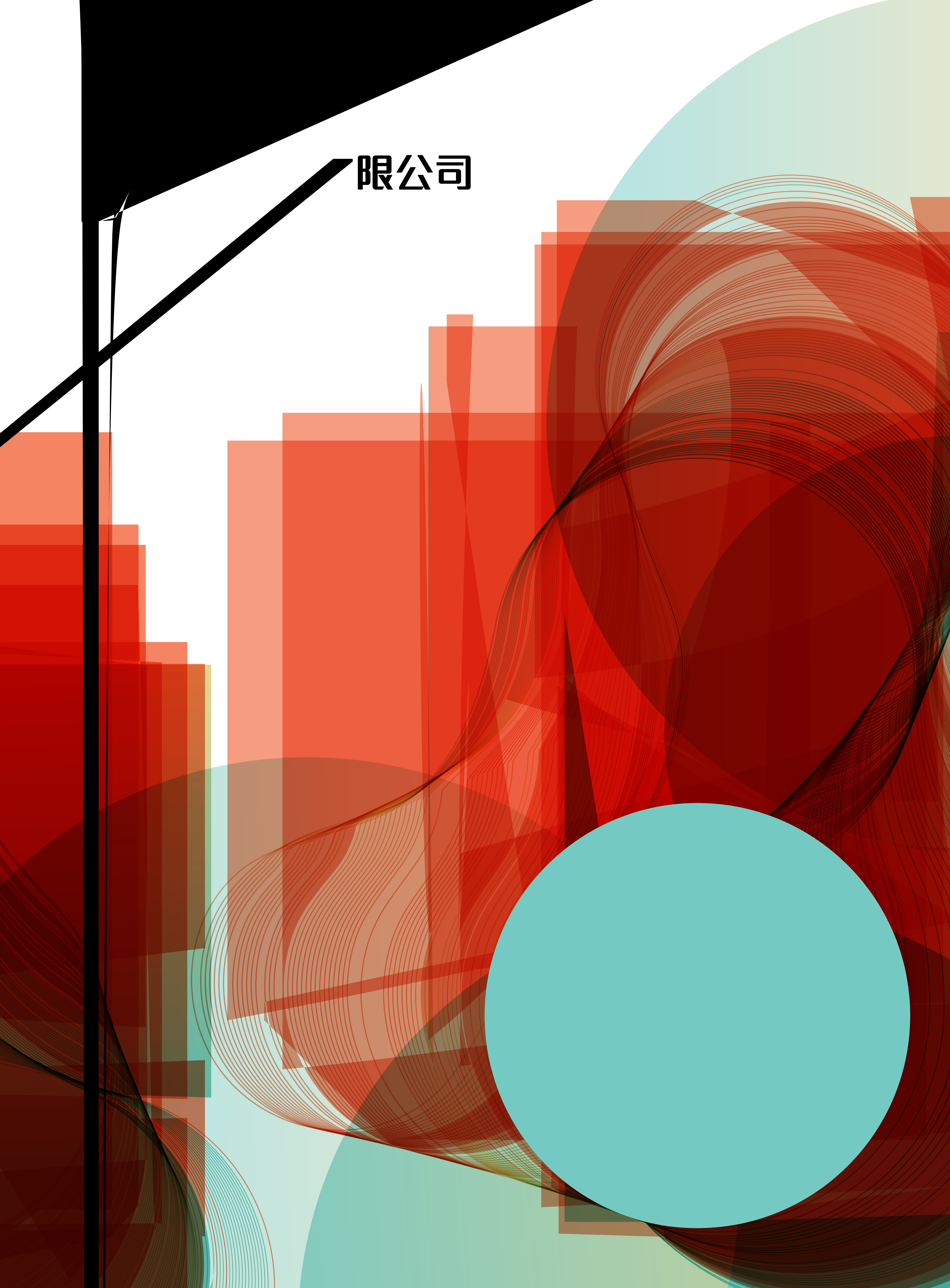
限公司

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Corporate Information
公司基本情況

Legal Name in Chinese
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Legal Name in English
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Shandong Fengxiang Co., Ltd.

Legal Representative
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Mr. Zhu Lingjie
a ʃ ʕ Ω

Executive Directors
n к

Mr. Xiao Dongsheng
˛ Ω ʕ Ω
Mr. Shi Lei
η ʕ Ω

Non-executive Directors
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Mr. Qiu Zhongwei
ẩ ˓ ʕ Ω
Mr. Lu Wei
ƙ ˷ ʕ Ω
Mr. Zhu Lingjie
a ʃ ʕ Ω
Ms. Zhou Ruijia
ˆ ɷ ʼ ˈ

Independent non-executive Directors
λ Ẹ n к

Ms. Wang Anyi
ˬ Γ ď ʼ ˈ
Ms. Zhao Yinglin
Ẫ ڪ ʼ ˈ
Mr. Chung Wai Man
ˈ ʕ Ω

Supervisors
к

Ms. Gao Jin
ȉ ʼ ˈ
Mr. Zhu Kaijie
a ʕ Ω
Mr. Ma Xianwen
ᾰ ʕ Ω

Authorised Representatives
ت ˷ Ả

Mr. Xiao Dongsheng
˛ Ω ʕ Ω
Mr. Shi Lei
η ʕ Ω

Secretary to the board of directors
(the "**Board of Direct ᴰ I ʜ Ȯ ƛ B < Ǿ ˛ Ḿ** á ^ ‹ [

Company Secretary ˛ ٧ ˈ	Mr. Shi Lei η ʕ Ω
Audit Committee φ ╓	Mr. Chung Wai Man (Chairman) ˈ ʕ Ω¾_ ◦ ¿ Ms. Wang Anyi ˛ Γ ḋ ʼ ˈ Mr. Lu Wei ƙ ي ʕ Ω
Nomination Committee ج j̇ φ ╓	Mr. Zhu Lingjie (Chairman) a ʃ ʕ Ω¾_ ◦ ¿ Ms. Wang Anyi ˛ Γ ḋ ʼ ˈ Ms. Zhao Yinglin Ã كي ʼ ˈ
Remuneration Committee φ ╓	Ms. Wang Anyi (Chairperson) ˛ Γ ḋ ʼ ˈ¾_ ◦ ¿ Ms. Zhao Yinglin Ã كي ʼ ˈ Mr. Qiu Zhongwei ẩ ˓ ʕ Ω
Registered Office ض κ گ	Liumiao Village, Anle Town, Yanggu County Liaocheng City, Shandong Province PRC ˓ א ʌ ῡ ڿ Ά ˊ ﺼﻤ Γ ט
Headquarters in the People's Republic of China (the "**PRC**" or "**China**") ˓ ﺘﻤ ʙ M F ŋ ℵ¾Ö • 7 ×ڂ ؤ	Liumiao Village, Anle Town, Yanggu County Liaocheng City, Shandong Province PRC ˓ א ʌ ῡ ڿ Ά ˊ ﺼﻤ Γ ט
Company's Website ˛ ٧	www.fengxiang.com

Corporate Information (Continued)
公司基本情況(續)

Principal Place of Business in Hong Kong	31/F, Tower Two Times Square 1 Matheson Street Causeway Bay Hong Kong
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Place of Listing of H Shares H ẃ ꞓ ´ Ↄ	The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") ₴ ჯ ϴ ς ḋ ʃ Ͽ ˛ ⅜Ö L t Ô ×¿
Stock Short Name ẃ ʧu	FENGXIANG CO ʯ ẃ Ÿ
Stock Code ẃ Ÿ‿	9977
H Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712–1716, 17th Floor

Hong Kong Legal Adviser

Fangda Partners
26th Floor, One Exchange Square
8 Connaught Place
Central
Hong Kong

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PRC Legal Adviser

Fangda Partners
24/F, HKRI Centre Two, HKRI, Taikoo Hui
288 Shi Men Yi Road
Shanghai
PRC

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Independent Auditor (the "**Auditor**")

BDO China SHU LUN PAN Certified Public Accountants LLP
(Public Interest Entity Auditor recognised in accordance with
the Financial Reporting Accounting Ordinance)
No. 61 East Nanjing Road
Huangpu District
Shanghai
PRC

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Principal Bankers

Shanghai Pudong Development Bank Co., Ltd. (Liaocheng Branch)
China Minsheng Banking Corp., Ltd. (Liaocheng Branch)
Agricultural Bank of China Limited (Yanggu Sub-Branch)

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Major Financial Indicators and Key Operating Data
主要財務指標及主要經營數據

The following financial statements, notes and discussion and analysis of Shandong Fengxiang Co., Ltd. (the "**Company**" or "**Fengxiang**" together with its subsidiaries, the "**Group**") contain certain amounts and percentage figures that have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them and all monetary amounts shown are approximate amounts only.

KEY FINANCIAL DATA

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Revenue	**5,504,651**	5,134,413
Gross profit	**660,099**	591,464
Net profit	**280,867**	160,319
Net profit attributable to the shareholders of the parent company	**280,867**	160,319
Adjusted net profit[1]	**198,048**	160,319
Basic earning per share *(in RMB cents)*	**17.9**	10.8

Note:

1. Net profit after deducting the reversal of monetary fund receivables bad debt and the corresponding tax and interests arising from the liquidation of GMK Finance Co., Ltd. ("**GMK Finance**").

Rearing volume of white-feathered broilers
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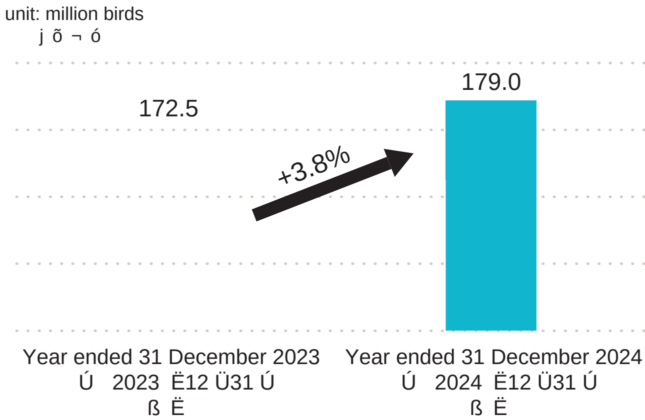

Processed volume of white-feathered broilers
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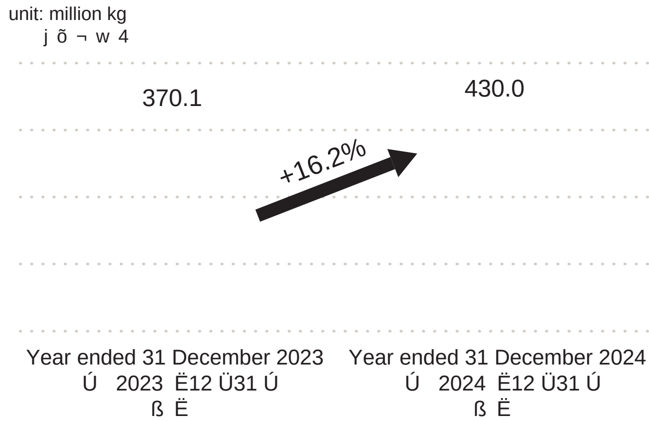

Sales volume of raw chicken meat products
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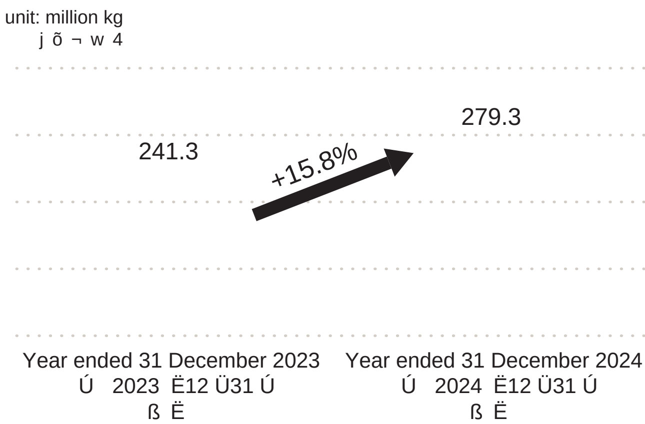

Sales volume of processed chicken meat products
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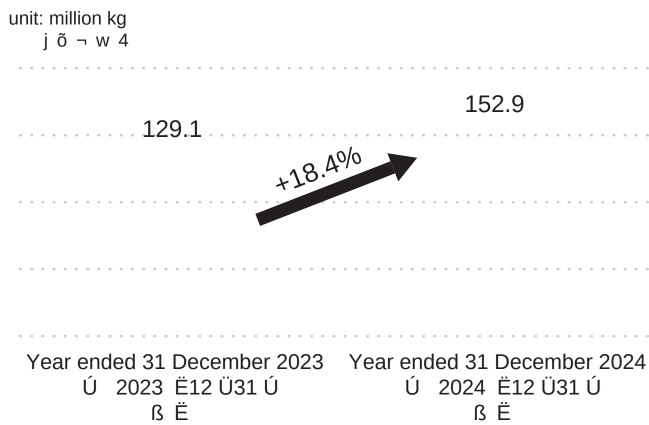

Sales volume of chicken breeds
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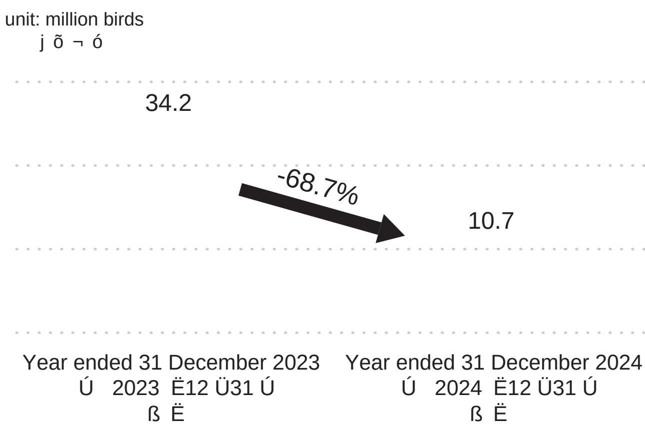

Adjusted net profit
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2024 Major Events
二零二四年大事記

JANUARY
S Ü

In January, the " й (iShape)" ("**iShape**") chicken breast brand won the grand prize — the 2023 Excellent New Consumer Brand at the China Retail Eco Conference and 2024 Future Retail New Year Celebration.

1

APRIL

In April, the Company held the Fengxiang Postdoctoral Research Project Review Meeting passing the opening report of the project of Research on Drug Resistance Mechanism of Common Poultry Pathogenic Bacteria and Research and Development of Highly Efficient Green Antimicrobial Agent. The Company relied on the close cooperation with various scientific research institutions and universities, maximised the advantages of postdoctoral research station, attracted more doctors who master key technologies into the station, deepened the development of the integration of industry and education platform, so as to boost the high-quality development of white-feathered broilers industry.

JUNE

In June, the black garlic flavoured chicken nugget was successfully developed and supplied to customers in bulk. The crispy squid ink-flavoured breadcrumb is wrapping around the crispy and juicy chicken breast with black shell and white meat, the colour of which forms a strong visual aesthetics. Its crunchy and tender meat with light garlic aroma whets people’s appetite and brings back memories.

In May, Fengxiang supported the 2024 Yanggu County Staff Half Marathon. With product attributes of being low-calorie, delicious, convenient and ready-to-eat, iShape easily garnered fans from runners and brought the dual support of health and deliciousness to the vast participants.

In May, Fengxiang invited the “Promote Law into Enterprises” legal lecture team of the People’s Court in Yanggu County to carry out special training activities on integrity in practice with the theme of “Guard the Bottom Line of the Law, Prevent Job-related Crimes”. Fengxiang has promoted the modernisation of the corporate governance system and governance capabilities on the trail of law, and comprehensively enhanced the enterprise’s ability to resist risks.

OCTOBER
10

In October, Fengxiang officially launched its Lean Operation Project. Leveraging on the experience of leading international management consulting company, the project focuses on the optimisation and upgrading of Fengxiang's factories, and is dedicated to progressively achieving the improvement and implementation of critical metrics such as production processes, cost control, and talent development, thereby empowering Fengxiang's high-quality development.

In December, Fengxiang awarded the “Fengxiang Scholarship” to 50 outstanding university students.

Fengxiang has been constantly deepening its commitment to public welfare, ranging from rural revitalisation to the support for vulnerable groups. The Company has been steadfastly upholding its social responsibilities and driving societal development through positive contributions.

In December, new products, (Wu Genglu) (“**Wu Genglu**”) Roast Chicken in Double-stewed Soup and Two-Pepper Roast Chicken were launched and expanded the product series of Wu Genglu brand. The Wu Genglu team has actively explored markets beyond Liaocheng and expanded its nationwide presence, aiming to extend its brand strength across the country.

DECEMBER
12

Chairman's Statement
董事會主席報告書

PRINCIPLED AND INNOVATIVE, POISED TO RISE

Dear Shareholders and Investors,

As the chairman of the Board of Directors of Fengxiang, on behalf of the Company, I would like to express my sincere gratitude to all of you for your continued trust and support throughout the year of 2024.

In 2024, the global economy faced a sluggish growth due to inflationary pressures, geopolitical conflicts and trade tensions. However, the global economy demonstrated certain resilience, driven by robust performance in emerging markets and developing economies, alongside improved inflation conditions. In 2024, domestic economy encountered issues such as weak domestic demand and low expectations due to changes in the external environment and concentrated emergence of deep-seated structural conflicts accumulated in the domestic economy over time. Meanwhile, driven by the Chinese government's active promotion of industrial upgrading, unswerving and comprehensive deepening of reforms and expansion of opening-up, as well as the steady development of new productive forces, the domestic economy has maintained overall stability and made incremental progress, and the major objectives of economic and social development for the whole year were accomplished smoothly.

2024 marked a year for Fengxiang to deepen its structural adjustments. Adhering to the work deployment outlined at the beginning of the year, the Company saw notable improvements in its breeding indicators, further consolidating its market position in core business channels. It achieved record-high production capacity and sales volume, enhanced supply chain synergy, and optimised internal operational efficiency. It recorded operating revenue of RMB5,504.7 million, and a net profit of RMB280.9 million.

Specifically, the export business continued to strengthen its leading position and recorded sales revenue of RMB1,676.4 million, representing a year-on-year increase of 20.1%. The major customer business generated revenue of RMB1,026.2 million, representing a year-on-year increase of 20.9%.

In 2024, Fengxiang restored the public float to over 25% through measures such as share issuance, thereby fulfilling the resumption guidance and further optimising its equity structure.

Looking forward to 2025, challenges and opportunities will coexist.

The global economy in 2025 still faces adjustment pressures due to high costs, elevated debt levels, and intensifying protectionism. Meanwhile, driven by the prosperous development of emerging markets and developing economies alongside easing inflationary pressures, the International Monetary Fund (IMF) forecasts that the global economy is expected to grow by 3.3% in 2025, slightly higher than 2024. Global trade is expected to show signs of recovery.

The Chinese Government Work Report states that in 2025, changes unseen in a century are unfolding across the world at a faster pace, and the external environment of our country's development has become more complex and severe. Domestically, the foundation for economic recovery remains unstable, with insufficient effective demand, particularly weak consumption. Nevertheless, the fundamental trend of our country's long-term economic improvement remains unchanged and will not change. In 2025, the Chinese government will vigorously stimulate consumption, enhance investment efficiency, and comprehensively expand domestic demand. These measures will significantly boost domestic consumption demand and provide robust momentum for the sustained development of Fengxiang.

In 2025 where opportunities and challenges coexist, Fengxiang will uphold the spiria0.339 7.Fliership,ld thqptuityic ent

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Fifthly, continuously advance the building of talent team through internal cultivation, market-oriented recruitment, and differentiated incentive mechanisms to foster a professional team that is suitable for future business in a multi-dimensional way.

“Nothing can separate people with common goals and ideals, not even mountains and seas.”

In 2025, Fengxiang will unite its workforce and uphold “integrity” to fortify the foundation for development and “innovation” to activate the momentum for growth. Fengxiang will seize structural opportunities amidst fierce market competition, and break new grounds amidst changes. We firmly believe that with the unwavering support of our shareholders and partners, Fengxiang is poised to gather momentum for growth and will continue to write a new chapter of high-quality development!

This report is hereby submitted. We look forward to your continuous trust and support.

Thank you.

Shandong Fengxiang Co., Ltd.
Chairman of the Board of Directors
Zhu Lingjie

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¾2023 К ¨ в М 5,134.4 ф ɫ ¿¢ Ϭ_ ậ 7.2% ¤
ڶ Ӈ в М 280.9 ф ɫ¾2023 К ¨ в М 160.3
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In 2024, the major customer business achieved sales revenue of RMB1,026.2 million (2023: RMB848.8 million), representing a year-on-year increase of 20.9%.

During the Reporting Period, the Group continued to closely collaborate with major customers, deeply integrated into the supply chain system of major customers and efficiently synergised with major customers in the sections of R&D, quality control and information sharing. While optimising the processing procedures and techniques of mature products, the Group seized incremental opportunities by driving the iteration of new products of major customers with its R&D advantages, promoted the supply of all types of products, followed major customers' steps in opening shops to gain a foothold in new markets, and achieved rapid growth in both sales and revenue.

3. Retail Business Actively Adjusted

The retail business achieved sales revenue of RMB384.6 million (2023: RMB428.3 million), representing a year-on-year decrease of 10.2%, and its share of the overall business was 7.0% (same period: 8.3%).

Among which, iShape accounted for 59.2% of the retail business and continued to play a key role in the Group's customer-end products.

In order to increase the potential of sustainable development of customer-end products, the Group optimised its marketing activities and related expenses in 2024. As a result, revenue of products under iShape decreased, but iShape maintained its leading position in the market and the quality and sustainability of its development further increased.

In terms of the online channel, the year-on-year increase in iShape's market share on Tmall continued to outperform the platform's industry index. Meanwhile, iShape also achieved sound growth on several new platforms such as Pinduoduo and Douyin. In terms of the offline channel, iShape cooperated with large membership chain stores to customise a variety of new products and launch in domestic stores. At the same time, iShape further developed diversified channels, which helped it in forming a channel moat with multiple links to consumers.

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Through the implementation of the strategy of three principles of "continuance", the Group realised mutual promotion between the domestic market and the international market. Great synergy is created among the export business, the centralised procurement business and the retail business. With the quality and standard for serving global top food and beverage giants for years, the Group provides hundreds of millions of families and individual consumers with quality products and services, creating a leading brand of chicken meat products.

FINANCIAL REVIEW

Overall performance

For the year ended 31 December 2024, the Group experienced a slight increase in revenue as compared to that of 2023. The Group recorded a net profit of RMB280.9 million in 2024 (2023: RMB160.3 million). Adjusted net profit[1] increased by 23.5% year-on-year. There was an increase of 11.6% in gross profit as compared to that of 2023. The basic earning per share was RMB17.9 cents in 2024. Set out below is the detailed information on the fluctuations in the Company's results for the year ended 31 December 2024.

Items	For the year ended 31 December **2024** **RMB'000**	 2023 RMB'000	 Change (%)
Total operating revenue	**5,504,651**	5,134,413	+7.2
Operating costs	**4,844,553**	4,542,949	+6.6
Selling expenses	**163,969**	156,268	+4.9
Administrative expenses	**130,750**	100,604	+30.0
R&D expenses	**25,623**	22,708	+12.8
Finance costs	**52,133**	102,981	–49.4
Other gains	**3,759**	6,698	–43.9
Gain on changes in fair value	**(10,483)**	2,869	N/A
Total profit	**258,216**	163,945	+57.5
Net profit	**280,867**	160,319	+75.2
Adjusted net profit[1]	**198,048**	160,319	debt0and 6 0 corres

Revenue by products

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	For the year ended 31 December Ú 12 Ü31 Ú ß Ë		
	2024 **2024** Ë	2023 2023 K	Change
	RMB'000 [O Æ w ©	RMB'000 в M ł ł	(%)

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Revenue by geographic territory and products 2 ® # 9 ± 1 ¿ * Ü Œ ± Y ×]

		For the year ended 31 December Ú 12 Ü31 Ú ß Ë		
		2024 **2024** Ë **RMB'000** [O Æ w ©	2023 2023 K RMB'000 ʙ M	Change (%) (%)
Mainland China	‹ א ┘ Ɔ	**3,828,207**	3,738,375	+2.4
Japan	Z	**411,624**	412,575	–0.2
Malaysia	ᾰ ᴘ ᴍ	**298,221**	177,507	+68.0
Europe	῞Ḥ	**826,627**	691,772	+19.5
Other countries	ᴘ␣ א ¤	**139,972**	114,184	+22.6
Total	ϴ	**5,504,651**	5,134,413	+7.2

During the Reporting Period, the Company's revenue growth in the Mainland China market was driven by an increase in sales volume of processed chicken meat products. Also, in light of the competitiveness of the Group's products and the re-structuring of the international landscape, growth was achieved in sales revenue from Europe and other markets.

B2B and B2C sales revenue *B2B ¿ B2C V / ×]*

The Group's B2B sales are mainly direct sales or distribution of products to domestic and international customers, primarily food service or industrial customers, fast food restaurants, and food retailers. B2C sales are primarily through online and offline platforms to the end consumers.

		For the year ended 31 December Ú 12 Ü31 Ú ß Ë		
		2024 **2024** Ë **RMB'000** [O Æ w ©	2023 2023 K RMB'000 ʙ M	Change (%) (%)
B2B	B2B	**5,120,025**	4,706,065	+8.8
B2C	B2C	**384,626**	428,348	–10.2
Including: Online	ᴘ ‹ ¨ ʨ	**127,848**	146,856	–12.9
Offline	ʦ	**256,778**	281,492	–8.8
Total	ϴ	**5,504,651**	5,134,413	+7.2

Total profit

During the Reporting Period, the Group's net profit increased by 75.2% to RMB280.9 million (2023: net profit of RMB160.3 million), which was mainly due to (i) an increase in sales volume of the Group's export business; and (ii) the receipt of the assets recovered after the liquidation of GMK Finance and relevant taxes thereof.

Analysis on Capital Resources

Liquidity and capital resources

The Group has funded its operations principally with cash generated from its operations, borrowings and shareholders' capital contributions. The Group's primary uses of cash in 2024 were for working capital purposes and capital expenditures for expansion and improvement of production equipment and facilities.

Capital structure

As at 31 December 2024, the registered capital of the Company was RMB1,583,348,000 and the total number of issued shares of the Company (the "**Shares**") was 1,583,348,000 Shares, comprising 1,045,000,000 domestic Shares ("**Domestic Shares**") and 538,348,000 H Shares ("**H Shares**") with a nominal value of RMB1.0 each. During

Contingent liabilities and pledge of assets

The Group's bank borrowings as at 31 December 2024 were secured by (i) mortgages of the Group's lands situated in the PRC with aggregate net carrying amount of RMB76.7 million (31 December 2023: RMB62.4 million); (ii) pledge of the Group's bank deposits of RMB25.1 million (31 December 2023: RMB8.6 million); (iii) pledge of certain of the Group's property, plant and equipment with aggregate net carrying amount of RMB1,508.1 million (31 December 2023: RMB886.10 million); and (iv) pledge of the Group's inventories with aggregate net carrying amount of RMB128.2 million (31 December 2023: RMB241.4 million).

As at 31 December 2024, the Group did not have any material contingent liabilities.

PRINCIPAL RISKS AND UNCERTAINTIES

The results and business operations of the Group are affected by a number of risks and uncertainties directly or indirectly related to the business of the Group. Primary risk factors are outlined as follows:

Price Risks

Price risks refer to the losses of costs increase or profits decrease due to the fluctuation of the sales price. We operate in a competitive industry, where the main raw materials and products are commodities, all of which have been subject to significant price fluctuations. We are exposed to the risk of fluctuations of commodity prices, including prices of corn and soybean meals (which are our primary animal feed ingredients), chicken breeds and poultry products in China. Fluctuations in these commodity prices have had and are expected to continue to have an effect on our profitability. Commodity prices generally fluctuate with market conditions, including supply and demand, government policies and weather conditions in major agricultural and farming regions.

Health Risks

Health risks refer to the risks of outbreak of diseases among or attributed to chicken. A lot of countries have encountered animal diseases, including but not limited to, foot-and-mouth disease, avian influenza and other animal diseases. Avian influenza, in particular H5N1 virus, H7N9 virus and H5N6 virus, is a type of disease which spreads through poultry and is capable of killing millions of poultry and may, in some circumstances, be transmitted to humans, causing symptoms such as fever, cough, sore throat, muscle aches and, in severe cases, breathing problems and pneumonia that may be fatal. Outbreak of diseases in neighbouring areas of any of our production facilities could raise concerns of the public and our customers on the safety and quality of our products. To solve health risks, the Group has implemented comprehensive procedures to prevent diseases among our breeders and broilers and focuses on reaction measures in response to any potential risk of disease outbreak. The chicken farms are constructed in stages and tailor-made according to the Company's own standards and requirements to ensure effective quality control, with procurement and installation of designed facilities according to prescribed standards of temperature, humidity and ventilation. This requires thorough planning to maintain operational stability. The Group has a technical specialist responsible for collecting information relating to livestock disease and providing early warning. In particular, we implemented a disease and mortality rate monitoring programme whereby our staff will check and remove dead breeders and broilers and will inform our veterinarians accordingly. Our veterinarians monitor the mortality rate of breeders and broilers on a daily basis and we maintain records of their health conditions throughout their lifespan. Such records include feed consumption, mortality, daily egg production, average egg weight, medication, vaccinations and disinfection records.

Food Safety Risks

Food safety risks refer to risks of severe customer complaints, large-scale product recalls and other negative effects resulted from unqualified product and food safety indicators due to deficient food safety management system as well as early warning mechanism. To solve possible food safety risks, we have established and maintain a quality control system covering each stage of our operations. In addition to our quality control system covering each stage of our operations, we have established a food safety control system covering issues related to our R&D, supplier certification and management, procurement, production, storage, transportation and sales and distribution activities, and has obtained, among other things: (i) ISO22000 (Food Safety) Certificate; (ii) ISO9001 (Quality) Certificate; and (iii) HACCP Certification.

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Policy and Regulation Risks

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BUSINESS OUTLOOK

1. Challenges and Risks:

(1) due to the impact of intensifying industry competition and weak consumption recovery, the prices of products remained low;

(2) continuous international trade disputes and frequent international conflicts adversely affect the export business.

2. Opportunities and Potential Development:

(1) the Central Economic Work Conference has put "vigorously boosting consumption and comprehensively expanding domestic demand" as the primary task of economic work in 2025. Meanwhile, the dual expansion of macro policies will open up space for the recovery of the consumer market;

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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The directors (the "**Directors**"), supervisors (the "**Supervisors**") and senior management of the Company during the year ended 31 December 2024 and up to the date of this annual report are set out below:

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DIRECTORS
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Name ' ¤	Position in the Company ® !
Mr. Xiao Dongsheng Ω ʕ Ω	Executive Director and general manager n κ ·
Mr. Shi Lei η ʕ Ω	Executive Director, vice general manager, chief financial officer, secretary to the Board of Directors and company secretary n κ £ £ ʎ £ κ ʮ ˡ · ˛ ʮ ˡ
Mr. Qiu Zhongwei ẩ ʕ Ω	Non-executive Director Ẹ n κ
Mr. Lu Wei ƙ ʕ Ω	Non-executive Director Ẹ n κ
Mr. Zhu Lingjie a ʃ ʕ Ω	Chairman of the Board of Directors and non-executive Director κ _ ◦ · Ẹ n κ
Ms. Zhou Ruijia ᵔ ʚ ' ˈ	Non-executive Director Ẹ n κ
Ms. Wang Anyi ˛ Γ ȡ ' ˈ	Independent non-executive Director λ Ẹ n κ
Ms. Zhao Yinglin Ã ' ˈ	Independent non-executive Director λ Ẹ n κ
Mr. Chung Wai Man ˈ ʕ Ω	Independent non-executive Director λ Ẹ n κ

The biographical details of the Directors are set out as follows:

Executive Directors

Mr. Xiao Dongsheng, aged 53, an executive Director and the general manager of the Company. He was appointed as a Director on 1 November 2018. He is primarily responsible for the sales and marketing functions of the Group. He is also a director of Shandong iShape Food Technology Co., Ltd. and Fengxiang Foods (Japan) Co., Ltd, an executive director of Shandong Fengxiang Industrial Co., Ltd., a director of Shandong Xiangyuan Food Co., Ltd.* (ʌ ɰh ₲ Ỳ Э ˛), the chairman of Shandong Xiangteng Food Co., Ltd.* (ʌ ɰh ₲ Ỳ Э ˛) and a chairman of Shandong Xiangshengyuan Food Co., Ltd.* (ʌ ɰh ₲ Ỳ Э ˛).

Mr. Xiao has over 27 years of experience in corporate and business management. He joined the Group in December 2010. He has been a general manager and the general manager of international marketing centre of Shandong Fengxiang Food Development Co., Ltd. ("**Fengxiang Food Development**") since December 2011. He has also been a general manager of Shandong iShape Food Technology Co., Ltd. since June 2019 and the chairman and general manager of Shandong Xiangteng Co., Ltd.* (ʌ ɰh Э ˛) since February 2025. Mr. Xiao obtained a bachelor's degree in engineering from Nanjing University of Chemical Technology (currently known as Nanjing Tech University) in the PRC in July 1994 and the EMBA completion certificate

Non-executive Directors

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Mr. Qiu Zhongwei, ag0 Td02D4 0 Td872 3 Tn.a1 1 kecutive Td1.3(Director Td87(of the)]TJ/T5687(rty.o)c-0.1221-1.529(, and 1.47(0 Table was appo

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Independent non-executive Director

Ms. Wang Anyi, aged 48, is an independent non-executive Director. She was appointed as a Director on 18 January 2023. Ms. Wang is the chairperson of the Remuneration Committee, a member of the Audit Committee and a member of the Nomination Committee.

Ms. Wang has over 22 years of experience in business consultancy, corporate management and finance. Ms. Wang was a partner and the chief financial officer of BosWinner, a company providing building and facility construction and management software, from June 2017 to December 2023. Prior to that, she served as the chief financial officer of e-Shang, an integrated development and investment management business that subsequently merged into the ESR Group from 2014 to 2017. Ms. Wang started her career as an analyst at McKinsey & Company in 1999. She joined Morgan Stanley as an associate in its Chicago office's mergers and acquisition team in 2004 and then served in the global capital markets team in the Hong Kong office in 2006. She was promoted to vice president of the China investment banking and real estate team in the Hong Kong office in 2007. From 2009 to 2013, she served as the head of corporate finance and investor relations at Yanlord Land Group Limited. Ms. Wang obtained a bachelor's degree in international finance and real estate from Shanghai Jiaotong University in the PRC in 1999. She then obtained a master's degree in business administration from Kellogg School of Management of Northwestern University in the United States in 2004.

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SUPERVISORS
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Name ‘ ¤	Position in the Company ® !
Ms. Gao Jin ἲ ’ '	Shareholders representative Supervisor ẃ ‿ Ả κ
Mr. Zhu Kaijie a ʕ Ω	Shareholders representative Supervisor ẃ ‿ Ả κ
Mr. Ma Xianwen ἂ ʕ Ω	Employees representative Supervisor ˆ‿ Ả κ

The biographical details of the Supervisors are set out as follows:

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Ms. Gao Jin, aged 42, is the chairperson of the board of supervisors of the Company (the “**Board of Supervisors**6XHf]À0]à:

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Mr. Zhu Kaijie, aged 29, is a Shareholders representative Supervisor. He was appointed as a Supervisor on 18 January 2023.

Mr. Zhu has over seven years of experience in finance and investment banking. Mr. Zhu joined PAG Asia Capital in February 2021 and his current position is vice president of private equity strategy. From July 2017 to August 2019, he worked at Morgan Stanley Asia Limited with his last position as an associate of the investment banking division. From September 2019 to January 2021, he worked as an analyst at DCP Capital. Mr. Zhu obtained a bachelor's degree in arts with a double major in economics and mathematics-statistics from Columbia University in the City of New York in the United States in May 2017 with magna cum laude honour.

Mr. Ma Xianwen, aged 39, is the employees representative Supervisor. He was appointed as a Supervisor on 18 January 2023.

Mr. Ma is the senior manager of the human resources department of the Company and the manager of the human resources department of Shandong iShape Food Technology Co., Ltd.. Mr. Ma joined the

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Mr. Meng Tao, aged 57, a vice general manager of the Company. He is primarily responsible for the operational planning and supply chain centre of the Group.

Mr. Meng has over 35 years of experience in meat product industry. He joined the Group in February 2013. He was a vice general manager of production department of Fengxiang Food Development from February 2013 to November 2013. He served as a general manager of production department of Shandong Fengxiang Industrial Co., Ltd. from November 2013 to September 2016. Mr. Meng served as a vice general manager of Fengxiang Food Development from September 2016 to February 2018.

Mr. Meng completed his education specialising in mechanical engineering from Beijing Union University in the PRC in August 1989. Mr. Meng was awarded the Post Experience Certificate in engineering business management from The University of Warwick in the United Kingdom in November 2002.

Ms. Zhou Jinying, aged 52, a vice general manager of the Company. She is the person-in-charge of the business of iShape, and is also the general manager of marketing centre.

Ms. Zhou has over 27 years of experience in marketing and media QJ

UPDATE ON DIRECTORS' AND SUPERVISORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in information of the Directors since the publication of the annual report of the Company for the year ended 31 December 2023 and up to the date of this annual report are set out below:

Mr. Xiao Dongsheng has been a director of Shandong Xiangyuan Food Co., Ltd.* since August 2024, the chairman and general manager of Shandong Xiangteng Food Co., Ltd.* since February 2025 and the chairman of Shandong Xiangshengyuan Food Co., Ltd.* since March 2025, and obtained the EMBA completion certificate from Tsinghua University PBC School of Finance in March 2024.

Mr. Shi Lei has been a director of Shandong Xiangteng Food Co., Ltd.* since 28 February 2025, a director of Shandong Xiangshengyuan Food Co., Ltd.* since 21 March 2025, and obtained a master's degree in business administration from China Europe International Business School of Shanghai Jiao Tong University in the PRC in November 2024.

Mr. Chung Wai Man was appointed as an independent non-executive director of Shanghai MicroPort MedBot (Group) Co., Ltd., a company listed on the Main Board of the Stock Exchange (stock code: 02252) on 18 July 2024. Mr. Chung was also appointed as an independent non-executive director of Zhongmiao Holdings (Qingdao) Co., Ltd., a company listed on the Main Board of the Stock Exchange (stock code: 01471) on 5 August 2024.

Save as disclosed above, there is no other information required to be disclosed under Rule 13.51B(1) of the Listing Rules.

Report of Board of Directors
董事會報告

The Board of Directors is pleased to present its report (the

Pursuant to the Notice of the State Administration of Taxation on Issues Concerning Individual Income Tax Collection and Management after the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348), individuals who are resident outside the PRC and who hold shares issued in Hong Kong by domestic non-foreign invested enterprises enjoy preferential tax rate in accordance with the tax conventions between Mainland China and the country where the residents reside and the tax arrangements between the Mainland China and Hong Kong (Macao). Individual shareholders will be generally subject to a withholding tax rate of 10% when domestic non-foreign invested enterprises which issue shares in Hong Kong distribute dividends to their shareholders, unless otherwise required by the regulations of relevant tax laws and tax conventions. Pursuant to the Notice on the Issues Concerning Withholding the Enterprises Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Who Are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) of the State Administration of Taxation, we are obliged to withhold and pay enterprise income tax at the rate of 10% from dividends paid or payable for H Shares when distributing dividends to non-resident enterprise shareholders of H Shares. No tax is payable in Hong Kong in respect of dividends paid by us according to the current practice of the Hong Kong Inland Revenue Department. Shareholders are recommended to consult their tax advisers regarding the tax implication in the PRC, Hong Kong and other tax implications arising from their holding and disposal of H Shares.

The Board of Directors has resolved not to declare any final dividend for the year ended 31 December 2024 (2023: nil). As at the date of this annual report, the Board of Directors is not aware of any Shareholders who have waived or agreed to waive any dividends.

ANNUAL GENERAL MEETING

The annual general meeting (the "**AGM**") of the Company is expected to be held on Friday, 23 May 2025. The notice of the AGM will be published and despatched to the Shareholders in due course in the manner as required by the Articles of Association and the Listing Rules.

ENVIRONMENTAL POLICY

The Group is subject to the PRC national and local environmental laws and regulations, including but not limited to the Environmental Protection Law of the PRC, the Law on the Prevention and Treatment of Water Pollution of the PRC and the Law for the Prevention and Treatment of Air Pollution of the PRC. In particular, there are environmental regulations concerning the treatment of wastewater produced by our slaughtering and processing facilities and we are subject to annual inspection by the regulatory authorities for compliance with these laws and regulations. Failure to comply with applicable PRC environmental protection laws and regulations may result in significant consequences, including administrative, civil and criminal penalties, liability for damages and negative publicity. Further, such failure to comply, or allege on failure to comply, with the relevant PRC laws, regulations or government policies on environmental protection, may lead to costly litigation or penalty imposed by the relevant judicial or governmental authorities. We emphasise on environmental protection and strive to minimise the environmental impact brought by our business operations.

The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage these risks.

There had been no material administrative penalties imposed on the Group as a result of non-compliance with any PRC laws or regulations in relation to environmental protection during the year ended 31 December 2024.

The Board of Directors has authorised the senior management to control and monitor the environmental, social and governance ("**ESG**") performance for the daily management of ESG. Investors can search for information related to the ESG report on the investors relationship page of the Company's website. As reported by the senior management, the Board of Directors considers that the Group's ESG performance, with respect to the subject areas and individual aspects that are set out in Appendix C2 to the Listing Rules, has been satisfactory.

RELATIONSHIP WITH STAKEHOLDERS

Employees

As at 31 December 2024, we had 6,473 employees who were directly employed by us, of which 6,469 employees were employed in the PRC and four employees were located in Japan.

The remuneration packages for our employees include salary, bonuses and allowances. Except for Japanese employees who are required to comply with Japanese laws and regulations, as required by the PRC regulations, we participate in social insurance schemes operated by the relevant local government authorities and maintain mandatory pension contribution plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance for some of our employees. We also contribute to housing provident fund for some of our employees. No forfeited contribution was used by the employer to reduce the contribution payable in the future years. Details of the defined contribution and benefit scheme of the Group for the year ended 31 December 2024 are set out in note III (XXII) to the financial statements.

When we make hiring decisions, we take into account factors such as our business strategies, our development plans, industry trends and the competitive environment. We recruit our employees based on a number of factors such as their work experience, educational background and vacancy needs. We endeavour to attract and retain appropriate and suitable personnel to serve the Group.

We provide continuing education and training programmes to our employees to improve their skills and develop their potential. We also adopt evaluation programmes through which our employees can receive feedback. We foster strong employee relations by offering various staff benefits and personal development support. Our subsidiaries in China have established labour unions in accordance with the applicable PRC law. We are not subject to any collective bargaining agreements. As at the date of this annual report, we had not experienced any material labour disputes or claims.

The Company currently adopted the 2021 SAS and 2023 SAS. The employee participants of the 2021 SAS shall only include connected persons of the Company (as defined under the Listing Rules) while the employee participants of the 2023 SAS shall exclude such connected persons.

Customers

We had a diversified customer base of over 3,000 customers globally, including internationally renowned food processors and traders as well as fast food restaurant chains (and their poultry meat suppliers and sourcing agents). We exported to countries including Japan, Malaysia, Europe, Korea, the Middle East, Mongolia and Singapore. We also sell our products to our distributors whose designated sales regions are all within the PRC.

For the year ended 31 December 2024, the Group's sales to its five largest customers accounted for 27.53% (2023: 26.30%) of the Group

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 December 2024 are set out in note V (XXXI) to the financial statements.

As at 31 December 2024, the issued share capital of the Company was 1,583,348,000 Shares (of which 1,045,000,000 were Domestic Shares and 538,348,000 were H Shares).

RESERVES

Details of movements in the reserves of the Group during the year ended 31 December 2024 are set out in the consolidated statement of changes in owners' equity.

DISTRIBUTABLE RESERVES

As at 31 December 2024, pursuant to the relevant laws and regulations, the Company has distributable reserves of RMB880.3 million in total available for distribution (2023: RMB618.1 million).

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company as at 31 December 2024 are set out in note V (XVIII), note V (XXIV), note V (XXV), note V (XXVI) and note V (XXVIII) to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2024 are set out in note V (IX) to the financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the PRC laws that would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

According to the Articles of Association, the terms of service of both the Directors and the Supervisors are for three years, and all Directors and Supervisors are subject to re-appointment or re-election upon the expiry of their term. Each of the executive Directors, non-executive Directors, independent non-executive Directors and Supervisors has entered into a service contract generally with a term of three years with the Company. None of the Directors or Supervisors has or is proposed to have a service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation (other than statutory compensation).

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent and remain so as at the date of this annual report.

SECURITIES TRANSACTIONS OF DIRECTORS AND SUPERVISORS

Securities Transactions of Directors and Supervisors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as a code of conduct for securities transactions by the Directors and Supervisors. The Company has made specific enquiries with each Director and Supervisor and each of them confirmed that he or she had complied with all required standards under the Model Code during the Reporting Period and up to the date of this annual report.

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Notes:

(1) The calculation is based on the percentage of shareholding in Domestic Shares or H Shares respectively.

(2) The calculation is based on the total number of 1,045,000,000 Domestic Shares in issue and 538,348,000 H Shares in issue.

(3) Mr. Xiao Dongsheng and Mr. Shi Lei have been granted the awarded shares under the 2020 Share Award Scheme and/or 2021 Share Award Scheme. They are deemed to be interested in the issued share capital of the Company for the awarded Shares which have been granted to them pursuant to Part XV of the SFO. As at 31 December 2024, all of the awarded Shares to Mr. Xiao Dongsheng and Mr. Shi Lei under the 2020 Share Award Scheme were vested. Out of the 2021 Awarded Shares granted to Mr. Xiao Dongsheng and Mr. Shi Lei, 972,000 and 428,668 awarded Shares under the 2021 SAS (representing approximately 0.12% and 0.05% of all the issued Shares), have not yet been vested, respectively.

(4) The letter "L" denotes a long position in the Shares.

Save as disclosed above, as at 31 December 2024, none of the Directors, Supervisors or chief executives or their associates have or are deemed to have any interests and short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning as defined in Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which they were taken or deemed to have under such provisions of the SFO), or pursuant to section 352 of the SFO, required to be entered in the register referred therein, or otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES

As at 31 December 2024, to the best knowledge of the Directors, the following persons (not being the Directors or Supervisors or chief executives) had interests or short positions in the Shares or underlying Shares which were required to be entered in the register referred to in section 336 of the SFO by the Company or would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholders	Nature of interest	Class of Shares	Number of Shares	Approximate percentage of interest in the relevant class of shares of the Company[1]	Approximate percentage of interest in the total share capital of the Company[2]
Shan Weijian[3]	Interest in controlled corporation	Domestic Shares	992,854,500 (L)	95.01%	62.71%
	Interest in controlled corporation	H Shares	137,265,505 (L)	25.50%	8.67%
PAG Capital Limited[3]	Interest in controlled corporation	Domestic Shares	992,854,500 (L)	95.01%	62.71%
	Interest in controlled corporation	H Shares	137,265,505 (L)	25.50%	8.67%
PAG Asia Capital GP IV Limited[3]	Interest in controlled corporation	Domestic Shares	992,854,500 (L)	95.01%	62.71%
	Interest in controlled corporation	H Shares	137,265,505 (L)	25.50%	8.67%
PAG Asia IV LP[3]	Interest in controlled corporation	Domestic Shares	992,854,500 (L)	95.01%	62.71%
	Interest in controlled corporation	H Shares	137,265,505 (L)	25.50%	8.67%
PAG[3]	Interest in controlled corporation	Domestic Shares	992,854,500 (L)	95.01%	62.71%
	Interest in controlled corporation	H Shares	137,265,505 (L)	25.50%	8.67%
Pacific Alliance Group Limited[3]	Interest in controlled corporation	Domestic Shares	992,854,500 (L)	95.01%	62.71%
	Interest in controlled corporation	H Shares	137,265,505 (L)	25.50%	8.67%
Falcon Holding GP Limited[3]	Interest in controlled corporation	Domestic Shares	992,854,500 (L)	95.01%	62.71%
	Interest in controlled corporation	H Shares	137,265,505 (L)	25.50%	8.67%
Falcon Holding LP[3]	Beneficial interest	Domestic Shares	992,854,500 (L)	95.01%	62.71%
	Beneficial interest	H Shares	137,265,505 (L)	25.50%	8.67%
Hwa-An International Limited	Beneficial interest	H Shares	34,909,000 (L)	6.46%	2.20%

Name of Shareholders p ¤ H	Nature of interest Æ B Ì /	Class of Shares p … ó 9	Number of Shares p … p f	Approximate percentage of interest in the relevant class of shares of the Company[(1)] õ I ® ! ´ ë p … ó 9 • Ô & ? Ò Æ B õ ± â[(1)]	Approximate percentage of interest in the total share capital of the Company[(2)] õ I ® ! < p I • Ô & ? Ò Æ B õ ± â[(2)]
Dragonstone Capital Management Limited	Investment manager	H Shares	31,808,000 (L)	5.91%	2.01%
Dragonstone Capital Management Limited	ىك	H ẃ			
CICFH New Dynamic Investment SPC	Beneficial interest	H Shares	29,705,000 (L)	5.52%	1.88%
CICFH New Dynamic Investment SPC	ـ" ﺸ Ƒ	o m p a $		Ḙ	ŋ ᴲ ʞ ᴀ ʞ ɔ p

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(4) Platinum Peony B 2023 RSC Limited ɛ́ Abu Dhabi Investment Authority ς Э ¤ C r ¢ Abu Dhabi Investment Authority ﺼﻰ ﻫ ą ﺴﻢ ، Ç Platinum Peony B 2023 RSC Limited ˜Y Э Ṭ 156,679,00 ẃ ẃ Ÿ ، Э ˛ ¤

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CONTINUING CONNECTED TRANSACTION

As the loan framework agreement (the "**Loan Framework Agreement**") entered into between the Company and Falcon Holding LP ("**Falcon**") on 28 January 2023 expired on 27 January 2024 and after considering the future needs of the Group within the PRC, the Company and Falcon entered into the new loan framework agreement (the "**New Loan Framework Agreement**") on 26 January 2024, pursuant to which Falcon will provide a revolving loan facility to the Group for a term of one year commencing from 28 January 2024 and ending on 27 January 2025. The proposed annual caps, being the maximum daily balance of the loans (including interests accrued) for the transactions contemplated under the New Loan Framework Agreement for the years ending 31 December 2024 and 31 December 2025 is USD13,591,000 and USD15,000,000 (the annual cap for the year ending 31 December 2025 is set up to 27 January 2025, being the end date of the term of the New Loan Framework Agreement), respectively. Falcon is the controlling Shareholder directly holding over 70% interest in the Company's total issued share capital. Accordingly, Falcon is a connected person of the Company and as a result, the transactions contemplated under the Loan Framework Agreement and the New Loan Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The Company has complied with the applicable disclosure requirements under Chapter 14A of the Listing Rules. For details, please refer to the Company's announcements dated 29 January 2023 and 26 January 2024.

Save as disclosed above, the Group had not entered into any connected transaction during the Reporting Period and up to the date of this annual report, which is required to be disclosed under Chapter 14A of the Listing Rules.

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Purposes

The purposes of the 2020 SAS is to recognise the contribution by the Group's personnel and to provide them with incentives in order to retain them for the continual operation and development of the Group, to stimulate further development of the Group, and to provide retirement protection to the Group's personnel.

Participants

Pursuant to the 2020 SAS, any full-time or part-time employees of the Group (including any Director) are eligible participants of the 2020 SAS.

Administration

The 2020 SAS shall be subject to the administration of the Board of Directors and BOC Trustee in accordance with the scheme rules and the trust deed. The decision of the Board of Directors with respect to any matter arising under the 2020 SAS (including the interpretation of any provision) shall be final and binding. BOC Trustee shall hold the trust fund in accordance with the terms of the trust deed.

Duration

Subject to any early termination as may be determined by the Board of Directors, the 2020 SAS shall be valid and effective for a term of 10 years commencing on the date of listing.

Scheme Limit and Entitlement

The Board of Directors shall not make any further award which will result in the maximum number of new H Shares that can be awarded and issued for the purpose of the 2020 SAS in any financial year is 3% of the total number of issued share capital in the H Shares at the relevant time. The maximum number of new H Shares that can be allotted and issued to a selected employee in any 12-month period shall not exceed 1% of the total number of issued share capital in the H Shares at the relevant time.

Grant

After the Board of Directors has decided to make a grant to any selected employee, the Board of Directors shall send a grant notice to such selected employee with a copy thereof to the BOC Trustee within 14 business days after the grant was made. Such selected employee shall confirm acceptance of the awarded Shares by signing and returning to the Board of Directors the acceptance form within 14 business days after the date of the relevant grant notice.

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Proposed Amendments to 2021 SAS and 2023 SAS

The Company proposed to make amendments to the 2021 SAS and 2023 SAS (the "**Share Schemes**"), including but not limited to: (i) to allow the amended Share Schemes to involve the grant of awarded Shares by new H Shares and/or existing H Shares in issue; (ii) to adopt the scheme mandate limit (i.e. the total number of H Shares which may be acquired (whether by subscription as new H Shares and/or purchase/acceptance of existing H Shares in issue) in respect of all awards and/or options to be granted under relevant schemes of the Company, which shall not exceed 10% of the issued Shares as at 6 June 2024, being the date on which the Company amended the respective scheme rules of the Share Schemes) (the "**Scheme Mandate Limit**"); (iii) to specify that the total number of H Shares which may be acquired (whether by subscription as new H Shares and/or purchase/acceptance of existing H Shares in issue) in respect of all awards and/or options to be granted under the relevant schemes of the Company under the Scheme Mandate Limit as "refreshed" shall not exceed 10% of the total number of issued Shares as at the date of approval of the refreshing of the Scheme Mandate Limit by the Shareholders; (iv) to require approval by the Shareholders for refreshment of the Scheme Mandate Limit after three years from the date of the Shareholders' approval for the last refreshment (or as the case may be, the date of amendment, being 6 June 2024); (v) to require approval by independent Shareholders for refreshment of the Scheme Mandate Limit within a three-year period from the date of the Shareholders' approval for the last refreshment (or as the case may be, the date of amendment, being 6 June 2024); (vi) to allow the Company to grant an award to any selected participant at nil or such consideration subject to such terms and conditions as the Board of Directors may in its sole and absolute discretion determine; and (vii) to include other amendments for house-keeping purposes and to better align the wording among the amended Share6sdments foracTj0.0118[(to a98(6 June 7ify thte of tL existiR(ru.223)Tj0.345 Tw 3c 0.52

The total number of Shares that may be issued in respect of awards granted under the Relevant Schemes during the Reporting Period divided by the weighted average number of Shares of the relevant class in issue for the Reporting Period is 0.19%.

2021 Share Award Scheme

The Board of Directors approved the adoption of the 2021 SAS on 10 December 2021 and amended the 2021 SAS on 29 August 2023 and 6 June 2024. Pursuant to the 2021 SAS, the grant of 2021 awarded Shares (the "**2021 Awarded Shares**") by the Board of Directors to the selected participants may vest in the form of awarded Shares or awarded cash or in the combination thereof.

Purposes

The purpose and objective of the 2021 SAS are to recognise the contributions by certain eligible participants and to provide them with incentives in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

Participants

Pursuant to the 2021 SAS, any employees (including full-time employees and part-time employees) of the Group (including persons who are granted awards under the 2021 SAS as an inducement to enter into employment contracts with any member of the Group) are eligible participants of the 2021 SAS. For the avoidance of doubt, this includes employee of any members of the Group, who are also a Director, Supervisor, chief executive, substantial shareholder of the Company, or any of their respective associates or any other person that may otherwise be regarded as a connected person of the Company.

Administration

The 2021 SAS shall be subject to the administration of the Board of Directors and the trustee, the Futu Trustee, in accordance with the scheme rules and the trust deed. The decision of the Board of Directors with respect to any matter arising under the 2021 SAS (including the interpretation of any provision) shall be final and binding. Without prejudice to the foregoing and to the extent permissible under the Listing Rules and other applicable laws and regulations, the Board of Directors may resolve to delegate to another committee of the Board of Directors or to one or more officers of the Company any or all of the authority and responsibility of the Board of Directors under the scheme rules and the trust deed. The Futu Trustee shall hold the trust fund in accordance with the terms of the trust deed.

Vesting and Conditions

Subject to the terms and conditions of the 2021 SAS and the fulfilment or waiver of all vesting conditions applicable to the vesting of the awarded interests on such selected participant, the respective awarded interests held by the Futu Trustee on behalf of the selected participant shall vest in such selected participant in accordance with the applicable vesting schedule, and the Futu Trustee shall cause the awarded interests to be transferred to such selected participant and/or a vehicle controlled by him/her (such as a trust or a private company) for the

The table below sets out the movements of 2021 Awarded Shares during the period from 1 January 2024 to 31 December 2024:

Name	Date of grant	Vesting date (Note 1)	Number of awarded shares: As at 1 January 2024	Granted during the Reporting Period (Note 2)	Vested during the Reporting Period (Note 2)	Cancelled/lapsed during the Reporting Period (Note 4)	Outstanding as at 31 December 2024 (Note 1)	Closing price of the Company's H Shares immediately before the date of grant in 2024 (HK$) (Note 2)	Closing price of the Company's H Shares immediately before the vesting date in 2024 (HK$) (Note 3)(Note 5)
Directors									
Mr. Xiao Dongsheng	10 December 2021	30 June 2024	1,944,000	—	972,000	—	972,000	—	1.52
Mr. Shi Lei	10 December 2021	30 June 2024	857,334	—	428,666	—	428,668	—	1.52
Senior Management									
Mr. Wang Zhixian	10 December 2021	30 June 2024	233,400	—	116,700	—	116,700	—	1.52
Mr. Meng Tao	10 December 2021	30 June 2024	388,800	—	194,400	194,400	—	—	1.52
Highest-paid employee (excluding Directors and Senior Management) (Note 6)	10 December 2021	30 June 2024	567,000	—	283,500	283,500	—	—	1.52
Other Selected Employees	10 December 2021	30 June 2024	9,591,537	—	2,478,066	7,113,471	—	—	1.52
Total			13,582,071	—	4,473,332	7,591,371			

2023 Share Award Scheme

The Board of Directors approved the adoption of the 2023 SAS on 29 August 2023 and amended the 2023 SAS on 6 June 2024. Pursuant to the 2023 SAS, the grant of 2023 awarded Shares (the "**2023 Awarded Shares**") by the Board of Directors to the selected participants may vest in the form of awarded Shares or awarded cash or in the combination thereof.

Purposes

The purpose and the objective of the 2023 SAS are to recognise the contributions by certain eligible participants and to provide them with incentives in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

Participants

Pursuant to the 2023 SAS, any employees (including full-time employees and part-time employees) of the Group (including persons who are granted awards under the 2023 SAS as an inducement to enter into employment contracts with any member of the Group) are eligible participants of the 2023 SAS. For the avoidance of doubt, this should exclude any Director, Supervisor, chief executive, substantial shareholder of the Company, or any of their respective associates or any other person that may otherwise be regarded as a connected person of the Company.

Administration

The 2023 SAS shall be subject to the administration of the Board of Directors and the Futu Trustee in accordance with the scheme rules and the trust deed. The decision of the Board of Directors with respect to any matter arising under the 2023 SAS (including the interpretation of any provision) shall be final and binding. Without prejudice to the foregoing and to the extent permissible under the Listing Rules and other applicable laws and regulations, the Board of Directors may resolve to delegate to another committee of the Board of Directors or to one or more officers of the Company any or all of the authority and responsibility of the Board of Directors under the scheme rules and the trust deed. The Futu Trustee shall hold the trust fund in accordance with the terms of the trust deed.

Duration

Subject to any early termination as may be determined by the Board of Directors pursuant to the scheme rules, the 2023 SAS shall be valid and effective for a term of 10 years commencing on the adoption date, after which no further awards will be granted. As at 31 December 2024, the remaining life of the 2023 SAS is approximately nine years.

Scheme Limit and Entitlement

The Board of Directors shall not make any further award which will result in the aggregate number of the Shares awarded by the Board of Directors under the Relevant Schemes exceeding 10% of the issued Shares as at 6 June 2024, being the date on within the Company amended the Share Schemes. The maximum number of Shares which may be awarded to a selected participant under the 2023 SAS shall not exceed 1% of the issued share capital of the Company in any 12-month period.

Grant

Subject to the provisions of the 2023 SAS, including but not limited to the restrictions set out in the scheme rules, the Board of Directors may, from time to time, at its sole and absolute discretion select any eligible participant (other than any excluded participant as stated in the scheme rules) for participation in the 2023 SAS as a selected participant, and grant an award to any selected participant at nil or such consideration subject to such terms and conditions as the Board of Directors may in its sole and absolute discretion determine. The Board of Directors may determine that a selected participant will be granted awarded interests in the form of awarded Shares or awarded cash or in the combination thereof. The Board of Directors may also grant the related income of the awarded interests to any selected participant in such amount or to such extent as the Board of Directors determines.

In determining the eligibility of the eligible participants hare(o(ipantTw

The table below sets out the movements of 2023 Awarded Shares during the period from 1 January 2024 to 31 December 2024:

Name	Date of grant	Vesting date (Note 1)	Number of awarded shares: As at 1 January 2024	Granted during the Reporting Period (Note 2)	Vested during the Reporting Period (Note 2)	Cancelled/lapsed during the Reporting Period	Outstanding as at 31 December 2024 (Note 1)	Closing price of the Company's H Shares immediately before the date of grant in 2024 (HK$) (Note 3)	Closing price of the Company's H Shares immediately before the vesting date in 2024 (HK$) (Note 4)	Fair value per awarded share (HK$) (Note 6)
Senior Management										
Mr. Meng Tao	24 July 2024	–	–	194,400	–	–	194,400	1.52	–	1.52
Highest-paid employee (excluding Directors and Senior Management) (Note 5)	24 July 2024	–	–	283,500	–	–	283,500	1.52	–	1.52
Other Selected Employees	24 July 2024	–	–	2,478,068	–	–	2,478,068	1.52	–	1.52
Total		–	–	2,955,968	–	–	2,955,968	1.52	–	1.52

Notes:

1. The 2023 Awarded Shares granted on 24 July 2024 shall be vested on or before 30 June 2025.

2. No H Shares under the 2023 SAS were vested or cancelled/lapsed during the Reporting Period. The purchase price of the granted share awards during the Reporting Period was nil.

3. Closing price of the H Shares immediately before the suspension of trading of H Shares on the Stock Exchange on 2 February 2023.

4. The weighted average closing price of the H Shares vested during the Reporting Period was nil.

5. Mr. Meng Tao was one of the five highest-paid employees as at 31 December 2024; and the aggregate number of Shares granted and vested to the five highest-paid employees in 2024 were 477,900 and nil respectively.

6 The fair value of the 2023 Awarded Shares was assessed in accordance with China Accounting Standards of Business Enterprises by reference to the market price of the H Shares on the grant date, which is the price immediately before the suspension of trading of H Shares on the Stock Exchange on 2 February 2023.

CHARITABLE DONATIONS

The donations made by the Group during the year ended 31 December 2024 amounted to RMB372,032.00.

SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD

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Proposed Initial Public Offering of A Shares

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Upon completion of the above steps, the Company's public float restored to over 25% and has satisfied the minimum public float requirement as set out in Rule 8.08(1)(a) of the Listing Rules since then. Given that the Company fulfilled the Resumption Guidance, the trading in H Shares of the Company has been resumed with effect from 9:00 a.m. on 31 July 2024. For details, please refer to the announcement of the Company dated 30 July 2024.

Amendments to the Articles of Association

On 29 December 2023, the amendments to the Company Law of the People's Republic of China (Î ، تم B M F ŋ א ˛ ḿ Ï) (the "**PRC Company Law**") were adopted and took effect on 1 July 2024. The new PRC Company Law makes changes to the current PRC Company Law, including optimisation of corporate governance, enhancement in protection for minority shareholders, and strengthening of responsibilities and fiduciary duties of controlling shareholders, directors, supervisors and senior management members. Listed issuers are required to make any necessary changes to their constitutional documents in accordance with the latest amendments to the PRC Company Law before the effective date.

Meanwhile, given that the Company's daily business operation will involve cargo transportation, the Company is required to include (i) road transportation of goods (excluding dangerous goods) and (ii) motor vehicle repair and maintenance in its scope of business in accordance with the Regulations of the People's Republic of China on Road Transportation (Î ، تم B M F ŋ א ⋆ ں Ï). As a result, the scope of business as stated in the Articles of Association shall be amended and such amendments are subject to the review by the company registration authority.

Based on the foregoing, the Company proposed to amend the Articles of Association in order to (i) reflect the change in business scope of the Company; (ii) reflect the latest amendments in the PRC Company Law in the Articles of Association; and (iii) make other consequential, tidy-up and housekeeping amendments (the "**Articles Amendments**").

In view of the Articles Amendments, the Board of Directors and the Board of Supervisors proposed to amend the rules of procedure for the general meeting, the rules of procedure for the Board of Directors and the rules of procedure for the Board of Supervisors (the "**Procedural Rules Amendments**").

The resolutions in relation to the Articles Amendments and the Procedural Rules Amendments were approved by the Shareholders at the annual general meeting of the Company on 5 June 2024.

Save as disclosed above, during the Reporting Period and up to the date of this annual report, there had been no material change to the Articles of Association. The Articles of Association is available on the websites of the Company and the Stock Exchange.

Deposits with GMK Finance

In March 2022, the Company was notified by GMK Holdings, the former controlling shareholder of the Company that its subsidiaries had overdue debts. Among such subsidiaries, GMK Finance was involved in overdue repayment disputes, pursuant to which civil complaints were being filed against it by the plaintiffs and the guarantors for the debts concerned in those cases, GMK Holdings and/or certain of its subsidiaries were also named as defendants. The judicial restructuring was then filed against Yanggu Xiangguang Copper Co., Ltd. ("**Xiangguang Copper**"), a subsidiary of GMK Holdings with the Liaocheng Intermediate People's Court, Shandong Province, PRC, by a creditor on the ground that Xiangguang Copper was unable to repay the debts falling due. The People's Court of Yaanggu County, Shandong Province, PRC, as appointed to hear the case, subsequently accepted the application of judicial restructuring of 19 companies, including GMK Holdings, Shandong Fengxiang (Group) Co., Ltd. and Shandong Fengxiang Investment Co., Ltd. (each a former controlling shareholder) and Xiangguang Copper (but for the avoidance of doubt, does not include the Company). The first creditors' meeting was held on 15 March 2024 at Yanggu County People's Court.

Pursuant to the court order, the Xiangguang Copper No. 1 Reorganisation Services Trust* ([illegible]) ("**Trust 1**") and Xiangguang Copper No. 2 Reorganisation Services Trust* ([illegible]) ("**Trust 2**") serve as management platforms for the assets and shareholding interests of the above said companies, respectively, the corresponding trust units (the "**Trust Units**") of which, shall be used as liquidation distribution to the creditors. Both trusts are jointly held by Kunlun Trust Co., Ltd.* ([illegible]) and Yunnan International Trust Co. Ltd* ([illegible]).

The Company was informed by the administrator that according to the court order, the Company would be entitled to receive the relevant liquidation assets of (i) cash amounting to RMB27,786,153.44, (ii) 679,686,612.67 Trust Units under Trust 1, with corresponding value of its underlying assets being RMB138,246,740.07; and (iii) 679,686,612.67 Trust Units under Trust 2, with corresponding value of its shareholding interests held being RMB27,458,480.71, and the Trust Units under Trust 2 were realised. There is no guarantee that the remaining Trust Units can be realised due to the uncertainty of the liquidity and market value of the Trust Units. For details, please refer to the Company's announcements dated 15 March 2024 and 19 December 2024.

MEMBERS OF THE BOARD OF SUPERVISORS

As at the date of the report of Board of Supervisors, the composition of the Board of Supervisors is as follows:

Shareholders representative Supervisors: Ms. Gao Jin
Mr. Zhu Kaijie

Employees representative Supervisor: Mr. Ma Xianwen

FUNCTIONS AND AUTHORITIES AND OPERATION OF THE BOARD OF SUPERVISORS

Pursuant to the Articles of Association, the functions and powers of the Board of Supervisors include, among other things:

(I) to supervise the actions of the Directors, general manager and other senior management during the performance of their functions, and to propose removal of Directors and senior management who have violated laws, administrative regulations, the Articles of Association or the resolutions of the general meetings;

(II) to require Directors and senior management to make corrections if their conduct has damaged the interests of the Company;

(III) to review the financial position of the Company;

(IV) to verify the financial information such as the financial report, business report and profit distribution plan to be submitted by the Board of Directors to the general meetings and to appoint, in the name of the Company, certified public accountants and practicing auditors to assist in the re-examination of such information should any doubt arise in respect thereof;

(V) to propose the convening of extraordinary general meetings and, in case the Board of Directors does not perform the obligations to convene and preside over the general meetings in accordance with Company Law, to convene and preside the general meetings;

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WORK OF THE BOARD OF SUPERVISORS DURING THE REPORTING PERIOD

During the Reporting Period, with a view to be committed to the Shareholders and the Company, the Board of Supervisors has diligently performed its duties of supervision pursuant to applicable laws and regulations and the Articles of Association. The Board of Supervisors continued to improve the supervisory methods to improve its effectiveness and influence so as to effectively protect the interests of the Shareholders and the Company to exercise its supervisory and counter balancing under the corporate governance of the Company and specifically carried out the following work:

1. supervised the operation of the Company in accordance with the law, the implementation of the Company's decision-making procedures, internal control system and the performance of duties by the Directors and senior management in accordance with the law, and the production, operation and management of the Company and other major matters. The Board of Supervisors is of the view that: the Company operates in strict accordance with the relevant laws and regulations and the provisions of the Articles of Association, etc., the decision-making procedures are legal and there are no irregularities in operation; the Directors and senior management of the Company can perform their duties

3. the Board of Supervisors has conducted a comprehensive inspection of the related party transactions of the Company and is of the opinion that: the parties to the transactions have followed the principle of “fairness and impartiality” and the transaction prices are fair and have not harmed the interests of the Company and other non-connected Shareholders;

4. the Board of Supervisors supervised the internal control and concluded that: the Company follows the basic principles of internal control and has established a sound internal control system covering all aspects of the Company in accordance with its actual situation to ensure the safety, integrity and effective use of assets. The Company’s internal control organisation is complete, and the internal audit department and personnel are fully equipped and in place to ensure that the implementation and supervision of the key activities of the Company’s internal control are adequate and effective; and

5. the Board of Supervisors inspected of the Company’s information disclosure matters and concluded that: as at the end of the Reporting Period, the Company has established the information disclosure related system in compliance with relevant laws and regulations, and the Company’s information disclosure was true, accurate, timely and complete, which could effectively protect the right to information of investors, especially the small and medium Shareholders.

WORK PLAN FOR 2025

In 2025, the Board of Supervisors will continue to faithfully and diligently perform its duties to further promote the improvement of the Company's corporate governance structure and the standardised operation of its businesse0 09managoveme,sse0 097(andn)-0.s tee sblishsse0 097 goodnt andno( )]TJ0 Tw 0 -1.529 T(f the Compy.22)Tj00136 Tw 03.A2029 cd6(ancdn)-0.with lawsre anurgeof the Compyes to furthee improts

Corporate Governance Report
企業管治報告

The Board of Directors is committed to maintaining high corporate governance standards. The Board of Directors believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders and to enhance corporate value and accountability.

Since the H Shares of the Company were listed on the Main Board of the Stock Exchange on the Listing Date, the Company has been complying with the principles and code provisions as set out in the CG Code contained in Appendix C1 to Listing Rules throughout the period from the Listing Date to the date of this annual report.

The Company has been committed to enhancing its corporate governance practices appropriate to the conduct and the growth of its business and to reviewing such practices from time to time to ensure that the Company compiles with statutory and professional standards and align with the latest development.

BOARD OF DIRECTORS

The Board of Directors oversees the Group's businesses, strategic decisions and performance and takes decisions objectively in the best interest of the Company.

The Board of Directors regularly reviews the contribution required from a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time performing them.

Board of Directors Composition

The Board of Directors currently comprises nine Directors, consisting of two executive Directors, four non-executive Directors and three independent non-executive Directors. The current members of the Board of Directors are listed as follows:

Name	Position in the Company
Mr. Xiao Dongsheng	Executive Director and general manager
Mr. Shi Lei	Executive Director, vice general manager, chief financial officer, secretary to the Board of Directors and company secretary
Mr. Qiu Zhongwei	Non-executive Director
Mr. Lu Wei	Non-executive Director
Mr. Zhu Lingjie	Chairman of the Board of Directors and non-executive Director
Ms. Zhou Ruijia	Non-executive Director
Ms. Wang Anyi	Independent non-executive Director
Ms. Zhao Yinglin	Independent non-executive Director
Mr. Chung Wai Man	Independent non-executive Director

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Listing Rules. The independent non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules.

The biographical information of the Directors is set out in the section headed “Biographies of Directors, Supervisors and Senior Management” of this annual report.

Save as disclosed in this annual report, to the best knowledge of the Company, there are no financial, business, family, or other material relationships among members of the Board of Directors.

Chairman and General Manager

Mr. Zhu Lingjie is the chairman of the Board of Directors and Mr. Xiao Dongsheng is the general manager. The chairman of the Board of Directors and the general manager are two different positions, and their duties are clearly separated and set out in the Articles of Association.

The main duties of the chairman are: to preside over Shareholders' general meetings, and convene and preside over meetings of the Board of Directors; to supervise and examine the implementation of the resolutions of the Board of Directors; to sign the Shares, corporate bonds and other marketable securities issued by the Company; to sign important documents of the Board of Directors and other documents that should be signed by the legal representative of the Company, and exercise functions and powers of the legal representative; in case of force majeure or major emergency in which a meeting of the Board of Directors cannot be held in time, to exercise the special right of disposal in respect of the business of the Company in compliance with laws and in the interests of the Company, and report to the Board of Directors afterwards; to organise formulation of regulations on the operation of the Board of Directors, and coordinate the operation of the Board of Directors; to listen to regular or irregular work reports of the senior management members of the Company, and propose guiding opinions on implementation of the resolutions of the Board of Directors; to nominate candidates for the general manager of the Company and secretary to the Board of Directors; to handle external affairs on behalf of the Company and sign economic contracts concerning investments, cooperative operations, joint ventures and loans; and to exercise other functions and powers specified in relevant laws, regulations or the Articles of Association and granted by the Board of Directors.

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Appointment and Re-election of Directors

Each of the executive Directors, non-executive Directors and independent non-executive Directors has entered into a service contract with the Company generally for a term of three years commencing from general meeting, which are subject to termination in accordance with their respective terms, and shall be subject to retirement by rotation once every three years.

Directors shall be elected or replaced by the general meeting and serve a term of office of three years. A Director may serve consecutive terms if re-elected upon the expiration of his/her term. Any person appointed as Director by the Board of Directors to fill a temporary vacancy or add the quota of Directors of the Board of Directors shall serve until the next annual general meeting of the Company, at which time the said person is eligible for re-election.

Responsibilities, Accountabilities and Contributions of the Board of Directors and Management

The Board of Directors should assume responsibility for leadership and control of the Company and is collectively responsible for directing and supervising the Company's affairs.

The Board of Directors directly, and indirectly through its committees, leads and provides direction to the management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board of Directors for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board of Directors for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

The Board of Directors reserves for its decisions on all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that

The training records of the Directors for the year ended 31 December 2024 are summarised as follows:

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Name of Directors è + ' ¤	Attending training, briefings, seminars, conferences and workshops relevant to the Company's industry and business, director's duties and/or corporate governance © ~ I ® ! 8 ¿ 8 e è + ª ¿ J Ð ® ! 7 # ´ ë ˜ C Å e < e ¼ À e 6 D ¿ z f û	Reading news alerts, newspapers, journals, magazines and publications relevant to the Company's industry and business, director's duties and/or corporate governance a Ø ~ I ® ! 8 ¿ 8 e è + ª ¿ J Ð ® ! 7 # ´ ë ˜ - r ž Ã e w e , e O ¦ ¿ H J
Executive Directors B è +		
Mr. Xiao Dongsheng Ω ʕ Ω	—	—
Mr. Shi Lei η ʕ Ω	¥	¥
Non-executive Directors ¢ B è +		
Mr. Qiu Zhongwei ẩ ʕ Ω	—	—
Mr. Lu Wei ƙ ʕ Ω	—	—
Mr. Zhu Lingjie a ʃ ʕ Ω	—	—
Ms. Zhou Ruijia ᴓ ' '	—	—
Independent non-executive Directors ù m ¢ B è +		
Ms. Wang Anyi Γ đ ' '	—	—
Ms. Zhao Yinglin Ã ' '	—	—
Mr. Chung Wai Man ' ʕ Ω	—	—

Board Independence Policy

The Company has formulated the policy regarding the independence of the Board of Directors and has assessed the effectiveness of such policy. The Board of Directors has adopted the board independence policy (the "**Board Independence Policy**") as a mechanism to ensure independent views and input are available to the Board of Directors. The summary of which is set out below:

(i) Composition

The Board of Directors ensures the appointment of at least three independent non-executive Directors representing at least one-third of the Board of Directors with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise. Further, independent non-executive Directors will be appointed to board committees of the Company (the "**Board Committees**") as far as practicable to ensure independent views are available.

(ii) Independence Assessment

The Nomination Committee strictly adopted the Nomination Policy with regard to the nomination of independent non-executive Directors. The Nomination Committee also assesses the independence of independent non-executive Directors annually to ensure independent judgement is exercised.

(iii) Compensation

No equity-based remuneration with performance-related elements will be granted to independent non-executive Directors as this may lead to bias in their decision-making and compromise their objectivity and independence.

(iv) Board Decision Making

Directors (including independent non-executive Directors) are entitled to seek further information from the management on the matters to be discussed at meetings of the Board of Directors. Independent professional advice would be provided to Directors upon reasonable request to assist them to perform their duties to the Company. Any Directors who have a material interest in a contract, transaction or arrangement shall not vote or be counted in the quorum on any resolution approving the same.

(v) Board Evaluation

Evaluation of the Board of Directors is a continual process. In accordance with the Board Independence Policy, each Director reviews the performance of the Board of Directors, as well as the performance of the Board Committees, through various means:

— *Annual questionnaires*

An annual self-evaluation questionnaire is conducted by the Board of Directors and Board Committees. Each of the Board of Directors and Board Committees is required to submit an anonymous questionnaire on relevant matters such as the performance, dynamics and processes, composition and diversity, risk management, and the proceedings of meetings of the Board of Directors and Board Committees. The questionnaire encourages Directors to share suggestions, provide comments and raise any concerns.

— *Feedback*

A summary of the evaluation results is prepared based on the anonymous questionnaires collected, and is provided to the Board of Directors and Board Committees.

— *Action Plan*

The Board of Directors and Board Committees consider and discuss constructive insights, and review action plans in light of the evaluation process as appropriate.

(vi) Evaluation Results

The Company has conducted an evaluation on the independence of the Board of Directors in 2024, including, among others, the composition of the Board of Directors, time commitment of Directors, professional input obtained by Directors, self-evaluation of the Board of Directors and the evaluation of independence of the non-executive Directors. In accordance with the relevant evaluation results, the Company concluded that the Board Independence Policy adopted by the Group was effective as a mechanism to ensure that the Board of Directors acquires independent input and views.

The Board of Directors has reviewed the evaluation results and the Board Independence Policy, and considered that the Company's mechanism in ensuring independent views and input are provided to the Board of Directors is effective.

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BOARD COMMITTEES

The Board of Directors has established three committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, each of which has been delegated responsibilities and reports back to the Board of Directors. The roles and functions of these committees are set out in their respective terms of reference. The terms of reference of each of these committees will be revised from time to time to ensure that they continue to meet the needs of the Company and to ensure compliance with the CG Code where applicable. The terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

Audit Committee

The Audit Committee comprises two independent non-executive Directors, namely Mr. Chung Wai Man, Ms. Wang Anyion tha99eedent ted

Remuneration Committee

The Remuneration Committee comprises two independent non-executive Directors, namely Ms. Wang Anyi, Ms. Zhao Yinglin and one non-executive Director, namely Mr. Qiu Zhongwei. Ms. Wang Anyi serves as the chairman of the Remuneration Committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The primary functions of the Remuneration Committee include to make recommendations to the Board of Directors on the remuneration policies and package of all Directors and senior management of the Company and the proper and transparent procedures for the formulation of remuneration policies; to review and approve the remuneration proposals of the management with reference to the corporate targets and objectives set by the Board of Directors; to make recommendations to the Board of Directors on remuneration package of individual executive directors and senior management members; this shall include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment; to make recommendations to the Board of Directors on the remuneration of non-executive Directors; to take into account the salary levels of comparable companies, time commitment and responsibilities and employment terms of other positions of the Group; to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that the compensation is in compliance with contractual terms. In the event of any inconsistency with contractual terms, the compensation shall also be fair and reasonable but not excessive; to review and approve the compensation arrangement for dismissal or removal of Directors for misconduct to ensure that it is in compliance with the contractual terms. In the event of any inconsistency with contractual terms, the compensation shall also be reasonable and appropriate; to ensure that no Director or any of their associates participate in the decision of their own remuneration; to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules, including any grants of options or awards to directors or senior management, and to make disclosure and give explanation in the corporate governance report on the appropriateness to approve such material matters (if any); and other duties commissioned by the Board of Directors.

During the year ended 31 December 2024, the Remuneration Committee held one meeting, during which matters such as emolument policy and structure of the Company, Directors' remuneration packages and other related matters were discussed.

Pursuant to code provision E.1.5 of the CG Code, the remuneration paid to the senior management by bands for the year ended 31 December 2024 is set out below:

Remuneration bands	Z G • œ	Number of Individuals	[p
Nil to HK$5,000,000	i 5,000,000 مج ł	5	5

Nomination Committee

The Nomination Committee comprises two independent non-executive Directors, namely Ms. Wang Anyi, Ms. Zhao Yinglin and one non-executive Director, namely Mr. Zhu Lingjie. Mr. Zhu Lingjie serves as the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The principal duties of the Nomination Committee include (I) reviewing the selection criteria and procedures, structure, number, composition and diversity (including but not limited to gender, age, culture and education, expertise, skill, knowledge and term of office) of Directors and senior management annually and make suggestions on any proposed changes to the Directors and senior management based on the strategy of the Company; (II) identifying and selecting qualified candidates to be nominated as Directors and senior management or make recommendations to the Board of Directors. As for the identification of suitable candidates, the Nomination Committee shall consider their merits and review

The Nomination Committee carries out the process of selecting and recommending candidates for directorships by making reference to the balance of expertise, skills, experience, professional knowledge, personal integrity and time commitments of such individuals, business, requirements of the Group and other relevant statutory requirements and regulations.

During the year ended 31 December 2024, the Nomination Committee held one meeting, during which matters such as structure, size and composition of the Board of Directors and the independence of the independent non-executive Directors were discussed. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board of Directors is maintained.

The procedures for the appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee will identify individuals suitably qualified to become Directors and make recommendations to the Board of Directors on the selection of individuals. The Nomination Committee will determine the composition of members of the Board of Directors based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Nomination Committee will also make recommendations to the Board of Directors on the appointment or re-appointment of directors and succession planning for Directors (in particular the chairman of the Board of Directors and the general manager), taking into account the Company's corporate strategy and mix of skills, knowledge, experience and diversity needed in the future.

BOARD DIVERSITY POLICY

The Board of Directors has adopted a board diversity policy which sets out the objective and approach to achieve and maintain diversity on the Board of Directors. The board diversity policy provides that the Company should endeavour to ensure that the members of the Board of Directors have the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of the Group's business strategy. Pursuant to the board diversity policy, we seek to achieve Board diversity through the consideration of a number of factors, including but not limited to professional experience, skills, knowledge, age, gender, cultural and education background, ethnicity and length of service. The Nomination Committee shall review this policy and the measurable objectives at least annually, and as appropriate, to ensure the continued effectiveness of the Board of Directors.

As at the date of this annual report, the Board of Directors comprises nine directors, three of which are females. The Board of Directors targets to maintain at least the current level of female representation, with the ultimate goal of achieving gender parity in the near future. The Company has also maintained an approximately workforce 48%:52% (male:female) gender ratio in the past year.

In considering the Board of Directors' succession, the Board of Directors recognises that the gender diversity of the Board of Directors is achieved but can be further improved. We will endeavour to identify suitable female candidates for future appointment to the Board of Directors and provide career development and training opportunities for our female employees to qualify them for future management and the Board of Directors positions.

- for independent non-executive Directors, requirement for the Board of Directors to have independent non-executive Directors in accordance with the Listing Rules and whether the candidates would be considered independent with reference to the independence guidelines set out in the Listing Rules;

- board diversity policy and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board of Directors; and

- such other perspectives appropriate to the Company's business.

CORPORATE GOVERNANCE FUNCTIONS

The Board of Directors is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

From the Listing Date to the date of this annual report, the Board of Directors had reviewed the Company's policies and practices in compliance with legal and regulatory requirements, training and continuous professional development of Directors and senior management, the corporate governance policies and practices, the compliance of the Model Code, and the Company's compliance with the CG Code and the disclosure in this Corporate Governance Report.

MEETINGS ATTENDED AND HELD

Since the Listing Date, the Company adopts the practice of holding

For the year ended 31 December 2024, the attendance records of each Director of the Board of Directors at the meetings of the Board of

Meetings of the Board of Directors include regular meetings and extraordinary meetings. Regular meetings of the Board of Directors shall be held at least four times a year and shall be convened by the chairman. Notice of a regular meeting of the Board of Directors shall be given to all Directors and supervisors at least 14 days in advance and the board papers together with all appropriate, complete and reliable information shall be delivered to all Directors at least three days prior to the date of such regular meeting of the Board of Directors.

An extraordinary meeting of the Board of Directors may be held by request of Shareholders representing more than 10% of the voting rights or by request of no less than one-third Directors or by the chairman or by two or more independent non-executive Directors or by request of the Board of Supervisors or by request of the general manager. Notice of an extraordinary meeting of the Board of Directors shall be given to all Directors, supervisors and general manager at least five days in advance and the board papers thereof shall be delivered to all Directors at least three days prior to the date of such meeting.

The Board of Directors shall keep minutes on matters discussed at meetings of the Board of Directors, including any concerns or objections raised by the Directors. The minutes shall be signed by the Directors present at the meeting and by the secretary to the Board of Directors. Minutes of the meeting of the Board of Directors shall be kept as the Company's record for a period of ten years.

The Board of Directors and each Director also have separate and independent access to the senior management whenever necessary.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management and Internal Control Systems

The Board of Directors has the ultimate responsibility for oversight of the risk management and internal control systems of the Group. The Board of Directors has delegated oversight to the Audit Committee to oversee the Group's risk management and internal control systems on an ongoing basis, and to conduct reviews of the effectiveness of the Group's risk management and internal control systems. The Group has established risk management and internal control systems, consisting of relevant organisational framework policies and procedures, financial reporting procedures and processes, compliance rules and policies and risk management measures that the Group believes are appropriate processes for its business operations to identify, evaluate and manage significant risks. The aforementioned systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Internal Audit

The Company has adopted an internal audit system and has external auditors responsible for the independent and objective supervision, examination and evaluation of the Company's conditions such as revenues and expenditures, business activities, risk conditions and internal control. The auditors shall report to the Board of Directors or the Audit Committee and the Board of Supervisors annually if any material problems are discovered during the audit procedure.

The Board of Directors is responsible for supervising, reviewing and evaluating the Company's internal audit to ensure that the internal audit was independent and effective. The Audit Committee is responsible for reviewing the Company's internal audit methods, audit policies and procedures and annual auditing plans and providing guidance and supervision. The Company had adhered to the principles of independence, objectivity, prudence, efficiency, importance and pertinence during the internal auditing process. The Company's internal audit system is comprehensive covering business operation, risk management, internal control and corporate governance.

The Company and the external auditors conducted an annual internal control review (the "**Internal Control Review**") on, among others, control environment, risk management, information and communication, monitoring of controls, operational level controls and provided recommendations to enhance the internal control system of our Group.

We have adopted and implemented the recommendations provided by the external auditors and the external auditors have not identified any material findings which may have material impact on the effectiveness of our internal control system.

Based on the result of the Internal Control Review, the Board of Directors, as supported by the Audit Committee, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2024, and considered that such systems are effective and adequate. The annual review also covered the financial reporting, internal audit function, adequacy of resources, staff qualifications and experiences, training programmes and budget of the Company's accounting, internal audit and financial reporting functions.

WHISTLEBLOWING POLICY

The Company has adopted arrangements to facilitate employees and other stakeholders to raise concerns, in confidence, about possible improprieties in financial reporting, internal control or other matters.

The Audit Committee shall review such arrangement regularly and ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

ANTI-CORRUPTION POLICY

The Company strictly complies with the Anti-Corruption and Bribery Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China and other laws and regulations, which expressly prohibit corrupt practices such as corruption and bribery. To prevent fraud, strengthen corporate governance and internal control, reduce corporate risks, regulate business practices and protect the legitimate rights and interests of the Company and its shareholders, we have developed the "Employee Behaviour Red Line" and "Employee Non-Compliance Management System", which clearly define the violations, types of penalties, principles of penalties, investigation of violations and management of penalty files.

INSIDE INFORMATION

The Company has developed its disclosure policy which provides a general guide to the Company's directors, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorised access and use of inside information are strictly prohibited.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules. Specific enquiries have been made to all the Directors and Supervisors and the Directors and Supervisors have confirmed that they have complied with the Model Code from the Listing Date up to the date of this annual report. The Company's employees, who are likely to be in possession of unpublished inside information of the Company, are also subject to the Model Code.

DIRECTORS' RESPONSIBILITY IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2024.

The Board of Directors is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, announcements relating to disclosure of inside information and other disclosures required under the Listing Rules and other statutory and regulatory requirements.

The management has provided to the Board of Directors such explanation and information as are necessary to enable the Board of Directors to carry out an informed assessment of the Company's financial statements, which are put to the Board of Directors for approval.

Save as disclosed in this annual report, the Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

The statement of the independent Auditor about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report of this annual report.

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AUDITOR'S REMUNERATION

The total fee paid/payable to the external Auditor, BDO China SHU LUN PAN Certified Public Accountants LLP, in respect of audit services and non-audit services for the year ended 31 December 2024 is set out below:

Category of services

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ARRANGEMENT FOR ISSUING CORPORATE COMMUNICATIONS ELECTRONICALLY

The Company has adopted an arrangement for the electronic dissemination of corporate communications (“**Corporate Communications**”), which refer to any documents issued or to be issued by the Company for the purpose of providing information to its Shareholders or prompting them to take action, including but not limited to (a) copies of directors’ reports, annual accounts and auditors’ reports and, where applicable, summary financial reports; (b) interim

The Company adopts shareholders’ communication policy and reviews it on a regular basis to ensure its effectiveness. The shareholders’ communication policy sets out various communication channels including, among other things, the Company’s website (www.fengxiang.com) where information and updates on the Company’s financial information, corporate governance practices, biographical information of the Board of Directors and other information are available for public access, investor briefings and Shareholders’ meetings, through which

Procedures for Shareholders to Convene Extraordinary General Meeting

According to the Articles of Association, if Shareholders require convening an extraordinary general meeting or class meeting, the following procedure shall be followed:

1. Two or more Shareholders jointly holding more than 10% (inclusive) of Shares with voting rights at the general meeting to be convened may sign one or several written requests with the same format and conrittyrg pposeed g to thBoardes oDquictodero
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When the Company convenes the general meeting, the Board of Directors, the Board of Supervisors and the Shareholders individually or jointly holding not less than 5% (inclusive) of the total number of shares carrying voting rights of the Company shall have the right to put forward proposals to the Company in writing. The Company shall include the matters falling within the scope of duties of the general meeting set out in the proposal in the agenda of the meeting.

Putting Forward Proposals at General Meetings

There are no provisions in the Articles of Association or in the laws of the PRC for putting forward proposals of new resolutions by Shareholders at general meetings. Shareholders who wish to move forward a resolution may request the Company to convene a general meeting in accordance with the procedures mentioned above. For proposing a person for election as a Director, please refer to the procedures set out in the paragraph below.

Procedures for Shareholders to Nominate Candidates of Directors

Written notices specifying the intention to nominate a person for election as a Director and acceptance of such nomination by such person, as well as the written information on such person, shall be sent to the Company no earlier than the day after dispatch of the notice of the general meeting and no later than seven days prior to the date of such meeting. The minimum length of period during the nomination and acceptance of such nomination shall not be less than seven days.

Based on this, if a Shareholder of the Company intends to propose any person for election as a Director, the following documents shall be effectively delivered to the Company's headquarter in the PRC at Liumiao Village, Anle Town, Yanggu County, Liaocheng City, Shandong Province, the PRC or the Company's H Share share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, including: (i) the signed notice of the intention to propose the candidate for election as a Director in general meeting; and (ii) the signed notice of the candidate indicating his or her willingness to accept the election, together with (a) information about the candidate required to be disclosed under Rule 13.51(2) of the Listing Rules, and (b) the written consent indicating the consent of the candidate to release his or her personal information.

Putting Forward Enquiries to the Board of Directors

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For putting forward any enquiry to the Board of Directors, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Shareholders may send their enquiries or requests as mentioned above to the following address:

Address:	Liumiao Village, Anle Town, Yanggu County Liaocheng City, Shandong Province, PRC (For the attention of the Board of Directors)
Email:	lei.shi@fengxiang.com

For the avoidance of doubt, Shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

Independent Auditor's Report
獨立核數師報告

TO THE SHAREHOLDERS OF
SHANDONG FENGXIANG CO., LTD.:

(A joint stock company incorporated in the People's Republic of China with limited liability)

I. AUDIT OPINION

We have audited the financial statements of the Shandong Fengxiang Co., Ltd. ("Fengxiang"), which comprise the consolidated and the Company's balance sheets as at 31 December 2024, the consolidated and the Company's income statements for 2024, the consolidated and the Company's cash flow statements, the consolidated and the Company's statements of changes in owners' equity for the year then ended, and notes to the financial statements.

We are of the view that, the accompanying financial statements present fairly, in all material respects, the consolidated and the Company'

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(V) Evaluate the overall presentation (including disclosures), structure and content of the financial statements and to assess whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(VI) Obtain sufficient and appropriate audit evidence of the financial information of the entities or business activities of Fengxiang in order to express an opinion on the consolidated financial statements. We are responsible for directing, supervising and performing group audits. We take full responsibility for the audit opinion.

We communicated with the governing bodies regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

We also provided a statement to the governing bodies on compliance with ethical requirements related to independence and communicated with them about all relationships and other matters that may be reasonably considered to affect our independence, as well as related precautions (if applicable).

From the matters we had discussed with the governing bodies, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless any law or regulation precludes public disclosure about such matters or when, in tiny minority circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

2025

BDO China Shu Lun Pan Certified Public Accountants LLP
Chinese Certified Public Accountant: Qiang Guiying
(Engagement Partner)
Chinese Certified Public Accountant: Jia Guangyu

Shanghai • China
28 March 2025

Consolidated Balance Sheet
合併資產負債表

31 December 2024 (All amounts are expressed in RMB unless otherwise stated)

Assets	Note V	Balance at the end of the period	Balance at the end of last year
Current assets:			
Monetary funds	(I)	**354,959,490.25**	198,502,740.43
Settlement reserves			
Loans to banks and other financial institutions			
Financial assets held for trading	(II)	**2,477,721.15**	293,000.00
Derivative financial assets			
Bills receivable			
Trade receivable	(III)	**327,026,990.42**	272,666,325.70
Financing receivables			
Prepayments	(IV)	**31,319,968.36**	29,073,351.43
Premiums receivables			
Reinsurance accounts receivable			
Provision of cession receivable			
Other receivables	(V)	**3,755,059.70**	11,203,717.24
Financial assets held under resale agreements			
Inventories	(VI)	**969,066,420.78**	947,344,195.99
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	(VII)	**41,598,485.33**	60,494,402.98
Total current assets		**1,730,204,135.99**	1,519,577,733.77

	Note V	Balance at the end of the period	Balance at the end of

31 December 2024 (All amounts are expressed in RMB unless otherwise stated)

Liabilities and owners' equity	Note V	Balance at the end of the period	Balance at the end of last year
Current liabilities:			
Short-term borrowings	*(XVIII)*	**633,645,701.02**	280,373,266.00
Borrowings from central bank			
Loans from banks and other financial institutions			
Financial liabilities held for trading			
Derivative financial liabilities			
Bills payable			
Trade payable	*(XIX)*	**399,453,303.68**	380,727,251.84
Advances from customers			
Contract liabilities	*(XX)*	**23,608,417.12**	41,851,607.26
Financial assets sold under repurchase agreements			

31 December 2024 (All amounts are expressed in RMB unless otherwise stated)

Liabilities and owners' equity	Note V	Balance at the end of the period	Balance at the end of last year
Owners' equity:			
Share capital	(XXXI)	**1,583,348,000.00**	1,582,618,000.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve	(XXXII)	**689,489,082.02**	697,794,677.72
Less: treasury shares	(XXXIII)	**19,859,452.99**	21,315,465.58
Other comprehensive income	(XXXIV)	**-926,064.45**	-722,580.47
Special reserves			
Surplus reserves	(XXXV)	**174,085,722.37**	155,377,605.51
General risk reserves			
Undistributed profits	(XXXVI)	**880,302,217.74**	618,143,492.42
Total equity attributable to owners of the Company		**3,306,439,504.69**	3,031,895,729.60
Minority interests			
Total owners' equity		**3,306,439,504.69**	3,031,895,729.60
Total liabilities and owners' equity		**5,234,901,943.30**	5,057,066,177.69

The accompanying notes form an integral part of these financial statements.

Person-in-charge of the Company:
Zhu Lingjie

Chief Accountant:
Shi Lei

Head of the Accounting Department:
Shen Sanxing

Balance Sheet of the Company
母公司資產負債表

31 December 2024 (All amounts are expressed in RMB unless otherwise stated)

Assets	Note XVIII	Balance at the end of the period	Balance at the end of last year
Current assets:			
Monetary funds		**76,083,562.46**	60,897,435.15
Financial assets held for trading		**1,521,854.07**	293,000.00
Derivative financial assets			
Bills receivable	(I)	**11,000,000.00**	
Trade receivable	(II)	**1,058,067,360.55**	1,037,871,892.10
Financing receivables			
Prepayments		**13,698,827.70**	15,911,810.57
Other receivables	(III)	**96,795.58**	8,277,106.96
Inventories		**376,745,202.42**	379,578,657.76
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets			
Total current assets		**1,537,213,602.78**	1,502,829,902.54
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	(IV)	**1,190,072,488.74**	1,197,212,150.62
Investment in other equity instruments			
Other non-current financial assets			
Investment properties			
Fixed assets		**1,607,342,634.04**	1,724,453,649.35
Construction in progress		**2,280,898.05**	202,247.30
Productive biological assets		**176,599,700.00**	206,316,500.00
Oil and gas assets			
Right-of-use assets		**165,967,139.71**	170,157,228.09
Intangible assets		**32,410,079.70**	30,989,098.32
Development expenditures			
Goodwill			
Long-term deferred expenses		**10,837,000.00**	16,597,000.00
Deferred income tax assets		**2,848,447.41**	2,287,774.07
Other non-current assets		**3,222,774.47**	[illegible]

31 December 2024 (All amounts are expressed in RMB unless otherwise stated)

Lease liabilities

Perpetual bonds

Long-term borrowings 319,970,200.00 Bonds payable Including: Preferred shares

Short-term borrowings 280,373,266.00 Financial liabilities held for trading Derivative financial liabilities Bills payable Trade payable 242,654,738 Advances from customers Contract liabilities 521,193.29 Payroll payable 24,415,818.94 Taxes payable 3,608,93 Other payable 260,952,23 Liabilities held for sale Non-current liabilities due within one year 162,563,730.22 Other current liabilities

Consolidated Income Statement
合併利潤表

For the year ended 31 December 2024 (All amounts are expressed in RMB unless otherwise stated) 2024 K ĩ¾ ᾰ̆ ̋ ض ḏʳ ¢ Ậ ع Ѧ Ч ạ в M ˧ ¿

Note V

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母公司利潤表

For the year ended 31 December 2024 (All amounts are expressed in RMB unless otherwise stated) 2024 K ï¾ ǎ̆ ضْ ḏʳ ¢ Ậ ع Ꭿ Ҹ ą̣ в M ꜛ ج

Items	° f	Note XVIII ả̉ ض Ϛ н	**Amount of the current period** I , – X	Amount of the previous period tc ضح Ậ
I. Operating revenue	ȥ £ Ц ɞ	(V)¾ ˜ ج	**3,417,219,710.62**	3,451,604,515.08
Less: Operating costs	نى ¨ T Z	(V)¾ ˜ ج	**3,047,818,330.67**	3,303,138,795.55
Taxes and charges	جد Ậ ˽ ả̉	3,303,138,795.55		

Consolidated Statement of Cash Flow
合併現金流量表

For the year ended 31 December 2024 (All amounts are expressed in RMB unless otherwise stated)

Items	Note V	Amount of the current period	Amount of the previous period
I. Cash flows from operating activities			
Cash received from sales of goods and rendering of services		**5,805,932,399.86**	5,401,453,135.91
Net increase in customer deposits and interbank deposits			
Net increase in borrowings from central bank			
Net increase in placement from other financial institutions			
Cash received from premiums of original insurance contracts			
Net cash received from reinsurance business			
Net increase in insured's deposits and investments			
Cash received from interests, fees and commissions			
Net increase in loans from banks and other financial institutions			
Net increase of repurchased business capital			
Net cash received from agent sales of securities			
Tax refunds received		**114,111,787.79**	91,576,822.73
Cash received from other operating activities	(LIII)	**67,698,357.81**	53,278,151.38
Sub-total of cash inflows from operating activities		**5,987,742,545.46**	5,546,308,110.02
Cash paid for goods purchased and services received		**4,533,894,130.47**	4,406,640,283.68
Net increase of customer loans and advances			
Net increase of deposits in central bank and interbank			
Cash paid for claim settlements on original insurance contracts			
Net increase in loans to banks and other financial institutions			
Cash paid for interests, fees and commissions			
Cash paid for policy dividends			
Cash paid to and on behalf of employees		**619,943,112.10**	627,455,872.33
Cash paid for taxes		**83,807,043.13**	47,857,610.03
Cash paid for other operating activities	(LIII)	**140,342,181.20**	112,364,468.49
Sub-total of cash outflows from operating activities		**5,377,986,466.90**	5,194,318,234.53

For the year ended 31 December 2024 (All amounts are expressed in RMB unless otherwise stated)

Items	Note V	Amount of the current period	Amount of the previous period
Net cash flows from investing activities		**-136,506,030.08**	-243,336,231.58
III. Cash flows from financing activities			
Cash from absorption of investments		**731,048.00**	252,851,086.99
Including: Cash received by subsidiaries from investment by minority shareholders			
Cash received from borrowings		**972,490,065.28**	900,000,000.00
Cash received from other financing activities	(LIII)	**36,000,000.00**	842,782,319.91
Sub-total of cash inflows from financing activities		**1,009,221,113.28**	1,995,633,406.90
Cash paid for debts repayments		**791,030,000.00**	1,635,864,000.00
Cash paid for distribution of dividends and profits or payment of interest		**43,288,819.79**	47,687,008.72
Including: Dividends and profits paid to minority shareholders by subsidiaries			
Cash paid for other financing activities	(LIII)	**523,399,715.05**	369,841,357.66
Sub-total of cash outflows from financing activities		**1,357,718,534.84**	2,053,392,366.38
Net cash flows from financing activities		**-348,497,421.56**	-57,758,959.48
IV. Effect of fluctuation in exchange rate on cash and cash equivalents		**15,141,289.55**	-5,698,840.57
V. Net increase in cash and cash equivalents		**139,893,916.47**	45,195,843.86
Add: Cash and cash equivalents at beginning of period		**189,928,649.77**	144,732,805.91
VI. Cash and cash equivalents at end of period		**329,822,566.24**	189,928,649.77

The accompanying notes form an integral part of these financial statements.

Person-in-charge of the Company:
Zhu Lingjie

Chief Accountant:
Shi Lei

Head of the Accounting Department:
Shen Sanxing

Cash Flow Statement of the Com

母公司現金流量表(續)

Items	Notes	Amount of the current period	Amount of the previous period

Consolidated Statement of Changes in Owners' Equity
合併所有者權益變動表

For the year ended 31 December 2024 (All amounts are expressed in RMB unless otherwise stated)

Items														
I. Balance at the end of last year	1,582,618,000.00				697,794,677.72	21,315,465.58	-722,580.47		155,377,605.51		618,143,492.42	3,031,895,729.60		3,031,895,729.60
Add: Changes in accounting policies														
Correction of accounting errors in prior period														
Business combination under common control														
Others														
II. Balance at the beginning of the year	1,582,618,000.00				697,794,677.72	21,315,465.58	-722,580.47		155,377,605.51		618,143,492.42	3,031,895,729.60		3,031,895,729.60
III. Increases/decreases at current period (decreases to be inserted with "–")	730,000.00				-8,305,595.70	-1,456,012.59	-203,483.98		18,708,116.86		262,158,725.32	274,543,775.09		274,543,775.09
(I) Total comprehensive income							-203,483.98				280,866,842.18	280,663,358.20		280,663,358.20
(II) Capital contributed and reduced by owners	730,000.00				-8,305,595.70	-1,456,012.59						-6,119,583.11		-6,119,583.11
1. Ordinary shares contributed by owners	730,000.00				-5,182,354.51							-4,452,354.51		-4,452,354.51
2. Capital contributed by the holders of other equity instruments														
3. Amounts of share-based payments					-3,123,241.19	-1,456,012.59						-1,667,228.60		-1,667,228.60
4. Others														
(III) Profit distribution									18,708,116.86		-18,708,116.86			
1. Withdrawal of surplus reserves									18,708,116.86		-18,708,116.86			
2. Withdrawal of general risk reserves														
3. Profit distributed to owners (or shareholders)														
4. Others														

For the year ended 31 December 2024 (All amounts are expressed in RMB unless otherwise stated) 2024 K ℔ ᾰ̆ ʻ̯̑ ص d̲ʳ ¢ Ậ ع Ѧ Ч ą̆ в M ᛧ ¿

Items

Consolidated Statement of Changes in Owners' Equity (Continued)
合併所有者權益變動表(續)

For the year ended 31 December 2024 (All amounts are expressed in RMB unless otherwise stated)

Amount of the previous period

Consolidated statement of changes in owners' equity

Items	Share capital	Other equity instruments: Preferred shares	Other equity instruments: Perpetual bonds	Other equity instruments: Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits	Sub-total	Minority interest	Total owners' equity
I. Balance at the end of last year	1,400,000,000.00				628,701,588.64	27,684,645.05	-673,735.26		155,377,605.51		456,253,839.04	2,611,974,652.88		2,611,974,652.88
Add: Changes in accounting policies											1,571,053.57	1,571,053.57		1,571,053.57
Correction of accounting errors in prior period														
Business combination under common control														
Others														
II. Balance at the beginning of the year	1,400,000,000.00				628,701,588.64	27,684,645.05	-673,735.26		155,377,605.51		457,824,892.61	2,613,545,706.45		2,613,545,706.45
III. Increases/decreases at current period (decreases to be inserted with "–")	182,618,000.00				69,093,089.08	-6,369,179.47	-48,845.21				160,318,599.81	418,350,023.15		418,350,023.15
(I) Total comprehensive income							-48,845.21				160,318,599.81	160,269,754.60		160,269,754.60
(II) Capital contributed and reduced by owners	182,618,000.00				69,093,089.08	-6,369,179.47						258,080,268.55		258,080,268.55
1. Ordinary shares contributed by owners	182,618,000.00				68,903,174.79							251,521,174.79		251,521,174.79
2. Capital contributed by the holders of other equity instruments														
3. Amounts of share-based payments					189,914.29	-6,369,179.47						6,559,093.76		6,559,093.76
4. Others														
(III) Profit distribution														
1. Withdrawal of surplus reserves														
2. Withdrawal of general risk reserves														
3. Profit distributed to owners (or shareholders)														
4. Others														

Consolidated Statement of Changes in Owners' Equity (Continued)

For the year ended 31 December 2024 (All amounts are expressed in RMB unless otherwise stated) 2024

Changes in Owners' Equity Statement of the Company
母公司所有者權益變動表

For the year ended 31 December 2024 (All amounts are expressed in RMB unless otherwise stated) 2024 K ꟼ ǟ ͆ ص ḏʳ ¢ Ậ ع Ѧ Ч ą в M ˧ ¿

Items	°f	pl	´‹p	QƒÀ	lü	l®	¯j«Àp	lü]¥×B	Y°·ê	®q®	J±ã¡—	ÔÞkÆB¥
I. Balance at the end of last year	ȥ£ ꜩKKΘ	1,582,618,000.00				697,398,766.77	21,315,465.58			159,571,799.87	734,042,949.48	3,152,316,050.54
Add: Changes in accounting policies	¨ Ώ Ꮨ											
Correction of accounting errors in prior period	Ộ ⁒ ◙ ᏂK											
Others	P͜											
II. Balance at the beginning of the year	ʘ£ ZKKą	1,582,618,000.00				697,398,766.77	21,315,465.58			159,571,799.87	734,042,949.48	3,152,316,050.54

For the year ended 31 December 2024 (all amounts are expressed in RMB unless otherwise stated) 2024 K ℔ ᾰ ᷂ ص ḏ ͬ ¢ Ậ ع Ѧ Ч ᾳ в M ⫞ ¿

(Amounts are expressed in RMB unless otherwise stated)¾ ᾰ̆ ˝ ض ḏ ʳ ¢ Ậ ع Ѧ Ч ᾳ в M ɫ ﺋ

I. BASIC INFORMATION OF THE COMPANY

(I) Company Profile

Shandong Fengxiang Co., Ltd. (hereinafter referred to as the "Company" or "the Company") was approved by Liaocheng Administrative Examination and Approval Service Bureau in December 2010, and it was a joint stock company jointly established by GMK Holdings Group Co., Ltd. (ůђ Ѷ ẃ ﻀ Э ﺑ ϑ ˛) and Shandong Fengxiang Investment Co., Ltd. (ʌ ůђ ﻝ Э ˛). The Company's Enterprise Legal Person Business License registration number is 91371500723866545F. The Company was listed on the Hong Kong Stock Exchange in July 2020, which is classified as livestock breeding industry.

As at 31 December 2024, the total number of share capital issued by the Company was 1,583,348,00071503d090 -1.5s tmber erD[cTD[(Ashamber re y)e tot RMe totBTD[(1,)0.6(8(wamber s 1

I. BASIC INFORMATION OF THE COMPANY (CONTINUED)

(I) Company Profile (Continued)

GMK Holdings Group Co., Ltd., Shandong Fengxiang Investment Co., Ltd. and Shandong Fengxiang (Group) Co., Ltd. are former controlling shareholders of the Company. On 16 October 2022, Falcon Holding LP obtained 70.92% of the Company's equity held by GMK Holdings Group Co., Ltd.,

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(VI) Preparation method of consolidated financial statements

1. Judging criteria for control

The scope of consolidation of the consolidated financial statements is determined on the basis of control, and the scope of consolidation comprises the Company and all of its subsidiaries. Control refers to the power of a company over the investee, the rights to enjoy variable returns from its involvement in relevant activities of the investee, and the ability to use its power over the investee to affect the amount of its returns.

2. Consolidation procedures

When preparing the consolidated financial statements, the Company considers the entire enterprise group as a single accounting entity and presents the overall financial position, operating results and cash flows of the enterprise group based on the consistent accounting policies. The impact of internal transactions between the Company and its subsidiaries, and among its subsidiaries, shall be offset. If internal transactions indicate impairment losses on relevant assets, such losses shall be recognised in full. Any inconsistent accounting policies and accounting period adopted by a subsidiary will be subject to necessary adjustments to align with those of the Company when preparing the consolidated financial statements.

Owners' equity, net profit or loss of the current period and comprehensive income attributable to minority shareholders of the current period of subsidiaries are stated separately under owners' equity in the consolidated balance sheet, net profit in the consolidated income statement and total comprehensive income respectively. Loss of the current period assumed by minority shareholders of a subsidiary in excess of minority shareholders' share of owners' equity in that subsidiary at the beginning of the period is offset against minority interests.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(VI) Preparation method of consolidated financial statements (Continued)

2. *Consolidation procedures (Continued)*

(1) Addition of subsidiary or business

(Amounts are expressed in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(VI) Preparation method of consolidated financial statements (Continued)

2. *Consolidation procedures (Continued)*

(1) Addition of subsidiary or business (Continued)

Where control over the investee not under common control is obtained due to reasons such as increase in investments, for the equity interest of the acquiree held before the date of purchase, the Company remeasures the equity interest at its fair value as at the date of purchase, and any difference between the fair value and its book value will be accounted for as investment gains of the period. Other comprehensive income that will be reclassified into losses and profits and other changes in owners' equity under equity accounting with respect to the equity interest in the acquiree held before the date of purchase are transferred to investment gains of the period to which the date of purchase belongs.

(2) Disposal of subsidiary

ȸ General treatment for disposal

When control over the investee is lost due to the disposal of part of the equity investment or other reasons, the Company re-measures the remaining equity investment after the disposal at fair value as at the date on which control is lost. The difference between the sum of the consideration received from equity disposal and the fair value of the remaining equity interest and the sum of the net assets of the subsidiary

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(VII) Classification of joint arrangements and accounting treatment for joint operations

Joint arrangements can be classified into joint operations and joint ventures.

Joint operations represent the joint arrangement that a party to a joint arrangement has rights to the assets, and obligations for the liabilities, relating to such arrangement.

The Company recognises the following items in relation to its share of benefits in joint operations:

(1) the assets held solely by the Company and those jointly held on a prorate basis;

(2) the liabilities assumed solely by the Company and those jointly assumed on a pro-rata basis;

(3) the income generated from the sale of the products of the joint operation attributable to the Company;

(4) the income generated by the joint operation from the sale of products on a pro-rata basis;

(5) the expenses incurred solely by the Company and those incurred by the joint operation on a pro-rata basis.

The Company's investments in joint ventures are accounted for using the equity method. Please refer to the Note "III. (XIII) Long-term Equity Investment" for details.

(VIII) Recognition standard for cash and cash equivalents

Cash represents the Company'

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(X) Financial Instruments

One of the financial asset, financial liabilities or equity instrument is recognised when the Company becomes a party to the contract of the financial instruments.

1. Classification of financial instruments

According to the business model of the Company for management of financial assets and the contractual cash flow characteristics of financial assets, financial assets are classified at the initial recognition as financial assets measured at amortised cost, or financial assets measured at fair value through other comprehensive income, or other financial assets that are measured at fair value through current profit or loss.

The Company shall classify financial assets that meet the following conditions and are not designated as financial assets at fair value through current profit or loss as financial assets measured at amortised cost:

— The objective of the business model is to collect contractual cash lows;

— The contractual cash flows are solely payment of the principal and the interest based on the outstanding principal amount.

The Company shall classify financial assets that meet the following conditions and are not designated as financial assets at fair value through current profit or loss as financial assets (debt instruments) measured at fair value through other comprehensive income:

— The objective of the business model for managing such financial assets is both to collect contractual cash flows and to dispose of the financial assets;

— The contractual cash flows are solely payment of the principal and the interest based on the outstanding principal amount.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(X) Financial Instruments (Continued)

1. Classification of financial instruments (Continued)

For an investment in equity instruments not held for trading purposes, the Company may irrevocably designate it as financial assets (equity instrument) measured at fair value through other comprehensive income at the initial recognition. This designation is made on an investment-by-investment basis and the relevant investment meets the definition of equity instrument from the perspective of the issuer.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through current profit or loss. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through current profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities, at initial recognition, are classified into financial liabilities at fair value through current profit or loss and financial liabilities measured at amortised cost.

When meeting any of the following criteria, the Company may, at initial recognition, designate a financial liability as measured at fair value through current profit or loss:

(1) Such designation would eliminate or significantly reduce an accounting mismatch.

(Amounts are expressed in RMB unless otherwise stated)

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(X) Financial Instruments (Continued)

2. Recognition basis and measurement method of financial instruments (Continued)

(2) Financial assets (debt instruments) measured at fair value through other comprehensive income

Financial assets (debt instruments) measured at fair value through other comprehensive income, including financing receivables and other debt investments, are initially measured at fair value plus relevant transaction costs. These financial assets are subsequently measured at fair value, with changes in fair value included in other comprehensive income except for interest, impairment losses or gains and exchange gains or losses calculated using the effective interest method.

On derecognition, the accumulated gain or losshrOn sed 83 Tm[83 Tm and 6(in other comp)38.9debt

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(X) Financial Instruments (Continued)

2. Recognition basis and measurement method of financial instruments (Continued)

(6) Financial liabilities measured at amortised cost (Continued)

Interest calculated under the effective interest method during the period of holding is included in current profit or loss.

On derecognition, the difference between the consideration paid and the carrying amount of the financial liability is recognised in current profit or loss.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(X) Financial Instruments (Continued)

3. Derecognition of financial asset and financial asset transfers (Continued)

The Company differentiates the transfer of a financial asset as full transfer or partial transfer. If the full transfer of a financial asset meets the criteria for derecognition, then the difference between the following two amounts was included in current profit or loss:

(1) the book value of the financial asset transferred;

(2) the sum of the consideration received from the transfer and the total amount of the fair value changes that is directly charged or credited to owners' equity (if the asset transferred is a financial asset (debt instruments) at fair value through other comprehensive income).

When the partial transfer of a financial asset meets the criteria for derecognition, the entire book value of the financial asset transferred shall be allocated between the part derecognised and the part to be recognised based on their respective fair value, with the difference between the following two included in current profit or loss:

(1) The book value of the part that is derecognised;

(2) The sum of the consideration attributable to the part derecognised and the total amount of the fair value changes that is directly charged or credited to owners' equity and attributable to the part derecognised (if the asset transferred is a financial asset (debt instruments) at fair value through other comprehensive income).

If the transfer of a financial asset does not meet the criteria for derecognition, the financial asset shall continue to be recognised and the consideration received is recognised as a financial liability.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(X) Financial Instruments (Continued)

4. Derecognition of financial liabilities

If all or part of the current obligations of a financial liability have been discharged, the financial liability or part of it will be derecognised; if the Company signs an agreement with the creditor to replace the existing financial liability with new financial liability of substantially different contractual terms, the existing financial liability shall be derecognised while the new financial liability shall be recognised.

If substantial changes are made to the contractual terms (in whole or in part) of the existing financial liability, the existing financial liability (or part of it) shall be derecognised, and the financial liability after the modification of terms shall be recognised as a new financial liability.

When a financial liability is derecognised in whole or in part, the difference between the book value of the financial liability derecognised and the consideration paid (including the non-cash assets transferred out or the new financial liability assumed) shall be included in current profit or loss.

If the Company repurchases part of a financial liability, the book value of the entire financial liability is allocated between the part that continues to be recognised and the part that is derecognised on the repurchase date based on their respective relative fair value. The difference between the book value assigned to the part derecognised and the consideration paid (including the non-cash assets transferred out or the new financial liability assumed) shall be included in current profit or loss.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(X) Financial Instruments (Continued)

6. *Test and accounting methods for impairment of financial instruments (Continued)*

For lease receivables formed by the transactions regulated in the Accounting Standards for Enterprises No. 21 — Leasing, the Company chooses to always measure the loss provisions at an amount equal to the lifetime expected credit loss. For other financial instruments, the Company evaluates the changes in the credit risk on relevant financial instruments since the initial recognition on the balance sheet date.

In determining changes in the risk of default during the expected lifetime of a financial instrument and assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Company compares the risk of default occurring on the financial instrument assessed at the balance sheet date with that assessed at the date of initial recognition. Usually, if it is overdue for more than 30 days, the Company will consider that the credit risk of the financial instrument has increased significantly, unless there is conclusive evidence to prove that the credit risk on a financial instrument has not increased significantly since the initial recognition.

For a financial instrument with lower credit risk on the balance sheet date, the Company assumes that its credit risk on a financial instrument has not increased significantly since the initial recognition.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(X) Financial Instruments (Continued)

6. *Test and accounting methods for impairment of financial instruments (Continued)*

If the credit risk of a financial instrument has increased significantly since the initial recognition, the Company measures the loss provisions according to the lifetime expected credit loss of the financial instrument; if the credit risk on a financial instrument has not increased significantly since the initial recognition, the Company measures the loss provisions at an amount equal to 12-month expected credit losses of the financial instrument. The resulting increase in or reversal of loss provision shall be included in current profit or loss as impairment losses or gains. The loss provision of financial assets (debt instruments) measured at fair value through other comprehensive income shall be recognised in other comprehensive income and the impairment losses or gains shall be included in the current profit or loss without deducting the book value of such financial assets in the balance sheet.

If there is objective evidence that a receivable has been credit impaired, the Company shall make individual provision for the impairment of the receivable.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(X) Financial Instruments (Continued)

6. *Test and accounting methods for impairment of financial instruments (Continued)*

In addition to the aforesaid receivables of which bad debt provision is made on an individual basis, the Company divides other financial instruments into several combinations according to credit risk characteristics, and recognises their expected credit loss on the basis of combination. The basis for classification and determination of the combinations for making provision for expected credit loss of bills receivable, trade receivables, financing receivables, other receivables, contract assets, long-term receivables, etc. is as follows:

Where the Company no longer reasonably expects contractual cash flows of a financial asset to be fully or partially recoverable, the book balance of the financial asset is directly written down.

(Amounts are expressed in RMB unless otherwise stated)

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XIII) Long-term equity investments (Continued)

1. Joint control or significant influence criterion (Continued)

Significant influence refers to the power to participate in making decisions on the financial and operating policies of investee, but not the power to control, or jointly control, the formulation of such policies with other parties. Where the Company can exercise significant influence over an investee, the investee is an associate of the Company.

2. Determination of initial investment cost

(1) Long-term equity investments acquired through business combination

For a long-term equity investment in subsidiaries resulting from a business combination involving entities under common control, the initial investment cost of long-term equity investments are its share of the book value of the owners' equity of the acquiree in the financial statements of the ultimate controlling party on the date of combinations. The difference between initial investment cost of long-term equity investment and the carrying value of paid consideration is to adjust share premium in the capital reserve. If the balance of share premium in the capital reserve is insufficient, any excess is adjusted to retained earnings. In connection with imposing control over the investee under joint control as a result of additional investment and other reasons the difference between initial investment cost of long-term equity investment according to the aforesaid principle, and the sum of the carrying value of long-term equity investment before combination and the carrying value of newly paid consideration for additional shares acquired on the date of combination is to adjust share premium. If the balance of share premium is insufficient, any excess is adjusted to retained earnings.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XIII) Long-term equity investments (Continued)

3. *Subsequent measurement and recognition of profit or loss (Continued)*

(2) Long-term equity investment accounted for by equity method (Continued)

The Company discontinues recognising its share of net losses of the investee after the carrying amount of the long-term equity investment and any long-

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XIII) Long-term equity investments (Continued)

3. *Subsequent measurement and recognition of profit or loss (Continued)*

(3) Disposal of long-term equity investments (Continued)

When the Group loses the control or material influence over the investee due to disposal of equity investment and other reasons, for other comprehensive income recognised in the original equity investment due to the equity method is adopted, it shall be treated using the same accounting basis as the investee used for direct disposal of relevant assets or liabilities when ceasing to use the equity method. Other Changes of Owner's Equity shall be transferred into the current profit or loss when ceasing to use the equity method.

When the Group loses the control over the investee due to partially disposal of equity investment and other reasons, the remaining equity interest after disposal shall be accounted for under equity method in preparation of separate financial statements provided that joint control or material influence over the investee can be imposed and shall be adjusted as if such remaining equity interest had been accounted for under the equity method since being obtained. The other comprehensive income previously recognised before obtaining the control over the investee shall be transferred in proportion by using the same basis as the investee used for direct disposal of relevant assets or liabilities. Changes in other owner's equity recognised as a result of the adoption of the equity method shall be transferred to the current profit or loss on pro rata basis. Where the remaining equity interest after disposal cannot exercise joint control or exert material influence over the investee, it shall be recognised as financial asset, and the difference between fair value and the carrying value on the date of losing control shall be included in current profit or loss. All the other comprehensive income and Other Changes of Owner's equity recognised before obtaining the control over the investee shall be transferred.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XIII) Long-term equity investments (Continued)

3. Subsequent measurement and recognition of profit or loss (Continued)

(3) Disposal of long-term equity investments (Continued)

For disposal of the equity investment in a subsidiary in stages by multiple transactions resulting in the loss of control, where the Company accounts for a package deals, accounting treatment shall be conducted for all transactions as the equity investment for disposal of a subsidiary and the transaction in the loss of control. In the individual consolidated financial statements, the differences between the consideration disposed and the corresponding carrying value of long-term equity investment of the disposed equity in each transaction prior to the loss of control shall be recognised in other comprehensive income first and transferred to the current profit or loss when the parent eventually loses control over the subsidiary. Where the no package deal is accounted for, accounting treatment shall be conducted for each transaction individually.

(XIV) Fixed assets

1. Recognition and initial measurement of fixed assets

Fixed assets are tangible assets that are held for use in production or supply of goods or services, for rental to others, or for administrative purposes, and have a useful life of more than one accounting year. Fixed asset is recognised when it meets the following conditions:

(1) it is probable that the economic benefits associated with the fixed asset will flow to the enterprise;

(2) its cost can be reliably measured.

Fixed assets are initially measured at cost (and taking into account the effect of estimated costs of disposal).

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XIV) Fixed assets (Continued)

3. Disposal of fixed assets

A fixed asset is derecognised on disposal or when no future economic benefits are expected from using or disposal. The amount of proceeds on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognised in current profit or loss.

(XV) Construction in progress

Construction in progress is measured at actual cost. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalisation and other costs necessary to bring the construction in progress ready for their intended use. Construction in progress is transferred to fixed assets or intangible assets when the assets are ready for their intended use, and depreciation begins from the following month. The standards and timing points for the Company's construction in progress to be transferred to fixed assets and intangible assets are as follows:

Category	Standards and timing points for transfer to fixed assets/intangible assets
Fixed assets	Fixed assets transfer to fixed assets when they reach intended usable condition
Intangible assets	Intangible assets transfer to intangible assets when they reach intended usable condition

(Amounts are expressed in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XVI) Borrowing costs (Continued)

3. *Suspension of capitalisation period*

Capitalisation of borrowing costs shall be suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally, and the interruption is for a continuous period of more than 3 months; if the interruption is a necessary step for making the qualifying asset under acquisition, construction or production ready for the intended use or sale, the capitalisation of the borrowing costs shall continue. The borrowing costs incurred during such period of interruption shall be recognised in current profit or loss. When the acquisition, construction or production of the asset resumes, the capitalisation of borrowing costs continues.

4. *Capitalisation rate and calculation of capitalisation amount of borrowing costs*

As to specific borrowings for the acquisition, construction or production of qualifying assets, borrowing costs from the specific borrowings actually incurred in the current period minus the interest income earned on the unused borrowing loans as a deposit in the bank or the investment income earned from temporary investment will be used to determine the amount of borrowing costs for capitalisation.

As to general borrowings for the acquisition, construction or production of qualifying assets, the to-be-capitalised amount of borrowing costs on the general borrowing shall be calculated and determined by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the specific borrowings and the capitalisation rate of the said general borrowings. The capitalisation rate shall be calculated and determined according to the weighted average actual interest rate of general borrowings.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XVI) Borrowing costs (Continued)

4. Capitalisation rate and calculation of capitalisation amount of borrowing costs (Continued)

During the capitalisation period, exchange differences related to the principal and interest on a specific-purpose borrowing denominated in foreign currency are capitalised as part of the cost of the qualifying asset. The exchange differences related to the principal and interest on foreign currency borrowings other than a specific-purpose borrowing are included in the current profits and losses when incurred.

(XVII) biological assets

1. Classification and costs for biological assets

The Company's biological assets are classified as consumptive biological assets and productive biological assets, consumptive biological assets including broilers, chicks, hatchable eggs and productive biological assets including breeders. Productive biological assets are classified into immature productive biological assets and mature productive biological assets according to different stages. The two stages refer the breeding stage and the production stage, respectively.

Productive biological assets are measured at fair value less sales costs at initial recognition and the end of each reporting period. Any gain or loss arising from changes in fair value less sales costs is included in current profit or loss for the period in which the gain or loss arises.

Breeding costs and other related costs (such as labour costs, depreciation and amortisation expenses and public expenses) are capitalised at the breeding and the production stage until normal and stable egg production.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XVII) biological assets (Continued)

Items	Estimated Useful Years	Amortisation method	Resid~	

(Amounts are expressed in RMB unless otherwise stated)

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XVIII) Intangible assets (Continued)

5. Specific conditions for capitalisation of expenditure incurred in development phase (Continued)

(5) the expenditures attributable to the development phase of the intangible asset could be reliably measured.

If the expenditures cannot be distinguished between the research phase and development phase, all of which should be included in the current profit or loss.

(XIX) Impairment of long-term assets

Long-term equity investments, fixed assets, construction in progress, right-of-use assets, use of intangible assets with a finite useful life, oil and gas assets and other long-term assets are tested for impairment if there is any indication that such assets may be impaired at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of the asset is less than its carrying amount, a provision for impairment and an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognised on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Goodwill formed by business merger, intangible assets with indefinite useful lives and intangible assets that are not yet ready for use are tested for impairment at least at the end of each year regardless of whether there is any sign of impairment.

When the Company performs impairment test on goodwill, the Company shall, as at the purchase day, allocate on a reasonable basis the carrying value of the goodwill formed by merger of enterprises to the relevant asset groups, or if there is a difficulty in allocation, to allocate it to the set of asset groups. The related asset groups or the set of asset groups refers to these ones that can benefit from the synergies of a business combination.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXII) Employee benefits

1. Accounting treatment method of short-term benefits

In the accounting period in which employees provide services for the Company, short-term benefits actually incurred are recognised as liabilities and charged into current profit or loss or cost of relevant assets.

With regard to the social insurance and housing provident funds contributed and labour union expenses and employee education expenses paid as required by regulations, the Company should calculate and recognise the corresponding employee benefits payables according to the appropriation basis and proportion as stipulated by relevant requirements in the accounting period in which employees provide services for the Company.

At the time of actual occurrence, the Company's employee benefits are recorded in the current profit or loss or costs of relevant assets as incurred. The non-currency welfare expenses are measured at fair value.

2. Accounting treatment method of post-employment benefits

(1) Defined contribution scheme

The Company will pay basic pension insurance and unemployment insurance for the staff in accordance with the relevant provisions of the local government. During the accounting period in which the staff provides services for the Company, the Company will calculate the amount payable in accordance with the local stipulated basis and proportions, and such amount will be recognised as liabilities and charged into current profit or loss or cost of relevant assets.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXII) Employee benefits (Continued)

2. *Accounting treatment method of post-employment benefits (Continued)*

(2) Defined benefit scheme (Continued)

When the defined benefit scheme is settled, the gain or loss is recognised based on the difference between the present value of obligations under the defined benefit scheme and the settlement price at the settlement date.

3. *Accounting treatment method of termination benefits*

When the Company provides employees with termination benefits, the staff remuneration liabilities arising from termination benefits are recognised and recorded in current profit or loss whichever of the following is earlier: when the Company cannot unilaterally revoke such termination benefits provided due to dissolution of labour relationship plan or layoff proposal; when the Company recognises such cost or expenses associated with the restructuring involving the payment of termination benefits.

(XXIII) Estimated liabilities

The Company shall recognise an obligation related to contingencies as the estimated liability, when all of the following conditions are satisfied:

(1) such obligation is the present obligation of the Company;

(2) the performance of such obligation is likely to lead to an outflow of economic benefits of the Company;

(3) the amount of such obligation can be reliably measured.

The estimated liabilities are initially measured at the best estimate of expenditure required for the performance of relevant present obligations.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXIV) Share-based payments (Continued)

1. *Equity-settled share-based payments and equity instruments*

Equity-settled share-based payments made in exchange for services rendered by employees are measured at the fair value of equity instruments grantt t-588.8 .employes.e

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXIV) Share-based payments (Continued)

2. Cash-settled share-based payments and equity instruments

A cash-settled share-based payment shall be measured in accordance with the fair value of liability calculated and determined based on the shares or other equity instruments undertaken by the Company. If the equity instruments granted to employees vest immediately, the fair value of the liability undertaken by the Company shall, on the date of the grant, be included in the relevant costs or expenses, and the liabilities shall be increased accordingly. If the equity instruments granted to employees do not vest until the completion of services for a vesting period, or until the specified performance conditions are met, at each balance sheet date during the vesting period, the services obtained in the current period shall, based on the best estimate of the information about the exercisable right, be included in the relevant costs or expenses and the corresponding liabilities at the fair value of the liability undertaken by the Company. On each of the balance sheet date and settlement date before the settlement of the relevant liabilities, fair value of the liabilities will be remeasured and the changes will be included in the profit or loss for the current period.

The Company amends the terms and conditions of a cash-settled share-based payment agreement to make it become an equity-settled share-based payment. At the date of amendment (whether occurring during or after the end of a vesting period), the Company measures the equity-settled share-based payment at the fair value of the equity instruments at the grant date by including the acquired services in capital reserves and derecognising the liability recognised for the cash-settled share-based payment on the date of amendment, where the difference is recognised in profit or loss for the current period. If a vesting period is extended or shortened as a result of the amendment, the Company will account for in accordance with the amended vesting period.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXV) Revenue

1. Accounting policies for revenue recognition and measurement

The Company recognises revenue when the performance obligation in a contract is fulfilled, that is, the customer obtains control over relevant goods or services. Control over a good or service refers to the ability to direct the use of the good or service, and obtain substantially all of the benefits from the good or service.

If a contract contains two or more performance obligations, at the commencement of the contract, the Company allocates the transaction price into each individual performance obligation according to the relative proportion of each individual selling price of goods or services committed by individual performance obligation, and recognises the revenue according to the transaction price allocated to each individual performance obligation.

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and those expected to be refunded to the customer. The Company considers the terms of the contract and its customary business practices to determine the transaction price. When determining the transaction price, the Company considers the effects of variable consideration, the existence of a significant financing component in the contract, non-cash consideration and consideration payable to a customer. The Company determines the transaction price that includes variable considerations based on the amount not exceeding the revenue accumulatively recognised which is not likely to be significantly reversed when the relevant uncertainty disappears. Where there are significant financing elements in the contract, the Company determines the transaction price based on the amount payable by the assumption that the customer will pay in cash when he/she obtains control over the promised goods or services. The difference between the transaction price and the amount of contract consideration is amortised using an effective interest method over the contract term.

(Amounts are expressed in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXV) Revenue (Continued)

1. *Accounting policies for revenue recognition and measurement (Continued)*

When one of the following conditions is satisfied, the Company is considered to have fulfilled an obligation within a certain period of time. Otherwise, the Company is considered to have fulfilled an obligation at a certain point in time:

- At the same time when the Company fulfills the obligation, the customer immediately obtains and consumes the economic benefits brought about by the Company's performance.
- The customer can control the goods under construction in the course of the Company's performance.
- Goods produced in the course of the Company's performance are irreplaceable. In addition, during the entire contract period, the Company has the right to collect the payments for the cumulatively completed parts of performance.

For a contractual obligation per formed within a certain period of time, the Company recognises revenue by the progress in performance over that period of time, except where the progress cannot be reasonably determined. The Company considers the nature of the goods or services and adopts the output method or the input method to determine the progress in performance. If the progress in performance cannot be reasonably determined, but the incurred costs are expected to be compensated, the Company should recognise revenue on the basis of the incurred costs till the progress in performance can be reasonably determined.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXVI) Contract costs (Continued)

The costs incurred by the Company for the performance of the contract which does not fall under the scope of the standards relating to inventories, fixed assets and intangible assets are recognised as an asset as contract performance costs when the following conditions are met:

- The cost is directly related to a current or expected contract.
- The cost increases the resources of the Company to fulfill its performance obligations in the future.
- The cost is expected to be recovered.

If the incremental cost incurred by the Company in obtaining the contract is expected to be recovered, such cost shall be treated as contract acquisition cost and recognised as an asset.

Assets related to the cost of the contract are amortised on the same basis as the revenue recognition of the goods or services related to the asset; however, if the amortisation period of the contract acquisition cost is less than one year, the Company will include it into the current profit or loss when is incurs.

For assets related to contract costs whose carrying amount is higher than the difference between the following two items, the Company will make provision for impairment for the excess and recognise it as asset impairment loss:

1. The remaining consideration expected to be obtained by the transfer of goods or services related to the asset;
2. The cost expected to be incurred for the transfer of the relevant goods or services.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXVIII) Deferred income tax assets and deferred income tax liabilities (Continued)

Deferred income tax assets and deferred income tax liabilities are calculated and recognised based on the differences (temporary differences) between the tax bases and the carrying amount of assets and liabilities.

Deferred income tax assets are recognised for deductible temporary differences to the extent of taxable income that is likely to be obtained in the future period to offset the deductible temporary differences. For deductible losses and tax credits that can be carried forward to future years, deferred income tax assets shall be recognised to the extent of future taxable income that is likely to be obtained to offset the deductible losses and tax credits.

Save for exceptions, deferred income tax liabilities shall be recognised for the taxable temporary difference.

The exceptions for not recognition of deferred income tax assets or deferred income tax liabilities include:

- the initial recognition of the goodwill;
- Other transactions or matters other than business combinations in which neither profit nor taxable income (or deductible loss) will be affected when transactions occur, and initial recognition of assets and liabilities that do not result in taxable temporary differences and deductible temporary differences in equal amounts.

Deferred income tax liabilities are recognised for taxable temporary differences relating to the investments in subsidiaries, associates and joint ventures, except where the Company is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not be reversed in the foreseeable future. When it is probable that the temporary differences relating to the investments in subsidiaries, associates and joint ventures will be reversed in the foreseeable future and that taxable income is likely to be obtained in the future to offset the deductible temporary differences, deferred income tax assets will be recognised.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXIX) Lease (Continued)

1. The Company as a lessee (Continued)

(2) Lease liabilities (Continued)

- Amounts expected to be payable underA3ued)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXIX) Lease (Continued)

1. *The Company as a lessee (Continued)*

(3) Short-term leases and leases of low-value assets

The Company chooses not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets, and includes the relevant lease payments into current profit or loss or cost of relevant assets over each period of the lease term on a straight-line basis. Short-term leases refer to leases with a lease term of not more than 12 months from the commencement date of lease term and excluding a purchase option. Leases of low-value assets refer to leases that the single underlying asset, when is new, is of low value. Where the Company subleases or expects to sublease a leased asset, the original lease is not a lease of low value asset.

(4) Lease change

The Company will account for the lease change as a separate lease if the lease changes and meets the following conditions:

- The lease change expands the scope of lease by increasing the rights to use one or more leased assets;
- The increased consideration and the individual price of the expanded part of the lease are equivalent to the amount adjusted for the contract.

If the lease change is not accounted for as a separate lease, the Company shall re-allocate the consideration of a changed contract, redetermine the lease term, and remeasure the lease liabilities in accordance with the lease payments after changes and the present value calculated using the revised discount rate on the effective date of the lease change.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXIX) Lease (Continued)

2. The Company as a lessor (Continued)

(2) Accounting treatment of financing leases

At the commencement date of lease term, the Company recognises financing lease receivable for financing leases and derecognises the underlying assets. The Company initially measures financing lease receivable in the amount of net investment in the lease. Net investment in the lease is the sum of present value of unguaranteed residual value and the lease payments receivable at the commencement date of lease term, discounted at the interest rate implicit in the lease.

The Company calculates and recognises interest income in each period during the lease term, based on a constant periodic interest rate. The derecognition and impairment of financing lease receivable are accounted for in accordance with the note "III. (X) Financial instruments".

Variable lease payments not included in the measurement of the net investment in the lease are included in profit or loss in the period in which they are occurred.

When a financial lease is changed and the following conditions are simultaneously met, the Company accounts for the lease change as a separate lease:

- The change expands the scope of lease by adding the right to use one or more leased assets;
- The increased consideration and the individual price of the expanded part of the lease are equivalent to the amount adjusted for the contract.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXIX) Lease (Continued)

2. The Company as a lessor (Continued)

(2) Accounting treatment of financing leases (Continued)

Where a change in a financial lease is not accounted for as a separate lease, the Company deals with the lease after the change according to the following situations:

- In case where the lease would have been classified as an operating lease assuming the modification became effective at the commencement date of the lease, the Company accounts for it as a new lease from the effective date of the modification and the net investment in the lease prior to the effective date of the modification is taken as the carrying amount of the leased assets;
- In case where the lease would have been classified as a finance lease assuming the modification became effective at the commencement date of the lease, the Company conducts accounting treatment in accordance with the policy regarding the modification or renegotiation of contracts described in note "III. (X) Financial instruments".

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXIX) Lease (Continued)

3. Sale and leaseback transactions

The Company determines whether the asset transfer in the sale and leaseback transaction is a sale in accordance with the principles described in notes "III. (XXV) Revenue".

(1) As a lessee

If the asset transfer in the sale and leaseback transaction is a sale, the Company, as a lessee, measures the right-of-use assets formed by the sale and leaseback based on the part of the book value of the original assets related to the use rights obtained from the leaseback, and recognise relevant gains or losses only for the right transferred to the lessor; After the commencement date of lease term, the subsequent measurement of the right-of-use asset and lease liability, as well as lease modifications are detailed in Note "III. (XXIX) Leases 1. The Company as a lessee". When conducting subsequent measurement of the lease liability arising from a sale and leaseback transaction, the Company confirms that the method for determining either the lease payment amount or the modified lease payment amount will not result in recognizing gains or losses related to the right-of-use obtained from the leaseback. If the transfer of assets in the sale and leaseback transaction is not a sale, the Company, as a lessee, continues to recognise the transferred assets and recognises a financial liability equal to the transfer income. For details of accounting treatment for financial liabilities, please see note "III. (X) Financial instruments".

(2) As a lessor

If the transfer of assets in the sale and leaseback transaction is a sale, the Company, as a lessor, accounts for asset purchase, and accounts for asset lease in accordance with policies in the aforementioned "2. The Company as a lessor"; if the transfer of assets in the sale and leaseback transaction is not a sale, the Company, as a lessor, does not recognise the transferred assets, but recognises a financial asset equal to the transfer income. For details of accounting treatment for financial assets, please see note "III. (X) Financial instruments".

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXX) Hedge Accounting

1. *Classification of hedging*

(1) Fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment (except foreign exchange risk).

(2) Cash flow hedge is a hedge of the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment.

(3) Hedge of a net investment in a foreign operation is a hedge of the exposure to foreign exchange risk associated with a net investment in a foreign operation. Net investment in a foreign operation is the share of interest in the net asset of the foreign operation.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXX) Hedge Accounting (Continued)

2. *Designation of the hedge relationship and recognition of the effectiveness of hedging (Continued)*

The application of hedge accounting shall meet the following requirements on the effectiveness of the hedge:

(1) There is an economic relationship between the hedged item and the hedging instrument.

(2) The effect of credit risk does not dominate the value changes that result from that economic relationship.

(3) The appropriate hedge ratio will not cause the imbalance of relative weight between the hedged item and the hedging instrument, thus generating accounting results inconsistent with the hedge accounting objectives. If the hedge ratio is no longer inappropriate, but the hedge risk management objectives do not change, the amount of the hedged item or the hedging instrument shall be adjusted, so that the hedge ratio can re-meet the requirements on the effectiveness.

3. *Criteria for hedge accounting*

(1) Fair value hedges

The change in the fair value of a hedging derivative is recognised in the current profit or loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying amount of the hedged item and is also recognised in the current profit or loss.

For fair value hedges relating to financial instruments carried at amortised cost, the adjustment to carrying amount is amortised through the current profit or loss over the remaining term to maturity. Any adjustment to the carrying amount of a hedged financial instrument for which the effective interest method is used is amortised to the current profit or loss. Amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXX) Hedge Accounting (Continued)

3. *Criteria for hedge accounting (Continued)*

(1) Fair value hedges (Continued)

If the hedged item is derecognised, the unamortised fair value is recognised immediately in the current profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the current profit or loss. The changes in the fair value of the hedging instrument are also recognised in the current profit or loss.

(2) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly as other comprehensive income, while the ineffective portion is recognised immediately in the current profit or loss.

Amounts taken to other comprehensive income are transferred to the current profit or loss when the hedged transaction affects the current profit or loss, such as when hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts taken to other comprehensive income are transferred to the initial carrying amount of the non-financial asset or non-financial liability (or originally recognised in other comprehensive income, and transferred in the same period as the profit and loss is affected by the non-financial assets and non-financial liability, the amounts shall be included in the current profit or loss).

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXX) Hedge Accounting (Continued)

3. *Criteria for hedge accounting (Continued)*

(2) Cash flow hedges (Continued)

If the forecast transaction or firm commitment is no longer expected to occur, the amounts previously recognised in other comprehensive income are transferred to the current profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, the amounts previously recognised in other comprehensive income remain in there until the forecast transaction or firm commitment affects the current profit or loss.

(3) Hedges of a net investment in a foreign operation

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the current profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the current profit or loss.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXI) Repurchase the shares of the Company

Shares repurchased by the Company for employee equity incentive purposes is handled as follows:

When shares are repurchased, they should be treated as treasury shares in accordance with the full expense of the repurchased shares and be registered for record purposes.

At each balance sheet date during the vesting period, the Company recognises the services received as related costs or expenses, with a corresponding increase in capital reserve (other capital reserves), at an amount equal to the fair value of the equity instruments at the grant date.

When the employee exercises the rights to repurchase shares of the Company, the Company writes off the cost of treasury shares delivered to the employee upon receipt of consideration and the cumulative amount from capital reserve (other capital reserves) during the vesting period, while its difference is adjusted to capital reserve (share premium).

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXII) Debt restructuring

1. The Company as a creditor

The Company derecognises the debt receivable upon the termination of the contractual right to receive cash flows from the debt. When a debt is settled by an asset or conversion into an equity instrument in a debt restructuring, the Company recognises relevant asset when the definition and recognition criteria for the asset are satisfied.

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(Amounts are expressed in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXIV) Critical accounting estimates and judgments

The Company continuously evaluates estimates and judgments based on historical experience and other factors, including reasonable projections of future events under relevant circumstances. The Company makes estimates and assumptions about the future. Accounting estimates under judgments are seldom equal the actual results. The risks of making estimates and assumptions that could result in a material adjustment to the carrying amounts of assets and liabilities within the next accounting year are discussed as follows.

(1) Net realisable value of inventories is lower than inventories

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXIV) Critical accounting estimates and judgments (Continued)

(4) Income tax and value-added tax

The Company is subject to various taxes in the PRC. Meanwhile, the Company enjoys various tax benefits in the PRC. For example, the Company is exempted from enterprise income tax for its operations engaging in primary processing for agricultural products and animal-husbandry and poultry feeding, and is exempted from value-added tax on its revenue from the sales of its own agricultural products. There are various transactions and calculations in the ordinary course of business that result in uncertainties as to the ultimate taxable income. The Company recognises the related tax based on best estimates. If the tax outcome of the matter differs from the initial recorded amount, such difference will affect the current profit or loss. In addition, the realisation of income tax and value-added taxes is dependent on the Company's capability to generate sufficient taxable income in the future. The aforesaid estimates, income tax rates and future profitability will result in adjustments to the value of tax assets and liabilities.

(XXXV) Changes in significant accounting policies and estimates

1. Changes in significant accounting policies

(1) Implementation of Accounting Standards for Business Enterprises Interpretation No.17

The MOF issued the Accounting Standards for Business Enterprises Interpretation No. 17 (Cai Kuai [2023] No.21, hereinafter referred to as "Interpretation No. 17") on 25 October 2023.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXV) Changes in significant accounting policies and estimates (Continued)

1. Changes in significant accounting policies (Continued)

(1) Implementation of Accounting Standards for Business Enterprises Interpretation No.17 (Continued)

(b) Classification of Current and Non-current Liabilities (Continued)

- Settlement of a liability for the purpose of division of a liability based on liquidity means that the company discharges the liability by transferring cash, other economic resources (such as goods or services) or the company's own equity instruments to the counterparty. If the terms of the liability result in the company settling the liability by delivering its own equity instruments at the option of the counterparty, and if the company classifies the above option as an equity instrument and recognizes it separately as an equity component of a compound financial instrument in accordance with the requirements of the Accounting Standards for Business Enterprises No. 37 — Presentation of Financial Instruments, the terms of the liability shall not affect the liquidity classification of the liability.

This provision is effective from 1 January 2024. When implementing this provision for the first time, a company shall make adjustments to the information for comparable period in accordance with this provision. The implementation of this provision has no significant impact on the financial condition and results of operation of the Company.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXV) Changes in significant accounting policies and estimates (Continued)

1. Changes in significant accounting policies (Continued)

(1) Implementation of Accounting Standards for Business Enterprises Interpretation No.17 (Continued)

Disclosures Regarding Suppliers Financing Arrangements

Interpretation No. 17 specifies that a company in making disclosure in notes shall summarize and disclose information about supplier financing arrangements, to assist users of the statements in assessing the impact of these arrangements on the liabilities, cash flows and exposure to liquidity risk of the company. The impact of supplier financing arrangements should also be considered when identifying and disclosing information about liquidity risk. The disclosure requirement applies only to supplier financing arrangements. A supplier financing arrangement is a transaction with the following characteristics: one or more financing providers providing funds for the payment of company's amounts due to its suppliers, with an agreement that the company shall make repayment to the finance providers in accordance with terms and conditions of the arrangement on or after the date the company receives payment from its suppliers. The supplier financing arrangement shall extend the payment period for the company or advance the collection period for the suppliers of the business enterprise compared to the original due date of payment.

This provision is effective from 1 January 2024. When implementing this provision for the first time, a company is not necessary to disclose information related to the comparable period and some information at the beginning of the period. The implementation of this provision has no significant impact on the financial condition and results of operation of the Company.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXV) Changes in significant accounting policies and estimates (Continued)

1. Changes in significant accounting policies (Continued)

(2) Implementation of the Interim Provisions on the Accounting Treatment of Enterprise Data Resources

The Ministry of Finance issued the Interim Provisions on the Accounting Treatment of Enterprise Data Resources (Cai Kuai [2023] No. 11) on 1 August 2023. These provisions apply to the relevant accounting treatment of data resources that meet the recognition criteria for intangible assets or inventory under the relevant enterprise accounting standards, as well as data resources that are legally owned or controlled by the enterprise, expected to bring economic benefits to the enterprise, but do not meet the conditions for asset recognition and have not been recognized. The provisions also specify requirements for the disclosure of data resources.

These provisions have come into effect on 1 January 2024. Enterprises should adopt the prospective application method. Expenditures related to data resources that have been expensed and included in profit or loss prior to the implementation of these provisions will not be adjusted. The implementation of these provisions has not had a significant impact on the Company's financial position and operating results.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXV) Changes in significant accounting policies and estimates (Continued)

1. Changes in significant accounting policies (Continued)

(3) Implementation of the Interpretation No. 18 of the Enterprise Accounting Standards "Regarding the Accounting Treatment of Warranty-type Quality Assurances That Do Not Constitute a Separate Performance Obligation"

The Ministry of Finance issued Interpretation No. 18 of the Enterprise Accounting Standards (Cai Kuai [2024] No. 24, hereinafter referred to as the "Interpretation No. 18") on 6 December 2024. This interpretation has come into effect immediately upon issuance, and enterprises may choose to apply it in advance starting from the year of release.

The Interpretation No. 18 stipulates that when accounting for the estimated liabilities arising from warranty-type quality assurances that do not constitute a separate performance obligation, enterprises should follow the relevant provisions of Enterprise Accounting Standards No. 13 — Contingencies and, based on the determined estimated liability amount, debit accounts such as "cost of goods sold" or "other business costs" and credit the "estimated liabilities" account. Corresponding items should be presented in the statement of profit and loss under "operating costs" and in the balance sheet under "other current liabilities", "non-current liabilities due within one year", "estimated liabilities", etc.

When an enterprise applies this interpretation for the first time, if the warranty-type quality assurance was previously accrued under "selling expenses" or other accounts, retrospective adjustments should be made in accordance with changes in accounting policies. The implementation of this interpretation has not had a significant impact on the Company's financial position and operating results.

2. Changes in significant accounting estimates

During the reporting period, there was no change in the Company's major accounting policies.

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IV. TAXATION (CONTINUED)

(II) Tax preference

The Company and Shandong Fengxiang Industrial Co., Ltd., a subsidiary of the Company, are entitled to the preferential tax policy of "exemption from enterprise income tax for agriculture, forestry, husbandry and fishery projects" from 1 July 2012.

The Company is entitled to the preferential tax policy of "VAT exemption for agricultural producers on the sale of self-produced agricultural products" from 1 August 2012.

The Company is entitled to the preferential tax policy of "VAT exemption for feed products" from 1 January 2015.

The Company is entitled to the preferential tax policy of "exemption from urban land use tax for land directly used for production in agriculture, forestry, husbandry and fishery" from 1 December 2010.

The subsidiaries, Shandong Fengxiang Industrial Co., Ltd. and Shandong Fengxiang Food Development Co., Ltd., have been enjoying the VAT exemption policy for the "circulation of fresh meat and egg products exempting from VAT" since 1 January 2015 and 1 May 2016, respectively;

Shandong Fengxiang Food Development Co., Ltd., a subsidiary of the Company, is entitled to the preferential tax policy of "VAT exemption for vegetables in circulation" from 1 July 2016.

The Company, Shandong iShape Food Technology Co., Ltd. and Shandong Fengxiang Food Development Co., Ltd., subsidiaries of the Company, are entitled to the preferential tax policy of "exemption from VAT on free lending of funds

(Amounts are expressed in RMB unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(I) Monetary funds

Items		Balance at the end of last year
Cash on hand	**20,756.26**	18,414.82
Digital currencies		
Bank deposits	**329,358,750.01**	188,670,092.47
Other monetary funds	**25,579,983.98**	9,814,233.14
Amounts deposited in the finance company		808,234,759.31
Sub-total	**354,959,490.25**	1,006,737,499.74
Less: Credit impairment loss provision		808,234,759.31
Total	**354,959,490.25**	198,502,740.43
Including: Aggregate amounts deposited overseas	**5,785,090.60**	7,234,240.69
Funds that are held abroad subject to restriction of fund repatriation		

Additional information: In 2022, based on the obtained information, the Company has made a provision for "Credit Impairment Loss — Monetary Funds" of RMB808,234,759.31 for the deposits in GMK Finance Co., Ltd. (the "Finance Company"). As at 31 December 2024, as the Finance Company has completed the bankruptcy liquidation procedure, (Amounts are expressed in RMB unless otherwise stated)¾ ᾰ̆ ̃ ض ȡ ʳ ¢ Ậ ع Ѧ Ч α̣ в M ⫞ ¿

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(Amounts are expressed in RMB unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(III) Trade receivable

1. *Disclosure of trade receivable by aging based on the invoice date*

Aging		Balance at the end of last year
Less than 1 year	**328,700,351.15**	268,841,919.92
Including: Less than 1 month	**323,472,086.79**	239,507,564.29
1 to 3 months	**5,135,323.29**	29,304,961.47
3 months to 1 year	**92,941.07**	29,394.16
1 to 2 years	**4,008,200.37**	13,728,745.98
2 to 3 years	**13,727,773.99**	
3 to 4 years		
4 to 5 years		2,254,727.41
Over 5 years	**2,254,727.41**	
Subtotal	**348,691,052.92**	284,825,393.31
Less: bad debt provision	**21,664,062.50**	12,159,067.61
Total	**327,026,990.42**	272,666,325.70

Note: The sales settlement methods between the Company and its customers are mainly cash sales and credit sales. The credit period generally ranges from 30 to 60 days. The Company implements strict control measures over outstanding receivables, and the overdue amounts are regularly reviewed by the management. Credit period risks are managed in accordance with customers' credit. The Company does not require customers to provide any collateral or other guarantee measures. Trade receivables are not interest-bearing.

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Name	¤ H	Đ × * ›	x * _ ê	d â 7 (%)
Less than 1 month	1 ↔ ˥ – ˩	**323,472,086.79**	**1,617,360.45**	**0.50**
1 to 3 months	1–3 ↔ ˥	**5,135,323.29**	**51,353.23**	**1.00**
3 months to 1 year	3 ↔ ˥ –1 K	**92,941.07**	**4,647.05**	**5.00**
Over 1 year	1 K– ե			
Total	ϴ	**328,700,351.15**	**1,673,360.73**	

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Aging	* g	, K q X Amount	Proportion (%)	Balance at the end of last year tɕ K K Θ Amount	Proportion (%)
		– X	**â 7 (%)**	Ậ	₋ ᴗ (%)
Less than 1 year	1 K– ᒧ	**31,049,652.06**	**99.14**	28,596,922.07	98.36
1 to 2 years	1 i 2 K	**270,316.30**	**0.86**	476,429.36	1.64
2 to 3 years	2 i 3 K				
Over 3 years	3 K– tɕ				
Total	Θ	**31,319,968.36**	**100.00**	29,073,351.43	100.00

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Items	° f	, K q X	Balance at the end of last year tɕ K K Θ

(Amounts are expressed in RMB unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(V) Other receivable (Continued)

1. Other receivable

(1) Disclosure by aging

Aging			Balance at the end of last year
Less than 1 year		**2,689,017.56**	8,413,135.44
1 to 2 years		**730,382.69**	199,500.45
2 to 3 years		**199,500.45**	187,547.94
3 to 4 years		**172,997.94**	124,999.06
4 to 5 years		**44,999.06**	153,200.00
Over 5 years		**163,200.00**	2,977,816.78
Subtotal		**4,000,097.70**	12,056,199.67
Less: bad debt provision		**245,038.00**	852,482.43
Total		**3,755,059.70**	11,203,717.24

(2) Disclosure by bad debt provision method

Category	Book balance Amount	Book balance Proportion (%)	Bad debt provision Amount	Bad debt provision Provision percentage (%)	Book value	Balance at the end of last year: Book balance Amount	Book balance Proportion (%)	Bad debt provision Amount	Bad debt provision Provision percentage (%)	Book value
Bad debt provision made on an individual basis	**30,000.00**	**0.75**	**30,000.00**	**100.00**		30,000.00	0.25	30,000.00	100.00	
Including:										
Bad debt provision made on an individual basis with insignificant amount	**30,000.00**	**0.75**	**30,000.00**	**100.00**		30,000.00	0.25	30,000.00	100.00	
Bad debt provision made on a collective basis based on credit risk characteristics	**3,970,097.70**	**99.25**	**215,038.00**	**5.42**	**3,755,059.70**	12,026,199.67	99.75	822,482.43	6.84	11,203,717.24
Including:										
Aging analysis group	**3,970,097.70**	**99.25**	**215,038.00**	**5.42**	**3,755,059.70**	12,026,199.67	99.75	822,482.43	6.84	11,203,717.24
Total	**4,000,097.70**	**100.00**	**245,038.00**		**3,755,059.70**	12,056,199.67	100.00	852,482.43		11,203,717.24

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) ž e ¥ ; Ì Œ ° f W Q ¾ ¿

(V) Other receivable (Continued) € ž • l ü Đ × › ¾ ¿

1. Other receivable (Continued) 1 e l ü Đ × › ° ¾ ¿

(2) Disclosure by bad debt provision method (Continued) (2) ǖ ḿ ³ ¾ ¿

Bad debt provision made on a collective basis based on credit risk characteristics: Ǖ Ẽ Ï ˝ Ɵ

Group provision items: aging analysis group Ɵ δ ¨ Ɵ

Name	¤ H	l ü Đ × › °	x * _ ê	d â 7(%)
Less than 1 year	1 K– ˩	2,689,017.56	40,335.26	1.50
1 to 2 years	1 i 2 K	730,382.69	73,038.27	10.00
2 to 3 years	2 i 3 K	169,500.45	25,425.07	15.00
3 to 4 years	3 i 4 K	172,997.94	34,599.59	20.00
4 to 5 years	4 i 5 K	44,999.06	8,999.81	20.00
Over 5 years	5 K– ʨ	163,200.00	32,640.00	20.00
Total	Ɵ	3,970,097.70	215,038.00	

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(3)

		Phase 1 K S I Expected credit losses in the next 12 months J 8 12 H Ü	Phase 2 K Z I Lifetime expected credit losses (no credit impairment) Æ H À ƒ , k , ¦ \ & 0	Phase 3 K g I Lifetime expected credit losses (credit impairment has occurred) Æ H À ƒ , k , ¦ \ & 0	Total
Provision for bad debts	x * _ ê	k , ¦ \ & 0	€ J ï [¦ \ ¯ = •	€ Š ï [¦ \ ¯ = •	¥

(Amounts are expressed in RMB unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(V) Other receivable (Continued)

1. Other receivable (Continued)

(4) Provision for bad debts made, reversed or recovered in the current period

			Changes in amount for the current period				
Category		Balance at the end of last year	Provision	Recovered or reversed	Resold or written off	Other changes	Balance at the end of the period
Bad debt provision made on an individual basis		30,000.00					**30,000.00**
Bad debt provision made on a collective basis		822,482.43	119,542.71		-726,987.14		**215,038.00**
Total		852,482.43	119,542.71		-726,987.14		**245,038.00**

(5) Classification of receivables by nature

Nature			Balance at the end of last year
Deposits and guarantees		**3,577,828.08**	7,451,840.86
Employee advance payment		**148,269.62**	78,837.33
Government grants receivable		**264,000.00**	4,465,521.48
Withholding social security payments			10,000,000
Others		**10,000.00**	50,000.00
Sub-total		**4,000,097.70**	12,056,199.67

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Items ° f		, K q X	Balance at the end of last year ŧɕ K K Θ
Input tax to be recognised		**237,688.43**	182,360.53
Cost of return receivable	Ц Ⅎ ⅄ T Z	**120,814.66**	26,854.68
Outstanding value-added tax credit	⅓	**41,239,982.24**	60,285,187.77
Total	Θ	**41,598,485.33**	60,494,402.98

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Investees	Balance at the end of last year	Balance of impairment provisions at the end of last year	Additional investment	Reduction of investment	Gains or losses on investments recognised under the equity method	Other comprehensive income adjustment	Other changes in interest	Declaration of cash dividends or profits	Provision for impairment	Others	Balance at the end of the period	Closing balance of provision impairment
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Items	° f	Premises and buildings Ò ¿ J	Machinery devices Ú œ £ ê	Transportation 6 i £ ê	Electronics devices e) €d	Total

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Items	° f	Land use rights z ® 4 \ Æ	Patent rights Y ; Æ	Software ´ •	Total ¥
1. Original book value	1. ₪ ⌡ ⅓				
(1) Balance at the end of last year	(1) ₺ K K Θ	101,319,752.73	1,045,779.25	21,841,909.47	124,207,441.45
(2) Current increase amount	(2) Z صج Ậ			2,803,712.00	2,803,712.00
— Purchase	—			2,803,712.00	2,803,712.00
(3) Current reduction payment amount	(3) Z صجي¯ Ậ				
(4) Balance at the end of the period	(4) صج Θ	101,319,752.73	1,045,779.25	24,645,621.47	127,011,153.45

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Item	° f	, K q X **Deductible temporary differences** ê Ô r Û Ì ¨ .	**Deferred income tax assets** È · Ô { ü *	Balance at the end of last year ʦ K K Θ Deductible temporary differences	Deferred income tax assets
Lease liabilities	˥ ﳄ	**214,677,552.36**	**53,669,388.10**	192,842,665.03	48,210,666.26
Deferred income	ҿ Ц	**723,693.18**	**180,923.30**	589,317.92	147,329.50
Provision for credit impairment	Ẽ Ï ﻨﻲ ⅓ ﺪ	**1,287,952.09**	**321,988.02**		
Provision for asset impairment	ڽ ﻨﻲ ⅓ ﺪ	**748,806.47**	**187,201.62**		
Taxation differences on financial assets held for trading	ɕ ď ̂ ɱ Ậ ڽ ﺠ ◙ ŏ	**52,257,574.01**	**13,064,393.50**		
Deductible loss	˛ У	**192,307,490.62**	**48,076,872.66**		
Total	Θ	**462,003,068.73**	**115,500,767.20**	193,431,982.95	48,357,995.76

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	, K q X **Taxable temporary difference**	**Deferred income tax liabilities**	Balance at the end of last year ʦ K K Θ Taxable

Item		Amount of offsetting between deferred income tax assets and liabilities	Balance of deferred income tax assets or liabilities after offsetting	Amount of offsetting between deferred income tax assets and liabilities	Balance of deferred income tax assets or liabilities after offsetting
				As at the end of last year	

(Amounts are expressed in RMB unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XV) Deferred Income Tax Assets and Deferred Income Tax Liabilities (Continued)

5. Deductible losses on unrecognised deferred income tax assets due in the following years

Year	Ë …	, K q X	Balance at the end of last year	Remarks
2024	2024 K		33,856,824.85	
2025	2025 K	**63,602,603.68**	63,602,603.68	
2026	2026 K	**7,363,858.24**	7,973,748.88	
2027	2027 K	**51,345,240.56**	51,345,240.56	
2028	2028 K	**2,468,200.76**	2,468,200.76	
2029	2029 K	**230,567,385.82**		
Total	Θ	**355,347,289.06**	159,246,618.73	

(XVI) Other Non-current Assets

Item	° f	**Book balance**	**Provision for impairment**	**Book value**	Balance at the end of last year: Book balance	Balance at the end of last year: Provision for impairment	Balance at the end of last year: Book value
Prepayment for acquisition of long term assets		**35,808,838.22**		**35,808,838.22**	9,133,780.83		9,133,780.83
Deposits for land reclamation		**300,000.00**		**300,000.00**	300,000.00		300,000.00
Total	Θ	**36,108,838.22**		**36,108,838.22**	9,433,780.83		9,433,780.83

(Amounts are expressed in RMB unless otherwise stated)

Items	At the end of the period Book balance	At the end of the period Book value	At the end of the period Restricted Types	At the end of the period Restrictions	At the end of last year Book balance	At the end of last year Book value	At the end of last year Restricted Types	At the end of last year Restrictions
Monetary funds	25,136,924.01	25,136,924.01	Deposits	Deposits	8,574,090.66	8,574,090.66	Deposits	Deposits
Inventory	128,169,890.00	128,169,890.00	Mortgage	Floating pledge for borrowings	130,176,716.00	130,176,716.00	Mortgage	Floating pledge for borrowings
Fixed assets	2,324,918,202.93	1,508,144,952.79	Pledge	Pledge for borrowings	1,393,400,273.71	886,072,198.01	Pledge	Pledge for borrowings
Intangible assets	101,114,816.20	76,670,071.49	Pledge	Pledge for borrowings	83,146,757.79	62,433,727.60	Pledge	Pledge for borrowings
Other non-current assets	300,000.00	300,000.00	Deposits	Deposits for land reclamation	300,000.00	300,000.00	Deposits	Deposits for land reclamation
Inventory					111,227,300.00	111,227,300.00	Pledge	Pledge for borrowings
Total								

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Items	° f	, K q X	Balance at the end of last year ₶ K K Θ
Payables for goods	⁄ ۂ ک	**399,453,303.68**	380,727,251.84
Total	Θ	**399,453,303.68**	380,727,251.84

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) ž e ¥ ; Ì Œ ° f W Q ¾ ¿

(XX) Contract Liabilities €Zd• ¥ • À

1. *Contract liabilities* *1 e ¥ • À ‹ 1*

Items	° f	, K q X	Balance at the end of last year ꜩ K K Θ
Advance receipts for goods	Ц ـ كم	**23,608,417.12**	41,851,607.26
Total	Θ	**23,608,417.12**	41,851,607.26

(XXI) Payroll Payable €ZdS• Đ ù ˆ Z G

1. *Payroll payable* *1 e Đ ù ˆ Z G • j*

Items	° f	Balance at the end of last year ꜩ K K Θ	Increase in current period Z ضج	Decrease in current period Z ضج ني	**Balance at the end of the period** , K q X
Short-term compensation	ضج تج	76,403,915.71	602,810,765.56	567,699,885.19	**111,514,796.08**
Post-employment benefits — defined contribution plan	Й — ؤ ł بج Ц	79,317.79	54,359,843.27	54,360,034.29	**79,126.77**
Termination benefits	Λ Й		1,048,508.46	1,048,508.46	
Other benefits due within one year	ʑ K ꞁ ᴱ ضج Ṭ ᴾ Й				
Total	Θ	76,483,233.50	658,219,117.29	623,108,427.94	**111,593,922.85**

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Items	° f	Balance at the end of last year tɞ K K Θ	Increase in current period Z ضج	Decrease in current period Z تي ضج¯	**Balance at the end of the period** , K q X
(1) Wages, bonuses, allowances and subsidies	(1)				

(Amounts are expressed in RMB unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXI) Payroll Payable (Continued)

3. Defined contribution plan (Continued)

Additional information: The Company shall pay pension insurance premium and unemployment insurance premium to the relevant agencies on a monthly basis according to the payment base and proportion stipulated by the local labor and social security department, and the payment shall not be used to offset the amount that the Company shall pay for its employees in the future.

(XXII) Taxes Payable

Items			Balance at the end of last year
House tax		**3,829,847.70**	3,747,794.71
Enterprise income tax		**3,392,752.22**	1,081,310.49
Stamp duty		**1,525,790.02**	1,565,236.02
Land use tax		**793,093.17**	800,327.95
Resource tax		**607,346.00**	745,274.00
Personal income tax		**433,531.40**	544,667.82
Value-added tax		**192,007.73**	293,278.18
City maintenance and construction tax		**19,507.68**	343,612.08
Education surcharge		**19,464.53**	343,553.94
Environmental protection tax		**7,050.00**	4,720.00
Total		**10,820,390.45**	9,469,775.19

(XXIII) Other Payables

Items			Balance at the end of last year
Interest payable			
Dividends payable			
Other payables		**142,816,372.10**	311,885,930.84
Total		**142,816,372.10**	311,885,930.94

(Amounts are expressed in RMB unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXIII) Other Payables (Continued)

1. Other payables

(1) By nature of payment

Items		Balance at the end of last year
Accrued expenses	**56,668,724.72**	29,011,600.60
Payments for projects	**42,504,136.57**	50,930,945.82
Deposits and guarantees	**30,602,281.92**	33,629,339.80
Sales commission	**10,802,076.42**	5,426,822.82
Employee advance payment	**2,239,152.47**	1,654,321.90
Shareholder borrowings		191,232,900.00
Total	**142,816,372.10**	311,885,930.94

(XXIV) Non-current Liabilities due within One Year

Items		Balance at the end of last year
Long-term borrowings due within one year	**160,459,959.00**	160,690,000.00
Long-term payables due within one year	**14,689,444.66**	
Lease liabilities due within one year	**11,657,407.45**	5,169,675.20
Total	**186,806,811.11**	165,859,675.20

(Amounts are expressed in RMB unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXV) Other Current Liabilities

Items			Balance at the end of last year
Output tax to be recognised		**1,381,617.10**	2,503,585.35
Sale and leaseback payments payable		**10,304,503.81**	223,011,854.82
Total		**11,686,120.91**	225,515,440.17

(XXVI) Long-term Borrowings

Items			Balance at the end of last year
Mortgaged borrowings		**159,950,000.00**	319,970,000.00
Total		**159,950,000.00**	319,970,000.00

1. Long-term borrowings by maturity

(Amounts are expressed in RMB unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXVII) Lease Liabilities

Items		Balance at the end of last year
Lease liabilities	**203,550,003.46**	187,779,655.98
Total	**203,550,003.46**	187,779,655.98

1. Lease liabilities by maturity

Item	Immediate repayment	Within 1 year	1–2 years	2–5 years	Over 5 years	Total
	Balance at the end of the period					
Lease liabilities			16,921,977.98	16,242,804.27	170,385,221.21	203,550,003.46

(XXVIII) Long-term Payables

Items		Balance at the end of last year
Long-term payables	**25,681,131.01**	6,010,512.43
Total	**25,681,131.01**	6,010,512.43

1. Long-term payables

Items		Balance at the end of last year
Payables to sale-and-leaseback transactions	**21,168,750.00**	
Less: Unrealised financial charges	**1,165,487.95**	
Subtotal	**20,003,262.05**	
Land lease payments	**5,677,868.96**	6,010,512.43
Total	**25,681,131.01**	6,010,512.43

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Items	° f	Balance at the end of last year ŧĠ K K Θ	Increase in current period Z ضح	Decrease in current period Z ضحني¯	**Balance at the end of the period** , K q X	**Reason** – Ó a ª
Returned goods payable	⁄ ﾍ ـ كم	41,052.08	324,183.51	225,314.37	**139,921.22**	Accrued return expense حي ـ ﾍ بج
Anticipated litigation compensation	ﻮ طـ		606,276.00		**606,276.00**	Outstanding anticipated litigation compensation H ﻮ طـ كم
Total	Ɵ	41,052.08	930,459.51	225,314.37	**746,197.22**	

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Items	° f	Balance at the end of last year ŧĠ K K Θ	Increase in current period Z ضح	Decrease in current period Z ضحني¯	**Balance at the end of the period** , K q X	**Reason** – Ó a ª
Government grants	Ώ ȝ Ᵽ	19,006,106.48		1,749,978.06		

(Amounts are expressed in RMB unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXXIII) Treasury Shares

Items	Balance at the end of last year	Increase in current period	Decrease in current period	**Balance at the end of the period**
Share repurchase	21,315,465.58	4,229,126.99	5,685,139.58	**19,859,452.99**
Total	21,315,465.58	4,229,126.99	5,685,139.58	**19,859,452.99**

Additional information: the increase in treasury shares for the current period was due to the Company's repurchase of shares for intended equity incentive purposes, and the decrease in treasury shares for the current period was due to the exercise of employee share-based payment.

(XXXIV) Other Comprehensive Income

		Amount of the current period						
Items	Balance at the end of last year	Incurred income tax amount for the current period	Less: Those included in other comprehensive income in the previous period but reclassified into the profit or loss in the current period	Less: Income tax expenses	Attributable to the Company after tax	Attributable to minority shareholders after tax	Less: Those included in other comprehensive income in the previous period but reclassified into the retained earnings	**Balance at the end of the period**
2. Other comprehensive income that can be reclassified into profit or loss	-722,580.47	-203,483.98			-203,483.98			**-926,064.45**
Exchange differences on translation of foreign currency financial statements	-722,580.47	-203,483.98			-203,483.98			**-926,064.45**
Total other comprehensive income	-722,580.47	-203,483.98			-203,483.98			**-926,064.45**

(Amounts are expressed in RMB unless otherwise stated)

Items	Balance at the end of last year	Increase in current period	Decrease in current period	**Balance at the end of the period**
Statutory surplus reserves	155,377,605.51	18,708,116.86		**174,085,722.37**
Total	155,377,605.51	18,708,116.86		**174,085,722.37**

Items		Amount of the previous period
Undistributed profits at the end of last year before adjustment	**618,143,492.42**	456,253,839.04
Total undistributed profits at the beginning of adjustment year (increase +, decrease -)		1,571,053.57
Undistributed profits at the beginning of the year after adjustment	**618,143,492.42**	457,824,892.61
Add: Net profits attributable to the shareholders of the Company in the current period	**280,866,842.18**	160,318,599.81
Less: Withdrawal of statutory surplus reserves		
Withdrawal of discretionary surplus reserves	**18,708,116.86**	
Withdrawal of general risk reserves		
Dividends payable on ordinary shares		
Dividends on ordinary share converted to share capital		
Undistributed profits at the end of the period		

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Breakdown of contracts	¥ • ± ó	8 ×]	Operating costs T Z
Business type:			

(Amounts are expressed in RMB unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXXVIII) Taxes and Charges

Items	Amount of the current period	Amount of the previous period
House tax	**15,179,548.87**	14,853,160.89
Stamp duty	**6,043,762.69**	5,693,219.99
City maintenance and construction tax	**3,849,575.06**	3,554,802.05
Resource tax	**3,379,032.50**	4,883,129.50
Land use tax	**3,172,372.67**	3,200,871.64
Education surcharge	**2,301,156.87**	2,124,885.79
Local education surcharge	**1,534,104.65**	1,416,590.56
Vehicle and vessel use tax	**76,969.37**	74,841.73
Environmental protection tax	**29,430.75**	33,893.03
Total	**35,565,953.43**	35,835,395.18

(XXXIX) Selling Expenses

Items	Amount of the current period	Amount of the previous period
Sales and promotion expenses	**73,900,456.56**	67,363,960.51
Employee compensation	**67,091,213.92**	67,615,822.70
Travel expenses	**9,750,059.57**	9,528,109.09
Intermediary services fees	**3,526,203.07**	2,728,874.11
Business entertainment expenses	**3,305,108.63**	3,125,452.10
Depreciation of right-of-use assets	**2,165,005.30**	1,864,567.90
Office expenses	**1,257,639.08**	1,452,549.29
Depreciation and amortisation	**559,647.90**	653,663.52
Others	**2,413,998.65**	1,934,672.28
Total	**163,969,332.68**	156,267,671.50

(Amounts are expressed in RMB unless otherwise stated)¾ ᾰ ̃ ض ḏ ʳ ¢ Ậ ع Ꭿ Ч ᶐ ʙ M ⫞ ¿

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Items	° f	I , – X	Amount of the previous period tɕ ضح Ậ
Employee compensation	ˆ	**90,441,775.97**	66,701,584.50
Intermediary services fees	‹ ˥ حي	**10,743,838.24**	10,409,423.67
Business entertainment expenses	ž حي	**9,933,810.35**	4,082,760.38
Depreciation and amortisation	d ␣	**5,911,605.14**	6,371,858.05
Depreciation of right-of-use assets	ꭤ Ï ٻ d	**3,587,713.11**	3,886,445.87
Office expenses	˘ حي	**2,935,102.62**	2,649,881.31
Energy consumption	\l ˧	**2,714,483.97**	2,629,244.17
Others	P ␣	**4,481,455.71**	

(Amounts are expressed in RMB unless otherwise stated)¾ ᾰ̈ ΐ̃̂ ض ȡ ͬ ¢ Ậ ع Ѧ Ч ᾳ в М ˧ ڒ

Items	Amount of the current period	Amount of the previous period
Gains from long-term equity investments accounted for by equity method	**-6,124,189.39**	-5,231,499.28
Discount interest of the bills that can be derecognized	**-442,087.50**	
Handle fees for hedging instruments and interest income	**-120,723.14**	-275.37
Total	**-6,687,000.03**	-5,231,774.65

Sources of gains from the changes in fair value	Amount of the current period	Amount of the previous period
Financial assets held for trading		293,000.00
Including: Gains from the changes in fair value of derivative financial instruments	[illegible]	[illegible]

(Amounts are expressed in RMB unless otherwise stated)

Items		Amount of the previous period
Losses on bad debts of trade receivable	**9,504,994.89**	6,089,680.61
Losses on bad debts of other receivable	**-607,444.43**	-663,967.04
Losses on credit impairment of monetary funds	**-56,607,439.29**	
Total	**-47,709,888.83**	5,425,713.57

Items		Amount of the previous period
Losses on inventory impairment and impairment of cost of contract performance	**14,784,399.10**	1,075,036.96
Impairment losses on fixed asset liquidation	**2,674,944.64**	1,116,237.27
Impairment losses on long-term equity investments	**2,192,416.32**	
Total	**19,651,760.06**	2,191,274.23

Items	° f	Ｉ, – X	Amount of the previous period	Amount included in non-recurring profit or loss in the current period
Insurance claims	ể	**936,164.00**		936,164.00
Gains from disposal of non-current assets				

(Amounts are expressed in RMB unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LI) Income Tax Expenses

1. *Income tax expenses table*

Items		Amount of the previous period
Current income tax expenses	**38,864,842.36**	4,089,241.31
Deferred income tax expenses	**-61,515,708.55**	-463,188.48
Total	**-22,650,866.19**	3,626,052.83

2. *Adjustment process of accounting profits and income tax expenses*

Items	**Amount of the current period**
Total profits	258,215,975.99
Income tax expenses calculated at statutory or applicable tax rates	64,553,994.00
Effect of subsidiaries applying different tax rates	2,198.49
Effect of adjustment in income tax in the previous period	35,471,898.27
The impact of non taxable income	-938,373,810.08
Effect of non-deductible costs, expenses and losses	904,048,398.98
Effect of utilising deductible loss of deferred income tax assets not recognised in the previous period	-4,456,705.98
Effect of deductible temporary difference or deductible loss of deferred income tax assets not recognised in the current period	-83,412,431.63
Effect of deductions for the disabled	-484,408.24
Income tax expenses	-22,650,866.19

(Amounts are expressed in RMB unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LII) Earnings Per Share

1. *Basic earnings per share*

Basic earnings per share are calculated by dividing the consolidated net profit attributable to ordinary shareholders of the parent company by the weighted average number of outstanding ordinary shares of the Company:

Items		Amount of the previous period
Consolidated net profit attributable to ordinary shareholders of the parent company	**280,866,842.18**	160,318,599.81
Weighted average number of outstanding ordinary shares of the Company	**1,567,529,192.33**	1,488,380,527.00
Basic earnings per share	**0.18**	0.11
Including: Basic earnings per share from continuing operations	**0.18**	0.11
Basic earnings per share from discontinued operations		

Additional information: the change of weighted average number of outstanding ordinary shares of the Company during the current period is mainly due to changes in the issue of additional new shares.

2. *Diluted earnings per share*

Diluted earnings per share are calculated by dividing the consolidated net profit attributable to ordinary shareholders of the parent company (diluted) by the weighted average number of outstanding ordinary shares of the Company (diluted):

Items		Amount of the previous period
Consolidated net profit attributable to ordinary shareholders of the parent company (diluted)	**280,866,842.18**	160,318,599.81
Weighted average number of outstanding ordinary shares of the Company (diluted)	**1,572,124,024.33**	1,501,881,527.00
Diluted earnings per share	**0.18**	0.11
Including: Diluted earnings per share from continuing operations	**0.18**	0.11
Diluted earnings per share from discontinued operations		

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LIII)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LIII) Cash Flow Statement Items (Continued)

2. Cash in relation to investing activities

(1) Other cash received in relation to investing activities

(2) Other cash payments in relation to investing activities

3. Cash in relation to financing activities

(1) Other cash received in relation to financing activities

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Item	° f	I , – X	Amount of the previous period tɕ ضح Ậ
Repayment of loans and interest to shareholders	ẃ ⅔ كم ˽ Ӥ ♦	**201,841,418.95**	190,069,229.58
Sale and leaseback payments and interest	ƅ M Ⅵ⁄ كم ˽ Ӥ ♦	**261,589,612.49**	151,208,687.22
Lease fees and deposits	Ⅵ ⁄ كم ˽ ể Ậ	**24,319,455.34**	17,923,440.86
Loan handling fee	كمصي ˆ حي	**13,800,000.00**	8,640,000.00

(Amounts are expressed in RMB unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LIV) Supplementary Information for Cash Flow Statement

1. Supplementary information for cash flow statement

Supplementary information	Amount of the current period	Amount of the previous period
1. Reconciliation of net profits to cash flows from operating activities		
Net profits	**280,866,842.18**	160,318,599.81
Add: Credit impairment loss	**-47,709,888.83**	5,425,713.57
Provision for asset impairment	**19,651,760.06**	2,191,274.23
Depreciation of fixed assets	**258,468,735.88**	255,668,772.59
Depreciation of right-of-use assets	**11,562,130.36**	8,809,670.97
Amortisation of intangible assets	**2,689,518.18**	2,658,584.32
Amortisation of long-term deferred expenses	**5,760,000.00**	683,000.00
Losses on disposal of fixed assets, intangible assets and other long-term assets (income to be inserted with “–”)	**-9,874.15**	-248,471.07
Obsolescence losses on fixed assets (income to be inserted with “–”)	**6,034,131.62**	6,617,728.14
Losses from changes in fair value (income to be inserted with “–”)	**10,482,907.63**	-2,869,030.48
Finance costs (income to be inserted with “–”)	8,809,670.97	

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Supplementary information	þ Ø		l , – X	Amount of the previous period ﬔ ص Ậ
2. Material investment and financing activities not involving cash receipts and payments	2. ˛ ˽ J Ậ Ц' Ṭ ' ݍ ŋ ῴ			

(Amounts are expressed in RMB unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LIV) Supplementary Information for Cash Flow Statement (Continued)

2. Composition of Cash and Cash Equivalents

Items			Balance at the end of last year
I. Cash		**329,822,566.24**	189,928,649.77
Including: Cash on hand		**20,756.26**	18,414.82
Digital currency that can be used readily for payments			
Bank deposits that can be used readily for payments		**32,935,870.01**	188,670,092.47
Other monetary funds that can be used readily for payments		**443,059.97**	1,240,142.48
Amounts that can be used for payments from Central Bank Deposits			
Interbank deposits			
Interbank Offer			
II. Cash Equivalents			
Including: Debt investments due within three months			
III. Cash and cash equivalents balance at the end of the period		**329,822,566.24**	189,928,649.77
Including: Cash and cash equivalents held but not available for use by the parent company or other intra-group subsidiaries			

Monetary funds not classified as cash and cash equivalents:

Items			Balance at the end of last year	Reasons for not classified as cash and cash equivalents
Other monetary funds		**25,136,924.01**	8,574,090.66	Deposits
Total		**25,136,924.01**	8,574,090.66	

Items			Amount of the previous period
Interest expense on lease liabilities		**11,566,459.73**	11,221,883.29
Short-term lease charges included in the cost of the related assets or in the current profit or loss using simplified treatment		**4,962,907.65**	5,801,293.10
Lease charges for low-value assets (other than short-term lease payments for low value assets) included in the cost of the related assets or in the current profit or loss using simplified treatment			
Variable lease payments not included in the measurement of lease liabilities included in the cost of the related assets or in the current profit or loss			
Including: Portion arising from sale and leaseback transactions			
Income from sublease of right-to-use assets			
Total cash outflow related to leases		**29,282,362.99**	23,724,733.96
Gains or losses arising from sale and leaseback transactions			
Cash inflows from sale and leaseback transactions			
Cash outflows from sale and leaseback transactions			

(Amounts are expressed in RMB unless otherwise stated)

VI. R&D EXPENSES

(I) R&D Expenses

Items		Amount of the previous period
Employee compensation	**13,004,223.34**	11,189,064.13
R&D and design expenses	**3,447,167.97**	2,391,354.40
Depreciation expenses	**2,190,071.76**	2,188,427.93
Office expenses	**1,973,697.91**	1,855,693.05
Depreciation of right-of-use assets	**1,745,323.60**	1,909,894.24
Travel expenses	**987,937.85**	1,009,998.29
Entrustment fees	**905,241.29**	862,326.93
Energy consumption	**485,676.70**	530,107.54
Others	**883,595.76**	771,260.93
Total	**25,622,936.18**	22,708,127.44
Including: Expensed R&D expenses	**25,622,936.18**	22,708,127.44
Capitalised R&D expenses		

VII. CHANGE IN THE SCOPE OF CONSOLIDATION

(I) Other Reasons for Change in Scope of Consolidation

During the period, the Company established subsidiaries: Liaocheng Youjing Enterprise Management Consulting Co., Ltd.* ( ) and Liaocheng Youshen Enterprise Management Consulting Co., Ltd.* ( ), each with a registered capital of RMB10,000. As of 31 December 2024, no capital has been actually contributed.

During the period, the Company's subsidiary, Shandong Fengxiang Food Development Co., Ltd., established a new subsidiary, Shandong Xiangyuan Food Co., Ltd.* ( ), with a registered capital of RMB10 million. The company is located in Weifang City, Shandong Province, and primarily engages in food processing.

Name of subsidiary	Registered capital (RMB10,000)	Major operation place	Registered in	Business nature	Category of legal person	Percentage of shareholding (%) Direct	Indirect	Acquisition method
Shandong Fengxiang Industrial Co., Ltd.	61,950.00	Yanggu County, Shandong Province	Yanggu County, Shandong Province	Production and sale of frozen meat products	Limited liability company	100.00		Set up
Shandong Fengxiang Food Development Co., Ltd.	41,223.89	Yanggu County, Shandong Province	Yanggu County, Shandong Province	Production and sale of frozen food	Limited liability company	100.00		Set up
Shandong iShape Food Technology Co., Ltd.	22,000.00	Yanggu County, Shandong Province	Yanggu County, Shandong Province	Production and sale of frozen food	Limited liability company	100.00		Set up
Fengxiang Foods (Japan) Co., Ltd.	300.31	Japan	Japan	Consulting	Limited liability company	100.00		Set up
Liaocheng Youjing Enterprise Management Consulting Co., Ltd.	1.00	Liaocheng City, Shandong Province	Liaocheng City, Shandong Province	Consulting	Limited liability company	100.00		Set up
Liaocheng Youshen Enterprise Management Consulting Co., Ltd.	1.00	Liaocheng City, Shandong Province	Liaocheng City, Shandong Province	Consulting	Limited liability company	100.00		Set up
Yucheng Fengming Food Co., Ltd.	3,300.00	Yanggu County, Shandong Province	Yucheng City, Shandong Province	Production and sale of frozen food	Limited liability company		100.00	Set up
Shandong Xiangyuan Food Co., Ltd.	1,000.00	Weifang City, Shandong Province	Weifang City, Shandong Province	Production and sale of frozen food	Limited liability company		100.00	Set up

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Name of joint ventures or associates	Major operation place	Registered in	Business nature	Percentage of shareholding (%) Direct	Indirect	Accounting for investments in joint ventures or associates	Strategic to the Company's activities
Yanggu Xiangyu Biological Technology Co., Ltd.	Yanggu County, Shandong Province	Yanggu County, Shandong Province	Shandong				

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	Balance at the end of last year/ amount of the previous period
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Yanggu Xiangyu	

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Presented items in the balance sheet * À Œ • ° f	Amount of government grants A ´ þ ? – X	Amount included in current profit or loss or written off against related costs and expenses] … , & B Đ Ù ¯ ´ ë Ó I I \ & 0 Y – X Amount of the current period I , – X	 Amount of the previous period	Items included in current profit or loss or written off against related costs and expenses] … , & B Đ Ù ¯ ´ ë Ó I I \ & 0 Y ° f
Deferred income	23,654,633.33	**1,749,978.06**	1,749,978.07	Other income
Total	23,654,633.33	**1,749,978.06**	1,749,978.07	

Items included in current profit or loss or

X. RISKS RELATED TO FINANCIAL INSTRUMENTS

(I) Various risks arising from financial instruments

The Company is confronted with various financial risks during its operation, including credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and other price

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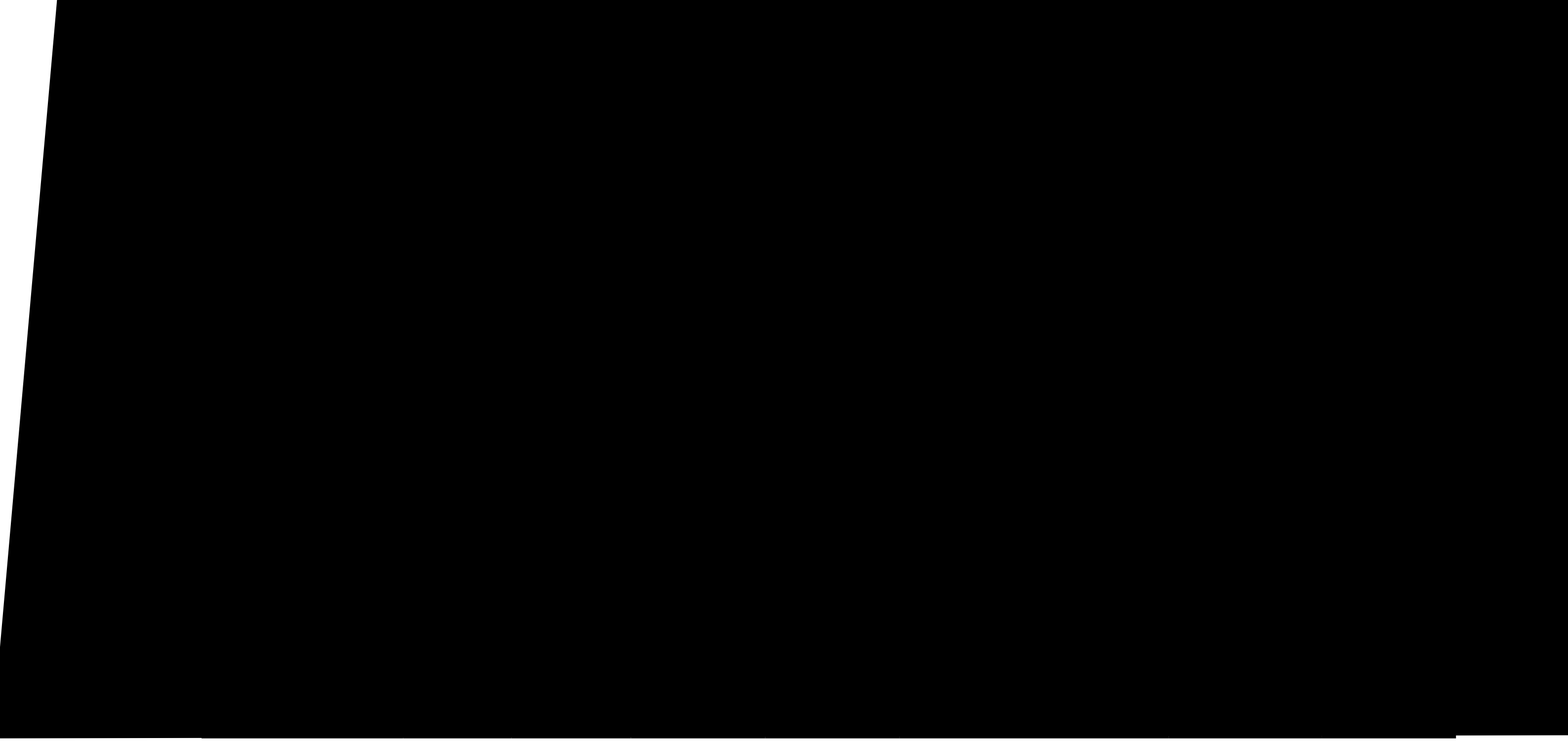
Items			1	1–2	2–5	5		
Short-term borrowings			640,251,094.72				640,251,094.72	633,645,701.02



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X. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

(I) Various risks arising from financial instruments (Continued)

3. Market risk (Continued)

(2) Exchange rate risk (Continued)

The Company's exposure to exchange rate risk arises mainly from financial assets and financial liabilities denominated in US$. The amounts of foreign currency financial assets and foreign currency financial liabilities translated into RMB are shown below:

Items				Balance at the end of last year		
	US$	Other foreign currencies	Total	US$	Other foreign currencies	Total
Monetary funds	**84,962,786.30**	**5,812,999.49**	**90,775,785.79**	18,525,672.10	7,297,330.75	25,823,002.85
Trade receivable	**154,208,216.68**		**154,208,216.68**	125,376,687.67		125,376,687.67
Prepayments	**1,285,382.48**		**1,285,382.48**	607,535.66		607,535.66
Trade payable	**10,949,216.38**		**10,949,216.38**	1,195,720.47		1,195,720.47
Other payables				191,232,900.00		191,232,900.00

As at 31 December 2024, with all other variables unchanged, if the RMB appreciates or depreciates by 1% against the US$, the Company's net profit will increase or decrease by RMB2,295,071.18 (31 December 2023: RMB-479,187.25). Management believes that 1% reasonably reflects the reasonable range of changes that may occur between the RMB and the US$ in the coming year.

Fair value at the end of the current period

Level 1 of **Fair value**

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XII. RELATED PARTIES AND TRANSACTION WITH RELATED PARTIES

(I) Information on o

Name of the parent company	Registered in	Business nature	Registered capital	Equity interest in the Company held by parent company (%)	Percentage of the parent company's voting rights in the Company (%)
Falcon Holding LP Falcon Holding LP	Cayman Islands	Private equity investment		71.38	71.38

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Related party ë L Ù	**Content of related party transactions** ë L t ø « ™	**Amount of the current period** I , – X	Amount of the previous period ʦ ضج Ậ
Yanggu Xiangyu Biological			

(1) *Remuneration of the Directors, Supervisors and Chief Executive Officer and Directors' interests*

XII. RELATED PARTIES AND TRANSACTION WITH RELATED PARTIES (CONTINUED)

(IV) Related party transactions (Continued)

3. *Remuneration of key management personnel (Continued)*

(1) Remuneration of the Directors, Supervisors and Chief Executive Officer and Directors' interests (Continued)

Remuneration of the Directors, Supervisors and Chief Executive Officer (Continued)

Remuneration of each Director, Supervisor and Chief Executive Officer for the year ended 2024 is as follows: (Continued)

Note:

The independent non-executive Directors will receive remuneration from the Company and the Company will pay each independent non-executive Director HK$300,000 per annum. Executive directors and employee representative Supervisors who hold other salaried offices in the Company, namely Mr. Xiao Dongsheng, Mr. Shi Lei and Mr. Ma Xianwen, receive remuneration from the Company in accordance with their positions and the Company's remuneration policy, while non-executive Directors and shareholder representative Supervisors do not receive any remuneration from the Company.

(1)

2023

Name		Date of appointment	Date of resignation	Fees	Remuneration	Bonus	Benefit plan (social security provident fund)	Share-based compensation	Total

XII. RELATED PARTIES AND TRANSACTION WITH RELATED PARTIES (CONTINUED)

(IV) Related party transactions (Continued)

3. *Remuneration of key management personnel (Continued)*

(2) Five highest paid individuals

Details of the remuneration of the five highest paid employees (including two Directors (2023: two)) as at 31 December 2024 are set out in note XII (IV) above. The remuneration of the remaining three (2023: three) non-Directors or key executives as at 31 December 2024 is as follows:

	2024	2023
Basic salary, housing subsidy and other subsidies	**2,600,000.00**	3,200,000.00
Performance bonus	**1,227,923.00**	1,055,728.00
Pension plan contributions	**80,988.00**	108,000.00
Share-based payment	**272,053.45**	18,125.42
Total	**4,180,964.45**	4,381,853.42

	Number of individual 2024	Number of individual 2023
HK$0 to HK$1,000,000		
HK$1,000,000 to HK$1,500,000	**3**	3

4. *Other related party transaction*

Items			Amount of the previous period
Falcon Holding LP	Falcon Holding LP	**5,668,549.93**	25,651,783.14

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Items	° f ¤ H	Related parties ë L Ù	Balance at the end of the period , K q X	Balance at the end of last year ʨ K K Θ

Recognition method for fair value of equity instrument on the date of grant	The price to buy back the shares of the Company
Significant inputs for fair value of equity instrument on the date of grant	
Recognition method for number of exercisable equity instrument	Be exercisable by the grantee on the date of within the prescribed service period, so the best estimation of the amount of exercisable equity instrument is all exercisable.
Reason for significant difference between estimate of the period and previous period	Nil

(Amounts are expressed in RMB unless otherwise stated)¾ ᾰ̈ ˝ ص ȡʳ ¢ Ạ ع Ѧ Ч ᾳ ʙ Μ ˧ ¿

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2021 K ẃ Ÿ ¨ Z ˛ ẃ ʻ 2020 K 6˥ 4˛ Ҳ ≈ ¢ Z ˛ Ç 2021 K 12˥ 10˛ Ѧ ʑ ẃ Ÿ ¤ ɼ ¢ Z ˛ Ϻ 2,609.76 ẃ H ẃ ¢ ȝ Ն ᴘ ˓ 2,348.78 ẃ H ẃ ¢ ˛ 3 ت ˘ 63 j ╓ ¢ ʑ Ç 2023 K 4˥ 30˛ ت ˘ Ṭ ʣ ˛ ˖ ʑ ¢ ʘ Ç 2024 K 4˥ 30˛ ت ˘ Ṭ ʣ ˛ ˖ ʑ ¢ ʣ Ç 2025 K 4˥ 30˛ ت ˘ Ṭ ʣ ˛ ˖ ʑ ¤ ˊ 260.98 ẃ ¢ Ն Ï Ç ت ˘ ʑ Ṭ ı̈ \\| ʙ ╓ £ ı̈ \\| ˊ ؤ ʙ ╓ £˘ " ΄Y ʙ ╓ ¤

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	I , – X			Amount of the previous period ʦ Ạ	
Equity-settled share-based payments	**Cash-settled share-based payments**	**Total**	Equity-settled share-based payments	Cash-settled share-based payments	Total

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Item ° f		l , – X	Amount of the previous period tϲ ضح Ậ
Auditor's remuneration	˘ ☺	**2,350,000.00**	2,150,000.00

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2. S ± Å Y Ì ¦ ¹

Items	° f	Raw chicken meat products [R ¡Ü	Processed chicken meat products ˆR ¡Ü	Chicken breeds R ô	Other l ü	Elimination ± Å œ ê V	Total ¥
Revenue from external transactions	ʳ ς ď Ц ɗ	7,156,308,549.92	3,113,693,901.94	26,963,795.00	259,696,034.44	-5,052,010,944.20	5,504,651,337.10
Revenue from inter-segment transactions	¸ ؤ ﺳ ς ď Ц ɗ	4,812,904,081.34	158,300,839.09		80,806,023.77	-5,052,010,944.20	
Income on investments in associates and joint ventures	ŋ Ө ɸ Ţ ﻋﻟ Ц				-6,124,189.39		-6,124,189.39
Credit impairment loss	Ẽ Ï ني ⅓ ᵛ	20,310,744.47	25,614,969.20	233,700.48	1,550,474.68		47,709,888.83
Asset impairment loss	ڽ ني ⅓ ᵛ	-14,0350 Tc Income on investments					

XVIII. NOTES TO THE FINANCIAL STATEMENTS OF THE COMPANY

(I) Bills Receivable

1. Category of bills receivable

Item			Balance at the end of last year
Bank acceptance notes		**11,000,000.00**	
Total		**11,000,000.00**	

2. Bills receivable which are not matured as at the balance sheet date but have been endorsed or discounted by the Company at the period end

Item			Closing balance not yet derecognized
Bank acceptance notes		**11,000,000.00**	11,000,000.00
Total		**11,000,000.00**	11,000,000.00

XVIII.

(Amounts are expressed in RMB unless otherwise stated)¾ ǎ ˝ ض d ʳ ¢ Ậ ع Ѧ Ч ɑ в M ˧ ¿

XVIII. NOTES TO THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED) d^ e N ® ! Ì Œ ô ° f W Q ¾ ¿

(II) Trade receivable (Continued) €Z• Ð × * › ¾ ¿

2. *Disclosure of trade receivable by bad debt provision method (Continued)* 2 e Ð × * › 2 x * d Ù , ± ó Þ Ƀ¾ ¿

Bad debt provision made on a collective basis based on credit risk characteristics: Ũ Ẽ Ï ʆ ˝ ɫ Ɵ بج د ¨

Bad debt provision for trade receivable made on an individual basis with significant amount: Ṭ Ũ طس بج د Ṭ Ц كم ¨

Name	¤ H	Book balance * & q X	Bad debt provision x * _ ê	Provision percentage (%) d â 7 €% •	Basis for provision d 1 ½	Balance at the end of last year ʦ K K Ɵ Book balance ₪	Bad debt provision د
, K q X							
Company 1	1	**14,640,154.26**	**14,640,154.26**	**100.00**	**Not expected to be settled** k Ì , { Q ö µ		
Total	Ɵ	**14,640,154.26**	**14,640,154.26**				

3. *Provision for bad debts made, reversed or recovered for the current period* 3 e I , d e 7 « Ð × « Y x * _ ê ‹ 1

Category	ó 9	Balance at the end of last year ʦ K K Ɵ	Changes in amount for the current period I , – X Provision d	Recovered or reversed × « Ð 7 «	Resold or written off 7 V Ð è V	Other changes I ü	Balance at the end of the period , K q X
On an individual basis	طس بج		9,326,191.29			5,313,962.97	**14,640,154.26**
Aging group	ɫ Ɵ	5,335,908.22		-21,945.25		-5,313,962.97	
Total	Ɵ	5,335,908.22	9,326,191.29	-21,945.25			**14,640,154.26**

XVIII. NOTES TO THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

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(III) Other receivable

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Items	° f	, K q X	Balance at the end of last year ꞓ K K Θ
Interest receivable	Ц Ӣ ♦		
Dividend receivable	Ц ẃ Ӣ		
Other receivable	ᴘ␣ Ц كم طي	**96,795.58**	8,277,106.96
Total	Θ	**96,795.58**	8,277,106.96

1. Other receivable

1 e l ü Đ × › °

(1) Disclosure by aging

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Aging	* g	, K q X	Balance at the end of last year ꞓ K K Θ
Less than 1 year	1 K– ˩	**98,269.62**	6,236,511.21
1 to 2 years	1 i 2 K		
2 to 3 years	2 i 3 K		
3 to 4 years	3 i 4 K		80,000.00
4 to 5 years	4 i 5 K		
Over 5 years	5 K– ꞓ		
Subtotal	ˁ	**98,269.62**	8,904,190.48
Less: bad debt provision	ني د	**1,474.04**	627,083.52
Total	Θ	**96,795.58**	8,277,106.96

(2)

							Balance at the end of last year				
	Book balance		**Bad debt provision**				Book balance		Bad debt provision		
Category	**Amount**	**Proportion (%)**	**Amount**	**Provision percentage (%)**	**Book value**		Amount	Proportion (%)	Amount	Provision percentage (%)	Book value

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Phase 1	Phase 2	Phase 3
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Category	ó 9	Balance at the end of last year ʦ K K Θ	Changes in amount for the current period I , – X Provision d	Recovered or reversed × « Đ 7 «	Resold or written off 7 V Đ è V	Balance at the end of the period , K q X
Aging analysis group	ˬ ἰ Θ	627,083.52	1,474.04		-627,083.52	**1,474.04**
Total	Θ	627,083.52	1,474.04		-627,083.52	**1,474.04**

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Nature	› ° Ì /	, K * & q X	Book balance at the end of last year ʦ K K Θ ₪

Balance at the end of last year

Provision for impairi

Book balance

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XVIII. NOTES TO THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

(IV) Long-term Equity Investments (Continued)

3. The impairment test of long-term equity investments

During the current period, the Company conducted an impairment test on its long-term equity investments, determined the recoverable amount based on the net amount of the fair value less the costs of disposal, and recognized an asset impairment loss of RMB2,192,416.32.

The Company utilized the evaluation report titled "Fair Value Evaluation Project of the 49% Equity Interest in Yanggu Xiangyu Biological Technology Co., Ltd., a Long-term Equity Investment Held by Shandong Fengxiang Co., Ltd. for the Purpose of Preparing Financial Reports" (Zhe Lian Ping Bao Zi [2025] No. 84) issued by China United Assets Appraisal Group (Zhejiang) Co., Ltd. on 17 March 2025 to confirm the fair value of its long-term equity investments. As of 31 December 2024, the pricing information for the fair value of the long-term equity investments mainly derive from the land transfer information of Yanggu County, the "Handbook of Common Methods and Parameters for Assets Appraisal" (published by China Machine Press in 2011), "Valuation: Measuring and Managing the Value of Companies (3rd Edition)" (written by [US] Copeland,T., etc., translated by Hao Shaolun and Xie Guanping, published by Electronic Industry Press), as well as the notice forwarded by the State-owned Assets Supervision and Administration Commission of Shandong Province regarding "Notice of Shandong Provincial Development and Reform Commission on Integrating and Reducing the Transaction Service Charges for State-owned Assets of Enterprises". The valuation conclusion is that the fair value of the 49% equity interest in Yanggu Xiangyu Biological Technology Co., Ltd., a long-term equity investment held by Shandong Fengxiang Co., Ltd. for the purpose of financial reporting, is RMB46.3859 million. The Company calculated the costs of disposal to be RMB92,800, determined the recoverable amount to be RMB46.2931 million based on the net amount of the fair value less the costs of disposal, and recognized an asset impairment loss of RMB2.1924 million.

Items		Amount of the current period Revenue	Amount of the current period Costs	Amount of the previous period Revenue	Amount of the previous period Costs
Main business		**3,410,545,537.37**	**3,042,348,959.15**	3,446,790,350.53	3,299,754,885.74
Other businesses		**6,674,173.25**	**5,469,371.52**	4,814,164.55	3,383,909.81
Total		**3,417,219,710.62**	**3,047,818,330.67**	3,451,604,515.08	3,303,138,795.55

Items		Amount of the current period	Amount of the previous period
Main business:		**3,410,545,537.37**	3,446,790,350.53
Sales of goods		**3,410,545,537.37**	3,446,790,350.53
Other businesses:		**6,674,173.25**	4,814,164.55
Revenue from by-products		**597,646.43**	495,970.84
Revenue from waste materials		**1,127,231.71**	1,347,843.65
Services income		**4,832,021.14**	2,805,132.95
Revenue from sale of materials			

Items			Amount of the previous period
Long-term equity accounted for using the equity method		**-6,124,189.39**	-5,231,499.28
Discount interest of the bills that can be			

FIVE-YEAR FINANCIAL SUMMARY
五年財務概要

A summary of the published results, assets and liabilities of the Group for the last five financial years, prepared on the basis as set out herein, is set out below:

	Year ended 31 December				
	2024	**2023**	**2022**	**2021**	**2020**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Results					
Revenue	**5,504,651**	5,134,413	5,085,790	4,416,764	3,901,615
Gross profit (before biological assets fair value adjustments)	**660,099**	591,464	583,497	557,939	603,246
Profit (loss) for the year (after biological assets fair value adjustments) *(Note 1)*	**280,867**	160,319	(769,029)	47,075	151,615
Gross profit margin (%) (before biological assets fair value adjustments)	**12.0**	11.5	11.5	12.6	15.5
Net profit (loss) margin (%)	**5.1**	3.1	(15.1)	1.1	3.9
Assets and liabilities					
Total assets	**5,234,902**	5,057,066	5,228,334	6,931,052	5,777,550
Total liabilities	**1,928,462**	2,025,170	2,616,359	3,531,440	2,390,015
Total equity	**3,306,440**	3,031,896	2,611,975	3,399,612	3,387,535

Note 1: In 2022, net profit after deducting monetary fund receivables bad debt loss arising from the recognition of a one-off and non-recurring impairment loss on the deposits due from GMK Finance amounted to RMB39,206 thousand. In 2024, net profit after deducting the reversal of monetary fund receivables bad debt and the corresponding tax and interests arising from the liquidation of GMK Finance amounted to RMB198,048 thousand.