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Annual Report 2024

中糧家佳康食品有限公司
COFCO Joycome Foods Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 01610

CONTENTS

Corporate Information	2
Major Events in COFCO Joycome in 2024	3
Financial Highlights	7
Chairman's Statement	8
Management Discussion and Analysis	10
Biographies of Directors and Senior Management	22
Corporate Governance Report	26
Directors' Report	40
Independent Auditor's Report	52
Consolidated Statement of Profit or Loss and Other Comprehensive Income	55
Consolidated Statement of Financial Position	57
Consolidated Statement of Changes in Equity	59
Consolidated Statement of Cash Flows	61
Notes to the Consolidated Financial Statements	63
Financial Summary	151
Investors' Calendar	152
Glossary	153



Corporate Information

Legal Name of the Company

COFCO Joycome Foods Limited

Place of Listing and Stock Code

Main Board of the Stock Exchange

Stock Code: 1610

Company Website

www.cofcojoycome.com

Directors

Chairman of the Board and Executive Director

Dr. Gao Xiang

Executive Director

Dr. Zhang Nan

Non-executive Directors

Mr. Chen Zhigang

Mr. Wang Guoxin

Independent Non-executive Directors

Mr. Fu Tingmei

Mr. Li Michael Hankin

Dr. Ju Jiandong

Joint Company Secretaries

Ms. Jin Qiu

Ms. Chau Hing Ling

Audit Committee

Mr. Li Michael Hankin (Chairman)

Mr. Fu Tingmei

Mr. Wang Guoxin

Nomination Committee

Dr. Gao Xiang (Chairman)

Mr. Fu Tingmei

Dr. Ju Jiandong

Dr. Zhang Nan

Mr. Li Michael Hankin

Remuneration Committee

Mr. Li Michael Hankin (Chairman)

Dr. Ju Jiandong

Mr. Fu Tingmei

Food Safety Committee

Dr. Gao Xiang (Chairman)

Dr. Zhang Nan

Mr. Chen Zhigang

Auditor

Baker Tilly Hong Kong Limited

Legal Adviser

Clifford Chance (as to Hong Kong law)

Principal Banks

Agricultural Bank of China Limited

Beijing Branch of Bank of Communications Co., Ltd.

Industrial and Commercial Bank of China Limited

Authorised Representatives

Dr. Gao Xiang

Ms. Chau Hing Ling

Share Registrar and Transfer Office

Principal

Vistra (Cayman) Limited

P.O. Box 31119 Grand Pavilion

Hibiscus Way, 802 West Bay Road

Grand Cayman, KY1-1205

Cayman Islands

Hong Kong Branch

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road, Hong Kong

Registered Office

Vistra (Cayman) Limited

P.O. Box 31119 Grand Pavilion

Hibiscus Way, 802 West Bay Road

Grand Cayman, KY1-1205

Cayman Islands

Principal Place of Business in Hong Kong

33/F, COFCO Tower

262 Gloucester Road

Causeway Bay

Hong Kong

Head Office in the PRC

COFCO Fortune Plaza

No. 8, Chao Yang Men South Street.

Chao Yang District, Beijing

China

Major Events in COFCO Joycome in 2024

January

COFCO Joycome (Jiangsu) Limited was granted the “National Traceability and Monitoring Site for Good Agro-Products Quality and Safety”, a title evaluated by the Ministry of Agriculture and Rural Affairs every three years. The company’s high-quality traceability system from feed processing through hog production and slaughtering earned authoritative recognition from the Ministry of Agriculture and Rural Affairs, demonstrating its stringent control over product quality.

February

COFCO Joycome and the National Sports Training Center of the General Administration of Sport of China hosted a renewal ceremony. Continuing to be a guaranteed preparation product for competition by national team athletes of National Sports Training Center, the Company would offer safe, healthy, high-quality chilled pork to support their Paris preparations.



March

This year, COFCO Joycome centered its sports marketing on marathons, sponsoring and serving as the official designated meat supplier for the Wuhan Marathon, Beijing Half Marathon, and Beijing Marathon. Through deep engagement with these domestic top running events, the Company provided safer and healthier chilled pork to sports enthusiasts, aiming to convey the brand philosophy of “Exercise + Premium Fat” for a healthy lifestyle.

COFCO Joycome also hosted popular activities such as track runs and parent-child runs, spreading the joy of sports to families and boosting brand visibility. Coverage from media such as CCTV, Beijing TV, People’s Daily Online and Xinhua News Agency, related topics surpassed 10 million views on the social media platform, strongly enhancing brand influence and efficiently driving product sales.

April

1. Construction started on two hog production projects in Jilin Province: a 662,400-hog facility in Taonan and a 331,200-hog facility in Changling. Taking this opportunity, COFCO Joycome partnered with tech leaders well-known in the PRC, as well as academic institutions with good reputation in hog breeding in the PRC. Through systematic integration of the latest smart production research results, COFCO Joycome leveraged AI technology to introduce application scenarios such as intelligent environmental control, feeding, and disease prevention. This has reshaped its on-site management model, cut production costs, and improved operational efficiency.



Major Events in COFCO Joycome in 2024

2. COFCO Joycome was awarded the “2023 Outstanding Industry-Finance Cultivation Base” from Dalian Commodity Exchange, only two winners of this award in the industry. This high recognition reveals COFCO Joycome’s support to the exchange’s “2+1” Hand-in-Hand Project and its active role as a leading enterprise of the industry-finance cultivation bases.

May

1. COFCO Joycome launched a “Sports + Aerospace” communication model, hosting activities such as the “Safety and Healthy for Children” COFCO Joycome Aerospace Knowledge Training Camp and the Online Call for Creative Works. Experts from China Manned Space Engineering program were invited to deliver STEAM courses and aerospace knowledge, promoting a positive, healthy lifestyle and showcasing COFCO Joycome’s flawless product quality to families with children. Wuhan’s families, teachers, and students engaged via live streaming, reaching over 100,000 residents and earning coverage from official media such as Xinhua News Agency and China News.



2. COFCO Joycome (Chifeng) Co., Ltd. won the “2023 Ecological and Environmental Protection Demonstration Project” award from the China Association of Environmental Protection Industry for its “900m³/day Breeding Project for Resource Utilization of Wastes to Alleviate Land Capability”. Operational since September 15, 2021, this innovative eco-friendly project integrates environmental protection, energy, and circular agricultural economy. Designed as an eco-friendly biogas station using modern technology, the project employs two innovative approaches: full-scale return of straw to the field and full-scale water treatment to tackle traditional challenges such as large demand for full-scale return of straw to the field and high investment in relevant facilities.

June

1. Upon review by six ministries and commissions, including the Ministry of Agriculture and Rural Affairs, the National Development and Reform Commission, and the Ministry of Commerce, COFCO Joycome (Jilin) Co., Ltd. was included in the eighth cohort of National Key Leading Enterprises in Agricultural Industrialization. This accolade affirms its ongoing efforts on advancing agricultural industrialization and rural revitalization.
2. COFCO Joycome (Jilin) Co., Ltd. began a 662,400-hog project in Jilin. Once operational, it will effectively drive integrated development of local planting, warehousing, processing, packaging, and logistics industries, becoming a key driver of regional economic growth and increasing fiscal revenue. By the end of 2024, COFCO Joycome had refined its industrial layout in provinces like Hubei, Jiangsu, Jilin, Inner Mongolia, Hebei, and Henan.

Major Events in COFCO Joycome in 2024

- COFCO Joycome's linseed-fed pork was selected as the "Official Meat for the World Sweet and Sour Pork Competition". Coverage by official media such as Xinhua News Agency and Guangming Net recorded around 960,000 reads and 1.32 million interactions, significantly boosting the brand's visibility in Jilin Province.



July

For the first time, COFCO Joycome's Processed Meat Product Division received the "McDonald's 2024 Outstanding Efficiency Improvement Award". In the past year, the division continued to promote its construction in terms of management system to elevate its scientific and fine management, while upgrading workflows from procurement to logistics and processing. In particular, by control over the quality of raw materials and building a supply chain with effectiveness and resilience, the Company ensured a stable and reliable product supply, along with a responsive after-sales support system. As a result, COFCO Joycome garnered trust and acclaim from domestic and international food service enterprises represented by McDonald's. The division witnessed growth in both volume and profit throughout the year.



August

COFCO Joycome's linseed-fed pork and pork products passed antibiotic-free certification, confirming no antibiotics neither during processing for preventive or production acceleration purposes nor in final products. Rigorous control over the environment, feed, breeding, production, and processing meets the Company's "High Quality with Five Safety Barriers" standard for its chilled pork. Upon launch, this antibiotic-free certified linseed-fed pork received good feedback, with sales surging by over 70% year-on-year.

September

- COFCO Joycome hosted the Maverick Brand Renewal Launch, reinforcing the brand's consumer awareness of "Delicious Inspiration, More Than One Flavor" and distinctive image of "Trendy Quality". This boosted both Maverick's reputation and influence. Currently, Maverick's low-temperature meat products lead Guangdong's market and rank among China's top brands.



Major Events in COFCO Joycome in 2024

2. Zhao Shuixia, manager at COFCO Joycome (Jiangsu) Co., Ltd.'s South Sub-farm of Jindongtai No. 1 Farm, earned the title of "Model Worker at a Central Enterprise". Her solid work style and outstanding performance exemplified the hard work and pursuit of excellence that define COFCO Joycome's workforce.



3. COFCO Meat Investments Co., Ltd. and COFCO Joycome (Hubei) Co., Ltd. were awarded the honorary title of "2024 Advanced Enterprise in China's Meat Food Industry", once again earning industry recognition.

October

COFCO Joycome partnered with leading scientific research institutes in the PRC to develop a standardized genetic selection and breeding system. Steady increasing chip tests conducted by the genetic breeding platform created a genomic selection reference group for mainstream breeding hogs, significantly enhancing the accuracy of breeding values for their key traits. With key indicators such as the feed-to-meat ratio showing steady growth, the performance of breeding hogs has improved consistently.

November

COFCO Joycome was invited to the inaugural Saline-Alkali Land Development Conference, and its exemplary saline-alkali land treatment practices were covered by the Farmers' Daily.

In recent years, COFCO Joycome has actively fulfilled its social responsibilities. In provinces such as Jilin, Jiangsu, and Inner Mongolia, the Company integrated saline-alkali land improvement with the resource utilization of livestock and poultry manure and the development of green, circular agriculture combining farming and breeding. Measures such as bioslurry-to-field and biogas manure application were also taken to facilitate soil maturation and improvement, rehabilitating over 20,000 mu of saline-alkali land and 1,000 mu of sandy terrain. This effort has transformed barren land into fertile farmland, boosting farmers' production and income.

December

COFCO Joycome and Tianfuhao hosted a strategic signing ceremony to launch premium cooked food made from linseed-fed pork. This partnership, marking the Company's significant step in the Chinese cooked food sector, has diversified its product portfolio, increased new consumption scenarios, and amplified its brand presence. The co-branded product gained popularity among consumers during the Spring Festival.



Financial Highlights

Key Operating Data

	2024	2023	year-on-year
Hog production volume (unit: '000 heads) ⁽¹⁾	3,560	5,200	-31.5%
Average selling price of finishing hogs (RMB/kg)	16.53	14.55	13.6%
Fresh pork sales volume (unit: '000 tons)	262	245	7.1%
Branded small-packed fresh pork sales volume (unit: '000 packs) ⁽²⁾	42,317	38,557	9.8%
Ratio of revenue from branded business of total fresh pork business ⁽²⁾	29.4%	26.6%	+2.8ppt
Meat import sales volume (unit: '000 tons)	66	68	-2.5%

Key Financial Data

	2024		2023	
	Before biological assets fair value adjustments RMB'000	After biological assets fair value adjustments RMB'000	Before biological assets fair value adjustments RMB'000	After biological assets fair value adjustments RMB'000
Revenue ⁽³⁾	16,326,201	16,326,201	17,237,951	17,237,951
Profit/(loss) for the Year ⁽⁴⁾	275,245	554,262	152,191	(34,626)
Profit/(loss) attributable to the owners of the Company ⁽⁵⁾	259,199	538,216	177,220	(9,597)
Basic earnings/(loss) per share ⁽⁶⁾	RMB0.0566	RMB0.1175	RMB0.0400	RMB(0.0022)

Notes:

- Affected by some periodic factors such as the rotation of the breeding herds, the closure of some factories with lower efficiency in northern region and the epidemic diseases in 2023, the hog production volume of the Group decreased by 31.5% as compared with the same period of last year.
- The Group focused on the star product of "linseed-fed pork" and launched omni-channel development and comprehensive marketing. The brand influence of Joycome continued to increase. During the Reporting Period, the sales volume of branded small-packed fresh pork increased by 9.8% year-on-year, and the proportion of brand revenue increased by 2.8 percentage points year-on-year.
- Revenue amounted to RMB16,326 million, representing a year-on-year decrease of 5.3%, primarily due to the year-on-year decrease in hog production volume, and the meat import business voluntarily reduced the volume out of risk control considerations.
- Profit for the year before biological assets fair value adjustments amounted to RMB275 million, representing a year-on-year increase of RMB123 million, mainly attributable to the rapid increase in sales volume of the hog production business and the month-on-month improvement in cost control under the background of the improvement of the hog price, the significant reduction in losses in the fresh pork business, and the stable earnings of the processed meat products and meat import business. At the same time, the consolidation of COFCO Feed contributed to profits.
- Profit attributable to the owners of the Company before biological assets fair value adjustments amounted to RMB259 million, while profit attributable to the owners of the Company after biological assets fair value adjustments amounted to RMB538 million. The biological assets fair value was adjusted based on the hog price at the end of December 2024.
- The basic earnings/(loss) per share represent the profit/(loss) attributable to the owners of the Company divided by the weighted average number of ordinary shares for the year.

The Board has resolved not to declare any final dividend for the year ended December 31, 2024.

Chairman's Statement



Dear Shareholders,

In the challenging 2024, COFCO Joycome set up a working direction of “cost leadership, brand-driven, technology empowerment and green development”. We put all our efforts into the enhancement of market competitiveness and made response to various risks and challenges in the headwind, so as to achieve a significant growth in results year-on-year.

We had secured the bottom line of safety along the development of the industry chain in depth and breadth, laying a solid foundation for the Company's development over last year. We have exerted a greater level of control over the industry chain, steadily facilitated the production layout and deepened the deployment in areas with advantages. We enhanced the industry chain's resilience, taken multiple measures to reduce breeding costs, rapidly replaced and supplemented breeding hogs, with breeding hogs and replacement hogs reaching a record high. We made full use of research and judgement of trends and centralized procurement of commodities, continued to optimize feed formulation, and established the biosecurity and prevention systems for the supply chain. We also made a constant improvement in key indicators such as increasing hogs in stock, average litter and weaning and production volume. The hog production costs were gradually reduced month by month, with some advantageous regions reaching a leading level in the industry. We have continuously extended the length of industry chain by acquiring COFCO Feed to increase feed self-sufficiency ratio, and to improve efficiency in supply chain management, to hedging periodic disruptions and to strengthen stability of profitability and risk resistance of the Company.

We have put brand building to the Company's core strategy over last year as the key to the Company's transformation and upgrades, and made every effort to create differentiated competitive strength. We have focused on high-end fresh pork market, increased investment to build the core product of “linseed-fed pork” and promoted it to obtain the certification of antibiotic-free products. We have promoted brand marketing and campaigns based on the theme of “sports + aerospace” and further enhanced the recognition of a safe, healthy, and high-quality product. We have deepened cooperations with top supermarkets and e-commerce platforms and have explored the brand alliance with Tianfuhao, a time-honored brand. The market penetration rate, exposure rate and conversion rate of linseed-fed pork both on-line and off-line have improved during headwinds, therefore the product gained market recognition with over 70% year-on-year increase in total sales in the full year and contributing more than half of gross profit.

Early this year, eight linseed-fed pork products offered by us stood out from nearly 3,000 products, were awarded star medals by the jury comprising of Michelin Star Chefs, food tasters and professional taste-experts during the election of 2025 Superior Taste Award, an "Oscar to recognize excellence in food". Among which, linseed-fed pork belly and ribs were certified as exceptional products, becoming the first Chinese fresh pork brand to win the award.

Over last year, we actively cultivated and developed new quality productive forces, and accelerated the transition of our business from the Red Ocean with cost competition to the Blue Ocean with technology-based, value-added and promising development. The Company broke through the bottleneck in breeding stock with genomic breeding technology and built an industry-leading integrated platform for genomic breeding and production, with stable growth in key indicators such as feed conversion ratio and live piglets per litter, and continuous improvement in the performance of breeding pigs. In Jilin where gene breeding was first applied, the production indicators were significantly better than other regions. The Company comprehensively upgraded the development landscape with AI. We have established in-depth cooperation with well-known leading technology enterprises in the industry to systematically integrate the latest industry research achievements. Focusing on the pain points and difficult problems in traditional farming, such as difficulty in environmental dynamic adjustment, low feeding efficiency, and difficulty in disease detection and treatment, the Company developed three application scenarios of "intelligent environmental control, intelligent feeding and intelligent disease prevention and control" and built an AI model for breeding, thereby gradually developing the ability to provide customized scenario-base solutions, reshaping the on-site management models, reducing production costs, and improving business operation efficiency. We promoted low-carbon

transformation through green farming. We have innovated the technology of "pollutants disposal before discharging (減負還田)", continued to promote ecological restoration of sandy land and saline-alkali land, produced nearly 25 million m³ of biogas, and carbon dioxide emission reduction steadily increased. The growth rate of total carbon emissions and energy consumption was lower than scaled growth, and the monitoring results of pollution sources of basic level enterprises were 100% up to standard, leading the industry towards the path of green and sustainable development.

Dear Shareholders, competition in the meat industry has never been a sprint race but a marathon that tests endurance and wisdom. Although the industry has entered an era of stock-based competition, we should note that China has a huge domestic market with much room for structural growth. The potential of upgrading traditional industries has not been fully released, and quality products that offer higher cost performance and are tastier and healthier have great development potential.

In 2025, we will continuously strengthen our internal capabilities and seize market opportunities. We will leverage our full industrial chain advantages to smooth out cyclical fluctuations, leverage our technological innovation advantages to reshape traditional industries, and leverage our brand premium advantages to unlock greater value. We will further expand industrial scale through cooperative farming, continuously update high-quality breeding pigs, and increase investment in intelligent technologies to achieve higher level returns and higher quality development.

We are keenly aware that the trust in capital market stems from continuous value creation. Let's move forward together to write a new chapter in the high-quality development of COFCO Joycome!

Gao Xiang

Chairman of the Board and Executive Director

March 25, 2025

Management Discussion and Analysis

I. Company Profile

Company Introduction

The Company is a meat business platform under COFCO Corporation and was listed on the Main Board of the Stock Exchange on November 1, 2016 (stock code: 1610).

The main businesses of the Company include research and development, production, sales and supporting technical services of feed; hog breeding, production, slaughtering and cutting; production, distribution and sale of fresh pork and processed meat products, import and distribution of meat products (including pork, beef, poultry and mutton). We adhere to the operation principle of “leading the safety standards in the industry and assuring meat safety for citizens”, provide customers with a full range of animal nutrition solutions and provide consumers with high-quality meat products. The brand awareness of “FEEDING THE FUTURE (五谷豐登)” complete feed, “RANKING (銳科)” premix, “Joycome” chilled pork and “Maverick” low-temperature meat products continue to rise in popularity.

In 2024, the Company further improved its production capacity layout in the feed processing segment through the strategic acquisition of COFCO Jiahua Industrial Limited* (中糧嘉華實業有限公司) (wholly controlled COFCO Feed). Upon the completion of the merger and acquisition, we will be able to integrate upstream resources, reduce breeding costs, optimize business structure, improve profit stability, and accelerate our pace to build a more competitive meat enterprise with integrated business across the industry chain.

Segments Introduction

Hog Production

The hog production segment includes businesses such as feed production, hog breeding and hog farming. The Company has established modern hog production bases in provinces and cities including Jilin, Inner Mongolia, Hebei, Henan, Jiangsu and Hubei. In 2024, the new 330-thousand-head project in Changling, Jilin was put into production. The Company also has a number of hog production projects including 660-thousand head in Taonan, Jilin, 660-thousand head in Changling, Jilin and 220-thousand head in Guangshui, Hubei, under construction and hog production capacity will further expand.

Feed

COFCO Feed is committed to providing customers with comprehensive animal nutrition solutions. Its core business covers research and development, production, sales and supporting technical services of feed products such as pig feed, ruminant feed, poultry feed, aquatic feed and premix. COFCO Feed adheres to the investment philosophy of “Diligently Exploring a Market before Layout”. The feed factory in Hohhot with an annual output of 180,000 tonnes was officially put into production in January 2025, and another 660,000 tons of feed processing capacity is under construction, which will further expand the scale of feed processing. With high-quality products, sound technical services and corporate reputation, the core brands of COFCO Feed, “FEEDING THE FUTURE (五谷豐登)” and “RANKING (銳科)”, have gained increasing brand influence and steadily expanding market scale. COFCO Feed has developed into a national animal nutrition solution provider.

Fresh Pork

The fresh pork segment includes hog slaughtering and cutting, distribution and sale of fresh pork, and the main products are chilled pork. The Company owns four modern slaughtering and processing bases in Jiangsu, Hubei, Jilin and Inner Mongolia, and two cutting centers in Guangdong and Beijing (Beijing cutting center was put into production in August 2024). The Company vigorously develops branded business through the “Joycome” brand, which covers the pork consumption market in major provinces, cities and areas such as Beijing, Shanghai, the Yangtze River Delta, Guangdong, Hubei, Jilin and Inner Mongolia.

Processed Meat Products

The processed meat products segment includes the production, distribution and sale of various types of processed meat products (mainly western-style low-temperature processed meat products). The Company owns two modern processed meat product processing bases in Jiangsu and Guangdong. Our two brands, namely “Maverick” and “Joycome”, cover the processed meat products consumption market in major domestic first-tier cities.

Meat Import

The meat import segment includes import of meat products (including pork, beef, poultry and mutton) and by-products and distribution in the PRC. The Company combines imported raw materials with domestic processing capacity and key account service, and provides high value-added products to well-known domestic food processors, large chain catering enterprises, etc.

II. Market Overview

Through de-stocking of breeding sows, market is still in a tight balance between supply and demand, with hog price declining after reaching record highs

According to the data from the National Bureau of Statistics, hog production volume in China was 703 million heads in 2024, representing a year-on-year decrease of 3.3%; pork output was 57.06 million tons, representing a year-on-year decrease of 1.5%. The stock of breeding sows in China was 40.78 million heads at the end of 2024, which was higher than the normal reserves of 39.00 million heads, and decreased by 1.5% as compared with that at the end of last year, representing a destocking rate of 7.1% in total as compared with the peak of 43.90 million heads in 2022. The hog market is still in a tight balance between supply and demand.

The hog price in China in the first quarter of 2024 was low, and significantly rebounded since May driven by the improved supply-demand relationship attributable to production destocking. The hog price rose sharply in August before a slight correction. In the fourth quarter, the hog price declined, but it still remained in a high-level range with fluctuations overall. According to the data from Mysteel Data, the average hog price was RMB16.71/kg across China, representing a year-on-year increase of 11.5%.

Picked-up consumer market has resulted in more competitive conditions for pork sales, thereby demonstrating our benefit from a differentiated brand

According to the data from the National Bureau of Statistics, in 2024, the total retail sales of consumer goods amounted to RMB48.8 trillion, representing a year-on-year increase of 3.5%, of which the revenue from catering amounted to RMB5.6 trillion, representing a year-on-year increase of 5.3%, indicating a picked-up consumer market.

As upstream breeding companies extended their industry chain by developing slaughter business, the homogenization-based competition intensified in the pork consumer market. The branded small packed linseed-fed pork with antibiotic-free certificate is our differentiated products, acquiring higher brand recognition and consumer loyalty by its advantages of high quality, standardization, nutrition and health.

Pork imports shrank significantly while beef imports kept increasing

According to the statistics of the General Administration of Customs of the PRC, China's total meat imports amounted to 6.67 million tons in 2024, representing a year-on-year decrease of 9.7%, the lowest over the past five years. The import market experienced structural change, in particular, pork imports (excluding by-products) were 1.07 million tons, representing a year-on-year decrease of 30.8%, and accounted for 1.9% of China's pork production. Beef imports (excluding by-products) amounted to 2.87 million tons, representing a year-on-year increase of 5.0%, and accounted for 36.8% of China's beef production.

III. Results of Operation

In 2024, the Company consolidated its basic management and improved operational quality by focusing on the operation strategies of “cost leadership, brand-driven, technology empowerment and green development”. As a result, businesses saw steady growth.

By improving epidemic prevention system, cementing refined management, exploring digital and intelligent hog farming, strengthening genome breeding technological breakthroughs, optimizing incentive modes and other measures, the hog production cost witnessed gradually fallen, and the hog production segment results amounted to RMB259 million, representing a year-on-year increase of 137.4%. Driven by “internal synergy and market expansion”, feed segment was committed to a competitive strategy of “quality product + good service” and “high efficiency + low cost”. As a result, the segment results hit a new high in 2024, amounting to RMB202 million. The fresh pork segment further strengthened its channel layout, with its sales volume of branded small-packed fresh pork increasing by 9.8% year-on-year. It continued to improve its product strength, and upgraded its star product – linseed-fed pork to antibiotic-free pork, with its sales volume of linseed-fed pork increasing by more than 70% year-on-year, and the segment results recording a year-on-year loss reduction of RMB69.58 million. The processed meat product and meat import segments deepened the trade plus processing business model, and gave full play to the advantage of market analysis and judgment and supply chain to create an import meat value chain, to enhance its service ability in fast food system. The meat processing factories ran at full capacity, and the meat import segment recorded a sales volume of 66 thousand tons, with profitability improving year-on-year.

During the Reporting Period, earnings of the Company before biological assets fair value adjustments amounted to RMB275 million, representing a year-on-year increase of RMB123 million.

Hog production business

Implemented multiple measures to vigorously reduce production cost

First, the Company optimized the breeding herd structure and improved the quality of breeding stock, reaching 345 thousand breeding and replacement hogs in stock by the end of the year, the highest level on record; second, the Company upgraded African swine fever (“ASF”) prevention hardware facilities such as air filtration and decontamination, and comprehensively enhanced epidemic control and onsite management software to achieve full coverage of ASF prevention system, leaving no blind spots, with year-on-year increase in MSY in risky winter; third, the Company strengthened market analysis and judgement and optimized raw material procurement strategy to reduce procurement cost; fourth, the Company comprehensively advanced 5S-TPM and internal and external benchmarking and improved operational quality of underperforming regions, narrowing regional cost gaps on a year-on-year basis; fifth, the Company improved farm director assessment and incentives, set a tiered incentives based on completion ratio of production volume to differentiate income levels; and promoted incentives for frontline workers exceeding production targets and shared excess profit with them. Driven by the above measures, the hog production cost gradually fell in 2024.

Explored intelligent hog farming to cultivate new quality productive forces

In 2024, aligning with industry trends and production needs, the Company conducted pilot installation of digital intelligence equipment in new projects. Through the establishment of an intelligent hog farming, production and operation platform, a big data platform, an Internet of Things platform and an AI middle platform, the Company addressed pain points in key areas such as feeding, environmental control, health, and stock valuation, achieving round-the-clock, full-process digital operations, enhancing refined management, and driving cost reduction and efficiency enhancement.

Advanced high quality breeding to strengthen breeding advantages

In 2024, the Company continued to use integrated platform for genome breeding and production to increase the number of gene chip tests and speed up the rotation of breeding herd, which played an important role in improving reproductive performance and growth rate. In Jilin where genetic breeding was first applied, production performance improved significantly.

Promoted green circular, low-carbon farming and fulfilled ESG responsibilities

The Company actively implemented the ESG philosophy adhering to the principle of “setting standards and establishing systems to lead by example”. On the basis of the traditional biogas engineering and wastewater treatment process techniques, the Company has pioneered the development of the resource treatment technology of “pollutants disposal before discharging (減負還田)”, thus alleviate land assimilation capability; actively explored diversified modes of discharging to the field, such as alfalfa planting, to create a green and recycling agricultural industry chain. Biogas power generation and heat supply were used to reduce the use of natural gas and electricity in farms for low-carbon farming, contributing to carbon emission reduction.

Feed business

Systematically reduced costs by strengthening business synergy

Firstly, leveraging an established market intelligence system and anticipating market trends, the Company seized optimal procurement opportunities to reduce feed procurement costs. Secondly, it optimized production processes and supply chain management and enhanced the interplay among procurement, production and sales, and accelerated turnover, thereby improving efficiency and reducing inventory costs.

Advanced R&D and innovation to provide comprehensive and systemic services

In 2024, based on market demand, the Company rapidly optimized feed formulas to meet the personalized needs of different customers. For internal collaboration, it worked closely with the hog production segment, providing not only feed but also strong support for optimization of formula to help improve feed costs and achieve better synergistic development. For market-oriented customers, it focused on the R&D of new ruminant and aquatic feed products, leveraging new raw materials and technologies, such as replacing fish meal with vegetable protein, to serve strategic development and enhance R&D value and commercialization of the results. Meanwhile, it maintained strict quality control from raw materials to finished products, providing comprehensive and systemic services to strengthen customer stickiness.

Fresh pork business

Optimized production capacity layout to improve upstream-downstream alignment

In August 2024, the Pinggu cutting and processing center in Beijing was put into operation, which collaborates with the slaughtering and processing base in Inner Mongolia to more efficiently meet the fresh market demands in North China and improve the upstream-downstream alignment.

Focused on core product “linseed-fed pork” to highlight differentiation advantages

In 2024, the sales volume of fresh pork reached 262 thousand tons, an increase of 7.1% year-on-year. The sales volume of branded small-packed fresh pork registered 42.32 million boxes, an increase of 9.8% year-on-year. The sales volume of linseed-fed pork increased by more than 70% year-on-year. During the Reporting Period, the loss of segment was down by RMB69.58 million year-on-year.

Management Discussion and Analysis

We firmly built our core product of “linseed-fed pork”. In August 2024, we obtained antibiotic-free product certification, strengthening our brand image of health, safety and high-end quality. Eight linseed-fed pork products have won the Superior Taste Award (國際美味獎) issued by the International Taste Institute (國際風味評鑒所). Joycome also entered into a strategic cooperation with “Tianfuhao” to jointly launch high-quality cooked food products with linseed-fed pork as an ingredient, thereby continuously improving the exposure of our core product. Linseed-fed pork contributed more than 50% of the gross profit of the fresh pork segment.

Continuously expanded the brand influence of “Joycome” through multi-channel marketing

In 2024, Joycome achieved significant results in brand communication and channel development. We made smooth progress in market penetration by deepening our cooperation with top new retail companies and supermarkets. In addition, we consolidated and expanded our presence in top fresh food e-commerce platforms to achieve volume and profit growth. The Company promoted the quality and efficiency of franchise channels. As a result, franchise stores achieved a turnaround from losses to profits throughout the year.

Joycome developed the communication model of “sports + aerospace” to strengthen brand endorsement. As a partner of China’s aerospace industry, Joycome adhered to the aerospace meat standard of “zero error”; renewed the contract with the General Administration of Sport of China Training Bureau to ensure athletes prepare for the Paris Olympics; titled and sponsored the “2024 Wuhan Marathon” and the “2024 Beijing Marathon” to strengthen the sports vibe in Joycome. Our various promoting activities, such as targeted messaging, experiential brand communication and online marketing campaigns achieved our brand marketing in all aspects across channels. The Company was awarded as 2024 Advanced Company in China’s Meat Industry by the China Meat Association, and our brand recognition as “Safety, Healthy and Tasty” has been further firmed up.

Processed meat product and meat import business

Strengthening market analysis and promoting internal synergy to generate profit despite market challenges

Meat import segment accurately analyzed the procurement market, accelerated inventory turnover, strictly controlled import risks and generated profit despite market challenges in 2024.

Processed meat product segment strengthened the collaboration with meat import segment. By leveraging the R&D center in Shanghai, we developed more than 100 new products, further strengthening the adhesion of customers. In the meantime, we optimized supply chain efficiency and reduce overall costs at the business-to-business (B2B) end. For instance, Dongtai Factory in Jiangsu created high-volume product categories, improved production efficiency, and had beef patties and sausages as two main categories, accounting for over 60% of sales, therefore lowering processing costs. We also completed the brand renewal and upgrade of Maverick at the business-to-consumer (B2C) end. Market share increased year-on-year by focusing product distribution in new retail and supermarket channels.

During the Reporting Period, the import meat segment results reached RMB58.23 million, recording a year-on-year growth of 40.1%.

IV. Financial Review

Overall Performance

In 2024, the revenue of the Group was RMB16,326 million, representing a decrease of RMB912 million as compared with RMB17,238 million for the same period in 2023. Prior to biological assets fair value adjustments, the net profit of the Group was RMB275 million, while the net profit for the same period in 2023 was RMB152 million.

Revenue

In 2024, the revenue of the Group was RMB16,326 million, representing a decrease of 5.3% as compared with RMB17,238 million for the same period in 2023, primarily due to the year-on-year decrease in hog production volume, and the meat import business voluntarily reduced the volume out of risk control considerations.

Gross Profit Margin

In 2024, the gross profit margin before biological assets fair value adjustments of the Group was 7.4%, representing a year-on-year increase of 1.9 percentage points. The increase in gross profit margin was mainly attributable to the rapid increase in sales volume of the hog production business and the month-on-month improvement in cost control under the background of the improvement of the hog price.

Selling and Distribution Expenses/ Administrative Expenses

In 2024, the total selling and distribution expenses and administrative expenses of the Group amounted to RMB1,118 million, remaining largely stable as compared with RMB1,109 million for the same period last year.

Finance Costs

In 2024, the Group's finance costs amounted to RMB124 million, representing a decrease of RMB19 million as compared with RMB143 million for the same period in 2023, mainly due to the accelerated cash turnover and reduction in finance costs.

Other Income, Other Gains and Losses

In 2024, the Group's other income, other gains and losses amounted to a total gain of RMB366 million, representing a decrease of RMB124 million as compared with the same period in 2023, mainly due to an exchange gain of RMB130 million recorded in the same period last year.

Profit/Loss for the Year

For the reasons above, the Group recorded a profit of RMB275 million before biological assets fair value adjustments during 2024, as compared with a profit of RMB152 million before biological assets fair value adjustments in the same period in 2023.

Significant Investments and Material Acquisitions and Disposals of Subsidiaries

Save as disclosed in this annual report, the Group had neither any other significant investments nor relevant material acquisitions and disposals of the subsidiaries in 2024.

Management Discussion and Analysis

Major Financial Ratios

The financial ratios of the Group as at December 31, 2024 and December 31, 2023 are set forth below:

	December 31, 2024	December 31, 2023
Return on equity ⁽¹⁾	5.5%	-0.3%
Return on assets ⁽²⁾	2.8%	-0.2%
EBIT interest coverage ratio ⁽³⁾	5.61 times	0.99 time
EBITDA interest coverage ratio ⁽⁴⁾	11.52 times	5.86 times
Current ratio ⁽⁵⁾	0.75	0.93
Net debt-to-equity ratio ⁽⁶⁾	52.8%	28.5%

Notes:

- (1) Equals profit/loss for the year divided by the average of the beginning and ending total equity for that year and multiplied by 100%.
- (2) Equals profit/loss for the year divided by the average of the beginning and ending total assets for that year and multiplied by 100%.
- (3) Equals profit/loss before finance costs and income tax expense for the year divided by finance costs (with capitalised interest added back) for that year.
- (4) Equals profit/loss before finance costs, income tax expense and depreciation and amortisation for the year divided by finance costs (with capitalised interest added back) for that year.
- (5) Equals current assets divided by current liabilities as at the balance sheet date.
- (6) Equals interest-bearing bank loans and loans from the related parties less cash and bank balances, divided by total equity as at the balance sheet date and multiplied by 100%.

Analysis on Capital Resources Liquidity and Financial Policy

Adhering to the steady financial policy, externally, the Group was committed to expanding financing channels and strengthening financing capability construction, as well as strengthening the cooperation with banks to obtain adequate credit facilities and ensure the capital liquidity. Internally, the Group implemented intensive management for surplus capital to improve the turnover efficiency for inventories and account receivables as well as the capability of generating cash flow. The finance department of the Group regularly and closely examined the overall condition of cash and liabilities, and flexibly arranged financing plans based on finance costs and maturity profile.

In order to allocate and utilise capitals more effectively, the Group entered into the financial services agreements and entrusted loans framework agreement through COFCO Finance Corporation Limited. At the same time, the Group also used the capital pool in Mainland China, so as to be more effective in utilising cash, reducing average borrowing costs of the Group, and accelerating clearing services among the companies under the Group.

Certain subsidiaries of the Group that are engaged in meat import business or that own foreign currency borrowings may expose us to exchange rate risks mainly related to U.S. dollars and Hong Kong dollars. We paid close attention to exchange rate fluctuations and adopted currency forward contracts in due course to hedge the majority of exchange rate risks.

As at December 31, 2024, the cash and bank balances owned by the Group amounted to approximately RMB1,064 million (December 31, 2023: approximately RMB2,064 million) which was mainly used to reduce its position and accelerate capital turnover.

As at December 31, 2024, our current ratio was 0.75 (December 31, 2023: 0.93). As at December 31, 2024, our unused bank credit facilities were RMB11,519 million.

EBITDA and Cash Flow

Our operation capital mainly came from cash generated from operation activities, bank borrowings and shareholders' capital contributions. Our cash demand was mainly borne on production and operation activities, capital expenditure, repayment of matured liabilities, interest payment and unexpected cash needs as well.

In 2024, the EBITDA of the Group (before biological assets fair value adjustments)¹ was RMB1,447 million (same period in 2023: RMB1,286 million). The EBITDA of the Group (after biological assets fair value adjustments)² was RMB1,505 million (same period in 2023: RMB842 million).

Notes:

1. *The EBITDA of the Group (before biological assets fair value adjustments) refers to the aggregate amount of profit/loss for the period (before biological assets fair value adjustments), income tax expenses, finance costs and depreciation and amortisation, among which depreciation and amortisation refer to the total amount of depreciation of property, plant and equipment, depreciation of right-of-use assets, amortisation of intangible assets and depreciation provided for productive biological assets before biological assets fair value adjustments.*

2. *The EBITDA of the Group (after biological assets fair value adjustments) refers to the aggregate amount of profit/loss for the period (after biological assets fair value adjustments), income tax expenses, finance costs and depreciation and amortisation, among which depreciation and amortisation refer to the total amount of depreciation of property, plant and equipment, depreciation of right-of-use assets and amortisation of intangible assets.*

In 2024, cash generated from our operating activities was RMB652 million (generated during the same period in 2023: RMB1,872 million). Cash used in our investment activities was RMB1,897 million (used during the same period in 2023: RMB798 million), including RMB2,472 million for the purchase of property, plant, and equipment (same period in 2023: RMB1,042 million). Cash generated from our financing activities was RMB744 million (used during the same period in 2023: RMB580 million). Our time deposits with maturity of over three months decreased by RMB498 million as compared with the beginning of 2024. The changes in our foreign exchange rates resulted in gains of RMB303 thousand. In summary, in 2024, our net decrease in cash and bank balances was RMB1,000 million.

Capital Structure

As at December 31, 2024, the total number of issued shares of the Company remained unchanged at 4,581,998,323 shares.

As at December 31, 2024, the Group had interest-bearing bank loans of approximately RMB4,231 million (December 31, 2023: approximately RMB4,496 million). The annual interest rate on bank loans ranged from 0.62% to 3.45% (December 31, 2023: from 1.90% to 3.65%). Most of the bank loans were based on fixed interest rates.

Management Discussion and Analysis

Details of the maturity of interest-bearing bank loans are as follows:

Unit: RMB in million	December 31, 2024	December 31, 2023
Within 1 year	2,609	4,446
1 to 2 years	1,048	50
2 to 5 years	389	–
Over 5 years	185	–
Total	4,231	4,496

Details of the fixed-rate borrowings and variable-rate borrowings are as follows:

Unit: RMB in million	December 31, 2024	December 31, 2023
Fixed-rate borrowings	2,494	4,479
Variable-rate borrowings	1,737	17
Total	4,231	4,496

As at December 31, 2024, the Group had loans from related parties of approximately RMB1,899 million (December 31, 2023: approximately RMB606 million).

As at December 31, 2024, the Group had net assets of approximately RMB9,593 million (December 31, 2023: approximately RMB10,664 million). Net debts ^{Note} of the Group amounted to approximately RMB5,066 million (December 31, 2023: approximately RMB3,038 million), while the net debt-to-equity ratio was approximately 52.8% (December 31, 2023: approximately 28.5%).

Note:

Net debts of the Group refer to interest-bearing bank loans and loans from related parties less cash and bank balances.

Contingent Liabilities and Pledge of Assets

As at December 31, 2024 and December 31, 2023, the Group had no significant contingent liabilities.

As at December 31, 2024 and December 31, 2023, the Group had no bank loans pledged by buildings, land use rights and time deposits of the Group.

Capital Expenditure

Capital expenditure of the Group was mainly used for the construction of our hog farms, as well as our other production and ancillary facilities. We funded our capital expenditures primarily with shareholders' capital contributions, borrowings and our internal funds.

In 2024, the Group's capital expenditure was RMB2,496 million (same period in 2023: RMB1,066 million). The following table sets forth our capital expenditure for the years indicated:

Unit: RMB in million	2024	2023
Payments for property, plant and equipment	2,472	1,042
Payments for right-of-use assets	17	20
Payments for intangible assets	7	4
Total	2,496	1,066

In 2024, our demand for capital expenditure mainly came from the construction of the hog farms in Jilin Province, the Inner Mongolia Autonomous Region and Henan Province.

Capital Commitment

Capital commitment of the Group is mainly related to the construction of hog farms and other production and ancillary facilities. As at December 31, 2024, capital commitment of the Group was RMB1,551 million (December 31, 2023: RMB371 million).

Biological Assets

Biological assets of the Group primarily consist of commodity pigs at different growth stages and breeding hogs used to give birth to animals in the future. The fair value of our biological assets was RMB3,309 million as at December 31, 2024 and RMB2,202 million as at December 31, 2023. Our results have been and are expected to be affected by changes in fair value of biological assets.

Our cost of sales is adjusted for changes in fair value of biological assets, with fair value gains increasing our costs of sales and fair value losses decreasing our cost of sales, although the timing of these adjustments is not necessarily the same as that of the related gains or losses. We have adjusted the cost of sales for each period based on (i) changes in fair value of live hogs for that period less cost of sales; and (ii) changes in fair value less cost of sales of biological assets recognized in the previous periods.

In 2024 and 2023, such adjustments resulted in an increase of RMB741 million and a decrease of RMB699 million in cost of sales, respectively. Additionally, gains arising from fair value less cost of sales of agricultural products at the point of harvest amounted to RMB796 million (the same period in 2023: losses of RMB831 million); gains arising from changes in fair value of biological assets less cost of sales amounted to RMB225 million (the same period in 2023: losses of RMB54 million). In general, the net effect of adjustment in fair value of biological assets on profit was gains of RMB279 million during the Reporting Period and losses of RMB187 million during the same period in 2023.

V. Human Resources

13,006 employees were hired for the continuing operations of the Group as at December 31, 2024 (2023: 11,951 employees). Remuneration for employees was determined based on their job nature, individual performance and the market trends. As at December 31, 2024, total remuneration of the Group amounted to approximately RMB1,818 million (2023: RMB1,733 million).

The Group provides basic social insurance and housing accumulation fund for its employees as required by the PRC law. Apart from the above, we encouraged all employees to become well-rounded and enhance their knowledge and abilities related to their career through continuous training, seminars and online learning in order to unearth their own potentials.

Management Discussion and Analysis

As at December 31, 2024, the gender ratio in the workforce (including our senior management) is 72 (male): 28 (female). In general, the gender diversity of the Group is relatively balanced in the industry and the Group will continue to maintain the gender diversity in workforce. For further details of gender ratio and initiatives taken by the Group to improve gender diversity together with the relevant data, please refer to the disclosure in the Company's ESG Report.

VI. Significant 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 known to the Group are outlined as follows:

Price Risks

Price risks refer to the losses arising from increased costs or reduced profits due to the fluctuation of purchase price and sales price. We operate in a highly fragmented and competitive industry, where the primary raw materials and finished products are commodities, all of which have been subject to significant price fluctuations. In our pork business, we are exposed to the risk of fluctuations of commodity prices, including prices of corn and soybean meals (which are our primary feed ingredients), live hogs and pork in China. In our meat import business, we are exposed to the risk of fluctuations in the price differentials between the Chinese and overseas markets of frozen meat products such as pork, beef, poultry, mutton and lamb. Fluctuations in these commodity prices, especially the prices of live hogs, 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, diseases, government policies and weather conditions in major agricultural and farming regions.

Epidemic Risks

The major threat to the development of animal husbandry is epidemic risks. The epidemic spreading in hog production mainly includes African swine fever, blue ear disease, classical swine fever, porcine epidemic diarrhea, porcine pseudorabies, FMD, etc. There are four categories of risks brought about by epidemics. First, the outbreak of epidemic diseases will lead to hog mortalities, which will directly cause a decrease in hog production and result in direct economic losses of the Company. Second, the outbreak of epidemic may cause a significant impact on consumption, since it may inhibit hogs' growth, reduce the production efficiency, and increase feed and veterinary drug consumption, all of which will result in higher operating costs. Third, the epidemic will bring phased reduction to production in hog farms because the purification process reduces the production efficiency of the farms in stages and increases the operating costs, resulting in reduced effectiveness. Fourth, the large scale outbreak and spread of epidemic diseases may cause a panic among some consumers and thus lower the total demand for related products, which adversely affects the sales of hogs.

To solve epidemic risks, the Group has formulated regulations such as the Procedure for Biosecurity Control 《生物安全控制程序》, the Contingency Plan for Major Animal Disease Prevention and Control 《重大動物疫情應急預案》, the Operation Manual of Farm Swine Diseases Prevention and Control 《養殖場豬病防控操作手冊》, the Prevention and Emergency Response Plan for African Swine Fever 《非洲豬瘟預防及應急處置方案》 and the Disease Prevention, Control and Monitoring and Specimen Collection for Virus Testing Plan 《疾病防控監測及病料採樣檢測計劃》, and constantly improved the level and capacity of biosecurity control, so as to comprehensively prevent and curb major animal diseases such as African swine fever. Meanwhile, in order to improve our professional competence in handling the epidemics, we have enhanced the testing ability of vet labs, optimized the epidemic prevention and control measures, and established a dedicated group for the prevention and control of African swine fever.

Food Safety Risks

Food safety risks refer to risks of severe customer complaints, large-scale product recall and substantial adverse effects resulted from unqualified product and food safety indicators due to deficient food safety management system and unfulfilled management and control measures. To specify various food safety control measures and regulate food safety management, the Group has stipulated systems and standards, such as, Provisions for the Food Safety Management 《食品安全管理規定》, Outline on Quality Safety Risk Control over the Industry Chain 《產業鏈質量安全風險控制大綱》 and Emergency Plan for Food Safety Accidents 《食品安全事故應急預案》. The Group identified food safety risks timely and improved food safety management system, reinforced whole-process management and key point control. The headquarters conducted regular supervision over the inspection and sampling inspection of subordinate enterprises, and evaluated and reviewed in time. All subordinate enterprises strictly implement the food safety management requirements and actively prevent food safety risks.

Safe Production Risks

Safe production risks refer to risks of corporate property loss, temporary production suspensions or tarnished reputation due to production safety accidents caused by deficient safety management system or inadequate accident preventive measures. The Group has formulated systems such as Measures for Administration of Safety Organization and Accountability System 《安全組織機構和責任制管理辦法》, Measures for Administration of Quality Safety Accidents 《質量安全事故管理辦法》, Measures for Administration of Major Quality Safety Matters 《質量安全重大事項管理辦法》 and Comprehensive Emergency Plans for Production Safety Accidents 《生產安全事故綜合應急預案》 to standardize safety risks management and prevent accidents. The Group has formulated the early warning indicators and bottom line indicators, and organized all subordinate enterprises to conduct all round risk identification, evaluation and classification, and formulated corresponding management and control measures; to formulate special risk prevention and control measures for major risks; to organize all subordinate enterprises to perfect inspection system, organize regular safety inspection and confirm the effectiveness of risk management and control measures; and to conduct regular supervision and inspection to evaluate the operation of management system and risk management and control and promote the improvement and development of subordinate enterprises.

VII. Outlook

In 2025, the Company will continue to stick to its strategic focus through carrying out the following tasks:

1. We will focus on operations and strengthen management by initiating targeted tasks to improve breeding efficiency and comprehensively reducing farming costs;
2. We will propel innovation through technology. We will advance high-quality genome breeding programs and continue to overcome technical challenges in breeding to achieve the implementation of the technology. Also, we will fully introduce intelligent hog farming technology to new hog production projects, solving the weakness points of hog farm management to enhance operation and management efficiency. Furthermore, we will optimize feed formulas and promote the implementation of the precision nutrition system;
3. We will build our brand recognition and expand channels. We will invest more in brand building, continue to promote the branded and differentiated operation of the fresh pork business segment, and focus on our core product of linseed-fed pork to expand the construction of market channels. We will strengthen the brand building, consolidate consumers' awareness of Joycome's "safe, healthy and tasty", so as to expand the influence of our brand;
4. We will optimize our layout and scale production. We will concentrate on our main responsibilities and core businesses, steadily expand production capacity, and accelerate the launch of new projects to strengthen our meat industry chain;
5. We will cultivate talent and boost team vitality. We will develop a robust talent pipeline, particularly in veterinary science, breeding R&D, and brand marketing to further enrich the reserve of professional personnel. We will build high-quality and professional teams and refine incentive mechanisms to foster their innovation and dynamism.

Biographies of Directors and Senior Management

Board of Directors

The Board currently consists of seven Directors, of whom two are executive Directors, two are non-executive Directors and three are independent non-executive Directors.

GAO Xiang

Chairman of the Board and Executive Director

Dr. GAO Xiang (高翔), aged 53, was appointed as an executive Director and the chairman of the Board on March 7, 2024. He began to work in July 1993, served as a clerk of China National Produce and Animal Byproducts Import and Export Corporation (中國土產畜產進出口總公司) and the Assistant General Manager of its subsidiary, general manager of Human Resources Department of China Agri-Industries (中國糧油), and deputy director and director of Functional Department of COFCO, and is currently a director of COFCO, a director of COFCO Meat Investments, a director of COFCO Trading Ltd. (中糧貿易有限公司), and a director of COFCO Grains & Cereals Holdings Limited (中糧糧谷控股有限公司). Dr. Gao has worked in COFCO Group for over three decades and has extensive experience in import and export, agriculture, human resources, corporate management and corporate governance.

Dr. Gao graduated from Renmin University of China with a doctorate in Corporate Management.

ZHANG Nan

Executive Director

Dr. ZHANG Nan (張楠), aged 44, was appointed as an executive Director and the general manager of the Company on April 15, 2024, mainly responsible for daisy operation of the Company, in charge of strategic investment, legal compliance, hog production, and human resources. Dr. Zhang joined COFCO as the food industry analyst of the strategy department in April 2008, and joined the Company in August 2010, successively served as the general manager of the strategy department, and an assistant to general manager of the Company, as well as the deputy general manager of the Company. She has extensive experience in such aspects as strategic investment, legal compliance, and corporate management. At present Dr. Zhang also serves as a director of COFCO Meat Investments Co., Ltd.

Dr. Zhang graduated and obtained her bachelor's degree in engineering and doctoral degree in management from Tsinghua University (清華大學).

CHEN Zhigang

Non-executive Director

Mr. Chen Zhigang (陳志剛), aged 61, was appointed as a non-executive Director on June 25, 2024. Mr. Chen currently also serves as a director of COFCO Meat Investments. He joined COFCO in 2008 and has held various positions ever since, including a director of COFCO Sugar Holding Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600737), a director of China Foods Limited (a company listed on the Stock Exchange, stock code: 506), a director of COFCO Technology & Industry Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 301058), a director of Shenzhen Qianhai COFCO Development Co., Ltd. (深圳前海中糧發展有限公司), audit commissioner of COFCO Trading Ltd. (中糧貿易有限公司), director of the Quality and Safety Management Department, director of the Production Safety Department and deputy director of the Audit and Legal Risk Control Department of COFCO. Prior to joining COFCO, Mr. Chen served as the deputy director of the Technical Equipment Department of the National Work Safety Emergency Rescue Center (國家安全生產應急救援中心), director of the First Division of the Work Safety Coordination Department of the State Administration of Work Safety (國家安全生產監督管理總局), and assistant to the director of the Science and Technology Research Center and director of the Technology Development Department of the State Administration of Work Safety, deputy director of the Consultation Department of the Safety Science and Technology Research Center of the State Economic and Trade Commission, etc.

Mr. Chen graduated from Anhui Normal University, majoring in chemistry and later graduated from Beijing Institute of Technology, majoring in energetic materials, and obtained a master's degree in engineering. Mr. Chen currently is a senior engineer. Mr. Chen has extensive experience in quality and safety management.

Biographies of Directors and Senior Management

WANG Guoxin

Non-executive Director

Mr. WANG Guoxin (王國新), aged 45, was appointed as a non-executive Director on December 31, 2024. Mr. Wang joined COFCO in October 2018. He is currently a deputy director of the Legal Compliance Department of COFCO, a director of COFCO Meat Investments and concurrently serves as an executive chairman of the Commercial Law and Practice Committee of the ICC China and a member of the ICC Belt and Road Commission. He has extensive experience in legal practice and overseas work.

Mr. Wang graduated from China University of Political Science and Law with a master's degree in law and holds a PRC legal professional qualification certificate).

FU Tingmei

Independent Non-executive Director

Mr. FU Tingmei (傅廷美), aged 58, was appointed as an independent non-executive Director on May 23, 2016. Mr. Fu has extensive experience in investment, finance, law and business management. From 1992 to 2003, he completed numerous corporate finance transactions and held directorships in several investment banking firms based in Hong Kong, including a director of Peregrine Capital Limited (百富勤融資有限公司), and a managing director of BNP Paribas Peregrine Capital Limited (法國巴黎百富勤融資有限公司). From July 2008 to June 2017, Mr. Fu served as an independent non-executive director in Beijing Enterprises Holdings Limited (北京控股有限公司) (a company listed on the Stock Exchange, stock code: 392). He also served as an independent non-executive director in CPMC Holdings Limited (中糧包裝控股有限公司) (a company listed on the Stock Exchange, stock code: 906) from June 2008 to July 2019, and served as an independent non-executive director of Postal Savings Bank of China Co., Ltd. (中國郵政儲蓄銀行股份有限公司) (a company listed on the Stock Exchange, stock code: 1658) from May 2016 to March 2023. Mr. Fu is currently an independent non-executive director of China Resources Medical Holdings Company Limited (華潤醫療控股有限公司) (a company listed on the Stock Exchange, stock code: 1515), Guotai Junan International Holdings Limited (國泰君安國際控股有限公司) (a company listed on the Stock Exchange, stock code: 1788), China Resources Pharmaceutical Group Limited (華潤醫藥集團有限公司) (a company listed on the Stock Exchange, stock code: 3320) and China Zheshang Bank Co., Ltd. (浙商銀行股份有限公司) (a company listed on the Stock Exchange, stock code: 2016; a company listed on the Shanghai Stock Exchange, stock code: 601916).

Mr. Fu graduated from the University of London (英國倫敦大學), the United Kingdom with a master's degree in Law and a PhD in Law in November 1989 and March 1993, respectively.

LI Michael Hankin

Independent Non-executive Director

Mr. LI Michael Hankin (李恆健), aged 61, was appointed as an independent non-executive Director on May 23, 2016. He has more than 30 years' experience in financial and accounting matters, fundraising, mergers and acquisitions, restructuring and international business development. Mr. Li served as an independent non-executive director of Huiyin Smart Community Co., Ltd. (匯銀智慧社區有限公司) (a company listed on the Stock Exchange, stock code: 1280) from August 2017 to June 2018, a director of Banro Corporation from April 2017 to May 2018, and an independent non-executive director of Clarity Medical Group Holding Limited (清晰醫療集團控股有限公司) (a company listed on GEM of the Stock Exchange, stock code: 1406) from March 2019 to November 2024. Mr. Li worked at several listed companies as head of corporate finance, general manager of investor relations and mergers and acquisitions including as head of corporate finance of GCL-Poly Energy Holdings Limited (保利協鑫能源控股有限公司) (a company listed on the Stock Exchange, stock code: 3800) from January 2014 to June 2015 and as general manager of investor relations & mergers and acquisitions of Newton Resources Limited (新礦資源有限公司) (a company listed on the Stock Exchange, stock code: 1231) in 2013. Mr. Li also worked at several international banks where he had led numerous fund raising exercises in Hong Kong and the United States. During the period from March 1994 to June 2004, Mr. Li was the executive director (Corporate Finance) at BNP Paribas Capital (Asia Pacific) Limited (法國巴黎資本(亞太)有限公司). During the period from July 2004 to December 2005, Mr. Li was employed at GoldBond Capital (Asia) Limited (金榜融資(亞洲)有限公司) and was a Managing Director (investment banking) of Rothschild (Hong Kong) Limited (洛希爾(香港)有限公司) during the period from March 2007 to May 2011. From November 2017 to August 2019, he was the deputy general manager of Shougang Concord Grand (Group) Limited (首長四方(集團)有限公司) (a company listed on the Stock Exchange, stock code: 730). Mr. Li is currently an independent non-executive director of China Mengniu Dairy Company Limited (中國蒙牛乳業有限公司) (a company listed on the Stock Exchange, stock code: 2319) and an independent non-executive director of Cornerstone Technologies Holdings Limited (基石科技控股有限公司) (a company listed on GEM of the Stock Exchange, stock code: 8391).

Mr. Li obtained a bachelor's degree in accountancy from California State University, Los Angeles (洛杉磯加州州立大學) in June 1985, and a master's degree in business administration from Columbia University, New York (紐約哥倫比亞大學) in May 1992. Mr. Li is a member of the American Institute of Certified Public Accountants.

Biographies of Directors and Senior Management

JU Jiandong

Independent Non-executive Director

Dr. JU Jiandong (鞠建東), aged 61, was appointed as an independent non-executive Director on November 21, 2018. Dr. Ju is a Chair Professor at the PBC School of Finance, Tsinghua University, the director of the Center for International Finance and Economics Research of the PBC School of Finance and a distinguished professor under the Yangtze River Scholars Programme of the Ministry of Education of China. Dr. Ju served as an external supervisor of the board of supervisors of Bank of Communications Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 601328 and a company listed on the Stock Exchange, stock code: 3328) from June 2020 to June 2022. He was the dean and a professor at School of International Business Administration of Shanghai University of Finance and Economics from 2014 to 2017, a professor at School of Economics and Management and the director at the Center for International Economic Research in Tsinghua University from 2009 to 2015; an assistant professor, an associate professor (Tenure Track) and a professor at the Department of Economics of University of Oklahoma (俄克拉荷馬大學) in the U.S.A. from 1995 to 2014, and a resident scholar in the International Monetary Fund and a consultant for World Bank from 2007 to 2009. Dr. Ju focuses his research on international trade, international finance and industrial organisation. He has published various papers in American Economic Review, Journal of International Economics, Journal of Monetary Economics, American Economic Journal and other international leading academic journals, and won the “Pushan Award for Excellent Paper on International Economics” in 2016.

Dr. Ju obtained a bachelor's degree in mathematics from Nanjing University (南京大學) in July 1982, a master's degree in economics from Tsinghua University (清華大學) in July 1987, and a doctorate in economics from University of Pennsylvania (賓夕法尼亞州立大學) in the U.S.A in May 1995.

Senior Management

Our senior management is responsible for the day-to-day management of our business.

ZHANG Nan

Dr. ZHANG Nan (張楠), aged 44, is an executive Director and general manager. For her biographical details, please refer to the subsection headed “Board of Directors” in this section.

LI Zhengfang

Ms. LI Zhengfang (李正芳), aged 50, was appointed as the deputy general manager of the Company on August 27, 2020, and served as the general manager of the processed meat product division on December 4, 2020. Ms. Li is responsible for the general management of meat international trading business and processed meat product business. Ms. Li first joined COFCO in October 1997, has served several managerial positions in several COFCO entities since September 2008, including the general manager of the strategy department, the marketing department, the beef and lamb processing division and the pork import division of COFCO Meat Investments and the deputy general manager of the international business division, and has served as the general manager of the international business division. Ms. Li has extensive experience in meat trade and procurement. Prior to the above, Ms. Li served as a clerk at business division No. 1 of COFCO Meat and Poultry Import and Export Co., Ltd. (中糧畜禽肉食進出口公司) and assistant to general manager at the meat and poultry department and subsequently the international meat department and the deputy general manager (executive) of the international trading division of COFCO Development Co., Ltd. (中糧發展有限公司).

Ms. Li obtained her bachelor's degree in Economics (International Trade) from the University of International Business and Economics (對外經濟貿易大學) in the PRC in July 1997.

Biographies of Directors and Senior Management

LI Lei

Mr. LI Lei (李雷), aged 43, was appointed as the general accountant and chief financial officer of the Company on August 27, 2020 and is primarily responsible for the relevant matters on overall accounting, financial management and information technology management of our Group, including corporate finance, financial reporting, financial management and information technology management and in charge of audit work and engineer project management. Mr. Li joined our Group in January 2015 and served as the general manager of the finance department of COFCO Meat Investments from January 2015 to July 2023, and was appointed as the chief financial officer of the Company in May 2016, served as assistant to general manager of the Company from May 2017 to August 2020. Mr. Li has extensive experience in financial management and the food and agriculture industries. Mr. Li joined COFCO in 2004 and served as the general manager of the finance department of China Agri's brewing materials division from August 2007 to July 2013 and served as assistant to general manager of the same division and the general manager of finance department from July 2013 to December 2014.

Mr. Li received his bachelor's degree in economics with a taxation major from the Central University of Finance and Economics (中央財經大學) in August 2004 and master's degree in business administration from Tsinghua University (清華大學) in June 2017. He is currently a senior accountant.

LI Fangfang

Ms. LI Fangfang (李芳芳), aged 50, was appointed as the deputy general manager of the Company on April 22, 2021, in charge of work in relation to centralized procurement of raw materials, futures arbitrage and feed business. Ms. LI Fangfang joined COFCO in 2006 and served as the human resources director of COFCO Food Sales & Distribution Co., Ltd. from April 2006 to May 2007, and the director of the human resources department of the kitchen foods business units of China Foods Limited from May 2007 to January 2011. Ms. LI joined COFCO Meat Investments in January 2011, served as the assistant to general manager and deputy general manager of the human resources department from January 2011 to June 2014, and served as the general manager of the human resources department from June 2014 to November 2019. She served as the assistant to general manager of the Company from May 2017 to April 2021. Ms. LI has been engaged in management and consultation work in the relevant consulting firms and has extensive experience in management consultation and human resources management.

Ms. LI Fangfang obtained her bachelor's degree in economics (majoring in investment and economic management) and master's degree in economics from Shanghai University of Finance and Economics (上海財經大學) in July 1996 and March 1999, respectively. Ms. LI is a senior economist and a non-practising certified public accountant.

Corporate Governance Report

The Board is pleased to present the Corporate Governance Report of the Company for the year ended December 31, 2024.

Corporate Governance

The Board and the management of the Company are committed to achieving and maintaining high standards of corporate governance, which they consider to be essential to safeguard the integrity of the Group's operations and maintain investors' trust in the Company. The Company's management also actively observes the latest corporate governance requirements in the PRC, Hong Kong and abroad. This Corporate Governance Report explains the Company's corporate governance principles and practices, including how the Board manages the business to deliver long-term Shareholder value and to promote the development of the Group.

The Company has adopted the principles and code provisions contained in the Corporate Governance Code.

Save and except for the deviation from code provision C.2.1 disclosed below, in the opinion of the Board, the Company has complied with the code provisions of the Corporate Governance Code for the year ended December 31, 2024.

Code provision C.2.1 of the Corporate Governance Code states that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. From June 10, 2022 to March 7, 2024, Mr. Jiang Guojin, the then chairman of the Board at the time being acted as the general manager of the Company and has taken up the roles and functions of the managing director including but not limited to implementation of decisions of the Board, formulation of corporate and business strategies of the Company, supervision of ordinary operation of the Company and making decisions and providing advice relating to the appointment of senior management. The Board believes that Mr. Jiang Guojin's extensive experience and knowledge, together with the support of the management, shall strengthen the solid and consistent leadership of the Group and would allow for efficient business planning and decision, which the Board believes is in the best interest of the overall development of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced individuals.

Dr. Gao Xiang was appointed as the chairman of the Board in replacement of Mr. Jiang Guojin from March 7, 2024. Since April 15, 2024, Dr. Zhang Nan was appointed as the general manager of the Company. Upon such changes of appointment, the Company has complied with all the code provisions of the Corporate Governance Code.

Company's Culture

The Board believes that a strong corporate culture can facilitate the sustainable performance in a long run and ensure the fulfillment of the corporate's economic and social responsibilities.

As a meat enterprise with operations covering the integrated industry chain, the Company adheres to the operation principle of "leading the safety standards in the industry and assuring meat safety for citizens", and established over 130 high-standard ecological breeding bases across the nation, complemented by a number of slaughtering and processing plants and processed meat product processing plants. It also directly procures a full spectrum of products from major meat production regions around the world. The Company's "Joycome" brand takes an industry leading position in the high-end chilled pork sector. Exercising stringent management and control from the source of rearing to aspects such as the environment, feed, rearing, breeding and processing under the principle of "five checkpoints for product safety and quality assurance from company owned farms", the brand is dedicated to providing more consumers with safer and healthier chilled pork with high quality that they will "Joycome Brings Love at First Bite". Meanwhile, adhering to the brand positioning of "Good Quality + Right On Trend", our brand "Maverick" is characterized by its open, trendy and daring brand personality. Using carefully selected raw materials with traceable meat sources along the integrated industry chain, the brand captured the western flavors of various popular traditional food worldwide by adopting professional and exquisite techniques, hence accompanying young gourmets who have great passion for food and love to share to explore different delicacy and enjoy life.

The Company believes the commitment to creating a "contributor-oriented" atmosphere in workforce, building a safe and healthy working environment, protecting our employees' legitimate rights and interests, as well as broadening their career development paths is conducive to attracting and selecting outstanding talents, which will in turn promote the high-quality and sustainable development of the Company, thereby enabling us to deliver nutritious, safe and healthy food to our consumers on a continuous basis.

The Company firmly established and practiced the concept of “Lucid waters and lush mountains are invaluable assets”. Leveraging the exploration and development for more than ten years and continuously increasing its investment in green building, the Company has developed a comprehensive bioslurry fermentation and detoxification treatment system. Through the technological roadmap for gradual optimization of technologies such as biogas generation, bioslurry-to-field (沼液返田) and reduce burden and return to farm (減負還田), the Company has realized farming waste resource utilization, facilitated the efficient integration of farming and planting and promoted the development of circular and green agriculture, thus contributing to the advancement of the sustainable and high-quality development of the rural industries.

The Board sets and promotes corporate culture and expects and requires all employees to reinforce. All of our new employees are required to attend orientation and training programs so that they may better understand our corporate culture, structure and policies, learn relevant laws and regulations, and raise their quality awareness. The Board always ensures that the objectives, values and strategies set are consistent with the corporate culture, while all directors take the lead to act and are committed to promoting the corporate culture. For details of the Company’s achievements during the year ended December 31, 2024, please see the section headed “Management Discussion and Analysis” in this annual report.

The Board believes that the Company’s existing business model is in line with the Company’s objective and long-term strategy and considers that the corporate culture and the purpose, values and strategy of the Group are aligned.

Directors’ Securities Transactions

The Company has adopted the Model Code as its own code of conduct for securities transactions by the Directors. The Company has made specific enquiries with each Director and each of them confirmed that he/she had complied with all required standards under the Model Code during the year ended December 31, 2024.

The Board

1. Roles and Responsibilities

The Board is responsible for determining and monitoring Group-wide strategies and policies, annual budgets and business plans, evaluating the performance of the Company, and supervising the management of the Company.

The Board, which is accountable to Shareholders for the long-term performance of the Company, is responsible for directing the strategic objectives of the Company and overseeing the management of the business. Directors are charged with the task of promoting the success of the Company and making decisions in the best interests of the Company. The Board meets these obligations by ensuring the maintenance of high standards of governance in all aspects of the Company’s business, setting strategies and plans for the Company and accepting appropriate levels of review, challenge and guidance in its relationship with the Company’s management. The Board is responsible for ensuring that, as a collective body, it has appropriate skills, knowledge and experience to perform its role effectively.

The Board is also collectively responsible for performing corporate governance duties including:

- (a) to develop, review and implement the Company’s policies and practices on corporate governance;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to review and monitor the Company’s policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the Code of Conduct applicable to employees and Directors; and
- (e) to review the Company’s compliance with the Corporate Governance Code which is amended from time to time, and its relevant disclosure in the corporate governance report.

The Board has performed all the above corporate governance duties during the year ended December 31, 2024.

The Board is responsible for making decisions of all material matters, while the management is responsible for executing instructions of the Board and dealing with normal operation and regular matters.

2. Board Composition

The Board members during the year ended December 31, 2024 and up to the Latest Practicable Date are as follows:

Chairman of the Board and Executive Directors:

Mr. Jiang Guojin *(resigned on March 7, 2024)*
Dr. Gao Xiang *(appointed on March 7, 2024)*

Executive Director:

Dr. Zhang Nan *(appointed on April 15, 2024)*

Non-executive Directors:

Mr. Ma Dewei *(resigned on March 7, 2024)*
Mr. Shi Bo *(resigned on June 25, 2024)*
Mr. Chen Zhigang *(appointed on June 25, 2024)*
Dr. Zhao Wei *(resigned on December 31, 2024)*
Mr. Wang Guoxin *(appointed on December 31, 2024)*

Independent non-executive Directors:

Mr. Fu Tingmei
Mr. Li Michael Hankin
Dr. Ju Jiandong

The members of the Board have their own strengths and profound experience with appropriate professional qualifications. Please refer to the section headed “Biographies of Directors and Senior Management” for the profiles of the Directors.

The Directors and senior management have no other financial, business, family or other material/relevant relationships with one another.

Dr. Gao Xiang, Dr. Zhang Nan, Mr. Chen Zhigang and Mr. Wang Guoxin obtained the legal advice pursuant to Rule 3.09D of the Listing Rules on March 6, 2024, April 10, 2024, June 24, 2024 and December 30, 2024 respectively. All of the above-mentioned directors confirmed they understood their obligations as a director of a listed company.

3. Chairman and General Manager

Mr. Jiang Guojin ceased to act as the Chairman of the Board and general manager of the Company from March 7, 2024. For details, please refer to the paragraph headed “Corporate Governance” above.

Dr. Gao Xiang has been appointed as the chairman of the Board with effect from March 7, 2024. Dr. Zhang Nan acted as the general manager of the Company since April 15, 2024.

4. Board Independence

The Company recognizes that Board independence is key to good corporate governance. The Company has in place effective mechanisms that underpin an independent Board and that independent views. The current composition of the Board, comprises three independent non-executive Directors, which represents more than one-third of the Board. The remuneration of independent non-executive Directors are subject to a regular review to maintain competitiveness and commensurate with their responsibilities and workload. The independence of each independent non-executive Director is assessed upon his appointment and annually. The Company has received annual confirmations from each of the independent non-executive Directors in respect of their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all the independent non-executive Directors are independent parties in accordance with the independence guidelines set out in the Listing Rules and free of any relationship that could materially interfere with the exercise of their independent judgments.

Directors are requested to declare their direct or indirect interests, if any, in proposals or transactions to be considered by the Board at the Board meetings and abstain from voting, where appropriate. External independent professional advice is available to all Directors, including independent non-executive Directors, whenever deemed necessary.

The independent non-executive Directors have consistently demonstrated strong commitment and the ability to devote sufficient time to discharge their responsibilities at the Board. The Company has also established channels through formal and informal means whereby independent non-executive Directors can express their views in an open manner, and in a confidential manner, should circumstances requires.

The Company recognizes that Board independence is pivotal in good corporate governance and board effectiveness, and has set up relevant mechanism to ensure the Board’s access to independent views and opinions, including but not limited to reviewing from time to time if the independent non-executive Directors have appropriate qualifications and devoted sufficient time to the Company, as well as establishing channels to evaluate the contributions and opinions of the independent non-executive Directors. The Board has reviewed the relevant mechanism and believes that it is effective.

5. Appointment, Re-election and Removal of Directors

The Company adopts a formal and transparent procedure for the appointment of new Directors. Recommendations for the appointment of new Directors are received by the Board from the Nomination Committee. The Board then deliberates over such recommendations prior to approval. For the policy for nomination of directors, please refer to the paragraph head “Nomination Committee” in this section.

Each of the executive Directors has entered into an appointment letter with the Company, according to which he/she shall hold office for an initial term of three years commencing from the date of appointment, and then shall be automatically renewed for three years upon expiry and can be terminated by either party giving to the other not less than three months prior notice in writing.

Each of the non-executive Directors has entered into an appointment letter with the Company for a term of three years from the date of appointment. The term shall be automatically renewed for three years upon expiry. Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years commencing from the date of appointment, and then shall be automatically renewed for three years upon expiry. All the appointments are subject to provisions of retirement and rotation of Directors as stipulated in the Articles of Association.

6. Meetings

Pursuant to the code provision C.5.1 of the Corporate Governance Code, the Board should meet regularly and Board meetings should be held at least four times a year at approximately quarterly intervals.

Apart from regular Board meetings, the Chairman of the Board also held a meeting with all independent non-executive Directors, without presence of other Directors.

The attendance of each Director at the Board meetings, Board committees meetings and general meetings during the year ended December 31, 2024 is set out in the following table:

Directors	Number of meetings attend in person or by proxies/eligible to attend													
	Board Meeting		Audit Committee Meeting		Remuneration Committee Meeting		Nomination Committee Meeting		Food Safety Committee Meeting		Extraordinary General Meeting		Annual General Meeting	
	Number of meetings attend in person/eligible to attend	Number of meetings attend by proxy/eligible to attend	Number of meetings attend in person/eligible to attend	Number of meetings attend by proxy/eligible to attend	Number of meetings attend in person/eligible to attend	Number of meetings attend by proxy/eligible to attend	Number of meetings attend in person/eligible to attend	Number of meetings attend by proxy/eligible to attend	Number of meetings attend in person/eligible to attend	Number of meetings attend by proxy/eligible to attend	Number of meetings attend in person/eligible to attend	Number of meetings attend by proxy/eligible to attend	Number of meetings attend in person/eligible to attend	Number of meetings attend by proxy/eligible to attend
Mr. Jiang Guojin ¹	1/1	0/1	N/A	N/A	1/1	0/1	1/1	0/1	0/0	0/0	0/0	0/0	0/0	0/0
Dr. Gao Xiang ²	7/7	0/7	N/A	N/A	2/2	0/2	4/4	0/4	1/1	0/1	1/1	0/1	1/1	0/1
Dr. Zhang Nan ³	5/5	0/5	N/A	N/A	N/A	N/A	N/A	N/A	0/0	0/0	1/1	0/1	1/1	0/1
Mr. Ma Dewei ⁴	0/1	0/1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0/0	0/0	0/0	0/0
Mr. Shi Bo ⁵	3/4	0/4	N/A	N/A	0/1	0/1	N/A	N/A	N/A	N/A	0/0	0/0	0/1	0/1
Mr. Chen Zhigang ⁶	4/4	0/4	N/A	N/A	N/A	N/A	N/A	N/A	0/0	0/0	1/1	0/1	0/0	0/0
Dr. Zhao Wei ⁷	6/8	1/8	3/4	0/4	N/A	N/A	N/A	N/A	1/1	0/1	0/1	0/1	1/1	0/1
Mr. Wang Cuoxin ⁸	0/0	0/0	0/0	0/0	N/A	N/A	N/A	N/A	N/A	N/A	0/0	0/0	0/0	0/0
Mr. Fu Tingmei ⁹	8/8	0/8	4/4	0/4	1/1	0/1	5/5	0/5	N/A	N/A	1/1	0/1	1/1	0/1
Mr. Li Michael Hankin	8/8	0/8	4/4	0/4	5/5	0/5	N/A	N/A	N/A	N/A	1/1	0/1	1/1	0/1
Dr. Ju Jiandong	8/8	0/8	N/A	N/A	5/5	0/5	5/5	0/5	N/A	N/A	1/1	0/1	1/1	0/1

Notes:

1. Mr. Jiang Guojin resigned as the chairman of the Board and executive Director, and ceased to be the chairman of the Nomination Committee, chairman of the Food Safety Committee and a member of the Remuneration Committee on March 7, 2024.

Corporate Governance Report

2. Dr. Gao Xiang was appointed as the chairman of the Board and executive Director, chairman of the Nomination Committee, chairman of the Food Safety Committee and a member of the Remuneration Committee on March 7, 2024. Dr. Gao ceased to act as a member of the Remuneration Committee on April 15, 2024.
3. Dr. Zhang Nan was appointed as an executive Director on April 15, 2024 and a member of the Food Safety Committee.
4. Mr. Ma Dewei resigned as a non-executive Director on March 7, 2024.
5. Mr. Shi Bo acted as a member of the Remuneration Committee on April 15, 2024. Mr. Shi resigned as a non-executive Director and ceased to be a member of the Remuneration Committee on June 25, 2024.
6. Mr. Chen Zhigang was appointed as a non-executive Director and a member of the Food Safety Committee on June 25, 2024.
7. Dr. Zhao Wei ceased to be a member of the Food Safety Committee on June 25, 2024. Dr. Zhao Wei resigned as a non-executive Director and ceased to be a member of the Audit Committee on December 31, 2024.
8. Mr. Wang Guoxin was appointed as a non-executive Director and member of the Audit Committee on December 31, 2024.
9. Mr. Fu Tingmei was appointed as a member of the Remuneration Committee on June 25, 2024.

7. Training for Directors

Upon appointment to the Board, Directors will receive a package of orientation materials on the Group and are provided with a comprehensive induction to the Group's businesses by senior executives.

All newly appointed Directors have received the induction programmes and briefing on Director's duties and obligations on corporate governance and regulating requirements prepared and delivered by our external legal advisor immediately prior to or on their respective date of appointment.

The Company encourages all Directors to participate in programmes of continuous professional development to develop and refresh their knowledge and skills. The Directors are provided with reading materials on corporate governance and the latest developments on the relevant laws, rules and regulations.

The Directors participated in the following trainings for the year ended December 31, 2024:

Name of Director	Continuous Professional Development
	Attending briefings, seminars, conference and/or reading materials relevant to Director's duties and responsibilities
Chairman of the Board and Executive Director	
Mr. Jiang Guojin (resigned on March 7, 2024)	✓
Dr. Gao Xiang (appointed on March 7, 2024)	✓
Executive Director	
Dr. Zhang Nan (appointed on April 15, 2024)	✓
Non-executive Directors	
Mr. Ma Dewei (resigned on March 7, 2024)	✓
Dr. Zhao Wei (resigned on December 31, 2024)	✓
Mr. Shi Bo (resigned on June 25, 2024)	✓
Mr. Chen Zhigang (appointed on June 25, 2024)	✓
Mr. Wang Guoxin (appointed on December 31, 2024)	✓
Independent Non-executive Directors	
Mr. Fu Tingmei	✓
Mr. Li Michael Hankin	✓
Dr. Ju Jiandong	✓

Board Committees

The Company's corporate governance is implemented through a structured hierarchy, which includes the Board of Directors and four committees of the Board, namely the Audit Committee, the Nomination Committee, the Remuneration Committee and the Food Safety Committee. The terms of reference of the Board Committees are available on the HKEXnews' and the Company's websites. The Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

Further details of the roles and functions of the Board Committees are set out below.

1. Audit Committee

On December 31, 2024, Dr. Zhao Wei (the then non-executive Director) resigned and Mr. Wang Guoxin was appointed as member of the Audit Committee. The Audit Committee currently comprises one non-executive Director, namely Mr. Wang Guoxin and two independent non-executive Directors, namely Mr. Li Michael Hankin and Mr. Fu Tingmei. Mr. Li Michael Hankin is the chairman of the Audit Committee. He has more than 33 years of experience in financial and accounting matters, fundraising, mergers and acquisitions, restructuring and international business development. The Audit Committee held a total of 4 meetings during the year ended December 31, 2024. Executive Directors, senior management and the external auditor of the Company were invited to join the discussions at the meetings.

The primary duties of the Audit Committee include the oversight of the Group's financial reporting system, risks management and internal control procedures, monitoring the integrity of the preparation of the Company's financial information including interim and annual results of the Group, reviewing the Group's financial and accounting policies and practices and monitoring the effectiveness of the internal audit function. The Audit Committee also provides oversight for and management of the relationship with the Group's external auditor, including reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards.

During the year ended December 31, 2024, the Audit Committee has performed the following:

- (a) met with the external auditors to discuss the general scope and findings of their audit and review work;
- (b) reviewed the external auditor's management suggestion letter and management's response;
- (c) reviewed and recommended to the Board for approval of the external auditors' remuneration;
- (d) made recommendations to the Board on the re-appointment of the external auditor;
- (e) reviewed the external auditors' independence, objectivity and the effectiveness of the audit process;
- (f) reviewed and monitored the integrity of financial statements, annual report and annual results announcement of the Group for the year ended December 31, 2023 and interim report and interim results announcement for the six months ended June 30, 2024;
- (g) reported to the Board on matters relating to the Audit Committee under the Corporate Governance Code;
- (h) reviewed the Company's financial controls, internal control and risk management systems;
- (i) discussed auditing, internal control, risk management and financial reporting matters before recommending them to the Board for approval;
- (j) reviewed the arrangements that employees of the Company and those who deal with the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal controls or other matters.

As at the date of this report, the Audit Committee reviewed the annual results of the Group for the year ended December 31, 2024.

2. Nomination Committee

On March 7, 2024, Mr. Jiang Guojin (the then executive Director) resigned and Dr. Gao Xiang was appointed as chairman of the Nomination Committee. The Nomination Committee currently comprises five members, namely Dr. Gao Xiang, being the Chairman of the Board and an executive Director, Dr. Zhang Nan, being an executive Director and general manager, and three independent non-executive Directors, namely Mr. Fu Tingmei, Dr. Ju Jiandong and Mr. Li Michael Hankin. Dr. Gao Xiang is the chairman of the Nomination Committee since March 7, 2024. The Nomination Committee held 5 meetings during the year ended December 31, 2024.

The primary duties of the Nomination Committee are to review and make recommendations to the Board on the structure, composition size and diversity of the Board, to oversee the identification and assessment of potential candidates of Directors, to provide oversight and direction in respect of the succession planning for Directors, to determine the composition of Board Committees and to assess the independence of the independent non-executive Directors. The Nomination Committee has performed all the above duties during the year ended December 31, 2024.

During the year ended December 31, 2024, the Nomination Committee had reviewed and recommended to the Board the appointments of Dr. Gao Xiang and Dr. Zhang Nan as executive Directors, Mr. Chen Zhigang and Mr. Wang Guoxin as non-executive Directors. The above appointments were subject to the assessment process in accordance with the Company's director nomination policy and board diversity policy, to ensure the Board possesses the necessary skills, experience and knowledge in alignment with the Company's strategy and development. In assessing the above appointments, the Nomination Committee and the Board had reviewed the director candidates' respective expertise and professional qualifications and had considered the Board diversity from a number of aspects, including but not limited to gender, age, cultural and educational background, race, professional experience, skills, knowledge, and term of service. All Board appointments will be based on meritocracy, and candidates will be considered against criteria including talents, skills and experience as may be necessary for the operation of the Board as a whole, with a view to maintaining a sound balance of the Board's composition.

Diversity Policy

According to Rule 13.92 of the Listing Rules, the listed company should adopt the policy of diversification of the board members. During the year ended December 31, 2024 and up to the date of this report, the Board has adopted the Board Diversity Policy, and discussed all quantifiable targets established for implementing the policy.

Measurable Objectives

For the purpose of implementation of the Board Diversity Policy, the following measurable objectives were adopted:

- (i) Independence: The Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors) so that there is a strong element of independence in the Board. The independent non-executive Directors shall be of sufficient calibre and stature for their views to carry weight.
- (ii) Skills and experience: The Board possesses a balance of skills appropriate for the requirements of the business of the Company. The Directors have a mix of finance, academic and management backgrounds that taken together provide the Company with considerable experience in a range of activities.
- (iii) Gender equality: The Board consists of a female Director.

Apart from the above objectives, the Board Diversity Policy has complied with the following objectives with the Listing Rules:

- 1. at least one third of the members of the Board shall be independent non-executive Directors;
- 2. at least three of the members of the Board shall be independent non-executive Directors;
- 3. at least one of the independent non-executive Directors shall have obtained appropriate professional qualifications or accounting or related financial management expertise; and
- 4. at least one female Director in the Board.

The Board currently comprises of seven Directors, of which two are executive Directors, two are non-executive Directors and three are independent non-executive Directors and have a strong element of independence in the Board. The Board appointed a female director in April 2024 to meet the requirements of gender equity. The Board has an appropriate mix of skills, experience and diversity that are relevant to the Company's strategy, governance and business, two Directors are expert in executive leadership & strategy, two Directors are accounting professionals/financial management expertise, one Director is specialised in quality and safety management and two Directors are specialised in legal professionals/regulatory compliance/risk management, and they may considerably make valuable contribution to the development of the Company.

Workforce diversity

The gender ratio in the workforce (including senior management) for the year ended December 31, 2024 is 72 (male): 28 (female). The total gender diversity of the Group is relatively balanced in the industry and the Group will continue to maintain the gender diversity in workforce. For further details of gender ratio and initiatives taken to improve gender diversity together with the relevant data, please refer to the disclosure in the ESG report.

In 2025, the Board will continue to discuss and set specific quantifiable targets and disclose the targets in the annual report. The Company understands and believes in the advantages of diversification of the Board members, aiming to ensure a balanced composition of their skills, experience and view appropriate for the requirements of the businesses of the Company. The Company continues to adopt the merit principle to appoint Directors and gives proper consideration to the advantages of diversification of the Board members. The selection criteria of candidates are based on diversified factors, including but not limited to gender, age, culture and education background, race, professional experience, skills, knowledge and term of service. The final decision will be made based on merit principle and contributions brought to the Board by the candidate to be appointed.

The Company will ensure that the recruitment and selection of Directors are conducted in accordance with appropriate systematic procedures so as to attract candidates from a variety of backgrounds for the Company's consideration. The Company will also develop and implement relevant schemes to train a larger variety and diversity of employees with relevant working skills and experience and ensure gender diversity to develop a pipeline of female senior management and potential successors to the Board.

The Nomination Committee will discuss and agree on all quantifiable targets annually for implementing diversity of the Board and recommend the targets to the Board for adoption. At any given time, the Board may seek to improve one or more aspects of its diversity and measure progress accordingly. The Nomination Committee has reviewed the Board Diversity Policy to ensure its effectiveness and considered that the Group achieved the measurable objectives of independence, skills and experience under the Board Diversity Policy for the year ended December 31, 2024.

Nomination Policy

Where vacancies on the Board exist, the Nomination Committee evaluates skills, knowledge and experience required by the Board, and identifies if there are any special requirements for the vacancy. The Nomination Committee identifies appropriate candidates and convenes Nomination Committee meetings to discuss and vote in respect of the nominated Directors, and recommends candidates for Directors to the Board.

The Nomination Committee considers candidates with individual skills, experience and professional knowledge that can best assist and facilitate the effectiveness of the Board. The Nomination Committee takes the Board Diversity Policy into consideration when it considers the balance of composition of the Board as a whole.

The Nomination Committee reviews the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations to the Board on any proposed changes to the Board to complement the Company's corporate strategy and on the appointment or reappointment of Directors and succession planning for Directors, in particular the chairman and the general manager.

The Nomination Committee's procedures and criteria for selecting and making recommendations for the appointments of Directors are designed to satisfy high standards of corporate governance. These processes also meet or exceed the Stock Exchange's requirements to ensure that every Director of the Company has the requisite character, experience and integrity and is able to demonstrate a standard of competence, commensurate with his position as a Director of a listed issuer, and that where nominations of independent non-executive Directors are under consideration, the requirements of Rule 3.13 of the Listing Rules shall be satisfied.

3. Remuneration Committee

On March 7, 2024, Mr. Jiang Guojin (the then executive Director) resigned and Dr. Gao Xiang was appointed as member of the Remuneration Committee. On April 15, 2024, Dr. Gao Xiang ceased to be a member of the Remuneration Committee and Mr. Shi Bo (the then non-executive Director) was appointed as member of the Remuneration Committee. Mr. Shi Bo resigned and Mr. Fu Tingmei was appointed as member of the Remuneration Committee on June 25, 2024. The Remuneration Committee currently comprises three members, all of them are independent non-executive Directors, namely Mr. Li Michael Hankin, Dr. Ju Jiandong and Mr. Fu Tingmei. Mr. Li Michael Hankin is the chairman of the Remuneration Committee. The Remuneration Committee held a total of 5 meetings during the year ended December 31, 2024.

The Remuneration Committee has adopted the second model described in code provision E.1.2(c) of the Corporate Governance Code (i.e. to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management).

The primary duties of the Remuneration Committee are to make recommendations and proposals to the Board in respect of remuneration policies according to the performance of Directors and the terms of the service contracts and to review and approves the matters relating to share schemes under Chapter 17 of the Listing Rules and to review and approve the remunerations which are determined based on the results and performance of the Company by making reference to the Company's objectives as approved from time to time by the Board. The Remuneration Committee shall consult the chairman of the Board and/or general manager of the Company about their remuneration proposals for the executive Directors and is provided with sufficient resources enabling it to discharge its duties.

During the year ended December 31, 2024, the Remuneration Committee has performed main duties including but not limited to evaluating the performance of the Directors and senior management, reviewing and approving the remuneration of the Directors and senior management, and reviewing the remuneration of director's candidates etc.

The remunerations of Directors are also determined with reference to their experience, qualifications, responsibilities involved in the Company and prevailing market conditions. Apart from benchmarking against the market, the Company looks at individual competence and contributions and the affordability of the Company in determining the exact level of remuneration for each Director. Appropriate benefits schemes are in place for the executive Directors, including the Share Incentive Scheme, same as those offered to other employees of the Group. Details of emoluments of Directors for the year ended December 31, 2024 are set out in Note 12 to the consolidated financial statements. The emoluments paid or payable to the senior management during the year 2024 were within the following bands:

RMB yuan	Number of Senior Management
0-1,000,000	1
1,000,001-1,500,000	3
1,500,001-2,000,000	2
Over 2,000,000	0

4. Food Safety Committee

On March 7, 2024, Mr. Jiang Guojin (the then executive Director) ceased and Dr. Gao Xiang was appointed as the chairman of the Food Safety Committee. Dr. Zhang Nan has been appointed as a member of the Food Safety Committee on April 15, 2024. On June 25, 2024, Dr. Zhao Wei resigned and Mr. Chen Zhigang was appointed as member of the Food Safety Committee. The Food Safety Committee currently comprises of three members, namely Dr. Gao Xiang, being the chairman of the Board and an executive Director, Dr. Zhang Nan, being an executive Director and Mr. Chen Zhigang, being a non-executive Director. Dr. Gao Xiang is the chairman of the Food Safety Committee. The Food Safety Committee held 1 meeting relating to the effective control of food quality and safety during the year ended December 31, 2024, including reviewing food safety work of last year and work plan for the next stage.

The primary duties of the Food Safety Committee are to review and assess the Company's food quality and safety policy, management and performance and give advice to ensure compliance with relevant rules and regulations and ensure food safety.

Joint Company Secretary

Dr. Zhang Nan (張楠) acted as the joint company secretary of our Company until April 18, 2024. She is responsible for making recommendations to the Board on corporate governance, and ensuring the compliance with the policies and procedure of the Board and applicable laws, rules and regulations. Due to the adjustment of work division, from April 18, 2024, Dr. Zhang Nan resigned as the joint company secretary of the Company and Ms. Jin Qiu (金秋) was appointed as the joint company secretary.

Ms. Jin Qiu, aged 39, joined the Company in August 2012 and has served as the manager and assistant to the general manager of the strategy department. Ms. Jin was appointed as the deputy general manager of the strategy department in July 2023, mainly responsible for strategic planning, investment management, board affairs and investor relations, etc., with extensive experience in meat industry research, capital operation, corporate governance, information disclosure and investor relations. Ms. Jin Qiu obtained her bachelor's degree in economics and master's degree in economics from Peking University in July 2010 and July 2012, respectively.

To maintain good corporate governance and ensure the compliance with the Listing Rules and applicable Hong Kong laws, the Company also appointed Ms. Chau Hing Ling (周慶齡), an executive director of corporate services of Vistra Corporate Services (HK) Limited (a provider of company secretary service), as our another joint company secretary. Ms. Chau's main contact in the Company is Ms. Jin Qiu.

During the year ended December 31, 2024, Ms. Jin Qiu and Ms. Chau Hing Ling has taken not less than 15 hours of relevant professional training.

Accountability and Audit

The Directors acknowledged their responsibility to prepare accounts and present a balanced, clear and understandable assessment in the consolidated financial statements of the annual and interim reports, other inside information announcements and other financial disclosures required under the Listing Rules, and to report to regulators as well as to disclose information required pursuant to statutory requirements. When the Directors were aware of material uncertainties relating to events or conditions that might cast significant doubt upon the Company's ability to continue as a going concern, such uncertainties would be clearly and prominently disclosed and discussed in detail in this Corporate Governance Report.

The statement of the independent auditor of the Company about their reporting responsibilities and opinion on the financial statements of the Company for the year ended December 31, 2024 is set out in the Independent Auditor's Report on page 52 of this report.

Risk Management and Internal Control

1. Mission and Goal

The Company attaches great importance to the building and improvement of the risk management and internal control system, and has enhanced its corporate governance and risk control capability through continuous summary and innovation in the years of business development. The Company has established a sound risk management and internal control system in accordance with the PRC Company Law, Accounting Law, Accounting Standards for Business Enterprises, Basic Internal Control Norms for Enterprises, the Listing Rules, code provisions of the Corporate Governance Code, Internal Control Framework of the Committee of Sponsoring Organisations of the Treadway Commission (the "COSO Framework") and other relevant laws and regulations.

The Board acknowledges its responsibilities, which ensures the Company's establishment and maintenance of the appropriate and effective risk management and internal control system set to manage rather than eliminate risks of failure to achieve the business goals and to provide reasonable rather than absolute guarantee only for losses resulting from significant misstatement.

The Board has reviewed the risk management and internal control system of the Group, and believes that the system is effective and sufficient.

The Board has also reviewed the internal audit function of the Group, and believes that the function is effective and sufficient.

2. Management Structure

(a) The Board

- Ensure and maintain the appropriate and effective risk management and internal control system;
- Establish the management structure based on well-defined responsibilities and powers;
- Determine the level of significant risks that the Company is willing to assume to achieve strategic goals, and formulate the Company's risk management strategies.

(b) Audit Committee

- Examine the Company's risk management and internal control system;
- Conduct review and discussion with the management every year to ensure the management's performance of its responsibilities to maintain the effectiveness of the risk management and internal control system;
- On its own initiative or as delegated by the Board, research any major findings of investigations on risk management and internal control matters and the management's response thereto;
- Ensure work coordination between internal and external auditors; ensure sufficient resources operations for and appropriate status of the internal audit function in the Company, and review and supervise whether the internal audit function is effective.

(c) Management

- Properly design, implement and monitor the risk management and internal control system, and ensure the system can be implemented effectively;
- Supervise risks and take measures to reduce risks on daily operations;
- Promptly respond to and follow up the investigation findings on internal supervision matters proposed by internal or external auditors;
- Make acknowledgement to the Board regarding the effectiveness of the risk management and internal control system.

(d) Audit Department

- Analyse and independently evaluate the adequacy and effectiveness of the risk management and internal control system.

3. Risk Management

The risk management process includes risk identification, risk assessment, risk response and risk monitoring and review. The Company sets up an overall risk management system according to the COSO Framework, implements all-staff risk management idea, and conducts risk management in the head office and various subordinate outlets of the Company, which covers all risks occurring in operation and management. Moreover, it focuses the management on key risks.

Every year, the Company takes steps such as holding strategy and budget seminars to define its development goal, determine business operation plan and identify key risks. The senior management discusses and determines major issues through general manager's meetings. The business segments regularly convene operation analysis meetings to analyse the implementation of operation plans and budgets, risk control, supply, production and marketing.

In 2024, in accordance with the work requirements for risk management and internal control of State-owned Assets Supervision and Administration Commission (SASAC) and the COFCO, the Company organised and conducted comprehensive risk management and internal control, and compiled the Internal Control System Work Report to report to the Group. The management of the Company strengthened monitoring and management of key risks. The Audit Department of COFCO Joycome was responsible for organising and conducting comprehensive risk management work at the company level. Various risk gateway departments were responsible for supervising the implementation of risk management work in each business segment. Various business segments were responsible for implementing specific risk management work including risk identification, risk assessment, risk control, risk events response and risk management strategy formulation, and took primary responsibility for risk events in respective business segment.

At the beginning of 2024, the Audit Department of the Company organised all departments to conduct comprehensive risk assessment work, the scope of which covered all business departments and functional departments of COFCO Joycome. Various departments scored 30 level-two risks from two dimensions, which are the possibility of occurrence and the impact extent, respectively. The Audit Department summarised and ranked the score results on the basis of the collected score results of various departments and senior management of the Company. The top five most significant risks were identified as major risks in 2024, and the major risks of the Company in 2024 were eventually determined as price risks, epidemic risks, operating performance risks, food safety risks and safe production risks. After identifying major risks in 2024, the Audit Department organised all risk-related departments to conduct risk analysis on key risks, identify the relevant gateway departments and the departments responsible for major risks, and determine various risk management strategies based on risk characteristics and risk preferences and formulate risk solutions so that key risks could be effectively controlled.

Various departments of the Company actively carried out risk prevention and control work as well as focused on major risk supervision. In 2024, with collective efforts devoted by all employees of COFCO Joycome, all major risks were under control, and we achieved good results in comprehensive risk management work.

4. Internal Control

The Company established corresponding internal control systems and procedures for various important business activities including procurement, sales, fund management, asset management, human resources, financial report and contract management. Under these systems and procedures, employees were required to carry out their respective duties and strictly follow the work standards. By strengthening the professional skill training of employees, the Company achieved standardised operation as a way to minimise various business risks.

In 2024, the Audit Department of the Company actively conducted risk and problem-oriented internal control according to the work requirements of relevant regulatory institutions, a total of 17 projects of internal audit were carried out throughout the year. Internal audit has generally covered all the main aspects of the Company's operation and management without material omission. For various audit problems and internal control defects found in the internal audit process, the Audit Department regularly followed up and propelled the rectifications made by the audited entity.

By conducting internal control, the Company evaluated the operation mode and management status of the business segments and various subordinate outlets and improved the overall management, operating efficiency and internal control of the Company.

In addition, our Company formulated "Insiders Registration System on Inside Information" and "Information Disclosure Management System". The Board reviews such systems regularly, implements an insider registration and management system for the insiders, including but not limited to Directors and senior management, in order to enhance the confidentiality of inside information and supervises the information disclosure to prevent disclosure and leak of inside information. Our Company has implemented necessary internal control to restrict Directors, senior management and related employees to obtain or use the inside information without prior authorisation by the Company.

After deliberating the work results of the Audit Committee, the management and internal and external auditors, the Board considered that the Company had established a proper risk management and internal control system which can continuously define, evaluate and manage the risks faced by the Company.

The Board reviews and evaluates the effectiveness of the internal control and risk management system of the Company twice a year. For the year ended December 31, 2024, the Board completed the review and evaluation of the effectiveness of the internal control and risk management system of the Company and considered it is effective and adequate.

Anti-corruption Policy

The Company does not tolerate any form of bribery, whether direct or indirect, by, or of, its Directors, officers, employees, agents or consultants or any persons or companies acting for it or on its behalf. The Company adopts the anti-corruption policy in assisting the employees in recognising circumstances which may lead to or give the appearance of being involved in corruption or unethical business conduct, so as to avoid such conduct which is clearly prohibited, and to promptly seek guidance if necessary.

Whistleblowing Policy

The Company expects and encourages employees of the Group and those who deal with the Group (e.g. suppliers, customers, creditors and debtors) to report to the Company, in confidence, any suspected impropriety, misconduct or malpractice concerning the Group. The Company adopts the whistleblowing policy to provide reporting channels and guidance on reporting possible improprieties and reassurance to whistleblowers of the protection that the Group will extend to them in the formal system.

The whistleblowing policy will be reviewed on a regular basis, any suspected cases will be reported to the Audit Committee.

Independent Auditor

The Group appointed Baker Tilly Hong Kong Limited as the independent auditor for the year ended December 31, 2024. It is responsible for auditing and forming an independent opinion on the Group’s annual consolidated financial statements. Baker Tilly Hong Kong Limited was appointed as auditor of the Company at the annual general meeting held on June 30, 2021 to fill the vacancy following the retirement of Deloitte Touche Tohmatsu. There has been no change in auditor thereafter.

The Audit Committee reviews and monitors the external auditor’s independence and objectivity and effectiveness of the audit process. It receives each year a report from the external auditor confirming its independence and objectivity, and holds meetings with representatives of the external auditor to consider the scope of its audit, approve its fees, and the scope and appropriateness of non-audit services, if any, provided by it. The Audit Committee also makes recommendations to the Board on the re-appointment of the external auditor.

Auditors’ Remuneration

For the year ended December 31, 2024, the total fees paid/payable in respect of services provided by the Group’s external auditors are set out below:

Services rendered	Fees paid/payable (RMB’000)
Audit services	2,020
Non-audit services	2,458

Note: The non-audit services are mainly related to services rendered for interim review, continuing connected transactions and reporting accountants for major transaction in relation to acquisition of COFCO Jiahua, etc.

Shareholders’ Rights and Communication

As one of the measures to safeguard Shareholders’ interests and rights, separate resolutions will be proposed at the general meetings on every substantial matter, including the election of individual Directors, for Shareholders’ consideration and voting. Furthermore, the Company regards the annual general meeting and extraordinary general meetings as important events, and Directors, Chairmen of each Board Committee, senior management and external auditor make an effort to attend the annual general meeting and extraordinary general meetings of the Company to address Shareholders’ queries. All resolutions proposed at the general meetings will be voted on by poll. The poll voting results will be posted on the websites of the “HKEXnews” (www.hkexnews.hk) and the Company (www.cofcojoycome.com) on the same day as the relevant general meetings.

Extraordinary general meetings may be convened by the Board on the requisitions of Shareholders holding not less than one-tenth of the paid-up capital of the Company pursuant to article 12.3 of the Articles of Association. Such requisition must specify the main discussions of the meeting and signed by the petitioner and deposited to the principal office in Hong Kong of the Company or the Company’s registered office. Shareholders should follow the requirements and procedures as set out in such Articles of Association for convening an extraordinary general meeting.

Shareholders have the right to put enquiries to the Board. All enquiries shall be in writing and sent by post to the headquarters of the Company in Beijing for the attention of Ms. Jin Qiu.

The Company adheres to high standards with respect to the disclosure of its financial statements. The Company is committed to maximising the use of its website as a channel to provide updated information in a timely manner, so as to strengthen the communication with both the Shareholders and the public.

There are no provisions allowing Shareholders to propose new resolutions at general meetings under the Cayman Islands Company Law. However, Shareholders who wish to propose a resolution may request to convene an extraordinary general meeting and propose resolutions in the meeting pursuant to article 12.3 of the Articles of Association. The requirements and procedures of article 12.3 of the Articles of Association are set out above.

Investors Relations

The Board recognises the importance of maintaining clear, timely and effective communication with the Shareholders and investors of the Company, and acknowledges that effective communication with investors is the key to build the confidence of investors and attract new investors.

The Company adopted the shareholders communication policy, which set out the framework the Company has put in place to promote effective communication with shareholders so as to enable them to engage actively with the Company and exercise their rights as shareholders in an informed manner.

Our Company mainly communicates with Shareholders in the following ways:

- (i) hold general meetings to offer opportunities for Shareholders to communicate directly with the Board;
- (ii) issue announcements, annual reports, interim reports and/or circulars and press release by our Company pursuant to the requirements of the Listing Rules to keep providing the updated information of our Group;
- (iii) periodically update our website and disclose information timely on our website and the website of the Stock Exchange; and
- (iv) investors/analysts briefings and group/one-on-one meetings, roadshows (both domestic and international), media interviews, marketing activities and forums on specific topics, etc. will be available on a regular basis and when necessary so as to facilitate communication between the Company, Shareholders and the investors. Shareholders and investors are welcome to visit the Company's website and raise inquiries via our investor relation department whose contact details are available on the website.

Having considered the multiple channels of communication in place provided shareholders and investment community with information about the latest development of the Group and the establishment of a range of communication channels between the Company and its shareholders, investors and other stakeholders for them to provide feedback, the Board is satisfied that the shareholders communication policy has been properly implemented during 2024 and is effective.

Constitutional Documents

During the year ended December 31, 2024, there was no change in the Company's memorandum and Articles of Association. A copy of the updated Company's memorandum and Articles of Association is available on the websites of the Company and the "HKEXnews".

Directors' Report

The Board is pleased to present its report and the audited financial statements of the Company and of the Group for the year ended December 31, 2024.

During the year ended December 31, 2024 and up to the Latest Practicable Date, the members of the Board are as follows:

Chairman of the Board and Executive Director

Mr. Jiang Guojin (*resigned on March 7, 2024*)

Dr. Gao Xiang (*appointed on March 7, 2024*)

Executive Director

Dr. Zhang Nan (*appointed on April 15, 2024*)

Non-executive Directors

Mr. Ma Dewei (*resigned on March 7, 2024*)

Dr. Zhao Wei (*resigned on December 31, 2024*)

Mr. Shi Bo (*resigned on June 25, 2024*)

Mr. Chen Zhigang (*appointed on June 25, 2024*)

Mr. Wang Guoxin (*appointed on December 31, 2024*)

Independent Non-executive Directors

Mr. Fu Tingmei

Mr. Li Michael Hankin

Dr. Ju Jiandong

Analysis of Principal Activities and Operations

The main businesses of the Company include research and development, production, sales and supporting technical services of feed; hog breeding, production, slaughtering and cutting; production, distribution and sale of fresh pork and processed meat products, import and distribution of meat products (including pork, beef, poultry and mutton).

Business Review

A business review of the Group as required under Schedule 5 of Companies Ordinance (Cap. 622 of the Laws of Hong Kong), including a fair review of the Group's business, a discussion of major risks and uncertainties to which the Group is exposed as well as an indication of future developments which the Group's business is likely to carry out, are set out in the sections headed "Chairman's Statement", "Management Discussion and Analysis" and "Notes to the Consolidated Financial Statements" in this annual report. The above-mentioned sections are part of this Directors' report.

Subsequent Events

The Group has no material subsequent events after December 31, 2024 and up to the date of this report which are required to be disclosed.

Analysis of Key Financial Indicators

An analysis of the Group's performance during the year using financial key performance indicators is provided in the section headed "Management Discussion and Analysis" of this annual report.

Major Risk and Outlook

The Group's operation is exposed to certain risks and uncertainties, some of which are beyond our control. Such risks and uncertainties include domestic and overseas economic conditions, credit policies and foreign exchange policies in the PRC, changes in relevant laws and regulations and enforcement policies. There are other unknown and insignificant uncertainty factors which would be proved significant in the future.

Financial Risk Management Objectives and Policies

The financial risk management objectives and policies of the Group are set out in Note 48 to the consolidated financial statements.

Results

Results of the Group for the year ended December 31, 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 55 to 56 of this report.

Dividend

The Board has resolved not to declare any final dividend for the year ended December 31, 2024.

Dividend Policy

The Company has adopted a dividend policy (the "Dividend Policy"), pursuant to which, the Company will declare and pay dividends to the Shareholders with the dividends expected to be declared and paid in aggregate amounting to 20% to 70% of the net profits before biological assets fair value adjustments of the Company for the year, upon satisfaction of the following conditions:

1. Declaration and payment of dividends of the Company will not affect the normal operation of the Group; and
2. Declaration and payment of dividends of the Company will not affect the significant investments to be made by the Group.

Declaration and payment of dividends of the Company are also subject to restriction of the Articles of Association and the Cayman Islands Company Law. The Company will continue to review its dividend policy from time to time.

Share Capital

As at December 31, 2024, the total number of issued shares of the Company was 4,581,998,323 shares.

Share Premium and Reserves

Movements in the share premium and reserves of the Group during the year are set out on page 59 to the consolidated statement of changes in equity.

Distributable Reserves

The Company's total distributable reserves as at December 31, 2024 amounted to RMB1,543 million.

Donations

Charitable donations made by the Group during 2024 was RMB10.74 million.

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group are set out in Note 17 to the consolidated financial statements.

Borrowings and Capitalisation of Interests

Details of borrowings are set out in Note 34 to the consolidated financial statements. Details of the Group's capitalised interest expenses and other borrowing costs during the year are set out in Note 9 to the consolidated financial statements.

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out in the section headed "Financial Summary" of this annual report.

Compliance with Relevant Laws and Regulations

The Company was incorporated in the Cayman Islands and has been listed on the Stock Exchange with its business operations mainly in China. The operation of the Group is governed by the laws of Hong Kong, the Cayman Islands and China, including but not limited to the Hong Kong Companies Ordinance, the Listing Rules, the SFO as well as the PRC Company Law, Basic Internal Control Norms for Enterprises and other relevant laws, regulations, rules and ordinances, which include information disclosure, corporate governance and industry-standard operation. The Group is also committed to maintaining a high level of corporate governance practices. As far as the Board is aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. For the year ended December 31, 2024, there was no material breach of or non-compliance with the relevant laws and regulations by the Group.

Relationship with Employees, Customers and Suppliers

The Group understands the importance of maintaining a good relationship with its employees, customers and suppliers to meet its current and long-term business goals. For the year ended December 31, 2024, there was no material and substantial dispute between the Group and its employees, customers and suppliers.

Remuneration Policy and Retirement Benefits of the Group

For the remuneration policy of the Group, please refer to the section headed "Human Resources".

Details of the retirement benefit scheme for the year ended December 31, 2024 are set out in Note 43 to the consolidated financial statements.

Purchase, Sale or Redemption of the Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities (including sale of treasury shares) for the year ended December 31, 2024. No treasury shares was held by the Company as at December 31, 2024.

Permitted Indemnity

During the year ended December 31, 2024, the Company has arranged liability insurance for all Directors and senior management. Pursuant to article 33.1 of the Articles of Association, every Director, auditor or other senior management of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or legal liabilities incurred or sustained by him or her as a Director, auditor or other senior management of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his or her favour, or in which he or she is acquitted.

Directors' Service Contracts

None of the Directors had entered into any service contract with any member of the Group which was not terminable by the Group within one year without payment of compensation other than statutory compensation.

Directors' Interests in Transactions, Arrangements or Contracts of Significance

No transactions, arrangements or contracts of significance in relation to the Group's business to which the Company, any of its subsidiaries or its fellow subsidiaries was a party and in which any Director of the Company had a material interest, whether directly or indirectly, subsisted during or at the end of the year ended December 31, 2024.

Directors' Report

Directors' Rights to Purchase Shares or Debentures

At any time during the year ended December 31, 2024, none of the Company or any of its subsidiaries was a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18, were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate, or had exercised any such right.

Changes in the Board and Directors' Information

The changes in the Board and Director's information since the date of the Company's 2024 interim report are set out below:

- (1) Dr. Zhao Wei resigned as a non-executive Director and ceased to act as a member of the Audit Committee on December 31, 2024, due to his other business commitments that require more of his dedication and time.
- (2) Mr. Wang Guoxin has been appointed as a non-executive Director and a member of the Audit Committee on December 31, 2024.
- (3) Mr. Li Michael Hankin resigned as an independent non-executive director of Clarity Medical Group Holding Limited (a company listed on the Stock Exchange, stock code: 1406) on November 25, 2024 and has been appointed as an independent non-executive director of Cornerstone Technologies Holdings Limited (a company listed on GEM of the Stock Exchange, stock code: 8391) on February 27, 2025.

Interests in the Shares of the Company

Substantial Shareholders and other persons	Note	Capacity/Nature of Interests	Number of ordinary Shares of the Company held (long position)	Approximate percentage of aggregate interests in issued shares of the Company ⁽²⁾
Mainfield	(1)	Beneficial owner	1,078,377,782	23.54%
China Foods (Holdings)	(1)	Interest in controlled corporation	1,078,377,782	23.54%
COFCO (HK)	(1)	Interest in controlled corporation	1,078,377,782	23.54%
COFCO	(1)	Beneficial owner	768,304,000	16.77%
		Interest in controlled corporation	1,846,681,782	40.30%
Shanghai Ningquan Asset Management Co., Ltd.		Investment manager	275,705,000	6.02%

Save as disclosed above, there has been no change in information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Disclosure of Interests

1. Directors

As at December 31, 2024, so far as was known to the Directors, none of the Directors had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would fall to be disclosed to the Company under the provisions of Divisions 7 and 8 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

2. Substantial Shareholders

As at December 31, 2024, so far as was known to the Directors, Shareholders (other than the Director or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which shall be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Notes:

- (1) *Mainfield is a wholly-owned subsidiary of China Foods (Holdings). China Foods (Holdings) is wholly-owned by COFCO (HK), which in turn is wholly-owned by COFCO. Accordingly, each of COFCO, COFCO (HK) and China Foods (Holdings) is deemed to be interested in such shares.*
- (2) *As at December 31, 2024, the total issued shares of the Company were 4,581,998,323.*

Save as disclosed herein, as at December 31, 2024, so far as was known to the Directors, no other persons had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the interest register kept by the Company under section 336 of the SFO.

Share Incentive Scheme and its Updates

To recognise and reward the contribution of certain employees to the Group, provide incentives to retain them to support the continued growth of the Group, and attract suitable personnel for further development, the Company adopted the Former Share Incentive Scheme on March 27, 2015 and amended the Former Share Incentive Scheme on March 27, 2017, after the discussion between the board of COFCO Meat Investments and the then Shareholders. The aforesaid scheme expired on March 27, 2025 and the remaining life of the scheme is 0.

The principal terms of the Share Incentive Scheme of the Company are as follows:

Number of Incentive Shares

Pursuant to the Former Share Incentive Scheme, the number of Shares was 39,506,375 Shares, and the number of the Shares required to be transferred under the New Share Incentive Scheme is changed to 55,440,613 Shares, and as at the date of this annual report, representing approximately 1.21% of the issued shares (excluding treasury shares) of the Company.

Participants

All of the scheme participants are employees of our Group.

Exercise Price

The scheme participants are not required to pay for the grant of the options. The exercise price shall be on the basis of RMB1.37 per Share, and subject to the amount per Share decided by the Board from time to time, however, on the premise that the exercise price shall not be less than the Hong Kong dollar equivalent of RMB1.00 per Share. Such currency conversion shall be subject to the central parity of the benchmark exchange rate of Renminbi to Hong Kong dollar published by the People's Bank of China on the day when the Board determines the effective Exercise Price at that time.

Exercise of the Option

A scheme participant shall exercise the vested options by sending a written notice to trustee through the Company, specifying the number of the option Shares he/she intends to exercise. The trustee shall arrange to sell the option Shares concerned in an open market and pay the net proceeds, being the proceeds of sale less the Exercise Price and all relevant costs, expenses and taxes, to the relevant scheme participants.

Time of Vesting

The Options shall be vested consecutively in four years from the date of grant in equal numbers, subject to the following adjustments based on the performance of a Scheme Participant during the relevant period:

1. if the department in which the Scheme Participant is employed achieves less than 80% of the performance target during the relevant period, no Options will be vested;
2. if department in which the Scheme Participant is employed achieves between 80% and 120% of the performance target during the relevant period, the same percentage of Options will be vested; and
3. if department in which the Scheme Participant is employed achieves above 120% of the performance target during the relevant period, 120% of the Options will be vested.

Directors' Report

Details of the options granted under the Share Incentive Scheme are set out in the following table:

Name and Category of Participants	Date of Options Granted	Number of Options					At December 31, 2024
		At January 1, 2024	Granted During the year	Exercised During the year	Cancelled During the year	Lapsed During the year	
Employees of the Group	March 27, 2015	4,880,269	0	0	0	0	4,880,269
Total		4,880,269	0	0	0	0	4,880,269

Details of the Share Incentive Scheme are set out in note 41 to the consolidated financial statements on pages 131 to 133 of this annual report.

Pre-Emptive Rights

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands, the jurisdiction in which the Company was incorporated, and there is no restriction against such rights which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

Tax Relief

The Company is not aware of any relief from taxation available to Shareholders by reason of their holdings in the Shares.

Competing Interests

For the year ended December 31, 2024, none of the Directors is considered to have an interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

Corporate Governance Measures in Relation to Non-Competition Undertakings

The Company has received annual confirmations on compliance with the undertaking under the deed of non-competition from COFCO, COFCO (HK), China Foods (Holdings) and Mainfield, respectively, for the year ended December 31, 2024. The independent non-executive Directors have reviewed the same and the enforcement and confirmed that, as far as they can ascertain, there is no breach by any of the covenants of the non-competition undertakings in the deed of non-competition. For details of the non-competition undertakings, please refer to the Prospectus.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed for the year ended December 31, 2024.

Major Suppliers and Customers

Approximately 8.93% and 15.09% of the Group's total sales were attributable to its largest customer and five largest customers for the year ended December 31, 2024, and approximately 2.23% and 9.49% of the Group's total purchases were attributable to its largest supplier and five largest suppliers for the year, respectively.

Except COFCO, our substantial Shareholder, had interests in COFCO Trading Ltd. (中糧貿易有限公司) and COFCO Excel Joy (Tianjin) Co., Ltd. (中糧佳悅(天津)有限公司), both of which are our five largest suppliers, and Modern Feed (Tianjin) Co., Ltd. (現代飼料(天津)有限公司), one of our five largest customers, none of the Directors, their associates, nor the other substantial Shareholders had any beneficial interest in the five largest suppliers or customers of the Group for the year ended December 31, 2024.

Environmental Policies and Performance

For the discussions on the environmental policies and performance of our Group, please refer to the Company's "Environmental, Social and Governance Report" published on the same date as this annual report which is available on the websites of the Company and the "HKEX news".

Sufficient Public Float

Based on the information that is publicly available to our Company and to the knowledge of the Directors, as at the date of this report, our Company has maintained a sufficient public float of not less than 25% of our Company's issued Shares as required under the Listing Rules.

Connected Transaction

Non-exempt and non-recurring connected transaction

On 21 October 2024 (after trading hours), the Company and COFCO Industry Investment (a wholly-owned subsidiary of COFCO) entered into the Acquisition Agreement, pursuant to which COFCO Industry Investment (a wholly-owned subsidiary of COFCO) agreed to sell and the Company agreed to acquire 100% equity interest in COFCO Jiahua (being the Target Company). COFCO Jiahua is principally engaged in investment holding and holds 100% equity interest in COFCO Feed (a wholly-owned subsidiary of COFCO Jiahua). COFCO Feed is committed to providing customers with comprehensive animal nutrition solutions, and its core business covers research and development, production, sales and supporting technical services of feed products such as pig feed, ruminant feed, poultry feed, aquatic feed and premix. Driven by the acquisitions of 100% of the equity interest in COFCO Jiahua held by the Target Company, the Company has further improved the entire industrial chain including feed business and facilitated the achievement of its strategic goal. The consideration to acquire 100% equity interest in the Target Company was RMB1,569.0707 million. As each of Mainfield and COFCO (HK) is a substantial shareholder of the Company, directly holding approximately 23.54% and 16.77% of the Shares of the Company, respectively, and both Mainfield and COFCO (HK) are wholly-owned by COFCO, therefore COFCO Industry Investment, which is a subsidiary of COFCO, is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. The transaction between the Group and COFCO Industry Investment constitutes a connected transaction under Chapter 14A of the Listing Rules. The transaction was approved by the Shareholders at the extraordinary general meeting held on December 16, 2024.

Please refer to the Company's announcements dated October 21, 2024 and December 16, 2024 and circular dated November 25, 2024 for details.

Continuing Connected Transactions

The connected persons of our Company for the purpose under Chapter 14A of the Listing Rules include COFCO (being a substantial shareholder). Accordingly, the following transactions entered into with COFCO and their respective subsidiaries and/or associates, will constitute connected transactions of our Company under Chapter 14A of the Listing Rules, and shall be disclosed below under the requirement of Chapter 14A of the Listing Rules. We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the announcement requirement under Rule 14A.35 of the Listing Rules (in respect of the partially exempt and non-exempt continuing connected transactions) and the independent Shareholders' approval requirement under Rule 14A.36 of the Listing Rules (in respect of the non-exempt continuing connected transactions), subject to the condition that the annual transaction values shall not exceed their respective estimated annual caps. The details of the continuing connected transactions of the Company for the year ended December 31, 2024 are set out below:

Non-Exempt Continuing Connected Transactions

The following transactions are entered into by the Company in the ordinary and usual course of business and on normal commercial terms or better where the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules will be more than 5% on an annual basis. Therefore, the following transactions will be subject to the reporting, announcement, annual review and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

1. Financial Services Agreement Entered into and Renewed with COFCO Finance

The Group has been obtaining various financial services from COFCO Finance.

As the 2018 Financial Services Agreement (together with the 2021 Supplemental Financial Services Agreement) expired on December 31, 2021, on November 16, 2021 (after trading hours), the Company and COFCO Finance entered into the 2021 Financial Services Agreement, pursuant to which COFCO Finance provided the (i) deposit services; (ii) loan services; (iii) Entrustment Loan Services; and (iv) other financial services. The term of the 2021 Financial Services Agreement commencing from January 1, 2022 to December 31, 2024, and took effect upon consideration and approval by the general meeting of the Company on January 12, 2022. For details of the 2021 Financial Services Agreement, please refer to the announcement of the Company dated November 16, 2021 and the circular dated December 23, 2021.

Pursuant to the 2021 Financial Services Agreement, COFCO Finance agreed to provide our Group with the following financial services during the period commencing on January 1, 2022 until December 31, 2024:

(a) Deposit Services

COFCO Finance will provide Deposit Services to the Group pursuant to the 2021 Financial Services Agreement. The Group will open and maintain deposit accounts with COFCO Finance.

The interest rates for the Group's deposits with COFCO Finance will be determined in accordance with the standard deposit rates promulgated by PBOC from time to time. The interest rates on the Deposit Services to be offered by COFCO Finance to the Group will not be lower than the standard deposit rates promulgated by PBOC for the same type of deposits of the same period and will not be lower than the interest rates offered by the Major PRC Commercial Banks for the same type of deposits of the same period.

Directors' Report

For the year ended December 31, 2024, the maximum daily deposit amounts placed by the Group with COFCO Finance and the interests on deposits shall not exceed the amounts stated below:

	For the year ended December 31, 2024 (RMB'000)
Maximum daily deposit amounts (including interest accrued thereon)	2,000,000

In the event that the Group suffers any financial loss by reason of the default of COFCO Finance, COFCO Finance shall compensate the Group for such loss suffered by the Group in accordance with the rules and regulations of PBOC.

For the year ended December 31, 2024, the abovementioned maximum daily deposit amounts and the interests on deposits were RMB1,194 million.

(b) Loan Services

COFCO Finance will provide RMB loan services to the Group pursuant to the 2021 Financial Services Agreement.

For the year ended December 31, 2024, the balance of the principal amounts of the loans provided by COFCO Finance and the interests on the loans payable by the Group to COFCO Finance in connection with the Loan Services shall not exceed the amounts stated below:

	For the year ended December 31, 2024 (RMB'000)
Principal amounts	2,000,000*
Interests on loans	87,000

For the year ended December 31, 2024, the abovementioned maximum daily balance of the principal amounts of the loans reached RMB1,790 million, and the interests on loans were RMB35.50 million.

* The annual cap for the balance of the principal amounts of the loans was revised to RMB3,500 million. For details, please refer to "2. Revised Annual Caps for the Continuing Connected Transactions with COFCO Finance" in this section.

(c) Entrustment Loan Services

COFCO Finance will provide the Entrustment Loan Services to the Group in accordance with the permitted scope prescribed under the PRC financial policies and the Management Methods for Group Finance Companies (《企業集團財務公司管理辦法》) pursuant to the 2021 Financial Services Agreement. COFCO Finance will only act as agent of the capital management entity of the Group (i.e. COFCO Meat Investments Co., Ltd. (中糧肉食投資有限公司)) and charge handling fees in connection with the Entrustment Loan Services. COFCO Finance will not require the Group to provide any type of guarantees or securities with respect to the entrustment loan services.

The handling fees to be charged by COFCO Finance in connection with the Entrustment Loan Services shall not be higher than those offered by other PRC financial institutions to the Group for identical or similar type of services.

For the year ended December 31, 2024, the handling fees payable by the Group to COFCO Finance in connection with the Entrustment Loan Services shall not exceed the amounts stated below:

	For the year ended December 31, 2024 (RMB'000)
Handling fees for Entrustment Loan Services	1,000

For the year ended December 31, 2024, the handling fees charged by COFCO Finance in connection with the entrustment loan services amounted to RMB890 thousand.

(d) Other Financial Services

COFCO Finance will provide the other financial services (including foreign exchange settlement and sales service, settlement service, and other related consultancy and agency services) to the Group in accordance with the permitted scope prescribed under the PRC financial policies and the Management Methods for Group Finance Companies (《企業集團財務公司管理辦法》) pursuant to the 2021 Financial Services Agreement. Handling fees and other services fees will be charged by COFCO Finance for the other financial services provided to the Group pursuant to the 2021 Financial Services Agreement.

The handling fees and other services fees to be charged by COFCO Finance in connection with the other financial services shall not be higher than those offered by other PRC financial institutions to the Group for identical or similar type of services.

For the year ended December 31, 2024, the handling fees and other services fees payable by the Group to COFCO Finance in connection with other financial services shall not exceed the amounts stated below:

	For the year ended December 31, 2024 (RMB'000)
Handling fees and other service fees in connection with other financial services	970

For the year ended December 31, 2024, the handling fees and other service fees charged by COFCO Finance in connection with other financial services were nil.

(e) Settlement Terms

Set out below are the settlement terms of the respective services under the 2021 Financial Services Agreement and mutually agreed between the parties:

(i) Interest income from the Deposit Services

COFCO Finance pays its interests on a quarterly basis where the interests will be automatically deposited into the demand deposit account of the Group companies opened at COFCO Finance on the 21st day of the end of each quarter;

(ii) Interest expense of the Loan Services

COFCO Finance charges its interests on a quarterly basis where the interests will be deducted automatically from the demand deposit account of the Group companies opened at COFCO Finance on the 21st day of the end of each quarter. In the event of early repayment, the interests will be settled on the repayment date and deducted from the demand deposit account;

(iii) Handling fees and other service fees paid under the Entrustment Loan Services and Other Financial Services

COFCO Finance, as an agent of the Group for entrustment loans, will not require the Group to provide any type of guarantees or securities with respect to the Entrustment Loan Services provided to the Group (for internal uses within the Group only). The handling fees in connection with entrustment loans and other financial services will not be higher than those offered by finance companies or the eight network banks operating identical or similar businesses.

Handling fees for the Entrustment Loan Services shall be settled upon occurrence of each service or annually by the end of each year, and interests of the entrustment loans are settled on a quarterly or monthly basis where the interests will be paid to the entrusting party on the interest settlement date. In the event of early repayment of the entrustment loans, the interests will be settled on the repayment date and the interests will be paid to the entrusting party.

(f) The Group may obtain financial services from other financial institutions in addition to those provided by COFCO Finance pursuant to the 2021 Financial Services Agreement.

2. Revised Annual Caps for the Continuing Connected Transactions with COFCO Finance

On August 23, 2022 (after trading hours), the Company entered into the 2022 Supplemental Financial Services Agreement with COFCO Finance to:

- revise the existing annual cap for the three years ended December 31, 2024 in respect of the balance of the principal amounts of the loans and the handling fees for entrustment deposit service of the loan services.

Save for the revised annual caps as stipulated in the 2022 Supplemental Financial Services Agreement, the rest of the terms of the 2021 Supplemental Financial Services Agreement remain unchanged.

Since the loan services are on normal commercial terms (or better to the Group) where no security over the assets of the Group will be granted in respect of the financial assistance given by COFCO Finance, the loan services are exempt from the reporting, announcement and independent shareholders' approval requirements under the Listing Rules pursuant to Rule 14A.90 of the Listing Rules.

As each of the applicable percentage ratios in respect of the revised handling fees of the Entrustment Loan Services is on an annual basis less than 0.1%, the Entrustment Loan Services are exempt from the reporting, announcement, annual review and the independent shareholders' approval requirements under the Listing Rules.

For the year ended December 31, 2024, the balance of principal amounts of the loans provided by COFCO Finance under the 2022 Supplemental Financial Services Agreement and the interests on the loans payable by the Group to COFCO Finance in connection with the loan services shall not exceed the amounts stated below:

	For the year ended December 31, 2024 (RMB'000)
Principal amounts of loans	3,500,000
Interests on loans	87,000

For the year ended December 31, 2024, the above maximum daily balance of the principal amounts of the loans were RMB1,790 million with the interests on the loans RMB35.50 million.

As 2022 Supplemental Financial Services Agreement and the 2021 Financial Services Agreement expired on December 31, 2024, the Company and COFCO Finance entered into the 2024 Financial Services Agreement on October 21, 2024 (after trading hours), the validity period is from January 1, 2025 to December 31, 2027. It was approved by the Shareholders at the extraordinary general meeting on December 16, 2024. Please refer to the Company's announcements dated October 21, 2024 and December 16, 2024 and circular dated November 25, 2024 for details.

3. Mutual Supply of Products and Services with COFCO Group

From time to time, certain of our subsidiaries have traded in certain products and services with certain COFCO Group entities and/or associates of COFCO. As the 2018 Mutual Supply Agreement (together with the 2019 Supplemental Mutual Supply Agreement and the 2021 Supplemental Mutual Supply Agreement) expired on December 31, 2021, on November 16, 2021 (after trading hours), the Company and COFCO entered into the 2021 Mutual Supply Agreement, pursuant to which our Company agreed to trade on the following products and services:

- COFCO Group provides the Group with feed ingredients, including but not limited to corn, soybean meal, soybean oil, wheat, gunk, grain by-products (such as rice bran meal, ground rice, bran, etc.), feed additives (such as amino acids, vitamins, calcium hydrophosphate, etc.) and other materials and/or products used as feed;

- COFCO Group provides the Group with feed products, meat products, warehousing and other products and services; specifically, the meat products provided by COFCO Group to the Group mainly include poultry products (such as conditioning products and cooked food) and central reserved meat; and
- The Group provides COFCO Group with meat products, agency service and other products and services; specifically, the meat products provided by the Group to COFCO Group mainly include fresh pork, frozen pork and processed meat products (such as ham, sausage and bacon), imported frozen poultry, imported frozen beef and mutton, and central reserved meat; the Group provides COFCO Group with agency purchase services, whereby the Group purchases meat products (mainly pork products and beef products, the ownership of which is vested in the principal) from overseas suppliers. After the agency purchase is completed, COFCO Group or its subsidiaries will pay the agency fee.

The 2021 Mutual Supply Agreement has term commencing on January 1, 2022 until December 31, 2024 and took effect upon consideration and approval by the general meeting of the Company on January 12, 2022. For details of the 2021 Mutual Supply Agreement, please refer to the announcement of the Company dated November 16, 2021 and the circular dated December 23, 2021. As the 2021 Mutual Supply Agreement expired on December 31, 2024, the Company and COFCO entered into the 2024 Mutual Supply Agreement on October 21, 2024 (after trading hours) for a term from January 1, 2025 to December 31, 2027. It was approved by the Shareholders at the extraordinary general meeting on December 16, 2024. Please refer to the Company's announcements dated October 21, 2024 and December 16, 2024 and circular dated November 25, 2024 for details.

For the year ended December 31, 2024, the expected transaction annual cap amounts for provision of products and services by COFCO Group to the Group and the expected transaction annual cap amounts for the provision of products and services by the Group to COFCO Group are as below:

	For the year ended December 31, 2024 (RMB'000)
Provision of products and services by COFCO Group to the Group	5,501,000
Provision of products and services by the Group to COFCO Group	3,227,000

The aggregate transaction amounts actually paid by COFCO Group to the Group and paid by the Group to COFCO Group for the year ended December 31, 2024 were approximately RMB80 million and RMB1,254 million respectively.

Partially Exempt Continuing Connected Transactions

The following transactions are entered into in the ordinary and usual course of business and on normal commercial terms or better where the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules is more than 0.1% but less than 5% on an annual basis. Therefore, under Rule 14A.76(2)(a) of the Listing Rules, the following transactions are subject to the reporting, announcement and annual review requirements but will be exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Directors' Report

4. Lease and Management of Premises

As the 2018 Beijing Property Leasing Contract and the 2018 Beijing Property Management Contract expired on December 31, 2021, on 16 November 2021 (after trading hours), the Company and COFCO entered into the 2021 Property Leasing and Property Management Contract. For details, please refer to the announcement of the Company dated on November 16, 2021.

Pursuant to the 2021 Property Leasing and Property Management Contract, the Group will lease from COFCO Group and/or its associates certain properties, including but not limited to (a) office premises of COFCO Fortune Plaza in Beijing and several car parking spaces; (b) properties to be used as specialty stores; and (c) properties to be used as plants. COFCO Group and/or its associates will also provide to the Group various services for the maintenance and management of the leased premises.

The 2021 Property Leasing and Property Management Contract is for a term from January 1, 2022 to December 31, 2024.

The rental prices and management fees under the 2021 Property Leasing and Property Management Contract are determined as follows:

- (a) the prevailing market prices of other property leasing and property management services in the vicinity;
- (b) comparable rental prices and management fees quotations offered by Independent Third Parties for similar properties in the vicinity; and
- (c) rental prices and management fees offered by COFCO Group and/or its associates to other tenants.

The annual cap amounts for the transactions contemplated under the 2021 Property Leasing and Property Management Contract for the year ended December 31, 2024 was as follows:

	For the year ended December 31, 2024 (RMB'000)
Rental expense and management fee	19,400

The aggregate rental expenses and management fee for the year ended December 31, 2024 were RMB15.20 million.

As the 2021 Property Leasing and Property Management Contract expired on December 31, 2024, the Company and COFCO entered into the 2024 Property Leasing and Property Management Agreement on October 21, 2024 (after trading hours) for a term from January 1, 2025 to December 31, 2027. Please refer to the Company's announcements dated October 21, 2024 for details.

5. Administrative Services

As the 2018 Administrative Services Agreement expired on December 31, 2021, on November 16, 2021 (after trading hours), the Company and COFCO entered into the 2021 Administrative Services Agreement. For details, please refer to the announcement of the Company dated on November 16, 2021.

Pursuant to the 2021 Administrative Services Agreement, COFCO Group and/or its associates shall provide the Group with certain administrative services, including but not limited to telecommunication services, IT services, catering services, human resources services, legal and company secretarial services, training and other related services, at prevailing market prices for a term commencing from January 1, 2022 to December 31, 2024.

The fees of administrative services under the 2021 Administrative Services Agreement are determined as follows:

- (a) the fees collected from the Group by Independent Third Parties for the identical or similar types of services of the same quality; and
- (b) the fees collected from other tenants and services users by COFCO Group and/or its associates.

The annual cap amounts for the transactions contemplated under the 2021 Administrative Services Agreement for the year ended December 31, 2024 was as follows:

	For the year ended December 31, 2024 (RMB'000)
Expenses of administrative services	12,250

The aggregate expenses of administrative services for the year ended December 31, 2024 were RMB4.93 million.

As the 2021 Administrative Services Agreement expired on December 31, 2024, the Company and COFCO entered into the 2024 Administrative Services Agreement on October 21, 2024 (after trading hours) for a term from January 1, 2025 to December 31, 2027. Please refer to the Company's announcements dated October 21, 2024 for details.

Annual Review of Continuing Connected Transactions

For the year ended December 31, 2024, the independent non-executive Directors have reviewed and confirmed that the above continuing connected transactions have been entered into:

1. in the ordinary and usual course of our Group's business;
2. either on normal commercial terms or on terms no less favourable to our Group than terms available to or from independent third parties; and
3. in compliance with fair and reasonable terms regulating various agreements of the above continuing connected transactions and in the interest of the Company and the Shareholders of our Company as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Board engaged the auditor of the Company to report on the Group's continuing connected transactions in accordance with the Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the Hong Kong Institute of Certified Public Accountants and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules". The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group in pages 45 to 51 of this annual report in accordance with Rule 14A.56 of the Listing Rules.

The related party transactions set out in Note 50 to the financial statements include related party transactions disclosed under accounting standards and related party transactions which also constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The related party transactions in respect of the remuneration of directors and chief executives of the Company constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. However, these transactions are exempt from reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The related party transactions in respect of the remuneration of key management personnel (other than Directors and chief executives) of the Company did not fall under the definition of connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. Unless otherwise disclosed in this report, the Directors believe, all other related party transactions set out in Note 50 to the financial statements do not fall within the definition of "connected transactions" or "continuing connected transactions" under Chapter 14A of the Listing Rules (as the case may be); therefore, we are not subject to any reporting, annual review, announcement or independent shareholders' approval requirements under the Listing Rules. The Company confirmed that it was in compliance with the disclosure requirements under Chapter 14A of the Listing Rules for the year or a waiver from such provisions has been obtained from the Stock Exchange.

Obligations of On-going Disclosure under the Listing Rules

The Company has no any other disclosure obligation under Rule 13.20, Rule 13.21 and Rule 13.22 of the Listing Rules.

Auditor

The Company reappointed Baker Tilly Hong Kong Limited as the auditor of the Company for the year ended December 31, 2024 at the annual general meeting held on June 25, 2024. Baker Tilly Hong Kong Limited shall retire in the forthcoming annual general meeting and, being eligible, will offer itself for re-appointment.

On behalf of the Board

Gao Xiang

Chairman of the Board

Beijing, China, March 25, 2025

Independent Auditor's Report



To the members of COFCO Joycome Foods Limited
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of COFCO Joycome Foods Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 55 to 150, which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of biological assets	
Key audit matter	How our audit addressed the key audit matter
As disclosed in Note 22 to the consolidated financial statements, management estimated the fair value less costs to sell of the Group’s biological assets at RMB3,309 million at December 31, 2024. Independent external valuations were obtained for all biological assets to assist management in making estimates of the fair value less costs to sell of biological assets at December 31, 2024. Key assumptions adopted include estimated market prices.	Our procedures in relation to valuation of biological assets included: <ul style="list-style-type: none">evaluating the independent external valuer’s competence, objectivity and qualifications;evaluating the appropriateness of the methodologies used in valuing the biological assets;
Details of the related estimation uncertainty are disclosed in Note 4 to the consolidated financial statements.	<ul style="list-style-type: none">evaluating the appropriateness of the key assumptions and inputs including comparing estimated market prices with available market data; and
We identified valuation of biological assets as a key audit matter due to the significance of the balance of biological assets, and the significant estimation uncertainty resulting in determining the fair value less costs to sell.	<ul style="list-style-type: none">assessing the adequacy of the disclosures related to biological assets in the context of the applicable financial reporting framework.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Independent Auditor's Report

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare 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.

The engagement director on the audit resulting in this independent auditor's report is Wan Wing Ping.

Baker Tilly Hong Kong Limited

Certified Public Accountants

Hong Kong, March 25, 2025

Wan Wing Ping

Practising certificate number P07471

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2024

(Expressed in Renminbi)

	Notes	2024			2023		
		Results before biological assets fair value adjustments RMB'000	Biological assets fair value adjustments RMB'000	Total RMB'000	Results before biological assets fair value adjustments RMB'000 (restated)	Biological assets fair value adjustments RMB'000	Total RMB'000 (restated)
Revenue	5	16,326,201	–	16,326,201	17,237,951	–	17,237,951
Cost of sales	10	(15,116,277)	(741,492)	(15,857,769)	(16,290,741)	698,560	(15,592,181)
Gross profit		1,209,924	(741,492)	468,432	947,210	698,560	1,645,770
Other income	7	339,886	–	339,886	331,714	–	331,714
Other gains and losses	8	26,250	–	26,250	157,924	–	157,924
Selling and distribution expenses		(536,660)	–	(536,660)	(549,242)	–	(549,242)
Administrative expenses		(581,197)	–	(581,197)	(559,512)	–	(559,512)
Share of results of associates		(3,736)	–	(3,736)	824	–	824
Gain/(loss) arising from agricultural produce at fair value less costs to sell at the point of harvest		–	795,805	795,805	–	(831,064)	(831,064)
Gain/(loss) arising from changes in fair value less costs to sell of biological assets		–	224,704	224,704	–	(54,313)	(54,313)
Finance costs	9	(123,727)	–	(123,727)	(142,933)	–	(142,933)
Profit/(loss) before tax	10	330,740	279,017	609,757	185,985	(186,817)	(832)
Income tax expense	11	(55,495)	–	(55,495)	(33,794)	–	(33,794)
Profit/(loss) for the year		275,245	279,017	554,262	152,191	(186,817)	(34,626)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2024

(Expressed in Renminbi)

	Notes	2024 RMB'000	2023 RMB'000 (restated)
Other comprehensive income/(expense), net of income tax:			
<i>Items that will not be reclassified to profit or loss</i>			
Fair value gain/(loss) on equity instrument at fair value through other comprehensive income		23,854	(139,275)
Income tax relating to items that will not be reclassified to profit or loss		(5,963)	34,819
		17,891	(104,456)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising on translation of foreign operations (with nil tax effect)		(11,179)	(13,912)
Release of cumulative exchange differences to profit or loss associated with changes in net investment in a foreign operation		–	(79,603)
		(11,179)	(93,515)
Other comprehensive income/(expense) for the year, net of income tax		6,712	(197,971)
Total comprehensive income/(expense) for the year		560,974	(232,597)
Profit/(loss) for the year attributable to:			
Owners of the Company		538,216	(9,597)
Non-controlling interests		16,046	(25,029)
		554,262	(34,626)
Total comprehensive income/(expense) for the year attributable to:			
Owners of the Company		544,928	(207,568)
Non-controlling interests		16,046	(25,029)
		560,974	(232,597)
Earnings/(loss) per share:			
Basic	15	RMB0.1175	RMB(0.0022)

Consolidated Statement of Financial Position

As at December 31, 2024

(Expressed in Renminbi)

		At December 31,	
	Notes	2024 RMB'000	2023 RMB'000 (restated)
Non-current assets			
Goodwill	16	100,609	100,609
Property, plant and equipment	17	12,033,230	10,401,030
Right-of-use assets	18	783,880	728,750
Intangible assets	19	29,731	30,408
Investments in associates	20	14,373	21,933
Equity instrument at fair value through other comprehensive income	21	110,690	86,836
Biological assets	22	919,651	567,344
Prepayments for purchase of property, plant and equipment		44,845	2,316
Deferred tax assets	23	6,785	7,383
		14,043,794	11,946,609
Current assets			
Inventories	24	1,433,305	1,303,371
Biological assets	22	2,389,057	1,635,066
Account receivables	25	282,574	274,250
Prepayments, deposits and other receivables	26	348,303	370,441
Other current assets	27	486,200	475,570
Financial assets at fair value through profit or loss	36	17,550	177,277
Amounts due from related companies	28	292,051	548,139
Cash and bank balances	29	1,063,987	2,063,915
		6,313,027	6,848,029
Current liabilities			
Account and bills payables	30	893,278	820,999
Other payables, accruals and deposits received	31	976,508	1,065,457
Lease liabilities	32	42,863	41,782
Contract liabilities	33	389,533	347,206
Bank borrowings	34	2,609,132	4,446,317
Amounts due to related companies	28	1,724,789	145,825
Loans from related companies	35	1,792,500	502,500
Financial liabilities at fair value through profit or loss	36	247	12,491
Current tax liabilities		12,768	16,616
		8,441,618	7,399,193
Net current liabilities		(2,128,591)	(551,164)
Total assets less current liabilities		11,915,203	11,395,445

Consolidated Statement of Financial Position

As at December 31, 2024

(Expressed in Renminbi)

		At December 31,	
	Notes	2024 RMB'000	2023 RMB'000 (restated)
Non-current liabilities			
Bank borrowings	34	1,621,963	50,000
Loans from a related company	35	106,502	103,289
Deferred income	37	115,985	122,307
Deferred tax liabilities	23	51,687	46,632
Long-term payable	38	76,459	79,265
Lease liabilities	32	349,303	329,590
		2,321,899	731,083
Net assets		9,593,304	10,664,362
Capital and reserves			
Share capital	39	1,668,983	1,668,983
Reserves		7,714,260	8,812,553
Equity attributable to the owners of the Company		9,383,243	10,481,536
Non-controlling interests		210,061	182,826
Total equity		9,593,304	10,664,362

The consolidated financial statements on pages 55 to 150 were approved and authorised for issue by the board of directors on March 25, 2025 and are signed on its behalf by:

Gao Xiang
Director

Zhang Nan
Director

Consolidated Statement of Changes in Equity

For the year ended December 31, 2024

(Expressed in Renminbi)

	Attributable to the owners of the Company										
	Share capital	Share premium	Special reserve	Capital reserve	Statutory reserve	FVTOCI reserve	Translation reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
			(Note (a))		(Note (b))						
At January 1, 2023	1,668,978	1,841	858,459	89,112	821,717	151,946	75,726	4,445,766	8,113,545	149,163	8,262,708
Business combination											
under common control (Note 1.2)	-	-	-	1,221,271	-	-	-	-	1,221,271	32,117	1,253,388
Loss for the year (restated)	-	-	-	-	-	-	-	(9,597)	(9,597)	(25,029)	(34,626)
Other comprehensive expense for the year	-	-	-	-	-	(104,456)	(93,515)	-	(197,971)	-	(197,971)
Total comprehensive expense for the year (restated)	-	-	-	-	-	(104,456)	(93,515)	(9,597)	(207,568)	(25,029)	(232,597)
Statutory reserve appropriation	-	-	-	-	50,661	-	-	(50,661)	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(1,227)	(1,227)
Partial disposal of interests in a subsidiary											
without loss of control (Note 45)	-	-	-	1,831	-	-	-	-	1,831	27,802	29,633
Issue of shares (Note 39)	5	1,352,452	-	-	-	-	-	-	1,352,457	-	1,352,457
At December 31, 2023 and January 1, 2024 (restated)	1,668,983	1,354,293	858,459	1,312,214	872,378	47,490	(17,789)	4,385,508	10,481,536	182,826	10,664,362
Profit for the year	-	-	-	-	-	-	-	538,216	538,216	16,046	554,262
Other comprehensive income for the year	-	-	-	-	-	17,891	(11,179)	-	6,712	-	6,712
Total comprehensive income for the year	-	-	-	-	-	17,891	(11,179)	538,216	544,928	16,046	560,974
Business combination											
under common control (Note 1.2)	-	-	-	(1,569,071)	-	-	-	-	(1,569,071)	-	(1,569,071)
Statutory reserve appropriation	-	-	-	-	167,185	-	-	(167,185)	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(8,411)	(8,411)
Dividends paid to a former shareholder of a subsidiary related to business combination											
under common control	-	-	-	-	-	-	-	(69,017)	(69,017)	-	(69,017)
Deemed distribution to parent company	-	-	-	(5,133)	-	-	-	-	(5,133)	-	(5,133)
Capital contribution from non-controlling interests (Note 45)	-	-	-	-	-	-	-	-	-	19,600	19,600
At December 31, 2024	1,668,983	1,354,293	858,459	(261,990)	1,039,563	65,381	(28,968)	4,687,522	9,383,243	210,061	9,593,304

Consolidated Statement of Changes in Equity

For the year ended December 31, 2024

(Expressed in Renminbi)

Notes:

(a) The amounts of special reserve include:

- (i) Prior to January 1, 2013, COFCO Meat Products (HK) Limited (“COFCO Meat Products (HK)”) acquired the entire interests in Wuhan COFCO Meat Product Co., Ltd, Farasia Corporation, Shandong Furui Poultry Limited and Weifang Poultry Limited (Shandong Furui Poultry Limited and Weifang Poultry Limited subsequently merged as one entity, now known as COFCO Meat (Shandong)) (collectively the “Acquirees”) from certain subsidiaries of COFCO Corporation, the ultimate holding company of COFCO Meat Products (HK) and COFCO Joycome Foods Limited (the “Company”) before the Listing (as defined in Note 1 to the consolidated financial statements), for an aggregate cash consideration of RMB326,402,584. The difference between the consideration paid by COFCO Meat Products (HK) and the aggregate nominal value of the share capital of the Acquirees of RMB29,217,000 (credit balance) has been recorded in special reserve.
- (ii) Pursuant to a part of a group reorganisation in preparation for the Listing, on April 22, 2014, the Company allocated and issued one ordinary share of US\$1 to acquire two ordinary shares, being 100% equity interest, in the share capital of COFCO Meat Products (HK) from the then immediate holding company of the Company. The difference between the nominal value of the share capital issued by the Company and the aggregate nominal value of the share capital and the share premium of COFCO Meat Products (HK) of RMB829,242,000 (credit balance) has been recorded in special reserve.

- (b) The amount mainly represents statutory reserve of the companies registered in The People’s Republic of China (the “PRC”). According to the relevant laws in the PRC, companies established in the PRC are required to transfer their net profit after tax, as determined under the PRC accounting regulations, to a non-distributable reserve fund before the distribution of a dividend to equity owners. Such reserve fund can be used to offset the previous years’ losses, if any, and is non-distributable other than upon liquidation.

Consolidated Statement of Cash Flows

For the year ended December 31, 2024

(Expressed in Renminbi)

	Notes	Year ended at December 31,	
		2024 RMB'000	2023 RMB'000 (restated)
Operating activities			
Profit/(loss) for the year		554,262	(34,626)
Adjustments for:			
Income tax expense		55,495	33,794
(Gain)/loss arising from changes in fair value less costs to sell of biological assets		(224,704)	54,313
Interest income	7	(23,962)	(22,840)
Finance costs	9	123,727	142,933
Dividend income from equity instrument at FVTOCI	7	(75,000)	(63,750)
Depreciation of property, plant and equipment	10	699,391	629,443
Depreciation of right-of-use assets	10	65,006	64,805
Amortisation of intangible assets	10	7,522	5,669
Recognition of deferred income	37	(7,422)	(8,365)
Gain on disposal of property, plant and equipment, net	8	(14,131)	(66,205)
Gain on disposal of right-of-use assets	8	(10,698)	(51,310)
Gain on lease modification	8	(178)	(76)
Impairment loss, net of reversal	8		
– account receivables, net		1,198	(2,114)
– other receivables, net		(759)	(159)
– related companies		1,640	632
Share of results of associates		3,736	(824)
Write-down of inventories to net realisable value	8	15,342	47,958
Unrealised gain on derivative financial instruments, net		(17,303)	(164,786)
Exchange differences		(11,482)	(115,484)
Operating cash flows before movements in working capital		1,141,680	449,008
(Increase)/decrease in account receivables		(9,522)	239,255
Decrease in prepayments, deposits and other receivables		22,897	317,564
Decrease in other current assets, net of bank loans associated to other current assets		–	16,996
(Increase)/decrease in inventories		(145,276)	573,311
(Increase)/decrease in biological assets		(881,594)	806,713
Decrease in amounts due from related companies		254,448	59,681
Increase/(decrease) in account and bills payables		72,279	(353,126)
Increase/(decrease) in other payables, accruals and deposits received		39,629	(185,348)
Increase/(decrease) in amounts due to related companies		9,893	(64,797)
Increase/(decrease) in contract liabilities		42,356	(116,074)
Changes in derivative financial instruments		164,786	291,700
Cash generated from operations		711,576	2,034,883
Income tax paid		(59,653)	(162,825)
Net cash generated from operating activities		651,923	1,872,058

Consolidated Statement of Cash Flows

For the year ended December 31, 2024

(Expressed in Renminbi)

		Year ended at December 31,	
	Notes	2024 RMB'000	2023 RMB'000 (restated)
Investing activities			
Interest received		23,962	26,622
Dividend received from equity instrument at FVTOCI		75,000	63,750
Payments for property, plant and equipment		(2,472,145)	(1,041,595)
Payments for right-of-use assets		(17,154)	(20,402)
Payments for intangible assets		(6,845)	(3,522)
Proceeds from disposal of property, plant and equipment		328	109,555
Proceeds from disposal of right-of-use assets		–	65,139
Withdrawal of pledged and restricted bank deposits		–	2,390
Decrease in time deposits with original maturity over three months when acquired		498,302	–
Deferred government grants received		1,100	361
Net cash used in investing activities		(1,897,452)	(797,702)
Financing activities			
Net cash inflow from business combination under common control		–	791,381
Dividends paid to non-controlling interests		(8,411)	(3,538)
Dividends paid a former shareholder of a subsidiary related to business combination under common control		(69,017)	–
Interest paid		(103,964)	(130,703)
New bank borrowings		4,963,086	4,524,453
Repayments of bank borrowings		(5,237,425)	(6,583,649)
Decrease in long-term payable		(9,000)	(8,256)
Repayments of lease liabilities		(101,269)	(81,607)
Loans from a related company		1,970,000	600,000
Repayments of loans from a related company		(680,000)	(1,100,000)
Issue of shares		–	1,382,090
Partial disposal of interests in a subsidiary without loss of control	45	–	29,633
Capital contribution from non-controlling interests	45	19,600	–
Net cash generated from/(used in) financing activities		743,600	(580,196)
Net (decrease)/increase in cash and cash equivalents		(501,929)	494,160
Cash and cash equivalents at beginning of the year		1,556,185	1,040,032
Effect of foreign exchange rate changes		303	21,993
Total cash and cash equivalents at end of the year		1,054,559	1,556,185
Analysis of the balances of cash and cash equivalents			
Cash and bank balances in the consolidated statement of financial position		1,063,987	2,063,915
Time deposits with original maturity over three months when acquired		(9,428)	(507,730)
Cash and bank balances in the consolidated statement of cash flows	29	1,054,559	1,556,185

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

1 GENERAL INFORMATION AND MERGER ACCOUNTING FOR BUSINESS COMBINATION INVOLVING BUSINESS UNDER COMMON CONTROL

1.1 General information

COFCO Joycome Foods Limited (the “Company”) was incorporated on March 11, 2014 and acts as an investment holding company. As at December 31, 2024, the Company’s parent is COFCO (Hong Kong) Limited (incorporated in Hong Kong) and ultimate parent is COFCO Corporation (a state-owned enterprise registered in The People’s Republic of China (the “PRC”). On December 31, 2024, the address of the Company’s registered office was changed from Second Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands to P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands. Its principal place of business is COFCO Fortune Plaza, No.8, Chao Yang Men South Street, Chao Yang District, Beijing, PRC.

The shares of the Company have been listed on The Stock Exchange of Hong Kong Limited since November 1, 2016 (the “Listing”).

The principal activities of the Company’s subsidiaries (the Company and its subsidiaries are hereinafter collectively referred to as the “Group”) are production and sales of hogs, sales of fresh and frozen meats, manufacture and sales of processed meat products, import and trade of meat products, and manufacture and sales of feed.

The consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Company and most of its subsidiaries, and all values are rounded to the nearest thousand except when otherwise indicated.

1.2 Business combination under common control

On October 21, 2024, the Company and COFCO Industry Investment Co., Ltd.* (中糧產業投資有限公司) (“COFCO Industry Investment”), a wholly-owned subsidiary of COFCO Corporation, entered into the acquisition agreement, pursuant to which the Company agreed to acquire 100% equity interests in COFCO Jiahua Industrial Limited* (中糧嘉華實業有限公司) (“COFCO Jiahua”) from COFCO Industry Investment at a cash consideration of approximately RMB1,569 million (the “Acquisition”). Further details of the Acquisition are set out in the Company’s circular dated November 25, 2024. The Acquisition was completed in December 2024 and since then COFCO Jiahua has become a subsidiary of the Company.

COFCO Corporation has been the controlling shareholder of the Company since March 24, 2023 (see Note 39). The Acquisition was regarded as a business combination under common control, as the Company and COFCO Jiahua are controlled by COFCO Corporation both before and after the Acquisition, and has been accounted for in accordance with Hong Kong Accounting Guideline 5 (Revised) “Merger Accounting for Common Control Combinations” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

1 GENERAL INFORMATION AND MERGER ACCOUNTING FOR BUSINESS COMBINATION INVOLVING BUSINESS UNDER COMMON CONTROL (Continued)

1.2 Business combination under common control (Continued)

The comparative figures in these consolidated financial statements have been restated as if the business combination took place on March 24, 2023, being the date the combining entities first came under the common control. The consolidated statement of profit or loss and other comprehensive income includes the results of COFCO Jiahua and its subsidiaries from March 24, 2023. The effects of all significant transactions between the combining entities or businesses are eliminated. No adjustments were made to the net assets and net profit of any combining entities or businesses to achieve consistency of the accounting policies.

The following table summarises the assets acquired and liabilities assumed as if the business combination took place on March 24, 2023:

	RMB'000
Total assets acquired	2,661,055
Total liabilities assumed	(1,407,667)
Total net assets acquired	1,253,388
Less: Non-controlling interests in COFCO Jiahua	(32,117)
Adjustment to capital reserve	1,221,271

- (i) The effects of the application of merger accounting on the consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2023:

	The Group RMB'000 (As previously reported)	Adjustments for combination using merger accounting RMB'000	The Group RMB'000 (Restated)
Revenue	11,568,322	5,669,629	17,237,951
Cost of sales	(10,439,106) [#]	(5,153,075)	(15,592,181)
Gross profit	1,129,216	516,554	1,645,770
Other income	315,806	15,908	331,714
Other gains and losses	160,448	(2,524)	157,924
Selling and distribution expenses	(340,025) [#]	(209,217)	(549,242)
Administrative expenses	(425,286)	(134,226)	(559,512)
Share of results of associates	–	824	824
Loss arising from agricultural produce at fair value less costs to sell at the point of harvest	(831,064)	–	(831,064)
Loss arising from changes in fair value less costs to sell of biological assets	(54,313)	–	(54,313)
Finance costs	(132,236)	(10,697)	(142,933)
(Loss)/profit before tax	(177,454)	176,622	(832)
Income tax credit/(expense)	6,443	(40,237)	(33,794)
(Loss)/profit for the year	(171,011)	136,385	(34,626)

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

1 GENERAL INFORMATION AND MERGER ACCOUNTING FOR BUSINESS COMBINATION INVOLVING BUSINESS UNDER COMMON CONTROL (Continued)

1.2 Business combination under common control (Continued)

- (i) The effects of the application of merger accounting on the consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2023: (Continued)

	The Group RMB'000 (As previously reported)	Adjustments for combination using merger accounting RMB'000	The Group RMB'000 (Restated)
Other comprehensive expense, net of income tax:			
<i>Items that will not be reclassified to profit or loss</i>			
Fair value loss on equity instrument at fair value through other comprehensive income	(139,275)	–	(139,275)
Income tax relating to items that will not be reclassified to profit or loss	34,819	–	34,819
	(104,456)	–	(104,456)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising on translation of foreign operations (with nil tax effect)	(13,912)	–	(13,912)
Release of cumulative exchange differences to profit or loss associated with changes in net investment in a foreign operation	(79,603)	–	(79,603)
	(93,515)	–	(93,515)
Other comprehensive expense for the year, net of income tax	(197,971)	–	(197,971)
Total comprehensive (expense)/income for the year	(368,982)	–	(232,597)
Loss per share:			
Basic	RMB(0.0306)	RMB0.0284	RMB(0.0022)

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

1 GENERAL INFORMATION AND MERGER ACCOUNTING FOR BUSINESS COMBINATION INVOLVING BUSINESS UNDER COMMON CONTROL (Continued)

1.2 Business combination under common control (Continued)

- (i) The effects of the application of merger accounting on the consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2023: (Continued)

	The Group RMB'000 (As previously reported)	Adjustments for combination using merger accounting RMB'000	The Group RMB'000 (Restated)
(Loss)/profit for the year attributable to:			
Owners of the Company	(135,679)	126,082	(9,597)
Non-controlling interests	(35,332)	10,303	(25,029)
	(171,011)	136,385	(34,626)
Total comprehensive (expense)/income for the year attributable to:			
Owners of the Company	(333,650)	126,082	(207,568)
Non-controlling interests	(35,332)	10,303	(25,029)
	(368,982)	136,385	(232,597)

- # Certain expenses that related to satisfying performance obligations in contracts with customers were included in selling and distribution expenses in 2023. To conform with the current year's presentation, an amount of RMB95,391,000 was reclassified from selling and distribution expenses to cost of sales in the comparative figures. The directors of the Company consider this revised presentation more appropriately reflects the nature of the items.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

1 GENERAL INFORMATION AND MERGER ACCOUNTING FOR BUSINESS COMBINATION INVOLVING BUSINESS UNDER COMMON CONTROL (Continued)

1.2 Business combination under common control (Continued)

- (ii) The effects of the application of merger accounting on the consolidated statement of financial position as at December 31, 2023:

	The Group RMB'000 (As previously reported)	Adjustments for combination using merger accounting RMB'000	The Group RMB'000 (Restated)
Non-current assets			
Goodwill	100,609	–	100,609
Property, plant and equipment	9,706,790	694,240	10,401,030
Right-of-use assets	638,024	90,726	728,750
Intangible assets	8,591	21,817	30,408
Investments in associates	–	21,933	21,933
Equity instrument at fair value through other comprehensive income	86,836	–	86,836
Biological assets	567,344	–	567,344
Prepayments for purchase of property, plant and equipment	1,179	1,137	2,316
Deferred tax assets	–	7,383	7,383
	11,109,373	837,236	11,946,609

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

1 GENERAL INFORMATION AND MERGER ACCOUNTING FOR BUSINESS COMBINATION INVOLVING BUSINESS UNDER COMMON CONTROL (Continued)

1.2 Business combination under common control (Continued)

- (ii) The effects of the application of merger accounting on the consolidated statement of financial position as at December 31, 2023: (Continued)

	The Group RMB'000 (As previously reported)	Adjustments for combination using merger accounting RMB'000	The Group RMB'000 (Restated)
Current assets			
Inventories	899,828	403,543	1,303,371
Biological assets	1,635,066	–	1,635,066
Account receivables	201,646	72,604	274,250
Prepayments, deposits and other receivables	329,127	41,314	370,441
Other current assets	475,570	–	475,570
Financial assets at fair value through profit or loss	177,277	–	177,277
Amounts due from related companies	233,150	314,989	548,139
Cash and bank balances	1,169,295	894,620	2,063,915
	5,120,959	1,727,070	6,848,029
Current liabilities			
Account and bills payables	499,671	321,328	820,999
Other payables, accruals and deposits received	803,742	261,715	1,065,457
Lease liabilities	38,521	3,261	41,782
Contract liabilities	269,387	77,819	347,206
Bank borrowings	3,990,977	455,340	4,446,317
Amounts due to related companies	139,049	6,776	145,825
Loans from related companies	502,500	–	502,500
Financial liabilities at fair value through profit or loss	12,491	–	12,491
Current tax liabilities	43	16,573	16,616
	6,256,381	1,142,812	7,399,193
Net current liabilities	(1,135,422)	584,250	(551,164)
Total assets less current liabilities	9,973,951	1,421,494	11,395,445

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

1 GENERAL INFORMATION AND MERGER ACCOUNTING FOR BUSINESS COMBINATION INVOLVING BUSINESS UNDER COMMON CONTROL (Continued)

1.2 Business combination under common control (Continued)

- (ii) The effects of the application of merger accounting on the consolidated statement of financial position as at December 31, 2023: (Continued)

	The Group RMB'000 (As previously reported)	Adjustments for combination using merger accounting RMB'000	The Group RMB'000 (Restated)
Non-current liabilities			
Bank borrowings	50,000	–	50,000
Loans from a related company	103,289	–	103,289
Deferred income	121,153	1,154	122,307
Deferred tax liabilities	46,523	109	46,632
Long-term payable	79,265	–	79,265
Lease liabilities	327,538	2,052	329,590
	727,768	3,315	731,083
Net assets	9,246,183	1,418,179	10,664,362
Capital and reserves			
Share capital	1,668,983	–	1,668,983
Reserves	7,463,369	1,349,184	8,812,553
Equity attributable to the owners of the Company	9,132,352	1,349,184	10,481,536
Non-controlling interests	113,831	68,995	182,826
Total equity	9,246,183	1,418,179	10,664,362

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

1 GENERAL INFORMATION AND MERGER ACCOUNTING FOR BUSINESS COMBINATION INVOLVING BUSINESS UNDER COMMON CONTROL (Continued)

1.2 Business combination under common control (Continued)

- (iii) The effects of the application of merger accounting of on the consolidated statement of cash flows for the year ended December 31, 2023 by major line items:

	The Group RMB'000 (As previously reported)	Adjustments for combination using merger accounting RMB'000	The Group RMB'000 (Restated)
Net cash generated from/(used in) operating activities	2,025,152	(153,094)	1,872,058
Net cash used in investing activities	(742,057)	(55,645)	(797,702)
Net cash (used)/generated from in financing activities	(1,183,530)	603,334	(580,196)
Net increase in cash and cash equivalents	99,565	394,595	494,160
Cash and cash equivalents at January 1, 2023	1,040,032	—	1,040,032
Effect of foreign exchange rate, net	21,968	25	21,993
Cash and cash equivalents at December 31, 2023	1,161,565	394,620	1,556,185

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

2 APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on January 1, 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non- Current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Except as described below, the application of the amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

The Group has applied the amendments for the first time in the current year.

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months
- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity's own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

2 APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (Continued)

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year (Continued)

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”) and Amendments to HKAS 1 Non-current Liabilities with Covenants (the “2022 Amendments”) (Continued)

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

In accordance with the transition provision, the Group has applied the new accounting policy to the classification of liability as current or non-current retrospectively.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

2 APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (Continued)

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	<i>Classification and Measurement of Financial Instruments</i> ³
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ³
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between and Investor and its Associate or Joint Venture</i> ¹
Amendments to HKFRS Accounting Standard	<i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i> ³
Amendments to HKAS 21	<i>Lack of Exchangeability</i> ²
HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ⁴

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after January 1, 2025.

³ Effective for annual periods beginning on or after January 1, 2026.

⁴ Effective for annual periods beginning on or after January 1, 2027.

Except for the new and amendments to HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKFRS 9 and HKFRS 7 Amendments to the Classification and Measurement of Financial Instruments

The amendments to HKFRS 9 clarify the recognition and derecognition for financial asset and financial liability and add an exception which permits an entity to deem a financial liability to be discharged before the settlement date if it is settled in cash using an electronic payment system if, and only if certain conditions are met.

The amendments also provide guidance on the assessment of whether the contractual cash flows of a financial asset are consistent with a basic lending arrangement. The amendments specify that an entity should focus on what an entity is being compensated for rather than the compensation amount. Contractual cash flows are inconsistent with a basic lending arrangement if they are indexed to a variable that is not a basic lending risk or cost. The amendments state that, in some cases, a contingent feature may give rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs. Furthermore, the description of the term “non-recourse” is enhanced and the characteristics of “contractually linked instruments” are clarified in the amendments.

The disclosure requirements in HKFRS 7 in respect of investments in equity instruments designated at fair value through other comprehensive income are amended. In particular, entities are required to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately those related to investments derecognised during the reporting period and those related to investments held at the end of the reporting period. An entity is also required to disclose any transfers of the cumulative gain or loss within equity related to the investments derecognised during the reporting period. In addition, the amendments introduce the requirements of qualitative and quantitative disclosure of contractual terms that could affect the contractual cash flow based on a contingent event not directly relating to basic lending risks and cost.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

2 APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (Continued)

New and amendments to HKFRS Accounting Standards in issue but not yet effective (Continued)

Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to HKFRS 10 *Consolidated Financial Statements* and HKAS 28 *Investments in Associates and Joint Ventures* deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new accounting standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

As at December 31, 2024, the Group's current liabilities exceeded its current assets by RMB2,128,591,000. Taking into account the banking facilities available to the Group, the directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to meet its liabilities as and when they fall due and to continue in operational existence for the foreseeable future. Thus the Group continues to adopt the going concern basis of accounting in preparing its consolidated financial statements.

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Merger accounting for business combination involving entities or businesses under common control

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination.

Expenditure incurred in relation to a common control combination that is to be accounted for by using merger accounting is recognised as an expense in the period in which it is incurred.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period.

The comparative amounts in the consolidated financial statements are presented as if the combining entities or businesses had been combined at the beginning of the previous reporting period or when they first came under common control, whichever is shorter.

Goodwill

Goodwill arising on the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate. When a Group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Revenue from contracts with customers

Information about the Group's accounting policies relating to revenue from contracts with customers is provided in Notes 5, 25 and 33.

Leases

Definition of a lease

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of leasehold lands, offices, warehouses and dormitories that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable; and
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in an index or a rate used to determine those payments/expected payments under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for “lease modifications”).

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's investment in the foreign operation or when any receivable from or payable to foreign operation forming part of the net investments are repaid.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. Renminbi) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets. Government grants received to compensate the Group for the expenses that will be incurred are recognised as other payable in the consolidated statement of financial position and transferred to profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under “other income”.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

The employees of the Group in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The Group's PRC entities are required to contribute certain percentage of their payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Employee benefits (Continued)

Equity-settled share-based payment transactions

Share options are granted to employees by the certain shareholders of the Company. The Group measures the services received from these employees as equity-settled share-based payment transactions since the Group has no obligation to settle these share-based payment transactions.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (capital reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the capital reserve.

When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in capital reserve will be transferred to retained profits.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/(loss) before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Taxation (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods and services, or for administrative purposes (other than construction in progress, as described below) are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Construction in progress, which represents assets in the course of construction for production, supply of goods and services or administrative purposes, is carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs recognised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets, other than construction in progress, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An Intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Biological assets

Biological assets represent live hogs (which fall into five categories: piglets, nursery hogs, medium and large finishing hogs, replacement studs and gilts, and breeding stock). Biological assets are measured on initial recognition and at the end of each reporting period at their fair value less costs to sell. A gain or loss arising on initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset is included in profit or loss for the period in which it arises.

Agricultural produce harvested from biological assets is measured at its fair value less costs to sell at the point of harvest. Such measurement is the cost at that date when applying HKAS 2 Inventories. A gain or loss arising from agricultural produce at the point of harvest at fair value less costs to sell is included in profit or loss for the period in which it arises.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents exclude time deposits with original maturity over three months when acquired.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made on the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for account receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investment, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investments. Dividends are included in the "other income" line item in profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend earned on the financial asset and is included in the "other gains and losses" line item.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including account receivables, deposits, other receivables, amounts due from related companies, other current assets and bank balances) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for account receivables. The ECL on these assets are assessed collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

(i) Significant increase in credit risk (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly: (continued)

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of account receivables, when the amounts are over three years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on account receivables using a provision matrix taking into consideration historical credit loss experience and forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for account receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of account receivables, other receivables and amounts due from related companies where the corresponding adjustment is recognised through a loss allowance account.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the “Other gains and losses” line item (Note 8) as part of the foreign exchange gains/(losses), net;
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the “Other gains and losses” line item as part of the gain/(loss) from realised and unrealised gain/(loss) on fair value changes in respect of foreign currency forward contracts, net (Note 8);
- For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income/ FVTOCI reserve.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained profits.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or it is designated as at FVTPL.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities at FVTPL (Continued)

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at amortised cost

Financial liabilities including account and bills payables, other payables, bank borrowings, long-term payable, amounts due to related companies and loans from related companies are subsequently measured at amortised cost, using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the “Other gains and losses” line item in profit or loss (Note 8) as part of foreign exchange gains/(losses), net for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

4 KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value measurement of biological assets

The Group's biological assets amounting to RMB3,308,708,000 as at December 31, 2024 (2023: RMB2,202,410,000) are measured at fair values less costs to sell which are being determined based on unobserved inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could affect the reported fair values of these biological assets. See Note 22 for further disclosures.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating units to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise. As at December 31, 2024, the carrying amount of goodwill was RMB100,609,000 (2023: RMB100,609,000). Details of the recoverable amount calculation are disclosed in Note 16.

Estimated impairment of property, plant and equipment and right-of-use assets

The carrying values of property, plant and equipment and right-of-use assets are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable or events previously causing the impairment no longer exist in accordance with the accounting policies as disclosed in the relevant parts in Note 3. The recoverable amounts of the property, plant and equipment and right-of-use assets are the higher of the fair value less costs of disposal and value in use.

In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the fair value less costs of disposal or the value in use, i.e. the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

The net carrying amounts of property, plant and equipment and right-of-use assets subject to impairment assessment as at December 31, 2024 were RMB12,033,230,000 (2023 (restated): RMB10,401,030,000) and RMB783,880,000 (2023 (restated): RMB728,750,000) respectively.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

5 REVENUE

Disaggregation of revenue from contracts with customers

Segments	For the year ended December 31, 2024					
	Hog production and sales RMB'000	Sales of feed RMB'000	Sales of fresh pork RMB'000	Sales of processed meat products RMB'000	Sales of imported meat products RMB'000	Total RMB'000
Types of goods or services						
Hogs	3,231,292	–	–	–	–	3,231,292
Feed products	–	5,758,906	–	–	–	5,758,906
Fresh pork	–	–	4,795,181	–	–	4,795,181
Processed meat products	–	–	–	741,100	–	741,100
Imported meat products	–	–	–	–	1,799,722	1,799,722
Total	3,231,292	5,758,906	4,795,181	741,100	1,799,722	16,326,201
Geographical market						
Mainland China	3,231,292	5,758,906	4,795,181	741,100	1,799,722	16,326,201
Timing of revenue recognition						
A point in time	3,231,292	5,758,906	4,795,181	741,100	1,799,722	16,326,201

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	For the year ended December 31, 2024		
	Segment revenue RMB'000	Eliminations RMB'000	Consolidated RMB'000
Hog production and sales	6,370,286	(3,138,994)	3,231,292
Sales of feed	6,626,003	(867,097)	5,758,906
Sales of fresh pork	4,851,969	(56,788)	4,795,181
Sales of processed meat products	747,002	(5,902)	741,100
Sales of imported meat products	2,136,209	(336,487)	1,799,722
Revenue from contracts with customers	20,731,469	(4,405,268)	16,326,201
Total revenue	20,731,469	(4,405,268)	16,326,201

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

5 REVENUE (Continued)

Disaggregation of revenue from contracts with customers (Continued)

Segments	For the year ended December 31, 2023					
	Hog production and sales RMB'000	Sales of feed RMB'000 (restated)	Sales of fresh pork RMB'000	Sales of processed meat products RMB'000	Sales of imported meat products RMB'000	Total RMB'000 (restated)
Types of goods or services						
Hogs	4,443,555	–	–	–	–	4,443,555
Feed products	–	5,669,629	–	–	–	5,669,629
Fresh pork	–	–	4,141,252	–	–	4,141,252
Processed meat products	–	–	–	776,505	–	776,505
Imported meat products	–	–	–	–	2,207,010	2,207,010
Total	4,443,555	5,669,629	4,141,252	776,505	2,207,010	17,237,951
Geographical market						
Mainland China	4,443,555	5,669,629	4,141,252	776,505	2,207,010	17,237,951
Timing of revenue recognition						
A point in time	4,443,555	5,669,629	4,141,252	776,505	2,207,010	17,237,951

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	For the year ended December 31, 2023		
	Segment revenue RMB'000 (restated)	Eliminations RMB'000 (restated)	Consolidated RMB'000 (restated)
Hog production and sales	7,312,910	(2,869,355)	4,443,555
Sales of feed	6,552,135	(882,506)	5,669,629
Sales of fresh pork	4,210,481	(69,229)	4,141,252
Sales of processed meat products	782,198	(5,693)	776,505
Sales of imported meat products	2,458,248	(251,238)	2,207,010
Revenue from contracts with customers	21,315,972	(4,078,021)	17,237,951
Total revenue	21,315,972	(4,078,021)	17,237,951

Performance obligations for contracts with customers and revenue recognition policies

The Group sells hogs, feed, fresh pork, processed meat products and imported meat products and provides meat procurement agency services in Mainland China. Revenue is recognised when control of the goods or services has transferred, being at the point when the goods have been delivered to the customers at the locations agreed between the Group and the customers or the services have been completed.

Except for certain reputable customers, the Group requires full prepayments from customers. For credit sales, the normal credit term is within 180 days upon delivery.

All contracts are for periods of one year or less. As permitted by HKFRS 15, the transaction price allocated to the unsatisfied performance obligations is not disclosed.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

6 SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

During the year, the Group acquired 100% equity interest in COFCO Jiahua (see Note 1.2), which is principally engaged in the manufacture and sales of feed products. With these developments, the Group has five reportable operating segments under HKFRS 8 Operating Segments as follows:

Hog production segment	represents hog breeding and sales of hogs
Feed segment	represents manufacture and sales of feed products
Fresh pork segment	represents slaughtering, wholesale and retail sales of fresh and frozen meats
Processed meat products segment	represents manufacture, wholesale and retail sales of processed meat products
Meat import segment	represents sales of imported meat products

The Group's segment information for the year ended December 31, 2023 is restated as if the Group had been operating these segments in that year.

No operating segments have been aggregated in arriving at the reportable segments of the Group.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable operating segments.

	Hog production RMB'000	Feed RMB'000	Fresh pork RMB'000	Processed meat products RMB'000	Meat import RMB'000	Segment total RMB'000	Inter- segment elimination RMB'000	Total RMB'000
<i>For the year ended December 31, 2024</i>								
Segment revenue								
External customers	3,231,292	5,758,906	4,795,181	741,100	1,799,722	16,326,201	-	16,326,201
Inter-segment sales	3,138,994	867,097	56,788	5,902	336,487	4,405,268	(4,405,268)	-
Segment revenue	6,370,286	6,626,003	4,851,969	747,002	2,136,209	20,731,469	(4,405,268)	16,326,201
Segment results	258,609	202,384	(57,233)	35,538	58,232	497,530	-	497,530
Unallocated corporate income								76,790
Unallocated corporate expenses								(119,853)
Fair value adjustments on biological assets and agricultural produce								279,017
Finance costs								(123,727)
Profit before tax								609,757

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

6 SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

	Hog production RMB'000	Feed RMB'000 (restated)	Fresh pork RMB'000	Processed meat products RMB'000	Meat import RMB'000	Segment total RMB'000 (restated)	Inter- segment elimination RMB'000 (restated)	Total RMB'000 (restated)
<i>For the year ended</i>								
<i>December 31, 2023</i>								
Segment revenue								
External customers	4,443,555	5,669,629	4,141,252	776,505	2,207,010	17,237,951	–	17,237,951
Inter-segment sales	2,869,355	882,506	69,229	5,693	251,238	4,078,021	(4,078,021)	–
Segment revenue	7,312,910	6,552,135	4,210,481	782,198	2,458,248	21,315,972	(4,078,021)	17,237,951
Segment results	108,952	187,317	(126,815)	58,257	41,555	269,266	–	269,266
Unallocated corporate income								169,663
Unallocated corporate expenses								(110,011)
Fair value adjustments on biological assets and agricultural produce								(186,817)
Finance costs								(142,933)
Loss before tax								(832)

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment profit/(loss) represents the profit earned by/(loss from) each segment without allocation of corporate income and expenses including central administration costs and directors' emoluments, fair value adjustments on biological assets and agricultural produce and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prices agreed between group entities.

Segment assets and segment liabilities

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

6 SEGMENT INFORMATION (Continued)

Other segment information

	Hog production RMB'000	Feed RMB'000	Fresh pork RMB'000	Processed meat products RMB'000	Meat import RMB'000	Total RMB'000
Year ended December 31, 2024						
Amounts included in the measure of segment results:						
Depreciation and amortisation*	(61,441)	(107,961)	(88,238)	(19,670)	(90)	(277,400)
(Provision of)/reversal of impairment on account receivables, net	–	(376)	(831)	9	–	(1,198)
Reversal of impairment on other receivables, net	–	759	–	–	–	759
Provision of impairment on amount due from related companies	–	(1,640)	–	–	–	(1,640)
(Loss)/gain on disposal of property, plant and equipment, net**	(2,746)	(1,691)	19,580	(1,004)	–	14,139
(Loss)/gain on disposal of right-of-use assets	(432)	–	11,130	–	–	10,698
Gain on lease modification	144	–	34	–	–	178
Reversal of write-down/(write-down) of inventories	–	247	(14,010)	(1,579)	–	(15,342)

	Hog production RMB'000	Feed RMB'000 (restated)	Fresh pork RMB'000	Processed meat products RMB'000	Meat import RMB'000	Total RMB'000 (restated)
Year ended December 31, 2023						
Amounts included in the measure of segment results:						
Depreciation and amortisation*	(65,786)	(62,903)	(82,569)	(20,371)	(104)	(231,733)
Reversal of/(provision of) impairment on account receivables, net	41	2,350	(307)	30	–	2,114
Reversal of/(provision of) impairment on other receivables, net	–	114	55	(10)	–	159
Provision of impairment on amount due from related companies	–	–	(632)	–	–	(632)
Gain/(loss) on disposal of property, plant and equipment, net**	23,310	(569)	17,695	25,771	–	66,207
Gain on disposal of right-of-use assets	2,457	–	31,698	17,155	–	51,310
Gain/(loss) on lease modification	56	–	73	(53)	–	76
Reversal of write down /(write-down) of inventories	–	176	(48,134)	–	–	(47,958)

* Depreciation and amortisation not included in the measure of segment results for the year ended December 31, 2024 amounted to RMB872,000 (2023: RMB245,000).

** Loss on disposal of property, plant and equipment not included in the measure of segment results for the year ended December 31, 2024 amounted to RMB8,000 (2023: RMB2,000).

Geographical information

All of the revenue of the Group is derived from Mainland China based on location of the operations for both 2024 and 2023.

All the Group's non-current assets (excluding deferred tax assets and equity instrument at FVTOCI) as at December 31, 2024 and 2023 are located in Mainland China based on geographical location of the assets or the operations.

Information about major customers

No revenue from transactions with any single external customer amounted to 10% or more of the Group's revenue for the years ended December 31, 2024 and 2023.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

7 OTHER INCOME

An analysis of the Group's other income is as follows:

	Year ended December 31,	
	2024 RMB'000	2023 RMB'000 (restated)
Interest income from banks	14,057	10,009
Interest income from a related company*	9,905	12,831
	23,962	22,840
Dividend income from equity instrument at FVTOCI	75,000	63,750
Government grants**	240,924	245,124
	339,886	331,714

* The amount represents interest income for deposits placed in a non-banking financial institution, COFCO Finance Corporation Limited ("COFCO Finance"), a subsidiary of COFCO Corporation. Details of the deposits are set out in Note 29 and Note 50.

** Government grants are mainly related to innocuous treatment of died hogs and construction of hog farms. There are no unfulfilled conditions or contingencies relating to these grants as at December 31, 2024 and 2023.

Government grants related to acquisition of lands use rights and acquisition/construction of property, plant and equipment projects are included in deferred income and are credited to profit or loss on a systematic basis over the useful lives of the related assets. Further details are disclosed in Note 37. Included in the above balances are government grants released from deferred income of RMB7,422,000 for the year ended December 31, 2024 (2023 (restated): RMB8,365,000).

8 OTHER GAINS AND LOSSES

An analysis of the Group's other gains and losses is as follows:

	Year ended December 31,	
	2024 RMB'000	2023 RMB'000 (restated)
Exchange gain, net (Note)	11,151	129,545
Gain on disposal of property, plant and equipment, net	14,131	66,205
Gain on disposal of right-of-use assets	10,698	51,310
Gain on lease modification	178	76
Write-down of inventories to net realisable value	(15,342)	(47,958)
(Provision of)/reversal of impairment on account receivables, net	(1,198)	2,114
Reversal of impairment on other receivables, net	759	159
Provision of impairment on amounts due from related companies	(1,640)	(632)
Realised and unrealised gain/(loss) on fair value changes in respect of foreign currency forward contracts, net	16,329	(23,231)
Provision for litigation (Note 52)	–	(6,910)
Others	(8,816)	(12,754)
	26,250	157,924

Note: For the year ended December 31, 2023, the exchange gain included the amount of release of cumulative exchange differences to profit or loss associated with changes in net investment in a foreign operation of RMB79,603,000.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

9 FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	Year ended December 31,	
	2024 RMB'000	2023 RMB'000 (restated)
Interest on:		
Bank borrowings	65,928	108,856
Long-term payable	6,194	5,654
Loans from related companies (Note 35)	40,625	12,354
Lease liabilities from related companies	–	335
Lease liabilities from third parties	17,959	16,592
Total borrowing costs	130,706	143,791
Less: Borrowing costs capitalised in the cost of qualifying assets	(6,979)	(858)
	123,727	142,933

Borrowing costs capitalised during the year arose on the specific borrowings with an interest rate of 2.84% (2023: 3.95%) per annum.

10 PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging:

	Year ended December 31,	
	2024 RMB'000	2023 RMB'000 (restated)
Cost of inventories recognised as expenses	15,158,911	17,773,946
Realised and unrealised gain on fair value changes in respect of commodity future contracts, net	(42,634)	(1,483,205)
Loss/(gain) on fair value changes in respect of biological assets	741,492	(698,560)
Total cost of sales	15,857,769	15,592,181
Employee benefits expenses (including the directors' emoluments as disclosed in Note 12):		
Salaries and other allowances	1,655,578	1,584,058
Retirement benefit schemes contributions (Note 43)	162,215	148,986
Less: Capitalised in biological assets and construction in progress	(800,039)	(754,829)
	1,017,754	978,215
Depreciation of property, plant and equipment	699,391	629,443
Depreciation of right-of-use assets	65,006	64,805
Amortisation of intangible assets	7,522	5,669
Total depreciation and amortisation	771,919	699,917
Less: Capitalised in biological assets	(493,647)	(467,939)
	278,272	231,978
Auditors' remuneration	2,020	1,420

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

11 INCOME TAX EXPENSE

An analysis of the Group's income tax expense is as follows:

	Year ended December 31,	
	2024 RMB'000	2023 RMB'000 (restated)
Current tax:		
PRC Enterprise Income Tax (the "EIT")	49,691	40,227
PRC withholding tax	7,199	–
	56,890	40,227
Over provision in prior years:		
PRC Enterprise Income Tax	(1,085)	(7,248)
Deferred tax:		
Current year (Note 23)	(310)	815
	55,495	33,794

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profit generated in Hong Kong for the year (2023: nil).

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and the Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% during the year (2023: 25%).

Certain operations of the Company's certain subsidiaries were exempted from PRC income taxes during both 2024 and 2023. According to the Implementation Regulation of the EIT Law and the EIT exemptions regulation set out in the Circular of the Ministry of Finance and the State Administration of Taxation on Releasing the Primary Processing Ranges of Agricultural Products Entitled to Preferential Policies on Enterprise Income Tax (Trial Implementation) (Cai Shui [2008] No. 149), and the requirements of Article 86 of the Implementation Regulation of the EIT Law, the income from primary processing for agriculture products are exempted from EIT. In addition, pursuant to related regulations in respect of the Implementation Regulation of the EIT Law, the income from projects of animal-husbandry and poultry feeding, is also entitled to exemption from EIT. Accordingly, the income from the above-mentioned operations of certain subsidiaries of the Group were exempted from EIT in the years ended December 31, 2024 and 2023.

Certain subsidiaries were granted lower tax rates by the state tax bureau in accordance with the EIT Law and the corresponding transitional tax concession policy and "The notice of tax policies relating to the implementation of the western China development strategy" during the years ended December 31, 2024 and 2023.

Withholding tax is calculated at 10% of the dividend and interest income received from a subsidiary in the PRC for the year ended December 31, 2024.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

11 INCOME TAX EXPENSE (Continued)

Income tax expense for the year can be reconciled to the profit/(loss) before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended December 31,	
	2024 RMB'000	2023 RMB'000 (restated)
Profit/(loss) before tax	609,757	(832)
Tax at the domestic income tax rate of 25% (2023: 25%)*	152,439	(208)
Effect of different tax rates for entities of the Group operating in other jurisdictions and concessionary rate	(6,362)	(14,059)
Effect of tax losses incurred for agricultural business and other non-deductible expenses	107,458	296,302
Tax effect of income not taxable for tax purpose	(21,247)	(36,667)
Tax effect of share of results of associates	934	(206)
Tax effect of the fair value adjustments on biological assets	(69,754)	46,704
Effect of tax exemptions	(130,603)	(283,148)
Tax losses utilised from previous periods	(8,550)	(5,890)
Tax effect of tax losses not recognised	27,714	38,175
Over provision in prior years	(1,085)	(7,249)
Tax effect of deductible temporary differences not recognised	–	40
Withholding tax on dividend income from a subsidiary	7,026	–
Others	(2,475)	–
Income tax expense for the year	55,495	33,794

* The domestic tax rate (which is the EIT rate) in the jurisdiction where the operation of the Group is substantially based is used.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

12 DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' and chief executive's emoluments for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, are as follows:

	Other emoluments					
	Directors' fees	Salaries and other allowances	Retirement benefit scheme contributions	Bonus	Equity-settled share option expense	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>Year ended December 31, 2024</i>						
Executive director:						
GAO Xiang (Chief Executive) <i>(Note (a))</i>	–	594	57	–	–	651
JIANG Guojin (Chief Executive) <i>(Note (b))</i>	–	128	11	1,048	–	1,187
Zhang Nan <i>(Note (c))</i>	–	460	49	816	–	1,325
Non-executive directors:						
CHEN Zhigang <i>(Note (d))</i>	–	53	–	–	–	53
WANG Guoxin <i>(Note (e))</i>	–	–	–	–	–	–
MA Dewei <i>(Note (f))</i>	–	–	–	–	–	–
ZHAO Wei <i>(Note (g))</i>	–	–	–	–	–	–
SHI Bo <i>(Note (h))</i>	–	–	–	–	–	–
Independent non-executive directors:						
FU Tingmei	324	–	–	–	–	324
LI Michael Hankin	324	–	–	–	–	324
JU Jiandong	324	–	–	–	–	324
Total	972	1,235	117	1,864	–	4,188

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

12 DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

Directors' and chief executive's emoluments for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, are as follows: (continued)

	Directors' fees	Salaries and other allowances	Other emoluments Retirement benefit scheme contributions	Bonus	Equity-settled share option expense	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended December 31, 2023						
Executive director:						
JIANG Guojin (Chief Executive)	–	803	65	988	–	1,856
Non-executive directors:						
MA Dewei	–	–	–	–	–	–
ZHAO Wei	–	–	–	–	–	–
SHI Bo (Note (h))	–	–	–	–	–	–
Independent non-executive directors:						
FU Tingmei	317	–	–	–	–	317
LI Michael Hankin	317	–	–	–	–	317
JU Jiandong	317	–	–	–	–	317
Total	951	803	65	988	–	2,807

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Notes:

- (a) GAO Xiang was appointed as an executive director and chairman of the board on March 7, 2024
- (b) JIANG Guojin was resigned as an executive director and chairman of the board on March 7, 2024.
- (c) ZHANG Nan was appointed as an executive director of the Company on April 15, 2024.
- (d) CHEN Zhigang was appointed as a non-executive director of the Company on June 25, 2024.
- (e) WANG Guoxin was appointed as a non-executive director of the Company on December 31, 2024.
- (f) MA Dewei resigned as a non-executive director of the Company on March 7, 2024.
- (g) ZHAO Wei resigned as an executive director of the Company on December 31, 2024.
- (h) SHI Bo was appointed as a non-executive director of the Company on March 28, 2023, and resigned as a non-executive director of the Company on June 25, 2024.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

12 DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

Bonus, including annual performance bonus and tenure incentive, is determined by reference to the market, individual performance and directors' respective contribution to the Group. In 2024 and 2023, the Company focused on the payment of tenure incentive.

The non-executive directors are not paid directly by the Company, but receive emoluments from the Company's holding company, in respect of their services to the larger group which includes the Group. No apportionment has been made as the qualifying services provided by these directors to the Group are incidental to their responsibilities to the larger group.

During 2024 and 2023, no directors of the Company waived or agreed to waive any emoluments, and no emoluments were paid to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

13 FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year ended December 31, 2024 included none of the directors (2023: one director) of the Company, details of whose emoluments are set out in Note 12 above. Details of the emoluments of the five (2023: four) highest paid employees who are not the directors of the Company are as follows:

	Year ended December 31,	
	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	2,394	2,680
Bonus	5,919	3,472
Retirement benefit schemes contributions	304	243
	8,617	6,395

The number of the highest paid employees who are not the directors of the Company whose emoluments fell within the following bands is as follows:

	Year ended December 31,	
	2024	2023
Hong Kong Dollar ("HKD") 1,500,001 to HKD2,000,000	4	3
HKD2,000,001 to HKD2,500,000	1	1
	5	4

14 DIVIDENDS

No dividend was paid or proposed for shareholders of the Company during the years ended December 31, 2024 and 2023, nor has any dividend been proposed since the end of the reporting period (2023: nil).

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

15 EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share attributable to owners of the Company is based on the following data:

Earnings/(loss)

	Year ended December 31,	
	2024 RMB'000	2023 RMB'000 (restated)
Profit/(loss) for the year attributable to owners of the Company for the purpose of basic earnings/(loss) per share	538,216	(9,597)

Number of shares

	Year ended December 31,	
	2024 '000	2023 '000
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	4,581,998	4,429,231

No diluted earnings/(loss) per share is presented as there were no potential ordinary shares in issue for both 2024 and 2023.

16 GOODWILL

The amount of goodwill recognised in the consolidated statement of financial position, arising from the acquisition of subsidiaries in prior years, is as follows:

	At December 31,	
	2024 RMB'000	2023 RMB'000
Cost and carrying amount	100,609	100,609

For the purposes of impairment testing, goodwill has been allocated to the cash generating unit ("CGU") which manufactures and sells processed meat products with brand name "Maverick" in the processed meat products segment.

The recoverable amount of this unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period (2023: five-year), and discount rate of 8% (2023: 10%). Maverick's cash flows beyond the five-year period (2023: five-year) are extrapolated using a steady 0% growth rate (2023: 0%). This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development. During the years ended December 31, 2024 and 2023, management of the Group determines that there is no impairment on the unit. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the unit to exceed the aggregate recoverable amount of the unit.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

17 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Equipment RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:							
At January 1, 2023	7,641,881	40,353	3,414,171	264,156	191,243	306,087	11,857,891
Business combination							
under common control	531,577	17,849	416,951	57,652	32,631	1,310	1,057,970
Additions	97,053	11,447	80,463	60,839	28,252	659,388	937,442
Transfer	660,297	6,534	150,925	4,875	2,444	(825,075)	–
Disposals	(54,476)	(15,308)	(58,705)	(24,727)	(3,959)	(7,673)	(164,848)
At December 31, 2023 and January 1, 2024 (restated)	8,876,332	60,875	4,003,805	362,795	250,611	134,037	13,688,455
Additions	33,753	14,885	70,717	56,686	23,065	2,183,510	2,382,616
Transfer	352,245	70	142,220	7,174	–	(501,709)	–
Disposals	(47,372)	(10,329)	(23,539)	(13,273)	(4,949)	–	(99,462)
At December 31, 2024	9,214,958	65,501	4,193,203	413,382	268,727	1,815,838	15,971,609
Depreciation and impairment:							
At January 1, 2023	(1,153,944)	(18,964)	(970,683)	(137,320)	(94,983)	(2,909)	(2,378,803)
Business combination							
under common control	(148,185)	(7,083)	(184,436)	(35,618)	(18,014)	–	(393,336)
Charge for the year	(277,902)	(13,139)	264,648	(44,293)	(29,461)	–	(629,443)
Eliminated on disposals	36,632	14,549	45,517	13,996	3,463	–	114,157
At December 31, 2023 and January 1, 2024 (restated)	(1,543,399)	(24,637)	(1,374,250)	(203,235)	(138,995)	(2,909)	(3,287,425)
Charge for the year	(302,634)	(15,501)	(293,389)	(54,907)	(32,960)	–	(699,391)
Eliminated on disposals	7,464	10,363	14,470	11,617	4,523	–	48,437
At December 31, 2024	(1,838,569)	(29,775)	(1,653,169)	(246,525)	(167,432)	(2,909)	(3,938,379)
Carrying values:							
At December 31, 2024	7,376,389	35,726	2,540,034	166,857	101,295	1,812,929	12,033,230
At December 31, 2023 (restated)	7,332,933	36,238	2,629,555	159,560	111,616	131,128	10,401,030

The above items of property, plant and equipment, except for construction in progress, after taking into account any residual value, are depreciated on a straight-line basis at the following rates per annum:

Buildings	2.25% to 4.5%
Leasehold improvements	10% to 25% (over the shorter of the term of the lease and estimated useful life)
Equipment	4.5% to 30%
Furniture and fixtures	18% to 45%
Motor vehicles	9% to 18%

Building ownership certificates in respect of certain buildings of the Group in the PRC with an aggregate carrying amount of approximately RMBnil as at December 31, 2024 (2023: RMB577,000) had not been issued by the relevant PRC authorities.

The directors of the Company are of the opinion that the Group is entitled to lawfully and validly occupy and use the above-mentioned buildings, and the aforesaid matter did not have any significant impact on the Group's financial position as at December 31, 2024.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

18 RIGHT-OF-USE ASSETS

	Lands RMB'000	Properties RMB'000	Total RMB'000
As at December 31, 2024			
Carrying amount	569,031	214,849	783,880
As at December 31, 2023 (restated)			
Carrying amount	502,279	226,471	728,750
For the year ended December 31, 2024			
Depreciation charge	27,695	37,311	65,006
For the year ended December 31, 2023 (restated)			
Depreciation charge	23,831	40,974	64,805

	Year ended December 31,	
	2024 RMB'000	2023 RMB'000 (restated)
Expense relating to short-term leases	30,533	32,666
Variable lease payments not included in the measurement of lease liabilities	24,654	19,573
Total cash outflow for leases	173,610	154,248
Additions to right-of-use assets	128,298	68,105

The Group leases lands and buildings for its operations. Lease contracts are entered into for fixed term of 1 to 50 years (2023: 1 to 50 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several industrial buildings where its hog production facilities and feed storage facilities are primarily located and office buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

The Group regularly entered into short-term leases for buildings. As at December 31, 2024 and 2023, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

Leases of industrial buildings and office buildings contain variable lease payments that are based on production volume. The payment terms are common in industrial buildings and office buildings in the PRC where the Group operates. The overall financial effect of using variable payment terms is that higher rental costs are incurred by feed storage facilities with higher production volume. Variable rent expenses are expected to continue to represent a similar proportion of production volume in future years.

Leases of counters in retail stores contain variable lease payment that are based on 5% to 18.5% (2023: 5% to 18.5%) of sales amount. The payment terms are common in retail stores in the PRC where the Group operates. The overall financial effect of using variable payment terms is that higher rental costs are incurred by stores with higher sales. Variable rent expenses are expected to continue to represent a similar proportion of store sales in future years.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

19 INTANGIBLE ASSETS

The Group's intangible assets comprise purchased computer software.

	2024 RMB'000	2023 RMB'000 (restated)
Cost:		
At beginning of the reporting period	76,081	20,460
Business combination under common control	–	52,841
Additions	6,845	3,522
Disposals	(1,277)	(742)
At end of the reporting period	81,649	76,081
Accumulated amortisation:		
At beginning of the reporting period	45,673	11,646
Business combination under common control	–	29,100
Amortisation provided during year	7,522	5,669
Eliminated on disposals	(1,277)	(742)
At end of the reporting period	51,918	45,673
Carrying values:		
At end of the reporting period	29,731	30,408

Purchased computer software is stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 3 to 10 years.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

20 INVESTMENTS IN ASSOCIATES

	2024 RMB'000	2023 RMB'000 (restated)
Cost of investments in associates	17,000	25,500
Share of undistributed post-acquisition reserves	(2,627)	(3,567)
	14,373	21,933

Details of the Group's associates as at the end of each reporting period are as follows:

Name of entity	Place of incorporation/ establishment and principal country of operations	Attributable Interest held by the Group		Principal activities
		2024	2023 (restated)	
中糧生物科技(北京)有限公司 (COFCO Biotechnology (Beijing) Co., Ltd.*)	PRC/PRC	– (Note)	37.78%	Technology development of feed products
現代飼料(天津)有限公司 Modern Feed (Tianjin) Co., Ltd.*)	PRC/PRC	34.00%	34.00%	Sales of feed products

Note:

On June 27, 2024, the Group's 37.78% equity interest in COFCO Biotechnology (Beijing) Co., Ltd. was disposed of to a fellow subsidiary through gratuitous transfer.

The above associates were not individually material to the Group.

21 EQUITY INSTRUMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 RMB'000	2023 RMB'000
Equity instrument at FVTOCI	110,690	86,836

This represents the Group's equity interest in a private entity established in the PRC. The investment is not held for trading, instead, it is held for long-term strategic purposes. The directors of the Company have elected to designate the investment at FVTOCI as they believe that recognising short-term fluctuations in this investment's fair value in profit or loss would not be consistent with the Group's strategy of holding this investment for long-term purposes and realising their performance potential in the long run.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

22 BIOLOGICAL ASSETS

Nature of the Group's agricultural activities

The biological assets of the Group are live hogs at various stages of development, including piglets, nursery hogs, medium and large finishing hogs, replacement studs and gilts, which are classified as current assets. Biological assets also include breeding stock, which are used to produce future live hogs and classified as non-current assets of the Group. The quantity of live hogs and breeding stock owned by the Group at the end of reporting period are as follows:

	At December 31,	
	2024 '000	2023 '000
Piglets	440	271
Nursery hogs	897	554
Medium and large finishing hogs	1,568	1,038
Breeding stock, replacement studs and gilts	345	237
	3,250	2,100

In general, once a sow is inseminated it will gestate typically around 114 days. New born hogs are classified as "piglets". The piglets will stay with their mother for 3 to 4 weeks at which time they will be weaned. Once the suckling hogs are weaned, they are transferred to the "nursery hogs".

The nursery facilities are designed to meet the needs of newly weaned hogs. They are fed a series of specially formulated diets to meet their changing nutritional needs. The hogs will stay in the nursery for approximately 6 to 7 weeks and then be transferred to the "medium and large finishing hogs" farm.

Medium and large finishing hogs typically stay in this phase for 15 to 16 weeks. During that time, they will be considered as a live hog with market value. Once the hog reaches the ideal weight, they are loaded onto specially designed trucks for transport to the processing facility.

Replacement studs and gilts are hogs maybe selected to be future breeding stock.

The Group is exposed to a number of risks related to its biological assets. The Group is exposed to the following operating risks:

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

22 BIOLOGICAL ASSETS (Continued)

Nature of the Group's agricultural activities (Continued)

Regulatory and environmental risks

The Group is subject to laws and regulations in the location in which it operates breeding of hogs. 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.

Climate, disease and other natural risks

The Group's biological assets are exposed to the risk of damage from climatic changes, diseases and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating these risks, including regular inspections, disease controls, surveys and insurance.

Carrying value of the Group's biological assets

	Live hogs and breeding stock RMB'000
At January 1, 2023	3,063,436
Additions: purchasing/raising	7,777,466
Loss arising from changes in fair value less costs to sell of biological assets	(885,377)
Transfer to cost of sales at the point of harvest	(6,645,584)
Decrease due to culling	(1,107,531)
At December 31, 2023 and January 1, 2024	2,202,410
Additions: purchasing/raising	6,969,551
Gain arising from changes in fair value less costs to sell of biological assets	1,020,509
Transfer to cost of sales at the point of harvest	(6,094,891)
Decrease due to culling	(788,871)
At December 31, 2024	3,308,708

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

22 BIOLOGICAL ASSETS (Continued)

Carrying value of the Group's biological assets (Continued)

Analysed for reporting purpose

	At December 31,	
	2024 RMB'000	2023 RMB'000
Live hogs and breeding stock	3,308,708	2,202,410
Less: current portion	(2,389,057)	(1,635,066)
Non-current portion	919,651	567,344

Fair value measurement

The Group's biological assets were valued by Savills Valuation and Professional Services (China) Limited ("Savills"), a firm of independent qualified professional valuers unrelated to the Group. The fair value less costs to sell of biological assets are determined with reference to the market-determined prices of items with similar age, breed and genetic merit or replacement costs where the market-determined prices are not available.

Changes in fair value less costs to sell of biological assets include changes in the fair value of the hogs at the end of each reporting period.

Key assumptions and inputs

The major significant unobservable inputs to the valuation of the biological assets include estimated local market price, rearing costs, survival rate, species and growing conditions.

Set forth below are the valuation techniques, key assumptions and inputs adopted in the valuation process to determine the fair values of the Group's biological assets as at December 31, 2024 and 2023.

	At December 31,	
	2024 RMB	2023 RMB
Live hogs and breeding stock		
Piglets (Note (a))		
Per head market price	299 to 375	131 to 176
Nursery hogs (Note (b))		
Per head market price	406 to 474	356 to 458
Medium and large finishing hogs (Note (c))		
Per head market price	682 to 1,596	619 to 1,528
Replacement studs and gilts (Note (d))		
Per head cost	1,226 to 3,544	1,496 to 4,141
Breeding stock (Note (e))		
Per head replacement cost	2,980 to 4,550	2,826 to 5,346

22 BIOLOGICAL ASSETS (Continued)

Key assumptions and inputs (Continued)

Notes:

- (a) *As there were active markets for piglets, the market prices have been adopted.*
- (b) *As there were active markets for the nursery hogs, the market prices of nursery hogs have been adopted.*
- (c) *Market prices have been adopted for large finishing hogs as there were active markets for the large finishing hogs as at respective valuation dates.*

As there was no active market for the medium finishing hogs, the market price of medium finishing hogs has been estimated based on the market prices of large finishing hogs, less cost to completion, and adjusted with survival rate and risk in price uncertainty upon completion.

The unit cost to completion is estimated based on the unit cost of medium finishing hogs to the unit cost of large finishing hogs as at the respective valuation dates, under the assumption that the future cost in completing the remaining rearing cycle can be approximated by the historical cost. It is further adjusted by the number of hogs expected to be dead during this stage as no additional cost is necessary to feed those dead hogs.

The survival rate is estimated based on the historical statistics for respective location and category of hogs as at the respective valuation dates.

- (d) *As replacement studs and gilts are yet to generate income to the Group due to their immature physical condition and in the absence of a market price from an actively traded market for the replacement studs and gilts, cost approach has been adopted. The fair value of the replacement studs and gilts is determined based on the original cost plus the rearing costs (e.g. cost of vaccine, feeding, labour) subsequent to purchase or transfer.*
- (e) *Since there was no active market for breeding stock at specific age, the replacement cost approach has been adopted. Market prices for different species of boar and gilt have been obtained as a basis for the replacement cost, and adjusted for the reduction/consumption of economic useful life by applying the respective metrics to estimate the fair value of breeding stock in different species.*

A significant increase/decrease in the estimated market price in isolation would result in a significant increase/decrease in the fair value of the biological assets.

The fair values of the Group's biological assets at December 31, 2024 and 2023 are grouped into Level 3 of fair value measurement. There were no transfers into or out of Level 3 during both the current and prior years.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

23 DEFERRED TAX ASSETS/(LIABILITIES)

The following is the analysis of the deferred tax balances for financial reporting purposes:

	At December 31,	
	2024	2023 (restated)
	RMB'000	RMB'000
Deferred tax assets	6,785	7,383
Deferred tax liabilities	(51,687)	(46,632)

The following are the major deferred tax liabilities and assets recognised and movements thereon during the current and prior years:

	Impairment for account and other receivables RMB'000	Others RMB'000	Fair value adjustments RMB'000	Fair value adjustments in other comprehensive income RMB'000	Distributable profits of subsidiaries RMB'000	Accelerated tax depreciation RMB'000	Write-down of inventories RMB'000	Right-of- use assets RMB'000	Lease liabilities RMB'000	Total RMB'000
At January 1, 2023	–	–	(8,499)	(50,649)	(20,000)	(2,867)	–	(3,500)	3,500	(82,015)
Business combination under common control	6,254	2,483	–	–	–	–	39	(3,323)	3,310	8,763
Charge to profit or loss	(2,123)	–	–	–	–	–	–	(26)	(501)	(2,650)
Credit to profit or loss	–	439	420	–	–	380	279	316	–	1,834
Credit to other comprehensive income	–	–	–	34,819	–	–	–	–	–	34,819
At December 31, 2023 and January 1, 2024 (restated)	4,131	2,922	(8,079)	(15,830)	(20,000)	(2,487)	318	(6,533)	6,309	(39,249)
Charge to profit or loss	(402)	(870)	–	–	–	–	–	–	(3,301)	(4,573)
Credit to profit or loss	–	–	420	–	–	368	526	3,569	–	4,883
Charge to other comprehensive income	–	–	–	(5,963)	–	–	–	–	–	(5,963)
At December 31, 2024	3,729	2,052	(7,659)	(21,793)	(20,000)	(2,119)	844	(2,964)	3,008	(44,902)

As at December 31, 2024, the Group has unrecognised tax losses of RMB81,937,000 (2023: RMB79,623,000) in Hong Kong, which have no expiry dates, and RMB854,189,000 (2023 (restated): RMB845,359,000) in the PRC which will expire during the financial years 2024 to 2029 and unrecognised deductible temporary differences in relation to impairment of account receivables, other receivables and write-down of inventories to net realisable values of RMB37,353,000 (2023 (restated): RMB5,892,000). As at December 31, 2023 and 2024, no deferred tax assets have been recognised in respect of these tax losses and deductible temporary differences, as they have arisen in subsidiaries that it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

23 DEFERRED TAX ASSETS/(LIABILITIES) (Continued)

The unrecognised tax losses will expire in the following years:

	At December 31,	
	2024 RMB'000	2023 RMB'000 (restated)
To be expired on:		
December 31, 2024	–	72,515
December 31, 2025	186,000	199,128
December 31, 2026	298,372	298,372
December 31, 2027	114,296	114,296
December 31, 2028	140,623	161,048
December 31, 2029	114,898	–
Total unused tax losses not recognised as deferred tax assets	854,189	845,359

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from January 1, 2008 onwards. Deferred taxation has been provided for undistributed profits to the extent that declarations of dividends are anticipated in the foreseeable future. Deferred tax liabilities of RMB20,000,000 (2023 (restated): RMB20,000,000) has been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated undistributable profits of the PRC subsidiaries, and the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was RMB339,544,000 (2023 (restated): RMB352,521,000). No further deferred tax liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

24 INVENTORIES

	At December 31,	
	2024 RMB'000	2023 RMB'000 (restated)
Raw materials and consumables	888,934	790,260
Work in progress	8,569	10,565
Finished goods	535,802	502,546
	1,433,305	1,303,371

25 ACCOUNT RECEIVABLES

	At December 31,	
	2024 RMB'000	2023 RMB'000 (restated)
Account receivables from contracts with customers	309,990	300,468
Less: Allowance for credit losses	(27,416)	(26,218)
Total account receivables	282,574	274,250

As at January 1, 2023, account receivables from contracts with customers amounted to RMB318,140,000 (net of allowance for credit losses of RMB514,000).

An aged analysis of the account receivables as at the end of the reporting period, based on the delivery dates and net of allowance for credit losses, is as follows:

	At December 31,	
	2024 RMB'000	2023 RMB'000 (restated)
Within 90 days	281,666	272,289
90 to 180 days	769	758
180 days to 1 year	–	34
Over 1 year	139	1,169
	282,574	274,250

As at December 31, 2024, included in the Group's account receivables balance are debtors with aggregate carrying amount of RMB908,000 (2023 (restated): RMB7,738,000) which are past due as at the reporting date. Out of the past due balances, RMB139,000 (2023 (restated): RMB1,204,000) has been past due 90 days or more and is not considered as in default taking into account the historical repayment records from the customer. The Group does not hold any collateral over these balances.

Details of impairment assessment of account receivables are set out in Note 48.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

26 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

An analysis of the prepayments, deposits and other receivables are as follows:

	At December 31,	
	2024 RMB'000	2023 RMB'000 (restated)
Value-added tax recoverable	158,555	164,519
Prepayments	37,258	42,630
Deposits (Note)	99,662	106,324
Others	73,893	78,792
	369,368	392,265
Less: Allowance for credit losses	(21,065)	(21,824)
	348,303	370,441

Note: The deposits included the deposits relating to commodity futures contracts of RMB82,566,000 (2023: RMB93,818,000).

27 OTHER CURRENT ASSETS

As at December 31, 2024 and 2023, other current assets represented the costs recoverable for meat products the Group purchased pursuant to procurement arrangements where the Group was requested to purchase meat products and sell the meat products to designated buyers. The Group is responsible for the procurement and delivery of the meat products to designated buyers. Under the arrangement, the purchases of meat products are financed by bank loans from a designated bank in the PRC. Details of the bank loans are disclosed in Note 34.

28 BALANCES WITH RELATED COMPANIES

Related companies with which the Group had transactions and/or outstanding balances are COFCO Corporation and its subsidiaries. Prior to March 24, 2023, COFCO Corporation had significant influence over the Company and, on March 24, 2023, has obtained control over the Company and became the Company's ultimate holding company (see Note 39).

Included in amounts due from related companies as at December 31, 2024 were receivables in trade nature of RMB156,907,000 (2023 (restated): RMB266,406,000). These receivables are unsecured, interest-free and repayable according to the relevant sales contracts. An aged analysis of these receivables as at the end of the reporting period, based on the delivery dates and net of allowance for credit losses, is as follows:

	At December 31,	
	2024 RMB'000	2023 RMB'000 (restated)
Within 90 days	143,195	258,473
Over 90 days but less than 1 year	10,928	–
Over 1 year	2,784	7,933
	156,907	266,406

The remaining balances of amounts due from related companies include prepayments in connection with the purchase of inventories and current account balances, which are unsecured, interest-free and repayable on demand.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

28 BALANCES WITH RELATED COMPANIES (Continued)

Details of impairment assessment of amounts due from related companies (excluding prepayments to related companies) for the year ended December 31, 2024 are set out in Note 48.

Included in amounts due to related companies as at December 31, 2024 were payables in trade nature of RMB99,356,000 (2023: RMB123,677,000), which are unsecured, interest-free and payable according to the relevant contracts. An aged analysis of these payables as at the end of the reporting period, based on the invoice dates, is as follows:

	At December 31,	
	2024 RMB'000	2023 RMB'000
Within 90 days	87,332	123,590
Over 90 days but less than 1 year	12,015	87
Over 1 year	9	–
	99,356	123,677

Also included in amounts due to related companies as at December 31, 2024 was the consideration payable of RMB1,569,071,000 in relation to the Acquisition (see Note 1.2), which is repayable within three months from the date on which COFCO Jiahua obtains the business license certifying that COFCO Jiahua has been converted into a foreign-invested enterprise. The license was subsequently obtained on January 21, 2025.

The remaining balance of amounts due to related companies includes interest payable in respect of loans from a related company and current account balances, which are unsecured, interest-free and repayable on demand.

29 CASH AND BANK BALANCES

	At December 31,	
	2024 RMB'000	2023 RMB'000 (restated)
Cash and bank balances	86,735	35,980
Time deposits with original maturity within three months when acquired	–	500,000
Time deposits with original maturity over three months when acquired	9,428	507,730
Deposits with a non-banking financial institution*	967,824	1,020,205
Cash and bank balances in the consolidated statement of financial position	1,063,987	2,063,915
Less: time deposits with original maturity over three months when acquired	(9,428)	(507,730)
Cash and bank balances in the consolidated statement of cash flows	1,054,559	1,556,185

* The amount represents deposits placed with COFCO Finance, and earns interest at market rates.

Cash at banks earns interest at rates based on daily bank deposit rates ranging from 0% to 1.55% (2023: 0% to 1.73%). Short-term time deposits are made for varying periods depending on the immediate cash requirements of the Group, and earn interest at a market rate ranging from 2.4% to 3.35% (2023: at 2.0% to 5.6%). The bank balances and time deposits are deposited with creditworthy banks with no history of default.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

30 ACCOUNT AND BILLS PAYABLES

An analysis of account and bills payables is as follows:

	At December 31,	
	2024 RMB'000	2023 RMB'000 (restated)
Account payables	893,278	759,571
Bills payables	–	61,428
	893,278	820,999

The account payables are non-interest-bearing and are normally with credit periods ranging from 15 to 60 days. Bills payables are normally repayable within 180 days.

An aged analysis of the account payables as at the end of the reporting period, based on the invoice date, is as follows:

	At December 31,	
	2024 RMB'000	2023 RMB'000 (restated)
Within 1 year	892,090	745,363
1 to 2 years	1,188	11,548
Over 2 years	–	2,660
	893,278	759,571

31 OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

An analysis of other payables, accruals and deposits received is as follows:

	At December 31,	
	2024 RMB'000	2023 RMB'000 (restated)
Bills payables for purchase of property, plant and equipment	–	53,534
Construction costs payables	123,392	123,837
Deposits received	256,361	244,825
Salaries and wages payables	212,745	210,043
Accruals	224,190	267,349
Tax element of contract liabilities	21,716	21,687
Government grant received	–	36,359
Provision for litigation (Note 52)	6,910	6,910
Others	131,194	100,913
	976,508	1,065,457

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

32 LEASE LIABILITIES

	At December 31,	
	2024 RMB'000	2023 RMB'000 (restated)
Lease liabilities payable:		
Within one year	42,863	41,782
Within a period of more than one year but not more than two years	33,226	35,306
Within a period of more than two years but not more than five years	66,160	63,870
Within a period of more than five years	249,917	230,414
	392,166	371,372
Less: Amount due for settlement within 12 months shown under current liabilities	(42,863)	(41,782)
Amount due for settlement after 12 months shown under non-current liabilities	349,303	329,590

The weighted average incremental borrowing rates applied to lease liabilities range from 3.65% to 4.9% (2023: 3.65% to 4.9%).

33 CONTRACT LIABILITIES

	At December 31,	
	2024 RMB'000	2023 RMB'000 (restated)
Hog production and sales	77,365	28,338
Sales of fresh pork	53,269	39,865
Sales of processed meat products	5,512	3,441
Sales of imported meat products	184,303	197,743
Sales of feed	69,084	77,819
Total – current	389,533	347,206

As at January 1, 2023, contract liabilities amounted to RMB352,535,000.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

33 CONTRACT LIABILITIES (Continued)

The following table shows the amount of the revenue recognised in the corresponding segments in the current year relates to carried-forward contract liabilities. Generally, contract liabilities are recognised as revenue within 1 year.

	Hog production and sales RMB'000	Sales of feed RMB'000	Sales of fresh pork RMB'000	Sales of processed meat products RMB'000	Sales of imported meat products RMB'000
For the year ended December 31, 2024					
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	28,338	77,819	39,865	3,441	197,743
For the year ended December 31, 2023					
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	51,361	– (restated)	59,341	6,241	235,592

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

For sales of hogs, the Group requires 100% advance payments from customers before the Group delivers the hogs. For sales of fresh pork, processed meat products, imported meat products and feed, the Group may grant credits to certain reputable corporate customers and requires 100% advance payments from the remaining customers before the Group delivers the products. The advance payments schemes result in contract liabilities being recognised when the advance payments are received but the controls of the goods have not been transferred.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

34 BANK BORROWINGS

	At December 31,	
	2024 RMB'000	2023 RMB'000 (restated)
Unsecured bank loans	4,231,095	4,496,317
The carrying amounts of the above borrowings are repayable*:		
Within one year**	2,609,132	4,446,317
Within a period of more than one year but not exceeding two years	1,048,575	50,000
Within a period of more than two years but not exceeding five years	388,536	–
Within a period of more than five years	184,852	–
	4,231,095	4,496,317
Less: Amounts due within one year shown under current liabilities	(2,609,132)	(4,446,317)
Amounts shown under non-current liabilities	1,621,963	50,000

* The amounts due are based on scheduled repayment dates set out in the respective loan agreements.

** As at December 31, 2024, the bank loan balances include bank loans from a designated bank as set out in Note 27 amounting to RMB305,540,000 (2023: RMB305,540,000), which bear interest at 3.45% (2023: 3.65%) per annum.

The exposure of the Group's borrowings are as follows:

	At December 31,	
	2024 RMB'000	2023 RMB'000 (restated)
Fixed-rate borrowings	2,493,782	4,479,178
Variable-rate borrowings	1,737,313	17,139
	4,231,095	4,496,317

The range of effective interest rates (which are also equal to contracted interest rates) on the Group's bank borrowings is as follows:

	Year ended December 31,	
	2024	2023
Effective interest rate:		
Fixed-rate borrowings	0.62% to 3.45%	1.90% to 3.65%
Variable-rate borrowings	2.13% to 2.67%	2.15% to 3.65%

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

35 LOANS FROM RELATED COMPANIES

The loans of RMB1,792,500,000 (2023: RMB502,500,000) from related companies classified under current liabilities are loans from COFCO Corporation and its subsidiaries, which are unsecured, repayable within one year and bear interest at fixed rates from 2.0% to 2.26% (2023: 2.10% to 3.26%) per annum.

The loans from a related company classified under non-current liabilities are loans from COFCO Corporation, which are unsecured, repayable in November 2035 and June 2036 and carry at the effective interest rate of 4.90% (2023: 4.90%) per annum (see Note 37 for further details).

36 FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets and liabilities mandatorily measured at FVTPL:

	At December 31,	
	2024 RMB'000	2023 RMB'000
Classified under current assets:		
Commodity futures contracts (Note i)	10,368	177,277
Foreign currency forward contracts (Note ii)	7,182	–
	17,550	177,277
Classified under current liabilities:		
Commodity futures contracts (Note i)	(38)	(3,135)
Foreign currency forward contracts (Note ii)	(209)	(9,356)
	(247)	(12,491)
Total	17,303	164,786

Note i: The Group has entered into live hog and soybean meal future contracts to manage the future price risk in live hog and soybean meal. These futures are measured at FVTPL. Net fair value gain on commodity futures contracts of RMB42,634,000 (2023: RMB1,483,205,000) was recognised in “cost of sales” in the consolidated statement of profit or loss and other comprehensive income during the year.

Note ii: The Group entered into foreign currency forward contracts with certain banks to manage its exposure to the foreign currency risk arising from certain of its account payables denominated in United States Dollar (“USD”) and HKD.

Major terms of the foreign currency forward contracts are summarised as follows:

As at December 31, 2024

Notional amount	Exchange rates	Maturity Date
Buy USD61,300,000	USD1:RMB7.0100 to 7.3282	January 27, 2025 to June 28, 2025

As at December 31, 2023

Notional amount	Exchange rates	Maturity Date
Buy USD48,700,000	USD1:RMB7.1103 to 7.3667	January 26, 2024 to June 28, 2024
Buy EUR110,000	EUR1:RMB7.8514 to 7.9995	January 31, 2024 to March 28, 2024

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

37 DEFERRED INCOME

Deferred income represents PRC government subsidies obtained in relation to acquisition of land use rights and property, plant and equipment and certain logistics and technology improvement projects, which is included in the consolidated statement of financial position as deferred income and is credited to profit or loss on a systematic basis over the useful lives of the related assets.

	Year ended December 31,	
	2024 RMB'000	2023 RMB'000 (restated)
At beginning of the reporting period	122,307	128,124
Business combination under common control	–	2,187
Subsidies obtained during the year	1,100	361
Credited to profit or loss during the year	(7,422)	(8,365)
At end of the reporting period	115,985	122,307

During the year ended December 31, 2016, the PRC government provided, through a state-owned policy bank, low-interest loans with an aggregate amount of RMB154,000,000 (the “Government Loans”) to COFCO Corporation, the ultimate holding company of the Company (2023: a related company upon the Listing), for the benefit of a logistics project of the Group in Jiangsu Province, the PRC, and a technology improvement project of the Group’s facilities in Wuhan, the PRC, respectively. COFCO Corporation has advanced the Government Loans to the Group which were recorded as loans from a related company under non-current liabilities (the “Loans”) (Note 35). The Loans are unsecured, bear nominal interest at 1.2% per annum and repayable in November 2035 and June 2036. The Group recorded the Loans by its present value of RMB82,807,000 at a discount rate of 4.9% which was determined by reference to the borrowing rate for loans over 5 years quoted by the Bank of China at initial recognition. The difference of RMB71,193,000 between the principal amount of the Loans of RMB154,000,000 and the present value of the Loans of RMB82,807,000 as mentioned above was recognised as deferred income.

38 LONG-TERM PAYABLE

On November 15, 2019, a subsidiary of the Group entered into an agreement with the local government body pursuant to which the government body made an advance payment of RMB50,000,000 to the subsidiary as a deposit to acquire parts of certain plants on the premises of the subsidiary of the Group (the “Government Advance”) and these parts of the plants will be leased back to the subsidiary upon the completion of the construction. In exchange, the subsidiary agreed to pay 6% of the Government Advance (RMB3,000,000) as return of the government body annually at the commencement date of the first and second year each and 10% per annum from the third year to the 20th year. Upon the end of the 20th year, the subsidiary shall make a final payment at 5% of the Government Advance as settlement of the agreement.

On November 17, 2020, the above subsidiary of the Group entered a supplementary agreement with the local government body pursuant to which the government body made another advance payment of RMB40,000,000 to the subsidiary as a deposit to acquire parts of certain plants on the premises of the subsidiary of the Group (the “Additional Government Advance”) and the parts of certain plants will be leased back to the subsidiary upon the completion of the construction. In exchange, the subsidiary agreed to pay 3% of the Additional Government Advance (RMB1,200,000) as return on the first year and 10% per annum from the second year to the 19th year.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

39 SHARE CAPITAL

	Number of shares	Amount USD	Equivalent to RMB'000
Authorised:			
At January 1, 2024 and 2023 and at December 31, 2024 and 2023	50,000,000,000	50,000	323

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

	Number of shares in issue	Issued capital RMB'000
At January 1, 2023	3,901,998,323	1,668,978
Issue of shares (Note)	680,000,000	5
At December 31, 2023 and 2024	4,581,998,323	1,668,983

Note:

On January 11, 2023, the Company and COFCO (Hong Kong) Limited, a subsidiary of COFCO Corporation, entered into the share subscription agreement pursuant to which the Company conditionally agreed to allot and issue, and COFCO (Hong Kong) Limited conditionally agreed to subscribe for, 680,000,000 ordinary shares of the Company in cash at a subscription price of HKD2.30 per share. The net proceeds from the issue are approximately RMB1,352,457,000. Following the completion of the share subscription on March 24, 2023, the interest (direct and indirect) of COFCO (Hong Kong) Limited in the issued share capital of the Company has increased to 40.3%, and the directors consider COFCO (Hong Kong) Limited to be the Company's parent company and, accordingly, COFCO Corporation has become Company's ultimate holding company.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

40 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	At December 31,	
	2024 RMB'000	2023 RMB'000
Non-current assets		
Investments in subsidiaries	4,184,959	2,615,888
Current assets		
Loan to a subsidiary	80,000	90,000
Amounts due from subsidiaries	566,740	549,879
Cash and bank balances	7,266	10,047
	654,006	649,926
Current liabilities		
Amount due to a related company	1,569,071	7,730
Amounts due to subsidiaries	46,760	46,535
Other payables and accruals	10,711	1,742
	1,626,542	56,007
Net current (liabilities)/assets	(972,536)	593,919
Net assets	3,212,423	3,209,807
Capital and reserves		
Share capital	1,668,983	1,668,983
Reserves	1,543,440	1,540,824
	3,212,423	3,209,807

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

40 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Movements of reserves of the Company are as follows:

	Share premium RMB'000	Special reserve RMB'000	Capital reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At January 1, 2023	1,841	220,351	3,011	(43,012)	182,191
Profit and total comprehensive income for the year	–	–	–	6,181	6,181
Issue of shares	1,352,452	–	–	–	1,352,452
At December 31, 2023 and January 1, 2024	1,354,293	220,351	3,011	(36,831)	1,540,824
Profit and total comprehensive income for the year	–	–	–	2,616	2,616
At December 31, 2024	1,354,293	220,351	3,011	(34,215)	1,543,440

41 SHARE-BASED PAYMENT TRANSACTIONS

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on March 27, 2015 for the primary purpose of providing incentives to directors of the Company and eligible employees, and will expire on March 27, 2025. Under the Scheme, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to purchase shares of the Company held by certain shareholders of the Company, subject to the terms and conditions, including, among others, entering into an employment agreement with the Company or its subsidiaries for a term of five years and with a two-year non-compete undertaking upon cessation of such employment. An employee benefit trust (the "Trustee") has been set up by the shareholders to administer the options granted. The total number of shares in respect of which options may be granted under the Scheme is 3% of the shares held by the shareholders in the Company.

Details of options are as follows:

Vesting period:

Consecutively from the date of grant in equal shares to December 31, 2018, subject to adjustments based on the grantees' annual performance during the period from the respective grant date to December 31, 2018:

- if the department in which the Scheme participant is employed achieves less than 80% of the annual performance target during the relevant period, no option will be vested;
- if the department in which the Scheme participant is employed achieves between 80% and 120% of the annual performance target during the relevant period, the same percentage of option will be vested at December 31, 2018; and
- if the department in which the Scheme participant is employed achieves above 120% of the annual performance target during the relevant period, 120% of the option will be vested at December 31, 2018.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

41 SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Lock-up period:

No vested options may be exercised until the first 12 months from the listing date of the Company (the "Listing Date"), after which a participant of the Scheme may exercise the vested options in accordance with the following schedule:

Exercise date for options vested:

Maximum percentage of the vested options exercisable:

On the date of the first anniversary of the Listing Date	33.3% (one-third)
On the second anniversary of the Listing Date	66.7% (two-third)
On the third anniversary of the Listing Date	100%

Exercise of the options:

A participant of the Scheme shall exercise the vested options by sending a written notice to the Trustee, specifying the number of the option shares he intends to exercise. The Trustee shall arrange to sell the option shares concerned in an open market and pay the net proceeds, being the proceeds of sale less the exercise price and all relevant costs, expenses and taxes, to the relevant participant of the Scheme.

Details of options granted in different grant dates are as follows:

Date of options granted	Fair value date	Fair value	Number of options	Exercise price: (HKD equivalent of)
March 28, 2015	At grant date	RMB50.89 cents	45,900,000	RMB1 per share
	At May 3, 2016*	RMB70.33 cents	33,511,318	RMB1.37 per share
	At July 1, 2017**	RMB73.75 cents	33,511,318	RMB1.18 per share
December 9, 2016	At grant date	RMB76.25 cents	1,314,168	RMB1.37 per share
	At July 1, 2017**	RMB74.33 cents	1,314,168	RMB1.18 per share
July 1, 2017	At grant date	RMB73.77 cents	14,046,281	RMB1.18 per share
December 12, 2017	At grant date	RMB69.50 cents	691,582	RMB1.18 per share

* The exercise price for options granted in 2015 was RMB1 per share. Upon the share repurchase and cancellation in April 2016, the number of shares under the options granted and the exercise price were 33,511,318 shares and RMB1.37 per share, respectively, on May 3, 2016 as a modification of the terms of the Scheme.

** The exercise price for all options granted was adjusted to RMB1.18 per share on July 1, 2017 as a modification of the terms of the Scheme.

The above fair values of the share options were valued by Savills, independent qualified professional valuers not connected with the Group using binomial option pricing model.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

41 SHARE-BASED PAYMENT TRANSACTIONS (Continued)

As at December 31, 2024, the number of outstanding share options held by employees was 4,880,269 (2023: 4,880,269). No share options were exercised during 2024 and 2023.

The Group recognised nil (2023: nil) share option expense for the year ended December 31, 2024 in relation to share options granted by the Company.

42 CAPITAL COMMITMENTS

	At December 31,	
	2024 RMB'000	2023 RMB'000 (restated)
Contracted but not provided for in respect of:		
Purchase of property, plant and equipment	1,550,739	370,921

43 RETIREMENT BENEFIT SCHEME

The employees of the Group in the PRC are members of a state-managed retirement benefit plan operated by the government of the PRC. The Group is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions. The total expenses recognised in the consolidated statement of profit or loss and other comprehensive income amounted to approximately RMB162,215,000 for the year ended December 31, 2024 (2023 (restated): RMB148,986,000).

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

44 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	At January 1, 2024 RMB'000 (restated)	Bank loans relating to procurement agency arrangements RMB'000	Addition of lease liabilities RMB'000	Lease modification RMB'000	Financing cash flows RMB'000	Interest accrual RMB'000	At December 31, 2024 RMB'000
Bank borrowings**	4,496,317	10,631*	–	–	(341,781)	65,928	4,231,095
Long-term payable	79,265	–	–	–	(9,000)	6,194	76,459
Loans from related companies	605,789	–	–	–	1,290,000	3,213	1,899,002
Interest payable for loans from related companies	304	–	–	–	(36,522)	37,412	1,194
Lease liabilities	371,372	–	111,144	(7,040)	(101,269)	17,959	392,166
	5,553,047	10,631	111,144	(7,040)	801,428	130,706	6,599,916

	At January 1, 2023 RMB'000	Bank loans relating to procurement agency arrangements RMB'000	Addition of lease liabilities RMB'000	Lease modification RMB'000	Financing cash flows RMB'000 (restated)	Interest accrual RMB'000 (restated)	Business combination under common control RMB'000 (restated)	At December 31, 2023 RMB'000 (restated)
Bank borrowings**	5,997,709	(104,392)*	–	–	(2,180,161)	108,856	674,305	4,496,317
Long-term payable	81,867	–	–	–	(8,256)	5,654	–	79,265
Loans from related companies	1,102,726	–	–	–	(500,000)	3,063	–	605,789
Interest payable for loans from related companies	751	–	–	–	(9,738)	9,291	–	304
Lease liabilities	375,263	–	47,703	(6,341)	(81,607)	16,927	19,427	371,372
	7,558,316	(104,392)	47,703	(6,341)	(2,779,762)	143,791	693,732	5,553,047

* balances represent the movement of bank loans from a designated bank relating to the procurement agency arrangements as set out in Note 34. The bank loans are not considered the Group's financing activities as the bank loans were designated by the organising parties solely for the purpose of the procurement agency arrangements.

** balances include both the principals and interests accrued.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

45 TRANSACTIONS WITH NON-CONTROLLING INTEREST

In 2023, 現代牧業(集團)有限公司, fellow subsidiary, acquired 49% equity interest of COFCO Feed (Yinchuan) Co., Ltd. from COFCO Jiahua at a consideration of RMB29,633,000, resulting in increase in interest attributable to non-controlling interests of RMB27,802,000, and increase in capital reserve attributable to COFCO Jiahua of RMB1,831,000.

In 2024, 現代草業有限公司, a subsidiary of 現代牧業(集團)有限公司, and the Group jointly set up COFCO Feed (Xinji) Co., Ltd. whereby 現代草業有限公司 invested RMB19,600,000 and holds 49% equity interest of COFCO Feed (Xinji) Co., Ltd..

46 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of net debt, which includes bank borrowings, loans from a related company, lease liabilities and long-term payable disclosed in Notes 34, 35 and 38, respectively, net of cash and bank balances and equity attributable to owners of the Company, comprising issued share capital and reserves as disclosed in consolidated statement of changes in equity.

The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through new share issues as well as the issue of new debt or the redemption of existing debts.

47 CATEGORIES OF FINANCIAL INSTRUMENTS

The carrying amounts of each of the categories of financial instruments at the end of each reporting period are as follows:

	At December 31,	
	2024 RMB'000	2023 RMB'000 (restated)
Financial assets		
Financial assets at FVTPL	17,550	177,277
Financial assets at amortised cost	2,298,367	2,264,778
Equity instruments at FVTOCI	110,690	86,836
Financial liabilities		
Financial liabilities at amortised cost	9,734,646	7,085,945
Financial liabilities at FVTPL	247	12,491

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

48 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include equity instrument at FVTOCI, derivative financial instruments, account receivables, deposits and other receivables, other current assets, account and bills payables, other payables, lease liabilities, bank borrowings, loans from a related company, amounts due from/to related companies, long-term payable and cash and bank balances. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and equity price risk), credit risk, and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's activities expose the Group primarily to the financial risks of changes in foreign currency exchange rates, interest rates and equity price.

Currency risk

The Company and certain subsidiaries of the Group have foreign currency sales and purchases, bank balances and bank borrowings which expose the Group to foreign currency risk. Over 90% of the Group's sales and 70% of costs of sales are denominated in the group entity's respective functional currencies. The Group is exposed to foreign currency risk primarily with respect to USD and HKD.

The carrying amounts of the Group's monetary assets and monetary liabilities that are denominated in currencies other than the functional currencies of the relevant group entities at the end of each reporting period are as follows:

	At December 31,	
	2024 RMB'000	2023 RMB'000
Assets		
Denominated in HKD:		
Cash and bank balances	139	190
Account receivables	67	85
Denominated in USD:		
Cash and bank balances	12,313	16,093
Financial assets at FVTPL	7,182	–
Denominated in EUR:		
Cash and bank balances	491	477
	20,192	16,845
Liabilities		
Denominated in USD:		
Account payables	136,107	21,196
Financial liabilities at FVTPL	209	9,356
Denominated in EUR:		
Account payables	93	48
	136,409	30,600

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

48 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Market risk (Continued)

Currency risk (Continued)

The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposure and may enter into currency forward contracts, when necessary, to manage its foreign exchange exposure. During the year, certain currency forward contracts had been entered into by the Group.

The following table demonstrates the sensitivity at the end of the reporting period to reasonably possible changes in RMB to the relevant foreign currency exchange rates, with all other variables held constant, of the Group's profit/loss after tax due to changes in the carrying value of monetary assets and liabilities. A positive/negative number below indicates an increase/a decrease in post-tax profit and other equity (2023: positive/negative number below indicates a decrease/an increase in post-tax loss and increase/decrease in other equity) where RMB weakening 5% (2023: 5%) against the relevant currency. For a 5% (2023: 5%) strengthen of RMB against the relevant currency, there would be an equal and opposite impact on the profit/(loss) and other equity and the balances below would be positive.

	Currency HKD Impact		Currency USD Impact	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Increase/(decrease) in profit (2023: (Increase)/decrease in loss)	8	10	(4,381)	(542)
Increase/(decrease) in equity	8	(10)	(4,381)	542

Results of the analysis as presented in the above table represent an aggregation of the effects on each of the Group entities' profit/loss after tax measured in the respective functional currencies, translated into RMB at the exchange rates ruling at the financial year end date for presentation purpose.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank borrowings (see Note 34 for details of these borrowings), loans from a related company (see Note 35 for details), long-term payable (see Note 38 for details) and lease liabilities (see Note 32 for details). The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances and deposits (see Note 29 for details), variable-rate bank borrowings (see Note 34 for details). The Group's cash flow interest rate risk relates primarily to the Group's bank balances, interest-bearing bank borrowings with a floating interest rate, for example, borrowing rate quoted by the People's Bank of China (the "PBOC"). The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

No sensitivity analysis has been presented for the exposure to interest rates for bank balances as the management of the Group considers that, taking into account that the fluctuation in interest rates on bank balances is minimal, the impact on profit or loss for the year is insignificant. The sensitivity analyses below have been determined based on the exposure to interest rates for variable-rate bank borrowings at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis point increase or decrease is used and represents management's assessment of the reasonably possible change in interest rates during the year.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended December 31, 2024 would decrease/increase by RMB13,030,000 (2023: increase/decrease of post-tax loss by RMB129,000). Results of the analysis above represent the effects on outstanding bank borrowings with a floating interest rate at the end of each reporting period.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

48 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Market risk (Continued)

Equity price risk

The Group is exposed to equity price changes arising from private equity investment held for long term strategic purposes (see Note 21). The performance of the private equity investment is assessed at least bi-annually against performance of similar listed entities, together with an assessment of their relevance to the Group's long term strategic plan.

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to equity price risk at the reporting date. Sensitivity analyses for unquoted equity securities with fair value measurement categorised within Level 3 were disclosed in Note 49.

If the price of the respective equity instrument had been 10% (2023: 10%) higher/lower, the other comprehensive income would increase/decrease by RMB8,302,000 (2023: other comprehensive expense would decrease/increase by RMB6,513,000) as a result of the changes in fair value of equity instrument at FVTOCI.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. As at December 31, 2024, the Group's credit risk is primarily attributable to its account receivables, deposits and other receivables, amounts due from related companies, other current assets and bank balances. The Group monitors the exposure to credit risk on an ongoing basis and credit evaluations are performed on customers requiring credit over a certain amount. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Account receivables arising from contracts with customers

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal system to assess the potential customer's credit quality and defines credit limits by customer. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under lifetime ECL model on trade balances based on provision matrix. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group's account receivables relate to a large number of diversified customers, there is no significant concentration of credit risk by industry or geographical location.

Deposits and other receivables/amounts due from related parties/other current assets/bank balances

For deposits and other receivables and amounts due from related companies, the directors of the Company make periodic individual or collective assessment on the recoverability of the deposits and other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The directors of the Company believe that there is no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the year ended December 31, 2024, the Group reversed RMB759,000 (2023 (restated): RMB159,000) and provided RMB1,640,000 (2023: RMB632,000) impairment allowance for deposits and other receivable and amounts due from related companies respectively.

For other current assets, the directors of the Company are in the opinion that the failure of these entities to make required payments is unlikely after considering forward looking information and/or financial position of these entities.

The credit risks of the Group's bank balances are limited as these balances are placed with reputable financial institutions.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

48 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk and impairment assessment (Continued)

Deposits and other receivables/amounts due from related parties/other current assets/bank balances (Continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

2024	12-month or lifetime ECL	Gross carrying amount RMB'000
Financial assets at amortised costs		
Other receivables	12-month ECL	173,555
Related companies	12-month ECL	291,778
Account receivables		
– goods and services	Lifetime ECL (not credit impaired) (provision matrix)	309,990
<hr/>		
2023	12-month or lifetime ECL	Gross carrying amount RMB'000 (restated)
Financial assets at amortised costs		
Other receivables	12-month ECL	185,116
Related companies	12-month ECL	552,665
Account receivables		
– goods and services	Lifetime ECL (not credit impaired) (provision matrix)	300,468

Note:

For account receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items by using a provision matrix, grouped by debtors' aging.

For other current assets and bank balances, the expected credit risk exposures are very low.

Provision matrix – debtors' aging

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its operation because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms.

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. During the year ended December 31, 2024, the Group provided RMB1,198,000 (2023 (restated): reversed RMB2,114,000) impairment allowance for account receivables, based on the provision matrix. The average loss rate of the Group's account receivable is very low and is not significant to the Group.

The Group writes off an account receivable or other receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

48 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and bank balances deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants. The Group relies on bank borrowings as a significant source of liquidity. As at December 31, 2024, the Group has available unutilised bank loan facilities of approximately RMB11,518,553,000 (2023 (restated): RMB14,086,958,000).

The following table details the Group's remaining contractual maturity for its financial liabilities and derivative financial instruments. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

The amounts included below for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates different to those estimates of interest rates determined at the end of the reporting period.

Liquidity tables

	Effective interest rate %	On demand or within 1 year RMB'000	1 – 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Total carrying amount RMB'000
At December 31, 2024						
Account and bills payables	–	893,278	–	–	893,278	893,278
Other payables, accruals and deposits received	–	517,857	–	–	517,857	517,857
Bank borrowings	0.62% to 3.45%	2,662,900	1,491,074	199,299	4,353,273	4,231,095
Long-term payable	7.69% to 7.92%	9,000	36,000	85,500	130,500	76,459
Amounts due to related companies	–	1,724,789	–	–	1,724,789	1,724,789
Loans from related companies	2.0% to 4.9%	1,809,041	7,392	165,412	1,981,845	1,899,002
Lease liabilities	3.65% to 4.9%	56,366	144,136	356,118	556,620	392,166
		7,673,231	1,678,602	806,329	10,158,162	9,734,646

	Effective interest rate %	On demand or within 1 year RMB'000 (restated)	1 – 5 years RMB'000 (restated)	Over 5 years RMB'000 (restated)	Total undiscounted cash flows RMB'000 (restated)	Total carrying amount RMB'000 (restated)
At December 31, 2023						
Account and bills payables	–	820,999	–	–	820,999	820,999
Other payables, accruals and deposits received	–	566,378	–	–	566,378	566,378
Bank borrowings	1.90% to 3.65%	4,472,608	50,864	–	4,523,472	4,496,317
Long-term payable	7.69% to 7.92%	9,000	36,000	94,500	139,500	79,265
Amounts due to related companies	–	145,825	–	–	145,825	145,825
Loans from related companies	2.0% to 4.9%	514,687	7,392	167,260	689,339	605,789
Lease liabilities	3.65% to 4.9%	53,745	146,738	329,243	529,726	371,372
		6,583,242	240,994	591,003	7,415,239	7,085,945

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

48 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk (Continued)

Liquidity tables (Continued)

The following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash outflows on derivative instruments that settle on a net basis. The liquidity analysis for the Group's derivative financial instruments is prepared based on the contractual settlement dates as the management of the Group considers that the settlement dates are essential for an understanding of the timing of the cash flows of derivatives.

	Inflow/(outflow)		Carrying amount assets/ (liabilities) RMB'000
	On demand or within 1 year RMB'000	Total undiscounted cash flows RMB'000	
At December 31, 2024			
Derivatives – net settlement			
Commodity futures contracts	10,330	10,330	10,330
Foreign currency forward contracts	6,973	6,973	6,973
At December 31, 2023			
Derivatives – net settlement			
Commodity futures contracts	174,142	174,142	174,142
Foreign currency forward contracts	(9,356)	(9,356)	(9,356)

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

49 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuer to perform the valuation. The management works closely with the qualified external valuer to establish the appropriate valuation techniques and inputs to the model. The management reports to the board of directors of the Company semi-annually to explain the cause of significant fluctuations in the fair value.

Fair value of financial instruments that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique and inputs used).

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At December 31, 2024				
<i>Financial assets at FVTPL</i>				
Derivative financial instruments	10,368	7,182	–	17,550
<i>Financial assets at FVTOCI</i>				
Equity instrument at FVTOCI	–	–	110,690	110,690
<i>Financial liabilities</i>				
Derivative financial instruments	38	209	–	247
At December 31, 2023				
<i>Financial assets at FVTPL</i>				
Derivative financial instruments	177,277	–	–	177,277
<i>Financial assets at FVTOCI</i>				
Equity instrument at FVTOCI	–	–	86,836	86,836
<i>Financial liabilities</i>				
Derivative financial instruments	3,135	9,356	–	12,491

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

49 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Fair value of financial instruments that are measured at fair value on a recurring basis (Continued)

Financial assets/ financial liabilities	Fair value as at December 31,		Fair value hierarchy	Valuation technique(s) and key input(s)
	2024	2023		
1) Commodity future contracts	Assets - RMB10,368,000 Liabilities - RMB38,000	Assets - RMB177,277,000 Liabilities - RMB3,135,000	Level 1	Quoted bid prices in an active market
2) Foreign currency forward contracts	Assets - RMB7,182,000 Liabilities - RMB209,000	Assets - RMBnil Liabilities - RMB9,356,000	Level 2	Discounted cash flow Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.

Financial assets/ financial liabilities	Fair value as at December 31,		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	2024	2023			
3) Unquoted equity investment at FVTOCI	15% equity investment in McKey Food Services Ltd – RMB110,690,000	15% equity investment in McKey Food Services Ltd – RMB86,836,000	Level 3	Market Approach The fair value under market approach is based on the company's financial performance and the multiples of comparable companies.	Discount for lack of marketability determined by reference to the share price of listed entities in similar industries, 25 percent (2023: 35 percent) (Note 1).

Note 1: A slight increase in the discount rate for lack of marketability used in isolation would result in a slight decrease in the fair value measurement of the private equity investment, and vice versa. A 1% increase in the discount rate for lack of marketability holding all other variables constant would decrease the carrying amount of the equity investment by RMB1,476,000 (December 31, 2023: RMB794,000).

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

49 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Fair value of financial instruments that are measured at fair value on a recurring basis (Continued)

There were no transfers between Level 1, 2 and 3 fair value during both the current and prior years.

Reconciliation of Level 3 fair value measurements

	Financial assets at FVTOCI RMB'000
At January 1, 2023	226,111
Total losses:	
in other comprehensive expense	(139,275)
At December 31, 2023 and January 1, 2024	86,836
Total gains:	
in other comprehensive income	23,854
At December 31, 2024	110,690

Fair value of financial instruments that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their respective fair values at the end of each reporting period.

50 RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in the consolidated financial statements, the Group had the following material transactions with related parties during the year:

	Year ended December 31,	
	2024 RMB'000	2023 RMB'000 (restated)
Transactions with COFCO Corporation and its subsidiaries:		
Sales of goods*	1,548,350	1,779,489
Purchases of goods*	2,059,115	2,784,777
Office rental expense**	15,798	14,179
Property management fee expense*	1,461	1,246
Short-term warehouse rental expense*	36,262	9,463
Interest income*	9,905	12,831
Interest expense*	40,625	12,354
Administrative expense	6,869	14,225
Transactions with COFCO Corporation's associates:		
Purchase of goods*	—	12,498
Transactions with associates:		
Sales of goods*	1,458,534	1,594,283

* These related party transactions included continuing connected transactions according to the Listing Rules.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

50 RELATED PARTY TRANSACTIONS (Continued)

The interest expense to related companies arose from the loans advanced therefrom. Details of the terms of these loans are set out in Note 35.

The above sale and purchase transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

In addition, certain deposits included in cash and bank balances are placed with COFCO Finance, which is a non-banking financial institution regulated by the PBOC and the China Banking and Insurance Regulatory Commission. In the PRC, deposit rates are set by the PBOC which is applicable to all financial institutions. The interest rates offered by COFCO Finance are the same as the rates promulgated by the PBOC. The deposits placed with COFCO Finance by the Group at December 31, 2024 amounted to RMB967,824,000 (2023 (restated): RMB1,020,205,000), see Note 29.

Transactions with other government-related entities in the PRC

The Company is ultimately controlled by COFCO Corporation (see Note 39), which is a state-owned enterprise in the PRC. In addition, the Group operates in an economic environment currently predominated by entities controlled, jointly controlled or significantly influenced by the PRC government ("PRC government-related entities"). Apart from the transactions with related companies controlled by COFCO Corporation as disclosed above and balances with them as disclosed in respective notes, the Group also conducts businesses with other PRC government-related entities in the ordinary course of business. Certain of the Group's bank deposits and bank borrowings are entered into with certain banks, which are PRC government-related entities in its ordinary course of business. In view of the nature of those banking transactions, the directors of the Company are of the opinion that separate disclosures would not be meaningful. In addition, the Group entered into various transactions, including sales of goods, purchases of land use rights, construction of properties and other operating expenses with other PRC government-related entities in the ordinary course of business. The pricing and the selection of suppliers and service providers are not dependent on whether the counterparties are PRC government-related entities or not. In the opinion of the management of the Group, the above transactions are collectively significant transactions of the Group with PRC government-related entities.

Compensation of key management personnel of the Group

	Year ended December 31,	
	2024 RMB'000	2023 RMB'000
Salaries, allowances and other benefits	7,500	7,230
Retirement benefit scheme contributions	342	326
	7,842	7,556

The key management personnel of the Group includes the directors of the Company and top executives of the Company. Further details of emoluments of the Company's directors are included in Note 12.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

51 PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the principal subsidiaries at December 31, 2024 and 2023 are as follows:

Name of subsidiaries	Place of incorporation/ establishment and principal country of operations	Issue and fully paid up capital	Proportion of ownership interests and voting rights held by the Group as at December 31,		Principal activities
			2024 %	2023 %	
Zhuo Mao Limited (卓貿公司)	British Virgin Islands ("BVI")/Hong Kong	USD1	100	100	Investment holding
COFCO Meat Products (HK) Limited (中糧肉食(香港)有限公司)	Hong Kong/ Hong Kong	HKD3,583,597,002	100	100	Investment holding
中糧肉食投資有限公司(COFCO Meat Investments Company Limited*) (Note (i))	PRC/PRC	USD500,857,600	100	100	Investment holding
中糧肉食(北京)有限公司(COFCO Meat (Beijing) Co., Ltd.*) (Note (iii))	PRC/PRC	USD12,274,007 (2023: USD10,000,000)	100	100	Import and sale of frozen meat products
中糧家佳康農牧(天津)有限公司 (COFCO JOYCOME Agro-Pastoral (Tianjin) Co., Ltd.*) (Note (iii))	PRC/PRC	USD15,000,000	100	100	Hog production
中糧家佳康(江蘇)有限公司(COFCO Joycome (Jiangsu) Limited*) (Note (ii))	PRC/PRC	USD83,941,663 (2023: USD65,701,199)	100	100	Hog production, livestock slaughtering, manufacture and sale of fresh pork and processed meat products
武漢中糧肉食品有限公司 (COFCO Wuhan Meat Product Co., Ltd.*) (Note (iii))	PRC/PRC	USD71,450,000	100	100	Hog production

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

51 PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Particulars of the principal subsidiaries at December 31, 2024 and 2023 are as follows: (Continued)

Name of subsidiaries	Place of incorporation/ establishment and principal country of operations	Issue and fully paid up capital	Proportion of ownership interests and voting rights held by the Group as at December 31,		Principal activities
			2024 %	2023 %	
中糧萬威客食品有限公司 (COFCO Maverick Food Products Co., Ltd.*) (Note (ii))	PRC/PRC	USD38,100,000	100	100	Manufacture and sale of fresh pork and processed meat products
中糧家佳康(吉林)有限公司 (COFCO Joycome (Jilin) Co., Ltd.*) (Note (iii))	PRC/PRC	USD211,414,000	100	100	Hog production, livestock slaughtering, manufacture and sale of fresh pork
中糧家佳康(赤峰)有限公司 (COFCO Joycome (Chifeng) Co., Ltd.*) (Note (ii))	PRC/PRC	USD178,862,783	100	100	Hog production, livestock slaughtering, manufacture and sale of fresh pork
中糧家佳康(張北)有限公司 (COFCO Joycome (Zhangbei) Co., Ltd.*) (Note (ii))	PRC/PRC	USD62,976,600	100	100	Hog production
中糧家佳康(鹽城)有限公司 (COFCO Joycome (Yancheng) Co., Ltd.*) (Note (ii))	PRC/PRC	USD20,160,000	100	100	Hog production
江蘇中糧農發展有限公司 (Jiangsu CM/Merit Agriculture Development Co., Ltd.*) (Note (ii))	PRC/PRC	USD67,583,700	51	51	Hog production
中糧家佳康(東台)有限公司 (COFCO Joycome (DongTai) Co., Ltd.*) (Note (ii))	PRC/PRC	USD13,500,000	100	100	Manufacture and sale of feed
中糧家佳康(隨州)有限公司 (COFCO Joycome (Suizhou) Co., Ltd.*) (Note (iii))	PRC/PRC	USD59,219,600 (2023: USD13,590,900)	100	100	Hog production
中糧嘉華實業有限公司 (COFCO Jiahua Industrial Ltd.*) (Note (i), (ii), (iv))	PRC/PRC	RMB489,100,000 (2023: RMB303,000,000)	100	100	Investment holding

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

51 PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Particulars of the principal subsidiaries at December 31, 2024 and 2023 are as follows: (Continued)

Name of subsidiaries	Place of incorporation/ establishment and principal country of operations	Issue and fully paid up capital	Proportion of ownership interests and voting rights held by the Group as at December 31,		Principal activities
			2024 %	2023 %	
中糧飼料有限公司 (COFCO Feed Co., Ltd.)* (Note (iv))	PRC/PRC	RMB1,068,245,280	100	100	Sale of feed
中糧(北京)飼料科技有限公司 (COFCO (Beijing) Feed Technology Co., Ltd.)* (Note (iv))	PRC/PRC	RMB90,000,000	100	100	Manufacture and sale of feed
中糧東大(黑龍江)飼料科技有限公司 (COFCO DongDa (Heilongjiang) Feed Technology Co., Ltd.)* (Note (iv))	PRC/PRC	RMB30,000,000	67	67	Manufacture and sale of feed
中糧飼料(茂名)有限公司 (COFCO Feed (Maoming) Co., Ltd.)* (Note (iv))	PRC/PRC	RMB7,000,000 (2023: RMB2,000,000)	100	100	Manufacture and sale of feed
中糧飼料(張家港)有限公司 (COFCO Feed (Zhangjiagang) Co., Ltd.)* (Note (iv))	PRC/PRC	RMB10,000,000	100	100	Manufacture and sale of feed
中糧飼料(銀川)有限公司 (COFCO Feed (Yinchuan) Co., Ltd.)* (Note (iv))	PRC/PRC	RMB50,000,000	51	51	Manufacture and sale of feed
中糧飼料(孝感)有限公司 (COFCO Feed (Xiaogan) Co., Ltd.)* (Note (iv))	PRC/PRC	RMB39,724,000	100	100	Manufacture and sale of feed
中糧飼料(日照)有限公司 (COFCO Feed (Rizhao) Co., Ltd.)* (Note (iv))	PRC/PRC	RMB10,000,000	100	100	Manufacture and sale of feed
中糧飼料(荊州)有限公司 (COFCO Feed (Jingzhou) Co., Ltd.)* (Note (iv))	PRC/PRC	RMB34,000,000 (2023: RMB10,000,000)	100	100	Manufacture and sale of feed

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

51 PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Particulars of the principal subsidiaries at December 31, 2024 and 2023 are as follows: (Continued)

Name of subsidiaries	Place of incorporation/ establishment and principal country of operations	Issue and fully paid up capital	Proportion of ownership interests and voting rights held by the Group as at December 31,		Principal activities
			2024 %	2023 %	
中糧飼料(佛山)有限公司 (COFCO Feed (Foshan) Co., Ltd.*) (Note (iv))	PRC/PRC	RMB26,604,600	100	100	Manufacture and sale of feed
中糧飼料(成都)有限公司 (COFCO Feed (Chengdu) Co., Ltd.*) (Note (iv))	PRC/PRC	RMB25,000,000 (2023: RMB10,000,000)	100	100	Manufacture and sale of feed
中糧飼料(巢湖)有限公司 (COFCO Feed (Chaohu) Co., Ltd.*)	PRC/PRC	RMB10,000,000	100	100	Manufacture and sale of feed
中糧飼料(黃岡)有限公司 (COFCO Feed (Huanggang) Co., Ltd.*) (Note (iv))	PRC/PRC	RMB10,000,000	100	100	Manufacture and sale of feed
中糧飼料(呼和浩特)有限公司 (COFCO Feed (Hohhot) Co., Ltd.*) (Note (iv))	PRC/PRC	RMB40,000,000	51	51	Manufacture and sale of feed
中糧飼料(唐山)有限公司 (COFCO Feed (Tangshan) Co., Ltd.*) (Note (iv))	PRC/PRC	RMB52,500,000	100	100	Manufacture and sale of feed
中糧飼料(沛縣)有限公司 (COFCO Feed (Peixian) Co., Ltd.*) (Note (iv))	PRC/PRC	RMB65,120,400 (2023: RMB35,120,400)	100	100	Manufacture and sale of feed
中糧飼料(東台)有限公司 (COFCO Feed (Dongtai) Co., Ltd.*) (Note (iv))	PRC/PRC	RMB62,500,000	100	100	Manufacture and sale of feed
中糧飼料(新沂)有限公司 (COFCO Feed (Xinyi) Co., Ltd.*) (Note (iv))	PRC/PRC	RMB38,465,200	100	100	Manufacture and sale of feed
中糧飼料(黃石)有限公司 (COFCO Feed (Huangshi) Co., Ltd.*) (Note (iv))	PRC/PRC	RMB62,978,200 (2023: RMB37,978,200)	100	100	Manufacture and sale of feed
中糧飼料(辛集)有限公司 (COFCO Feed (Xinji) Co., Ltd.*) (Note (iv))	PRC/PRC	RMB40,000,000	51	—	Manufacture and sale of feed

Notes to the Consolidated Financial Statements

(Expressed in Renminbi)

51 PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Particulars of the principal subsidiaries at December 31, 2024 and 2023 are as follows: (Continued)

* *The English names of the Chinese companies marked with “*” are translations of their Chinese names and are included for identification purpose only, and should not be regarded as their official English translations*

Notes:

(i) *This company is a wholly-foreign owned enterprise.*

(ii) *These companies are PRC limited liability companies.*

(iii) *Except for Zhuo Mao Limited and COFCO Jiahua Industrial Limited, all subsidiaries were indirectly held by the Company as at December 31, 2024 and 2023.*

(iv) *These subsidiaries were acquired by the Group under common control on December 30, 2024.*

The above table lists the subsidiaries which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.

In the opinion of the directors, the Group has no material non-controlling interests and the summarised financial information about these subsidiaries is not disclosed.

52 CONTINGENT LIABILITIES AND PROVISIONS

A subsidiary of the COFCO Jiahua was a defendant in a contract dispute with an independent third party. On September 27, 2023, a judgement was received from Guangxi Zhuang Autonomous Region High People's Court requiring the relevant subsidiary to pay a sum of approximately RMB6,910,000. As such, a provision of approximately RMB6,910,000 was made and included in “other payables, accruals and deposits received” as at December 31, 2023 and 2024. During the year ended December 31, 2024, the relevant subsidiary applied for a retrial with the Supreme People's Court of the PRC. Pursuant to the judgement of Supreme People's Court of the PRC, the case was returned to the Guangxi Zhuang Autonomous Region High People's Court for retrial; and the execution of the original judgment was temporarily suspended. As at December 31, 2024, the hearing of the retrial was in progress.

53 COMPARATIVE FIGURES

As detailed in Note 1.2, certain comparative figures have been restated to reflect the effect of business combination under common control and to conform with the current year's presentation.

* *English translation, as the case may be, is for identification only.*

Financial Summary

A summary of the published results and the assets and liabilities of the Group for the last five financial years is set out below:

CONSOLIDATED RESULTS

	Year ended December 31,				
	2024 RMB'000	2023 RMB'000 (restated)	2022 RMB'000	2021 RMB'000	2020 RMB'000
Continuing operations					
Revenue	16,326,201	17,237,951	12,900,684	13,227,606	18,922,112
Profit/(loss) for the year	554,262	(34,626)	356,934	(483,801)	4,024,634
Total comprehensive income/(expense) attributable to:					
Owners of the Company	544,928	(207,568)	227,272	(280,570)	3,926,074
Non-controlling interests	16,046	(25,029)	260	(24,104)	29,510
	560,974	(232,597)	227,532	(304,674)	3,955,584

ASSETS AND LIABILITIES

	As at December 31,				
	2024 RMB'000	2023 RMB'000 (restated)	2022 RMB'000	2021 RMB'000	2020 RMB'000
Total assets	20,356,821	18,794,638	18,394,368	18,029,427	20,561,996
Total liabilities	10,763,517	8,130,276	10,131,660	(9,420,657)	(10,979,716)
Total equity	9,593,304	10,664,362	8,262,708	8,608,770	9,582,280
Equity attributable to:					
Owners of the Company	9,383,243	10,481,536	8,113,545	8,459,867	9,409,273
Non-controlling interests	210,061	182,826	149,163	148,903	173,007
	9,593,304	10,664,362	8,262,708	8,608,770	9,582,280

Investors' Calendar

Annual Results Announcements

March 25, 2025 (Tuesday) (audited)

Closure of Register of Members

The register of members of the Company will be closed from June 23, 2025 to June 26, 2025, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the Annual General Meeting, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all properly completed transfer forms for shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration before 4:30 p.m. on June 20, 2025.

Annual General Meetings

June 26, 2025 (Thursday)

Dividend

The Board had resolved not to declare any final dividend for the year ended December 31, 2024.

"2018 Administrative Services Agreement"	the administrative services agreement entered into between the Company and COFCO on November 23, 2018
"2018 Beijing Property Leasing Contract"	the property leasing contract entered into between the Company and COFCO on November 23, 2018
"2018 Beijing Property Management Contract"	the property management contract entered into between the Company and COFCO Sunshine on November 23, 2018
"2018 Financial Services Agreement"	the financial services agreement entered into between the Company and COFCO Finance on November 23, 2018
"2018 Mutual Supply Agreement"	the mutual supply agreement entered into between the Company and COFCO on November 23, 2018
"2019 Supplemental Mutual Supply Agreement"	the supplemental agreement dated September 9, 2019 in respect of the revised annual caps and the new continuing connected transaction entered into between the Company and COFCO
"2021 Administrative Services Agreement"	the administrative services agreement entered into between the Company and COFCO on November 16, 2021
"2021 Financial Services Agreement"	the financial services agreement in relation to the deposit services, the loan services, the entrustment loan services and the other financial services entered into between the Company and COFCO Finance on November 16, 2021
"2021 Mutual Supply Agreement"	the mutual supply agreement entered into between the Company and COFCO on November 16, 2021
"2021 Property Leasing and Property Management Contract"	the property leasing and property management contract entered into between the Company and COFCO on November 16, 2021
"2021 Supplemental Financial Services Agreement"	the supplemental agreement dated July 9, 2021 in respect of the revised annual caps entered into between the Company and COFCO Finance
"2021 Supplemental Mutual Supply Agreement"	the supplemental agreement dated July 9, 2021 in respect of the revised annual caps entered into between the Company and COFCO
"2022 Supplemental Financial Services Agreement"	the supplemental agreement dated August 23, 2022 in respect of the revised annual caps entered into between the Company and COFCO Finance
"2024 Administrative Services Agreement"	the administrative services agreement entered into between the Company and COFCO on 21 October 2024
"2024 Financial Services Agreement"	the financial services agreement in relation to the deposit services, the loan services and the entrustment loan services entered into between the Company and COFCO Finance on 21 October 2024
"2024 Mutual Supply Agreement"	the mutual supply agreement entered into between the Company and COFCO on 21 October 2024

Glossary

"2024 Property Leasing and Property Management Agreement"	the property leasing and property management agreement entered into between the Company and COFCO on 21 October 2024
"Articles of Association"	the articles of association of the Company, as amended from time to time
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the Audit Committee of the Board
"Baring"	Baring Private Equity Asia V Holding (16) Limited, a limited liability company incorporated in the BVI on February 20, 2014, and a Shareholder of our Company
"Board" or "Board of Directors"	our board of Directors
"Board Committee(s)"	four committees of the Board, namely the Audit Committee, the Nomination Committee, the Remuneration Committee and the Food Safety Committee
"Boyuu"	Shiny Joyful Limited, an exempted company with limited liability incorporated in the Cayman Islands on February 10, 2014, and a Shareholder of our Company
"China Agri"	China Agri-Industries Holdings Limited (中國糧油控股有限公司), a company incorporated in Hong Kong with limited liability on November 18, 2006, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 606), and an indirect subsidiary of COFCO
"China Foods (Holdings)"	China Foods (Holdings) Limited (中國食品(控股)有限公司) (formerly known as COFCO (BVI) No. 108 Limited), a company incorporated in the BVI with limited liability on August 30, 2000, and a wholly-owned subsidiary of COFCO (HK)
"COFCO"	COFCO Corporation (中糧集團有限公司), a wholly state-owned enterprise incorporated in the PRC in September 1952 currently under the purview of the SASAC and a major Shareholder of our Company
"COFCO Finance"	COFCO Finance Corporation Limited (中糧財務有限責任公司), a non-bank financial institution incorporated in the PRC with limited liability on September 24, 2002, and an indirect subsidiary of COFCO
"COFCO Group"	COFCO and its subsidiaries (unless the context indicates otherwise)
"COFCO (HK)"	COFCO (Hong Kong) Limited (中糧集團(香港)有限公司), a company incorporated in Hong Kong with limited liability on August 14, 1981, and a direct wholly-owned subsidiary of COFCO and a major Shareholder of the Company
"COFCO Joycome", "Company" or "our Company"	COFCO Joycome Foods Limited (中糧家佳康食品有限公司) (formerly known as COFCO Meat Holdings Limited (中糧肉食控股有限公司) and Charm Thrive Investments Limited (燦旺投資有限公司)), a company incorporated in the BVI with limited liability on March 11, 2014 and re-domiciled to the Cayman Islands as an exempted company with limited liability on May 4, 2016
"COFCO Meat Investments"	COFCO Meat Investments Co., Ltd. (中糧肉食投資有限公司), a limited liability company incorporated under the laws of the PRC on March 20, 2009 and an indirect wholly-owned subsidiary of our Company

“COFCO Feed”	COFCO Feed Co., Ltd.* (中糧飼料有限公司), a company established in the PRC with limited liability in June 2003, and an indirect wholly-owned subsidiary of our Company
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
“Director(s)”	director(s) of our Company
“Food Safety Committee”	the Food Safety Committee of the Board
“Former Share Incentive Scheme”	the pre-IPO share incentive scheme as disclosed under the section headed “Statutory and General Information” in Appendix IV of the Prospectus
“Group”, “our Group”, “we” or “us”	our Company and its subsidiaries or for the period before our Company became the holding company of our present subsidiaries, where the context so requires, the entities which carried on the business of the present Group at the relevant time
“KKR”	Promise Meat Investment II Ltd, an exempted company with limited liability incorporated in the Cayman Islands on March 18, 2014, and a Shareholder of our Company
“Latest Practicable Date”	April 23, 2025, being the latest practicable date prior to the printing of this annual report for ascertaining certain information contained in it
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mainfield”	Mainfield International Limited (明暉國際有限公司), a limited liability company incorporated in the BVI on October 8, 2008, and a major Shareholder of our Company
“Major PRC Commercial Banks”	Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of China, China Construction Bank, Bank of Communications, China Merchants Bank, China Citic Bank and Agricultural Development Bank of China
“Ministry of Agriculture and Rural Affairs”	Ministry of Agriculture and Rural Affairs of the PRC (中華人民共和國農業農村部) or its local counterpart
“MIY”	MIY Corporation, a limited liability Company incorporated under the laws of Japan on January 18, 2011
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
“New Share Incentive Scheme”	upon unanimous negotiation with MIY, KKR, Baring, Temasek and Boyu, the Board convened a meeting on March 27, 2017, considered and approved the amended Former Share Incentive Scheme and the related documents
“Nomination Committee”	the Nomination Committee of the Board

Glossary

“Non-competition Undertakings”	the non-competition undertakings entered into by COFCO, COFCO (HK), China Foods (Holdings) and Mainfield in favor of the Company
“PBOC”	People’s Bank of China (中國人民銀行)
“Prospectus”	the prospectus of the Company dated October 19, 2016
“Remuneration Committee”	the Remuneration Committee of the Board
“Reporting Period”	the year ended December 31, 2024
“RMB” or “Renminbi”	the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Share(s)”	shares in the capital of our Company with a nominal value of US\$0.000001 each
“Shareholder(s)”	holder(s) of our Shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Temasek”	TLS Beta Pte. Ltd., a limited liability company incorporated in Singapore on January 7, 2005, and a Shareholder of our Company