CHINA MENGNIU DAIRY COMPANY LIMITED

中國蒙牛乳業有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2319)

ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

HIGHLIGHTS

- In 2024, due to the imbalance between demand and supply in the dairy industry and lower-than-expected consumer demand, the Group booked a revenue of RMB88,674.8 million, representing a year-on-year decrease of 10.1%. Gross profit margin increased by 2.4 percentage points year-on-year to 39.6%.

- To address external challenges, the Group steadfastly advanced the execution of its "One Core, Two Wings (一體兩翼)" strategy, with a focus on R&D and innovation, brand driven, and digital transformation. The Group accelerated channel optimization and new business development, while strengthening and refining operations and improving quality and efficiency. By comprehensively driving high-quality development, the Group achieved an operating profit of RMB7,256.7 million, with operating profit margin increasing by 1.9 percentage points year-on-year to 8.2%.

- The Group recorded profit attributable to owners of the Company of RMB104.5 million, which was impacted by impairment losses of goodwill and intangible assets from Bellamy's, a subsidiary of the Group, as well as the Group's share of losses of associates. The Group recorded net cash inflow from operating activities of RMB8,332.3 million, a stable year-on-year performance.

* *For identification purpose only*

- The Group is committed to increasing returns for its shareholders. The board of directors has proposed to base the dividend on profits excluding the effects of Bellamy's related impairment and deferred tax impact, and the impairment of goodwill of Modern Dairy to the Company's share of results of associates, and to increase the dividend payout ratio for 2024 to 45%, with a final dividend of RMB0.509 per ordinary share for 2024, making a total proposed payment of cash dividend of RMB1,994.2 million.

- The Group continued to execute its "GREEN" strategy and implement its "dual-carbon strategic goals", actively driving initiatives for zero deforestation, green packaging, circular economy and water resource management. It also established a "1+N" Sustainability Report Disclosure System where it published the first TNFD report in China's dairy industry, guiding the entire industry, both upstream and downstream, towards a greener and more sustainable future.

The board (the "Board") of directors (the "Directors") of China Mengniu Dairy Company Limited (the "Company") is pleased to present the results of the Company and its subsidiaries (the "Group" or "Mengniu") for the year ended 31 December 2024, together with the comparative amounts.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the year ended 31 December 2024
(Expressed in Renminbi ("RMB"))

	Notes	2024 RMB'000	2023 RMB'000
Revenue	4	**88,674,774**	98,624,041
Cost of sales		**(53,584,334)**	(61,983,946)
Gross profit		**35,090,440**	36,640,095
Other income and gains	4	**1,031,644**	1,069,392
Selling and distribution expenses		**(23,092,601)**	(25,192,211)
Administrative expenses		**(4,228,995)**	(4,742,531)
Impairment losses on financial and contract assets, net		**(371,712)**	(309,626)
Loss on derecognition of financial assets measured at amortised cost		**(49,044)**	(54,663)
Other expenses	5	**(6,453,014)**	(1,296,464)
Interest income		**1,411,977**	1,675,555
Finance costs	7	**(1,467,790)**	(1,569,281)
Share of results of associates		**(871,728)**	91,921
Profit before taxation	6	**999,177**	6,312,187
Income tax expense	8	**(774,572)**	(1,425,212)
Profit for the year		**224,605**	4,886,975
Attributable to:			
Owners of the Company		**104,507**	4,809,197
Non-controlling interests		**120,098**	77,778
		224,605	4,886,975
Earnings per share attributable to ordinary equity holders of the Company (expressed in RMB per share)	10		
Basic		**0.027**	1.220
Diluted		**0.027**	1.216

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2024
(Expressed in RMB)

	2024 *RMB'000*	2023 *RMB'000*
Profit for the year	**224,605**	4,886,975
Other comprehensive income		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(939,791)**	(107,916)
Effective portion of changes in fair value of hedging instruments arising during the year:		
— Total hedging loss recognised in other comprehensive income (excluding exchange differences)	**95,486**	167,538
— Amount reclassified from other comprehensive income to profit or loss	**(231,533)**	(275,535)
Share of other comprehensive income of associates	**(171,710)**	(24,825)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**(1,247,548)**	(240,738)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation	**225,427**	124,287
Equity investments designated at fair value through other comprehensive income:		
— Changes in fair value	**5,684**	(15,422)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**231,111**	108,865
Other comprehensive income, net of tax	**(1,016,437)**	(131,873)
Total comprehensive income for the year	**(791,832)**	4,755,102
Attributable to:		
Owners of the Company	**(937,980)**	4,668,268
Non-controlling interests	**146,148**	86,834
	(791,832)	4,755,102

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2024
(Expressed in RMB)

	Notes	**2024** *RMB'000*	2023 *RMB'000*
Non-current assets			
Property, plant and equipment		**20,905,216**	21,715,379
Construction in progress		**2,278,028**	2,348,779
Investment properties		**57,775**	59,421
Right-of-use assets		**2,584,719**	2,733,497
Goodwill		**7,677,836**	8,952,282
Other intangible assets		**8,829,053**	12,617,999
Investments in associates		**9,648,894**	10,408,632
Deferred tax assets		**930,170**	1,434,197
Derivative financial instruments		**241,794**	324,509
Other financial assets		**16,205,547**	20,147,281
Long-term prepayments		**1,165,975**	349,713
Total non-current assets		**70,525,007**	81,091,689
Current assets			
Other financial assets		**8,138,860**	8,531,769
Derivative financial instruments		**8,582**	23,492
Inventories		**4,936,666**	6,088,450
Trade and bills receivables	*11*	**3,261,858**	3,668,604
Prepayments, other receivables and other assets		**1,979,279**	3,095,554
Pledged deposits		**103,383**	276,593
Cash and bank balances		**17,339,157**	12,443,800
Total current assets		**35,767,785**	34,128,262
Current liabilities			
Trade and bills payables	*12*	**8,647,226**	9,499,441
Other payables and accruals		**11,244,088**	12,892,166
Interest-bearing bank and other borrowings		**16,661,575**	9,806,937
Derivative financial instruments		**38,276**	—
Income tax payable		**370,787**	340,853
Other financial liabilities		**44,608**	54,661
Total current liabilities		**37,006,560**	32,594,058
Net current (liabilities)/assets		**(1,238,775)**	1,534,204
Total assets less current liabilities		**69,286,232**	82,625,893

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*
at 31 December 2024
(Expressed in RMB)

	2024 *RMB'000*	2023 *RMB'000*
Non-current liabilities		
Interest-bearing bank and other borrowings	**17,975,625**	27,603,818
Deferred income	**728,274**	636,194
Deferred tax liabilities	**2,556,842**	3,729,709
Derivative financial instruments	**—**	4,461
Total non-current liabilities	**21,260,741**	31,974,182
NET ASSETS	**48,025,491**	50,651,711
EQUITY		
Equity attributable to owners of the Company		
Share capital	**356,662**	358,143
Shares held under share award scheme	**(114,293)**	(148,344)
Treasury shares	**(17,981)**	—
Other reserves	**8,105,166**	10,045,196
Retained earnings	**33,232,733**	34,064,964
	41,562,287	44,319,959
Non-controlling interests	**6,463,204**	6,331,752
TOTAL EQUITY	**48,025,491**	50,651,711

NOTES

(Expressed in RMB unless otherwise indicated)

1 CORPORATE AND GROUP INFORMATION

The Company is an exempted company with limited liability in the Cayman Islands. The registered office address of the Company is P.O. Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands. The Company is an investment holding company. The Group is engaged in the manufacture and distribution of dairy products.

2 MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with all applicable IFRS Accounting Standards, which collective term includes all applicable individual IFRS Accounting Standards, IAS Standards and IFRIC Interpretations issued by the International Accounting Standards Board (the "IASB"), and all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These financial statements have been prepared under the historical cost convention except for share options, certain financial assets, derivative financial instruments, certain other financial liabilities and certain other borrowings which have been measured at their fair values. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

The preparation of financial statements in conformity with IFRS Accounting Standards and HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2 MATERIAL ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

As at 31 December 2024, the Group's current liabilities exceeded its current assets by RMB1,238,775,000. Notwithstanding the above, considering the performance and cashflow forecast for the twelve months ending 31 December 2025 prepared by management of the Company, the directors of the Company are of the opinion that the Group has sufficient financial resources to continue as a going concern for the next twelve months. Therefore, the directors of the Company are satisfied that it is appropriate to prepare the financial report on a going concern basis.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group and the Group's interest in associates for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

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

2 MATERIAL ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

Basis of consolidation *(continued)*

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

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

2.2 Changes in accounting policies

The Group has applied the following amendments to IFRS accounting standards issued by the IASB to these financial statements for the current accounting period:

— Amendments to IAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current* ("2020 amendments") and amendments to IAS 1, *Presentation of financial statements: Non-current liabilities with covenants* ("2022 amendments")

— Amendments to IFRS 16, *Leases-Lease liability in a sale and leaseback*

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

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

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

None of these amendments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

3 OPERATING SEGMENT INFORMATION

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

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

(a) Segment results, assets, and liabilities

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that interest income, non-lease-related finance costs, share of results of associates, income tax expense, as well as head office and corporate income/expenses are excluded from such measurement.

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

Segment liabilities exclude other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

3 OPERATING SEGMENT INFORMATION *(continued)*

(a) Segment results, assets, and liabilities *(continued)*

Year ended 31 December 2024

	Liquid milk business *RMB'000*	Ice cream business *RMB'000*	Milk powder business *RMB'000*	Cheese business *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue *(Note 4)*:						
Sales to external customers	**73,065,615**	**5,175,411**	**3,320,456**	**4,319,660**	**2,793,632**	**88,674,774**
Intersegment sales	**836,819**	**53,318**	**48,068**	**6,699**	**206,930**	**1,151,834**
	73,902,434	**5,228,729**	**3,368,524**	**4,326,359**	**3,000,562**	**89,826,608**
Reconciliation:						
Elimination of intersegment sales						**(1,151,834)**
Revenue						**88,674,774**
Segment results	**6,193,423**	**165,489**	**(4,637,711)**	**241,176**	**54,519**	**2,016,896**
Reconciliation:						
Interest income						**1,411,977**
Finance costs (other than interest on lease liabilities)						**(1,414,956)**
Share of results of associates						**(871,728)**
Corporate and other unallocated expense						**(143,012)**
Profit before tax						**999,177**
Income tax expense						**(774,572)**
Profit for the year						**224,605**
Segment assets	**72,343,961**	**6,557,712**	**10,514,131**	**15,665,834**	**2,280,785**	**107,362,423**
Reconciliation:						
Elimination of intersegment receivables						**(29,518,016)**
Corporate and other unallocated assets						**18,799,491**
Investments in associates						**9,648,894**
Total assets						**106,292,792**
Segment liabilities	**25,498,100**	**4,235,873**	**5,354,871**	**4,258,244**	**1,870,890**	**41,217,978**
Reconciliation:						
Elimination of intersegment payables						**(29,518,016)**
Corporate and other unallocated liabilities						**46,567,339**
Total liabilities						**58,267,301**

3 OPERATING SEGMENT INFORMATION *(continued)*

(a) Segment results, assets, and liabilities *(continued)*

Year ended 31 December 2024 *(continued)*

	Liquid milk business *RMB'000*	Ice cream business *RMB'000*	Milk powder business *RMB'000*	Cheese business *RMB'000*	Others *RMB'000*	Total *RMB'000*
Other segment information:						
Depreciation and amortisation	2,498,864	333,464	149,056	227,151	52,757	3,261,292
Unallocated amounts						145,423
Total depreciation and amortisation						3,406,715
Capital expenditure	1,737,120	746,425	359,075	304,808	147,704	3,295,132
Unallocated amounts						289,461
Total capital expenditure*						3,584,593
Impairment losses and write-down of inventories recognised in the consolidated statement of profit or loss, net	1,049,077	5,213	4,661,418	8,426	288,108	6,012,242
Expense relating to share-based payment component of the convertible bonds, share option scheme and share award scheme	111,515	16,773	3,106	3,978	3,190	138,562
Unallocated amounts						212,851
Total non-cash expenses relating to share-based payment component of the convertible bonds, share option scheme and share award scheme						351,413

3 OPERATING SEGMENT INFORMATION *(continued)*

(a) Segment results, assets, and liabilities *(continued)*

Year ended 31 December 2023

	Liquid milk business *RMB'000*	Ice cream business *RMB'000*	Milk powder business *RMB'000*	Cheese business *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue ***(Note 4)*****:**						
Sales to external customers	82,071,069	6,026,325	3,801,747	4,357,260	2,367,640	98,624,041
Intersegment sales	1,127,114	55,996	24,751	22,323	619,202	1,849,386
	83,198,183	6,082,321	3,826,498	4,379,583	2,986,842	100,473,427
Reconciliation:						
Elimination of intersegment sales						(1,849,386)
Revenue						98,624,041
Segment results	6,126,458	427,731	(198,939)	146,564	(198,101)	6,303,713
Reconciliation:						
Interest income						1,675,555
Finance costs (other than interest on lease liabilities)						(1,505,100)
Share of results of associates						91,921
Corporate and other unallocated expense						(253,902)
Profit before tax						6,312,187
Income tax expense						(1,425,212)
Profit for the year						4,886,975
Segment assets	69,989,322	6,521,677	16,628,126	15,403,307	2,179,511	110,721,943
Reconciliation:						
Elimination of intersegment receivables						(33,004,852)
Corporate and other unallocated assets						27,094,228
Investments in associates						10,408,632
Total assets						115,219,951
Segment liabilities	28,708,293	4,454,086	6,905,303	3,750,950	1,841,636	45,660,268
Reconciliation:						
Elimination of intersegment payables						(33,004,852)
Corporate and other unallocated liabilities						51,912,824
Total liabilities						64,568,240

3 OPERATING SEGMENT INFORMATION *(continued)*

(a) Segment results, assets, and liabilities *(continued)*

Year ended 31 December 2023 *(continued)*

	Liquid milk business *RMB'000*	Ice cream business *RMB'000*	Milk powder business *RMB'000*	Cheese business *RMB'000*	Others *RMB'000*	Total *RMB'000*
Other segment information:						
Depreciation and amortisation	2,548,462	264,609	180,805	190,460	56,049	3,240,385
Unallocated amounts						60,357
Total depreciation and amortisation						3,300,742
Capital expenditure	2,769,719	488,938	350,864	248,971	168,386	4,026,878
Unallocated amounts						48,327
Total capital expenditure*						4,075,205
Impairment losses and write-down of inventories recognised in the consolidated statement of profit or loss, net	392,990	15,075	23,536	8,054	241,676	681,331
Expense relating to share-based payment component of the convertible bonds, share option scheme, share award scheme and reversal of restricted shares expenses of a subsidiary	223,616	31,342	4,897	14,160	(52,413)	221,602
Unallocated amounts						347,114
Total non-cash expenses relating to share-based payment component of the convertible bonds, share option scheme, share award scheme and reversal of restricted shares expenses of a subsidiary						568,716

* Capital expenditure consists of cash paid for the purchase of property, plant and equipment, construction in progress, intangible assets, land use rights, equity interests in subsidiaries, associates and other equity investments.

3 OPERATING SEGMENT INFORMATION *(continued)*

(b) Geographical information

(i) Revenue from external customers

	2024	2023
	RMB'000	*RMB'000*
The Chinese Mainland	**83,958,472**	94,335,586
Overseas	**4,716,302**	4,288,455
	88,674,774	98,624,041

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

(ii) Non-current assets

	2024	2023
	RMB'000	*RMB'000*
The Chinese Mainland	**45,762,687**	48,014,045
Overseas	**7,384,809**	11,171,657
	53,147,496	59,185,702

The non-current asset information above is based on locations of non-current assets, excluding derivative financial instruments, other financial assets and deferred tax assets.

(c) Information about major customers

There were no sales to a single customer which accounted for 10% or more of the Group's revenue for the year ended 31 December 2024.

4 REVENUE, OTHER INCOME AND GAINS

(a) Revenue

An analysis of the revenue is as follows:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers recognised at point in time:		
Sale of goods	**88,623,995**	98,590,612
Consignment processing services	**50,779**	33,429
	88,674,774	98,624,041

The Group takes advantage of practical expedient in paragraph 121 of IFRS/HKFRS 15 and does not disclose the remaining performance obligations as all of the Group's sales contracts have an original expected duration of less than one year.

4 REVENUE, OTHER INCOME AND GAINS *(continued)*

(b) Other income and gains

	2024	2023
	RMB'000	*RMB'000*
Government grants related to		
— assets	**114,910**	121,738
— compensation for expenses	**312,319**	435,580
Gain on disposal of subsidiaries	**267,216**	—
Gain on disposal of an associate	**—**	1,046
Gross rental income	**39,401**	63,386
Gain on disposal of assets and liabilities held for sale	**—**	14,521
Net fair value gain on forward currency contracts	**8,948**	—
Net fair value gain on exchangeable bonds	**—**	2,024
Net fair value gain on equity investment at fair value through profit or loss	**71,132**	—
Net fair value gain on other financial liabilities	**—**	23,658
Net gain on disposal of raw materials	**59,587**	91,883
Others	**158,131**	315,556
	1,031,644	1,069,392

5 OTHER EXPENSES

	2024	2023
	RMB'000	*RMB'000*
Write-down of inventories to net realisable value	**911,092**	323,675
Impairment of goodwill	**1,154,728**	—
Impairment of other intangible assets	**3,490,098**	—
Educational surcharges, city construction tax, and other taxes	**512,056**	534,812
Donations	**74,590**	62,659
Impairment of investments in an associate	**63,487**	48,030
Net loss on disposal of items of property, plant and equipment	**52,110**	14,423
Net fair value loss on exchangeable bonds	**28,190**	—
Foreign exchange loss, net	**21,369**	77,382
Net fair value loss on forward currency contracts	**—**	4,641
Net fair value loss on equity investment at fair value through profit or loss	**—**	22,945
Others	**145,294**	207,897
	6,453,014	1,296,464

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	2024	2023
	RMB'000	*RMB'000*
Cost of inventories sold	**53,539,391**	61,958,116
Cost of consigned processing services	**44,943**	25,830
Cost of sales	**53,584,334**	61,983,946
Employee benefit expense (including directors' and chief executive's remuneration) *(Note (a))*		
— Wages, salaries, housing benefits and other allowances	**7,005,579**	7,625,682
— Retirement benefit contributions	**774,503**	817,790
— Fair value amortisation and cancellation of share-based payment component of the convertible bonds	**322,409**	436,448
— Share option scheme expense	**(12,906)**	69,067
— Share award scheme expense	**41,910**	121,608
— Reversal of restricted shares expense of a subsidiary	**—**	(58,407)
	8,131,495	9,012,188
Impairment of trade receivables, net	**128,751**	121,559
Impairment of financial assets included in prepayments, other receivables and other financial assets, net	**242,961**	188,067
Impairment of financial assets, net	**371,712**	309,626
Write-down of inventories to net realisable value	**911,092**	323,675
Impairment of goodwill	**1,154,728**	—
Impairment of other intangible assets	**3,490,098**	—
Impairment of investments in an associate	**63,487**	48,030
Depreciation of property, plant and equipment	**2,953,109**	2,803,699
Depreciation of right-of-use assets	**335,239**	385,609
Depreciation of investment properties	**1,646**	1,646
Amortisation of other intangible assets	**116,721**	109,788
Research and development costs	**512,638**	495,507
Outsourcing expense *(Note (b))*	**158,232**	180,283
Lease payments not included in the measurement of lease liabilities *(Note (c))*	**224,779**	260,106
Auditor's remuneration		
— Audit services	**10,630**	10,358
— Non-audit services	**4,481**	4,229

6 PROFIT BEFORE TAXATION *(continued)*

Notes:

(a) The employees of the subsidiaries of the Group established in the PRC (other than Hong Kong) participate in defined contribution retirement benefit scheme managed by the local government authority, whereby these subsidiaries are required to contribute to the scheme ranging from 16% to 20% of the employees' basic salaries. Employees of these subsidiaries are entitled to retirement benefits, calculated based on a percentage of the average salaries level in the PRC (other than Hong Kong), from the above mentioned retirement scheme at their normal retirement age.

The Group also operates a Mandatory Provident Fund Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement plan.

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

(b) For the purpose of promoting operation efficiency, the Group outsourced the production of certain products. The amounts represent the total amount paid by the Group for purchasing outsourcing services.

(c) The Group recognised rental expenses from short-term leases of RMB138,871,000 (2023: RMB147,265,000), leases of low-value assets of RMB21,955,000 (2023: RMB27,922,000) and variable lease payments not based on index or rates of RMB63,953,000 (2023: RMB84,919,000) for the year ended 31 December 2024, respectively.

7 FINANCE COSTS

	2024	2023
	RMB'000	*RMB'000*
Interest on bank loans	**724,263**	674,988
Interest on other borrowings (excluding lease liabilities)	**690,693**	830,112
Interest on lease liabilities	**52,834**	64,181
	1,467,790	1,569,281

8 INCOME TAX EXPENSE

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

	2024	2023
	RMB'000	*RMB'000*
Current income tax		
Current charge for the year	**1,128,531**	1,229,296
Adjustments in relation to prior years	**1,092**	31,575
Deferred income tax	**(355,051)**	164,341
	774,572	1,425,212

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

		2024	2023
	Notes	***RMB'000***	*RMB'000*
Profit before tax		**999,177**	6,312,187
At tax rate of 25% (2023: 25%)	*(i)*	**249,794**	1,578,047
Non-deductible items and others, net		**45,539**	60,633
Tax effect of super deduction on research and development expenses	*(i)*	**(94,854)**	(103,527)
Adjustments in relation to prior years		**1,092**	31,575
Effect of different tax rates	*(ii)/(iii)/(iv)*	**(29,177)**	(101,097)
Effect of tax concessions	*(v)/(vi)*	**(689,427)**	(768,598)
Tax effect of share of results of associates		**217,932**	(22,980)
Reversal of tax losses and temporary differences recognised in previous years	*(vii)*	**(636,172)**	—
Tax effect of impairment of goodwill and trademarks with indefinite useful lives		**1,161,207**	—
Tax losses and deductible temporary differences utilised from previous years		**(107,251)**	(67,689)
Tax losses and deductible temporary differences not recognised		**395,422**	518,665
Effect of withholding tax at 5%/10% on the distributable profits of the Group's certain PRC subsidiaries		**260,467**	300,183
Income tax		**774,572**	1,425,212

8 INCOME TAX EXPENSE *(continued)*

(b) Reconciliation between tax expense and accounting profit at applicable tax rates: *(continued)*

Notes:

(i) The provision for the income tax is based on the statutory rate of 25% (2023: 25%) on the estimated taxable profits determined in accordance with the Law of the People's Republic of China on Corporate Income Tax ("PRC CIT Law"), except for certain subsidiaries of the Group which enjoy a preferential tax rate according to related tax policies or certain subsidiaries in other jurisdictions. Certain subsidiaries of the Company entitle to the preferential tax rate of 15% (2023: 15%), and certain research and development expenses of these companies are qualified for 100% (2023: 100%) additional deduction for tax purpose.

(ii) Pursuant to the income tax rules and regulations of Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to income tax in Cayman Islands and the BVI.

(iii) The provision for Hong Kong Profits Tax is calculated by applying at 16.5% (2023: 16.5%) of the estimated assessable profits for the year ended 31 December 2024.

(iv) The provision for Australia, New Zealand and Indonesia Profit Tax is calculated by applying at 30%, 28% and 25%, respectively, (2023: 30%, 28% and 25%, respectively), of the estimated assessable profits for the year ended 31 December 2024.

(v) Certain subsidiaries were granted lower tax rates by the state tax bureau in accordance with the PRC CIT law and the corresponding transitional tax concession policy and "The notice of tax policies relating to the implementation of the western China development strategy".

(vi) Certain subsidiaries were granted tax exemptions in accordance with the policy of "The notice of preferential tax policy for preliminary processing of agriculture products".

(vii) This item mainly includes the reversal of deferred tax assets relating to tax losses and deductible temporary differences of Bellamy's Australia Limited ("Bellamy's") recognised in previous years and the reversal of deferred tax liabilities relating to fair value adjustments arising from acquisition of Bellamy's amounted to RMB383,581,000 and RMB1,047,029,000, respectively.

(c) Pillar Two income taxes

In 2021, the Organisation for Economic Co-operation and Development published the Global Anti-Base Erosion Model Rules ("Pillar Two model rules") for a new global minimum tax reform applicable to large multinational enterprises. The Group operates in multiple jurisdictions, certain jurisdictions of Netherlands, Vietnam and Australia in which the Group operates have implemented Pillar Two income tax legislation based on this framework, and those Pillar Two income tax laws became effective from 1 January 2024.

The Group has applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes and accounted for the tax as current tax when incurred. So far the Pillar Two model didn't have a significant impact on the consolidated year financial statements and no Pillar Two income tax was recognised during the year ended 31 December 2024.

Other jurisdictions in which the Group operates are in the process of implementing their Pillar Two income tax legislation. The Group is in the process of making a continuous assessment of what the impact of Pillar Two model is expected to be on the income taxes in those jurisdictions.

9 DIVIDENDS

	Notes	**2024** **RMB'000**	2023 RMB'000
Declared and paid during the year			
Equity dividends on ordinary shares		**1,924,358**	1,588,015
Proposed for approval at the Annual General Meeting (the "AGM")			
Equity dividends on ordinary shares:			
Proposed final — RMB0.509 (2023: RMB0.489) per ordinary share	*(a)/(b)*	**1,994,247**	1,924,358

Notes:

(a) The proposed final dividend for the year ended 31 December 2024 is subject to the approval of the Company's shareholders at the forthcoming AGM.

(b) This dividend was not recognised as a liability in the consolidated financial statements for the year ended 31 December 2024.

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

(a) Basic earnings per share

The basic earnings per share for the year is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

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

	2024 ***Number of shares '000***	2023 *Number of shares '000*
Issued ordinary shares at 1 January	**3,935,293**	3,955,196
Effect of share options exercised	**—**	2,247
Effect of shares purchased	**(8,691)**	(15,204)
Weighted average number of ordinary shares for the purpose of the basic earnings per share calculation	**3,926,602**	3,942,239

10 EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY *(continued)*

(b) Diluted earnings per share

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

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

	2024	2023
	Number of shares	*Number of shares*
	'000	*'000*
Weighted average number of ordinary shares for the purpose of the basic earnings per share calculation	**3,926,602**	3,942,239
Effect of dilution — Weighted average number of ordinary shares:		
Outstanding share options	**—**	7,015
Outstanding share awards	**2,614**	7,221
Weighted average number of ordinary shares for the purpose of the diluted earnings per share calculation	**3,929,216**	3,956,475

11 TRADE AND BILLS RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Bills receivable	**81,425**	211,682
Trade receivables	**3,218,448**	3,558,043
Loss allowance	**(38,015)**	(101,121)
	3,261,858	3,668,604

The Group normally grants credit limits to its customers which are adjustable in certain circumstances. The Group closely monitors overdue balances. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivables. The trade receivables are non-interest-bearing.

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

11 TRADE AND BILLS RECEIVABLES *(continued)*

Based on the Group's accounting policy of financial assets, the Group measured bills receivable at fair value through other comprehensive income as at 31 December 2024.

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

	2024	2023
	RMB'000	*RMB'000*
Less than 1 year	**3,196,187**	3,571,620
1 to 2 years	**51,613**	85,675
2 to 3 years	**13,650**	10,842
Over 3 years	**408**	467
	3,261,858	3,668,604

12 TRADE AND BILLS PAYABLES

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

	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**7,718,407**	8,189,298
4 to 6 months	**889,320**	1,144,836
7 to 12 months	**10,852**	104,397
Over 1 year	**28,647**	60,910
	8,647,226	9,499,441

The Group's trade and bills payables are unsecured except as noted below, non-interest-bearing and payable on demand.

Included in the above balances, bills payable with an aggregate balance of approximately RMB386,589,000 (2023: RMB825,871,000) were secured by the pledge of certain of the Group's deposits. Except for the above, bills payables were unsecured, non-interest-bearing and payable when due within 1 to 6 months.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2024, the dairy industry experienced intensified supply and demand imbalances due to an oversupply of raw milk and lower-than-expected consumer demand, with short-term pressures persisting across the industry. While actively tackling short-term challenges and maintaining its long-term strategic focus, Mengniu focused on its "Creating a New Mengniu" initiative and the FIRST blueprint, advancing high-quality development through brand driven, R&D innovation and digital transformation through its "One Core, Two Wings" strategy. At the operational level, Mengniu actively promoted precision management, built a lean and efficient organizational structure and fully mobilized organizational effectiveness, driving steady improvements in its operational efficiency and core profitability.

Mengniu consistently drove the upgrade and innovation of its product categories. On top of superior quality, Mengniu has further enriched its product portfolios and categories, creating multiple consumption scenarios, and accelerated its expansion of To B channels. By leveraging its deep insights into the diverse and personalized needs of consumers, Mengniu continued to lead the transformation and upgrade of dairy products from "drinking milk" to "eating milk", from "basic nutrition supply" to "greater health" and from "primary processing" to "value-added further processing".

Mengniu continued to focus on brand building, staying true to its brand proposition of "born to excel". As a member of the Olympic Partners (TOP) programme, Mengniu successfully enhanced its identity as an "Olympic Partner", solidified its "Strive for Excellence" brand asset and comprehensively strengthened its brand awareness, reputation, and global influence by leveraging the 2024 Paris Olympics platform. By supporting the "100-City Marathon (百城馬拉松)" and other initiatives, Mengniu continued to promote healthy lifestyles, further strengthening its brand influence. During its 2025 Spring Festival campaign, Mengniu launched an innovative partnership with *Nezha 2* (哪吒2) and brand ambassador, Jia Ling, integrating the "Strive for Excellence" ethos that both the Nezha IP and Jia Ling represent into its brand narrative, revitalizing Mengniu's image.

To adapt to channel restructuring and reform trends, Mengniu accelerated its omni-channel development by actively expanding high-growth emerging channels and consolidating its established offline channel advantages, creating and integrated online and offline business model to drive sales in multiple dimensions and reinforcing its differentiated competitive advantages. In response to temporary industry challenges, Mengniu capitalized digital transformation opportunities. It steadily advanced the digital transformation of its business and actively embraced cutting-edge AI technology with a focus on enhancing channel efficiency, reducing supply chain costs and improving consumer services. This systematic undertaking and integrated transformation of its entire value chain will unlock full efficiency potential and develop new-quality productive forces in the dairy industry.

Liquid Milk Business

Room Temperature Product Business

In 2024, the business unit faced intensified pricing competition for end products due to supply and demand imbalances in the dairy industry, macroeconomic growth pressure, and the ongoing weak consumer confidence and demand. Consumer preferences shifted and value polarization accelerated, with demand growing for value for money, high value-add, and personalized products. Mengniu's room temperature business unit proactively addressed these industry challenges and opportunities by actively promoting the recovery of its channel inventory, maintaining a stable pricing strategy, and accelerating the high-quality development of its brand, marketing, channels, supply chain and digital transformation, which improved operating profit margins.

The room temperature business unit enhanced its category structure by fulfilling high-nutrition and diversified consumer demand for high quality and competitive prices. *Milk Deluxe* firmly deepened its "better" brand proposition, consistently led in high value, and the organic series won the gold award at the BIOFACH Germany (德國國際有機產品博覽會) for another consecutive year, further strengthening its brand's influence and market share.

Facing fierce competition in the industry, room temperature milk beverages maintained a stable market performance leveraging deep consumer demand insights and innovation. Room temperature yogurt brand, *Just Yoghurt*, focused on a brand differentiation strategy with simple ingredients featuring "no artificial flavors, no color additives, no gelatin, no milk formula". The series continued to upgrade product quality and optimized product formulation to better align with consumer needs. The *Fruit Milk Drink* brand focused on the dual nutritional value of milk plus fruit pieces and a beverage-oriented product portfolio, conveying a fashionable, healthy and joyful brand concept that differentiates itself from competition. Multiple of these new products received positive feedback from consumers. *Suan Suan Ru* reignited the popularity of its brand and topicality through diverse co-branding activities, leveraging its brand image as a national youth milk beverage.

To expand market channels, the room temperature product business unit closely aligned with consumer market trends, capitalizing on market opportunities and continuously improving penetration into towns and villages to expand market share. Meanwhile, the business unit continued to strengthen distributor empowerment, driving further cost reductions and efficiency improvements along the supply chain, establishing an emotional connection with consumers through the key themes of "nutrition" and "youth". It also expanded emerging channels, cooperating with leading key accounts in the sector and creating differentiated exclusive products aligned with consumer trends, offsetting the impact on traditional channels.

The Group has been deeply expanding into the B2B business while maintaining its strength in the B2C business. Its professional catering brand Mengniu Dairy Professionals, upholds the business philosophy of "Professional dairy, dedicated to creation" and is committed to building a high-quality, ingredient-based product matrix and relying on integrated cutting-edge marketing. During the year, it established strategic cooperation agreements with multiple chain brands in the bakery, coffee, tea drinks and catering categories, providing key customers with comprehensive integrated solutions including product application testing, product solution development, and industry trend empowerment.

Chilled Product Business

During the year, the low-temperature dairy category continued to decline, though the rate of decline decelerated significantly. The industry witnessed diversified channel development and increased consumer penetration in emerging distribution channels. During this recovery phase, Mengniu's chilled product business adhered to the Group's high-quality development strategy. It capitalized on evolving consumer demand trends, driving category value innovation and profitability. The upgraded 100% raw milk formulations actively promoted sucrose-free and fruit-infused yogurt, and established *Champion*'s new brand proposition as the "Specialist in Probiotic Yogurt". It cultivated the premium *YO!FINE DIARY Yogurt* brand while amplifying *Yoyi C* brand equity as "probiotics suitable for Chinese people". The division strengthened channel development and expanded into emerging distribution channels. Through these brand and channel initiatives, Mengniu's chilled product business outperformed the sector amidst market headwinds. It maintained its leading market share for the twentieth consecutive year, achieved notable product mix optimization, and delivered significant profitability improvements.

Fresh Milk Business

The domestic fresh milk industry faced downward challenges in 2024. Mengniu's fresh milk division maintained its strategic focus and resilience, achieved rapid growth despite the overall market downturn and recorded profitability for four consecutive years through strengthened brand building, expanded points of sales and market presence, and ensured freshness capability. *Shiny Meadow* saw double-digit growth.

Shiny Meadow, our high-end brand, continued to lead the premium market, outperforming the industry despite challenges and maintaining its leading market share in premium fresh milk. The newly launched dual protein milk under *Shiny Meadow* which focuses on product innovation, led nutritional and taste upgrades in the dairy category and achieved rapid growth in sales volume. *Xiaoxianyu*, a sub-brand that further expands the "light fresh milk" category for young consumers, entered the market through partnerships with the "Ta Foundation" and other public charity activities. The basic fresh milk of Mengniu has consolidated its national leadership, maintaining the top market share in the basic fresh milk segment for four consecutive years.

In terms of channels, Mengniu's fresh milk business maintained its top market share position across online and offline channels such as membership stores and e-commerce platforms. Meanwhile, it continuously achieved channel breakthroughs by actively expanding into emerging channels like wholesale snack stores, successfully collaborating with top coffee and tea beverage brands. With high-quality products, it supports offline To B clients while driving breakthroughs in its own sales volume.

Meanwhile, the fresh milk business unit further improved supply chain efficiency through digital intelligence empowerment and achieved efficient management of logistics chains and deep integration of resources to build an end-to-end smart logistics system for fresh milk. It continued to advance the "dual excellence in quality and efficiency" high-efficiency fulfillment system, driving the high-quality transformation of corporate logistics and comprehensively enhancing the core competitiveness of the brand.

Milk Formula Business

The infant formula industry continued to face pressure from declining birth rates and other challenges. However, as the market gradually stabilized, leading companies have been increasing their market share. Meanwhile, growing demand from new parents for improved ingredients, higher quality, and specialized features have driven continuous advancements in product offerings. Mengniu's infant formula business has consistently adhered to a R&D-driven strategy, channel transformation, and brand driven.

Mengniu continued to focus its domestic infant formula strategy on strengthening the *Reeborne* brand. It released the world's first patented affinity formula (maternal MLCT+new OPO) in partnership with Jiangnan University and Sun Yat-Sen University, pioneering the launch of Mengniu's global-first HMO formula and spearheading the development of the world's first standard testing method using liquid chromatography to simultaneously identify seven types of human milk oligosaccharides (HMOs), driving the high-quality and innovative development of the industry. In brand building, Mengniu focused on evidence-based professional marketing and education. Through proactive product R&D and sales channel optimization, it strengthened the competitiveness of its brand, forming a virtuous cycle between product innovation and channel efficiency. This strategy enabled its infant formula business to achieve accelerated growth despite downward market trends.

Bellamy's has reinforced its brand positioning as "Australia's No. 1 Organic Infant Formula" and maintained its position as "Cross-border E-commerce Organic Milk Formula Leader" for five consecutive years. During the year, *Bellamy's* premium product line "Bellamy's Platinum Organic A2" achieved strong growth despite market trends. In addition, *Bellamy's* continued expanding into Southeast Asian markets.

Mengniu's elderly-focused milk formula business focuses on the tremendous potential of the silver economy through the *Yourui (悠瑞)* brand. *Yourui*, in collaboration with multiple institutions, released industry-leading scientific papers including the White Paper on Elderly-Specific Health (《中老年專屬健康白皮書》) and the Group Standard for Elderly-targeted Formulated Milk Powder (《中老年專屬調製乳粉團體標準》). The brand continued to optimize its formulas, with a strategic focus on products that support bone, joint, and muscle health. By strategically focusing on gift giving brand building scenarios with emotionally resonant, conversation-driven promotional campaigns, the brands will be able to achieve a holistic enhancement in brand awareness, search traffic, and conversion rates.

Ice Cream Business

The ice cream industry was challenged by weak consumer confidence, fierce market competition and elevated inventory levels. However, rising consumer attention to the health attribute of ice cream, along with demand diversification, rapid online channel development, and the emergence of new consumption scenarios such as outdoor activities and tourism also inject new momentum into the development of ice cream category. During the period, the ice cream division actively implemented strategic adjustments in close alignment with consumer demand by advancing brand expansion through across different consumer groups, product innovation, portfolio optimization and omnichannel distribution network enhancement.

Maintaining its roots in the chocolate ice-cream segment, *Suibian* expanded its product lineup with dopamine bright cup series and milk pineapple chocolate crispy cone offerings, strategically positioning them in the premium chocolate ice cream market. The *Suibian Gold Label* (隨變 • 金標) series further upgraded its range to meet the demand from young customers for high-quality, multi-flavor, and versatile products. *Mood for Green* maintained its position as the top-selling brand in the bean-flavored ice cream lineup, while expanding its business reach through collaborations like the co-branded *Mood for Green* creamy bliss ice cream with KFC. This partnership drove the deep integration of dairy products and culinary culture. *Ice+* propelled diversified development of popsicle category through its fun, cool brand image, creating functional and beverage-type product lines that cater to younger consumers who seek diversified benefits from their products. It further enhanced its appeal among younger consumers and strategically maximized its brand value. High-end brand *Deluxe* established its differentiated positioning with the tagline "the purer, the more delicious", adapted to trends in the high-end ice cream crowd.

In terms of channels, the ice cream business unit actively implemented strategic adjustments and activated full-chain direct operations and control through an omni-channel RTM strategic layout. It also accelerated expansion into emerging modern channels like convenience stores, wholesale snack stores, and live streaming. Additionally, it promoted customer conversion in key areas such as campuses, communities, and tourist spots to drive sales and actively promoted the reshaping and efficiency enhancement of the new retail channels.

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

Cheese Business

Benefitting from dairy consumption upgrades and industrial transformation and policy support, China's cheese industry and consumption are in their early growth stage, gradually emerging as a key driver of the dairy sector's future expansion. The trends in the dairy industry's upgrades, "drinking milk" and "eating milk" are progressing in tandem and the penetration rate of cheese is still rising, with market share increasingly concentrated in leading companies.

In 2024, Milkground focused on four key strategies: product innovation, brand driven, channel cultivation, and management efficiency (產品創新、品牌引領、渠道精耕、管理增效). These efforts led the market share of the Group's cheese segment continued to rank first in the industry steadily[1], further strengthened its leading position and significantly improved its profitability.

Adopting a consumer-centric approach, Milkground continued to innovate in product development and enrich its portfolio in order to achieve "consumer expansion" and "scenario diversification". Milkground further strengthened its core values of "joy, nutrition, professionalism and health", appointed a new brand spokesperson, and accelerated its brand rejuvenation to drive the expansion of cheese products.

[1] According to statistics from Kantar Worldpanel's household sample group

In terms of ready-to-eat nutritious cheese, Milkground further enhanced its chilled product offerings by upgrading its classic chilled cheese sticks to a zero-additive preservative formula and introduced products with select flavors such as "frozen pear cheese stick", as well as new products such as zero sucrose cube cheese, one-bite cheese (一口奶酪) and natural string cheese (原製手撕奶酪). The room temperature product category continued to broaden its product range with well-received innovations such as savory codfish cheese sticks and leisure snacks such as the cheese time series products. For family dining scenarios, domestic butter had a strong performance, cheese slices and mozzarella further increased their market share, strengthening the company's brand presence. Milkground continued to expand its market presence in the catering cheese sector and made remarkable progress. During the reporting period, Milkground performed strongly in butter and light cream. Leveraging insights into cutting-edge trends in the market, Milkground continued to enrich the innovative applications of cheese, launching a variety of new season-specific products to provide B-end clients with a full range of cheese solutions, and the success rate of new product launches was significantly improved, which contributed to the steady growth of its major customers. Following the launch of the mascarpone domestic raw cheese, Milkground continued to make new breakthroughs in the production process.

In July 2024, Milkground completed a cash acquisition of 100% of the Group's equity interests in Inner Mongolia Mengniu Cheese Co., Ltd. (Mengniu Cheese), implementing a dual-brand strategy targeting differentiated markets and strengthening the leadership positions of cheese product category.

Innovative Business

In terms of nutritional science, Mengniu adhered to forward-looking insights and unremitting technological exploration, continued to overcome technical difficulties, continuously breaking through technical barriers, casting excellent product competitiveness. These efforts infuse new vitality into the dairy industry.

Positioned as "China's professional leader in sports nutrition" (中國專業運動營養領導者), *M-ACTION*, a brand of Mengniu in sports nutrition sector, has developed a professional product lineup consisting of liquid protein range, sports function range and daily vitality range, which comprehensively meets the nutritional needs of sports people before, during and after training and competitions, as well as the nutritional needs of daily vitality. Through professional brand power and ultimate product power, *M-ACTION* created a significant influence among Chinese sports people represented by the core circles of marathon, trail running and triathlon.

In terms of channels, *M-ACTION* takes a deep dive into the DTC channels like Tmall, JD.com, Douyin and private domain, and actively expands diverse channels. The brand's liquid protein products debuted at Sam's Club as the first of their kind, completing an aggressive expansion of its high-quality user base.

The HMO 2'-Fucosyllactose (2'-FL) independently developed by Synaura Biotechnology (Shanghai) Co., Ltd., incubated by Mengniu, has obtained GRAS certification from the U.S. Food and Drug Administration (FDA), making it the first and only Chinese domestic HMO enterprise to achieve this recognition. The product underscores the product's safety, efficacy, and purity at an international level. Currently, Synaura Biotechnology has established over 10 product lines with its proprietary HMO successfully integrated into Mengniu *Reeborne's* Enzhi 4-Stage (恩至4段) Children's Formula Milk Powder and Future Star Specialty Care Children's Formula Milk (未來星專護兒童配方奶), further expanding HMO's application scenarios in China. This advancement marks a transformation from offering basic nutrition to promoting professional nutrition products.

Quality Management

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

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

The Group launched the "Quality Digitalization Campaign Transformation (質量數字化戰略轉型)", establishing comprehensive database of quality indicators across all business segments which has significantly enhanced performance monitoring efficiency. The Cold Chain 2.0 (冷鏈2.0) system has been fully implemented, enabling real-time temperature monitoring for warehouses, logistics routes, and distributor storage facilities. Additionally, the first phase of the Quality Digital Transformation Plan of the Group (《集團質量數字化轉型規劃》) has been carried out with a focus on five core modules, namely, dairy sourcing, procurement, inspection, knowledge management, and risk control.

Mengniu continuously refined its quality culture development through systematic experience accumulation and quality consciousness enhancement. During the reporting period, the Company solidified its 315 "World-class Quality for Consumers (世界品質，讓消費者看見)" IP campaign, pioneering an end-to-end quality transparency initiative by inviting internal and external stakeholders from across the supply chain to visit pastures and production facilities, demonstrating world-class quality control from grass to glass.

Milk Source Management

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

In terms of technological innovation, Mengniu has helped ranches boost their technical capabilities and quality of fresh raw milk of ranches by promoting precise nutrition practices, promoting technology training and other initiatives with milk yield per head of cow of benchmark ranches reaching above 12 tons. On the financial side, Mengniu helped upstream partners achieve collaborative development through a diverse finance assistance model. In terms of empowering the industrial chain, Mengniu leveraged its upstream resources to supply high-quality forage and other essential materials to ranches, further reducing procurement costs.

Mengniu actively practices a green development philosophy and is committed to integrating sustainable practices into its milk source management. Through training programs, technical assistance, and resource integration, it advances clean energy adoption, small-to-medium scale photovoltaic power generation projects implementation, facilitates energy conservation and carbon reduction, and actively supports ranch partners to move toward strengthened carbon emission management, scientific breeding practices and improved operational efficiency.

Corporate Digital Strategy

Digital intelligence remains a cornerstone of Mengniu's strategy. In 2024, Mengniu consistently advanced its digital transformation in an orderly manner and actively embraced cutting-edge Artificial Intelligence ("AI") technologies, with the ultimate goal of comprehensively integrating AI to drive intelligent workflows. This initiative is aimed at unleashing the efficiency of AI technologies across all business domains at the corporate level, fundamentally driving organizational and production model reform and accelerating the establishment of a model-driven, digital end-to-end operational process system. It also provided digital solutions to address supply and demand imbalances in the industry, and contributed to the Group's high-quality growth while enhancing quality development and improving efficiency across the industry.

Leveraging its self-developed AI platform, Mengniu rapidly developed AI agents, integrating abstract business capabilities from its existing business middleware with existing algorithms from its data middleware, embedding AI into business workflows, and enhancing operating efficiency at the corporate level. In the consumer sector, Mengniu focused on developing core marketing capabilities aligned with its business objectives and optimizing operational capacity, significantly improving data efficiency. In distribution channels, the "mutual-win" platform facilitated omni-channel "three into one (三流合一)", realising visual and controllable flow direction and rate of over 100 million goods as well as sales and management costs of the entire Group. 10,000 terminal stores can now be managed online, where the daily actions of millions of stores and tens of thousands of salesmen can be managed and coordinated through digitalization. In the supply chain, Mengniu Ningxia factory was recognised as a "Lighthouse Network (燈塔工廠)" by the World Economic Forum, the first in China's dairy industry and the first liquid milk factory in the world, reflecting the highest-standards in intelligent manufacturing and digitalization in today's global manufacturing landscape. The "One Inventory (一盤貨)" at room temperature business unit achieved full coverage of Central China, and the full-link cold chain visualization and controllability in low temperature and fresh milk segments further improved inventory turnover management and chain management and control capabilities.

FINANCIAL REVIEW

Revenue

During the year, due to the imbalance between raw milk supply and demand and weaker-than-expected consumer demand, the revenue of the Group amounted to RMB88,674.8 million (2023: RMB98,624.0 million) for the year ended 31 December 2024, representing a year-on-year decrease of 10.1%.

Gross Profit

The Group's gross profit for the year decreased to RMB35,090.4 million (2023: RMB36,640.1 million) due to the decrease in revenue during the year. Gross profit margin increased by 2.4 percentage points to 39.6% as compared with last year (2023: 37.2%) due to the decrease in raw milk prices.

Operating Expenses and Operating Profit

Due to the decline in sales revenue during the year and enhanced efficiency in expenses investment in the second half of the year, selling and distribution expenses decreased by 8.3% to RMB23,092.6 million (2023: RMB25,192.2 million), representing 26.0% (2023: 25.5%) of the Group's revenue. Product and brand marketing expenses during the year decreased by 5.4% to RMB7,114.8 million (2023: RMB7,522.7 million), accounting for 8.0% of the Group's revenue (2023: 7.6%).

Through the Group's focus on quality and efficiency initiatives during the year, the administrative expenses decreased by 10.8% to RMB4,229.0 million (2023: RMB4,742.5 million), accounting for 4.8% (2023: 4.8%) of the Group's revenue, which remained flat as last year. Educational surcharges, city construction tax and other taxes included in other expenses amounted to RMB512.1 million (2023: RMB534.8 million), representing a year-on-year decrease of 4.2%.

During the year, total business operating expenses, including selling and distribution expenses, administrative expenses and educational surcharges, city construction tax and other taxes, decreased by 8.7% to RMB27,833.7 million (2023: RMB30,469.5 million), accounting for 31.4% of the Group's revenue (2023: 30.9%). Attributable to the increase in gross profit margin, operating profit (gross profit less business operating expenses) amounted to RMB7,256.7 million (2023: RMB6,170.6 million), representing a year-on-year increase of 17.6%; operating profit margin was 8.2% (2023: 6.3%), representing a year-on-year increase of 1.9 percentage point.

EBITDA and Net Profit

During the year, Bellamy's, a subsidiary of the Group, recorded a loss. After carefully evaluating Bellamy's operating conditions and financial performance in recent years, as well as considering future market expectations, the Group recognised impairment losses of goodwill and intangible assets for the relevant Bellamy's cash-generating units of RMB1,154.7 million and RMB3,490.1 million, and reversal of deferred tax assets and liabilities related to tax losses and temporary differences of Bellamy's recognised in previous years of RMB663.4 million (which impacts income tax expense), respectively. The aggregated impact on Group's results of these adjustments was RMB3,981.4 million.

Additionally, China Modern Dairy Holdings Ltd. ("Modern Dairy"), an associate of the Company, recorded an impairment loss on goodwill of RMB599.2 million and other additional impairment losses during the year, resulting in a net loss attributable to owners of RMB1,416.8 million. Hence, the Company's share of such associate was RMB827.1 million, of which the related goodwill impairment loss had an impact of RMB348.7 million on the Group.

Mainly due to the factors mentioned above, the Group's earnings before interest, taxes, depreciation, and amortisation (EBITDA) decreased by 53.1% to RMB4,461.7 million (2023: RMB9,506.7 million) with EBITDA margin at 5% (2023: 9.6%), representing a year-on-year decrease of 4.6 percentage point. Profit attributable to owners of the Company also decreased by 97.8% year-on-year to RMB104.5 million (2023: RMB4,809.2 million), and basic earnings per share were RMB0.027 (2023: RMB1.220), down by 97.8% year-on-year.

The board of directors has proposed to base the dividend on profits excluding the effects of Bellamy's related impairment and deferred tax impact, and the impairment of goodwill of Modern Dairy to the Company's share of results of associates, and to increase the dividend payout ratio for 2024 to 45%.

Income Tax Expenses

For the year ended 31 December 2024, income tax expenses of the Group was RMB774.6 million (2023: RMB1,425.2 million), representing a 45.6% decrease year-on-year, mainly due to the inclusion of reversal of deferred tax assets and liabilities related to tax losses and temporary differences of Bellamy's recognised in previous years of RMB663.4 million in respect of the impairment of goodwill and intangible assets, while the Group's actual operating income tax expenses were not affected by this reversal. The effective income tax rate was 77.5% (2023: 22.6%), representing a year-on-year increase of 54.9 percentage point. This rise was mainly due to the decrease in profit before taxation, driven by the impairment losses of goodwill and intangible assets of Bellamy's and the share of losses from associate of Modern Dairy.

Capital Expenditure

For the year ended 31 December 2024, the capital expenditure of the Group on cash flow basis amounted to RMB3,584.6 million (2023: RMB4,171.8 million), representing a decrease of 14.08% year-on-year. Of the total, RMB3,475.1 million was spent on building new production facilities and modifying existing ones as well as related investments, and the investment in equities amounted to RMB109.5 million.

Working Capital, Financial Resources and Capital Structure

For the year ended 31 December 2024, the Group recorded net cash inflow from operating activities of RMB8,332.3 million (2023: RMB8,349.3 million), representing a decrease of 0.2% as compared with last year.

As of 31 December 2024, outstanding interest-bearing bank and other borrowings of the Group decreased to RMB34,637.2 million (31 December 2023: RMB37,410.8 million), of which interest-bearing bank and other borrowings repayable within one year amounted to RMB16,661.6 million (31 December 2023: RMB9,806.9 million). More than 90% of the interest-bearing bank and other borrowings were bearing interest at fixed rates. The decrease in interest-bearing bank and other borrowings was mainly due to the repayment of foreign currency debts due.

Net borrowings (total amount of interest-bearing bank and other borrowings net of cash and bank balances, but excluding long term time deposits in other financial assets) of the Group as of 31 December 2024 were RMB17,298.0 million (31 December 2023: RMB24,967.0 million).

The Group's total equity as of 31 December 2024 amounted to RMB48,025.5 million (31 December 2023: RMB50,651.7 million). Its debt-to-equity ratio (total amount of interest-bearing bank and other borrowings over total equity) was 72.1% (31 December 2023: 73.9%).

Finance costs of the Group were RMB1,467.8 million (2023: RMB1,569.3 million), or approximately 1.7% (2023: 1.6%) when expressed as a percentage of revenue, representing an increase of 0.1 percentage point year-on-year.

PRODUCTS

Liquid Milk

Revenue amounted to RMB73,065.6 million (2023: RMB82,071.1 million), accounting for 82.4% of Mengniu's total revenue (2023: 83.2%).

UHT Milk

Milk Deluxe Desert Organic Pure Milk contains 4.0g of protein and 130mg of natural calcium per 100ml. The product is packaged with craft materials and features plant-based bottle caps, resulting in carbon emissions reduction and maintaining the brand's environmentally friendly and sustainable principles.

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

Key Products:

Milk Deluxe 4.0g Desert Organic Pure Milk

Mengniu Pure Milk

Mengniu Lactose-free Milk

Room Temperature Yogurt

Just Yoghurt focused on brand differentiation. It specializes in zero additive original taste yogurt with diamond shaped packaging, featuring "no artificial flavors, no color additives, no gelatin, no milk formula" as it leads formula reform. The product has passed EU standard certification, demonstrating Mengniu's commitment to quality.

Key Product:

Just Yoghurt-Original Taste (Additive Free)

Room Temperature Milk Beverage

Fruit Milk Drink positioned itself as a world-first premium dairy beverage brand containing chewable fruit granules. Its key fruit flavor milk shake yogurt drinks launched "Roselle Strawberry Flavor" during the year. This series is fermented from premium raw milk with low-fat content, targeting the growing population of young Generation-Z consumers.

Key Products:

Fruit Milk Drink PET Blossom Fruit Yogurt Smoothies

Suan Suan Ru yogurt-flavored drink

Chilled Yogurt

Amid the zero-sugar health trend, Mengniu's chilled yogurt comprehensively promoted its Mengniu Zero-Sugar Pure Yogurt, leveraging celebrity endorser Jia Ling to amplify the product's healthy and high-quality attributes. The division actively crafted novel textural experiences for yogurt by introducing double-fruit flavor blend and 12mm jumbo fruit blend, better meeting consumer demand for indulgent flavours. The *YO!FINE DIARY Yogurt* continued to lead industry trends, strategically positioning itself as "Yogurt so good you'll savor every last spoonful (好吃到舔勺的酪酸奶)". The Green Grapefruit Yogurt and Osmanthus and Water Chestnut Yogurt (桂花馬蹄酪) secured multiple prestigious industry awards. Forest Avocado Yogurt (森林牛油果酪) and King Sultan Durian Yogurt (蘇丹王榴蓮酪) have been well received by consumers.

The *Champion* consolidated its brand positioning as the "Specialist in Probiotic Yogurt" by launching the new-generation *Champion* Bama 128 Probiotics Yogurt. Simultaneously, the brand upgraded its core functional product line to the "One-bite Oats" series to meet consumers' needs for both functional and nutritional products.

Key products:

Mengniu Zero-Sugar Pure Yogurt

Mengniu Double-fruit Flavor Blend Sucrose-free

Mengniu 12mm Jumbo Fruit Blend

YO!FINE DIARY Yogurt

Champion

Chilled Milk Beverage

Yoyi C maintained its brand positioning as "probiotics suitable for Chinese people" *and* developed environmentally conscious products. The brand fully transitioned its *Yoyi C* Eco-Pack label-free bottles to PS material across all online channels. *Yoyi C* strengthened its connection with younger consumers through cross-category innovation, launching China's first live-culture lemon tea beverage — *Yoyi C* Probiotic Lemon Tea. The beverage combined active probiotics with lemon tea for dual oil-cutting efficacy, featuring authentic tea leaves and fruit juice in a low-sugar, zero-fat formula. This innovation resonated with health-conscious demographics through its light, refreshing profile. The campaign drove customer acquisition and penetration, contributing to incremental brand growth.

Key products:

Yoyi C Eco-Bottle

Yoyi C Probiotic Lemon Tea

Fresh Milk

High-end brand *Shiny Meadow* has launched an innovative product, Dual Protein Milk, made from raw milk surpassing EU standards and enriched with six almonds per 350ml serving and sugar-free formula, offering consumers easily digestible, high quality, and balanced nutrition. *Shiny Meadow* launched a Year of the Snake Limited-Edition "Good Luck New Year Milk" with 6 blessings hidden in the outer labeling. The innovative marketing campaign was popular among consumers. The brand's HMO Children's Care Nutrition Milk utilizes newly approved nutrient fortifier 2'-FL to deliver premium nutrition for children. *Xiaoxianyu*, a sub-brand of *Shiny Meadow*, has focused on light-calorie fresh milk, rapidly expanding its reach among young consumers.

Key Products:

Shiny Meadow Dual Protein Milk

Shiny Meadow HMO Children Care Nutrition Milk

Xiaoxianyu

Mengniu Modern Meadow fresh milk

Ice Cream

Revenue from the ice cream business amounted to RMB5,175.4 million (2023: RMB6,026.3 million), accounting for 5.8% of Mengniu's total revenue (2023: 6.1%).

Suibian continued to stay rooted in the chocolate ice cream segment, and leveraging on the core selling point of "high cocoa solids content + pure raw milk", the Suibian • Gold Label 72% series has anchored around the new consumption demand for high-quality chocolate ice cream of young generation, which has received widespread interests and praise from consumers with its rich and creamy taste. *Mood for Green* realised the creation of major brands through 1+2, extended the new form of the category through the innovation and expansion of the bean-flavoured ice cream category, enhanced the sense of premium of the bean-flavoured ice cream category, and listed the two pop-ups, being frozen fragrans and mung bean cake (桂花綠豆糕) and Green Shasha Crispy Cone (綠莎莎脆筒). Co-branded NBA, *Ice+* launched *Ice+* electrolyte drink slush catering to functional needs from young consumers, broadening outdoor consumption scenario, and launched differentiated new products "*Ice+* Creamy Ice Berry Real Strawberry Layer Crunch Popsicle (霜脆冰莓真實草莓層層脆棒冰)", breaking through category barriers with innovative three-layer water ice structure. Continuing its high-end positioning, *Deluxe* innovatively launched *Deluxe* x Peet's Pure Coffee Ice Cream (皮爺純萃咖啡冰淇淋) and *Deluxe* x Cubilose Lava Yogurt Ice Cream of Yan place (燕之屋燕窩流心酸奶冰淇淋) during the year, breaking through the format of the category and enhancing the value of the brand.

Key Products:

Suibian

Mood for Green

Ice+

Deluxe

AICE

Milk Formula

Revenue from the milk formula business amounted to RMB3,320.5 million (2023: RMB3,801.7 million), accounting for 3.7% of Mengniu's total revenue (2023: 3.9%).

In terms of infant milk powder, *Mengniu Reeborne* is committed to building patented formulas that are more friendly for Chinese babies, such as the "Enzhi (恩至)" series which is the star product and the first in the world to contain innovative MLCT structured lipids and a new OPO components. Enzhi 4-Stage product is the first innovative formula containing HMO under Mengniu, which protects babies with 4 advanced nutrition. *Bellamy's* flagship products include *Bellamy's* Platinum Organic A2 and Bellamy's classic organic blue-canned, while new products such as Nuoruier (諾瑞兒) infant formula and *Bellamy's* organic high-calcium growing-up milk powder for kids were launched.

Mengniu *1.88M (一米八八)* is a high-end children's growth formula specifically developed for children aged 3 to 15. It is rich in calcium, vitamin D, vitamin K and the first to add colostrum alkaline protein CBP, containing native lysine that locks calcium into the bones, supporting bone growth, intestines, immunity, intelligence and vision in children.

The Mengniu *Yourui (悠瑞)* brand focuses on the core health needs of middle-aged and elderly individuals. *Yourui's* first product is also the first in the industry to add Ga-HMB to protect the mobility of "bones-joints-muscles" in middle-aged and elderly individuals in a comprehensive way, and has won awards such as "Annual Middle-aged and Elderly Mobile Nutrition Product (年度中老年行動營養產品)" in the Asia-Pacific region for two consecutive years.

Key Products:

Reeborne

Bellamy's

Mengniu 1.88M

Yourui

Cheese

Revenue from the cheese business amounted to RMB4,319.7 million (2023: RMB4,357.3 million), accounting for 4.9% of Mengniu's total revenue (2023: 4.4%).

In terms of ready-to-eat nutritious cheese, Milkground continued to enrich its product offerings by upgrading the classic low-temperature cheese sticks with an additive-free formula, launching a Northeast China-exclusive "frozen pear cheese stick", and rolling out sugar-free Cheese Granules (奶酪小粒), Mousse CupCheese, bite-sized Cheese (一口奶酪) and Fresh Hand-torn Cheese (原製手撕奶酪). The room temperature category continues expanding with a variety of new products such as the first-bite salt-flavored cheese snack, codfish cheese sticks, flower-flavour cheese sticks, and leisure snacks such as the cheese time series products for young consumers.

In the catering cheese category, the Company has also achieved excellent performance in the field of butter and whipping cream. Based on the insights of cutting-edge trends in the market, the Company has continuously enriched the innovative applications of cheese and the success rate of new product launches has been significantly improved, which contributed to the steady growth of its major customers.

Key Products:

Milkground cheese granules

Milkground codfish cheese sticks

Milkground mascarpone cheese

PRODUCTION

Mengniu deploys its production capacity according to the potential of relevant markets and its product strategy. As of 31 December 2024, Mengniu had 45 production bases in China, 2 production bases in Indonesia, 2 production bases in Australia, 1 production base in Philippines, and 1 production base in New Zealand, respectively. It had a total annual production capacity of 13.99 million tons (December 2023: 14.04 million tons).

SUSTAINABLE DEVELOPMENT

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

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

Mengniu has deeply embedded green practices across its supply chain. In water resources management, the Group signed a strategic cooperation memorandum with the Alliance for Water Stewardship (AWS) whereby the parties will conduct in depth cooperation in such aspects as AWS certification for sustainable water management, consumer awareness campaigns on sustainable water management, and promotion of dairy industry-specific sustainable water management standards. In terms of carbon emission, the Group has comprehensively implemented green practices across its operations from dairy farms to logistics. The Company has completed carbon inventory assessments for its partner dairy farms and is progressively conducting comprehensive carbon emission audits and calculations for partner farms, covering both direct and indirect emissions from farm operations. Mengniu has been awarded the title of "Frontrunner Enterprise in China

Industrial Carbon Peaking" for its excellent performance in dual-carbon practice and forward-looking green development strategy, setting a new standard for green transition of Chinese dairy industry.

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

The Group actively advanced its circular economy strategy by forming a strategic partnership with the recycling platform Aihuishou (AtRenew) to launch the "New Life Dairy Packaging Recycling Program (乳品包裝減塑新生計劃)", minimizing the environmental footprint of packaging waste and enhancing the synergies between green consumption and circular economy practices.

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

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

HUMAN RESOURCES

As of 31 December 2024, the Group had a total of over 41,000 employees in the Chinese Mainland, Hong Kong, Oceania and Southeast Asia.

In 2024, Mengniu remained committed to its strategic objective of "Creating a New Mengniu." Building on the foundation of its corporate culture and spirit, the Company reinforced six key mindsets: consumer-oriented, client-oriented, profitability-driven, full value chain approach, long-term approach, as well as integrity and discipline. These efforts were aimed at fostering a shift in mindset and awareness, enhancing the execution of strategies, and driving the high-quality development of our business. Focusing on the "One Core, Two Wings" strategy, Mengniu accelerated the strategic deployment of talent and deepened its employee 6D (Define standards, Diagnose company assets, Deploy caliber, Develop talent, Deliver mobility, and Discipline behavior) management system during the year. In light of changes in the internal and external market environment and the Company's business development, Mengniu further accelerated talent training by systematically building a talent development system during the year. The Company has continuously consolidated the talent plan and is committed to building six future-oriented talent teams that will vigorously promote the recognition of professional skills and the accreditation of professional titles, in order to align career path development and offer a broader career platform.

In terms of performance-based remuneration, Mengniu has continued to develop a comprehensive remuneration system that links business performance with an employee-oriented approach, driving high-quality development with competitive remuneration, differentiated performance, diversified incentives, flexible benefits and satisfactory experience. The Company will continue to enhance its branding initiatives, acquire high-caliber talent to drive talent development and the overall sustainable development of China's dairy industry.

OUTLOOK

Driven by the Chinese government's unwavering commitment to policies aimed at expanding domestic demand and promoting high-quality development, the country's macroeconomic environment and consumer confidence are expected to continue recovering. Supply and demand imbalances in the dairy industry are being mitigated. During raw milk cycles, the sourcing advantages of the leading dairy players will be at the forefront. Meanwhile, consumers require higher and more segmented nutritional value and health benefits from dairy products as health awareness grows. This requires dairy companies to keenly address evolving market trends through product innovation, brand positioning, operational efficiency and channel optimization to precisely capture emerging consumption growth drivers and structural upgrade opportunities while leveraging digital and intelligent capabilities to empower their transformation, boosting the long-term development of the dairy industry as well as nutrition and healthcare products.

Looking forward, as an industry leader, Mengniu will continue to push forward the implementation of the "One Core, Two Wings" strategy, consolidating its six core businesses — room temperature, chilled dairy, ice products, fresh milk, milk formula, and cheese, accelerate the building of nutrition and health platforms and overseas platforms, and lead consumers to "Drink More", "Drink Good", and "Drink Right" based on the value of "consumers are at the heart of all our decisions". The Group will continue the development of the "FIRST Mengniu" blueprint that is beloved by consumers into one that is increasingly international, socially responsible, culturally strong and digitally transformed, to boost the dairy market back to growth and lead China's dairy industry into a new stage of high-quality development.

CORPORATE GOVERNANCE CODE

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

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has been in compliance with all applicable code provisions of the CG Code during the year ended 31 December 2024.

SECURITIES TRANSACTIONS OF DIRECTORS

The Company has adopted, in terms no less exacting than, the standards required by the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules as the Company's code of conduct and rules governing dealings by all Directors in the securities of the Company. The Directors have confirmed, following the specific enquiry by the Company, that they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2024.

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

During the year, the Company repurchased on the open market a total of 17,322,000 shares of the Company at a total consideration of HK$254.9 million, of which 16,188,000 shares were cancelled during the year ended 31 December 2024 and 1,134,000 shares have not yet been cancelled as at 31 December 2024.

Particulars of the shares repurchased on the open market during the year are as follows:

Month/year	Total number of shares repurchased	Highest price paid per share *(HK$)*	Lowest price paid per share *(HK$)*	Aggregate amount paid *(HK$'000)*
September 2024	9,001,000	13.60	12.24	113,821
October 2024	3,777,000	19.00	15.42	62,445
November 2024	3,410,000	18.32	16.52	59,134
December 2024	1,134,000	17.46	16.68	19,455
	17,322,000			254,855

The number of issued shares of the Company as at the date of this announcement is 3,917,970,513 shares.

The Directors believe that the above repurchases are in the best interests of the Company and its shareholders and that such repurchases would lead to an enhancement of the earnings per share of the Company.

During the year, the trustee of the Restricted Share Award Scheme purchased on the open market a total of 3,400,000 shares of the Company at a total consideration of approximately HK$56,055,000.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2024.

AUDIT COMMITTEE

The audit committee of the Company has reviewed with the Company's management and the external auditors, the accounting principles and practices adopted by the Company and discussed auditing, risk management, internal control, whistleblowing policy and system and financial reporting matters, including the review of the Group's financial statements for the year ended 31 December 2024.

SCOPE OF WORK OF KPMG

The figures in respect of Group's consolidated statement of financial position, consolidated statement of profit or loss and consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, KPMG ("KPMG"), Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG on the preliminary announcement.

PROPOSED FINAL DIVIDEND

The Board has recommended the payment of a final dividend of RMB0.509 (2023: RMB0.489) per ordinary share for the year ended 31 December 2024. Upon shareholders' approval at the forthcoming AGM, the proposed final dividend will be paid on or about Friday, 27 June 2025 to shareholders whose names appear on the register of members of the Company on Wednesday, 18 June 2025.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed (i) from Monday, 9 June 2025 to Thursday, 12 June 2025, both days inclusive, for determining shareholders' eligibility to attend and vote at the AGM, and (ii) on Wednesday, 18 June 2025, for determining shareholders' entitlement to the proposed final dividend, during such periods no transfer of shares will be registered.

In order to qualify for attending and voting at the forthcoming AGM of the Company to be held on Thursday, 12 June 2025, all transfers, accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Friday, 6 June 2025.

In order to qualify for the proposed final dividend, all transfers, accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 17 June 2025.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of the Company at www.mengniuir.com and Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk. The annual report of the Company will be despatched to shareholders and available at the aforesaid websites in due course.

BOARD OF DIRECTORS

As of the date of this announcement, the executive directors of the Company are Mr. Gao Fei and Ms. Wang Yan; the non-executive directors of the Company are Mr. Qing Lijun, Mr. Meng Fanjie, Mr. Wang Xi and Mr. Simon Dominic Stevens; and the independent non-executive directors of the Company are Mr. Yih Dieter Lai Tak, Mr. Li Michael Hankin and Mr. Ge Jun.

APPRECIATION

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

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

Hong Kong, 26 March 2025