairment losses recognised in profit or loss	31,789	252	32,041
Share of profits of investments accounted for using the equity method	(3,723)	(12)	(3,735)
Depreciation and amortisation	146,115	11,177	157,292
Capital expenditure*	173,787	735	174,522

5 OPERATING SEGMENT INFORMATION (continued)

	Dairy and related products RMB'000	Nutrition products RMB'000	Total RMB'000
As at 31 December 2025 (audited)			
Segment assets	8,377,523	446,104	8,823,627
Reconciliation:			
Elimination of intersegment receivables			(422,663)
Corporate and other unallocated assets			1,854,733
Total assets			10,255,697
Segment liabilities	1,744,882	338,326	2,083,208
Reconciliation:			
Elimination of intersegment payables			(422,663)
Corporate and other unallocated liabilities			2,508,738
Total liabilities			4,169,283

* Capital expenditure consists of additions to property, plant and equipment and other intangible assets.

(a) Non-current assets

	30 June 2026 Unaudited RMB'000	31 December 2025 Audited RMB'000
The PRC	1,914,846	1,940,877
The Netherlands	3,470,258	3,844,386
Australia and New Zealand	123,512	147,018
	5,508,616	5,932,281

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

(b) Information about major customers

During the six months ended 30 June 2026, there was no revenue from a single external customer accounting for 10% or more of the Group's total revenue (six months ended 30 June 2025: Nil).

6 REVENUE FROM CONTRACTS WITH CUSTOMERS

An analysis of revenue is as follows:

	Six months ended 30 June	
	2026 Unaudited RMB'000	2025 Unaudited RMB'000
Revenue from contracts with customers	3,163,176	3,886,787

(a) Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	Six months ended 30 June 2026 (unaudited)		
	Dairy and related products RMB'000	Nutrition products RMB'000	Total RMB'000
Type of goods or services			
Sale of goods	2,859,703	237,413	3,097,116
Rendering services	66,060	–	66,060
Total revenue from contracts with customers	2,925,763	237,413	3,163,176
Geographical markets			
The PRC	1,580,636	220,817	1,801,453
Europe	800,129	–	800,129
Middle East	254,267	–	254,267
North and South America	168,722	–	168,722
Southeast Asia	52,356	–	52,356
Australia	16,643	3,183	19,826
Others	53,010	13,413	66,423
Total revenue from contracts with customers	2,925,763	237,413	3,163,176
Timing of revenue recognition			
At a point in time	2,859,703	237,413	3,097,116
Over time	66,060	–	66,060
Total revenue from contracts with customers	2,925,763	237,413	3,163,176

6 REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

(a) Disaggregated revenue information (continued)

	Six months ended 30 June 2025 (unaudited)		
	Dairy and related products RMB'000	Nutrition products RMB'000	Total RMB'000
Type of goods or services			
Sale of goods	3,724,275	155,534	3,879,809
Rendering services	6,978	–	6,978
Total revenue from contracts with customers	3,731,253	155,534	3,886,787
Geographical markets			
The PRC	2,421,730	153,922	2,575,652
Europe	721,412	–	721,412
Middle East	295,817	–	295,817
North and South America	182,858	–	182,858
Southeast Asia	48,249	–	48,249
Australia	36,908	1,612	38,520
Others	24,279	–	24,279
Total revenue from contracts with customers	3,731,253	155,534	3,886,787
Timing of revenue recognition			
At a point in time	3,724,275	155,534	3,879,809
Over time	6,978	–	6,978
Total revenue from contracts with customers	3,731,253	155,534	3,886,787

7 EXPENSES BY NATURE

	Notes	Six months ended 30 June 2026 Unaudited RMB'000	2025 Unaudited RMB'000
Raw materials, packaging materials, consumables and purchased commodity used		1,214,041	1,792,126
Changes in inventories of finished goods		266,411	(34,466)
Employee benefit expenses, including directors' emoluments	(i)	727,943	729,386
Promotion and advertising expenses		504,428	551,807
Depreciation of property, plant and equipment	12	119,301	87,297
Depreciation of investment property	12	2,606	2,554
Depreciation of right-of-use assets	12	12,651	12,298
Amortisation of other intangible assets	12	59,855	55,143
Transportation expenses		82,437	76,481
Office expenses		79,519	65,299
Write-downs of inventories to net realisable value	(ii)	616,469	26,543
Consulting expenses		49,156	52,542
Travel and entertainment expenses		32,419	38,525
Repair and maintenance expenses		42,348	35,577
Laboratory expenses		40,854	35,304
Sampling expenses		19,712	20,131
Short-term rental expenses		26,737	23,491
Others		48,633	52,994
		3,945,520	3,623,032

(i) Employee benefit expenses (including directors' remuneration)

	Six months ended 30 June 2026 Unaudited RMB'000	2025 Unaudited RMB'000
Wages, salaries and staff expenses	484,381	494,461
Temporary staff costs	137,469	123,207
Pension scheme contributions* and other social security costs	80,492	76,682
Other employee related expenses	25,601	35,036
Total employee benefit expenses	727,943	729,386

* As at 30 June 2026, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (31 December 2025: Nil).

(ii) Write-downs of inventories to net realisable value

The inventories provision related to one-off inventory adjustments in distribution channel to enhance inventory structure management in current period.

8 OTHER INCOME, OTHER GAINS/(LOSSES) – NET

	Six months ended 30 June	
	2026 Unaudited RMB'000	2025 Unaudited RMB'000
Other income		
Interest income	20,140	17,706
Government grants	9,309	14,655
Rental income	5,543	5,335
	34,992	37,696
Other losses – net		
Impairment of other intangible assets	(27,583)	–
Restructuring costs	(15,945)	(3,238)
Impairment of goodwill	(15,823)	–
Charitable donations	(974)	(2,957)
Foreign exchange gain/(losses), net	7,495	(30,128)
Others	(15,447)	(5,427)
	(68,277)	(41,750)

9 INCOME TAX

Taxes on assessable profits of the Company's subsidiaries have been calculated at the rates of tax prevailing in the jurisdictions in which the subsidiary operates.

Under the Chinese mainland income tax laws, enterprises are subject to corporate income tax ("**CIT**") at a rate of 25%. The Group's subsidiaries, Ausnutria Dairy (China) Co., Ltd. ("**Ausnutria China**") and Bioflag Co., Ltd. (subsidiaries of Bioflag Nutrition Corporation Ltd. ("**Bioflag Nutrition**")) were designated as High-tech Enterprises and were granted a preferential CIT rate of 15% up to the six months ended 30 June 2026. These two PRC subsidiaries were entitled to claim super tax deductions in relation to the qualifying expenditures under the Research and Development Tax Incentive regime in Changsha City and Huai'an City of the Chinese mainland.

Under the Netherlands income tax laws, enterprises are subject to the Netherlands CIT rate of 19% (six months ended 30 June 2025: 19%) for the first EUR200,000 (six months ended 30 June 2025: EUR200,000) taxable profits and 25.8% (six months ended 30 June 2025: 25.8%) for taxable profits exceeding EUR200,000 (six months ended 30 June 2025: EUR200,000).

Under Hong Kong tax laws, enterprises are subject to Hong Kong profit tax at a rate of 16.5% (six months ended 30 June 2025: 16.5%), except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime, where the first HK$2,000,000 (six months ended 30 June 2025: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (six months ended 30 June 2025: 8.25%) and the remaining assessable profits are taxed at 16.5%.

9 INCOME TAX (continued)

(a) The Organisation for Economic Co-operation and Development ("OECD") Pillar Two model rules

As of June 30, 2026, the jurisdictions in which the Group has established operating entities and where Pillar Two model rules have come into effect include: Hong Kong Special Administrative Region; the Netherlands; the United Arab Emirates; Australia; Canada; and New Zealand.

The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. Based on the financial statements of the Group's relevant entities and the provisions of the Pillar Two model rules, the Group has performed an assessment of the potential exposure of the Group with respect to Pillar Two model rules.

Based on the assessment results, most of the jurisdictions in which the Group entities operate should be expected to be eligible for the application of the transitional CbCR Safe Harbour or Exclusion rules, except for the United Arab Emirates (UAE) jurisdiction; consequently, profits generated in the UAE may be subject to a potential Pillar Two top-up tax liability locally. Therefore, a provision has been recorded in the financial statements of the UAE entity for the potential impact of the aforementioned income tax expense. It will not have a material impact on the Group's financial performance and condition.

	Six months ended 30 June	
	2026 Unaudited RMB'000	2025 Unaudited RMB'000
Current income tax		
The Chinese mainland current CIT	3,552	18,698
Overseas current CIT	15,764	13,608
	19,316	32,306
Deferred income tax	(139,356)	27,999
Total tax charge for the period	(120,040)	60,305

10 INTERIM DIVIDEND

The board of directors did not recommend the payment of any interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

11 (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY

The calculation of the basic (loss)/earnings per share amount is based on the losses for the six months ended 30 June 2026 attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares of 1,776,537,803 (six months ended 30 June 2025: 1,778,964,503) in issue during the period.

(Loss)/Earnings

	Six months ended 30 June	
	2026 Unaudited RMB'000	2025 Unaudited RMB'000
(Loss)/Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculations	(705,050)	180,454

Shares

	Six months ended 30 June	
	2026 Unaudited number of shares	2025 Unaudited number of shares
Weighted average number of ordinary shares in issue during the period used in the basic (loss)/earning per share calculations	1,776,537,803	1,778,964,503
Effect of dilution – weighted average number of ordinary shares: share options	–	–
	1,776,537,803	1,778,964,503
Basic		
– For (loss)/profit for the period (RMB cents)	(39.69)	10.14
Diluted		
– For (loss)/profit for the period (RMB cents)	(39.69)	10.14

12 PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS, INVESTMENT PROPERTIES, GOODWILL AND OTHER INTANGIBLE ASSETS

	Property, plant and equipment RMB'000	Right-of-use assets RMB'000	Investment properties RMB'000	Goodwill RMB'000	Other intangible assets RMB'000
Six months ended 30 June 2026					
Opening net book amount as at 1 January 2026 (audited)	3,560,743	182,620	137,805	393,315	472,319
Additions	53,228	17,313	–	–	46,984
Disposals	(84)	(6,870)	–	–	–
Depreciation and amortisation	(119,301)	(12,651)	(2,606)	–	(59,855)
Impairment during the period	–	–	–	(15,823)	(27,583)
Exchange realignment	(155,347)	(5,311)	(6,573)	(15,725)	(16,156)
Closing net book amount as at 30 June 2026 (unaudited)	3,339,239	175,101	128,626	361,767	415,709

13 INVENTORIES

	As at 30 June 2026 Unaudited RMB'000	As at 31 December 2025 Audited RMB'000
Raw materials	208,492	339,801
Finished goods	894,208	1,091,289
Semi-finished goods	328,687	330,480
Others	191,312	219,491
	1,622,699	1,981,061

14 TRADE AND BILLS RECEIVABLES

	As at 30 June 2026 Unaudited RMB'000	As at 31 December 2025 Audited RMB'000
Trade receivables from third parties	901,556	740,197
Trade receivables from related parties (Note 18(b))	82,992	62,862
	984,548	803,059
Bills receivables	11,604	7,280
Less: Provision for impairment of trade receivables	(103,600)	(112,617)
	892,552	697,722

The Group normally allows a credit period from 1 to 6 months (six months ended 30 June 2025: from 1 to 6 months) to certain customers. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management and followed closely by operation teams. 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. Trade receivables are non-interest-bearing.

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

	As at 30 June 2026 Unaudited RMB'000	As at 31 December 2025 Audited RMB'000
Within 3 months	732,620	564,567
3 to 6 months	134,789	53,990
6 months to 1 year	11,485	105,529
Over 1 year	105,654	78,973
	984,548	803,059

The Group applies the simplified approach to provide for expected credit loss which was a lifetime expected loss allowance for all trade receivables as prescribed by IFRS 9.

The carrying amounts of trade and bills receivables approximated their fair values as at the balance sheet date, due to their short-term nature.

15 TRADE AND BILLS PAYABLES

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

	As at 30 June 2026 Unaudited RMB'000	As at 31 December 2025 Audited RMB'000
Within 12 months	530,630	531,347
Over 12 months	6,335	6,364
	536,965	537,711

Trade payables are interest-free and are normally to be settled within 12 months.

The carrying amounts of trade and bills payables approximated their fair values as at the balance sheet date, due to their short-term nature.

16 SHARE CAPITAL

	As at 30 June 2026 Unaudited HK$'000	As at 31 December 2025 Audited HK$'000
Issued and fully paid:		
1,778,144,841 (2025: 1,778,144,841) ordinary shares of HK$0.10 each	177,815	177,815

A summary of balance of the Company's share capital is as follows:

	Number of shares in issue '000	Share capital RMB'000
As at 31 December 2025 (audited) and as at 30 June 2026 (unaudited)	1,778,145	154,044

17 CAPITAL COMMITMENTS

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

	As at 30 June 2026 Unaudited RMB'000	As at 31 December 2025 Audited RMB'000
Contracted, but not provided for:		
Plant and machinery	109,443	62,568
Other intangible assets	–	33
	109,443	62,601

18 RELATED PARTY TRANSACTIONS

The ultimate holding company of the Group is Yili Industrial. The directors of the Company are of the view that the subsidiaries of Yili Industrial, the joint ventures and associates of the Group are regarded as related parties.

(a) In addition to the transactions detailed elsewhere in the condensed consolidated interim financial statements, the Group had the following material transactions with related parties during the six months ended 30 June 2026:

	Six months ended 30 June	
	2026 Unaudited RMB'000	2025 Unaudited RMB'000
Continuing connected transactions:		
Purchases of products from the subsidiaries of Yili Industrial	124,642	89,500
Sales of products to the subsidiaries of Yili Industrial	34,290	46,086
Provision of services to the subsidiaries of Yili Industrial	66,060	6,978
Services received from the subsidiaries of Yili Industrial (i)	6,771	4,195
Interests charged to the subsidiaries of Yili Industrial (i)	1,454	735
Non-connected transactions:		
Purchases of products and services from the associates and joint ventures of the Group	120,438	63,617
Sales of products to the associates and joint ventures of the Group	74,576	17,703
Interests charged to joint ventures	588	735

The above transactions with related parties were carried out in accordance with the terms of the underlying agreement or the terms and conditions mutually agreed by the parties involved where applicable.

(i) The services received from the subsidiaries of Yili Industrial constituted continuing connected transaction as defined in Chapter 14A of the Main Board Listing Rules. The transaction is exempt from shareholders' approval and disclosure and other requirements under Chapter 14A.76 of the Listing Rules because the transaction amount is below the de minimis threshold under Rule 14A.76(1).

18 RELATED PARTY TRANSACTIONS (continued)

(b) Outstanding balances with related parties:

(i) *Due from related parties*

	As at 30 June 2026 Unaudited RMB'000	As at 31 December 2025 Audited RMB'000
Trade and bills receivables (Note 14)		
Amount due from associates and joint ventures of the Group	64,868	49,928
Amount due from the subsidiaries of Yili Industrial	18,124	12,934
	82,992	62,862
Prepayments, other receivables and other assets		
Amount due from the subsidiaries of Yili Industrial	3,137	5,448
Cash and cash equivalents		
Short-term deposits in a subsidiary of Yili Industrial	264,732	100,434

(ii) *Due to related parties*

	As at 30 June 2026 Unaudited RMB'000	As at 31 December 2025 Audited RMB'000
Trade and bills payables		
Amount due to associates and joint ventures of the Group	21,573	8,307
Amount due to the subsidiaries of Yili Industrial	39,675	29,106
	61,248	37,413
Other payables and accruals		
Amount due to associates and joint ventures of the Group	130	100

18 RELATED PARTY TRANSACTIONS (continued)

(c) Guarantee given from a related party

As at 30 June 2026, bank loans of RMB2,376,626,000 (31 December 2025: RMB2,487,121,000) were guaranteed by a corporate guarantee executed by Yili Industrial.

(d) Compensation of key management personnel of the Group:

	Six months ended 30 June	
	2026	2025
	Unaudited	Unaudited
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	4,032	4,163
Retirement benefit contributions	279	263
Total compensation paid to key management personnel	4,311	4,426

19 SUBSEQUENT EVENT

On 14 July 2026, Ausnutria B.V., an indirect wholly-owned subsidiary of the Company, and A-ware entered into a share purchase agreement, pursuant to which Ausnutria B.V. conditionally agreed to sell, and A-ware conditionally agreed to acquire, the 35% of the issued shares in Amalthea held by Ausnutria B.V., at a consideration of EUR15,781,458 (equivalent to approximately HK$141 million). Subject to completion, Ausnutria B.V. also agreed to assign to A-ware the pro rata portion of the total outstanding loan balance of Amalthea at a consideration of EUR1,400,000 (equivalent to approximately HK$13 million). Such disposal was completed on 20 July 2026.