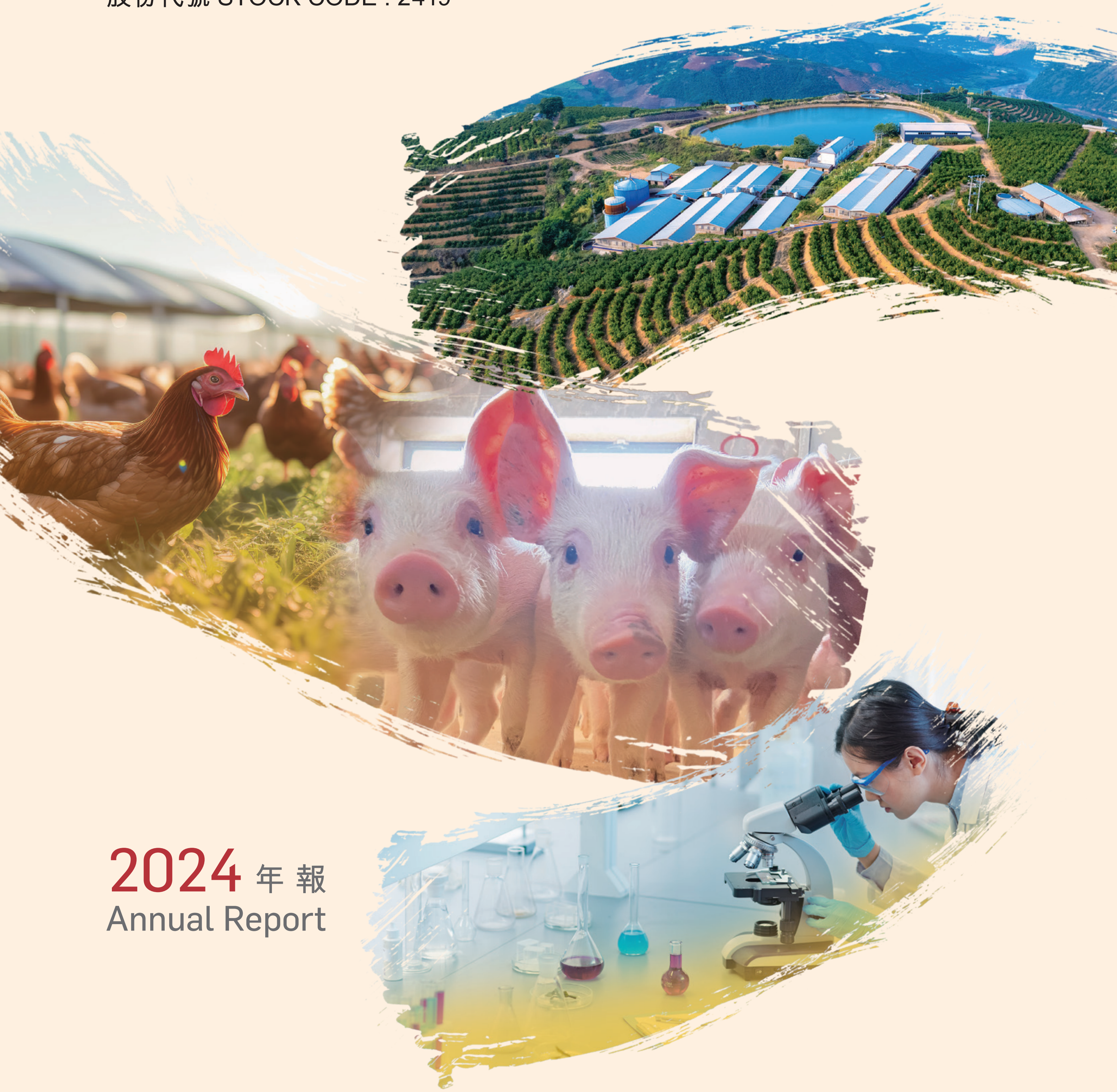
德康集团
DEKON GROUP

四川德康農牧食品集團股份有限公司
DEKON FOOD AND AGRICULTURE GROUP

（於中華人民共和國註冊成立的股份有限公司）
(A joint stock company incorporated in the People's Republic of China with limited liability)

股份代號 STOCK CODE : 2419



2024 年報
Annual Report

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CORPORATE INFORMATION

LEGAL NAME OF THE COMPANY:
Dekon Food and Agriculture Group

PLACE OF LISTING:
Main Board of the Stock Exchange

STOCK CODE:
2419

COMPANY WEBSITE:
www.dekanggroup.com

DIRECTORS:
Executive Directors:
Mr. Wang Dehui *(Chairman)*
Mr. Wang Degen
Mr. Yao Hailong
Mr. Hu Wei
Mr. Zeng Min

Non-executive Director:
Ms. Liu Shan

Independent Non-executive Directors:
Mr. Pan Ying
Mr. Zhu Qing
Mr. Fung Che Wai Anthony

SUPERVISORS:
Ms. Zhu Hui
Ms. Gong Shuang
Ms. Zhou Zhexu

JOINT COMPANY SECRETARIES:
Mr. Zeng Min
Mr. Li Kin Wai

AUTHORISED REPRESENTATIVES:
Mr. Zeng Min
Mr. Li Kin Wai

AUDIT COMMITTEE:
Mr. Fung Che Wai Anthony *(Chairman)*
Mr. Zhu Qing
Ms. Liu Shan

REMUNERATION COMMITTEE:
Mr. Pan Ying *(Chairman)*
Mr. Wang Degen
Mr. Fung Che Wai Anthony

NOMINATION COMMITTEE:
Mr. Zhu Qing *(Chairman)*
Mr. Pan Ying
Mr. Wang Dehui

HEAD OFFICE AND PRINCIPLE PLACE OF BUSINESS IN THE PRC:
Unit 901–909, 9th Floor, Building 2
Chengdu East Aviation Centre
32 Lingang Road
Shuangliu District
Chengdu, Sichuan Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG:
Room 1918, 19/F, Lee Garden One
33 Hysan Avenue, Causeway Bay
Hong Kong

H SHARE REGISTRAR:
Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

AUDITOR:
KPMG
Certified Public Accountants
Public Interest Entity Auditor registered in accordance with the Accounting Financial Reporting Council Ordinance
8/F, Prince's Building
10 Chater Road
Central
Hong Kong

HONG KONG LEGAL ADVISER:
Herbert Smith Freehills
23rd Floor, Gloucester Tower
15 Queen's Road Central
Hong Kong

COMPLIANCE ADVISER:
Maxa Capital Limited
Unit 2602, 26/F, Golden Centre
188 Des Voeux Road Central
Sheung Wan
Hong Kong

PRINCIPAL BANK:
Bank of China Limited, Pengzhou branch
China Industrial Bank Limited, Chengdu branch
Agricultural Bank of China Limited, Chengdu Jincheng branch

FINANCIAL HIGHLIGHTS

KEY OPERATING DATA

	For the year ended 31 December			
	2024		2023	
	Sales volume (heads)	Average selling price[2] (RMB)	Sales volume (heads)	Average selling price[2] (RMB)
Sales of pigs				
Market hogs	8,544,396[1]	2,193	6,659,735	1,832
Breeding pigs	19,797	2,696	21,407	2,341
Market piglets	214,948	385	402,477	415
Sales of poultry	*(birds or eggs)*		*(birds or eggs)*	
Yellow-feathered broilers	88,120,210	36.1	88,733,327	36.6
Chicks and eggs	102,986,977	0.9	99,086,155	0.9

KEY FINANCIAL DATA

	2024 RMB'000	2023 RMB'000
Revenue	22,463,038	16,155,412
Profit/(loss) before taxation	4,201,795	(1,991,781)
Income tax	(88)	(355)
Profit/(loss) and total comprehensive income for the year	4,201,707	(1,992,136)
Attributable to:		
Equity shareholders of the Company	4,101,559	(1,775,126)
Non-controlling interests	100,148	(217,010)
Profit/(loss) and total comprehensive income for the year	4,201,707	(1,992,136)
Earnings/(loss) per share[3]		
Basic and diluted (RMB)	10.55	(4.88)
Profit/(loss) and total comprehensive income for the year before biological assets fair value adjustments[4]	3,297,395	(1,278,520)
Dividend per share (RMB)	0.90	—

Notes:

(1) In 2024, we sold 8,779,141 heads of pigs in total, among which 8,490,771 heads of pigs were sold to external customers, and 288,370 heads were first sold internally to our slaughterhouses for processing and then sold to external customers.

(2) Average selling price represents the revenue for the year divided by the external sales volume of the product category for the respective year.

(3) The earnings/(loss) per share represents the profit/(loss) attributable to the equity shareholders of the Company divided by the weighted average number of ordinary shares for the year.

(4) The profit/(loss) and total comprehensive income for the year before biological assets fair value adjustments represents profit/(loss) and total comprehensive income net off changes in fair value of biological assets.

EVENTS OF THE YEAR

March 2024

Hechuan Dekon was named one of the national leading innovation bases for modern agriculture and animal husbandry facility.

The Company expanded with five new national-level African swine fever-free breeding communities.

The Company entered into a technological cooperation agreement with the Institute of Animal Science of Chinese Academy of Agricultural Sciences (中國農科院畜牧獸醫研究所).

April 2024

The Company's "Hundred Villages and Million Pigs" demonstration site was presented at the Sichuan Pig Production Stabilizing Conference (四川省穩定生豬生產現場會).

July 2024

The Company was awarded the China Financing Award with the "Best IPO of the Year."

One of the projects the Company participated won the second prize in Sichuan Science and Technology Advancement Awards.

The Company received two honors at the Peak Forum on Breeding Pigs.

August 2024

The Health Testing Center Lab at the Dekon Industrial Research Institute successfully passed CNAS accreditation.

September 2024

The Company was named among Double Hundred Great Enterprises in Sichuan Province for the second consecutive year.

October 2024

The Company expanded with three new national level animal disease purification zones.

The Company was again included in the top 100 private enterprises list in Sichuan in 2024, ranking 26th.

The Company was invited to attend the Allen D. Leman Swine Conference.

November 2024

The Company was again named one of the top 100 private enterprises in Chengdu in 2024, ranking 11th.

December 2024

The Company was again included in the top 500 Chinese agricultural enterprises list, ranking 56th, 22 places higher than that of 2023.

The first family farm under the "Hundred Villages and Million Pigs" project was completed.

PRESIDENT'S STATEMENT

Dear Shareholders,

I, Yao Hailong, Executive Director and President, as well as the head of the pig segment of Dekon Agriculture and Animal Husbandry Group, on behalf of all Dekon employees, would like to extend my most sincere gratitude to our Shareholders for your long-standing trust and support in the Company's development.

2024 has been a year filled with both challenges and opportunities. Amid industry fluctuations and a complex, ever-changing market environment, Dekon has stayed true to its original aspiration, adhering to a long-term vision. We have avoided speculation and rash decisions, focusing instead on risk management, increasing investment in technology, and deepening management reforms. Furthermore, we have expanded our horizons by learning from and benchmarking against Denmark and Netherlands, the world's leading countries in swine production, to continuously enhance our core competitiveness.

In 2024, the Company prioritized efficiency improvement and cost reduction, with a strong focus on biosecurity and disease prevention. We enhanced the skills and expertise of our workforce, promoted the integration of technology and production, and achieved both quantitative and qualitative growth. As a result, we recorded revenue of approximately RMB22.46 billion in 2024, representing a year-on-year increase of 39.0%, and a net profit of approximately RMB4.20 billion, marking a notable improvement in profit.

Our pig segment, the Company's core business, demonstrated outstanding performance. Key financial metrics such as total pig production costs and profit per head led the industry among listed swine enterprises. Our poultry segment has turned profitable and a number of technological innovations have received national certification. Ancillary products segment,including food, also made great progress in exploring models and developing markets. At the same time, adhering to the principle of "mutual benefit and win-win," we closely integrated our industrial model with regional economic development, linking efficient production with the interests of farmers. With the goal of "supporting farmers and increasing their income," we have made remarkable progress in fostering industrial ecosystems, rural revitalization, and helping farmers participate in the broader framework of rural development.

2024 marked the first full year of the Company's listing. We were successfully included in the Hang Seng Composite Index and completed the application for the "full circulation" of some of the Shares, laying a solid foundation for the Company's market value recovery. While steadily advancing our operations and management, we have always prioritized shareholder returns, continuously exploring pathways for capital development for investors to fully recognize the Company's value and support its long-term growth. In 2024, the Company proposed to distribute cash dividends of approximately RMB350 million to all shareholders.

Dekon's experienced team, efficient management, leading technology and innovative model are the crucial factors for the Company's good performance. In 2025, Dekon will devote all efforts to upholding a talent-driven approach, powered by the dual engines of "technology + management." We will further deepen management reforms, increase investment in research, strengthen production management, and amplify the advantages of our model. Our goal is to achieve upgraded operations, continuously improve production metrics, and make breakthroughs in efficiency and cost reduction. We will further contribute to linking farmers, increasing their income, building industrial ecosystems, and promoting rural revitalization.

In 2025, let us continue with our journey together, guided by our beliefs and responding to the times with determination. No distance is too far, and no time is too long as we stride forward with confidence. When the next harvest season arrives, let us raise a toast to the brilliant dawn of success!

Once again, thank you for your unwavering support and companionship.

Sincerely,

Yao Hailong
Executive Director and President

DEFINITIONS

In this annual report, the following expressions shall have the following meanings unless the context otherwise requires:

"Articles of Association"	the articles of association of the Company, as amended from time to time
"Audit Committee"	the Audit Committee of the Board
"Board" or "Board of Directors"	the board of directors of the Company
"Board of Supervisors"	the board of supervisors of the Company
"Company" or "our Company" or "the Company"	Dekon Food and Agriculture Group (四川德康農牧食品集團股份有限公司), a joint stock company incorporated under the laws of the PRC
"Company Law"	the Company Law of the People's Republic of China
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and, unless the context requires otherwise, refers to Mr. Wang Degen and Dekon Holding
"Corporate Governance Code" or "CG Code"	the Corporate Governance Code as set out in Appendix C1 of the Listing Rules
"Dekon Holding"	Sichuan Dekon Holding Group Co., Ltd. (四川德康控股集團有限公司), one of our Controlling Shareholders and previously known as Sichuan Desheng Ronghe Group Co. Ltd. (四川德盛榮和實業集團有限公司) and Sichuan Desheng Ronghe Industrial Co. Ltd. (四川德盛榮和實業有限公司), a company established in the PRC on 8 June 2017, which is wholly owned by Mr. Wang Degen
"Director(s)"	the director(s) of the Company
"Domestic Share(s)"	ordinary share in our capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
"Global Offering"	the offer of Shares for subscription as described in the Prospectus
"H Share(s)"	overseas listed foreign shares in our ordinary share capital with a nominal value of RMB1.00 each, which are listed on the Stock Exchange and subscribed for and traded in HK dollars
"HK\$", "HKD" or "Hong Kong dollars" or "HK dollars" or "cents"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Independent Third Party(ies)"	an individual or a company who, as far as the Directors are aware after having made all reasonable enquiries, is not a connected person of the Company within the meaning of the Listing Rules

"Listing Date"	the date on which the dealing in the Shares first commences on the Stock Exchange, being 6 December 2023
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"MARA"	the Ministry of Agriculture and Rural Affairs of the People's Republic of China (中華人民共和國農業農村部)
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules
"Nomination Committee"	the Nomination Committee of the Board
"Prospectus"	the prospectus of the Company dated 27 November 2023 in connection with the Global Offering
"Remuneration Committee"	the Remuneration Committee of the Board
"Reporting Period"	the year ended 31 December 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 RMB1.00 each
"Shareholder(s)"	holder(s) of our Shares of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	the supervisor(s) of the Company
"Treasury Shares"	has the meaning ascribed to it under the Listing Rules

GLOSSARY AND TECHNICAL TERMS

"DOC(s)"	day-old chick(s)
"PED"	porcine epidemic diarrhoea, which causes diarrhoea and vomiting in pigs
"Poultry Farming Base"	farms operated under the model where we build the farms and lease to farm owners for yellow-feathered broiler farming. Farm owners will raise chicks into broilers and return the broilers to us for an agreed fee
"Poultry Family Farms"	farms operated under the model where we provide the farm(s) with chicks, feed, vaccine and veterinary medicine. Such farm(s) will raise those chicks into broilers and return the broilers to us for an agreed fee
"PRRS"	porcine reproductive and respiratory syndrome, a disease that causes a decrease in reproductive performance in breeding animals and respiratory disease in pigs
"R&D"	research and development
"Self-operated Farms"	farms operated under the model where our Group build farms and employ labour force to carry out scaled farming, and are responsible for breeding, fattening, farming and other related process

MANAGEMENT DISCUSSION AND ANALYSIS

I. COMPANY PROFILE

Company Introduction

The Company is a leading and fast-growing livestock and poultry enterprise in China, specializing in breeding and raising of pigs and yellow-feathered broilers. The Company was listed on the main board of the Stock Exchange on 6 December 2023 (stock code: 2419).

Our business consists of three segments, namely pig, poultry and ancillary products, with the pig and poultry segments being our core business. Products of our pig segment mainly include market hogs, breeding pigs, market piglets and boar semen. Products of our poultry segment mainly include yellow-feathered broilers, chicks and eggs. Products of our ancillary segment mainly include fresh meat, feed ingredients and others. In addition to breeding and farming of pigs and yellow-feathered broilers at our own facilities, we also cooperate with farm owners in pig and poultry farming. Our vertically integrated business model of pigs and yellow-feathered broilers covers the industry value chain from feed production, breeding, multiplication, farming to sales, which gives us a high degree of control over food quality and safety.

Segments Introduction

Pig Segment

Our pig products mainly include market hogs, breeding pigs, market piglets and boar semen. Market hogs are pigs we hold primarily for sales and production of pork products. Our breeding pigs include purebred and crossbreeding pigs. Pigs that are not selected as breeding pig candidates will be raised and sold as market hogs and market piglets. As a result of our continuous effort to enhance our breeding stocks, the genetic performance of our breeding pigs has improved rapidly over the years. Boar semen is produced by breeding boars at our nucleus breeding farms. We produce boar semen for our internal pig breeding and production purposes and market piglets are mainly used for internal pig farming. We also sell excess boar semen and market piglets on the market.

Our pig farming is conducted under family farm and Self-operated Farm models. Under family farm model, we cooperate with farm owners to raise pigs. Under Self-operated Farm model, we build the farm and employ labour force to carry out scaled breeding, fattening and other related processes.

Poultry Segment

The main products of our poultry segment include yellow-feathered broilers, chicks and eggs. We sell yellow-feathered broilers, which are mainly used for the production of chicken products. Our well-recognised brands mainly include "Lingnanhuang" (嶺南黃®), "Yupinfeng (御品鳳®)", "Xiangyuema (香粵麻®)" and "Dexiang (德鄉®)". Among others, our Lingnanhuang (嶺南黃®) chickens have been recognised by the Ministry of Agriculture and Rural Affairs of the People's Republic of China (中華人民共和國農業農村部) as the National Agricultural Leading Variety (國家農業主導品種). Lingnanhuang No. 5 obtained national certificate for new breed (supporting lines) of livestock and poultry in 2024. In respect of yellow-feathered chicks, we sell parent stock day-old chick and commodity day-old chick, with wide range of varieties that allow us to satisfy the diversifying market demand.

We breed and select chicken breeders, and hatch fertile eggs in our own poultry farms and hatcheries. For broiler farming, we adopt the Poultry Family Farm model and Poultry Farming Base model. Poultry Family Farm model is a model under which family farms provide the land and facilities and raise the yellow-feathered broilers according to our standards, while we provide chicks, feed, medicines and technical support. Poultry Farming Base model is a model under which we build facilities by ourselves and lease the land and facilities to farm owners while the farm owners raise the yellow-feathered broilers.

Ancillary Products Segment

Our ancillary products segment consists of livestock slaughtering business and sales of ancillary products that are generated in the course of our production, which mainly include fresh meat, feed ingredients and others. During the Reporting Period, our slaughterhouses, located in Yibin City and Meishan City of Sichuan Province, have officially commenced operations, and the sales volume of fresh meat produced therein were materialized. As a result, we successfully expanded our business into the production and sales of fresh meat. Our customers are mainly butchers in farmers' markets, distributors of school meals, fresh supermarket distributors and food processing factories. Our customers for feed ingredients are mainly trading companies and feed manufacturers.

II. MARKET OVERVIEW

Pig Industry

As the world's largest producer and consumer of pork, China ranks third in the world in per capita pork consumption. In 2024, China's total meat production (including pork, beef, mutton and poultry) reached 96.63 million tons, an increase of 0.2% year on year. Pork remains the most consumed meat in China, with average annual per capita consumption of 28.1 kilograms. In recent years, overall hog production capacity has remained stable, with significant improvements in industry production efficiency, and pork production has recovered and maintained a high level. On 29 February 2024, the Ministry of Agriculture and Rural Affairs issued the "Implementation Plan for Pig Production Capacity Regulation (2024 Revision)", which clarifies regulatory indicators, strengthens the guidance mechanism and stabilizes related policies, emphasizing the importance of pork safety in ensuring people's well-being.

The industry concentration has increased significantly over the past decade and is projected to continue to rise in the next three years. For listed pig farming enterprises, the period of substantial capital expenditures has largely come to an end, and leading listed pig farming enterprises are currently focusing on optimizing breeding efficiency and improving capacity utilization to reduce breeding cost. Large-scale breeding companies with cost advantages and disease prevention capabilities are still expected to further increase their profit through increasing production capacity.

The continuing trend of the overall supply of market hogs being higher than the demand is witnessed since the beginning of 2025. However, the combination of depressed pig prices and rising breeding costs due to a significant increase in soybean meal prices may result in the fluctuation in the stock volume of breeding sows in upcoming 2025. Such fluctuation is expected to help alleviate the supply-demand imbalance in the subsequent period, enabling scaled and cost-efficient pig farming enterprises to remain profitability in 2025.

Poultry Industry

Poultry is another commonly type of meat consumed. According to the data published by National Bureau of Statistics, in 2024, the number of poultry slaughtered nationwide was 17.34 billion, representing an increase of 3.1% from 2023, and an annual production of 26.6 million tons, representing an increase of 3.8% from 2023.

Yellow-feathered broiler is a major component of the domestic broiler market. The inventory of parent stock for yellow-feathered broilers has been on rise in 2024. Although it still remains at a relatively low level since 2018, the overall low supply of yellow-feathered broilers may also support an increase in chicken prices. The gradual implementation of policies aimed at stimulating consumption in 2025 is expected to progressively unlock consumer potential, thereby bolstering demand for yellow-feather broilers.

Considering the above factors, the yellow-feathered broiler industry is expected to be more profitable in recent years.

III. RESULTS OF OPERATION

In 2024, our profit before biological assets fair value adjustments amounted to RMB3,297.4 million, as compared with a loss before biological assets fair value adjustments of RMB1,278.5 million in 2023, which was mainly due to an increase in sales price of pigs as compared to the previous year, as well as a significant decrease in the Company's production costs as compared to the previous year as a result of the continuous improvement in the management efficiency and production indicators, and the impact of the decrease in prices of feed and feed ingredients.

During the reporting period, we recorded a total net profit of RMB4,201.7 million after biological assets fair value adjustments, as compared with a total net loss of RMB1,992.1 million after biological assets fair value adjustments in 2023.

Pig Segment

In 2024, our pig segment revenue reached RMB18,271.6 million, representing a year-on-year increase of 49.1%. Such business growth is primarily attributable to our continuous technological empowerment, efficient team management, consistent disease prevention and control efforts, and advanced yet sustainable breeding models.

Strengthening advantages in breeding and nutritional technologies, with notable results in cost reduction and efficiency improvement

Our breeding technology breaks the vicious cycle of "introduction — sustainment — degeneration — reintroduction". Since the introduction of overseas quality breeding pigs to establish our own nucleus breeding herd in 2013, the performance of breeding pigs has been greatly improved.

As of 31 December 2024, we had two national-level core pig breeding farms. As of the same date, we had a nucleus herd of approximately 14,941 breeding pigs (including gilts and studs) and 140,729 purebred breeding pigs (including gilts and studs). According to the Annual Genetic Evaluation Report on National Core Pig Breeding Farms released by the National Pig Genetic Evaluation Center, our National Core Pig Breeding Farm ranked the first nationwide in growth performance indicators for Large White pig (Yorkshire) and Landrace pig among 92 national core breeding farms, while the Duroc pig ranked the second nationwide in growth performance indicators. Additionally, compared with market hogs produced by breeding LY sows (two-way crossbred sows) with commercially sourced semen, the supporting line market hogs produced from Dekon Series II pigs and LY sows showed a reduction of 12 days in rearing period (from 6kg to 135kg), with a feed conversion ratio reduced by 0.1. These breeds have become the Company's primary market hog varieties, with a coverage rate increased continuously among all our market hogs. Our ample stock of nucleus and multiplication herd provides adequate resources of piglets, which give us core cost competitiveness and enable us to increase profitability by swiftly ramping up production since the pork price started to rise this year.

Precision Nutrition and Feed Technology

We have established a dynamic raw material database, adopting different feed formulations tailored to the nutritional needs of pigs at various growth stages. We have also developed a comprehensive feed cost control technology system, equipped with raw material value assessment and value-based procurement technology, high-efficiency enzyme technology, low-protein diet technology, and low-corn/low-soybean meal diet technology. This enables us to swiftly adjust formulations and procurement strategies when the prices of major feed raw materials increase significantly, thereby facilitating efficient cost control.

Management Team's Emphasis on Scientific Research Advancement, Talent Development, and Management Iteration

Our visionary senior management team, with an average of over 10 years of industry experience, has navigated us on a path of rapid and steady development. We also have a strong R&D team of 186 members as of 31 December 2024, the background of whom covering multiple areas including breeding, feed, nutrition, and health management. Approximately 60.8% the R&D team members hold master's degrees or higher, including eight employees with doctoral degrees.

Our technical staff are characterized by their youth, professionalism, and strong self-motivation. We provide continuous training and a robust support system for farm owners. Specifically, we offer comprehensive training covering the entire production process, and require the farm owners to attend training on breeding expertise and corporate culture. Dedicated technical personnel are assigned to regularly visit farm owners to address production-, operation- and management-related issues.

Health Management System Supported by the Effective Biosecurity Management System and Disease Eradication Technology

When selecting sites for our pig farms, we place special emphasis on factors such as topography, separation of clean and contaminated access roads, and the direct distance from hazardous areas to ensure compliance with biosecurity standards. We implement strict disinfection measures both inside and outside the farms in production. Additionally, we monitor and investigate disease infection conditions within the farms and surrounding farms. To mitigate infection risks, we conduct virus testing on personnel, vehicles, and materials entering the farms, enabling comprehensive risk assessment and proactive disease prevention measures. We are also equipped with a biosecurity management system to prevent the occurrence and spread of major diseases such as African Swine Fever. We closely monitor animal disease outbreak on our farms and family farms and have developed various disease cleansing programmes in response to reports of disease outbreaks.

Poultry Segment

In 2024, our poultry segment revenue amounted to RMB3,275.8 million, representing a year-on-year decrease of 1.7%, which was attributable to the modest decrease in both the unit price and volume of poultry sold. We managed to maintain a stable revenue level by reducing production costs and improving production efficiency and capacity utilization. In 2023, we sold approximately 88.73 million yellow-feather broilers, ranking third in terms of market share nationwide. In 2024, the production capacity of yellow-feather broilers remained stable compared to the previous year, with a total of 88.12 million yellow-feather broilers sold.

The stability of our poultry production capacity is attributable, on one hand, to its strong research and development foundation in yellow-feathered broilers. Since the establishment and commissioning of the yellow-feathered broiler gene bank and breeding base in Yingde, Guangdong, in 2019, the Company has developed a National Spark Program Leading Enterprise Technology Innovation Center and a Key Laboratory for Poultry Genetic Breeding under the Ministry of Agriculture and Rural Affairs. Additionally, we have obtained multiple patents in poultry breeding, farming technologies, and management. On the other hand, we ensure poultry production capacity through a series of biosecurity management measures. In 2024, while ensuring the purification of key pathogenic sources, we investigated and analyzed disease prevalence patterns and tailored preventive measures accordingly. As a result, the incidence rate of major poultry diseases in 2024 decreased to a considerable extent, with significant improvements in biosecurity and disease prevention and control compared to 2023. Meanwhile, we implemented stringent controls on prescription issuance to prevent drug incompatibility and wastage.

Ancillary Products Segment

In 2024, our ancillary products segment revenue amounted to RMB915.7 million, which rose by 61.4% year-on-year driven by the increase in the slaughtering business. Two of our subsidiaries focusing slaughtering business, Sichuan Dekon Tönnies Food Co., Ltd. and Yibin Dekon Food Co., Ltd., have obtained certifications from third party authoritative institution since the commencement of operation. These two companies are also among the first batch of enterprises in Sichuan to pass the accreditation of pig slaughtering quality management specifications. Additionally, our fresh meat business has seen steady increase in 2024 with its scale of production expanded as we increase our market penetration.

IV. FINANCIAL REVIEW

Revenue

In 2024, our revenue was RMB22,463.0 million, representing an increase of 39.0% as compared with RMB16,155.4 million in 2023. It was mainly attributable to increase in revenue for our pig segment for reasons as described above.

Cost of Sales

In 2024, our cost of sales was RMB17,597.7 million, representing an increase of 9.7% as compared with RMB16,035.7 million in 2023. It was mainly attributable to the increase in the sales volume of pigs.

Gross Profit Margin

Our overall gross profit margin increased from 0.7% in 2023 to 21.7% in 2024. It was mainly attributable to the increase in the unit price of pigs and the Company's cost reduction and efficiency enhancement measures, which resulted in a decrease in the cost per unit for both pigs and poultry.

Changes in Fair Value of Biological Assets

In 2024, we recorded gains arising from changes in fair value of biological assets of RMB904.3 million as compared to losses of RMB713.6 million in 2023. The gains recorded were mainly attributable to the increase in pig prices at the end of 2024 as compared to the end of 2023.

Other Net Income

In 2024, our other net income was RMB419.5 million, representing a decrease of 7.7% as compared with RMB454.3 million in 2023. It was mainly attributable to the decrease in earnings from pig futures.

Selling Expenses

In 2024, our selling expenses amounted to RMB101.5 million, representing a decrease of 7.6% as compared with RMB109.9 million in 2023. It was mainly attributable to the reduction in delivery costs for trading companies.

Administrative Expenses

In 2024, our administrative expenses amounted to RMB1,584.0 million, representing an increase of 23.0% as compared with RMB1,288.1 million in 2023. It was mainly attributable to the increase in employee salaries and pig insurance premiums.

Finance Costs

In 2024, our finance costs amounted to RMB411.8 million, representing a decrease of 6.7% as compared with RMB441.5 million in 2023, mainly due to the decrease in loan interest rates.

Profit/(loss) for the Year

For the reasons above, we recorded a profit of RMB3,297.4 million before biological assets fair value adjustments in 2024, as compared with the loss of RMB1,278.5 million before biological assets fair value adjustments in 2023.

Significant Investments, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

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

Future Plans for Material Investments and Capital Assets

Save as disclosed in this report, the Company did not have other concrete plans for material investments or capital assets as of 31 December 2024.

Major Financial Ratios

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

	31 December 2024	31 December 2023
Return on equity(1)	**48.9%**	(51.7)%
Return on total assets(2)	**18.2%**	(10.5)%
Current ratio(3)	**1.3**	0.8
Quick ratio(4)	**1.2**	0.8
Gearing ratio(5)	**81.3%**	222.5%
Debt-to-equity ratio(6)	**26.2%**	143.5%
Interest coverage(7)	**11.2**	(3.5)

Notes:

(1) Equals profit/loss for the year divided by the closing balance of total equity as of the balance sheet date and multiplied by 100%.

(2) Equals profit/loss for the year divided by the closing balance of total assets as of the balance sheet date and multiplied by 100%.

(3) Equals current assets divided by current liabilities as of the balance sheet date.

(4) Equals current assets minus inventories, then divided by current liabilities as of the balance sheet date.

(5) Equals total interest-bearing borrowings plus lease liabilities, divided by total equity at the balance sheet date.

(6) Equals net debts divided by total equity as of the balance sheet date and multiplied by 100%. The net debts are defined as the sum of interest-bearing borrowings and lease liabilities net of cash and cash equivalents.

(7) Equals profit/loss before interest and tax divided by interest.

Analysis on Capital Resources

Liquidity and Capital Resources

Our principal sources of funds in the past have historically been our equity capital, cash generated from our operations and borrowings. Our primary liquidity requirements are to finance our working capital needs, and fund our capital expenditures and growth of our operations. Going forward, we expect these principal sources of liquidity to remain the same.

As of 31 December 2024, our cash and cash equivalents were approximately RMB4,492.0 million (31 December 2023: approximately RMB2,544.8 million). Such increase in cash and cash equivalents was primarily attributable to the increase in net profit in 2024.

As of 31 December 2024, our current ratio was 1.3 (31 December 2023: 0.8).

EBITDA and Cash Flow

Our operation capital mainly came from cash generated from operation activities, investing activities, bank borrowings and shareholders' capital contributions. Our cash demand was mainly borne on production and operation activities, capital expenditure, repayment of matured liabilities, repayment of lease rentals, interest payment and dividend payment.

In 2024, the EBITDA of the Group (before biological assets fair value adjustments)(1) was RMB4,624.3 million (2023: RMB9 million).

In 2024, net cash generated in our operating activities was RMB5,361.8 million (generated during 2023: RMB741.5 million). Net cash used in our investing activities was RMB1,557.3 million (used during 2023: RMB692.0 million), including RMB780.8 million for the purchase of property, plant and equipment (2023: RMB1,125.1 million). Net cash used in our financing activities was RMB1,864.8 million (used during 2023: RMB345.6 million). In summary, in 2024, our net increase in cash and cash equivalents was RMB1,939.7 million.

Note:

(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, and amortisation of intangible assets.

Capital Structure

As of 31 December 2024, the total number of issued shares of the Company is 388,875,636 Shares, including 260,811,451 Domestic Shares and 128,064,185 H Shares.

As of 31 December 2024, the Group had bank loans and other loans of approximately RMB4,285.9 million (31 December 2023: approximately RMB6,099.1 million). The annual interest rate on bank loans ranged from 2.55% to 5.39% (31 December 2023: from 2.85% to 5.70%). Most of the bank loans were based on variable interest rates.

The interests-bearing borrowings were repayable as follows:

	31 December 2024 (RMB in million)	31 December 2023 (RMB in million)
Within 1 year	2,273	3,891
1 to 2 years	519	1,323
3 to 5 years	1,403	764
Over 5 years	91	121
Total	4,286	6,099

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

	31 December 2024 (RMB in million)	31 December 2023 (RMB in million)
Fixed-rate borrowings	1,517	2,507
Variable-rate borrowings	2,769	3,592
Total	4,286	6,099

As of 31 December 2024, the Group had loans from related parties of approximately RMB14.0 million (31 December 2023: approximately RMB54.0 million).

As of 31 December, 2024, the Group had net assets of approximately RMB8,585.3 million (31 December 2023: net assets of approximately RMB3,855.1 million). Net debts(1) of the Group amounted to approximately RMB2,253.2 million (31 December 2023: approximately RMB5,533 million), while the net debt-to-equity ratio was approximately 26.2% (31 December 2023: approximately 143.5%).

Pledge of Assets

As of 31 December 2024, part of the Group's interest-bearing borrowings was secured by property, plant and equipment with book value of RMB251.8 million (31 December 2023: RMB265.0 million).

Note:

(1) The net debts are defined as the sum of interest-bearing borrowings and lease liabilities net of cash and cash equivalents. Debt to equity ratio is calculated as net debts divided by total equity as of the respective reporting dates.

Contingent Liabilities

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

Capital Expenditure

Our capital expenditure primarily comprised of expenditures for the construction and upgrades of our production and ancillary facilities. We funded our capital expenditures primarily with shareholders' capital contributions, borrowings and operating activities. In 2024, the Group's capital expenditure was RMB780.8 million (2023: RMB1,125.0 million). The following table sets forth our capital expenditure for the years indicated:

	2024 (RMB in million)	2023 (RMB in million)
Payments for property, plant and equipment	781	1,125
Total	781	1,125

In 2024, our demand for capital expenditure mainly came from construction of the slaughterhouses for food business, construction of the feed mills and the project balance payable for breeding farms construction.

Capital Commitment

Capital commitment of the Group is mainly related to the purchase of property, plant and equipment in connection with our production. As of 31 December 2024, capital commitment of the Group was RMB862.5 million (31 December 2023: RMB308.4 million).

Biological Assets

Biological assets of the Group primarily consist of commodity hogs, commodity chickens, chicken breeders and breeding pigs. The fair value of our biological assets was RMB6,461.4 million as of 31 December 2024 and RMB4,922.9 million as of 31 December 2023. Our results have been and are expected to be affected by changes in fair value of biological assets. The net effect of adjustment in fair value of biological assets on profit was a profit of RMB904.3 million in 2024 (2023: loss of RMB713.6 million).

Foreign Exchange Risks

Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not our functional currency.

Almost all of the Group's operating activities are carried out in the PRC with most of the transactions denominated in RMB.

The Group does not hedge against any fluctuation in foreign currencies in 2024.

V. HUMAN RESOURCES

As of 31 December 2024, we had 10,475 employees (2023: 9,854 employees), all of which were located in the PRC. Remuneration for employees was determined based on their job nature, personal performance and the market trends. Our Remuneration Committee to establish and review the policy and structure of the remuneration of our employees, and make recommendations to the Board on the terms of remuneration packages, bonuses and other compensation payable to our Directors and other senior management in accordance with industry standards, job requirements, personal performance. None of our employees is paid below the minimum wage standard set forth by the government. In 2024, total remuneration of our employees amounted to approximately RMB1,559.2 million (2023: RMB1,174.2 million). The Group provides basic social insurance and housing accumulation fund for company employees as required by the PRC law.

We place a strong emphasis on talent team development, having brought in a professional consulting team to continuously empower the Company with systematic management transformation. During the Reporting Period, we benchmarked against international best practices and conducted training sessions, consistently enhancing the skills and competencies of our workforce. Additionally, we have refined our management mechanisms for executives, providing employees with more effective career promotion pathways and building a robust reserve of talent to comprehensively safeguard the our overall operational capabilities.

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:

Epidemic Risks

The major threat to the development of animal husbandry is epidemic risks. We are subject to risks relating to our ability to maintain animal health and control diseases. An occurrence of swine diseases (such as African Swine Fever and PRRS, porcine circovirus, PED, pseudorabies, porcine parvovirus and porcine eperythrozoonosis), poultry diseases (such as avian influenza) or any outbreak of other serious animal diseases or epidemics, might adversely impact consumers' confidence in our production capabilities and facilities. Diseases affecting pigs can reduce the number of pigs produced, hamper the growth of pigs to finishing size, result in expensive medication and vaccination costs, require quarantine or disposal of infected pigs and, in extreme cases, cull large quantities of pigs and temporarily suspend our business operations in the affected facilities, any of which could adversely affect our production or our ability to sell our products. Diseases affecting poultry could also have a similar adverse impact on our poultry business.

To mitigate epidemic risks, the Group has developed and implemented strict biosecurity specifications for pig and chicken farm site selection, including terrain, separation of roads for entry and exit, and straight-line distance from dangerous areas (other farms, slaughter plants, biosafety disposal areas, garbage dumps, public roads). We formulate corresponding purification plans for our pig farms based on local epidemiological investigations, adopt strict biological safety measures, immune preventive measures, pathogenic testing, immune antibody monitoring, and achieve disease purification by weeding out infected animals and through separate breeding of separate herds. We comprehensively upgrade the environmental control equipment of the farm house to stabilise air quality and temperature in the farm house and reduce the risk of disease. We formulate immunisation procedures according to different seasons and regions and strictly manage immunisation operations to ensure that vaccine immunisation is in place. In 2024, we did not suffer from any material loss resulted from such diseases.

Price Risks

Our results of operations are substantially affected by cyclical fluctuations in the selling prices of pigs and poultry products, which affect our revenue, and by fluctuations in the purchase prices of feed and feed ingredients, which affect our costs. Pig and poultry product prices typically fluctuate cyclically, reflecting changes in market demand and supply. The central frozen pork reserve is a tool the government uses to stabilise pig prices. When the pig prices experience significant drop, whether due to oversupply or other market factors, the government will purchase frozen pork from the market, which increases demand and helps to stabilise prices by improving confidence in the pig market. Conversely, during periods of high pig prices, the government can release reserves to counter inflationary pressures and help manage the supply and demand balance in order to avoid excessive price increases. The fluctuations in pig prices are primarily influenced by market supply and demand dynamics, and government intervention serves as a stabilising mechanism to ensure price stability and support the interests of both producers and consumers. Any significant release of the central frozen pork reserves would increase the market supply of pig products, which would in turn decrease the selling prices of pigs, and our business, results of operations and financial condition may then be adversely affected.

VII. OUTLOOK

As we step into 2025, we remain steadfast in our commitment to innovation, sustainability, and excellence across our pig segment, poultry segment, and ancillary products segment. Leveraging the strong foundation laid in 2024, we are poised to achieve new milestones through strategic focus on efficiency, cost reduction and high-quality development. In 2025, we will closely manage various risks and continue to carry out the following work:

1) *Pig Segment* — We intend to take the following measures to ensure the health development of our pig segment.

- Firstly, we will closely monitor market dynamics, consumer trends, and policy directions to precisely manage our farming scale, optimize the pig slaughtering schedule, and ensure a balanced supply and demand.

- Secondly, we will further strengthen our disease prevention and control system by increasing investments in biosecurity, enhancing farming environment standards, and implementing strict controls over personnel, vehicles, and materials to improve our ability to forecast and respond to disease outbreaks.

- Thirdly, we will optimize internal management, enhance cost control and identify cost-saving opportunities across various aspects such as feed procurement, farming processes, and workforce allocation. We will remain committed to technological innovation, increase R&D investment to continuously refine our breeding techniques. By leveraging existing breeding resources and technology platforms, we aim to further improve pig growth performance, production efficiency, and overall hog quality.

- Fourthly, we will continue to cultivate professional talent to build a team which is proficient in livestock farming, market analysis, and financial management to support the Company's sustainable development.

2) *Poultry Segment* — We will commit to developing innovative and high-performing poultry breeds tailored to the Southwest China market, while strengthening our efforts to expand market presence and cultivate customer relationships in South China to sustain profitability. By refining breeding standards, implementing precision feeding practices, enhancing egg production efficiency, and strengthening disease prevention systems, we will ensure the consistent quality of day-old chicks. Additionally, we will drive further efficiency gains and cost reductions through strategic feed cost management, advancements in technology research and development, improvements in broiler breeder quality, and optimized feed utilization processes. To solidify our market position, we will continue to strengthen traditional distribution channels, establish direct sales stores, and foster product differentiation;

3) *Ancillary Product Segment* — Chengdu, Meishan and Yibin will be the core grounds for our expansion of regional market shares and sales network in Sichuan and national market. Focusing on market, products and channels, we will build a service platform for high-quality meat products and a high-quality food ecosystem;

4) We will fully leverage pig futures to hedge and mitigate operational risks; and

5) We will continue to invest in ESG initiatives. Through the "Hundred Villages and Million Pigs (百村百萬)" project, we will follow the national action plan for fertiliser reduction, put into practice the cycling of planting and farming, promote rural revitalization and create a benchmark for sustainable agricultural development.

CORPORATE GOVERNANCE REPORT

The Board hereby presents this corporate governance report (the "Corporate Governance Report") in the Company's annual report for the year ended 31 December 2024.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining high corporate governance standards.

The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of the Shareholders of the Company, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions of the Corporate Governance Code as the basis of the Company's corporate governance practices.

The Board is of the view that during the Reporting Period, the Company has complied with all the applicable code provisions as set out in the CG Code. The Board will continue to review and monitor the code of corporate governance practices of the Company with an aim to maintaining a high standard of corporate governance.

VALUES AND CULTURE

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that Shareholder wealth will be maximised in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit.

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure, among other:

— satisfactory and sustainable returns to Shareholders;

— that the interests of those who deal with the Company are safeguarded;

— that overall business risk is understood and managed appropriately; and

— the delivery of high-quality products and services to the satisfaction of customers; and

— that high standards of ethics are maintained.

MODEL CODE FOR SECURITIES TRANSACTIONS

During the Reporting Period, the Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its code of conduct regarding dealings in the securities of the Company by the Directors and the Supervisors, and the Group's employees who, because of his/her office or employment, are likely to possess inside information in relation to the Group or the Company's securities. Specific enquiries have been made to all Directors and Supervisors and the Directors and Supervisors have confirmed that they have complied with the Model Code during the Relevant Period.

No incident of non-compliance of the Model Code by the employees was noted by the Company for the Relevant Period.

BOARD OF DIRECTORS

The Company is headed by an effective Board which assumes responsibility for its leadership and control and be collectively responsibility for promoting the Company's success by directing and supervising the Company's affairs. Directors take decisions objectively in the best interests of the Company.

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and regularly reviews the contribution required from a Director to perform his responsibilities to the Company and whether the Director is spending sufficient time performing them that are commensurate with their role and the Board responsibilities. The Board includes a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

Board Composition

The composition of the Board as at the date of this annual report is as follows:

Executive Directors
Mr. Wang Dehui *(Chairman of the Board)*
Mr. Wang Degen
Mr. Yao Hailong *(President)*
Mr. Hu Wei
Mr. Zeng Min

Non-executive Director
Ms. Liu Shan

Independent Non-executive Directors
Mr. Pan Ying
Mr. Zhu Qing
Mr. Fung Che Wai Anthony

The biographical information of the Directors is set out in the section headed "Biographical Details of Directors, Supervisors and Senior Management" on pages 58 to 63 of this annual report. Save as disclosed in this annual report, there is no other relationships (including financial, business, family or other material/relevant relationship(s)) between the Board members and in particular, between the Chairman and the President.

Board Meetings, General Meeting and Directors' Attendance Records

Regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors.

During the Reporting Period, the Board held four Board meetings. Apart from the Board meetings, the Chairman of the Board held one meeting with the independent non-executive Directors without presence of other Directors and management.

During the Reporting Period, the Company held an annual general meeting on May 10, 2024.

The attendance record of each Director during their respective tenure of office at the meetings of the Company held during the Reporting Period is set out in the table below:

Name of Director	Attendance/Number of Meetings Board Meetings	General Meeting
Executive Directors		
Mr. Wang Dehui	4/4	1/1
Mr. Wang Degen	4/4	1/1
Mr. Yao Hailong	4/4	1/1
Mr. Hu Wei	4/4	1/1
Mr. Zeng Min	4/4	1/1
Non-executive Director		
Ms. Liu Shan	4/4	1/1
Independent Non-executive Directors		
Mr. Pan Ying	4/4	1/1
Mr. Zhu Qing	4/4	1/1
Mr. Fung Che Wai Anthony	4/4	1/1

Responsibilities, Accountabilities and Contributions of the Board and Management

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

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

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

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

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

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors, Supervisors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

Chairman and President

To ensure a balance of power and authority, the roles of the chairman of the Board and the president of the Company are clearly segregated.

The chairman of the Board is Mr. Wang Dehui and his principal role is to provide leadership for the Board on the Group's strategic planning, ensure proper proceedings of the Board and encourage all Directors to have full and active contributions to the Board's affairs. At the same time, the chairman ensures that good corporate governance practices and procedures are established. Moreover, the chairman at least annually holds meetings with the independent non-executive Directors without the presence of other Directors and management.

The president of the Company is Mr. Yao Hailong, supported by other executive Directors and the management. His principal role is to direct the overall management and strategic planning and supervision of operations of the Group.

Independent Non-executive Directors

During the Reporting Period, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company is of the view that all independent non-executive Directors are independent in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules.

Board Independence Evaluation

The Company has established a Board Independence Evaluation Mechanism which sets out the processes and procedures to ensure a strong independent element on the Board, and allows the Board effectively exercises independent judgment to better safeguard Shareholders' interests.

The objectives of the evaluation are to improve Board effectiveness, maximise strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

The Company has established formal and informal channels of communication to ensure that independent views and inputs are available to the Board. Our Articles of Association and the terms of references of various board committee have set out a formal framework to ensure that the independent non-executive Directors remain independent and free to express their views, and their views are systematically considered by the Board. The executive Directors and the Chairman of the Board also engage regularly and directly with the independent non-executive Directors to receive their independent views and inputs in a relation to a wide variety of matters. The implementation and effectiveness of the above mechanisms are reviewed on an annual basis. The Board considers that the Board Independence Evaluation Mechanism had been implemented properly and effectively in the year ended December 31, 2024.

Appointment and Re-election of Directors

Under the Articles of Association, Directors (including non-executive Directors) shall be elected at the general meeting with a term of three years. Each of the current Directors has been appointed for a term of three years commencing on the following dates which shall terminate upon the third anniversary since the appointment date or the expiry of term of the second session of the Board, whichever is earlier:

Directors	Appointment Date
Executive Directors	
Mr. Wang Dehui	8 March 2022
Mr. Wang Degen	8 March 2022
Mr. Yao Hailong	8 March 2022
Mr. Hu Wei	8 March 2022
Mr. Zeng Min	26 December 2022[(1)]
Non-executive Director	
Ms. Liu Shan	8 March 2022
Independent Non-executive Directors	
Mr. Pan Ying	26 December 2022[(1)]
Mr. Zhu Qing	26 December 2022[(1)]
Mr. Fung Che Wai Anthony	31 October 2023[(1)]

Note:

(1) The appointments of Mr. Zeng Min, Mr. Pan Ying, Mr. Zhu Qing and Mr. Fung Che Wai Anthony took effect from the Listing Date, being 6 December 2023.

A Director may serve consecutive terms if re-elected upon the expiry of his/her term. A Director shall continue to perform his duties in accordance with the laws, administrative regulations and the Articles of Association until a duly re-elected Director takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of Directors results in the number of Directors being less than the quorum. The Articles of Association also provides that each Director appointed to fill a casual vacancy or as addition to the Board shall hold office until the first general meeting after his/her appointment. The retiring Directors shall be eligible for re-election.

Each of the executive Directors, non-executive Directors, independent non-executive Directors and Supervisors has entered into a service contract or appointment letter with the Company for 3-year term. Such service contracts are for a term commencing from the date of appointment to the expiry of the current session of the Board.

Save as disclosed above, the Company did not sign any relevant unexpired service contract which is not terminable within a year without payment of any compensation, other than statutory compensation.

On 7 March 2025, the Nomination Committee conducted a review and evaluation on the qualification of candidates to be appointed as the Directors of the third session of the Board. Upon the review and evaluation, it considered that all Director candidates have met the appointment qualifications and requirements in terms of work experience, management capability, scholarship and character, and no measure of their being prohibited from having access to the securities market is found to be taken by the CSRC and the Hong Kong SFC; that neither penalties by the CSRC, the Hong Kong SFC and their relevant authorities nor disciplinary actions by the Hong Kong Stock Exchange are imposed on them; that there is no occurrence of their being suspected of any crime which is under formal investigation by the judicial authority or any non-compliance which is under formal investigation by the CSRC and the Hong Kong SFC; that they are not dishonest persons subject to enforcement. Therefore, the Nomination Committee agrees to nominate Mr. Wang Dehui, Mr. Wang Degen, Mr. Yao Hailong, Mr. Hu Wei and Mr. Zeng Min as Executive Directors of the third session of the Board; Ms. Liu Shan as Non-executive Director of the third session of the Board; and Mr. Pan Ying, Mr. Zhu Qing and Mr. Fung Che Wai Anthony as Independent Non-executive Directors of the third session of the Board.

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director will receive a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Such induction shall be supplemented by visits to the Company's key plant sites and meetings with senior management of the Company.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate.

During the Reporting Period, the Company organized training sessions conducted by the qualified professionals/legal advisers for all Directors. The training sessions covered Directors' duties and responsibilities. In addition, relevant reading materials covering Directors' duties and responsibilities have been provided to the Directors for their reference and studying.

The training records of the Directors up to date of this annual report are summarized as follows:

Directors	Type of Training[Note]
Executive Directors	
Mr. Wang Dehui	A, B
Mr. Wang Degen	A, B
Mr. Yao Hailong	A, B
Mr. Hu Wei	A, B
Mr. Zeng Min	A, B
Non-executive Director	
Ms. Liu Shan	A, B
Independent Non-executive Directors	
Mr. Pan Ying	A, B
Mr. Zhu Qing	A, B
Mr. Fung Che Wai Anthony	A, B

Note:

Types of Training

A. Attending training sessions, including but not limited to briefings, seminars, conferences and workshops

B. Reading relevant news alerts, newspapers, journals, magazines and relevant publications

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, Remuneration Committee and Nomination Committee are published on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

Audit Committee

The Audit Committee consists of three members, namely Mr. Fung Che Wai Anthony, Ms. Liu Shan and Mr. Zhu Qing. The Audit Committee consists of two independent non-executive Directors, namely Mr. Fung Che Wai Anthony and Mr. Zhu Qing, and one non-executive Director, namely Ms. Liu Shan, and Mr. Fung Che Wai Anthony is the chairman of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the Corporate Governance Code and the PRC laws. The primary responsibilities of the Audit Committee are (a) to make recommendations on the appointment, re-appointment or removal of the external auditor firm, to approve the remuneration and terms of engagement of the external auditor firm, and to handle any issues relating to the resignation or removal of the external auditor firm; (b) to review and monitor the independence and objectivity of the external auditor firm and the effectiveness of the audit process in accordance with applicable standards; the Committee should discuss the nature and scope of the audit and the reporting obligations with the auditor before the audit commences; (c) to formulate and implement policies on engaging an external auditor firm to provide non-audit services. For the purpose of this provision, an external auditor firm includes any entity that is under the common control, ownership, or management as the company responsible for the audit or any entity that a reasonably informed third party knowing all relevant information would reasonably conclude to be part of the external auditor locally or internationally. The Committee shall report and make recommendations to the Board on any matters where action or improvement is needed; (d) to act as the representative between the Company and the external auditor firm and to be responsible for supervising the relationship between the two; (e) to review the financial information of the Company and its disclosure; (f) to monitor the integrity of the Company's financial statements and annual report and accounts, half-year report, and quarterly report (if any), and to review the significant judgements on financial reporting contained in financial statements and financial reports; to supervise the annual audit work, to make judgements on the authenticity, accuracy, and completeness of the information in the audited financial report, and to submit the statements and the report with the views of the Committee to the Board for consideration; and (g) to review and evaluate the Company's financial controls, risk management, and internal audit systems.

During the Reporting Period, the Audit Committee held three meetings and met with the Company's external auditor regarding the review of the Company's financial report and accounts three times. The major work performed by the Audit Committee with respect to the year ended 31 December 2024 included reviewing and recommending the re-appointment of the external auditor, approving the terms of engagement (including the remuneration) of the external auditor and the audit plan, reviewing the unaudited interim report and interim results announcement for the six months ended 30 June 2024, reviewing the audited financial statements and final results announcement for the year ended 31 December 2024, reviewing the work of the Group's audit department and assessing the effectiveness of the Group's systems of risk management, internal control and internal audit. A summary of the attendance records is set out below:

Name of Directors	Attendance/ Number of Meetings
Mr. Fung Che Wai Anthony	3/3
Mr. Zhu Qing	3/3
Ms. Liu Shan	3/3

Remuneration Committee

The Remuneration Committee consists of three members, namely Mr. Pan Ying, Mr. Fung Che Wai and Mr. Wang Degen. Mr. Pan Ying is the chairman of the Remuneration Committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the Corporate Governance Code and the PRC laws. The primary functions of the Remuneration Committee include:

- reviewing and examining the remuneration policy and structure for Directors and senior management based on the corporate policies and objectives formulated by the Board, positions, duties, and scope of work of the Directors and senior management, and with reference to the remuneration for similar positions in the same region, in the same industry or offered by competitors, and making recommendations to the Board on the establishment of formal and transparent procedures for developing remuneration policy;
- examining the performance of the Directors and senior management of the Company and conducting annual appraisals of their performance, and, based on such appraisals, coming up with annual remuneration plans and further incentives or punishment plans and submitting those to the Board for consideration, and overseeing the implementation of the aforementioned plans;
- evaluating the remuneration system of the Company and reviewing and overseeing its implementation;
- making recommendations to the Board on remuneration packages of individual executive Directors and senior management, including non-pecuniary benefits, pension rights and compensation payments (including any compensation payable for loss or termination of office or appointment);
- making recommendations to the Board on the remuneration of non-executive Directors;
- constantly supplementing and amending the remuneration system and structure according to the development of the market and the Company;
- considering salaries paid by comparable companies, time commitment, and responsibilities and employment terms of other positions within the Group;
- reviewing and approving the compensation payable to executive Directors and senior management for any loss or termination of their office or appointment to ensure that it is consistent with the contractual terms; such compensation should be fair and reasonable and not excessive if it is not consistent with the contractual terms;
- reviewing and approving compensation arrangements in relation to dismissal or removal of Directors for misconduct to ensure that such arrangements are consistent with the contractual terms; such compensation should be reasonable and appropriate if it is not consistent with the contractual terms;
- ensuring that no Directors or his/her associate(s) is involved in determining his/her own remuneration;
- reviewing and/or approving the matters relating to the share schemes under Chapter 17 of the Listing Rules;
- explaining to the shareholders about the remuneration of Directors and senior management; and
- other duties as stipulated in the Articles of Association and other matters authorised by the Board.

The Company's remuneration policy is to ensure that the remuneration offered to the Directors, Supervisors and senior management, is based on skill, knowledge, responsibilities and involvement in the Company's affairs. The remuneration and compensation packages of the Directors, Supervisors and senior management are also determined with reference to account salaries paid by comparable companies, time commitment and responsibilities of the Directors and Supervisors and the performance of the Group. The remuneration for the Directors and Supervisors comprises fees, salaries, allowances, benefits in kind, performance-related bonuses, equity-settled share-based compensation expense and pension scheme contributions.

The remuneration of the senior management of the Company, whose biographical details are included in section headed "Biographical Details of Directors, Supervisors and Senior Management" of this annual report, for the year ended 31 December 2024 falls within the following bands:

Remuneration (HK$)	Number of Individuals
0–1,000,000	2
1,000,000–2,000,000	3

During the Reporting Period, the Remuneration Committee held one meeting. A summary of the attendance records is set out below:

Name of Directors	Attendance/ Number of Meetings
Mr. Pan Ying	1/1
Mr. Wang Degen	1/1
Mr. Fung Che Wai Anthony	1/1

Nomination Committee

The Nomination Committee consists of three members, namely Mr. Zhu Qing, Mr. Pan Ying and Mr. Wang Dehui. Mr. Zhu Qing is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the Corporate Governance Code and the PRC laws. The principal duties of the Nomination Committee include:

- to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least once every year and make recommendations on any proposed changes to the Directors and senior management to complement the Company's strategy, in accordance with the relevant requirements of the Company Law and the Listing Rules and taking into consideration the characteristics and other specific circumstances of the Company. When considering the composition of the Board, the Committee shall take into account the diversity of the Board from various aspects, including but not limited to the gender, age, cultural and educational background and professional experience of the Directors;

- to examine the selection criteria and procedures of Directors and managers, and to make recommendations to the Board;

- to conduct extensive searches for qualified candidates for Directors and managers and to examine the candidates for Directors and managers and to make recommendations to the Board;

- to examine other senior management personnel who are required to be appointed by the Board and make recommendations;

- to assess the independence of the independent non-executive Directors:

- to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors (in particular, the chairman and the President); and

- to carry out other duties as stipulated in the Articles of Association and other matters authorised by the Board.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out as set out in the Board Diversity Policy that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

During the Reporting Period, the Nomination Committee held one meeting. A summary of the attendance records is set out below:

Name of Directors	Attendance/ Number of Meetings
Mr. Zhu Qing	1/1
Mr. Pan Ying	1/1
Mr. Wang Dehui	1/1

Details of the remuneration of the Directors, Supervisors and key management of the Company by band are set out in Note 8 to the consolidated financial statements.

Board of Supervisors

The Board of Supervisors is a supervisory body of the Company which is responsible for the supervision of the Board and its members and senior management so as to prevent them from the misuse of authority and infringement upon lawful rights of the Shareholders, the Company and the Company's employees. The number of members and the composition of the Board of Supervisors are in line with the provisions and requirements of the laws, regulations and the Articles of Association. The Board of Supervisors is comprised of three Supervisors, of whom one was an employee representative democratically elected by the employees of the Company.

The biographical information of the Supervisors is set out in the section headed "Biographical Details of Directors, Supervisors and Senior Management" on pages 63 to 64 of this annual report.

Board Diversity Policy

The Company has adopted a Board Diversity Policy in order to enhance the effectiveness of the Board and to maintain a high standard of corporate governance.

Pursuant to the Board Diversity Policy, the Company seeks to achieve diversity of the Board through the consideration of a wide range of factors, including but not limited to gender, age, cultural and educational background, industry experience, technical capabilities, professional qualifications and skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Board have a balanced mixed of knowledge and skills, including overall management and strategic development, finance, accounting and risk management in addition to industry experience in agriculture. The Directors obtained degrees in various majors including business administration, and sciences. The Company have three independent non-executive Directors with different industry background, representing one-third of the members of the Board.

For the purpose of implementation of the Board Diversity Policy, the Board has set the following measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives:

- at least one of the members of the Board shall be female;
- at least one-third of the members of the Board shall be independent non-executive Directors;
- at least one of the members of the Board shall have obtained accounting or other professional qualifications/knowledge of environmental issues.

An analysis of the Board's current composition based on the measurable objectives is set out below:

Gender	
Male:	8 Directors
Female:	1 Director
Designation	
Executive Directors:	5 Directors
Non-executive Director:	1 Director
Independent Non-executive Directors:	3 Directors
Business Experience	
Accounting & Finance:	1 Director
Legal:	1 Director
Experience Related to the Company's Business:	7 Directors

The Nomination Committee and the Board are of the view that the current composition of the Board has achieved the objectives set in the Board Diversity Policy.

The Nomination Committee will review the Board Diversity Policy annually to ensure its effectiveness.

Gender Diversity

The Company values gender diversity across all levels of the Group. The Company has taken, and will continue to take, steps to promote gender diversity at all levels of the Company, including but not limited to the Board and the senior management levels.

The following table sets out the gender ratio in the workforce of the Group as at the date of this annual report:

	Female	Male
Overall workforce	29.12%	70.88%

The Board had targeted to achieve and had achieved at least 1/9 of female Directors, and considers that the above current gender diversity is satisfactory.

The Company will continue to work to enhance gender diversity of the Board. The Board will use its best endeavours to appoint female Directors to the Board and the Nomination Committee will use its best endeavours to identify and recommend suitable female candidates to the Board for its consideration of appointment of Directors. The Company will also continue to ensure that there is gender diversity when recruiting staff from mid to senior level, such that it will have a pipeline of female management and potential successors to our Board in due time to ensure gender diversity of the Board. The Group will continue to emphasise training of female talents and provide long-term development opportunities for the female staff.

Director Nomination Policy

The Nomination Committee shall review the structure, size and composition (including the skills, knowledge and experience) of the Board at least once every year and make recommendations on any proposed changes to the Directors and senior management to complement the Company's strategy, in accordance with the relevant requirements of the Company Law and the Listing Rules and taking into consideration the characteristics and other specific circumstances of the Company. When considering the composition of the Board, the Committee shall take into account the diversity of the Board from various aspects, including but not limited to the gender, age, cultural and educational background and professional experience of the Directors.

The Company has adopted a Director Nomination Policy, as contained in the terms of reference of the Nomination Committee, which sets out the selection criteria and nomination process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The nomination process of appointment of new Director set out in the Director Nomination Policy is as follows:

(i) the human resources department and the Nomination Committee shall actively communicate with the relevant departments of the Company to assess the Company's demand for new Directors and senior management, and produce materials in writing;

(ii) the Nomination Committee may extensively seek for candidates for Directors and senior management within the Company, its holding (shareholding) enterprises as well as the job market;

(iii) the Nomination Committee shall collect and learn the information of the occupation, education background, job title, detailed working experience and all the part-time jobs of the initially proposed candidates, and produce materials in writing;

(iv) to seek for the nominee's written consent to the nomination, otherwise, he/she shall not be considered as a candidate for Directors and senior management;

(v) to convene Nomination Committee meetings to review the qualifications of the initially proposed candidates according to the job requirements of directors and senior management;

(vi) to submit proposals and the relevant materials to the Board in respect of candidates of Directors and senior management within a reasonable period of time prior to the election of new Directors and senior management; and

(vii) to carry out other follow-up work according to the decision and feedback of the Board.

The Nomination Committee shall submit its decisions, recommendations and/or proposals to the Board for consideration and decision. Among which, the nomination of director candidates must be submitted to the general meeting of Shareholders for review and approval after being reviewed by the Board and before implementation.

The criteria for assessing the suitability and the potential contribution to the Board of a proposed candidate as set out in the Board Diversity Policy, including but not limited to the following, are gender, age, cultural and educational background, industry experience, technical capabilities, professional qualifications and skills, knowledge and length of service.

During the Reporting Period, there was no change in the composition of the Board.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

Corporate Governance Functions

In accordance with Code Provision A.2.1 of the CG Code, the Board is responsible for performing the corporate governance duties including:

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the Company's compliance with CG Code and disclosure in the Corporate Governance Report.

The Board has performed the above duties during the Reporting Period.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness and that a clear and effective risk management and internal control systems can safeguard the interests of the Shareholders and the Company's assets.

The Company's risk management and internal control systems have been developed with the following principles, features and procedures:

The Audit Committee of the Company assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems on an annual basis. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company has developed and adopted various risk management procedures and guidelines which defined key business processes, management of biological assets and financial response.

All divisions/departments conduct internal control assessment regularly to identify risks that may affect the Company's business and various aspects including key operational and financial processes, compliance and information security, etc. Self-evaluation is conducted annually to confirm that control policies are properly complied with by each division/department.

The management, in coordination with division/department heads, assessed the likelihood of risk occurrence, provided response plans, and monitored the risk management progress, and reported to the Audit Committee and the Board on all findings and the effectiveness of the systems.

The Company has systematically identified various risks faced by the Company and conducted effective risk management for the identified risks during the Reporting Period. The Company has also established relevant internal control policies and procedures for cash and treasury management and financial reporting and disclosure control, which have been operating effectively. All audit data, internal control review reports including findings and recommendations for improvement have been presented and expressed to the Board and the Audit Committee.

The Board has performed the internal audit function of the Group and reviewed the risk management and internal control work during the Reporting Period, and conducted an annual review of the risk management and internal control systems, including financial, operational and compliance controls, during the Reporting Period with the support of the Audit Committee and the management report, and considered that such systems are effective and adequate. The results of the Company's risk management and internal control work during the internal audit period showed that the Company had no major risk monitoring failure, and no major risk control weakness was found. The Board considers that the Company's risk management and internal control systems are effective and adequate.

Whistleblowing Policy

The Company has in place a whistleblowing policy for employees of the Company and those who deal with the Company to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matters related to the Company.

Anti-Corruption Policy

The Company has also in place an anti-corruption policy to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for employees of the Company to report any suspected corruption and bribery. Employees can also make anonymous reports according to the procedures as set out in the Whistleblowing Policy.

Disclosure of Inside Information Policy

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

Directors' Responsibility in Respect of the Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements with the support of the accounting and finance team.

The Directors have prepared the financial statements in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board. Appropriate accounting policies have also been used and applied consistently except the adoption of revised standards, amendments to standards and interpretation.

The financial statements of the Company are prepared on a going concern basis. The Directors are of the view that the financial statements give a true and fair view of the financial position, performance and cash flow of the Group for the year ended 31 December 2024, and the disclosure of other financial information and report therein complies with relevant legal requirements.

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

AUDITOR'S REMUNERATION

The remuneration paid and payable to the external auditors of the Company for the year ended 31 December 2024 is set out as follows:

Services rendered	Paid/payable RMB'000
Audit services	3,600
Non-audit services	
— Interim results reviewing services	1,900
— ESG services	120
Total	5,620

JOINT COMPANY SECRETARIES

The Company has appointed Mr. Zeng Min (Mr. Zeng), an executive Director of the Company, and Mr. Li Kin Wai (Mr. Li), a senior manager of corporate services of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services, as the Company's joint company secretaries.

All Directors have access to the advice and services of the joint company secretaries on corporate governance and board practices and matters. Mr. Zeng has been designated as the primary contact person at the Company which would work and communicate with Mr. Li on the Company's corporate governance and secretarial and administrative matters.

For the year ended 31 December 2024, Mr. Zeng and Mr. Li have undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

Convening an Extraordinary General Meeting

Pursuant to the Article 49 of the Articles of Association, The Shareholders who individually or jointly hold more than 10% of the shares of the Company shall have the right to propose to the Board of Directors to convene an extraordinary general meeting. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations, the Listing Rules, other securities regulatory rules of the places where the Company's shares are listed, and the Articles of Association, give a written feedback on approval or disapproval of the convening of an extraordinary general meeting within 10 days after receiving the request.

When the Board of Directors agrees to convene an extraordinary general meeting, it shall serve a notice of such meeting within five days after the resolution is made by the Board of Directors. Changes in the original proposal in the notice shall be subject to the approval of relevant shareholders.

If the Board of Directors does not agree to hold the extraordinary general meeting or fails to give a reply within 10 days after receipt of the request, shareholders individually or jointly holding more than 10% of the shares of the Company have the right to propose to the Board of Supervisors to convene an extraordinary general meeting and shall submit their request to the Board of Supervisors in writing.

If the Board of Supervisors agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within 5 days after receipt of the said request. Changes in the original proposal in the notice shall be subject to the approval of relevant shareholders.

Putting Forward Proposals at General Meetings

Pursuant to the Article 54 of the Articles of Association, Shareholders individually or jointly holding 3% or more of the shares of the Company shall be entitled to put forward proposals to the Company.

Shareholders individually or jointly holding 3% or more of the shares of the Company may submit ad hoc proposals to the convener of the general meeting in writing 10 days prior to Shareholders' general meeting. The convener shall issue a supplementary notice of the general meeting to provide information of such ad hoc proposals within two days after receipt thereof.

Except as provided in the preceding paragraph, the convener shall not amend the proposals set out in the notice of the general meeting or put up any new proposals after the issuance of the notice of the general meeting.

Proposals which are not specified in the notice of the general meeting or which are not in compliance with the Articles of Association shall not be voted on or resolved at the general meeting.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, the Directors, Supervisors and senior management officers shall provide explanations and statements relating to the queries and suggestions put forward by the Shareholders at the general meeting.

Contact Details

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

Address: Unit 901–909, 9th Floor, Building 2, Chengdu East Aviation Centre, 32 Lingang Road, Shuangliu District, Chengdu, Sichuan Province, PRC (For the attention of the Board of Directors/Company Secretary)
Telephone: +86 02862588239
Email: IR@dekanggroup.com

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

Communication with Shareholders and Investors/Investor Relations

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company is endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

To safeguard Shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Shareholders Communication Policy

The Company has in place a Shareholders Communication Policy. The policy aims at promoting effective communication with Shareholders and other stakeholders, encouraging Shareholders to engage actively with the Company and enabling Shareholders to exercise their rights as Shareholders effectively.

The Company has established and maintained a number of channels for maintaining an on-going dialogue with its Shareholders as follows:

(a) Corporate Communication

"Corporate Communication" as defined under the Listing Rules refers to any document issued or to be issued by the Company for the information or action of holders of any of its securities, including but not limited to the following documents of the Company: (a) the Directors' report, annual accounts together with a copy of the auditor's report and, where applicable, its summary financial report; (b) the interim report and, where applicable, its summary interim report; (c) a notice of meeting; (d) a listing document; (e) a circular; and (f) a proxy form. The Corporate Communication of the Company will be published on the Stock Exchange's website (www.hkex.com.hk) in a timely manner as required by the Listing Rules. Corporate Communication will be provided to Shareholders and non-registered holders of the Company's securities in both English and Chinese versions or where permitted, in a single language, in a timely manner as required by the Listing Rules. Shareholders and non-registered holders of the Company's securities shall have the right to choose the language (either English or Chinese) or means of receipt of the Corporate Communication (in printed form or through electronic means).

(b) Announcements and Other Documents pursuant to the Listing Rules

The Company shall publish announcements (on inside information, corporate actions and transactions etc.) and other documents (e.g. Articles of Association) on the Stock Exchange's website in a timely manner in accordance with the Listing Rules.

(c) Corporate Website

Any information or documents of the Company posted on the Stock Exchange's website will also be published on the Company's website (www.dekanggroup.com). Other corporate information about the Company's corporate governance will also be available on the Company's website.

(d) Shareholders' Meetings

The annual general meeting and other general meetings of the Company are primary forum for communication between the Company and its Shareholders. The Company shall provide Shareholders with relevant information on the resolutions(s) proposed at a general meeting in a timely manner in accordance with the Listing Rules. The information provided shall be reasonably necessary to enable Shareholders to make an informed decision on the proposed resolution(s). Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at the meetings for and on their behalf if they are unable to attend the meetings. Where appropriate or required, the Chairman of the Board and other Board members, the chairmen and deputy chairman of board committees or their delegates, and the external auditors should attend general meetings of the Company to answer Shareholders' questions (if any). The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent Shareholders' approval.

(e) Shareholders' Enquiries

Enquiries about Shareholdings

Shareholders should direct their enquiries about their shareholdings to the Company's H share registrar, Tricor Investor Services Limited, via its online holding enquiry service at www.tricoris.com, or send email to is-enquiries@vistra.com or call its hotline at (852) 2980 1333, or go in person to its public counter at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

Enquiries about Corporate Governance or Other Matters to be put to the Board and the Company

The Company will not normally deal with verbal or anonymous enquiries. Shareholders may send any enquiries to the Board by email: IR@dekanggroup.com or by post to Unit 901–909, 9th Floor, Building 2, Chengdu East Aviation Centre, 32 Lingang Road, Shuangliu District, Chengdu, Sichuan Province PRC.

(f) Webcast

Webcasts of the Company's annual results announcement and annual report briefings are available.

(g) Other Investor Relations Communication Platforms

Investor/analysts briefings, roadshows (both domestic and international), media interviews, marketing activities for investors and specialist industry forums etc. will be launched on a regular basis.

The Company undertakes annual review of the implementation and effectiveness of the various channels of communication with investors, including steps taken at the general meetings, the handling of queries received (if any) and the multiple channels of communication and engagement in place. The Company is satisfied that the communication with the Shareholders is effective.

Amendments to Constitutional Documents

The Company submitted an application to the CSRC in respect of the conversion of certain of its Domestic Shares into H Shares (the "H Share Full Circulation") on 25 December 2023 and the Conversion of 61,944,501 Domestic Shares into H Shares was completed on 30 January 2024. The Company has therefore amended its Articles of Association to reflect the share capital structure of the Company resulting from the completion of the H Share Full Circulation and to incorporate certain housekeeping amendments. Such amendments became effective upon the passing of the relevant special resolution on the annual general meeting held on 10 May 2024. For details, please refer to the Company's announcement and circular dated 8 April 2024 and 19 April 2024, respectively.

Save as disclosed above, no amendments were made to the Articles of Association in the year ended 31 December 2024.

Dividend Policy

The Company has adopted a dividend policy on payment of dividends. The Company does not have any pre-determined dividend payout ratio. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the Dividend Policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the Shareholders' approval.

The Board of the Company hereby presents its report together with the audited financial statements of the Group for the year ended 31 December 2024 to its Shareholders.

PRINCIPAL BUSINESS

The Company and its subsidiaries are principally engaged in: (i) providing market hogs, breeding pigs, market piglets and boar semen; (ii) providing yellow-feathered broilers, chicks and eggs; and (iii) providing ancillary products such as ingredients, fresh meat and others.

RESULTS

The results for the year ended 31 December 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on page 74 of this annual report.

FINAL DIVIDENDS

The Board has resolved to recommend the payment of a final dividend of RMB0.90 per share (2023: Nil) to all Shareholders, based on the total share capital of the Company as of 31 December 2024 (deducting the number of Shares held in the repurchase account of the Company), subject to approval by the shareholders at the forthcoming annual general meeting of the Company to be held on Tuesday, 22 April 2025. Such proposed dividend is expected to be distributed to the Shareholders of the Company whose names appear on the register of members of the Company on Wednesday, 30 April 2025. If approved by the Shareholders, the final dividend is expected to be paid on 5 June 2025. There is no arrangement under which a Shareholder has waived or agreed to waive any dividend.

The dividend will be declared and calculated in RMB, dividend for Shareholders of Domestic Shares will be paid in RMB whereas dividend for Shareholders of H Shares will be paid in Hong Kong dollars. The exchange rate of dividend paid in Hong Kong dollars shall be determined by the rate of average benchmark exchange rate of HK$ against RMB published by the People's Bank of China five business days before the date of declaring the distribution of dividend at the AGM.

The Company has adopted a dividend policy on payment of dividends. The Company does not have any pre-determined dividend pay-out ratio. The Board has the discretion to declare and distribute dividends based on the Company's financial results, cash flow situation, business conditions and strategies, future operations and earnings, capital requirements and expenditure plans, interests of shareholders, any restrictions on payment of dividends and any other factors that the Board may consider relevant. The ability of the Company to make distributions is subject to the Articles of the Association and all applicable laws and regulations. Any final dividend for a financial year will be subject to shareholders' approval. The Company may declare and pay dividends by way of cash or scrip or by other means that the Board considers appropriate.

According to the Law of the People's Republic of China on Enterprise Income Tax and its implementation regulations implemented on 1 January 2008 and amended on 24 February 2017 and 29 December 2018, the Company is obligated to withhold and pay enterprise income tax at the rate of 10% from the cash dividend payable to non-resident enterprise Shareholders whose names appear on the H Shareholders' register of the Company on their behalf. Any H Shares registered under the name of non-individual Shareholder, including the H Shares registered under the name of HKSCC Nominees Limited, other nominees, agents or trustees, other organisations or entities, shall be deemed as Shares held by non-resident enterprise Shareholders, and therefore, enterprise income tax will be withheld from the dividend payable to such Shareholders. If holders of H Shares intend to change its Shareholder status, please enquire about the relevant procedures with your agents or trustees. The Company will strictly comply with the law or the requirements of the relevant government authority and withhold and pay enterprise income tax on behalf of the relevant Shareholders based on the register of members for H Shares as of 30 April 2025.

Pursuant to the Notice on the Issues on Levy of Individual Income Tax after the Abolishment of Guoshuifa (1993) No. 045 Document (《關於國稅發(1993)045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han (2011) No. 348) issued by the State Administration of Taxation, the Company shall withhold and pay the individual income tax for dividend payable to its individual Shareholders and individual Shareholders are entitled to relevant tax preferential treatments according to the tax agreements between those countries where the individual Shareholders are residents and China and the provisions in respect of tax arrangements between the mainland China and Hong Kong (Macau). The Company would withhold and pay the individual income tax at the tax rates of 10% on behalf of the individual Shareholders who are Hong Kong residents, Macau residents or residents of those countries having agreements with China for individual income tax rates in respect of dividend of 10%. For individual Shareholders who are residents of those countries having agreements with China for individual income tax rates in respect of dividend of lower than 10%, the Company may make applications on their behalf to seek entitlement of the relevant agreed preferential treatments pursuant to the Notice of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by Non-resident Taxpayers under Tax Treaties (SAT Notice [2019] No. 35) (《關於發佈＜非居民納稅人享受協定待遇管理辦法＞的公告》(國家稅務總局公告2019年第35號)). For individual Shareholders who are residents of those countries having agreements with China for individual income tax rates in respect of dividend of higher than 10% but lower than 20%, the Company would withhold the individual income tax at the agreed-upon effective tax rate. For individual Shareholders who are residents of those countries without any taxation agreements with China or having agreements with China for individual income tax in respect of dividend of 20% and other situations, the Company would withhold the individual income tax at a tax rate of 20%.

Shareholders are recommended to consult their tax advisor regarding the ownership and disposal of H Shares in the PRC and in Hong Kong and other tax effects.

ANNUAL GENERAL MEETING

The annual general meeting (the "AGM") of the Company will be held on Tuesday, 22 April 2025. A notice convening the AGM will be published on the website of the Stock Exchange at (www.hkexnews.hk) and the website of the Company at (www.dekanggroup.com) in due course in the manner prescribed by the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS FOR AGM

In order to determine the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 15 April 2025 and Tuesday, 22 April 2025 (both days inclusive), during which period no transfer of Shares will be registered. Shareholders should lodge all completed transfer documents accompanies by the relevant share certificates to the H Share Registrar of the Company at Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for holders of H Shares), or to the Company's registered office, at Unit 901–909, 9th Floor, Building 2, Chengdu East Aviation Centre, 32 Lingang Road, Shuangliu District, Chengdu, Sichuan Province, PRC (for holders of Domestic Shares) no later than 4:30 p.m. Monday, 14 April 2025 for handling registration procedures. The record date for determining the entitlement to attend and vote at the AGM will be Tuesday, 22 April 2025.

CLOSURE OF REGISTER OF MEMBERS FOR FINAL DIVIDEND

In order to determine the entitlement to the proposed final dividend, the register of members of the Company will be closed from Monday, 28 April 2025 to Wednesday, 30 April 2025 (both dates inclusive), during which period no transfer of shares will be registered. In order to qualify for the entitlement to the proposed final dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for holders of H Shares) for registration no later than 4:30 p.m. on Friday, 25 April 2025. The record date for determining the entitlement to the proposed final dividend will be Wednesday, 30 April 2025.

BUSINESS REVIEW

The business review of the Group is set out in the section headed "Management Discussion and Analysis" in this annual report on pages 10 to 21.

ENVIRONMENTAL POLICY AND PERFORMANCE

The Group is dedicated to building a comprehensive set of environmental, social and governance ("**ESG**") policy and system. The Group has formulated an ESG policy in accordance with the "Environmental, Social and Governance Reporting Guidelines" set out in Appendix C2 to the Listing Rules, which sets out the ESG governance structure, ESG strategy and target formulation procedures, ESG risk management mechanism, ESG key performance indicators and target management and control mechanism, and ESG information disclosure mechanism. The Group has formulated key policies and prepared system documents for various aspects, including risk management, business ethics, safety, environmental protection, biological safety, and human resources, to ensure that the Group effectively implements ESG practises in all fronts.

During the Reporting Period, we had not been subject to any fines or other penalties which may have a material impact on our business due to non-compliance with health, safety or environmental laws or regulations.

For details, please refer to the Company's Environmental, Social and Governance Report for 2024.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group recognises the importance of compliance with regulatory requirements and the risk of non-compliance with the applicable rules and regulations. The Group has allocated abundant resources to ensure ongoing compliance with laws and regulations and to maintain health relationships with regulators through effective communications. As far as the Company is aware, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that has a significant impact on the businesses and operations of the Group during the Reporting Period.

RELATIONSHIP WITH STAKEHOLDERS

The Group understands the importance of maintaining good relationship with its employees, customers and suppliers so as to meet its current or long-term business goals. During the Reporting Period, there were no material and substantive disputes between the Group and its employees, customers and suppliers.

Employee

As at 31 December 2024, we had 10,475 employees (2023: 9,854 employees), all of which are located in the PRC. Our success depends on our ability to attract, retain and motivate qualified employees. To this end, as part of our human resource strategy, we are committed to building a competitive talent team. We offer our employees competitive remuneration package. Employee remuneration package includes salary, bonus and allowance. In accordance with PRC laws and regulations, we participate in social insurance schemes operated by relevant local government authorities and maintain mandatory pension contribution schemes, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance for employees. We also pay housing provident fund contributions for our employees. In addition, we provide continuous education and training courses to our employees to improve their skills and develop their potential. We have also adopted evaluation programmes based on which employees can receive feedback. We promote strong employee relationships by providing various employee benefits and personal development support.

Customers and Suppliers

During the Reporting Period, the five largest customers of the Group accounted for less than 30% of the Group's total sales amount, and the five largest suppliers of the Group accounted for less than 30% of the Group's total purchase amount.

During the Reporting Period, except for Tequ Husbandry, all our five largest customers and five largest suppliers are Independent Third Parties, and, to the best knowledge of the Company, no Directors, Supervisors, their respective associates or Shareholders who own 5% or more of the Company's issued share capital have any interest in the five largest customers or five largest suppliers. The Company does not constitute a dependence on minority customers and suppliers.

SHARE CAPITAL

As at 31 December 2024, the total number of Shares of the Company was 388,875,636 Shares, comprising 260,811,451 Domestic Shares, representing 67.07% of the issued Shares, and 128,064,185 H Shares, representing 32.93% of the issued Shares.

USE OF PROCEEDS FROM THE LISTING

The Company's H Shares were listed on the Main Board of the Stock Exchange on 6 December 2023. The net proceeds from the Global Offering were approximately HKD952.5 million after deducting underwriting commissions and offering expenses paid or payable. Since the Listing Date and as at 31 December 2024, the Group has utilised approximately HK$696.8 million of the proceeds for general corporate purposes. We have gradually utilised and intend to use the proceeds from the Global Offering according to the purposes and proportions disclosed in the Prospectus. See the table below for details:

Purpose	Approximate percentage of the total net proceeds (%)	Net proceeds from the Global Offering (HK$ million)	Remaining net proceeds as of 31 December 2023 (HK$ million)	Net proceeds utilised as of 31 December 2024 (HK$ million)	Net proceeds utilised in the year ended 31 December 2024 (HK$ million)	Remaining net proceeds as of 31 December 2024[1] (HK$ million)	Expected timeline for fully utilising unutilised net amount
Expanding the existing pigs and yellow-feathered broilers farming business	50.00%	476.3	476.3	381.0	381.0	95.3	by end of 2026
Developing the food processing business	15.00%	142.9	142.9	142.9	142.9	0	(Note)
Investment in the R&D and information technology system	10.00%	95.3	95.3	62.0	62.0	33.3	by end of 2026
Strategic investments or potential acquisitions	10.00%	95.3	95.3	0	0	95.3	N/A
Repaying certain outstanding bank loans	5.00%	47.6	47.6	47.6	47.6	0	N/A
Working capital and general corporate purposes	10.00%	95.3	95.2	63.3	63.3	32.0	N/A
Total	100.00%	952.5	952.5	696.8	696.8	255.9	

Notes:

(1) Numbers have been subject to rounding. Any discrepancy between the total and the sum of the amounts listed is due to rounding.

(2) Due to business needs, the proceeds from IPO listing designated for developing the food processing business have been fully utilised as of 31 December 2024.

PRINCIPAL SUBSIDIARIES

Details of the principal activities of the principal subsidiaries of the Company are set out in Note 15 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group during the year ended 31 December 2024 are set out in the consolidated statements of financial position.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the distributable reserves of the Company were RMB1,141.8 million.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company as at 31 December 2024 are set out in Note 26 to the financial statements in this report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2024 are set out in Note 11 to the financial statements.

PRE-EMPTIVE RIGHTS

Under the Articles of Association and the laws of the PRC, there are no provisions about pre-emptive rights that require the Company to offer new shares to its existing Shareholders in proportion to their shareholdings.

TAX RELIEF

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

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

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

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

SECURITIES TRANSACTIONS OF DIRECTORS AND SUPERVISORS

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

No incident of non-compliance of the Model Code by the employees was noted by the Company for the Reporting Period.

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, the interests and short positions of the Directors, Supervisors and chief executives in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning as defined in Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which they were taken or deemed to have under such provisions of the SFO), or to be entered in the register to be kept pursuant to section 352 of the SFO, or otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix C3 to the Listing Rules are as follows:

Name of Directors/Supervisors/ Chief Executives	Nature of interest	Description of Shares	Number of Shares held[1]	Approximate percentage of shareholding in the relevant Shares (%)[2]	Approximate percentage of shareholding in the total share capital of our Company (%)[3]
Mr. Wang Degen	Beneficial Owner	Domestic Shares	11,915,198 (L)	4.57	3.06
	Interests of a controlled corporations	Domestic Shares	119,400,900 (L)	45.78	30.70
		H Shares	11,666,269 (L)	9.11	3.00
Mr. Wang Dehui[4]	Beneficial owner	Domestic Shares	5,957,599 (L)	2.28	1.53
	Interests of controlled corporations	Domestic Shares	5,596,242 (L)	2.15	1.44
		H Shares	5,596,243 (L)	4.37	1.44
Mr. Yao Hailong[5] [6]	Beneficial owner	Domestic Shares	2,978,799 (L)	1.14	0.77
	Interests in the Employee Shareholding Platforms	Domestic Shares	977,879 (L)	0.37	0.25
		H Shares	977,879 (L)	0.76	0.25
Mr. Hu Wei	Beneficial owner	Domestic Shares	8,936,398 (L)	3.43	2.30
Mr. Zeng Min[5] [6]	Interests in the Employee Shareholding Platforms	Domestic Shares	105,184 (L)	0.04	0.03
		H Shares	105,185 (L)	0.08	0.03
Ms. Zhu Hui[5] [6]	Interests in the Employee Shareholding Platforms	Domestic Shares	46,748 (L)	0.02	0.01
		H Shares	46,749 (L)	0.04	0.01
Ms. Gong Shuang[5] [6]	Interests in the Employee Shareholding Platforms	Domestic Shares	99,648 (L)	0.04	0.03
		H Shares	99,649 (L)	0.08	0.03
Ms. Zhou Zhexu[5] [6]	Interests in the Employee Shareholding Platforms	Domestic Shares	55,360 (L)	0.02	0.01
		H Shares	55,361 (L)	0.04	0.01
Mr. Wu Chengli[5] [6]	Interests in the Employee Shareholding Platforms	Domestic Shares	234,973 (L)	0.09	0.06
		H Shares	234,974 (L)	0.18	0.06
Mr. Jiang Yongjun[5] [6]	Interests in the Employee Shareholding Platforms	Domestic Shares	124,868 (L)	0.05	0.03
		H Shares	124,868 (L)	0.10	0.03

Notes:

\# Numbers have been subject to rounding. Any discrepancy between the total and the sum of the amounts listed is due to rounding.

(1) The letter "L" denotes the person's long position in our Shares.

(2) The calculation is based on the percentage of shareholding in the relevant Shares as at 31 December 2024.

(3) The calculation is based on the total number of 388,875,636 Shares in issue as at 31 December 2024.

(4) Sichuan Dinghui Ronghe Enterprise Management Co., Ltd. (四川鼎輝榮和企業管理有限公司), which is wholly-owned by Mr. Wang Dehui, is the general partner of the Employee Shareholding Platforms Zhongcheng Jinyi and Tongchuang Deheng, which held 9,469,072 Shares and 1,723,413 Shares, respectively, as at 31 December 2024, and he exercises his voting rights uniformly to exercise the voting rights of the shares of the Company.

(5) Mr. Yao Hailong, Mr. Zeng Min, Ms. Zhu Hui, Ms. Gong Shuang, Ms. Zhou Zhexu, Mr. Wu Chengli and Mr. Jiang Yongjun held economic interest in the Employee Shareholding Platforms, Zhongcheng Jinyi and/or Tongchuang Deheng. They are deemed to be interested in the issued share capital of the Company for the Shares underlying the awards which have been granted to them pursuant to Part XV of the SFO.

(6) Pursuant to the completion of the H Share Full Circulation on 30 January 2024, 4,734,536 Domestic Shares and 861,707 Domestic Shares held by Zhongcheng Jinyi and Tongchuang Deheng respectively were converted into H Shares, which represents approximately 50% of the total Shares held by each of Zhongcheng Jinyi and Tongchuang Deheng. The number of Domestic Shares and H Shares underlying the awards is calculated on a pro-rata basis.

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

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

To the best knowledge of the Company, as of 31 December 2024, the following persons (other than the Directors, Supervisors and chief executive of the Company) had interests or short positions in the Shares or underlying Shares of our Company which are required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or interests or short positions which are required to be entered in the register pursuant to Section 336 of SFO, or, directly or indirectly, be interested in 5% or more of the nominal value of any class of our share capital:

Shareholder	Nature of interest	Description of Shares	Number of Shares held(1)	Approximate percentage of shareholding in the relevant Shares (%)(2)	Approximate percentage of shareholding in the total share capital of our Company(%)(3)
Dekon Holding(4)	Beneficial Owner	Domestic Shares	119,400,900 (L)	45.78	30.70
		H Shares	11,666,269 (L)	9.11	3.00
Ms. Zhang Qiang(5)	Interest of spouse	Domestic Shares	131,316,098 (L	50.35	33.77
		H Shares	11,666,269 (L)	9.11	3.00
Mr. Chen Yuxin	Beneficial Owner	H Shares	44,681,989 (L)	34.89	11.49
Ms. Zhao Guiqin(6)	Interest of spouse	H Shares	44,681,989 (L)	34.89	11.49
CEL Maiming (光控麥鳴) (7)(9)	Beneficial Owner	Domestic Shares	37,570,873 (L)	14.41	9.66
CEL Huiling Investment (Shanghai) Limited (光控匯領投資(上海)有限公司) ("CEL Huiling")(7)	Interest of controlled corporations	Domestic Shares	40,277,640 (L)	15.44	10.36
CEL Venture Capital (Shenzhen) Limited ("CEL Shenzhen")(7)	Interest of controlled corporations	Domestic Shares	52,556,983 (L)	20.15	13.52
China Everbright Limited ("CEL")(7)(8)	Interest of controlled corporations	Domestic Shares	52,556,983 (L)	20.15	13.52
Honorich Holdings Limited ("Honorich")(8)	Interest of controlled corporations	Domestic Shares	52,556,983 (L)	20.15	13.52

Shareholder	Nature of interest	Description of Shares	Number of Shares held[1]	Approximate percentage of shareholding in the relevant Shares (%)[2]	Approximate percentage of shareholding in the total share capital of our Company(%)[3]
China Everbright Holdings Company Limited (中國光大集團有限公司) ("CE Hong Kong")[8]	Interest of controlled corporations	Domestic Shares	52,556,983 (L)	20.15	13.52
China Everbright Group Ltd. ("China Everbright Group")[8]	Interest of controlled corporations	Domestic Shares	52,556,983 (L)	20.15	13.52
Central Huijin Investment Ltd. ("Huijin")[8]	Interest of controlled corporations	Domestic Shares	52,556,983 (L)	20.15	13.52
Beijing CEL Anya Investment Centre (Limited Partnership) (北京光控安雅投資中心(有限合夥)) ("CEL Anya")[9]	Interest of a controlled corporation	Domestic Shares	37,570,873 (L)	14.41	9.66
Shanghai CEL Jiaxin Equity Investment Management Limited (上海光控嘉鑫股權投資管理有限公司) ("Shanghai CEL")[9]	Interest of a controlled corporation	Domestic Shares	37,570,873 (L)	14.41	9.66
CEL Capital Prestige Asset Management Co., Ltd. (首譽光控資產管理有限公司) ("CEL Capital")[9]	Investment manager	Domestic Shares	37,570,873 (L)	14.41	9.66
Chongqing CEL Equity Investment Management Limited (重慶光控股權投資管理有限公司) ("Chongqing CEL")[9]	Interest of a controlled corporation	Domestic Shares	37,570,873 (L)	14.41	9.66
Yixing CEL[7][9]	Beneficial Owner	Domestic Shares	12,279,343 (L)	4.71	3.16
	Interest of a controlled corporation	Domestic Shares	37,570,873 (L)	14.41	9.66
Mr. Peng Bengang[10]	Beneficial Owner	Domestic Shares	1,816,412 (L)	0.70	0.47
		H Shares	10,098,785 (L)	7.89	2.60
	Interest of spouse	Domestic Shares	8,936,398 (L)	3.43	2.30
Ms. Song Yuanfang[10]	Interest of a controlled corporation	Domestic Shares	8,936,398 (L)	3.43	2.30
	Interest of spouse	Domestic Shares	1,816,412 (L)	0.70	0.47
		H Shares	10,098,785 (L)	7.89	2.60
Mr. Song Fuxian	Beneficial Owner	Domestic Shares	8,868,781 (L)	3.40	2.28
		H Shares	9,004,015 (L)	7.03	2.32
Mr. Tang Jianyuan	Beneficial Owner	Domestic Shares	7,674,360 (L)	2.94	1.97
		H Shares	6,949,036 (L)	5.43	1.79

Notes:

\# Numbers have been subject to rounding. Any discrepancy between the total and the sum of the amounts listed is due to rounding.

(1) The letter "L" denotes the person's long position in our Shares.

(2) The calculation is based on the percentage of shareholding in Domestic Shares or H Shares respectively as at 31 December 2024.

(3) The calculation is based on the total number of 388,875,636 Shares in issue as at 31 December 2024.

(4) Dekon Holding is wholly-owned by Mr. Wang Degen. By virtue of the SFO, Mr. Wang Degen is deemed to be interested in the Shares held by Dekon Holding.

(5) Ms. Zhang Qiang (張強) is the spouse of Mr. Wang Degen. By virtue of the SFO, Ms. Zhang Qiang (張強) is deemed to be interested in the same number of Shares held by Mr. Wang Degen.

(6) Ms. Zhao Guiqin (趙桂琴) is the spouse of Mr. Chen Yuxin (陳育新). By virtue of the SFO, Ms. Zhao Guiqin (趙桂琴) is deemed to be interested in the same number of Shares held by Mr. Chen Yuxin (陳育新).

(7) CEL Huiling is the general partner of CEL Maiming and the general partner of Changzhou Mailun, which held 2,706,767 shares, representing approximately 0.70% of the issued share capital of the Company. CEL Huiling was wholly-owned by CEL Shenzhen, which was in turn wholly-owned by CEL. Yixing CEL, which held 12,279,343 Shares, representing approximately 3.16% of the issued share capital of the Company, was wholly-owned by CEL Shenzhen, which was in turn wholly-owned by CEL. Accordingly, CEL Huiling is deemed to be interested in the Shares held by each of CEL Maiming and Changzhou Mailun, whereas each of CEL Shenzhen and CEL is deemed to be interested in the Shares held by each of CEL Maiming, Yixing CEL and Changzhou Mailun under the SFO.

(8) CEL was owned as to approximately 49.38% by Honorich and 0.36% by Everbright Investment & Management Limited, which were in turn wholly-owned by CE Hong Kong. As such, CEL was owned as to approximately 49.74% by CE Hong Kong, which was in turn wholly-owned by China Everbright Group. China Everbright Group was owned as to approximately 63.16% by Huijin, which was indirectly wholly-owned by the State Council of the People's Republic of China. Accordingly, each of CEL, Honorich, CE Hong Kong, China Everbright Group and Huijin is deemed to be interested in the Shares held by each of related controlled corporation under the SFO.

(9) CEL Anya is a limited partnership holding approximately 40.82% of the limited partnership interest in CEL Maiming. The general partner of CEL Anya is Shanghai CEL, holding approximately 0.02% of the interest. CEL Capital is a special asset management company and a limited partner of CEL Anya, holding approximately 99.98% of its limited partnership interest. Shanghai CEL was wholly-owned by Chongqing CEL, which was in turn wholly-owned by Yixing CEL. Accordingly, each of CEL Anya, CEL Capital, Shanghai CEL, Chongqing CEL and Yixing CEL is deemed to be interested in the Shares held by CEL Maiming under the SFO.

(10) Chengdu Jiakun is owned as to 97.38% by Ms. Song Yuanfang as a limited partner. Ms. Song Yuanfang is the spouse of Mr. Peng Bengang. By virtue of the SFO, Ms. Song Yuanfang is deemed to be interested in the Shares held by Chengdu Jiakun; and each of Ms. Song Yuanfang and Mr. Pengang is deemed to be interested in the Shares held by each other.

Save as disclosed above, as at 31 December 2024, the Company has not been notified by any persons who have interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OR SALE OF TREASURY SHARES

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities or sold treasury shares. As of 31 December 2024, the Company did not hold any treasury shares.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

As of 31 December 2024, none of the Company, Controlling Shareholders or the companies under the same Controlling Shareholders with the Company was a party to any arrangement to entitle the Company's Directors, Supervisors and senior management or their respective minor children to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

ISSUANCE OF DEBENTURES

During the Reporting Period, no issuance of debentures was made by the Company.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period, none of the Directors holds any interests in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

CONTINUING CONNECTED TRANSACTIONS

Connected Persons

As of 31 December 2024, the following entities with whom the Company has entered into certain transactions in our ordinary and usual business are our connected persons:

1. Sichuan Tequ Agriculture and Animal Husbandry Technology Group Co., Ltd. (四川特驅農牧科技集團有限公司) ("Tequ Husbandry")

Tequ Husbandry is owned as to 99.5% by Sichuan Tequ Investment Group Limited (四川特驅投資集團有限公司) ("Sichuan Tequ"). Sichuan Tequ is owned as to 40.1% by Sichuan Puhua Agricultural Technology Development Limited (四川普華農業科技發展有限公司) ("Sichuan Puhua"), 10.9% by Dekon Holding, and 49% by Chengdu Huaxi Hope Group. Co., Ltd. (成都華西希望集團有限公司) ("Huaxi Hope"). Sichuan Puhua is owned as to 65.2% in aggregate by Mr. Wang Degen, his spouse, Ms. Zhang Qiang, and Chengdu Desheng Ronghe Enterprise Management Consulting Co., Ltd. (成都德盛榮和企業管理諮詢有限公司), which is in turn controlled by Wang Yizeng (王益增), son of Mr. Wang Degen and Ms. Zhang Qiang. Huaxi Hope is wholly-owned by Mr. Chen Yuxin, one of our substantial shareholders, and his spouse. Thus, Tequ Husbandry is an associate of each of Mr. Wang Degen and Mr. Chen Yuxin.

2. Guang'an Wanqian Group Co., Ltd. (廣安萬千集團有限公司) ("Guang'an Wanqian")

Guang'an Wanqian is owned as to 90% by Sichuan Neijiang Wanqian Feed Co., Ltd. (四川省內江萬千飼料有限公司) ("Neijiang Wanqian") and 10% by Huaxi Hope. Neijiang Wanqian is owned as to 50% by Ms. Zhao Guiqin, the spouse of Mr. Chen Yuxin, and 50% by Huaxi Hope. Guang'an Wanqian is ultimately owned by Mr. Chen Yuxin, our substantial shareholder, and his spouse, and thus it is an associate of Mr. Chen Yuxin.

3. Guigang Wanqian Feed Co., Ltd. (貴港市萬千飼料有限責任公司) ("Guigang Wanqian")

Guigang Wanqian is ultimately owned by Mr. Chen Yuxin, our substantial shareholder, and his spouse, and thus it is an associate of Mr. Chen Yuxin.

Continuing Connected Transactions

With the continuing development of the Group, and based on estimates of prevailing demand and operating conditions, the Company expects that the transaction amounts of the transactions under the Guigang Wanqian Feed Supply Framework Agreement for the years ending 31 December 2024 and 2025 will exceed the existing annual caps. Therefore, on 9 December 2024, the Company entered into a supplemental agreement with Guigang Wanqian to revise the annual caps for the above continuing connected transactions for the years ending 31 December 2024 and 2025. For details, please refer to Company's announcement dated 9 December 2024.

The following table sets forth the respective annual caps and actual amounts for the continuing connected transactions of the Company for the year ended 31 December 2024:

	Annual Cap for the year ended 31 December 2024 (RMB'000)	Actual transaction amount for the year ended 31 December 2024 (RMB'000)
1. Tequ Feed Supply Framework Agreement	758,500	745,164
2. Guang'an Wanqian Feed Supply Framework Agreement	103,600	88,792
3. Guigang Wanqian Feed Supply Framework Agreement and its supplemental agreement	92,400	85,977

1. Tequ Feed Supply Framework Agreement

The Company entered into the feed supply framework agreement (the "Tequ Feed Supply Framework Agreement") with Tequ Husbandry on 3 September 2023. Pursuant to the Tequ Feed Supply Framework Agreement, Tequ Husbandry and/or its subsidiaries will sell feed to our Group. The Tequ Feed Supply Framework Agreement has a term commencing from the Listing Date to 31 December 2025, renewable for a term of three years upon mutual consent of all parties to the agreement and subject to compliance with the Company with the requirements under the Listing Rules and other applicable laws and regulations. The purchase price payable by our Group to Tequ Husbandry and/or its subsidiaries under the Tequ Feed Supply Framework Agreement will be determined (i) based on arm's length negotiations between Tequ Husbandry or its subsidiaries and our Group, and (ii) with reference to the market price for the same products that the Group purchases from Independent Third Parties in similar quantities in the open market. For details, please refer to the section headed "Connected Transactions" in the Prospectus.

2. Guang'an Wanqian Feed Supply Framework Agreement

The Company entered into the feed supply framework agreement (the "Guang'an Wanqian Feed Supply Framework Agreement") with Guang'an Wanqian on 13 September 2023, pursuant to which Guang'an Wanqian will sell feed to the Group. The Guang'an Wanqian Feed Supply Framework Agreement has a term commencing from the Listing Date to 31 December 2025, renewable for a term of three years upon mutual consent of all parties to the agreement and subject to compliance with the Company with the requirements under the Listing Rules and other applicable laws and regulations. The purchase price payable by the Group to Guang'an Wanqian under the Guang'an Wanqian Feed Supply Framework Agreement will be determined based on (i) arm's length negotiations between Guang'an Wanqian and the Group, and (ii) with reference to the market price for the same products that the Group purchases from Independent Third Parties in similar quantities in the open market. For details, please refer to the section headed "Connected Transactions" in the Prospectus.

3. Guigang Wanqian Feed Supply Framework Agreement

The Company entered into the feed supply framework agreement (the "Guigang Wanqian Feed Supply Framework Agreement") with Guigang Wanqian on 3 September 2023, pursuant to which Guigang Wanqian will sell feed to the Group. The Guigang Wanqian Feed Supply Framework Agreement has a term commencing from the Listing Date to 31 December 2025, renewable for a term of three years upon mutual consent of all parties to the agreement and subject to compliance with the Company with the requirements under the Listing Rules and other applicable laws and regulations. The purchase price payable by the Group to Guigang Wanqian under the Guigang Wanqian Feed Supply Framework Agreement will be determined based on (i) arm's length negotiations between Guigang Wanqian and the Group, and (ii) with reference to the market price for the same products that the Group purchases from Independent Third Parties in similar quantities in the open market. For details, please refer to the section headed "Connected Transactions" in the Prospectus.

On 9 December 2024, the Company entered into (i) the Neijiang Wanqian Feed Supply Framework Agreement and the Xichang Wanqian Feed Supply Framework Agreement, pursuant to which the Company has agreed to purchase and each of Neijiang Wanqian and Xichang Wanqian has agreed to sell feeds to the Company for a term commencing from 1 January 2025 and ending on 31 December 2025 and (ii) the Xinjin Hope Feed Supply Framework Agreement, pursuant to which the Company has agreed to purchase and Xinjin Hope has agreed to sell feeds to the Company for a term commencing from 1 January 2025 to 31 December 2025. For details, please refer to announcement of the Company dated 9 December 2024.

Annual Review of Continuing Connected Transactions

For the year ended 31 December 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) on normal commercial terms or better; 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 Company's auditor was engaged by the Board to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions of the Group.

The Board confirms that the letter issued by the Company's auditor in respect of the disclosed continuing connected transactions has covered each of the matters set out in Rule 14A.56 of the listing rules and the letter has stated that:

(1) nothing has come to their attention that causes them to believe that the transactions have not been approved by the Board;

(2) nothing has come to their attention that causes them to believe that the transactions involving provision of goods or services were not conducted, in all material respects, in accordance with the pricing policy of the Group;

(3) nothing has come to their attention that causes them to believe that the transactions were not conducted, in all material respects, in accordance with the terms of the agreement governing it; and

(4) nothing has come to their attention that causes them to believe that the values of continuing connected transactions entered between the Group and its connected persons which were subject to annual caps have exceeded their respective annual caps.

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

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in Note 33 to the financial statements, the section headed "Service Contracts of Directors and Supervisors" and "Continuing Connected Transactions" in this annual report, none of the Directors, Supervisors or their related entities of the Company has any material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries is a party, and which subsisted at the end of the year or at any time during the year ended 31 December 2024.

CONTRACT OF SIGNIFICANCE

Save as disclosed in this annual report, no contract of significance was entered into for the provision of services to the listed issuer or any of its subsidiaries by a controlling shareholder or any of its subsidiaries during the year ended 31 December 2024.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 December 2024 between the Company and a person other than a Director or Supervisor or any person engaged in the full-time employment of the Company.

EQUITY-LINKED AGREEMENT

No equity-linked agreement was entered into by the Group or existed during the year ended 31 December 2024.

DIRECTORS' PERMITTED INDEMNITY PROVISION

The Company has arranged appropriate insurance in respect of liabilities associated with potential legal proceedings which may be brought against the Directors (including, in respect of persons who were Director of the Company during the Reporting Period and during their term of office as Director of the Company), Supervisors and the senior management arising from their positions.

RELATED PARTY TRANSACTIONS

Details of related party transactions in the normal course of business are set out in Note 33 to the financial statements. Save as disclosed above, none of these related party transactions constitutes connected transactions or continuing connected transactions as defined under the Listing Rules, and the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules and disclosed the transactions in this annual report.

EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

The Remuneration Committee was set up to develop the Company's emolument policy and structure for remuneration of the Directors and senior management of the Company, having regard to the Company's operating results, individual performance of the Directors and senior management and comparable market practices.

Details of the emoluments of Directors, Supervisors and the five highest paid individuals for the year ended 31 December 2024 are set out in Note 8 to the consolidated financial statements.

EMPLOYEE INCENTIVE SCHEME

For the purpose of stimulating employees' partnership awareness and entrepreneurial spirit, achieving the long-term strategic development of the Company, as well as motivating and retaining key management talents, the Company adopted employee incentive scheme on 10 April 2019 and 15 November 2019 (the "Employee Incentive Scheme"). Chengdu Zhongcheng Jinyi Enterprise Management Centre (Limited Partnership) (成都眾誠金宜企業管理中心(有限合夥)) ("Zhongcheng Jinyi") and Chengdu Tongchuang Deheng Enterprise Management Centre (Limited Partnership) (成都同創德恒企業管理中心(有限合夥)) ("Tongchuang Deheng") were designated as employee shareholding platforms (the "Employee Shareholding Platforms") for the Employee Incentive Scheme.

As at 31 December 2024, Zhongcheng Jinyi and Tongchuang Deheng were the Shareholders of the Company with 9,469,072 Shares and 1,723,413 Shares, representing approximately 2.44% and 0.44% of the issued share capital of the Company, respectively. Given the underlying Shares under the Employee Incentive Scheme had already been issued, there will not be any dilution effect to the issued Shares upon the vesting of the Shares under the Employee Incentive Scheme. All participants of the Employee Incentive Scheme have completed the payment of the price of the underlying shares and have been registered as the limited partners of Zhongcheng Jinyi or Tongchuang Deheng.

Set out below is the details of interests in the Employee Shareholding Platforms as at 31 December 2024:

- Zhongcheng Jinyi: Zhongcheng Jinyi is a limited partnership established under the laws of the PRC on 18 April 2019, the general partner of which is Sichuan Dinghui Ronghe Enterprise Management Co., Ltd. (四川鼎輝榮和企業管理有限公司) ("Dinghui Ronghe"), which is wholly-owned by Mr. Wang Dehui. Zhongcheng Jinyi is held by (i) Mr. Wang Dehui, Mr. Yao Hailong and Mr. Zeng Min, our executive Directors, as to 10.30%, 18.19% and 2.22%, respectively, (ii) Ms. Zhu Hui, Ms. Gong Shuang and Ms. Zhou Zhexu, our Supervisors, as to 0.99%, 2.10% and 1.17%, respectively, (iii) Mr. Wu Chengli and Mr. Jiang Yongjun, our senior management members, as to 4.96% and 2.64%, respectively, and (iv) Dinghui Ronghe as to 0.01%. The remaining 57.41% economic interests in Zhongcheng Jinyi are held by 28 employees of the Group.

- Tongchuang Deheng: Tongchuang Deheng is a limited partnership established under the laws of the PRC on 13 December 2019, the general partner of which is Dinghui Ronghe, which is wholly-owned by Mr. Wang Dehui. Tongchuang Deheng is held by (i) Mr. Wang Dehui, our executive Director, as to 24.03%, (ii) Mr. Yao Hailong, our executive Directors, as to 13.55%, and (iii) Dinghui Ronghe as to 0.02%. The remaining 62.40% economic interests in Tongchuang Deheng are held by 28 employees of the Group.

Information about the details of the Employee Incentive Scheme and the Employee Shareholding Platforms is set out in the section headed "Employee Incentive Scheme" as disclosed in the Prospectus.

CHARITABLE DONATIONS

Donations for charitable or other purposes made by the Group during the Reporting Period amounted to RMB10.6 million.

SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD

The Group had no material events during the period from 1 January 2025 to the approval date of the consolidated financial statements by the Board of Directors on 11 March 2025.

MINIMUM PUBLIC FLOAT

The Stock Exchange has granted the Company a waiver from strict compliance with the requirement under Rule 8.08(1) of the Listing Rules to reduce the minimum public float of our Company to 17.00%.

On 19 December 2024, the Company has submitted an application to the CSRC in respect of the conversion of certain of its Domestic Shares into H Shares. The details of the Company's implementation plan of applying for the listing of and permission to deal in such H Shares on the Stock Exchange (the "Conversion and Listing") have not been finalised, and the completion of the Conversion and Listing is subject to the performance of other relevant procedures required by the CSRC, the Stock Exchange and other relevant onshore and offshore regulatory authorities. For details, please refer to the announcement published by the Company on 20 December 2024.

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirmed that the Company had maintained the aforementioned minimum public float required by the Stock Exchange since the Listing Date and as of the date of this annual report.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining the highest standard of corporate governance practices. Information on the corporate governance practices adopted by the Company and details of the compliance by the Company with the CG Code are set out in the Corporate Governance Report on pages 22 to 40 of this report.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this annual report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

AUDIT COMMITTEE

The Audit Committee has reviewed together with the management and the Board the accounting principles and policies adopted by the Company, the audited annual results and the financial statements of the Group for the year ended 31 December 2024. The Audit Committee also recommended and submitted the annual results and the financial statements for the year ended 31 December 2024 to the Board for approval.

AUDITOR

The financial statements of the Group for the year ended 31 December 2024 have been audited by KPMG. A resolution will be proposed at the forthcoming AGM to re-appoint KPMG as auditor of the Company.

There has been no change in the auditors of the Company during the past three years.

MEMBERS OF THE BOARD

The Directors for the year ended 31 December 2024 and up to the date of this report were:

Executive Directors:
Mr. Wang Dehui (王德輝) *(Chairman)*
Mr. Wang Degen (王德根)
Mr. Yao Hailong (姚海龍) *(President)*
Mr. Hu Wei (胡偉)
Mr. Zeng Min (曾民)

Non-executive Director:
Ms. Liu Shan (劉珊)

Independent Non-executive Directors:
Mr. Pan Ying (潘鷹)
Mr. Zhu Qing (朱慶)
Mr. Fung Che Wai Anthony (馮志偉)

By order of the Board
Wang Dehui
Chairman of the Board and Executive Director

Sichuan, the PRC, 11 March 2025

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

The Board currently consists of nine Directors, of whom five are executive Directors, one is non-executive Director and three are independent non-executive Directors.

Executive Directors

Mr. WANG Dehui (王德輝), aged 62, is the chairman of the Board and an executive Director. He was appointed as our Director and chairman of the Board in March 2019 and November 2019, respectively. He is primarily responsible for convening and presiding over the general meeting, leading the Board, convening and presiding over the meetings of the Board, and reporting to the general meetings.

From November 2011 to June 2014, he served as the general manager of Chongqing Dekon Agriculture and Animal Husbandry (Group) Co., Ltd. (重慶德康農牧(集團)有限公司), a subsidiary of the Company (which became a subsidiary of the Company in 2014). From July 2014 to April 2019, he served as the district general manager of the eastern Sichuan district of the Company. Before joining the Company in 2011, he was a teacher at Guangxian Primary School (廣賢完全小學) in Hechuan District, Chongqing from September 1980 to July 1983. He was a teacher at Qiantang Middle School (錢塘中學), Hechuan District, Chongqing from September 1995 to July 2003. He served as the general manager of Chongqing Dekon from July 2003 to November 2011. Since March 2019, Mr. Wang Dehui has also served as an executive director and the general manager of Sichuan Dinghui Ronghe Enterprise Management Co., Ltd. (四川鼎輝榮和企業管理有限公司), which is wholly-owned by Mr. Wang Dehui and is the general partner of our Employee Shareholding Platforms.

Mr. Wang Dehui graduated from Yuzhou Education College (渝州教育學院) in June 1991 after completing a two-year mathematics course.

Mr. Wang Dehui is the elder brother of Mr. Wang Degen. Mr. Wang Dehui was one of the initial shareholders of the Company. He held or has held management roles in various companies in which the Company holds interests.

Mr. WANG Degen (王德根), aged 54, is an executive Director. From the establishment of the Company to November 2019, he served as a Director of the Company. He resigned as a Director of the Company in November 2019 and was re-appointed as our Director in December 2021 and is primarily responsible for the overall business strategy and operations of our Group.

Mr. Wang Degen is one of the initial shareholders of the Company. He held or has held management roles in various companies in which the Company holds interest. In addition to his position in our Group, Mr. Wang Degen has also been an executive director of Dekon Holding, which is controlled by Mr. Wang Degen and is a controlling shareholder of the Company.

Mr. Wang Degen joined Neijiang Wanqian Feed Co., Ltd. in Sichuan, a subsidiary of Chengdu Huaxi Hope Group Co., Ltd. (成都華西希望集團有限公司), as the acting general manager in May 1999 and was promoted to general manager in January 2000. After stepping down as the general manager in March 2006, he served as the chairman of Sichuan Tequ Investment Group Limited (四川特驅投資集團有限公司, "Sichuan Tequ") from June 2005 to June 2020, an executive director of Sichuan Guojian Investment Co., Ltd. (四川省國建投資有限公司) from April 2012 to April 2017, the chairman of Hope College of Southwest Jiaotong University (西南交通大學希望學院) from April 2012 to April 2016, the general manager of Chengdu Huaxi Hope Group Co., Ltd. from August 2013 to December 2018, and a non-executive director of XJ International Holdings Co., Ltd. (formerly known as Hope Education Group Co., Ltd.), a company listed on the Stock Exchange (stock code: 01765), from March 2017 to June 2021. Mr. Wang has served as a director of Sichuan Hope Education Industry Group Co., Ltd. (四川希望教育產業集團有限公司) from October 2007 to February 2025.

Mr. Wang Degen has extensive experience in the breeding and livestock feed industry and has won numerous awards. Mr. Wang has served as the president of National Swine Industry Association of the China Animal Agriculture Association from December 2017 to December 2022, the vice president of the China Meat Association since December 2015, and the executive vice president of the General Association of Sichuan Entrepreneurs (四川省川商總會) since March 2020. He was the vice-chairman of the Thirteenth Committee of the Sichuan Youth Federation from December 2014 to December 2019. Mr. Wang Degen was awarded the Top Ten Persons of the Year 2014 of China Innovation (2014創新中國十大年度人物) in January 2015, the Excellent Entrepreneurial Talent of Sichuan Province by the Sichuan Provincial Committee of the Communist Party of China and the Sichuan Provincial People's Government in August 2003, and the "Top Ten Outstanding CEOs" in husbandry and feed industry in China by the China Feed Economy Professional Committee (中國飼料經濟專業委員會) in December 2012.

Mr. Wang Degen obtained an executive master of business administration from Peking University (北京大學) in July 2006, and graduated from the University of Electronic Science and Technology of China (電子科技大學) with a major in electronic equipment structure in July 1994. Mr. Wang Degen is the younger brother of Mr. Wang Dehui.

Mr. YAO Hailong (姚海龍) ("Mr. Yao"), aged 55, is an executive Director and president. He was appointed as a Director of the Company in November 2019. Mr. Yao is responsible for the overall management and operation of our Group.

Mr. Yao joined the Group in September 2011. He serves or has served as director, supervisor and senior management in various companies in which the Company holds interests. From March 2013 to December 2019, he successively served as the vice president of the Company and the president of the pig business department. He has served as a supervisor of Xifeng Dekon Poultry Farming Co., Ltd. (息烽德康家禽養殖有限公司), a subsidiary of the Company, since December 2008, a supervisor of Chengdu Dekon Chicken Breeding Co., Ltd. (成都德康雞業有限公司), a subsidiary of the Company, since September 2014, a director of Teweibi Hope (Sichuan) Food Co., Ltd. (特威比希望(四川)食品有限公司), a subsidiary of the Company, since April 2015, a director of Jilin Dekon Investment Co., Ltd. (吉林德康投資有限公司), a subsidiary of the Company, since July 2016, a supervisor of Peng'an Dekon Breeding Stock Production Co., Ltd. (蓬安德康種豬繁育有限公司), a subsidiary of the Company, and a director of Sihong Dekon Farming and Technology Co., Ltd. (泗洪德康農牧科技有限公司), since December 2020, a director of Jiangsu Dekon Animal Husbandry Technology Co., Ltd. (江蘇德康農牧科技有限公司), a subsidiary of the Company, since December 2020, and a director of Sichuan Dekon-Tönnies Premium Food Co., Ltd. (四川德康通內斯食品有限公司), a subsidiary of the Company, since March 2021.

Before joining the Group, Mr. Yao served as the secretary of the Youth League Committee and political counsellor at Pingtou Junior Middle School (平頭初級中學) in Peng'an County from September 1993 to June 1997. From July 1997 to April 2000, he successively served as a regional supervisor of subsidiaries, an assistant to the manager of the market department of Chongqing Tongwei Feed Co., Ltd. (重慶通威飼料有限公司). He worked as a teacher at Pingtou Junior Middle School in Peng'an County from May 2001 to August 2001, the Chongqing cluster manager of Sichuan Neijiang Wanqian Feed Co., Ltd. (四川省內江萬千飼料有限公司) from September 2001 to August 2002, and the manager of sales department of Guang'an Wanqian Group Co., Ltd (廣安萬千集團有限公司) from September 2002 to May 2005. From June 2005 to February 2013, he successively served as the general manager of Chongqing Tequ Feed Co., Ltd. (重慶特驅飼料有限公司), Guanhan Tequ Agriculture and Farming Co., Ltd (廣漢特驅農牧科技有限公司), and Liangping Tequ Food Co., Ltd (梁平特驅食品有限公司).

Mr. Yao graduated from Southwest University of Political Science and Law in April 1993 with a junior college diploma.

Mr. HU Wei (胡偉) ("Mr. Hu"), aged 55, is an executive Director and vice president. He was appointed as a Director of the Company in March 2019. Mr. Hu is responsible for strategy, marketing, investment and development, procurement and pig business of our Group.

Mr. Hu was one of the initial shareholders of the Company. He holds or has served as a director and member of the senior management in various companies in which the Company holds interests. He served as the general manager of Chongqing Dekon Agriculture and Animal Husbandry (Group) Co., Ltd. (重慶德康農牧(集團)有限公司), a subsidiary of the Company, from January 2012 to December 2019, and concurrently served as the general manager of Chengdu Dekon Chicken Breeding Co., Ltd. (成都德康雞業有限公司) ("Chengdu Dekon"), a subsidiary of the Company, from August 2015 to June 2016. Since February 2016, he has served as a director of Guangdong Wizagricultural Science & Technology Co., Ltd. (廣東智威農業科技股份有限公司), a subsidiary of the Company.

Prior to joining the Group, Mr. Hu was a private business owner mainly engaging in feed distribution related business from April 1994 to June 2004, during which he successively acted as a dealer for the feed brands of Chongqing Tongwei Feed Co., Ltd. (重慶通威飼料有限公司) and Sichuan Neijiang Wanqian Feed Co., Ltd. (四川省內江萬千飼料有限公司). From July 2004 to March 2007, he served as the general manager of Chongqing Zhongya Animal Pharmaceutical Industry Limited (重慶中亞動物藥業有限公司). He served as the general manager of Chongqing Tequ Agriculture and Animal Husbandry Co., Ltd. (重慶特驅農牧有限公司) from January 2008 to December 2011, and served as the general manager of Chongqing Dekon during January 2012 to December 2019.

Mr. Hu completed his junior high school studies in June 1985.

Mr. ZENG Min (曾民) ("Mr. Zeng"), aged 41, is an executive Director and secretary to the Board. He was appointed as the Director of the Company in December 2022, which became effective on 6 December 2023.

Mr. Zeng is mainly responsible for the management of the Board office and execution of key projects of the Group. Mr. Zeng joined the Group in October 2017. From October 2017 to March 2019, he served as assistant to the Chairman of the Board and head of the president's office of the Group. From March 2019 to July 2019, he served as secretary to the Board and head of the president's office of the Group. From July 2019 to July 2020, he served as secretary to the Board of the Group and the district general manager in western Sichuan Province. Since July 2020, he has been serving as secretary to the Board of Dekon Group. He has been concurrently serving as the general manager of the president's office since January 2022. Mr. Zeng currently holds directorships in three companies in which the Company owns equity interest. From November 2018, he has been serving as a director of Chengdu Dekon Animal Health Technology Service Co., Ltd. (成都德康動物健康技術服務有限公司), a subsidiary of the Company. From March 2021, he has been serving as a director of Sichuan Dekon-Tönnies Premium Food Co., Ltd. (四川德康通內斯食品有限公司), a subsidiary of the Company. Since February 2024, he has been serving as a director of Dekon International Development Co., Ltd. (德康國際發展有限公司).

Before joining the Group, Mr. Zeng worked at the Department of Commerce of Sichuan Province (四川省商務廳) from September 2011 to February 2016. From February 2016 to October 2017, he served as the deputy head of the management department of Sichuan Tequ.

Mr. Zeng obtained a bachelor' degree of science in Biotechnology from Sichuan Agricultural University (四川農業大學) in June 2005 and obtained a master' degree in biochemistry and molecular biology from Sichuan Agricultural University in July 2009. He obtained the qualification of intermediate economist certified by the Ministry of Human Resources and Social Security of the PRC in November 2014.

Non-executive Director

Ms. LIU Shan (劉珊) ("Ms. Liu"), aged 42, is a non-executive Director. She was appointed as our Director in March 2017 and was re-appointed in March 2019. Ms. Liu is responsible for financial supervision and providing advice to the Board.

Ms. Liu worked at Deloitte Touche Tohmatsu Certified Public Accountants LLP (德勤華永會計師事務所) from July 2004 to October 2006 with last position as a consultant of tax and business consulting department, Ernst & Young Hua Ming LLP Shanghai Branch (安永華明會計師事務所上海分所) from November 2006 to May 2008 as a senior auditor, and Deloitte & Touche Financial Advisory Services Limited (德勤諮詢(上海)有限公司) from May 2008 to January 2011 with last position as a manager of financial consulting department. She joined China Everbright Limited in May 2012 and is currently serving as the managing director of consumption fund department. Ms. Liu was a director of Sichuan Hope Education Industry Group Co., Ltd. (四川希望教育產業集團有限公司) from September 2016 to January 2024, a director of Horgos Tequ Mayflower Information Technology. Co., Ltd. (霍爾果斯特驅五月花信息科技有限公司) from January 2018 to January 2024, a director of Nanyang Muyuan Maiming Industry Development Co., Ltd. (南陽市牧原麥鳴產業發展有限公司) from January 2020 to April 2023, and a director of Xi'an Tequ Mayflower Information Technology Co., Ltd. (西安特驅五月花信息科技有限公司) from June 2021 to January 2024. She has been a director of Bigger (Beijing) Education Technology Co., Ltd. (北格(北京)教育科技有限公司) since May 2021, and a director of Henan Jiuyuquan Food Co., Ltd. (河南九豫全食品有限公司) since September 2021.

Ms. Liu graduated from Fudan University (復旦大學) with a bachelor's degree in science in July 2004. She became a qualified certified public accountant certified by the Chinese Institute of Certified Public Accountants in August 2010.

Independent Non-executive Directors

Mr. PAN Ying (潘鷹) ("Mr. Pan"), aged 51, is an independent non-executive Director. He was appointed as a Director of the Company in December 2022, which became effective on 6 December 2023. He is primarily responsible for supervising and providing independent advice to the Board.

Mr. Pan has worked at Southwestern University of Finance and Economics (西南財經大學) since January 2005 and is currently serving as an associate professor. He has also been acting as an executive director and a general manager of Chengdu Shouwei Enterprise Management & Consultation Co., Ltd. (成都守威企業管理諮詢有限責任公司) since December 2014. Further, he has been an attorney at Tahota Law Firm (泰和泰律師事務所) since January 2008. Mr. Pan was an independent non-executive director at Tianqi Lithium Corporation (天齊鋰業股份有限公司) (stock codes: 9696 and 002466.SZ) from February 2017 to April 2023, and an independent director at Chengdu Okay Pharmaceutical Co., Ltd. (成都歐康醫藥股份有限公司) (stock code: 833230.BJ) from January 2022 to April 2024. Mr. Pan has been an independent director at Leshan Electric Power Co., Ltd. (樂山電力股份有限公司) (stock code: 600644.SH) since May 2022, a non-independent director at Sichuan Zigong Conveying Machine Group Co., Ltd. (四川省自貢運輸機械集團股份有限公司) (stock code: 001288.SZ) since October 2022, and an independent director Fulin Precision Co., Ltd. (富臨精工股份有限公司) (stock code: 300432.SZ) since 20 July 2023.

Mr. Pan graduated from Southwest Minzu College (西南民族學院) (currently known as Southwest Minzu University (西南民族大學)) in China with a bachelor's degree in law in July 1995. He then obtained a master's degree in law from Hitotsubashi University in Japan in March 2000. Mr. Pan obtained his legal professional qualification certificate from the Ministry of Justice of the People's Republic of China (中華人民共和國司法部) in March 2004.

Mr. ZHU Qing (朱慶) ("Mr. Zhu"), aged 65, is an independent non-executive Director. He was appointed as a Director of the Company in December 2022, which became effective on 6 December 2023. He is primarily responsible for supervising and providing independent advice to the Board.

Mr. Zhu has been engaged in the teaching and scientific research of animal husbandry at Sichuan Agricultural University since January 1985, and he was appointed as a professor of animal genetics and breeding at Sichuan Agricultural University in December 1996. Mr. Zhu served as deputy dean of the College of Animal Science and Technology at Sichuan Agricultural University from April 1996 to July 1999, dean of the College of Animal Science and Technology at Sichuan Agricultural University from July 1999 to September 2004, and vice president of Sichuan Agricultural University from September 2004 to October 2019. He has been a council member of the World Poultry Association since 2010 and president of the Sichuan Animal Husbandry Association since April 2022. Mr. Zhu served as standing director of the Chinese Animal Genetics Breeding Branch, chairman of the Poultry Branch of the Chinese Society of Animal Husbandry and Veterinary Medicine from 2013 to 2017 and vice chairman of the Chinese Society of Animal Husbandry and Veterinary Medicine from 2016 to 2021.

Mr. Zhu graduated from Sichuan College of Agriculture (四川農學院) (currently known as Sichuan Agricultural University (四川農業大學)) with a major in animal husbandry in January 1982 and obtained a master's degree in animal genetic breeding in December 1984 from the same university.

Mr. FUNG Che Wai Anthony (馮志偉) ("Mr. Fung"), aged 56, is an independent non-executive Director. He was appointed as a Director of the Company in October 2023, which became effective on 6 December 2023. He is primarily responsible for supervising and providing independence advice to the Board.

Since October 2024, Mr. Fung has been serving as an independent director of Zhejiang Taimei Medical Technology Co., Ltd. (浙江太美醫療科技股份有限公司), a digital solution provider listed on the Stock Exchange (stock code: 2576). Since January 2024, Mr. Fung has been serving as an independent non-executive director of Qyuns Therapeutics Co., Ltd. (江蘇荃信生物醫藥股份有限公司), a clinical-stage biotech company listed on the Stock Exchange (stock code: 2509). Since October 2023, Mr. Fung has been serving as an independent non-executive director of XXF Group Holdings Limited (喜相逢集團控股有限公司), an established automobile retailer providing automobile finance lease service listed on the Stock Exchange (stock code: 2473). Since November 2021, Mr. Fung has been serving as an independent non-executive director of Zhong An Group Limited (眾安集團有限公司), a property developer whose shares are listed on the Stock Exchange (stock code: 672). Since October 2020, Mr. Fung has been serving as an independent non-executive director of KWG Living Group Holdings Limited (合景悠活集團控股有限公司), a residential and commercial property management services provider listed on the Stock Exchange (stock code: 3913). From April 2017 to August 2023, Mr. Fung has been serving as an independent non-executive director of FY Financial (Shenzhen) Co., Ltd. (富銀融資租賃(深圳)股份有限公司), a financial services provider whose shares are listed on GEM of the Stock Exchange (stock code: 8452). From June 2017 to October 2021, Mr. Fung served as an independent non-executive director of S&P International Holding Limited (椰豐集團有限公司), a Malaysian coconut food manufacturer and seller whose shares are listed on the Stock Exchange (stock code: 1695). He was primarily responsible for supervising and providing independent advice to the board in all these independent non-executive director roles.

From January 2011 to July 2014, Mr. Fung served as the chief financial officer and company secretary of Zall Smart Commerce Group Ltd. (卓爾智聯集團有限公司) (formerly known as Zall Development (Cayman) Holding Co., Ltd. (卓爾發展(開曼)控股有限公司)), a developer and operator of large-scale consumer product focused wholesale shopping malls in the PRC whose shares are listed on the Stock Exchange (stock code: 2098), where he was primarily responsible for financial and compliance matters. Mr. Fung served as the chief financial officer and company secretary of Beijing Enterprises Urban Resources Group Limited (北控城市資源集團有限公司), an integrated waste management solution provider whose shares are listed on the Stock Exchange (stock code: 3718), from May 2017 to December 2022 and from March 2019 to December 2022, respectively, where he was primarily responsible for the overall financial supervision and management and company secretarial matters of the group. Mr. Fung served as the chief financial officer and company secretary of Kong Sun Holdings Limited (江山控股有限公司) from July 2014 to April 2017 and from September 2014 to April 2017, respectively, a solar power plants investor and operator whose shares are listed on the Stock Exchange (stock code: 0295), where he was primarily responsible for the overall financial operations, company secretarial matters and investor relations. From January 2008 to August 2010, Mr. Fung served as a vice president of NagaCorp Limited (金界控股有限公司), a hotel, gaming and leisure operator in Cambodia whose shares are listed on the Stock Exchange (stock code: 3918), where he was primarily responsible for the development of investor relations and liaison with existing and potential investors as well as analysts. From October 1999 to August 2007, Mr. Fung served as a director of Winsmart Consultants Limited (弘陞投資顧問有限公司), a financial consulting company where he was primarily responsible for advising the client on corporate finance and investor relations. From August 1992 to September 1999, Mr. Fung served as a staff accountant, semi senior accountant, senior accountant and manager at Deloitte Touche Tohmatsu, where he was primarily responsible for audit planning and control.

Mr. Fung received his bachelor's degree in accountancy from The Hong Kong Polytechnic University (formerly known as Hong Kong Polytechnic) in Hong Kong in October 1992. Mr. Fung was admitted as a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants in October 2001 and September 2005, respectively.

SUPERVISORS

Ms. ZHU Hui (朱惠) ("Ms. Zhu"), aged 46, is the chairlady of our Board of Supervisors. She joined the Group in September 2017, and is currently serving as the dean of the Company's training college, and was appointed as the chairlady of the Board of Supervisors in March 2019. Ms. Zhu is responsible for leading and presiding over the Board of Supervisors.

Before joining the Group, Ms. Zhu served as the manager of the publicity department of Huaxi Hope Group (華西希望集團) from June 2003 to May 2012. From May 2012 to September 2017, she served as the head of the publicity department of Sichuan Tequ.

Ms. Zhu completed her studies in Journalism at Sichuan University (四川大學) in June 2002.

Ms. GONG Shuang (龔爽) ("Ms. Gong"), aged 42, is our Supervisor. She joined the Group in June 2017, has since been serving as the director of human resources of the Company, and was appointed as our Supervisor in March 2019. Ms. Gong is responsible for coordinating human resources and related work of the Company, and performing the relevant duties as a shareholder representative Supervisor.

Before joining the Group, Ms. Gong was the Dean of Sichuan Tequ Training Institute (四川特驅培訓學院) from November 2012 to May 2017.

Ms. Gong graduated from University of Electronic Science and Technology of China (電子科技大學) with a bachelor's degree in computer science and technology in July 2005 and obtained a master's degree in business administration from Sichuan University (四川大學) in December 2013.

Ms. ZHOU Zhexu (周哲旭) (formerly known as Zhou Jie (周潔)) ("Ms. Zhou"), aged 48, is our Supervisor. She joined the Group in 2014, and was appointed as our employee representative Supervisor in March 2019. Ms. Zhou is responsible for exercising rights and performing duties as a Supervisor on behalf of employees.

From February 2014 to April 2014, Ms. Zhou served as the head of the capital division and assistant to head of department of Chongqing Dekon, a subsidiary of the Company. She served as the assistant to the head of finance department of the Company from May 2014 to April 2022, and since May 2022, she has been serving as deputy head of the finance department of the Company and concurrently as manager of the capital division of the finance department.

Before joining the Group, Ms. Zhou served successively as the cashier, accountant and deputy manager of accounting and audit of Sichuan South Hope Industrial Co., Ltd. (四川南方希望實業有限公司) from August 1998 to June 2009. From July 2009 to December 2012, she successively served as capital manager and senior capital manager of Sichuan New Hope Liuhe Agriculture and Animal Husbandry Co., Ltd. (四川新希望六和農牧有限公司).

Ms. Zhou graduated from Wuhan University of Hydraulic and Electrical Engineering (武漢水利電力大學) in June 1998 with an associate degree, she finished her studies in civil engineering (specialized in project costs) at Southwest Jiaotong University (西南交通大學) in July 2018, and she obtained a master's degree in asset management and finance at Brest Business School (法國布雷斯特商學院) (teaching centre in China) in November 2021. She obtained the junior accountant professional qualification issued by the Ministry of Finance of the People's Republic of China in May 2001.

SENIOR MANAGEMENT

Mr. YAO Hailong (姚海龍) is our president. He joined the Group in September 2011 and is responsible for the overall management and operation of our Group. Please refer to the section above headed "— Board of Directors" for his biographical details.

Mr. HU Wei (胡偉) is our vice president. He co-founded the Group with other Shareholders in September 2011 and is responsible for the strategy, marketing, investment and development, procurement and pig business of our Group. Please refer to the section above headed "— Board of Directors" for his biographical details.

Mr. ZENG Min (曾民) is one of our executive Directors and our secretary to the Board. He joined the Group in October 2017 and is mainly responsible for the management of the Board office and the Group's administrative work, and execution of key projects of the Group. Please refer to the section above headed "— Board of Directors" for his biographical details.

Mr. WU Chengli (吳成利) ("Mr. Wu"), aged 54, is our vice president, mainly responsible for engineering, equipment maintenance, safety and environmental protection and the promotion of renewable energy and carbon exchange related work of our Group.

Mr. Wu joined the Group in March 2018. He has been serving as vice president of the Group since March 2018, and has been serving concurrently as an executive director of Sichuan Kangcheng Demu Engineering Management Consulting Co., Ltd. (四川康誠德牧工程管理諮詢有限公司), a subsidiary of the Company, since August 2019.

Before joining the Group, Mr. Wu served as a salesman of the supply and marketing cooperative office in Zhoupo Town, Jingyan County (井研縣周坡供銷社) from January 1992 to February 1995. From February 1995 to October 2007, he worked in East Hope Group Co., Ltd. (東方希望集團公司) and his highest position in the company was district president. From October 2007 to March 2018, he served as assistant president of Sichuan Tequ.

Mr. Wu obtained an associate degree in law from Beihang University (北京航空航天大學) through online distance learning in January 2014.

Mr. JIANG Yongjun (蔣勇君) ("Mr. Jiang"), aged 46, is our Chief Financial Officer and our vice president. He joined the Group in February 2016 and is mainly responsible for the financial work of our Group and participates in major decisions on operation and investments.

Before joining the Group, Mr. Jiang served as the chief accountant and information implementation manager at the headquarters of New Hope Liuhe Co., Ltd. (新希望六和股份有限公司) from October 2000 to June 2004. From June 2004 to August 2008, he served successively as the financial manager of Hainan New Hope Agricultural Company Limited (海南新希望農業有限責任公司) and Guanghan Guoxiong Feed Co., Ltd. (廣漢國雄飼料有限公司). From August 2008 to May 2011, he served successively as assistant to the general manager of the feed business department and general manager of a subsidiary of New Hope Liuhe Co., Ltd. (新希望六和股份有限公司). From May 2011 to January 2016, he served as the deputy general manager of the finance department and chief financial officer of the overseas centre of New Hope Liuhe Co., Ltd.

Mr. Jiang completed his studies of bachelor's degree in financial management at the Southwestern University of Finance and Economics (西南財經大學) in January 2018. He obtained the professional qualification of senior management accountant certified by the Beijing National Accounting Institute (北京國家會計學院) in October 2019.

For the year ended 31 December 2024, there were no other changes to the information which are required to be disclosed and have been disclosed by the Directors, Supervisors and senior management pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules, save as disclosed above.

REPORT OF THE BOARD OF SUPERVISORS

The Board of Supervisors of the Company hereby presents its report for the Reporting Period.

COMPOSITION OF THE BOARD OF SUPERVISORS

As at the date of the end of the Reporting Period, our Board of Supervisors comprised three members. Pursuant to the Articles of Association, the Board of Supervisors shall comprise two shareholder representatives and one employee representative. Ms. Zhou Zhexu was elected at the employees representative meeting while the other Supervisors were elected and appointed at Shareholders' general meeting of the Company. Each of the Supervisors elected by the employees or by the Shareholders is appointed for a term of three years, which is renewable upon re-election and re-appointment. For details of the incumbent Supervisors, please refer to the section headed "Biographies of Directors, Supervisors and Senior Management" in this annual report.

MEMBERS OF THE BOARD OF SUPERVISORS

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

Shareholder representative Supervisor:	Ms. Zhu Hui Ms. Gong Shuang
Employee representative Supervisor:	Ms. Zhou Zhexu

MEETING OF THE BOARD OF SUPERVISORS

During the Reporting Period, the Board of Supervisors diligently performed its duties and responsibilities and prudently exercised the powers and authorities conferred on it by the Articles of Association and the general meeting of Shareholders. Based on the actual situation of the Company, the Board of Supervisors aggregately held 2 meetings, at which 7 resolutions on, inter alia, the 2023 work report of the Board of Supervisors, the report for 2023 final financial accounts, the report for 2024 financial budget, and the reappointment of accounting firms, were considered and approved. The attendance of the Supervisors of the Company at the meetings of the Board of Supervisors during the Reporting Period is listed below:

Supervisors	Number of meetings attended(1)/ Number of attendance required
Ms. Zhu Hui	2/2
Ms. Gong Shuang	2/2
Ms. Zhou Zhexu	2/2

Note:

(1) Attendance in meeting includes on-site attendance and attendance by way of telephone and video conference.

WORK OF THE BOARD OF SUPERVISORS DURING THE REPORTING PERIOD

In 2024, in accordance with the requirements of the Company Law, the Articles of Association and the Rules of Procedure of the Board of Supervisors, the Board of Supervisors of the Company diligently performed its duties of supervision. The Board of Supervisors continued to improve the quality and efficiency of supervision and earnestly safeguarded the interests of the Shareholders and the Company as a whole.

Supervision on Operation

In 2024, the Board of Supervisors closely monitored the Company's operational activities and oversaw the compliance performance of the Board of Directors and senior management, ensuring the standardization of the Company's business and management practices. The Board of Supervisors is of the view that the Company has been operating in accordance with relevant laws, regulations, and the Articles of Association, with stable and sound business performance. The Company's Directors and senior management have fulfilled their duties with loyalty and diligence in compliance with applicable laws, regulations, and the Articles of Association. Their decision-making has been lawful, and no actions detrimental to the interests of the Company or its shareholders have been identified.

Supervision on Finance

The Board of Supervisors has diligently monitored the Company's financial and capital operations in 2024 and has reviewed the financial statements, business reports, and other financial materials to be submitted by the Board of Directors to the general meeting of Shareholders. The Board of Supervisors is of the view that the Company has managed its finances in compliance with applicable laws and regulations. During the Reporting Period, no material connected transactions were conducted, and the pricing of regular connected transactions was determined based on market prices, adhering to the principles of fairness, openness and impartiality, with no actions detrimental to the interests of the Company or minority Shareholders. The Company has strictly managed and utilized its proceeds in accordance with relevant laws, regulations, and regulatory requirements, with no disguised changes in the use of such proceeds or harm to Shareholders' interests. Furthermore, the Company has fulfilled its information disclosure obligations in a timely, accurate, and complete manner.

WORK PLAN FOR 2025

In 2025, the Board of Supervisors will continue to uphold the principles of diligence and loyalty in performing its duties. It will strictly fulfil its supervisory responsibilities as stipulated by relevant laws, regulations, and the Company's Articles of Association, with a focus on the Company's financial position and significant matters. The Board of Supervisors will enhance oversight of the performance of Directors and senior management, centring its work on strengthening supervisory functions, safeguarding Shareholders' rights and interests, and optimizing corporate governance. Adhering to the highest standards, the Board of Supervisors will remain independent and impartial, ensuring the protection of the Company's overall interests and the long-term value of all Shareholders, thereby promoting the Company's sustainable and steady development.

By order of the Board of Supervisors
Zhu Hui
Chairlady of the Board of Supervisors

People's Republic of China, 11 March 2025

INDEPENDENT AUDITOR'S REPORT

KPMG

Independent auditor's report to the shareholders of Dekon Food and Agriculture Group

(Incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Dekon Food and Agriculture Group ("the Company") and its subsidiaries (together, "the Group") set out on pages 74 to 135, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the "IASB") 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 Hong Kong Institute of Certified Public Accountants (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") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the People's Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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.

Revenue recognition

Refer to Note 4 to the consolidated financial statements and the accounting policies in Note 2(w).

The Key Audit Matter	How the matter was addressed in our audit
The Group's revenue is mainly derived from the sales of pigs, poultry and ancillary products. For the year ended 31 December 2024, the Group's revenue was RMB22,463,038,000. The Group recognises revenue when the products are accepted by the customers which is the point at which the control of the products are transferred to the customers according to the terms of sales agreements entered into between the Group and its customers. We identified the recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Group and therefore there is an inherent risk of manipulation of the timing and amount of revenue recognition by management to meet targets or expectations.	Our audit procedures in relation to revenue recognition included the following: • understanding and evaluating the design, implementation and operating effectiveness of management's key internal controls over revenue recognition; • inspecting the Group's contracts with customers on a sample basis to evaluate if the Group's revenue recognition policies were in accordance with the requirements of the prevailing accounting standards; • obtaining external confirmation of, on a sample basis, transaction amounts for the year directly with customers; • comparing revenue recognised during the year, on a sample basis, with relevant underlying documents, which included sales orders, sales weight notes or sales delivery notes which contained evidence of acknowledgement of the customer's receipt of products and sales invoices; • assessing, on a sample basis, whether specific revenue transactions recorded before and after the end of the financial reporting period had been recognised in the appropriate financial period by inspecting the sales weight notes or sales delivery notes which contained evidence of acknowledgement of the customer's receipt of products; and • inspecting underlying documents for manual journal entries relating to revenue which were recorded during the financial reporting period and which met other specific risk-based criteria.

Fair value of biological assets

Refer to Note 12 to the consolidated financial statements and the accounting policies in Note 2(i).

The Key Audit Matter	How the matter was addressed in our audit
At 31 December 2024, the carrying amount of the Group's biological assets amounted to RMB6,461,374,000 which represented 28% of the Group's total assets. The Group's biological assets mainly comprise commodity stocks (including piglets, nursery pigs and growers, fertile eggs, commodity chicks and broilers) and breeding stocks (including sows and boars, gilts and studs, mature breeders, and immature breeders). Chicken breeders held for own use to produce commodity chicks and hog breeders held for own use to produce commodity hogs. These biological assets are measured at fair value less costs of disposals. Independent external valuations were obtained for the main biological assets to assist management's estimates of the fair value of biological assets at 31 December 2024. The fair value of sows and boars, mature breeders, immature breeders, and piglets are measured based on replacement cost approach, while the others are measured based on market approach. Key assumptions adopted include estimated market price for market approach, and replacement costs to reproduce the biological assets for replacement cost approach. 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.	Our audit procedures to assess fair value of biological assets included the following: • understanding and evaluating the design and implementation of the Group's key internal controls in relation to the management of biological assets; • evaluating the external valuer's competence and capabilities and considering its objectivity; • involving our internal valuation specialist to assess the appropriateness of the methodologies used in the valuation of biological assets, and assessing the reasonableness of key assumptions used in the valuation of biological assets (including estimated market price for market approach, and replacement costs to reproduce the biological assets for replacement cost approach) by comparing with market data and internal data, and checking the computation of the fair value of biological assets; • observing the physical count of the Group's biological assets as well as performing our own test counts, and comparing the quantity of biological assets in the Group's management records to that in the valuation calculation; and • evaluating the disclosures in the consolidated financial statements in respect of the valuation of biological assets with reference to the requirement of the prevailing accounting standards.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than 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 THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards issued by the IASB 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.

The directors are assisted by the Audit Committee in discharging their responsibilities 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. This report is made solely to you, as a body, 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 HKSAs 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 HKSAs, we exercise professional judgement and maintain professional scepticism 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.

- 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 the Audit Committee 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 the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and 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 the Audit Committee, 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 partner on the audit resulting in this independent auditor's report is Ho Ying Man Simon.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

11 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024 (EXPRESSED IN RENMINBI ("RMB"))

	Note	2024 RMB'000	2023 RMB'000
Revenue	4	22,463,038	16,155,412
Cost of sales		(17,597,747)	(16,035,739)
Gross profit		4,865,291	119,673
Changes in fair value of biological assets	12	904,312	(713,616)
Gain arising from biological assets at fair value less costs to sell at the point of harvest		123,259	4,782
Other net income	5	419,486	454,299
Selling expenses		(101,455)	(109,896)
Administrative expenses		(1,583,960)	(1,288,119)
Provision for expected credit loss of trade and other receivables		(12,357)	(17,287)
Profit/(loss) from operations		4,614,576	(1,550,164)
Finance cost	6(a)	(411,846)	(441,521)
Share of losses of associates		(935)	(96)
Profit/(loss) before taxation		4,201,795	(1,991,781)
Income tax	7(a)	(88)	(355)
Profit/(loss) and total comprehensive income for the year		4,201,707	(1,992,136)
Attributable to:			
Equity shareholders of the Company		4,101,559	(1,775,126)
Non-controlling interests		100,148	(217,010)
Profit/(loss) and total comprehensive income for the year		4,201,707	(1,992,136)
Earnings/(loss) per share	10		
Basic and diluted (RMB)		10.55	(4.88)

The notes on pages 81 to 135 form part of these financial statements. Detail of dividends payable to equity shareholders of the Company are set out in Note 30(b).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2024 (EXPRESSED IN RMB)

	Note	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	11	**9,914,484**	9,687,160
Non-current biological assets	12	**1,311,914**	1,076,445
Intangible assets	13	**6,027**	2,918
Goodwill	14	**14,730**	14,730
Interests in associates	16	**10,219**	5,154
Deferred tax assets	28(b)	**4**	14
Other non-current assets	17	**33,409**	21,211
		11,290,787	10,807,632
Current assets			
Inventories	18	**750,064**	706,532
Current biological assets	12	**5,149,460**	3,846,424
Trade receivables	19	**11,421**	7,304
Prepayments, deposits and other receivables	20	**290,497**	427,258
Financial assets at fair value through profit or loss ("FVPL")	21	**741,648**	665
Derivative financial instruments	22	**94,951**	93,793
Restricted deposits		**235,270**	499,794
Cash and cash equivalents	23	**4,491,952**	2,544,830
		11,765,263	8,126,600
Current liabilities			
Trade and bills payables	24	**1,944,826**	1,890,967
Accruals and other payables	25	**4,697,276**	3,802,249
Interest-bearing borrowings	26	**2,272,589**	3,891,422
Lease liabilities	27	**125,037**	95,235
Derivative financial instruments	22	**22,934**	10,028
Current taxation	28(a)	**687**	719
		9,063,349	9,690,620
Net current assets/(liabilities)		**2,701,914**	(1,564,020)
Total assets less current liabilities		**13,992,701**	9,243,612

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2024 (EXPRESSED IN RMB)

	Note	2024 RMB'000	2023 RMB'000
Non-current liabilities			
Interest-bearing borrowings	26	2,013,318	2,207,667
Lease liabilities	27	2,569,441	2,383,322
Deferred income	29	824,601	797,560
		5,407,360	5,388,549
NET ASSETS		8,585,341	3,855,063
CAPITAL AND RESERVES			
Share capital	30	388,876	388,876
Reserves		8,088,762	3,562,732
Total equity attributable to equity shareholders of the Company		8,477,638	3,951,608
Non-controlling interests		107,703	(96,545)
TOTAL EQUITY		8,585,341	3,855,063

Approved and authorised for issue by the board of directors on 11 March 2025.

Wang Dehui
Director

Yao Hailong
Director

The notes on pages 81 to 135 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024 (EXPRESSED IN RMB)

		Attributable to equity shareholders of the Company							
	Note	Share capital RMB'000 (Note 30(c))	Capital reserve RMB'000 (Note 30(d)(i))	PRC statuary reserve RMB'000 (Note 30(d)(ii))	Other reserve RMB'000 (Note 30(d)(iii))	Retained earnings RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2024		388,876	1,813,109	135,135	7,977	1,606,511	3,951,608	(96,545)	3,855,063
Changes in equity for 2024:									
Profit and total comprehensive income for the year		—	—	—	—	4,101,559	4,101,559	100,148	4,201,707
Capital contribution from non-controlling interests	30(e)	—	—	—	422,118	—	422,118	124,882	547,000
Appropriation to reserve		—	—	27,776	—	(27,776)	—	—	—
Deemed disposal of interests in subsidiaries		—	—	—	(152)	—	(152)	152	—
Acquisition of non-controlling interest		—	—	—	2,505	—	2,505	(20,934)	(18,429)
Balance at 31 December 2024		388,876	1,813,109	162,911	432,448	5,680,294	8,477,638	107,703	8,585,341

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024 (EXPRESSED IN RMB)

		Attributable to equity shareholders of the Company							
	Note	Share capital RMB'000 (Note 30(c))	Capital reserve RMB'000 (Note 30(d)(i))	PRC statuary reserve RMB'000 (Note 30(d)(ii))	Other reserve RMB'000 (Note 30(d)(iii))	Retained earnings RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2023		361,964	993,124	126,196	(2,223)	3,490,576	4,969,637	94,165	5,063,802
Changes in equity for 2023:									
Loss and total comprehensive income for the year		—	—	—	—	(1,775,126)	(1,775,126)	(217,010)	(1,992,136)
Issuance of ordinary shares	30(c)	26,912	819,985	—	—	—	846,897	—	846,897
Capital contribution from non-controlling interests		—	—	—	—	—	—	10,500	10,500
Appropriation to reserve		—	—	8,939	—	(8,939)	—	—	—
Deemed disposal of interests in subsidiaries		—	—	—	7,311	—	7,311	18,689	26,000
Acquisition of non-controlling interest		—	—	—	2,889	—	2,889	(2,889)	—
Dividends declared during the year	30(b)	—	—	—	—	(100,000)	(100,000)	—	(100,000)
Balance at 31 December 2023		388,876	1,813,109	135,135	7,977	1,606,511	3,951,608	(96,545)	3,855,063

The notes on pages 81 to 135 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2024 (EXPRESSED IN RMB)

	Note	2024 RMB'000	2023 RMB'000
Profit/(loss) before taxation		**4,201,795**	(1,991,781)
Adjustments for:			
Depreciation charge on property, plant and equipment	11(a)	**913,892**	845,396
Amortisation of intangible assets	13	**1,039**	1,877
Provision for expected credit loss of trade and other receivables		**12,357**	17,287
Finance costs	6(a)	**411,846**	441,521
Interest income	5	**(38,609)**	(47,071)
Share of losses of associates		**935**	96
Net gain on disposal of interests in associate	5	**(920)**	—
Loss on sale of property, plant and equipment and intangible assets	5	**25,989**	8,945
Changes in fair value of biological assets	12	**(904,312)**	713,616
Changes in fair value of financial assets at FVPL	5	**(12,522)**	(6,751)
Changes in fair value of unlisted equity investments	5	**425**	715
Unrealised gain on derivative financial instruments, net		**(83,204)**	(90,873)
Government grants	5	**(117,508)**	(82,265)
Changes in working capital:			
(Increase)/decrease in inventories		**(43,532)**	648
Increase in biological assets		**(442,159)**	(42,779)
(Increase)/decrease in trade receivables		**(4,117)**	6,130
Decrease/(increase) in prepayments, deposits and other receivables		**219,356**	(26,504)
Increase in trade and bills payables		**53,859**	402,957
Increase in accruals and other payables		**901,907**	967,294
Decrease in other non-current assets		**872**	1,207
Decrease/(increase) in restricted deposits		**264,524**	(377,941)
Cash generated from operations		**5,361,913**	741,724
Tax paid		**(110)**	(208)
Net cash generated from operating activities		**5,361,803**	741,516

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2024 (EXPRESSED IN RMB)

	Note	2024 RMB'000	2023 RMB'000
Investing activities			
Payment for the purchase of property, plant and equipment		(780,757)	(1,125,067)
Payment for purchase of breeding livestock		(192,034)	(184,593)
Payment for purchase of intangible assets		(4,168)	(1,629)
Government grants received	29	144,549	219,087
Proceeds from disposal of property, plant and equipment		9,061	47,314
Investments in an associate		(6,000)	(5,250)
Proceeds from disposal of interests in associate		920	—
Payment for the purchase of financial assets at FVPL	31(e)	(7,020,000)	(1,590,000)
Proceeds from disposal of financial assets at FVPL	31(e)	6,291,114	1,948,092
Net cash used in investing activities		(1,557,315)	(692,046)
Financing activities			
Proceeds from interest-bearing borrowings	23(b)	5,560,201	5,520,976
Repayment of non-interest-bearing government loans	23(b)	—	(4,200)
Repayment of interest-bearing borrowings	23(b)	(7,373,383)	(6,317,668)
Decrease in restricted deposits for interest-bearing borrowings		—	300,000
Proceeds from issuance of ordinary shares, net of transaction costs		—	846,897
Capital contribution from non-controlling equity owners of subsidiaries		547,000	10,500
Acquisition of non-controlling interests		(18,429)	—
Proceeds from deemed disposal of interests in subsidiaries		—	26,000
Capital element of lease rentals paid	23(b)	(146,899)	(158,294)
Interest element of lease rentals paid	23(b)	(189,055)	(160,566)
Other interests paid	23(b)	(244,262)	(309,196)
Dividends paid		—	(100,000)
Net cash used in financing activities		(1,864,827)	(345,551)
Net increase/(decrease) in cash and cash equivalents		1,939,661	(296,081)
Cash and cash equivalents at 1 January	23	2,544,830	2,843,255
Effect of foreign exchange rate changes		7,461	(2,344)
Cash and cash equivalents at 31 December	23	4,491,952	2,544,830

The notes on pages 81 to 135 form part of these financial statements.

1 CORPORATE INFORMATION

四川德康農牧食品集團股份有限公司 (Dekon Food and Agriculture Group) (the "Company") was established in the People's Republic of China (the "PRC") on 11 April 2014 as a private-owned enterprise with limited liability. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 6 December 2023 (the "Listing Date").

The Company and its subsidiaries are principally engaged in: (i) providing market hogs, breeding pigs, market piglets and boar semen (ii) providing yellow-feathered broilers, chicks and eggs; and (iii) providing ancillary products such as fresh meat, ingredients and others.

2 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (the "IASB"). These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Material accounting policies adopted by the Group are disclosed below.

The IASB has issued certain amendments to IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of financial statements

The consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

— other investments in securities (see Note 2(g));

— derivative financial instruments (see Note 2(h)); and

— biological assets (see Note 2(i)).

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

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.

2 MATERIAL ACCOUNTING POLICIES — *continued*

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

(c) Changes in accounting policies

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

- Amendments to IAS 1, *Presentation of financial statements — Classification of liabilities as current or non-current* ("2020 amendments") and amendments to IAS 1, *Presentation of financial statements — Non-current liabilities with covenants* ("2022 amendments")
- Amendments to IFRS 16, *Leases — Lease liability in a sale and leaseback*
- Amendments to IAS 7, *Statement of cash flows* and IFRS 7, *Financial instruments: Disclosures — Supplier finance arrangements*

None of these developments have had a material effect on how the Group's results and financial position for the current period have been prepared or presented. The Group has not applied any new or amended standard that is not yet effective for the current accounting period. The new and revised accounting standards issued but not yet effective for the accounting period beginning 1 January 2024 and which are not yet adopted by the Group are set out in Note 36.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests ("NCI") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

2 MATERIAL ACCOUNTING POLICIES — *continued*

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(m)(iii)).

(e) Associates

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over the financial and operating policies.

An interest in an associate is accounted for using the equity method, unless it is classified as held for sale (or included in a disposal group classified as held for sale). They are initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of those investees, until the date on which significant influence ceases.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

In the Company's statement of financial position, an investment in an associate is stated at cost less impairment losses (see Note 2(m)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

(f) Goodwill

Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses and is tested annually for impairment (see Note 2(m)).

(g) Other investments in securities

The Group's policies for investments, other than investments in subsidiaries and associates, are set out below.

Investments in securities and non-equity investments are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 31(e). These investments are subsequently accounted for as follows, depending on their classification.

2 MATERIAL ACCOUNTING POLICIES — *continued*

(i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

— amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see Note 2(w)(iii)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

— FVOCI — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in OCI. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.

— FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income (see Note 2(w)(ii)).

(h) Derivative financial instruments

Derivatives are initially measured at fair value. Subsequently, they are measured at fair value with changes therein recognised in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation.

(i) Biological assets

The biological assets of the Group mainly include (i) commodity hogs (piglets, nursery pigs and growers), (ii) commodity chickens (eggs, commodity chicks and broilers) and (iii) chicken breeders held for own use to produce commodity chicks which are classified as current assets, and (iv) hog breeders held for own use to produce commodity hogs which are classified as non-current assets.

Biological assets are measured at fair value less costs of disposals. Gains or losses arising from initial recognition of biological assets at fair value less costs of disposal and from a change in fair value less costs of disposal of biological assets are included in profit or loss in the period in which it arises.

2 MATERIAL ACCOUNTING POLICIES — *continued*

The feeding costs and other related costs such as staff costs, depreciation and amortisation expenses and utilities cost incurred for raising gilts and studs and chicken breeders are capitalised until the gilts and studs and chicken breeders begin to mate or transfer to the Group of sows and boars or mature chicken breeders. Such costs incurred for sows and boars are also capitalised while upon pregnancy and transferred to the piglets farrowed.

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 IAS 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.

(j) Property, plant and equipment

The following items of property, plant and equipment are stated at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses (see Note 2(m)):

— right-of-use assets arising from leases over leasehold properties where the Group is not the registered owner of the property interest; and

— items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see Note 2(l)).

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Any related revaluation surplus is transferred from the revaluation reserve to retained profits and is not reclassified to profit or loss.

Depreciation is calculated to write-off the cost or valuation of items of property, plant and equipment less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

— Plant and buildings	20–40 years
— Right-of-use assets	Over the term of lease
— Machinery and equipment	10–15 years
— Vehicles, furniture, and others	3–5 years

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(k) Intangible assets (other than goodwill)

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred. Capitalised development expenditure is subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

2 MATERIAL ACCOUNTING POLICIES — *continued*

Other intangible assets, including software, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see Note 2(m)).

Expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation is calculated to write-off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

— Software	3–10 years

Amortisation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(l) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items such as laptops and office furniture. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and are charged to profit or loss incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(j) and 2(m)(iii)), except for the following types of right-of-use asset:

2 MATERIAL ACCOUNTING POLICIES — *continued*

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(m) Credit losses and impairment of assets

(i) Credit losses from financial instruments and lease receivables

The Group recognises a loss allowance for expected credit losses ("ECL"s) on:

— financial assets measured at amortised cost (including cash and cash equivalents, trade receivables, deposits and other receivables);

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Group if the holder of the loan commitment draws down on the loan and (ii) the cash flows that the Group expects to receive if the loan is drawn down.

The expected cash shortfalls of fixed-rate financial assets, trade and other receivables and contract assets are discounted using effective interest rate determined at initial recognition or an approximation thereof where the effect of is material.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

— 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

— lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

2 MATERIAL ACCOUNTING POLICIES — *continued*

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

— financial instruments that are determined to have low credit risk at the reporting date; and

— other financial instruments (including loan commitments issued) for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

For loan commitments, the date of initial recognition for the purpose of assessing ECLs is considered to be the date that the Group becomes a party to the irrevocable commitment. In assessing whether there has been a significant increase in credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of default occurring on the loan to which the loan commitment relates.

The Group considers a financial asset to be in default when:

— the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

— the financial asset is 90 days past due.

The Group considers a financial instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in non-equity securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in OCI and accumulated in the fair value reserve (recycling) does not reduce the carrying amount of the financial asset in the statement of financial position.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

2 MATERIAL ACCOUNTING POLICIES — *continued*

Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or being more than 90 days past due;

— the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

— it is probable that the debtor will enter bankruptcy or other financial reorganisation; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written-off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written-off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Credit losses from financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised at fair value, which is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

The amount initially recognised as deferred income is subsequently amortised in profit or loss over the term of the guarantee as income.

The Group monitors the risk that the specified debtor will default on the contract and remeasures the above liability at a higher amount when ECLs on the financial guarantees are determined to be higher than the carrying amount in respect of the guarantees.

A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in Note 2(m)(i) apply.

2 MATERIAL ACCOUNTING POLICIES — *continued*

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

(iii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than property carried at revalued amounts, inventories and other contract costs, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest Group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s). Goodwill arising from a business combination is allocated to CGUs or Groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(n) Inventories

Inventories are measured at the lower of cost, on the weighted average basis, and net realisable value after making allowance for any obsolete or slow-moving items. Cost comprises direct materials, direct labour and an appropriate proportion of overheads.

Net realisable value represents the estimated selling price less any estimated costs of completion and costs to be incurred in selling the property.

(o) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(w)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see Note 2(p)).

2 MATERIAL ACCOUNTING POLICIES — *continued*

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(w)).

(p) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see Note 2(m)(i)).

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECL (see Note 2(m)(i)).

(r) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(s) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with Note 2(y).

(t) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

2 MATERIAL ACCOUNTING POLICIES — *continued*

(u) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

— temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

— temporary differences related to investment in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

— taxable temporary differences arising on the initial recognition of goodwill; and

— those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(v) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

2 MATERIAL ACCOUNTING POLICIES — *continued*

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract (see Note 2(m)(iii)).

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(w) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services in the ordinary course of the Group's business.

Further details of the Group's revenue and other income recognition policies are as follows:

The Group is the principal for its revenue transactions and recognises revenue on a gross basis. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

(i) Sale of goods

Revenue is recognised when the customer takes possession of and accepts the products. If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

(ii) Dividends

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

2 MATERIAL ACCOUNTING POLICIES — *continued*

(iii) Interest income

Interest income is recognised using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(iv) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same period in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised as deferred income and consequently recognised in profit or loss on a systematic basis over the useful life of the asset.

(x) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

— an investment in equity securities designated as at FVOCI;

— a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and

— qualifying cash flow hedges to the extent that the hedges are effective.

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognised, but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

2 MATERIAL ACCOUNTING POLICIES — *continued*

(y) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(z) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(aa) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

2 MATERIAL ACCOUNTING POLICIES — *continued*

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products, the nature of production processes, the type or class of customers, the methods used to distribute the products, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENT AND ESTIMATES

Note 12 contain information about the assumptions and their risk factors relating to fair value of biological assets.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are (i) providing market hogs, breeding pigs, market piglets and boar semen; (ii) providing yellow-feathered broilers, chicks and eggs; and (iii) providing ancillary products such as ingredients, fresh meat and others. Further details regarding the Group's principal activities are disclosed in Note 4(b).

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by product line:		
Sales of pigs and related products	**18,271,557**	12,254,966
Sales of poultry and related products	**3,275,810**	3,332,979
Sales of ancillary products	**915,671**	567,467
	22,463,038	16,155,412

Revenue from contracts with customers is recognised at a point in time when the customers obtain control of promised goods. During the year ended 31 December 2024, no revenue from a single external customer accounts for 10% or more of the Group's revenue (2023: nil).

The Group's obligations to provide a refund for faulty products are under the standard warranty terms. Accumulated experience is used to estimate such returns at the time of sale. It is highly probable that a significant reversal in the cumulative revenue recognised will not occur. Therefore, no refund liability for goods return was recognised.

The Group takes advantage of the practical expedient in paragraph 121 of International Financial Reporting Standard ("IFRS") 15 and does not disclose the remaining performance obligation as all of the Group's sales contracts have an original expected duration of less than one year.

The Group does not adjust the promised amount of consideration for the effects of a significant financing component as the period between when the Group transfers a promised goods to a customer and when the customer pays for that goods will be one year or less.

4 REVENUE AND SEGMENT REPORTING — *continued*

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Sales of pigs: sales of market hogs, breeding pigs, market piglets and boar semen;
- Sales of poultry: sales of yellow-feathered broilers, chicks and eggs;
- Sales of ancillary products: sales of ingredients, fresh meat and others.

(i) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments. The measure used for reporting segment profit is gross profit. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

The Group's other operating income and expenses, such as other income and selling and administrative expenses, and assets and liabilities are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, interest income and interest expenses is presented.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance during the years ended 31 December 2024 and 2023 is set out below.

	Year ended 31 December 2024			
	Sales of pigs RMB'000	Sales of poultry RMB'000	Sales of ancillary products RMB'000	Total RMB'000
Revenue from external customers	18,271,557	3,275,810	915,671	22,463,038
Inter-segment revenue	621,006	104	5,136,332	5,757,442
Reportable segment revenue	18,892,563	3,275,914	6,052,003	28,220,480
Reportable segment gross profit	4,661,596	370,602	(37,875)	4,994,323

(EXPRESSED IN RMB)

4 REVENUE AND SEGMENT REPORTING — *continued*

	Year ended 31 December 2023			
	Sales of pigs RMB'000	Sales of poultry RMB'000	Sales of ancillary products RMB'000	Total RMB'000
Revenue from external customers	12,254,966	3,332,979	567,467	16,155,412
Inter-segment revenue	217,677	74	4,776,090	4,993,841
Reportable segment revenue	12,472,643	3,333,053	5,343,557	21,149,253
Reportable segment gross profit/(loss)	132,355	(18,806)	26,912	140,461

(ii) Reconciliations of reportable profit/(loss) before taxation

	2024 RMB'000	2023 RMB'000
Revenue		
Reportable segment revenue	28,220,480	21,149,253
Elimination of inter-segment revenue	(5,757,442)	(4,993,841)
Consolidated revenue (Note 4(a))	22,463,038	16,155,412
Profit		
Reportable segment profit	4,994,323	140,461
Elimination of inter-segment profit before taxation	(129,032)	(20,788)
Reportable segment profit derived from group's external customers	4,865,291	119,673
Changes in fair value of biological assets	904,312	(713,616)
Gain arising from biological assets at fair value less costs to sell at the point of harvest	123,259	4,782
Other net income	419,486	454,299
Selling expense	(101,455)	(109,896)
Administrative expenses	(1,583,960)	(1,288,119)
Provision for expected credit loss of trade and other receivables	(12,357)	(17,287)
Finance cost	(411,846)	(441,521)
Share of losses of associates	(935)	(96)
Consolidated profit/(loss) before taxation	4,201,795	(1,991,781)

4 REVENUE AND SEGMENT REPORTING — *continued*

(iii) Geographic information

The Group's revenue is substantially generated from the sales of pigs, chicken and ancillary products in the PRC. The Group's operating assets are substantially situated in the PRC. Accordingly, no segment analysis based on geographical locations of the customers and assets is provided.

5 OTHER NET INCOME

	2024 RMB'000	2023 RMB'000
Interest income	38,609	47,071
Government grants (Note 29)	117,508	82,265
Net gain on disposal of interests in associate	920	—
Loss on disposal of property, plant and equipment and intangible assets	(25,989)	(8,945)
Net gain on disposal of biological assets, net of insurance compensation recovered during the year	177,430	132,123
Change in fair value of financial assets at FVPL	12,522	6,751
Change in fair value of unlisted equity investments	(425)	(715)
Change in fair value of derivative financial instruments	89,894	196,962
Net foreign exchange gains/(loss)	7,461	(2,344)
Others	1,556	1,131
	419,486	454,299

6 PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging/(crediting):

(a) Finance costs

	2024 RMB'000	2023 RMB'000
Interest on interest-bearing borrowings (Note 23(b))	243,174	307,573
Interest on lease liabilities (Note 11(b) and Note 23(b))	189,055	160,566
	432,229	468,139
Less: interest expense capitalised*	(20,383)	(26,618)
	411,846	441,521

* The borrowing costs have been capitalised at a rate of 3.9%–4.79% per annum in 2024 (2023: 4.00%–4.85%).

6 PROFIT/(LOSS) BEFORE TAXATION — *continued*

(b) Staff costs

	2024 RMB'000	2023 RMB'000
Salaries, wages and other benefits	1,470,250	1,092,711
Contributions to defined contribution retirement plan	88,976	81,532
	1,559,226	1,174,243

The employees of the entities comprising the Group established in the PRC participate in a defined contribution retirement benefit scheme managed by the local government authority, whereby these entities are required to contribute to the scheme at a rate of 14%–16% of the minimum local base of retirement schemes. Employees of these entities are entitled to retirement benefits, calculated based on a percentage of the average salaries level in the PRC, from the above-mentioned retirement scheme at their normal retirement age.

Contributions to the retirement benefit scheme vest immediately, there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution. The Group has no further obligation for payment of other retirement benefits beyond the above contributions.

(c) Other items

	2024 RMB'000	2023 RMB'000
Amortisation cost of intangible assets# (Note 13)	1,039	1,877
Depreciation charge# (Note 11)		
— owned property, plant and equipment	629,922	581,887
— right-of-use assets	283,970	263,509
	913,892	845,396
Listing expenses	—	37,707
Auditors' remuneration		
— audit services	3,600	3,600
— other services	2,020	11,950
Research and development expense	275,331	219,111
Cost of sale of biological assets#	16,610,178	15,454,004
Cost of inventories#	987,569	581,735

Cost of sale of biological assets and inventories includes RMB1,477,753,000 (2023: RMB1,244,611,000) relating to staff costs, depreciation and amortisation expenses which are also included in the respective total amounts disclosed separately above or in Note 6(b) for each of these types of expenses.

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2024 RMB'000	2023 RMB'000
Current tax		
Provision for the year	78	367
Deferred tax		
Origination and reversed of temporary differences	10	(12)
	88	355

(b) Reconciliation between tax expense and accounting profit or loss at applicable tax rate:

	2024 RMB'000	2023 RMB'000
Profit/(loss) before taxation	4,201,795	(1,991,781)
Notional tax on profit/(loss) before taxation at PRC statutory tax rate	1,050,449	(497,945)
Tax effect of non-deductible expenses	6,348	5,055
Tax effect of unused losses and temporary differences not recognised	37,028	1,566
Effect of losses incurred for agricultural business (Note (ii))	37,988	500,351
Tax effect of unused tax losses and temporary differences not recognised in previous years but utilised in current year	(10,278)	(1,573)
Tax concessions (Note (ii))	(1,121,447)	(7,099)
Actual tax expense	88	355

Notes:

(i) The Company and its subsidiaries established in the PRC are subject to PRC Corporate Income Tax rate of 25% during the years ended 31 December 2024 (2023: 25%).

(ii) Pursuant to the article 27 of Law of the People's Republic of China on Enterprise Income Tax (No. 63 Order of the President of the People's Republic of China), certain subsidiaries are entitled to full income tax exemptions on their animal husbandry business. Effect of tax losses incurred for agricultural business is the tax losses for those subsidiaries which are entitled to full income tax exemptions.

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME — *continued*

(c) Pillar Two income taxes

In 2021, the Organisation for Economic Co-operation and Development published the Global Anti-Base Erosion Model Rules ("Pillar Two model rules") for a new global minimum tax reform applicable to large multinational enterprises. The Group considers that the enactment of the Pillar Two model rules is unlikely to have a significant impact on the results of the Group.

8 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Year ended 31 December 2024				
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Executive directors					
Wang Dehui	—	906	300	—	1,206
Yao Hailong	—	1,022	420	43	1,485
Hu Wei	—	1,128	180	43	1,351
Wang Degen	—	1,359	660	43	2,062
Zeng Min	—	574	144	43	761
Non-executive Directors					
Liu Shan	—	—	—	—	—
Independent non-executive directors					
Feng Zhiwei	120	—	—	—	120
Pan Ying	120	—	—	—	120
Zhu Qing	120	—	—	—	120
Supervisors					
Zhu Hui	—	351	27	43	421
Gong Shuang	—	494	144	43	681
Zhou Zhexu	—	415	79	43	537
	360	6,249	1,954	301	8,864

8 DIRECTORS' AND SUPERVISORS' EMOLUMENTS — *continued*

	Year ended 31 December 2023				
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Executive directors					
Wang Dehui	—	916	160	41	1,117
Yao Hailong	—	630	190	41	861
Hu Wei	—	859	312	41	1,212
Wang Degen	—	1,043	240	41	1,324
Zeng Min (appointed on 26 December 2022)	—	30	80	3	113
Non-executive Directors					
Liu Shan	—	—	—	—	—
Independent non-executive directors					
Fung Che Wai, Anthony (appointed on 31 October 2023)	10	—	—	—	10
Pan Ying (appointed on 26 December 2022)	10	—	—	—	10
Zhu Qing (appointed on 26 December 2022)	10	—	—	—	10
Supervisors					
Zhu Hui	—	244	22	35	301
Gong Shuang	—	545	90	41	676
Zhou Zhexu	—	454	35	41	530
	30	4,721	1,129	284	6,164

During the years ended 31 December 2024 and 2023, no emoluments were paid by the Group to the directors or supervisors or the 5 individuals with highest emoluments as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which any of them waived or agreed to waive any remuneration during the year.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2023: two) are directors, whose emoluments are disclosed in Note 8. The aggregate of the emoluments in respect of the remaining individuals are as follows:

	2024 RMB'000	2023 RMB'000
Salaries and other emoluments	5,184	4,050
Discretionary bonuses	1,300	608
Retirement scheme contributions	130	122
	6,614	4,780

The emoluments of the individuals who are not directors and who are amongst the five highest paid individuals of the Group are within the following bands:

	2024	2023
HKD1,000,001–HKD1,500,000	—	1
HKD1,500,001–HKD2,000,000	2	2
HKD2,000,001–HKD3,500,000	1	—

10 EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the profit/(loss) attributable to equity shareholders of the Company of RMB4,101,559,000 for the year ended 31 December 2024 (2023: loss of RMB1,775,126,000) and the weighted average number of ordinary shares in issue during the year of 388,876,000 shares (2023: 363,881,000 shares).

Weighted average number of ordinary shares

	2024 '000	2023 '000
Ordinary shares at 1 January	388,876	361,964
Effect of ordinary shares issued	—	1,917
Weighted average number of ordinary shares	388,876	363,881

The Company did not have any potential dilutive shares throughout the years ended 31 December 2024 and 2023. Accordingly, diluted earnings/(loss) per share is the same as basic earnings/(loss) per share.

11 PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

	Plant and buildings RMB'000	Right-of-use assets RMB'000	Machinery and equipment RMB'000	Vehicles, furniture, and others RMB'000	Sub-total RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:							
At 1 January 2023	4,179,620	2,524,406	2,346,503	698,677	9,749,206	1,195,436	10,944,642
Additions	135,848	584,341	65,804	67,116	853,109	639,783	1,492,892
Disposals	(14,509)	(63,881)	(10,085)	(11,840)	(100,315)	(2,496)	(102,811)
Transfer in/(out)	726,992	—	99,332	22,938	849,262	(849,262)	—
At 31 December 2023 and 1 January 2024	5,027,951	3,044,866	2,501,554	776,891	11,351,262	983,461	12,334,723
Additions	156,739	494,073	70,951	59,303	781,066	486,155	1,267,221
Disposals	(31,145)	(144,895)	(23,327)	(9,102)	(208,469)	(2,336)	(210,805)
Transfer in/(out)	664,598	—	249,203	29,774	943,575	(943,575)	—
At 31 December 2024	5,818,143	3,394,044	2,798,381	856,866	12,867,434	523,705	13,391,139
Accumulated depreciation:							
At 1 January 2023	(549,612)	(475,277)	(574,350)	(249,480)	(1,848,719)	—	(1,848,719)
Charge for the year	(222,853)	(263,509)	(240,166)	(118,868)	(845,396)	—	(845,396)
Written back on disposals	7,110	25,205	4,918	9,319	46,552	—	46,552
At 31 December 2023 and 1 January 2024	(765,355)	(713,581)	(809,598)	(359,029)	(2,647,563)	—	(2,647,563)
Charge for the year	(236,498)	(283,970)	(273,620)	(119,804)	(913,892)	—	(913,892)
Written back on disposals	9,709	52,873	14,767	7,451	84,800	—	84,800
At 31 December 2024	(992,144)	(944,678)	(1,068,451)	(471,382)	(3,476,655)	—	(3,476,655)
Net book value:							
At 31 December 2024	4,825,999	2,449,366	1,729,930	385,484	9,390,779	523,705	9,914,484
At 31 December 2023	4,262,596	2,331,285	1,691,956	417,862	8,703,699	983,461	9,687,160

(EXPRESSED IN RMB)

11 PROPERTY, PLANT AND EQUIPMENT — *continued*

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	2024 RMB'000	2023 RMB'000
Pig and chicken farms and office buildings	1,991,864	1,906,407
Machinery and equipment	457,502	424,878
	2,449,366	2,331,285

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2024 RMB'000	2023 RMB'000
Depreciation charge of right-of-use assets by class of underlying asset:		
— Pig and chicken farms and office buildings	210,799	183,276
— Machinery and equipment	73,171	80,233
	283,970	263,509
Interest on lease liabilities (Note 6(a))	189,055	160,566
Expense relating to short-term leases	12,400	13,025

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Notes 23(c) and 27, respectively.

(c) Title ownership

As at the date of this report, the Group was in the progress of applying for registration of the ownership certificates for certain of its properties. The aggregate carrying value of such properties as at 31 December 2024 was approximately RMB242,215,000 (2023: RMB260,562,000). The directors are of the opinion that the defects in title ownership do not have significant adverse impact on the Group's business.

12 BIOLOGICAL ASSETS

	Breeding stocks — Hog breeders RMB'000	Breeding stocks — Chicken breeders RMB'000	Commodity stocks — Live swine RMB'000	Commodity stocks — Broilers and broiler eggs RMB'000	Total RMB'000
At 1 January 2024	1,076,445	73,652	3,392,180	380,592	4,922,869
Increase due to purchasing/raising/transfer	1,430,603	144,036	14,504,485	3,694,270	19,773,394
Decrease due to sales/disposal/transfer/harvest	(1,396,661)	(150,199)	(13,985,769)	(3,606,572)	(19,139,201)
Changes in fair value	201,527	(913)	726,014	(22,316)	904,312
At 31 December 2024	1,311,914	66,576	4,636,910	445,974	6,461,374

	Breeding stocks — Hog breeders RMB'000	Breeding stocks — Chicken breeders RMB'000	Commodity stocks — Live swine RMB'000	Commodity stocks — Broilers and broiler eggs RMB'000	Total RMB'000
At 1 January 2023	946,361	80,788	3,906,774	475,190	5,409,113
Increase due to purchasing/raising/transfer	1,377,887	158,799	12,664,759	3,518,203	17,719,648
Decrease due to sales/disposal/transfer/harvest	(1,014,330)	(160,113)	(12,686,174)	(3,631,659)	(17,492,276)
Changes in fair value	(233,473)	(5,822)	(493,179)	18,858	(713,616)
At 31 December 2023	1,076,445	73,652	3,392,180	380,592	4,922,869

Notes:

(i) Breeding stocks represent hogs and chicken of required qualities that are selected as breeding stock held for own use, including boars, sows, gilts, studs, immature and mature chicken breeders. Boars are male hogs for mating purpose, sows are female hogs which have farrowed and mature chicken breeders are chicken which have mated. Boars, sows and mature chicken breeders held for the production of piglets and eggs for sale and/or further raising to become swine parent stock/chicken breeders or market hogs/chicken. Gilts, studs and immature chicken breeders are pigs/chicken that are selected to be transferred into boars, sows and mature chicken breeders but have not been mated or farrowed. Since there was no active market for boars, sows, immature and mature chicken breeders at specific age, the replacement cost approach has been adopted. Market prices for different species of boars, sows, immature and mature chicken breeders 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. The fair value of the gilts and studs were derived by multiplying the market prices of the gilts and studs for different species by their corresponding quantities.

Breeding stocks may be transferred to commodity stocks when the pigs/chicken held for own use were expected to be sold as market hogs/chicken.

(EXPRESSED IN RMB)

12 BIOLOGICAL ASSETS — *continued*

(ii) Commodity stocks include pigs (piglets, nursery pigs, growers) and chickens (eggs, commodity chicks and broilers). Piglets are new born pigs between birth and weaning between zero to three weeks of age. Nursery pigs are young hogs of around 22–73 days old that have been weaned off and consuming feeding stuff. Growers are hogs that age around 74 to 183 days. Eggs are the fertile eggs laid by chicken breeders which are incubated for around 21 days and hatched into chicken breeds, chicken breeds will be raised for around 90–120 days to broilers or chicken breeders.

The replacement cost approach was adopted for valuing piglets as they are only around three-week old and there is insignificant biological transformation that takes place since the initial cost incurrence.

Nursery pigs, growers, eggs, chicken breeds, broilers were assumed to (1) be sold live or slaughtered when they become mature, or (2) become breeding stock. The fair value of nursery pigs, growers, fertile eggs, chicken breeds and broilers is derived by assuming the market prices of the commodity stocks, fertile eggs or broilers as the estimated price receivable upon sale or slaughtering, multiplying the unit price for different categories or species by the corresponding quantities, less the expected costs required to raise the hogs or chickens, adjusting with mortality rate and the respective profit margin.

Commodity stocks may be transferred to breeding stocks, when the pigs/chickens are selected as breeding stock held for own use after growers.

(iii) The quantities of biological assets owned by the Group at the end of the reporting period are as follows:

		2024 (Units)	2023 (Units)
Breeding stocks — Hogs			
— Sows and boars	(Heads)	440,376	370,566
— Gilts and studs	(Heads)	92,601	73,537
Breeding stocks — Poultry			
— Mature breeders	(Birds)	941,619	912,906
— Immature breeders	(Birds)	832,377	827,465
Commodity stocks — Hogs			
— Piglets	(Heads)	695,882	612,678
— Nursery pigs	(Heads)	248,778	254,708
— Growers	(Heads)	4,327,090	3,360,271
Commodity stocks — Poultry			
— Eggs	(Pieces)	11,512,998	10,158,823
— Broilers	(Birds)	27,379,272	23,402,650

(EXPRESSED IN RMB)

12 BIOLOGICAL ASSETS — *continued*

(iv) Fair value measurement of biological assets

Fair value hierarchy

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

The fair value measurements of biological assets fall into level 3 of the fair value hierarchy.

During the years ended 31 December 2024 and 2023, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period and in which they occur.

The valuations of the Group's biological assets as at 31 December 2024 and 2023 were carried out by Jones Lang LaSalle (Beijing) Consultants, Inc. ("JLL"). The Group's finance manager and the chief financial officer have discussion with the valuers on the valuation assumptions and valuation results when the valuation is performed at the end of each reporting date.

Information about Level 3 fair value measurements

	Significant unobservable inputs	31 December 2024	31 December 2023
Breeding stocks			
— Sows and boars	Replacement cost	**RMB2,850 to RMB13,951 per head**	RMB2,850 to RMB11,490 per head
— Gilts and studs	Market price	**RMB1,400 to RMB9,000 per head**	RMB1,400 to RMB9,700 per head
— Mature breeders	Replacement cost	**RMB24 to RMB74 per bird**	RMB15 to RMB81 per bird
— Immature breeders	Replacement cost	**RMB3.35 to RMB69.70 per bird**	RMB3.16 to RMB63.98 per bird
Commodity stocks			
— Piglets	Replacement cost	**RMB218 to RMB318 per head**	RMB261 to RMB333 per head
— Nursery pigs and growers	Market price	**RMB15 to RMB17 per kilogram**	RMB14 to RMB15 per kilogram
— Fertile eggs	Market price	**RMB1.38 per piece**	RMB1.40 per piece
— Broilers	Market price	**RMB10.05 to RMB18.30 per kilogram**	RMB11 to RMB22 per kilogram

12 BIOLOGICAL ASSETS — *continued*

A significant increase/decrease in the estimated market price and replacement cost in isolation would result in a significant increase/decrease in the fair value of the biological assets.

As at 31 December 2024 if market price of nursery pigs, growers, gilts, studs, eggs, commodity chicks and broilers and replacement cost of piglets, sows, boars, mature and immature chicken breeders held for own use increases by 10%, the estimated fair value of biological assets would have increased RMB649,362,000 (2023: RMB499,715,000) and if market price and replacement cost decreases by 10%, the estimated fair value of biological assets would have decreased by RMB690,137,000 (2023: RMB628,384,000).

Changes in fair value of biological assets are presented separately in the consolidated statement of profit or loss and other comprehensive income.

13 INTANGIBLE ASSETS

	Software RMB'000
Cost:	
At 1 January 2023	5,357
Additions	1,629
At 31 December 2023 and 1 January 2024	6,986
Additions	4,168
Disposals	(600)
At 31 December 2024	10,554
Accumulated amortisation:	
At 1 January 2023	(2,191)
Charge for the year	(1,877)
At 31 December 2023 and 1 January 2024	(4,068)
Charge for the year	(1,039)
Written back on disposals	580
At 31 December 2024	(4,527)
Net book value:	
At 31 December 2024	6,027
At 31 December 2023	2,918

The amortisation charge for the year is included in "administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

14 GOODWILL

	2024 RMB'000	2023 RMB'000
Carrying amount	**14,730**	14,730

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units (CGU) in sales of poultry segment.

The recoverable amount of the CGU is determined based on value-in-use calculations. As at 31 December 2024, these calculations use cash flow projections based on financial budgets approved by management covering a five-year period and cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 0% (2023: 0%). For prudence, the management forecast the annual growth rates of revenue during the five-year forecast period to be nil (2023: nil). The cash flows are discounted using a pre-tax discount rate of 11% (2023: 12.00%) at 31 December 2024. The discount rates used reflect specific risks relating to the relevant segments.

	2024 RMB'000	2023 RMB'000
Annual growth rate of revenue during five-year forecast period	**0%**	0%
Pre-tax discount rate	**11.00%**	12.00%

The headroom calculated based on the recoverable amounts deducting the carrying amount of the CGU as at 31 December 2024 is RMB241,370,000 (2023: RMB191,656,000).

Management have undertaken sensitivity analysis on the impairment test of goodwill. The following table sets out the hypothetical changes to annual growth rate and pre-tax discount rate that would, in isolation, have removed the remaining headroom respectively as at 31 December 2024 and 2023:

	2024 RMB'000	2023 RMB'000
Decrease in annual sales growth rate	**28.4 percentage points**	19.8 percentage points
Increase in pre-tax discount rate	**8.0 percentage points**	7.3 percentage points

As a result of the above impairment tests, the directors of the Company are of the view that a reasonably possible change in a key assumption on which management has based its determination of the CGU's recoverable amount would not cause the CGU's carrying amount to exceed its recoverable amount as at 31 December 2024 and 2023.

15 INVESTMENTS IN SUBSIDIARIES

Particulars of the principal subsidiaries are as follows:

Name of company	Particulars of issued/ paid-up capital RMB'000	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activities
Chengdu Dekon Animal Husbandry Technology Co., Ltd. 成都德康畜牧科技有限公司	140,000	100%	100%	—	Holding company
Chengdu Dekon Chicken Breeding Co., Ltd. 成都德康雞業有限公司	72,000	100%	100%	—	Holding company
Chengdu Xindekon Food Co., Ltd. 成都新德康食品有限公司	100,000	100%	100%	—	Holding company
Chengdu Dekon Xin Gene Technology Co., Ltd. 成都德康芯基因科技有限公司	100,000	100%	100%	—	Holding company
Sichuan Dekon-Tönnies Premium Food Co,. Ltd. 四川德康通內斯食品有限公司	91,391	50%	50%	—	Food processing
Chengdu Dekon Animal Health Technology Service Co., Ltd. 成都德康動物健康技術服務有限公司	50,000	100%	100%	—	Trading
Guizhou Deyu Gene Technology Co., Ltd. 貴州德育基因科技有限公司	233,254	86%	—	86%	Pig breeding
Sihong Dekon Farming and Technology Co., Ltd. 泗洪德康農牧科技有限公司	185,000	65%	—	65%	Pig farming
Horqin Right Front Banner Dekon Agriculture and Animal Husbandry Co., Ltd. 科爾沁右翼前旗德康農牧有限公司	50,000	70%	—	70%	Pig farming
Chongqing Hechuan Dekon Pig Farming Co., Ltd. 重慶市合川區德康生豬養殖有限公司	193,000	100%	—	100%	Pig farming
Xuanwei Dekon Pig Farming Co., Ltd. 宣威德康生豬養殖有限公司	50,000	100%	—	100%	Pig farming
Xishui Dekon Agriculture and Animal Husbandry Co., Ltd. 習水德康農牧有限公司	20,000	100%	—	100%	Pig farming
Baotou Dekon Agriculture and Animal Husbandry Co., Ltd. 包頭德康農牧有限公司	10,000	70%	—	70%	Pig farming
Quxian Dekon Pig Farming Co., Ltd. 渠縣德康生豬養殖有限公司	10,000	100%	—	100%	Pig farming

15 INVESTMENTS IN SUBSIDIARIES — *continued*

Name of company	Particulars of issued/ paid-up capital RMB'000	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activities
Jiangan Dekon Pig Farming Co., Ltd. 江安德康生豬養殖有限公司	10,000	100%	—	100%	Pig farming
Songtao Dekon Agriculture and Animal Husbandry Co., Ltd. 松桃德康農牧有限公司	10,000	100%	—	100%	Pig farming
Anshun Dekon Agriculture and Animal Husbandry Co., Ltd. 安順德康農牧有限公司	182,000	100%	—	100%	Pig farming
Chongqing Wanzhou Dekon Agriculture and Animal Husbandry Technology Co., Ltd. 重慶萬州德康農牧科技有限公司	30,000	76%	—	76%	Pig farming
Renshou Dekon Agriculture and Animal Husbandry Co., Ltd. 仁壽德康農牧有限公司	425,000	100%	—	100%	Pig farming
Zigong Dekon Animal Husbandry Technology Co., Ltd. 自貢德康農牧科技有限公司	128,500	100%	—	100%	Pig farming
Guangan Dekon Pig Farming Co., Ltd. 廣安德康生豬養殖有限公司	10,000	100%	—	100%	Pig farming
Yiyang Dekon Pig Farming Co., Ltd. 弋陽縣德康種豬繁育有限公司	20,000	95%	—	95%	Pig farming
Jiangsu Dekon Animal Husbandry Technology Co., Ltd. 江蘇德康農牧科技有限公司	186,400	65%	—	65%	Pig farming
Guangdong Wizagricultural Science & Technology Co., Ltd. 廣東智威農業科技股份有限公司	54,000	92%	—	92%	Yellow-feathered broiler farming
Kaiping Jinjiwang Poultry Co., Ltd. 開平金雞王禽業有限公司	6,000	92%	—	92%	Yellow-feathered broiler farming
Yibin Dekon Food Co., Ltd. 宜賓德康食品有限公司	240,000	100%	—	100%	Food processing

The official names of all these entities are in Chinese. The English translation is for identification only. All these entities are established in the PRC with limited liability and have their operations in the PRC.

The above table lists out the subsidiaries of the Company which, in the opinion of the directors, principally affected the Group's profits or losses or formed a substantial portion of the Group. To give details of all the other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

(EXPRESSED IN RMB)

16 INTERESTS IN ASSOCIATES

The principal associates of the Group are as follows:

Name of company	Place of establishment/ incorporation/operation and legal form of the entity	Particulars of issued/ paid-up capital RMB'000	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activities
Chongqing Detianfeng Modern Agricultural Development Co., Ltd. 重慶德添豐現代農業發展有限公司(i)	the PRC, limited liability company	20,000	5%	—	5%	Pig farming
Jilin Jinlongfeng Agriculture and Animal Husbandry Technology Co., Ltd. 吉林金隆豐農牧科技有限公司	the PRC, limited liability company	40,000	20%	—	20%	Pig farming
Quanzhou Kangyuan Food Co., Ltd. 泉州康源食品有限公司	the PRC, limited liability company	50,000	35%	35%	—	Food processing
Wangmo Hongyoukang Breeding Pig Co., Ltd. 望謨縣紅優康種豬育種有限公司	the PRC, limited liability company	30,000	20%	—	20%	Pig breeding

(i) The Group has voting right in the meeting of the board of the entity and has significant influence on the entity.

Information of associates that are not individually material:

	2024 RMB'000	2023 RMB'000
Carrying amount of individually immaterial associates in the consolidated financial statements	10,219	5,154

	2024 RMB'000	2023 RMB'000
Amounts of the Group's share of individually immaterial associates' loss and total comprehensive income	(935)	(96)

17 OTHER NON-CURRENT ASSETS

	2024 RMB'000	2023 RMB'000
Prepayments for property, plant and equipment	29,825	16,755
Others	3,584	4,456
	33,409	21,211

18 INVENTORIES

	2024 RMB'000	2023 RMB'000
Raw materials	636,939	591,743
Finished goods	29,440	15,234
Spare parts and consumables	83,685	99,555
	750,064	706,532

19 TRADE RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables due from:		
— related parties	—	32
— third parties	11,716	7,280
	11,716	7,312
Less: expected credit loss	(295)	(8)
Total	11,421	7,304

All of the trade receivables, net of allowance for doubtful debts (if any), are expected to be recovered within one year.

All of the trade receivables were due upon issuing the invoices.

Ageing analysis

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

	2024 RMB'000	2023 RMB'000
Within 1 year	10,496	6,156
1 to 2 years	756	895
2 to 3 years	169	253
	11,421	7,304

Further details on the Group's credit policy and credit risk arising from trade receivable are set out in Note 31(a).

20 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Advances to contract farmers	41,083	38,025
Deposits	14,533	57,250
Advances to local government	30,851	6,135
Prepayments for purchase of inventories	44,372	202,203
Prepaid expense	33,254	39,197
Value-added-tax recoverable	83,530	58,087
Others	42,874	26,361
Total	290,497	427,258

All of the prepayments and other receivables are expected to be recovered or recognised as expense within one year.

21 FINANCIAL ASSETS AT FVPL

	2024 RMB'000	2023 RMB'000
RMB wealth management products	741,408	—
Unlisted equity investments	240	665
Total	741,648	665

22 DERIVATIVE FINANCIAL INSTRUMENTS

	2024 RMB'000	2023 RMB'000
Derivative financial assets		
Commodity futures contracts	94,951	93,793
Derivative financial liabilities		
Commodity futures contracts	(495)	(3,329)
Options contracts	(22,439)	(6,699)
Total	(22,934)	(10,028)

The Group has entered into live hog and soybean meal future contracts and live hog options contracts to manage the future price risk in live hog and soybean meal. These futures and options contracts are measured at FVPL.

23 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents represent cash at bank.

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Interest-bearing borrowings RMB'000 (Note 26)	Interest payable RMB'000 (Note 25)	Lease liabilities RMB'000	Total RMB'000 (Note 27)
At 1 January 2024	6,099,089	6,339	2,478,557	8,583,985
Changes from financing cash flows:				
Proceeds from interest-bearing borrowings	5,560,201	—	—	5,560,201
Repayment of interest-bearing borrowings	(7,373,383)	—	—	(7,373,383)
Capital element of lease rental paid	—	—	(146,899)	(146,899)
Interest element of lease rentals paid	—	—	(189,055)	(189,055)
Other interests paid	—	(244,262)	—	(244,262)
Total changes from financing cash flows	(1,813,182)	(244,262)	(335,954)	(2,393,398)
Other changes:				
Increase in lease liabilities from entering into new leases during the year	—	—	439,977	439,977
Early termination and modification of lease contracts	—	—	(77,157)	(77,157)
Interest expenses (Note 6(a))	—	243,174	189,055	432,229
Total other changes	—	243,174	551,875	795,049
At 31 December 2024	4,285,907	5,251	2,694,478	6,985,636

23 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION — *continued*

	Interest-bearing borrowings RMB'000 (Note 26)	Interest payable RMB'000 (Note 25)	Other non-current liabilities RMB'000	Lease liabilities RMB'000 (Note 27)	Total RMB'000
At 1 January 2023	6,895,781	7,962	4,200	2,123,975	9,031,918
Changes from financing cash flows:					
Proceeds from interest-bearing borrowings	5,520,976	—	—	—	5,520,976
Repayment of non-interest-bearing government loans	—	—	(4,200)	—	(4,200)
Repayment of interest-bearing borrowings	(6,317,668)	—	—	—	(6,317,668)
Capital element of lease rental paid	—	—	—	(158,294)	(158,294)
Interest element of lease rentals paid	—	—	—	(160,566)	(160,566)
Other interests paid	—	(309,196)	—	—	(309,196)
Total changes from financing cash flows	(796,692)	(309,196)	(4,200)	(318,860)	(1,428,948)
Other changes:					
Increase in lease liabilities from entering into new leases during the year	—	—	—	512,876	512,876
Interest expenses (Note 6(a))	—	307,573	—	160,566	468,139
Total other changes	—	307,573	—	673,442	981,015
At 31 December 2023	6,099,089	6,339	—	2,478,557	8,583,985

23 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION — *continued*

(c) Total cash outflow for leases

Amounts included in the consolidated cash flow statement for leases comprise the following:

	2024 RMB'000	2023 RMB'000
Within operating cash flows	12,400	13,025
Within investing cash flows	54,095	62,975
Within financing cash flows	335,954	318,860
	402,449	394,860

These amounts relate to the following:

	2024 RMB'000	2023 RMB'000
Lease rentals paid	348,354	331,885
Additions of land use rights	54,095	62,975
	402,449	394,860

24 TRADE AND BILLS PAYABLES

	2024 RMB'000	2023 RMB'000
Trade payables due to:		
— related parties	15,795	45,749
— third parties	1,929,031	1,696,210
	1,944,826	1,741,959
Bills payables	—	149,008
	1,944,826	1,890,967

24 TRADE AND BILLS PAYABLES — *continued*

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

	2024 RMB'000	2023 RMB'000
Within 1 year	1,923,574	1,858,722
1–2 years	12,138	18,607
2–3 years	3,363	9,163
Over 3 years	5,751	4,475
	1,944,826	1,890,967

All of the trade and bills payables of the Group are or expected to be settled within one year or are payable on demand.

25 ACCRUALS AND OTHER PAYABLES

	2024 RMB'000	2023 RMB'000
Payables for staff related cost	382,555	252,830
Deposits received	3,933,704	3,193,247
Other taxes payable	9,578	16,633
Interest payable	5,251	6,339
Payables relating to purchase of property, plant and equipment	161,170	180,144
Contract liabilities	83,966	58,610
Interest-free loans	—	8,329
Others	121,052	86,117
Total	4,697,276	3,802,249

Notes:

(a) All of the accruals and other payables are expected to be settled or recognised as revenue within one year or are repayable on demand.

(b) Movements in contract liabilities

	2024 RMB'000	2023 RMB'000
At 1 January	58,610	68,505
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(58,610)	(68,505)
Increase in contract liabilities as a result of receipt in advance of transferring goods	83,966	58,610
At 31 December	83,966	58,610

26 INTEREST-BEARING BORROWINGS

(a) The interest-bearing borrowings comprise:

	2024 RMB'000	2023 RMB'000
Bank loans		
— Secured by property, plant and equipment	237,866	126,000
— Unsecured and unguaranteed	3,142,591	4,700,311
Total bank loans	3,380,457	4,826,311
Government loan		
— Unsecured and unguaranteed	15,300	15,300
Loans from discounted bills		
— Unsecured and unguaranteed	547,000	457,000
Loans from other financial institutions		
— Unsecured and unguaranteed	329,150	746,478
Loans from non-controlling shareholders of subsidiaries		
— Unsecured and unguaranteed	14,000	54,000
Total other loans	905,450	1,272,778
	4,285,907	6,099,089

(b) The interest-bearing borrowings were repayable as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year or on demand	2,272,589	3,891,422
After 1 year but within 2 years	518,920	1,322,873
After 2 years but within 5 years	1,403,449	763,629
After 5 years	90,949	121,165
Total non-current loans	2,013,318	2,207,667
	4,285,907	6,099,089

26 INTEREST-BEARING BORROWINGS — *continued*

(c) The interest-bearing borrowings were secured by assets of the Group as follows:

	2024 RMB'000	2023 RMB'000
Property, plant and equipment	251,762	265,013

27 LEASE LIABILITIES

The lease liabilities of the Group were repayable as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year	125,037	95,235
After 1 year but within 2 years	103,674	89,545
After 2 years but within 5 years	259,456	212,052
After 5 years	2,206,311	2,081,725
	2,569,441	2,383,322
	2,694,478	2,478,557

28 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2024 RMB'000	2023 RMB'000
At the beginning of the year	719	560
Provision for the year	78	367
Income tax paid	(110)	(208)
At the end of the year	687	719

28 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION — *continued*

(b) Deferred tax assets and liabilities recognised:

Movement of deferred tax assets and liabilities

Deferred tax arising from:	Right-of-use assets RMB'000	Lease liabilities RMB'000	Credit loss allowance RMB'000	Total RMB'000
At 1 January 2023	(2,454)	2,454	2	2
Charge/(credited) to profit or loss	362	(362)	12	12
At 31 December 2023 and 1 January 2024	(2,092)	2,092	14	14
Charge/(credited) to profit or loss	413	(413)	(10)	(10)
At 31 December 2024	(1,679)	1,679	4	4

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 2(u), the Group has not recognised deferred tax assets in respect of tax losses and other temporary difference of RMB475,747,000 during the year ended 31 December 2024 (2023: RMB498,243,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

Such cumulative tax losses will be carried forward and expire in years as follows:

	2024 RMB'000	2023 RMB'000
Year of 2024	—	127,474
Year of 2025	109,835	109,835
Year of 2026	13,324	13,326
Year of 2027	128,139	154,297
Year of 2028	78,363	93,311
Year of 2029	146,086	—
	475,747	498,243

29 DEFERRED INCOME

	2024 RMB'000	2023 RMB'000
At 1 January	797,560	660,738
New grant	144,549	219,087
Credit to profit or loss	(117,508)	(82,265)
At 31 December	824,601	797,560

Deferred income mainly represents government grants relating to construction of property, plant and equipment, which are recognised as income on a straight-line basis over the expected useful life of relevant assets.

30 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of each reporting period are set out below:

	Share capital RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2023	361,964	993,124	126,196	914,780	2,396,064
Changes in equity for 2023:					
Issuance of ordinary shares	26,912	819,985	—	—	846,897
Total comprehensive income for the year	—	—	—	89,385	89,385
Appropriation to reserves	—	—	8,939	(8,939)	—
Dividends declared during the year	—	—	—	(100,000)	(100,000)
Balance at 31 December 2023 and 1 January 2024	388,876	1,813,109	135,135	895,226	3,232,346
Changes in equity for 2024:					
Total comprehensive income for the year	—	—	—	277,760	277,760
Appropriation to reserves	—	—	27,776	(27,776)	—
Balance at 31 December 2024	388,876	1,813,109	162,911	1,145,210	3,510,106

30 CAPITAL, RESERVES AND DIVIDENDS — *continued*

(b) Dividends

Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2024 RMB'000	2023 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year	—	100,000

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2024 of RMB0.90 (2023: nil) per share has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

(c) Share capital

	2024		2023	
	Number of ordinary shares '000	Amount RMB'000	Number of ordinary shares '000	Amount RMB'000
Issued and fully paid:				
At 1 January	388,876	388,876	361,964	361,964
Issuance of ordinary shares	—	—	26,912	26,912
At 31 December	388,876	388,876	388,876	388,876

(d) Nature and purpose of reserves

(i) Capital reserve

The capital reserve comprises the following:

— the proceeds in excess of the par value upon shares issuance received by the Company; and

— the portion of the grant date fair value of unvested shares granted to employees of the Company that has been recognised in accordance with the accounting policy adopted for share-based payments.

(ii) PRC statutory reserve

Pursuant to the Articles of Association of the Company and the Company's subsidiaries in the PRC, appropriations to statutory surplus reserve were made at a certain percentage of after-tax profit (after offsetting prior year losses) determined in accordance with the accounting rules and regulations of the PRC until such reserve reaches 50% of the registered capital of each relevant PRC subsidiary. The PRC statutory reserve can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase capital of the subsidiaries and is non-distributable other than in liquidation.

30 CAPITAL, RESERVES AND DIVIDENDS — *continued*

(iii) Other reserve

Other reserve represents the changes in the Group's interests in subsidiaries that do not result in a loss of control, whereby adjustments made to the amounts of non-controlling interests within consolidated equity to reflect the change in relative interests.

(e) Capital contribution from a non-controlling interest

In December 2024, a third party made a capital injection to a subsidiary of the Group in the amount of RMB530,000,000 to subscribe for 14.26% equity interest of the subsidiary. The excess of the capital injected over the attributable share of the consolidated net assets of the subsidiary is credited to other reserve within equity of the Group.

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital based on the total equity reported in the statement of changes in equity.

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables. The Group's exposure to credit risk arising from cash and cash equivalents and derivative financial assets is limited because the counterparties are banks and financial institutions with a minimum credit rating assigned by the management of the Group, for which the Group considers to have low credit risk.

The Group does not provide any other guarantees which would expose the Group to credit risk.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers.

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS — *continued*

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables at 31 December 2024 and 2023:

	At 31 December 2024		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Less than 1 year	0.5%	10,546	50
1 to 2 years	3.0%	779	23
2 to 3 years	30.2%	242	73
Over 3 years	100.0%	149	149
		11,716	295

	At 31 December 2023		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Less than 1 year	0.0%	6,157	1
1 to 2 years	0.1%	896	1
2 to 3 years	1.8%	258	5
Over 3 years	100.0%	1	1
		7,312	8

Expected loss rates are based on actual loss experience over the past years. These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	2024 RMB'000	2023 RMB'000
Balance at 1 January	8	8
Impairment loss recognised during the year	287	—
Balance at 31 December	295	8

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS — *continued*

Movement in the loss allowance account in respect of other receivables during the year is as follows:

	2024 RMB'000	2023 RMB'000
Balance at 1 January	56,456	39,169
Impairment loss recognised during the year	12,070	17,287
Balance at 31 December	68,526	56,456

(b) Liquidity risk

The following tables show the remaining contractual maturities at 31 December 2024 and 2023 of the Group's non-derivative financial liabilities and derivative financial instruments, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each reporting period) and the date the Group is contractually required to pay, or if the counterparty has the choice of when the amount should be paid (irrespective of the fulfilment of covenants), the earliest date the Group can be required to pay:

	2024 Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
Interest-bearing borrowings	2,372,802	577,405	1,462,910	93,962	4,507,079	4,285,907
Lease liabilities	270,820	251,543	717,482	2,628,000	3,867,845	2,694,478
Trade and bill payables	1,944,826	—	—	—	1,944,826	1,944,826
Accruals and other payables	4,613,310	—	—	—	4,613,310	4,613,310
Derivative financial liabilities settled net	22,934	—	—	—	22,934	22,934
	9,224,692	828,948	2,180,392	2,721,962	14,955,994	13,561,455

	2023 Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
Interest-bearing borrowings	4,045,333	1,392,697	814,726	125,328	6,378,084	6,099,089
Lease liabilities	266,518	247,746	672,707	2,397,340	3,584,311	2,478,557
Trade and bill payables	1,890,967	—	—	—	1,890,967	1,890,967
Accruals and other payables	3,743,639	—	—	—	3,743,639	3,743,639
Derivative financial liabilities settled net	10,028	—	—	—	10,028	10,028
	9,956,485	1,640,443	1,487,433	2,522,668	15,607,029	14,222,280

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS — *continued*

(c) Interest rate risk

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively.

(i) Interest rate risk profile

The following table, as reported to the management of the Group, details the interest rate risk profile of the Group's borrowings at 31 December 2024 and 2023:

	2024		2023	
	Effective interest rate %	Amounts RMB'000	Effective interest rate %	Amounts RMB'000
Fixed rate borrowings				
Lease liabilities	4.78%	2,694,478	5.43%	2,478,557
Bank loans	2.94%–4.85%	775,324	3.20%–5.70%	1,634,052
Other loans	1.94%–6.50%	741,235	2.70%–8.50%	873,204
Total fixed rate borrowings		4,211,037		4,985,813
Variable rate borrowings				
Bank loans	2.55%–5.39%	2,605,133	2.85%–5.39%	3,192,259
Other loans	4.40%–4.75%	164,215	4.40%–7.85%	399,574
Total variable rate borrowings		2,769,348		3,591,833
Total borrowings		6,980,385		8,577,646
Fixed rate borrowings as a percentage of total borrowings		60%		58%

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS — *continued*

(ii) Sensitivity analysis

At 31 December 2024, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after taxation and retained profits by approximately RMB27,693,000 (2023: RMB35,918,000).

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax and retained profits that would arise assuming that the change in interest rates had occurred at the end of each reporting period. The impact on the Group's profit after tax and retained profits is estimated as an annualised impact on interest expense of such a change in interest rates. The analysis is performed on the same basis for 2023.

(d) Currency risk

The Group is exposed to currency risk primarily through IPO as at 31 December 2023, which give rise to cash balance that are denominated in a foreign currency. The currencies giving rise to this risk are primarily Hong Kong dollars ("HKD").

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB.:

	Exposure to foreign currencies			
	2024		2023	
	United States Dollars RMB'000	Hong Kong dollars RMB'000	United States Dollars RMB'000	Hong Kong dollars RMB'000
Cash and cash equivalents	5,406	45	—	591,332

At 31 December 2024, an increase/decrease of 5% in USD and HKD with all other variables held constant would have increased/decreased the Group's profit after tax and retained profits by approximately RMB204,000 (2023: RMB22,175,000).

Results of the analysis represent an aggregation of the instantaneous effects on each of the group entities' profit after tax measured in RMB.

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS — *continued*

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The fair value measurement of derivative financial instruments fall into level 1 of the fair value hierarchy and the fair values of derivative financial instruments are determined by quoted prices in active markets. The fair value measurement of RMB wealth management products and unlisted equity investment fall into level 3 of the fair value hierarchy.

During the years ended 31 December 2024 and 2023, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Information about Level 3 fair value measurements

The fair value of RMB wealth management products is determined by calculating based on the discounted cash flow method. The main level 3 inputs used by the Group for RMB wealth management products are the expected rates of return. At 31 December 2024, if the expected rate of return of the investment in RMB wealth management products held by the Group had been one percentage point higher/lower, the Group's profit for the year and retained profits would have been RMB1,022,000 higher/lower.

The movements during the year in the balance of Level 3 fair value measurements are as follows:

	2024 RMB'000	2023 RMB'000
RMB wealth management products (Note 21):		
At 1 January	—	351,341
Additions in investments	7,020,000	1,590,000
Change in fair value recognised in profit or loss during the year	12,522	6,751
Disposal of financial assets	(6,291,114)	(1,948,092)
At 31 December	741,408	—

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS — *continued*

The Group's change in the fair value of the unlisted equity investment held is measured on the basis of the profit and loss and shareholding ratio of the investee company's financial statements.

	2024 RMB'000	2023 RMB'000
Unlisted equity investment (Note 21):		
At 1 January	665	1,380
Change in fair value recognised in profit or loss during the year	(425)	(715)
At 31 December	240	665

(ii) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2024 and 2023.

32 COMMITMENTS

Capital commitments outstanding at 31 December 2024 not provided for in the financial statements were as follows:

	2024 RMB'000	2023 RMB'000
Contracted for	862,470	308,366

33 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, representing the amounts paid to the Company's directors and supervisors, is disclosed in Note 8.

(b) Significant transactions with related parties

	2024 RMB'000	2023 RMB'000
Sales of goods to a company controlled by one of the shareholders	5,730	5,574
Sales of goods to an associate	7,714	21,216
Sales of goods to companies controlled by the ultimate controlling party	24	31
Purchase of goods from companies controlled by one of the shareholders	189,792	162,350
Purchase of goods from an associate of the ultimate controlling party	—	29
Purchase of goods from companies controlled by the ultimate controlling party	745,164	482,921
Proceeds of interest-bearing borrowings from non-controlling shareholders of subsidiaries	—	2,000
Interest payables to non-controlling shareholders of subsidiaries	1,190	2,933

(c) Balances with related parties

The balances with related parties as at the end of each reporting period are as follows:

The Group

	Note	2024 RMB'000	2023 RMB'000
Trade receivables	19	—	32
Trade and bills payables	24	15,795	45,749
Interest-bearing borrowings from certain non-controlling shareholders of subsidiaries*	26	14,000	54,000

* The interest-bearing borrowings from certain non-controlling shareholders of subsidiaries are repayable on demand and will be settled on receiving repayment notice from non-controlling shareholders.

34 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment		24,264	18,736
Intangible assets		5,885	2,804
Interests in subsidiaries	15	664,101	563,404
Amounts due from subsidiaries		1,346,355	1,783,141
		2,040,605	2,368,085
Current assets			
Inventories		1,148	1,913
Prepayments, deposits and other receivables		26,516	27,962
Amounts due from subsidiaries		4,604,552	4,696,876
Financial assets at FVPL		711,322	—
Derivative financial instruments		94,951	93,754
Restricted deposits		217,543	480,552
Cash and cash equivalents		3,306,230	2,117,080
		8,962,262	7,418,137
Current liabilities			
Accruals and other payables		150,352	96,037
Amounts due to subsidiaries		4,984,031	3,319,646
Interest-bearing borrowings		1,289,297	2,755,851
Lease liabilities		1,482	1,360
Derivative financial instruments		22,165	7,782
		6,447,327	6,180,676
Net current assets		2,514,935	1,237,461
Total assets less current liabilities		4,555,540	3,605,546
Non-current liabilities			
Interest-bearing borrowings		1,032,500	362,589
Lease liabilities		1,961	47
Deferred income		10,973	10,564
		1,045,434	373,200
NET ASSETS		3,510,106	3,232,346
CAPITAL AND RESERVES			
Share capital	30	388,876	388,876
Reserves		3,121,230	2,843,470
TOTAL EQUITY		3,510,106	3,232,346

(EXPRESSED IN RMB)

35 ULTIMATE CONTROLLING PARTY

At 31 December 2024, the directors of the Group consider the immediate holding company and ultimate controlling party of the Group to be Sichuan Dekon Holding Group Co., Ltd. and Mr. Wang Degen, respectively. Sichuan Dekon Holding Group Co., Ltd. does not produce financial statements available for public use.

36 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2024

Up to the date of this report, the IASB has issued a number of amended standards, which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 21, The effects of changes in foreign exchange rates — Lack of exchangeability	1 January 2025
Amendments to HKFRS 9, Financial instruments and HKFRS 7, Financial instruments: disclosures — Amendments to the classification and measurement of financial instruments	1 January 2026
Annual improvements to HKFRSs — Volume 11	1 January 2026
HKFRS 18, Presentation and disclosure in financial statements	1 January 2027
HKFRS 19, Subsidiaries without public accountability: disclosures	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

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 31 December				
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Revenue	**22,463,038**	16,155,412	15,037,027	9,901,566	8,145,349
Gross profit	**4,865,291**	119,673	2,068,179	764,101	3,163,892
Profit/(loss) before taxation	**4,201,795**	(1,991,781)	910,435	(3,170,672)	3,609,017
Income tax	**(88)**	(355)	(680)	(1,986)	(666)
Profit/(loss) and total comprehensive income for the year	**4,201,707**	(1,992,136)	909,755	(3,172,658)	3,608,351
Attributable to:					
Equity shareholders of the Company	**4,101,559**	(1,775,126)	992,866	(2,997,303)	3,488,173
Non-controlling interests	**100,148**	(217,010)	(83,111)	(175,355)	120,178

ASSETS AND LIABILITIES

	As at 31 December				
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Total assets	**23,056,050**	18,934,232	19,300,457	15,771,408	15,038,320
Total liabilities	**14,470,709**	15,079,169	14,236,655	11,638,642	7,878,590
Total equity	**8,585,341**	3,855,063	5,063,802	4,132,766	7,159,730
Attributable to:					
Equity shareholders of the Company	**8,477,638**	3,951,608	4,969,637	3,972,888	6,845,864
Non-controlling interests	**107,703**	(96,545)	94,165	159,878	313,866
	8,585,341	3,855,063	5,063,802	4,132,766	7,159,730

德康集团
DEKON GROUP

四川德康農牧食品集團股份有限公司

DEKON FOOD AND AGRICULTURE GROUP