

muyuan牧原

牧原食品股份有限公司
MUYUAN FOODS CO., LTD.

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

Stock Code : 002714.SZ 02714.HK



2025 ANNUAL
REPORT

Who We Are

Producer of high-quality pork and promoter of social progress.

Our Mission

To produce safe and healthy pork products for the public; to advance healthy industry development.

Our Vision

To serve people with wholesome pork for their enjoyment in an abundant life; to make the company respectable.

Core Values

Creating value, serving society, being internally and externally upright, and promoting social progress.



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. QIN Yinglin (*Chairman*)
Mr. CAO Zhinian
Ms. YANG Ruihua

Non-executive Directors

Ms. QIAN Ying
Mr. SU Danglin

Independent Non-executive Directors

Mr. CHOW Ming Sang
Mr. YAN Lei
Mr. FENG Genfu

AUDIT COMMITTEE

Mr. CHOW Ming Sang (*Chairman*)
Ms. QIAN Ying
Mr. YAN Lei

REMUNERATION AND APPRAISAL COMMITTEE

Mr. YAN Lei (*Chairman*)
Mr. CAO Zhinian
Mr. FENG Genfu

NOMINATION COMMITTEE

Mr. FENG Genfu (*Chairman*)
Ms. QIAN Ying
Mr. YAN Lei

STRATEGY COMMITTEE

Mr. QIN Yinglin (*Chairman*)
Ms. YANG Ruihua
Mr. CHOW Ming Sang

SUSTAINABLE DEVELOPMENT COMMITTEE

Mr. QIN Yinglin (*Chairman*)
Mr. CHOW Ming Sang
Mr. FENG Genfu

AUTHORISED REPRESENTATIVES

Mr. CAO Zhinian
Ms. LEUNG Wing Han Sharon

JOINT COMPANY SECRETARIES

Mr. QIN Jun
Ms. LEUNG Wing Han Sharon (*FCG, HKFCG*)

REGISTERED OFFICE IN THE PRC

Shuitian Village, Guanzhang Town
Neixiang County, Nanyang
Henan Province
PRC

PRINCIPAL PLACE OF BUSINESS IN THE PRC

Longsheng Industrial Park
Wolong District, Nanyang
Henan Province
PRC



CORPORATE INFORMATION

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1920, 19/F
Lee Garden One 33 Hysan Avenue
Causeway Bay
Hong Kong

HONG KONG H SHARE REGISTRAR

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

HONG KONG LEGAL ADVISER

Kirkland & Ellis
26th Floor, Gloucester Tower
The Landmark
15 Queen's Road Central
Central
Hong Kong

COMPLIANCE ADVISER

Somerley Capital Limited
20/F China Building
29 Queen's Road Central
Central
Hong Kong

AUDITOR

KPMG Huazhen LLP
Public Interest Entity Auditor recognised in accordance with the Accounting and Financial Reporting Council Ordinance
8th Floor, KPMG Tower
Oriental Plaza
1 East Chang An Avenue
Beijing, PRC

STOCK CODE

Hong Kong Stock Exchange: 2714
Shenzhen Stock Exchange: 002714

COMPANY WEBSITE

www.muyuanfoods.com

FINANCIAL SUMMARY

In this report, “we”, “us” and “our” refer to the Company and where the context otherwise requires, the Group. Certain amounts and percentage figures included in this report have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any table, chart or elsewhere between totals and sums of amounts listed therein are due to rounding.

A summary of the operating results and the assets and liabilities of the Group for the last five financial years is set out below:

	2025 (Audited) RMB'000	2024 (Audited) RMB'000	2023 (Audited) RMB'000	2022 (Audited) RMB'000	2021 (Audited) RMB'000
Operating Results					
Revenue	144,144,965.37	137,946,892.08	110,860,727.71	124,826,212.18	78,889,870.57
Operating profit (loss)	16,894,216.59	20,010,546.65	(3,731,911.83)	14,853,694.94	7,668,310.23
Profit (loss) before income tax	15,809,937.80	18,896,478.91	(4,170,088.49)	14,930,032.19	7,610,601.76
Net profit (loss)	15,811,817.54	18,925,044.90	(4,167,868.98)	14,933,400.59	7,638,583.06
Total comprehensive income	15,769,495.96	18,896,181.52	(4,175,623.71)	14,990,251.29	7,610,044.61
Earnings (loss) per Share					
Basic earnings (loss) per share (in RMB)	2.88	3.30	(0.79)	2.49	1.28
Diluted earnings (loss) per share (in RMB)	2.84	3.24	(0.79)	2.45	1.28

	2025 (Audited) RMB'000	2024 (Audited) RMB'000	2023 (Audited) RMB'000	2022 (Audited) RMB'000	2021 (Audited) RMB'000
Financial Position					
Non-current assets	117,164,864.76	126,330,122.63	131,821,754.94	130,369,264.03	128,513,105.90
Current assets	54,576,221.95	61,318,601.21	63,582,798.97	62,578,347.77	48,752,653.29
Total assets	171,741,086.70	187,648,723.83	195,404,553.90	192,947,611.80	177,265,759.19
Total shareholders' equity	78,741,978.93	77,536,229.12	74,036,655.58	88,070,376.87	68,604,117.03
Non-current liabilities	23,158,712.63	24,635,981.96	26,708,858.61	26,710,058.52	30,430,072.31
Current liabilities	69,840,395.14	85,476,512.75	94,659,039.71	78,167,176.42	78,231,569.84
Total liabilities	92,999,107.77	110,112,494.71	121,367,898.32	104,877,234.93	108,661,642.16
Total shareholders' equity and liabilities	171,741,086.70	187,648,723.83	195,404,553.90	192,947,611.80	177,265,759.19

CHAIRMAN'S STATEMENT

TECHNOLOGY AT THE CORE, STRIVING FOR QUALITY

2025 was a substantial and rewarding year for Muyuan. Confronted with external uncertainties, Muyuan remained focused on its core business and intensified its expertise in hog farming, achieving comprehensive improvements in operational quality and efficiency.

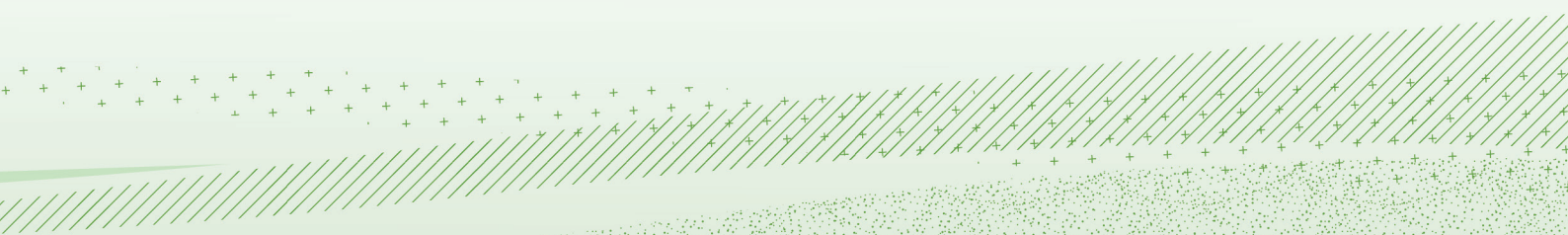
In 2025, the Company sold 77.981 million finished hogs and slaughtered 28.663 million hogs, representing a year-on-year increase of 128.9%. With revenue reaching RMB144.145 billion and net profit hitting RMB15.812 billion, Muyuan's corporate resilience has been strengthened. This performance reflects the positive outcomes of years of persistent innovation and refined management, further solidifying our confidence in future development.

The year 2025 saw substantial progress in our international expansion. Strategic partnerships were formed with BAF Vietnam Agriculture and Thailand's Charoen Pokphand Group, opening new avenues for growth. In February 2026, the Company was officially listed on the Hong Kong Stock Exchange, becoming the first Chinese hog farming enterprise with dual A-share and H-share listings. This marks another solid step in our globalization journey.

Our experience in 2025 has reaffirmed our belief that hog farming, though a traditional industry, is a worthwhile sector for deep cultivation. Technological innovation has unlocked vast potential, steering the Company steadily towards high-quality development.

Guided by market demand, we are deepening our efforts in value breeding. Our RMB6 billion high-health breeding platform is progressing steadily. We continue to select and breed superior varieties that meet consumer demand, delivering more flavorful and healthier pork.

Driven by innovation, we are advancing industry upgrades. We persistently advance intelligent hog farming upgrades. The smart air-filtered hog houses, integrated with intelligent environmental control, patrol robots, and other smart equipment, create a healthy environment for hogs, making farming simpler and more effortless. Building from core technologies, we have established the "SkyNet Project" for disease eradication, fostering high-health herds and continuously improving productivity and pork quality.



CHAIRMAN'S STATEMENT

With sustainability as our foundation, we prioritize environmental protection. We adhere to green development principles, pursuing the goals of “zero discharge, no hidden risks, zero odour, haze reduction, and carbon mitigation.” Through comprehensive carbon reduction initiatives across our industry chain, we achieved a reduction of 6.0588 million tonnes of CO₂e in greenhouse gas emissions. Emissions per tonne of pork reached 0.883 tonnes CO₂e, a 2.4% decrease. We share ammonia reduction and deodorization technologies with the industry, leading its green transformation. Through concrete actions, we safeguard our natural environment and practice sustainable development.

Leveraging industry as a connecting force, we are driving comprehensive benefits for farmers and rural communities. By promoting shared prosperity through industry, we created employment for approximately 127,550 people. Through systematic training, we facilitated farmers' transformation into “new-era agricultural professionals,” provided stable new opportunities for over 7,000 households that had ceased or abandoned hog farming, and fostered the specialized development of 10,000 farms and farming households through our industrial interconnection platform.

2026 marks the beginning of the 15th Five-Year Plan period. Consumption upgrades and technological innovation remain the core drivers of the hog farming industry, creating vast development space for the Company. We will remain unwavering in advancing with technology, pursuing quality improvement, navigating uncertainty, embracing certainty, and striving towards the tripartite goal of “Healthy hogs, Prosperous People, and a Thriving Industry” to propel the high-quality development of the hog farming sector.

Quality Upgrades: We will continue to focus on independent breeding, advance pork quality upgrades and achieve self-sufficiency and control in the selection and breeding of Chinese hog genetics.

Technology-Driven Approach: We will develop a holistic disease mapping system, reinforce the SkyNet Project, and continue to advance disease eradication, promoting the high-quality development across the industry.

Digital and Intelligent Empowerment: We will unwaveringly advance the intelligent upgrading of hog farming, build a large-scale hog farming model, and empower the industry, transforming hog farming into a modern large-scale industry and making the work of hog farmers easier and more dignified.

Co-creation and Sharing: We will build an industry interconnection platform, foster an ecosystem of co-creation and sharing, and enhance productivity across the industry.



CHAIRMAN'S STATEMENT

Global Expansion: With an open approach, we will embrace global markets, solidify our comprehensive capabilities integrating technology, talent, and management, and contribute Muyuan's strength to the global hog farming industry.

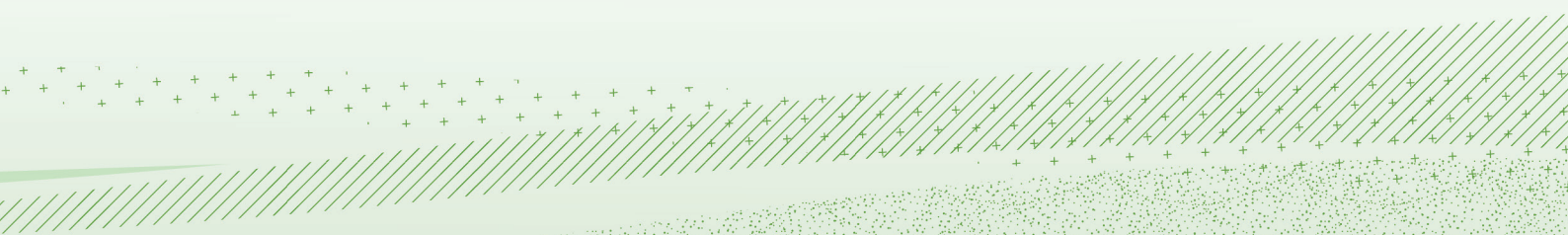
The growth of the Company at every step would not have been possible without the support of all parties. We extend our heartfelt gratitude to all Muyuan employees for their dedication and hard work, to our partners for walking alongside us, and to our shareholders and investors for their long-standing trust. I would like to propose, on behalf of the Company, the distribution of a cash dividend of approximately RMB2,435.3553 million to all shareholders. Together with the interim dividend, the total dividend for the year amounts to RMB7,437.6493 million, representing 48.03% of net profit attributable to shareholders of the Company for the reporting period.

Muyuan will remain true to its original aspirations, continuously enhance its corporate governance capabilities, drive synchronized improvements in economic, ecological, and social benefits through technological innovation, thereby delivering greater returns to our shareholders and making more meaningful contributions to society.

Thank you for your support and trust in Muyuan. Let us join hands and work together to create a better future.

Mr. Qin Yinglin

Chairman of the Board and President



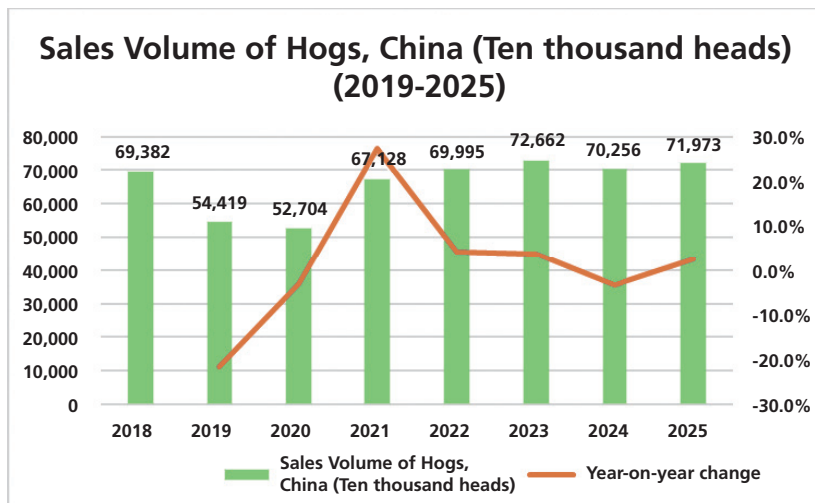
MANAGEMENT DISCUSSION AND ANALYSIS

I. OVERVIEW OF THE COMPANY'S INDUSTRY DURING THE REPORTING PERIOD

(I) Hog Farming Industry

1. Industry production level

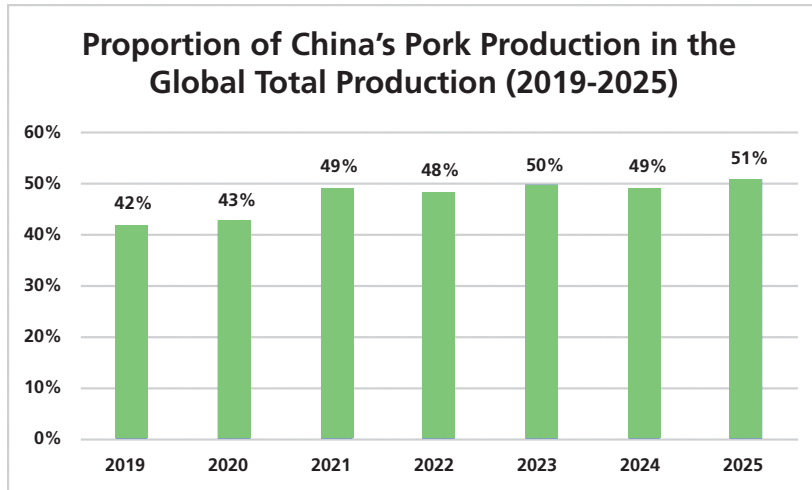
According to the National Bureau of Statistics, 719.73 million hogs were sold in China in 2025, representing a year-on-year increase of 2.4%. As of December 31, 2025, the national inventory of reproductive sows stood at 39.61 million heads, with a year-on-year decrease of 2.9%; the inventory of hogs stood at 429.67 million heads, with a year-on-year increase of 0.5%.



(Source: National Bureau of Statistics of China)

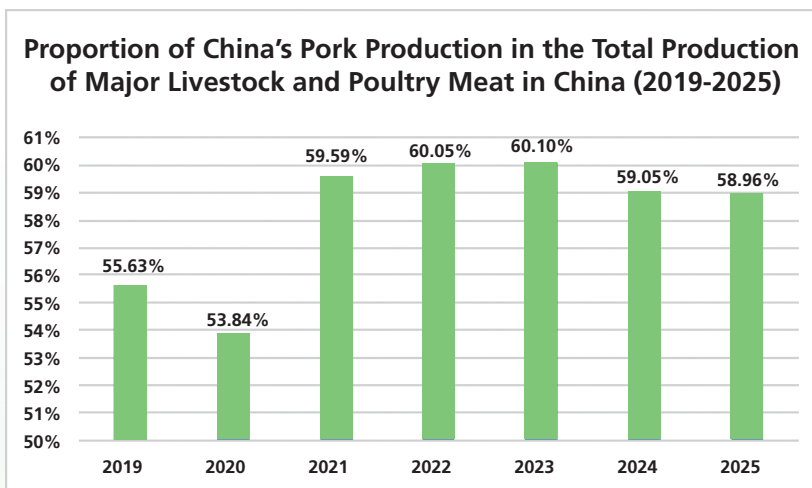
MANAGEMENT DISCUSSION AND ANALYSIS

China is the largest pork producer in the world. According to the United States Department of Agriculture, China's pork production is estimated to account for 51% of global production in 2025, ranking first globally.



(Source: Ministry of Agriculture and Rural Affairs of the People's Republic of China, U.S. Department of Agriculture)

Pork is the primary source of animal protein for Chinese consumers and has long occupied a dominant position in China's meat consumption. According to the National Bureau of Statistics, China's pork production in 2025 was 59.38 million tons, accounting for 58.96% of total production of major livestock and poultry meat.

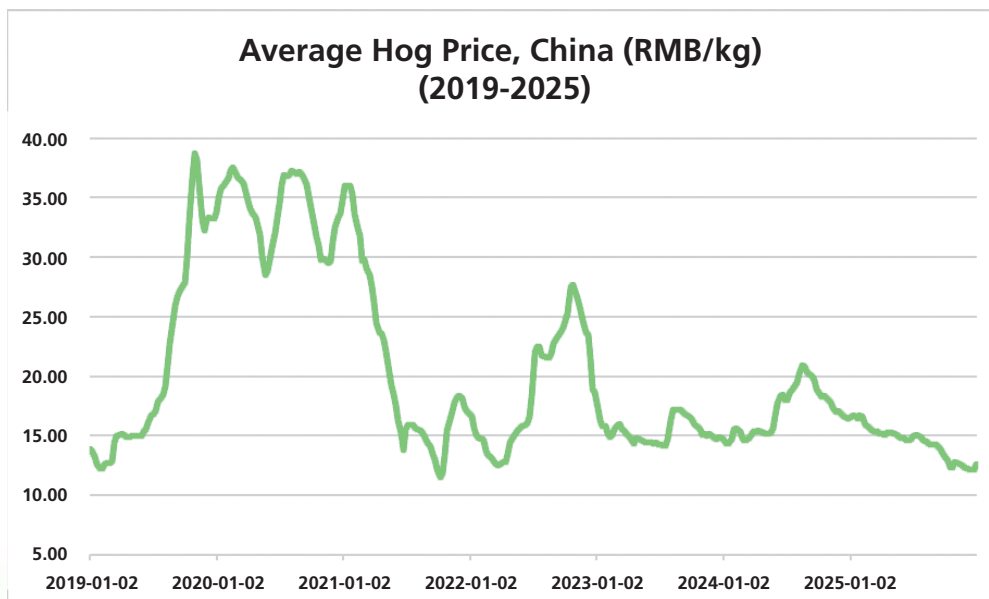


(Source: National Bureau of Statistics of China)

MANAGEMENT DISCUSSION AND ANALYSIS

2. Hog price trends

Fluctuations in hog supply are the primary driver of hog prices. Due to the consistently high levels of reproductive sow inventories in prior periods, hog supply was abundant in 2025, and pork production reached a historic high. The increased supply led to a year-on-year decline in the annual hog prices. In 2025, hog prices followed a “high start, gradual decline” trajectory, with downward fluctuations, while the overall volatility narrowed noticeably. On a quarterly basis, prices were at annual highs in Q1, as the industry sustained the profitability seen in the second half of 2024. Supply pressures gradually emerged in Q2, leaving the industry marginally profitable. Prices then fell more sharply in Q3, pushing the industry into losses. In Q4, prices bottomed out, hitting the annual low in mid-October before a modest recovery at year-end. According to the Ministry of Agriculture and Rural Affairs of the People’s Republic of China, the average price of live hogs in 2025 was RMB14.44 per kilogram, representing a year-on-year decrease of 9.2%, to the lowest price since 2019. It is estimated that the average profit per hog sold for the year was RMB31, representing a decrease of RMB183 compared to 2024.



(Source: Ministry of Agriculture and Rural Affairs of the People’s Republic of China)

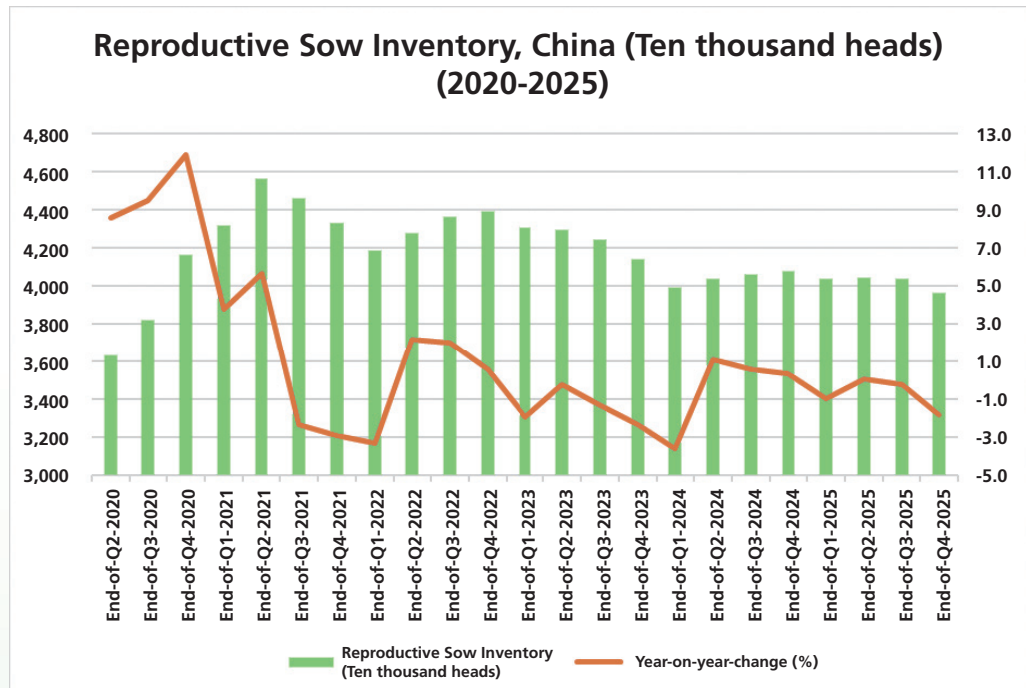
3. Production capacity regulation policies progressively improved

Stable hog production and supply require a strong and appropriately sized baseline production capacity. In recent years, the government has progressively optimised the hog production capacity regulation mechanism, guiding industry participants to plan production more appropriately and help stabilise hog production and prices. In September 2021, the Ministry of Agriculture and Rural Affairs issued the “Hog Production Capacity Regulation Implementation Plan (Provisional),” setting the reproductive sow inventory target at 41 million heads. As farming efficiency improved and consumer demand stabilised, the revised plan issued in March 2024 lowered the target to 39 million heads and adjusted the green-zone floor to 92%. Since 2025, regulation of hog production capacity has become more systematic, diversified, and precise. On June 10, 2025, the Ministry of Agriculture and Rural Affairs convened a video conference with major producing provinces to review local progress

MANAGEMENT DISCUSSION AND ANALYSIS

in stabilising hog production and prices and to deploy targeted capacity-reduction measures. On July 23, 2025, the ministry held a symposium on promoting high-quality development of the hog industry, emphasizing strict implementation of capacity regulation measures, reasonable culling of reproductive sows, appropriate reductions in reproductive sow inventories, reduced secondary fattening, control of slaughter weights for fattened hogs, and strict limits on new capacity additions. On November 21, 2025, the ministry held a regular meeting and proposed strengthening comprehensive capacity regulation, accelerating the development of a high-quality framework for the hog industry featuring dynamic supply-demand matching, a rational scale structure, and coordinated industry chain enhancement, strengthening production and market monitoring and early warning, dynamically adjusting the national reproductive sow inventory target, conducting early counter-cyclical adjustments, and preventing major fluctuations.

In the first half of 2025, the national reproductive sow inventory stayed near the upper limit of the green zone. Under various capacity regulation measures, the inventory gradually declined in the second half of 2025. After Q4, market self-regulation further accelerated the reduction in hog production capacity. By the end of December 2025, the national reproductive sow inventory had fallen to 39.61 million heads, down 1.16 million heads year over year, or 2.9%, equivalent to 101.6% of the normal inventory target.



(Source: Ministry of Agriculture and Rural Affairs of the People’s Republic of China)

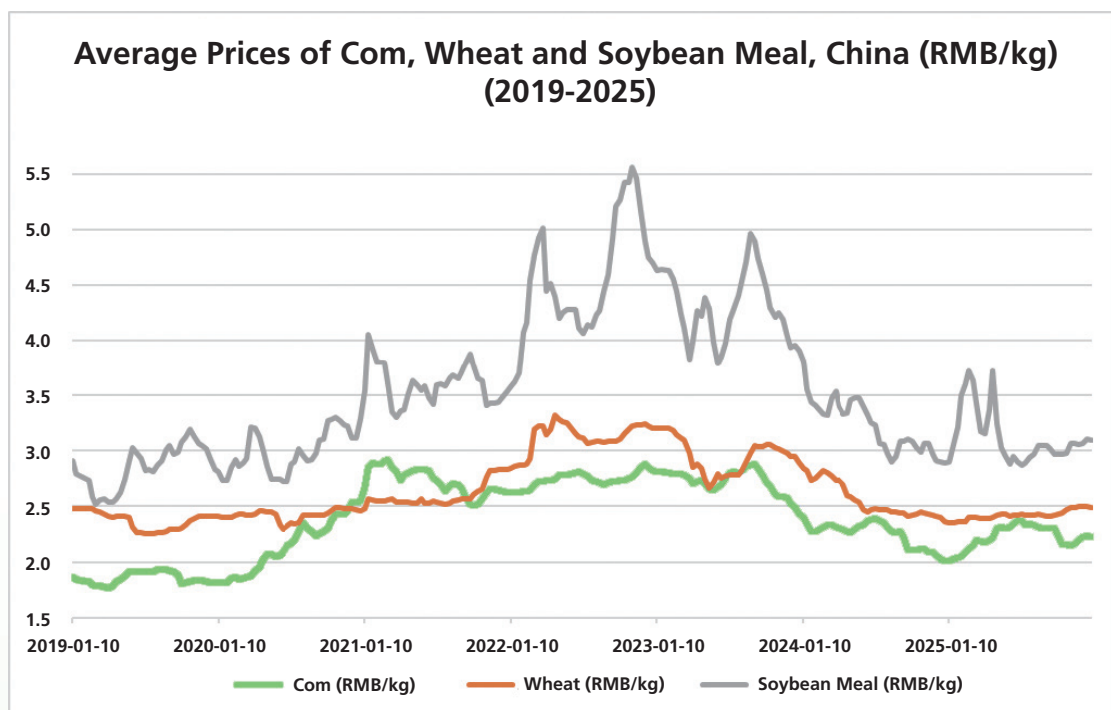
MANAGEMENT DISCUSSION AND ANALYSIS

4. Continued increase in scale of operations

China's hog farming industry has long been dominated by backyard production, resulting in low industry concentration and a large number of backyard and small-to-medium-sized farms. In recent years, industry concentration has increased as the sector has moved toward higher-quality development to meet growing demand for high-quality pork. In 2025, hog farming continued to scale up, with faster adoption of advanced technologies and equipment, including standardisation and intelligent systems, driving overall improvements in industry quality. According to the Ministry of Agriculture and Rural Affairs of the People's Republic of China, the rate of scaled hog farming is expected to reach approximately 73% in 2025.

5. Cost reduction and efficiency enhancement became the industry's major focus

Industry farming costs continued to decline in 2025, partly due to feed ingredient prices, as feed costs account for approximately 55%-65% of hog farming costs. In 2025, the annual average prices of corn, wheat, and soybean meal all declined year-on-year, driving down farming costs for industry participants.



Source: National Bureau of Statistics of China

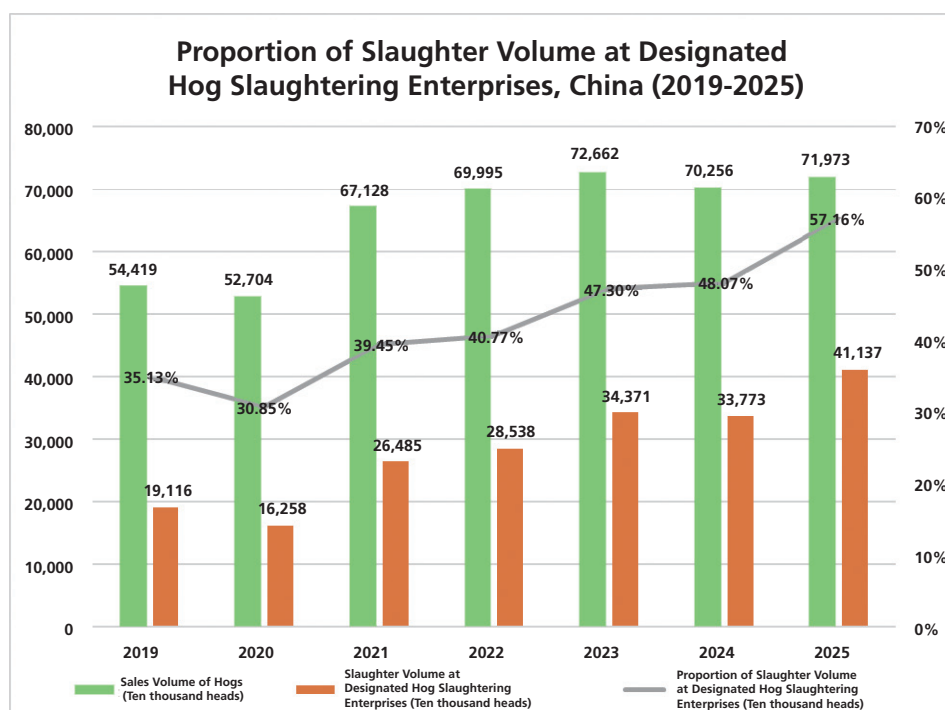
Additionally, as farming technology continues to advance and the scale of operations increases, industry production efficiency has progressively improved. In recent years, the hog farming industry has transitioned from a capital-driven high-growth phase to a cost-driven high-quality development phase, with farming costs becoming the core competitive factor. Against this backdrop, large-scale enterprises are achieving cost reduction and efficiency enhancement through technological innovation and improved internal management. Under policy guidance, large enterprises are establishing close cooperative mechanisms with small and medium-sized farms, assisting and collaborating with farmers, and promoting collaborative development, helping the industry transform and upgrade, and driving the hog industry into a period of high-quality development.

MANAGEMENT DISCUSSION AND ANALYSIS

As an essential component of the pork industry chain, hog slaughtering involves purchasing live hogs and selling pork products such as carcasses and pork cuts downstream after slaughter. Currently, actual capacity utilisation of large-scale slaughtering enterprises in China remains unsaturated, and the overall market concentration of hog slaughtering is relatively low. To strengthen hog slaughtering management and ensure food safety, relevant government departments in China have adopted multiple measures to promote the transformation and upgrading of the hog slaughtering industry. In 2023, the Ministry of Agriculture and Rural Affairs issued the “Three-Year Action Plan for Strict Standards, Enhanced Capabilities, and Safety Assurance in Livestock and Poultry Slaughtering,” which stated that “through implementing the three-year action, by 2025, the national layout and structure of livestock and poultry slaughtering will be further optimised, slaughtering capacity will concentrate in major farming regions with significantly improved matching to farming capacity, and capacity utilisation and industry concentration of livestock and poultry slaughtering will steadily increase, with notably enhanced standardisation, mechanization, and intelligent levels of livestock and poultry slaughtering.” On January 1, 2024, the Hog Slaughtering Quality Management Standards issued by the Ministry of Agriculture and Rural Affairs took effect, establishing specific requirements for designated hog slaughtering plants and accelerating industry transformation and upgrading. On February 23, 2025, the No. 1 Central Document proposed strict enforcement of hog slaughtering quarantine supervision. On March 1, 2025, the Regulations on the Establishment and Approval of Designated Hog Slaughtering Plants issued by the Ministry of Agriculture and Rural Affairs took effect, further strengthening management of the hog slaughtering industry. On October 15, 2025, the Ministry of Agriculture and Rural Affairs held a video dispatch meeting on strengthening hog quarantine and slaughtering work, reviewing and analysing previous work progress and deploying further efforts to promote the enforcement and supervision of hog slaughtering quarantine. Hog quarantine and slaughtering supervision is a critical checkpoint for promoting stable industry development and ensuring pork product quality and safety. Since 2024, regulatory policies for the slaughtering industry have been continuously improved, deepened, and implemented, effectively enhancing hog quarantine and slaughtering supervision and promoting steady improvement in industry development.

Driven by relevant policies and industry technological progress, China’s slaughtering industry is in a phase of rapid consolidation and development. According to data from the Ministry of Agriculture and Rural Affairs, slaughter volume at designated hog slaughtering enterprises nationwide increased from 191.16 million heads in 2019 to 411.37 million heads in 2025, with the proportion rising from 35.13% in 2019 to 57.16% in 2025, indicating continued improvement in industry concentration. As both consumer standards and demand for meat products increase, China’s hog slaughtering industry is expected to develop toward greater scale, automation, and intelligence.

MANAGEMENT DISCUSSION AND ANALYSIS



(Source: Ministry of Agriculture and Rural Affairs of the People's Republic of China)

II. PRINCIPAL BUSINESSES OF THE COMPANY DURING THE REPORTING PERIOD

(I) Overview of the Company's Operation

The Company has long upheld its vision of serving people with safe and trustworthy pork by producing safe, delicious and healthy high-quality pork products, improving living standards, and helping people enjoy a more abundant life.

The Company sold 77.981 million finished hogs, slaughtered 28.663 million hogs, and sold 3.23 million tons of fresh and frozen pork products in 2025. The Company generated revenue of RMB144.1 billion, representing a year-on-year increase of 4.5%. The Company recorded net profit of RMB15.8 billion, representing a year-on-year decrease of 16.5%, primarily due to the decrease of hog prices. Revenue from the slaughtering and meat product business amounting to RMB45.2 billion, representing a year-on-year increase of 86.3%, and the business achieved annual profitability for the first time in 2025.

In 2025, through the efficient conversion of technological achievements into actual productivity, the Company significantly enhanced the stability of hog farming production, with survival rates and various operational metrics steadily improved and costs significantly reduced. In 2025, the annual total unit cost of hog farming was approximately RMB12 per kg, representing a decrease of approximately RMB2 per kg compared to the prior year. These substantive results validate the value and direction of the Company's years of innovation, R&D, and practical exploration. As the Company continues to invest in disease prevention and control, nutritional formulations, breeding hog genetics, intelligent and information technology systems, and talent development, with ongoing optimisation across all production management processes, production efficiency will progressively improve, and the Company's total unit cost for hog farming is expected to further decrease.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2025, the Company deepened its intelligent and information technology systems, enabling group-level management to achieve full visibility into every operational endpoint, eliminating management “black holes”. Meanwhile, smart equipment has been deployed to replace more strenuous and tedious manual labour, making hog farming easier. Looking ahead, the Company will intensify the application of smart equipment and information technology systems in areas such as disease diagnosis, environmental control, and air quality analysis, leveraging technology to handle complex tasks, enhance production stability and precision, elevate industry-wide farming standards, and benefit more producers.

In 2025, the Company shifted its focus from farming efficiency and disease resistance to a deeper commitment to improving pork quality. Leveraging breeding technology, the Company developed premium pork belly with richer marbling and introduced more precise cuts, allowing consumers in different segments to choose products that match their needs. The Company actively expanded sales channels for its slaughtering and meat product business, continuing to build a nationwide pork sales network. As of December 31, 2025, the slaughtering and meat product business had established more than 70 sales branches across 20 provincial-level administrative regions nationwide. The Company continued to optimise its customer base and product mix, improved production efficiency and operational capabilities through increased R&D investment in digitalization and intelligent systems. The slaughtering and meat product business achieved profitability in the third and fourth quarters of 2025, and reached a full-year capacity utilisation rate of 98.8%.

The Company actively explored new environmental protection technologies and models for livestock farming in 2025. The Company’s ammonia reduction and deodorization solution was promoted by the Ministry of Ecology and Environment. The Ammonia Reduction and Deodorization Technology for Exhaust Air from Enclosed Livestock Houses was selected as a key agricultural technology for 2025, supporting the livestock industry with deodorization and ammonia control solutions. At the eight green, low-carbon integrated crop-livestock demonstration bases established in partnership with the National Animal Husbandry Services, the Company has effectively reduced ammonia volatilization and enhanced soil fertility. Adhering to the concept of green development, the Company has actively advanced the “carbon peaking and carbon neutrality” goals by reducing fossil energy consumption, developing photovoltaic and other new energy sources, and driving energy structure transformation. The Company’s green development initiatives have been recognised with awards including the “Golden Key SDG Outstanding Solution Award” from the Sustainable Development Economy Herald issued by the Ministry of Commerce and the “Golden Orchid Cup ESG Excellence Case” from Xinhua Credit.

In 2025, the Company actively explored industry collaboration, farmer collaboration support, industry exchanges, and synergistic development. Focusing on customer needs and core areas such as breeding and disease prevention, the Company has leveraged its scale and technological advantages to provide the market with high-quality, stable piglet supply and comprehensive farming and disease control technical services. By sharing risks and value with customers, the Company has built more long-term, stable, and mutually trusting partnerships. The Company has strengthened industry exchanges, engaging with domestic and international hog farming participants including CP Group, Wens Foodstuff Group, New Hope, and Shennong Group, and hosted the World Pork Expo (WPE), jointly promoting high-quality industry development. The Company will continue to leverage its industry influence, build an industry interconnection platform, share information, technology, and resources with industry participants, and inject new momentum into the high-quality development of the hog industry.

MANAGEMENT DISCUSSION AND ANALYSIS

Hog market prices came under pressure and trended downward in 2025, posing severe challenges for the industry. The Company remained committed to continuously strengthening its financial structure, with total liabilities as of December 31, 2025 decreasing by RMB17.1 billion from the beginning of the year and the debt-to-asset ratio declining by 4.53 percentage points as compared with the beginning of the year. Meanwhile, the Company places great importance on delivering reasonable returns to investors and has actively rewarded shareholders through concrete actions. During the Reporting Period, the Company implemented two equity distributions, with total dividends of RMB8.085 billion; the Company also completed a share buyback, with a total buyback amount of RMB2 billion. During the Reporting Period, the Company formulated the Market Value Management System, systematically and routinely strengthening market value management.

In 2025, while deepening its domestic operations, the Company actively monitored and explored overseas markets. The global hog farming industry still offers significant growth opportunities, and the Company aims to leverage its technological advantages, cost management expertise, and environmental governance experience accumulated over years to fully capitalise on overseas market opportunities. Through exporting equipment and technology, the Company seeks to empower the hog farming industry and drive further business growth. The Company established Muyuan Vietnam Co., Ltd. and signed a cooperation agreement with BAF Vietnam, actively exploring overseas markets. During the Reporting Period, the Company submitted an application for the issuance and listing of overseas-listed foreign shares (H Shares) and completed its listing on the Hong Kong Stock Exchange in February 2026. Through the H Share listing, the Company will reassess its investment value, build a favourable capital market image, attract more international and long-term investors, further optimise its shareholder structure, and enhance corporate governance standards.

In 2025, guided by its striver-oriented philosophy, the Company advanced a competitive talent development and incentive framework. Three incentive plans, namely the 2025 Operator Stock Ownership Plan, the 2025 Strivers Stock Ownership Plan, and the 2025 Key Employee Stock Ownership Plan, have been implemented, benefiting nearly 5,000 core executives and key employees. By enabling risk-sharing and profit-sharing through employee shareholding platforms, the Company fostered greater employee ownership, accountability and motivation, reinforcing the talent foundation essential for sustainable high-quality growth.

(II) Principal Business, Products and Their Applications

The Company's principal business comprises hog farming and sales and hog slaughtering, with main products including finished hogs, piglets, breeding hogs, carcasses, pork cuts, and by-products. As of December 31, 2025, the Company had 320 wholly-owned and controlled subsidiaries spanning 25 provincial-level administrative regions nationwide.

The Company adopts a vertically-integrated business model, having established an integrated pork industry chain encompassing feed production, hog breeding, hog farming, and slaughtering and meat production, covering the entire hog industry value chain. The vertically-integrated business model facilitates the Company's implementation of more stringent cost management and quality control, ensuring transparency, quality controllability and full traceability throughout the entire production process, guaranteeing food safety, and providing customers with quality hogs and pork products.

MANAGEMENT DISCUSSION AND ANALYSIS

The Company operates self-built feed production factories, independently develops nutritional formulations, and produces feed to meet the requirements of hogs at various growth stages. Guided by market demand, the Company has established a quality-first value-based breeding system and continues to select and develop superior breeds. Committed to innovation, R&D, and smart applications, proprietary smart equipment including fresh air filtration systems, independent ventilation systems, smart environmental control systems, and smart feeding systems are being progressively deployed to safeguard the hog living environment.

The Company integrates IoT, big data, and artificial intelligence technologies to achieve coordinated operation of smart equipment and enable intelligent management across the entire industry chain, improving production efficiency, reducing costs, and supporting the Company's sustainable development. In 2025, the Company's end-to-end intelligent hog farming system was selected as a typical case of smart agriculture development published on the official website of the Ministry of Agriculture and Rural Affairs, and its digital integrated crop-livestock system was featured as a typical case in the "CMG Rural Revitalisation Observation Report (2023-2024)."

Through its in-house farming and slaughtering business model, the Company ensures that food safety is fully transparent, controllable, and traceable throughout the entire process, safeguarding food quality and safety. Meanwhile, the slaughtering and meat product business creates synergies with the hog farming business, as the slaughtering segment can capture consumer demand for pork products and drive the farming segment to conduct hog breeding and production guided by market demand. This coordinated management of farming and slaughtering generates synergies, thereby enhancing product value and providing consumers with more high-quality pork.

III. CORE COMPETITIVENESS ANALYSIS

(I) Integrated Industry Chain Advantages

With over 30 years of development, the Company has established an integrated pork industry chain encompassing feed production, hog breeding, hog farming, and slaughtering and meat production. The Company's integrated industry chain business model enables strict control over each production process, providing certain advantages in food safety, disease prevention and control, environmental compliance, quality control, and cost control.

1. Food safety advantages

The Company produces feed for its own use, establishing high standards across all processes including raw material procurement, processing and production, and transportation, strictly controlling feed quality and strengthening food safety control from the source. The Company's hogs are self-bred and self-raised, with strict technical and quality standards established, a comprehensive food safety critical control point system implemented, and a hog batch quality tracing system established from pork back to weaned piglets, effectively ensuring food safety.

MANAGEMENT DISCUSSION AND ANALYSIS

The Company established Henan Hongxin Testing Technology Co., Ltd. to conduct full-process verification of veterinary drug residues, nutrition, environmental monitoring, and disease diagnosis testing from veterinary drugs, water sources, and feed to hog farming and slaughtering and meat products, based on product standards, to ensure food safety. Henan Hongxin Testing Technology Co., Ltd. has obtained CMA certification and CNAS accreditation.

All hogs slaughtered by the Company's slaughtering and meat product segment come from the Company's own farms, with controllable and traceable sources that help ensure raw material safety and quality from the source. Through pre-slaughter quarantine, post-slaughter synchronous quarantine, and strict factory inspection checkpoints, the Company excludes non-compliant hogs from production. The Company strictly controls product quality and uses X-ray machines and metal detectors to detect foreign objects during meat production. Chilled fresh meat is transported via full cold-chain logistics, with each vehicle equipped with temperature-control devices and GPS systems to help ensure transportation safety.

Over the years, the Company has strengthened food safety and quality management across every stage of the hog industry chain, continuously improving its food safety and quality management system. In key and challenging areas in food safety and quality management, the Company has implemented precision management and established the "7+1+1" food safety and quality assurance system. The "7" refers to full-chain food safety and quality management across seven segments: inputs, feed processing, farming production, testing and verification, market sales, slaughtering and meat products, and market distribution, forming a complete food safety and quality management chain from "farm to table". The first "1" refers to integrating information systems across feed, farming, and slaughtering to enable end-to-end digital food safety and quality management, using digitalization to ensure food safety and quality. The second "1" refers to establishing a food safety and quality culture system to align employee awareness and behaviour.

As of December 31, 2025, the Company had obtained FSSC22000 food safety system certification recognised by the Global Food Safety Initiative (GFSI) and China GAP Good Agricultural Practice certification for feed production and hog farming processes, and obtained China's first full-chain digital certification for premium livestock and poultry products. Five hog farms have obtained the qualifications for supplying live hogs to Hong Kong and Macau from the Chinese mainland, one hog farm has obtained the qualifications as a supplier of chilled pork to Hong Kong, 40 hog farms have obtained qualifications as certified farms for exporting livestock and poultry from the Chinese mainland, and the Neixiang Muyuan Modern Agriculture Complex Co., Ltd. has obtained China GAP certification and China's first full-chain digital certification for premium livestock and poultry products.

MANAGEMENT DISCUSSION AND ANALYSIS

In the slaughtering segment, the Company has ten slaughtering plants have passed HACCP system certification and ISO9001 quality management system certification, all ten slaughtering plants have passed hog Slaughtering Quality Management Standards Certification, four slaughtering plants have passed national-level standardised slaughtering plant certification, one slaughtering plant has passed certification as a supplier of chilled pork to Hong Kong, and one slaughtering plant was included in the whitelist and designated as a pork supplier for the 9th Asian Winter Games in Harbin and designated as a pork supplier. In addition, seven hog slaughtering plants have obtained ISO14001 environmental management certification, seven hog slaughtering plants have obtained ISO45001 certification, five hog slaughtering plants have been certified as national-level green factories, two hog slaughtering plants have been certified as provincial-level green factories, three hog slaughtering plants have been certified as provincial-level water-efficient enterprises, and one hog slaughtering plant has obtained ISO 22000 food safety management certification.

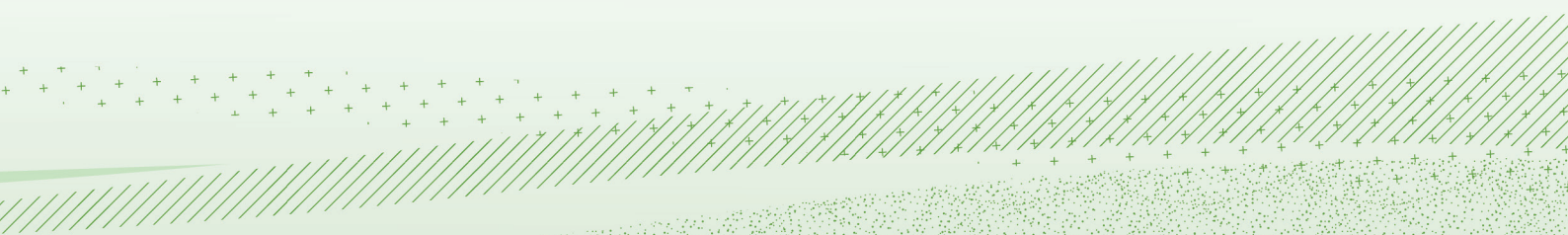
2. *Disease prevention and control advantages*

The integrated business model provides a foundation for the Company to implement standardised disease prevention and control measures. With over 30 years of experience in hog farming and disease prevention and control, the Company has established a comprehensive internal management system. Guided by the principle of “prioritizing care over prevention, prevention over treatment, and embracing a holistic approach to hog health management” (養重於防·防重於治·綜合防治), the Company has developed a more robust early warning and prevention system by combining smart hog houses equipped with environmental controls and smart inspection equipment with diagnostic testing platforms, progressively eliminating multiple diseases.

In terms of site layout, the Company divides hog houses into smaller units to prevent cross-infection and block the intrusion of external pathogens. During the farming process, the Company adopts biosecurity measures including independent quarantine and acclimation for replacement stock, parity-based housing, one-to-one transfers, and an “all-in, all-out” model to ensure the safety and effectiveness of the disease prevention system.

3. *Cost control advantages*

The Company’s integrated industry chain business model offers advantages including centralised procurement and unified management, reducing transaction costs in intermediate processes, improving responsiveness to market changes, stabilising the entire production process, and enhancing the Company’s ability to withstand market risks.



MANAGEMENT DISCUSSION AND ANALYSIS

4. *Standardised production and scaled operations advantages*

The Company has formulated a series of standardised systems and technical specifications for all production processes across feed production, hog selection, hog breeding, hog farming, and slaughtering and meat production. It has developed 20 cutting-edge technologies spanning breeding, feed, health, farming, and intelligence, addressing major challenges in biological breeding, environmental protection in farming, and disease prevention and control, while advancing farming technology and improving production efficiency. Under the integrated industry chain business model, the Company standardizes production specifications and management systems to ensure that hogs from the same batch meet consistent quality standards.

The Company promotes production standardisation by establishing unified systems and technical specifications, building an internal learning platform, and curating and promoting standardised videos. These resources deliver production techniques directly to frontline workers, enabling rapid replication of best practices, strengthening skills across roles, and improving production efficiency. Meanwhile, by continuously optimising its information management systems, the Company has achieved full digitalization of key processes, including financial management, human resource management, office automation, production management, and food safety traceability. It has streamlined management processes, created a scalable, efficient, and integrated operating model. It has also reduced information silos, enabled more granular management, and significantly strengthened management and decision-making capabilities.

The Company develops rigorous frontline profit settlement plans tailored to each farm's operating and production stage, incorporating factors such as product quality, production efficiency, production costs, and profitability, enabling employees and managers to clearly understand the financials, strengthening intrinsic motivation, and supporting the achievement of stretch goals.

In the slaughtering and meat product segment, the Company adopts a unified back-office management model for the production and sales operations of all slaughtering subsidiaries. On the production side, the Company unifies standards and provides centralised training for production processes in slaughtering and processing to ensure consistent quality of slaughtering and meat products. On the sales side, the Company provides unified management and allocation of capacity across slaughtering subsidiaries nationwide, combining factors such as customer delivery timelines, product requirements, and transportation routes to provide quality, efficient product supply and services to various types of customers across the country. Currently, the Company has advantages in large-scale supply of standardised products.

MANAGEMENT DISCUSSION AND ANALYSIS

(II) Full Industry Chain R&D Advantages

The Company is committed to technology innovation and maintaining industry leadership in the R&D. Leveraging its technological capabilities and management expertise, the Company has resolved multiple technical challenges across the full chain, achieving efficient coordination and standardised management of upstream and downstream processes. Since founding the Company in 1992, Mr. Qin Yinglin, the founder of the Company, has made technological innovation the cornerstone of enterprise development, leading the Company's technical team in continuous R&D and innovation across the entire hog farming process, accumulating extensive technology and experience, and building full-chain technology R&D capabilities.

1. Hog breeding advantages

The Company has always been driven by consumer demand and focuses on pork quality, carcass traits, reproductive performance and growth performance as its main breeding objectives in carrying out its breeding and hog production businesses.

Leveraging its vertically integrated industrial layout, the Company conducts large-scale breeding hog performance testing and carcass performance testing, and performs genetic evaluation of breeding hogs. Through nearly 30 years of selection and cultivation, the Company has developed a breeding hog population with stable genetic performance, high consistency, strong adaptability and favourable overall economic performance.

The Company cooperates with leading universities and research institutes to carry out research on key technologies such as intelligent breeding hog measurement, big-data-based genetic evaluation and whole-genome studies of hog germplasm resources. The Company has developed a proprietary hog breeding system, collected extensive phenotypic measurement data of breeding hogs and their progeny, and conducts scientific genetic evaluations to accelerate genetic progress of the population. This enables the Company to quickly select breeding hogs with excellent performance metrics and to apply superior genes to its nucleus and multiplier herds through semen. Leveraging its vertically integrated industrial chain, the Company has established a specialized meat quality testing centre and continued to conduct meat quality testing and evaluation of breeding hogs and finished hogs. This provides data support for meat-quality trait selection and enables continuous breeding of high-quality pork that meets consumer demand.

The Company continues to explore and innovate in the course of its development to achieve independent breeding. Based on its rotational crossbreeding technology, and according to its operational and market needs, the Company adopts either a two-way or three-way production cross system to ensure the sustainable production of healthy and high-quality hogs. Under the rotational crossbreeding system, the Company selects sows with large litter size and high lean-meat ratio from its two-way crossbred finished hogs, so that each generation of sows maintains hybrid vigour and meets the dual needs of both breeding and commercial production in terms of reproductive performance, growth rate, lean-meat ratio and carcass quality.

MANAGEMENT DISCUSSION AND ANALYSIS

2. *Nutrition technology advantages*

Building on existing “corn + soybean meal” and “wheat + soybean meal” formulation technologies, the Company continues to develop and introduce barley, sorghum, raw material by-products, and miscellaneous grains and meals, achieving full utilisation of raw materials. The Company also continues to research low-soybean diets, applying net energy and true ileal digestible amino acid systems to design diet formulations, fully leveraging fermented amino acids to reduce soybean meal usage. These efforts not only reduce reliance on corn and soybean meal in traditional diets but also significantly reduce nitrogen emissions, making operations more environmentally friendly. The Company adjusts feed formulations in a timely manner based on raw material cost-effectiveness, effectively reducing feed costs.

For different herds and physiological stages, based on herd production performance, the Company applies factorial analysis to design dynamic nutritional models, providing optimal nutrition for each herd. Through variable-frequency mixing technology, the Company can dynamically adjust nutrition supply based on herd growth performance, achieving one formulation per day and precise nutritional supply.

The Company has achieved fully automated production throughout the feed processing process, with one-click system startup and automatic operation. All feed undergoes high-temperature, extended-time sterilization, with sterilization temperature monitored, analysed, and processed in real time online to ensure effective high-temperature sterilization. After sterilization, high-temperature feed is cooled using three-stage filtered cooling air, transported to farm centralised feed bins via sealed feed tankers, and then delivered via sealed pipe chain to feeding units, achieving full-process zero human contact and eliminating biosecurity risk in feed, ensuring herd health. The Company has built a feeding information system to monitor, analyse, and provide feedback on feed quality, feed intake, and herd growth performance, ensuring feed quality, precise nutritional supply, and healthy herd growth.

3. *Smart hog farming technology advantages*

The Company’s smart hog houses provide a clean, comfortable, and healthy growing environment for herds, ensuring animal welfare while reducing labour input and improving production efficiency. The Company has upgraded hog house layout planning, adopting zoned management to reduce cross-contamination risks. Incoming air passes through four-stage filtration to effectively reduce virus transmission risks. Houses use independent ventilation systems to prevent cross-ventilation between pens. Exhaust air is treated for deodorization and sterilization before discharge, without impacting surrounding residents. Meanwhile, through high-temperature feed sterilization, sealed pipe chain transport, ultrafiltered water disinfection, and inspection anomaly alerts, the Company achieves comprehensive monitoring of herds, reduces human-animal contact, and enhances full-process disease prevention capabilities.

The Company continues to promote intelligent innovation by applying intelligent equipment and big-data based technologies, artificial intelligence and the industrial internet to various stages of hog production. It has developed key intelligent equipment and solutions such as intelligent environmental control, intelligent feeding, intelligent inspection, intelligent sound monitoring and needle-free injectors, and has also explored the development of functions such as disease identification through sound, image-based disease recognition and disease prediction. Meanwhile, through developing an Internet of Things (IoT) platform, the Company centrally collects and processes data gathered by front-end intelligent equipment, establishes big-data analysis models for hog production, and achieves refined management down to each unit, each device and each pig, thereby realising efficient data management across the entire hog production process. These technological innovations have effectively empowered the hog farming industry and significantly improved production efficiency.

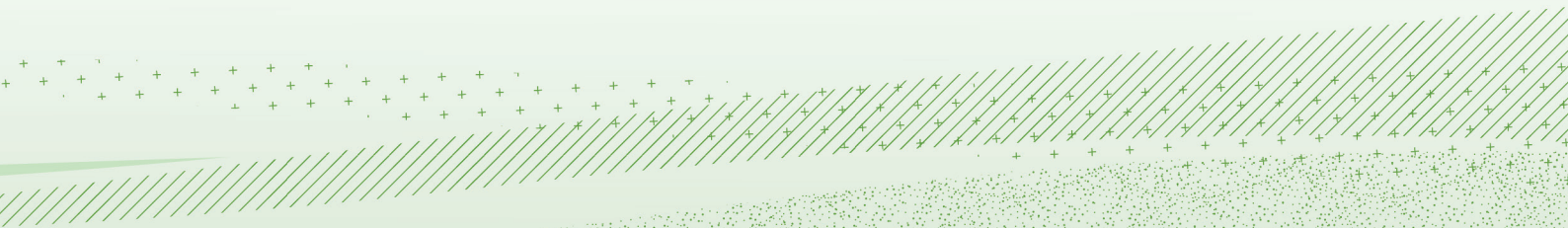
MANAGEMENT DISCUSSION AND ANALYSIS

Focusing on digital and intelligent application scenarios and business needs across the hog industry chain, the Company is building an integrated hog industry interconnection platform encompassing agricultural planting, feed processing, hog breeding, hog farming, slaughtering and processing, smart equipment, and platform services. By providing products, technologies, solutions, and management services to the industry, the Company promotes the efficient and sustainable development of the hog industry.

4. *High-Growth Slaughtering and Meat Product Business*

The Company commenced the slaughtering and meat product business in 2019, further extending the industry chain and maximizing business synergies through the slaughtering and meat product business. Leveraging insights gained from the slaughtering and meat product business, the Company closely monitors diverse consumer needs across different regions of China. With a consumer-centric approach, the Company improves its breeding and farming systems and introduces hogs and meat products tailored to the specific demand of each region, further enhancing sales scale and customer satisfaction. Meanwhile, by establishing slaughtering plants near hog farms, the Company gains a further cost management advantage over other slaughtering plants. At the same time, the Company's slaughtering capacity aligns with its farming capacity, providing it with cost advantages across the industrial chain.

In 2025, the Company slaughtered 28.66 million hogs, an increase of 129% from 2024. The slaughtering and meat product business achieved profitability in 2025, with operating results continuing to improve. Against the backdrop of increasingly stringent regulations and growing consumer demand for high-quality products, the hog slaughtering and meat product industry is experiencing rapid consolidation. Through its business model vertically integrating the industry chain, the Company achieves full control from source farming to end sales, ensuring product safety and quality. Through continuous technological innovation and process upgrades, the Company enhances production efficiency and environmental standards, meeting increasingly stringent regulatory requirements. Through precise market insights and diversified product development, the Company precisely meets consumer demand for high-quality, diversified meat products, thereby building core advantages that are difficult to replicate and laying a solid foundation for the Company's sustainable development.



MANAGEMENT DISCUSSION AND ANALYSIS

(III) Grain Procurement Advantages

Through business partnerships with major domestic and international grain merchants, the Company actively expands grain sources through multiple channels, securing raw grain supply and reducing risks. The Company also focuses on procurement layout around grain-producing regions, actively exploring innovative source grain cooperation models, reducing intermediate steps between source grain and grain-using enterprises, fully leveraging the Company's production region layout advantages, optimising quality control of upstream raw materials, and striving to improve grain industry chain efficiency and reduce procurement costs, achieving win-win cooperation with suppliers. The Company adjusts formulations in a timely manner based on grain market trends, adopts flexible procurement strategies, and substitutes between different raw material varieties to reduce feed costs.

(IV) Talent Advantages

Mr. Qin Yinglin, our founder, graduated from Henan Agricultural University with a major in animal husbandry. Together with Ms. Qian Ying, Ms. Yang Ruihua, Mr. Su Danglin, Ms. Chu Ke, Mr. Li Yanpeng, Ms. Niu Min, and other technical leaders with extensive industry experience and solid theoretical foundations, they form our core R&D team.

We adhere to the philosophy of selecting, cultivating, and employing talent based on values, recruiting widely, continuously attracting outstanding leaders, management trainees, and experts to support the Company's more than 20 major technological innovation initiatives, and to build a young, structured, and international talent team to drive the Company's rapid development. Based on value creation, the Company implements value distribution with detailed and accurate assessment down to each farm and individual, directly linking farm operating results to production personnel compensation, quantitatively analysing employee capabilities, efficiency and contribution to achieve optimal person-job fit, and motivating employees to maximise their potential. The Company has implemented multiple employee equity incentive plans to stimulate a sense of mission and responsibility, improve overall compensation structures, and establish and improve benefit-sharing mechanisms between employees and the Company. This approach unites a group of operators and leaders with shared values, promoting the Company's long-term, stable, and healthy development.

MANAGEMENT DISCUSSION AND ANALYSIS

IV. PROSPECTS FOR FUTURE DEVELOPMENT

(I) Industry Development, Development Opportunities and Market Competition Landscape

The Company firmly believes that meeting customer needs is fundamental to sustained profitability and that customer value drives the Company's development. Looking ahead, the Company will uphold its mission of producing safe and healthy pork products for the public and promoting healthy industry development, continuously optimising operations, reducing costs and enhancing efficiency, producing high-quality pork products, and driving high-quality industry development on the foundation of the Company's steady development.

China's hog farming industry has the following key characteristics:

1. *Large market scale with overall production levels still requiring improvement*

Pork is the primary meat consumed by urban and rural residents in China. In 2025, China sold 719.73 million hogs, with annual pork production of 59.38 million tons, accounting for 58.96% of major livestock and poultry meat production, making the industry a trillion-yuan market. In recent years, China's hog farming industry has significantly improved its comprehensive production capacity, but issues such as unreasonable industry distribution and inadequate grassroots animal disease prevention systems remain prominent, with periodic supply-demand imbalances in the pork market and significant price fluctuations still occurring. China's domestic hog farming industry is transitioning from traditional low-level, backyard-dominated farming models to scaled, intensive, mechanized, automated, standardised, and intelligent operations, with an accelerating trend of transformation.

2. *Technological innovation is key to modernisation*

The Fourth Plenary Session of the 20th CPC Central Committee made strategic deployments to strengthen the position of enterprises as the main body of technological innovation and promote deep integration of technological innovation and industrial innovation. Leading agricultural technology enterprises are the main force for breakthroughs in key core technologies and development of new quality productive forces in agriculture. The CPC Central Committee and the State Council attach great importance to agricultural technological innovation. The current hog farming industry faces issues such as overcapacity and declining profitability. The potential for opening new space in agriculture through technological innovation remains significant. Compared with countries with advanced livestock farming, China's current hog farming industry still has significant room for improvement in production efficiency. The industry needs to delve deeper into farming technology to identify areas for improvement in production performance, costs, and pork quality, thereby enhancing improve operating results and providing consumers with higher-quality, safer pork products.

MANAGEMENT DISCUSSION AND ANALYSIS

3. *Green farming is an important future development direction*

Green farming refers to a sustainable farming model that minimizes negative environmental impacts while ensuring animal welfare and product quality through scientific management and technological innovation during the farming process. In recent years, driven by strengthened environmental policies and dual-carbon goals, the hog farming industry has continued to develop in a green, low-carbon direction. Farming enterprises need to increase environmental investment, treat and utilise manure as resources, reduce carbon emissions and environmental pollution, and improve resource utilisation efficiency. Meanwhile, green farming means reducing the use of antibiotics and chemicals. As consumer demand for healthy food increases, green farming will become an important development direction for the hog farming industry in the future, driving industry transformation, upgrading, and sustainable development.

(II) **The Company's Strategic Vision**

Hog production is an important component of agriculture, and pork is an important component of urban and rural residents' meat consumption. As China's national economy continues to develop and living standards continue to improve, scaled modern farming and slaughtering through standardisation, refinement, and intelligent systems can meet consumer demand for healthy, high-quality pork products, becoming the development trend for the hog farming and slaughtering industries. Based on the above, the Company's development strategy includes the following aspects:

1. *High-quality development, producing affordable quality pork products for the public*

As domestic economic levels improve, consumer awareness regarding their rights has been strengthened, leading to a growing demand for safer and healthier food products. To accelerate meeting domestic consumer demand for safe, high-quality pork products, the Company will continue to innovate, maintain high-quality development, reduce production costs, improve product quality, and produce affordable quality pork products for the public.

2. *Full industry chain technological innovation, promoting comprehensive transformation and upgrading of the pork industry*

Driving agricultural and rural modernisation and building a strong agricultural nation requires agricultural technology. As a key player in agricultural technological innovation, agricultural enterprises are the main force in achieving breakthroughs in core agricultural technologies, building modern agricultural industry systems, and developing new quality productive forces in agriculture. They also serve as a crucial conduit for promoting deep integration of agricultural technological innovation and industrial innovation. As an industry participant, the Company will remain committed to technological innovation and industrial upgrading, contributing to the sustained healthy development of the industry.

- (1) In terms of production technology enhancement, the Company always takes end-consumer demand as its direction, with pork quality, lean meat percentage, reproductive performance, and growth performance as primary breeding objectives, maintaining value-based breeding. The Company continues to increase investment in improved breed R&D, focusing on enhancing breeding hog carcass quality and performance. While improving the Company's breeding capabilities, the Company provides more quality breeding hogs to society. Meanwhile, the Company is committed to continuous technological innovation and R&D investment in areas including feed cost reduction, biosecurity protection, and disease elimination, continuously introducing cutting-edge solutions to precisely address industry-wide pain points and challenges.

MANAGEMENT DISCUSSION AND ANALYSIS

- (2) In terms of intelligent innovation, the Company is exploring and building smart farms and slaughtering plants, actively developing and applying equipment related to farming environment smart monitoring, precision feeding, intelligent meat by-product processing, and logistics to provide herds with a clean, comfortable, and healthy growing environment, achieve automated meat production, reduce labour input, and improve production efficiency. Looking ahead, the Company will continue to advance intelligent innovation, empower hog farming with technology and strengthen IoT platform development. Through digitalization and IoT, it will continuously improve production efficiency and management standards, reduce operating costs, and provide the public with higher-quality pork products.

3. *Extending the industry chain, providing high-quality pork products*

In 2023, the Ministry of Agriculture and Rural Affairs issued the Three-Year Action Plan for Strict Standards, Enhanced Capabilities, and Safety Assurance in Livestock and Poultry Slaughtering, which stated that “through implementing the three-year action, by 2025, the national layout and structure of livestock and poultry slaughtering will be further optimised, slaughtering capacity will concentrate in major farming regions with significantly improved matching to farming capacity, and capacity utilisation and industry concentration of livestock and poultry slaughtering will steadily increase, with notably enhanced standardisation, mechanization, and intelligent levels of livestock and poultry slaughtering”. Looking ahead, the hog slaughtering industry will transform and upgrade toward higher concentration, standardisation, and intelligence.

The Company is committed to providing safe, healthy, high-quality, value-for-money pork for society. By extending downstream in the industry chain and deploying slaughtering operations around farming capacity, the Company has established an integrated pork industry chain encompassing feed processing, breeding hog genetics, finished hog farming, and slaughtering and meat products. The Company has introduced globally advanced automated meat processing lines and supporting equipment, achieving automated and intelligent hog slaughtering and cutting. The Company strictly implements standardised operations, strengthens standardised and refined management, enhances process technology, boosts slaughtering efficiency and operating results. Furthermore, the Company continues to expand the meat market, understand consumer needs, and provide high-quality pork products, while actively promotes industry upgrading to drive the modernisation of China’s slaughtering industry.

MANAGEMENT DISCUSSION AND ANALYSIS

4. *Green sustainable development, setting industry benchmarks*

The Company adheres to green sustainable development and firmly implements full value chain carbon reduction actions, which are not only active commitments to global environmental responsibility but also key drivers for long-term healthy enterprise growth and shaping future competitive advantages. Through technologies including integrated crop-livestock systems, amino acid substitution for soybean meal, hog houses with fossil fuel-free heating, and air filtration, the Company has significantly reduced carbon emissions and achieved ammonia reduction and deodorization without disturbing residents. Meanwhile, the Company actively develops biogas heating, biogas power generation, and distributed photovoltaic power generation, further reducing energy consumption.

The Company's full value chain carbon reduction strategy integrates green, low-carbon practices into enterprise development, building a more sustainable business model. Through continuous technological innovation and resource integration, the Company is committed to becoming a global leader in sustainable development of the hog farming industry, contributing positively to global food security and agricultural green transformation, and ultimately achieving harmonious unity and long-term growth of economic, social, and environmental benefits.

5. *Overseas development strategy*

The Company is focused on development opportunities in global markets and plans to make strategic deployments in major overseas markets with high pork consumption potential, gradually expanding its global business footprint. The Company will leverage the advanced farming technology, production equipment, and management experience accumulated through long-term operations, using the export of hog farming solutions as a key entry point and applying them in overseas markets. Meanwhile, the Company will actively integrate global resources and technologies, building a diversified and highly efficient collaborative supply chain network around the world to ensure stable operations and sustainable development. The Company will actively engage in deep cooperation with leading domestic and international hog experts to comprehensively enhance its overall capabilities in breeding science, farming efficiency, and management standards. The ultimate goal of these strategic initiatives is to translate them into tangible operating results, significantly enhance the Company's market competitiveness, and ultimately lead to the Company's sustained growth in operating results and enhancement of shareholder value.

6. *Industry collaboration and farmer partnership and support strategy*

Building on its deep technical capabilities accumulated in breeding, feed, farming, biosecurity, odour management, environmental protection and sustainable development, the Company will remain committed to broadly exporting its advanced technological achievements and solutions throughout the hog farming industry. By actively empowering local farmers and improving their farming standards and efficiency, the Company promotes industry development toward greater environmental friendliness and efficiency. The Company will continue to explore innovative farmer cooperation models, not only exporting leading technical support but also sharing mature management experience, with the ultimate goal of achieving true mutual benefit and win-win outcomes between enterprises and farmers, jointly promoting the prosperity and development of the hog farming industry.

MANAGEMENT DISCUSSION AND ANALYSIS

7. Talent strategy

The Company's vertically-integrated business model determines its substantial demand for high-calibre management talent, cross-disciplinary talent, and skilled technical workers. Adhering to the "people-oriented" management philosophy, the Company maintains talent self-development, establishes scientific compensation systems and comprehensive talent development programs, thereby building a comprehensive and well-structured talent development framework and providing talent support for the Company's rapid development.

Meanwhile, the Company continues to optimise talent development mechanisms, completes the succession of the next generation of Muyuan leadership, builds a young, structured talent team, and promotes rapid development. The Company will actively enhance its reputation, attract international talent, and build international business, R&D, and technical teams capable of supporting overseas operations. The Company will continue to foster a positive corporate culture, enhance employee sense of belonging and cohesion, and attract and retain outstanding talent.

(III) 2025 Operating Plan Completion and 2026 Operating Plan

In 2025, the Company sold 77.98 million finished hogs, in line with its annual operating plan.

In 2026, the Company expects to sell 75 million to 81 million finished hogs.

FINANCIAL REVIEW

Revenue

The Group recorded revenue of RMB144,145.0 million in 2025, representing an increase of 4.5% as compared to RMB137,946.9 million in 2024. The increase in revenue was primarily due to an increase in the sales volume of hogs and meat products.

- Revenue from the hog business increased by 2.9% from RMB136,229.3 million in 2024 to RMB140,207.2 million in 2025, primarily due to an increase in the sales volume of hogs.
- Revenue from the slaughtering and meat product business increased by 86.3% from RMB24,273.6 million in 2024 to RMB45,227.6 million in 2025, primarily due to an increase in the sales volume of meat products.
- Revenue from other business segments increased by 138.8% from RMB1,879.7 million in 2024 to RMB4,488.7 million in 2025, primarily due to an increase in the sales of feed ingredients.

Operating Costs

The operating costs of the Group increased by 8.4% from RMB109,319.0 million in 2024 to RMB118,461.1 million in 2025, primarily due to an increase in the sales volume of hogs.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit and Gross Profit Margin

As a result of the foregoing, the gross profit of the Group decreased by 10.3% from RMB28,627.9 million in 2024 to RMB25,683.9 million in 2025. The gross profit margin of the Group decreased slightly from 20.8% in 2024 to 17.8% in 2025, primarily due to a decrease in the gross profit margin for the hog business.

- Gross profit margin for the hog business decreased from 20.9% in 2024 to 17.3% in 2025, primarily due to a decrease in the average selling price of hogs. Specifically, the average selling price of finished hogs decreased from RMB16.32 per kilogram in 2024 to RMB13.50 per kilogram in 2025.
- Gross profit margin for the slaughtering and meat product business increased from 1.0% in 2024 to 2.7% in 2025, primarily due to (i) stronger pricing power of the Company and more refined pricing mechanisms; (ii) optimisation of product mix; (iii) continuous optimisation of the slaughtering processes, resulting a significant increase in the Company's capacity utilisation from 43.2% in 2024 to 98.8% in 2025; and (iv) enhanced economies of scale from the increase in sales volume.
- Gross profit margin for other business segments increased from 0.4% in 2024 to 3.3% in 2025, primarily driven by (i) improved market forecasting and optimised internal management across trading operations, which turned the feed ingredients trading business from loss to profit; and (ii) sales of feed with relatively higher gross profit margins.

Selling and Distribution Expenses

The selling and distribution expenses of the Group increased by 18.2% from RMB1,095.7 million in 2024 to RMB1,294.6 million in 2025, primarily due to an increase in employee remuneration and fuel and energy expenses.

General and Administrative Expenses

The general and administrative expenses of the Group increased by 17.7% from RMB3,331.7 million in 2024 to RMB3,922.4 million in 2025, primarily due to an increase in share-based payments and employee remuneration.

Research and Development Expenses

The research and development expenses of the Group decreased by 5.7% from RMB1,747.2 million in 2024 to RMB1,648.2 million in 2025, primarily due to a decrease in R&D material consumption expenses.

Financial Expenses

The financial expenses of the Group decreased by 17.4% from RMB2,975.4 million in 2024 to RMB2,457.8 million in 2025, primarily due to a decrease in interest expenses on loans and debentures.

Income Tax Expenses

The income tax expenses increased by 93.4% from negative RMB28.6 million in 2024 to negative RMB1.9 million in 2025, primarily due to an increase in taxable income.



MANAGEMENT DISCUSSION AND ANALYSIS

Net Profit

The net profit of the Group decreased by 16.5% from RMB18,925.0 million in 2024 to RMB15,811.8 million in 2025, primarily due to a decrease in the net profit of hog business attributable to the decrease in hog prices.

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

The Group had neither any significant investments nor relevant material acquisitions and disposals of the subsidiaries, associates and joint ventures in 2025.

Future Plans for Material Investments and Capital Assets

Save as disclosed in "Use of Proceeds" of this report, the Company did not have other concrete plans for material investments or capital assets as of December 31, 2025.

Major Financial Ratios

	As of/ For the year ended December 31, 2025	As of/ For the year ended December 31, 2024
Current ratio ⁽¹⁾	0.8	0.7
Gearing ratio (%) ⁽²⁾	54.2	58.7
Return on assets (%) ⁽³⁾	8.8	9.9
Return on equity (%) ⁽⁴⁾	20.2	25.0
Operating cash flow ratio (%) ⁽⁵⁾	20.9	27.2

Notes:

- (1) Current ratio equals current assets divided by current liabilities of the year.
- (2) Gearing ratio equals total liabilities divided by total assets of the year and multiplied by 100%.
- (3) Return on assets equals net profit for the year divided by the average of the beginning and ending balances of total assets for the year and multiplied by 100%.
- (4) Return on equity equals net profit for the year divided by the average of the beginning and ending balances of total equity for the year and multiplied by 100%.
- (5) Operating cash flow ratio equals net cash inflow from operating activities divided by revenue for the year and multiplied by 100%.

MANAGEMENT DISCUSSION AND ANALYSIS

Analysis on Liquidity and Capital Resources

The Group has historically funded their cash requirements principally from proceeds from business operations, bank borrowings, debentures and capital contribution from shareholders. The short-term loans of the Group decreased from RMB45,257.7 million as of December 31, 2024 to RMB41,155.4 million as of December 31, 2025, and the long-term loans of the Group decreased from RMB8,797.5 million as of December 31, 2024 to RMB7,733.4 million as of December 31, 2025. In respect of cash at bank and on hand, accounts and bills payable and interest-bearing loans denominated in foreign currencies other than the functional currency, the Group ensures that their net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances. As of December 31, 2025, the fixed rate interest-bearing financial instruments of the Group amounted to net financial liabilities of RMB20,076.0 million.

The cash and cash equivalents of the Group decreased slightly from RMB12,844.6 million as of December 31, 2024 to RMB12,778.1 million as of December 31, 2025. Such decrease in cash and cash equivalents was primarily due to a decrease in the net cash inflow from operating activities of the Group attributable to the decrease in hog prices.

The Group's primary liquidity requirement is to finance future capital requirements through cash generated from business operations and bank borrowings. Going forward, these principal sources of liquidity are expected to remain the same.

EBITDA and Cash Flow

The operating capital of the Group mainly came from proceeds from business operations, bank borrowings, debentures and capital contribution from shareholders. The Group's 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.

To supplement the consolidated financial statements of the Group, EBITDA (non-CASBE measure) is also applied in evaluating the Group's operating results. The following table reconciles the Group's profit for the year, calculated and presented in accordance with CASBE, to EBITDA (non-CASBE measure) for the years indicated:

	Year ended December 31, 2025	Year ended December 31, 2024
	(RMB in millions, except for percentages)	
Reconciliation of net profit to EBITDA (non-CASBE measure)		
Net profit	15,811.8	18,925.0
Add:		
– Income tax expenses	(1.9)	(28.6)
– Interest expenses	2,556.8	3,177.5
– Depreciation and amortisation	15,338.5	15,108.9
– Interest income	(167.6)	(237.5)
EBITDA (non-CASBE measure)	33,537.7	36,945.3
EBITDA margin (non-CASBE measure) (%)	23.3	26.8

MANAGEMENT DISCUSSION AND ANALYSIS

The net cash inflow from operating activities of the Group decreased by 19.9% from RMB37,543.1 million in 2024 to RMB30,056.2 million in 2025. The net cash outflow from investing activities of the Group decreased by 45.3% from RMB13,246.2 million in 2024 to RMB7,244.8 million in 2025, including RMB9,528.9 million for the acquisition of fixed assets, intangible assets and other long-term assets in 2025 as compared to RMB12,380.7 million in 2024. The net cash outflow from financing activities of the Group decreased by 9.3% from RMB25,228.7 million in 2024 to RMB22,878.0 million in 2025. In summary, in 2025, the Group recorded a net decrease in cash and cash equivalents of RMB66.5 million.

Pledge of Assets

As of December 31, 2025, part of the Group's short-term loans was secured by assets with restrictive ownership titles or right of use with book value of RMB2,601.3 million as compared to RMB7,073.3 million as of December 31, 2024.

Contingent Liabilities

As of December 31, 2024 and 2025, the Group had no significant contingent liabilities.

Capital Expenditure

The capital expenditure of the Group consists of payment for acquisition of fixed assets, intangible assets and other long-term assets. The Group funded its capital expenditures mainly with cash generated from operations and bank borrowings. The Group's capital expenditure decreased from RMB12,380.7 million in 2024 to RMB9,528.9 million in 2025.

Capital Commitment

As of December 31, 2024 and 2025, the Group did not have any material capital commitments.

HUMAN RESOURCES

As of December 31, 2025, the Group had a total of 127,550 full-time employees, the majority of whom were based in Chinese mainland. The Group has established a transparent compensation system that includes salary, equity incentives, and benefits, supplemented by a potential compensation and benefits system that offers opportunities for promotion, learning, and recognition. In alignment with their business development plan, the Group provides continual, systematic and targeted training programs to employees to improve its skills and capabilities, including induction training and general skills training for all employees, professional training for engineers, and management skills training for middle to high-level managers. The Group also sets up online learning platforms to support employees' self-learning. The Group adopts evaluation programs and certification systems through which they regularly conduct training on topics such as production safety and operations, career development and corporate culture through online courses, exam certification and offline training sessions.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. QIN Yinglin (秦英林先生), aged 61, has been our Director, Chairman of the Board and President since December 2009. Mr. Qin is the chairman of the Strategy Committee and the Sustainable Development Committee of the Company. Mr. Qin is responsible for the overall strategic planning, business direction, and management of the Group.

Mr. Qin began his entrepreneurial career in 1992 when he entered the hog farming industry, and he established Neixiang County Mashan Hog Farm (內鄉縣馬山養豬場) in 1995. Mr. Qin has also been serving as a deputy to the 14th National People's Congress since February 2023, a vice president of All-China Federation of Industry and Commerce (中華全國工商業聯合會, also known as All-China Chamber of Industry and Commerce (中國民間商會)) since December 2022, the vice chairman of the board of trustees of Westlake University (西湖大學) since June 2020, a vice president of the China Animal Agriculture Association (中國畜牧業協會) since July 2024, the vice chairman of the first council of National Centre of Technology Innovation for Pigs (國家生豬技術創新中心) since April 2022, and the chairperson of Hangzhou Westlake Education Foundation since August 2025.

Mr. Qin has received numerous honors and awards for his contributions in poverty alleviation, public welfare and technology advancement, such as being honored as a National Advanced Individual in Poverty Alleviation and received the National Poverty Alleviation Contribution Award by and from the State Council Leading Group of Poverty Alleviation and Development (國務院扶貧開發領導小組) in August 2014 and October 2017, respectively; being named one of Henan's Top Ten Poverty Alleviation Role Models by the Henan Federation of Trade Unions (河南省總工會) and Henan Poverty Alleviation Office (河南省扶貧開發辦公室) in December 2018; being honored as an Outstanding Expert of Henan Province by the CPC Henan Provincial Committee and Henan Provincial People's Government in May 2017; and being awarded the Henan Science and Technology Progress Award from the Henan Provincial People's Government in February 2021.

Mr. Qin obtained his bachelor's degree in animal husbandry from Henan Agricultural University (河南農業大學) in PRC in June 1989. He was qualified as a Senior Animal Husbandry Engineer (高級畜牧師) in March 2020 and as a Senior Economist (正高級經濟師) in February 2024, by the Department of Human Resources and Social Security of Henan Province.

Mr. Qin is the spouse of Ms. Qian Ying, a non-executive Director of the Company. Mr. Qin is also the father of Mr. Qin Muyuan, the Chief Executive Officer (CEO) of Muyuan Meat.

DIRECTORS AND SENIOR MANAGEMENT

Mr. CAO Zhinian (曹治年先生), aged 49, has been our Director since December 2009 and the Vice Chairman of the Board since August 2018. Mr. Cao is also a member of the Remuneration and Appraisal Committee of the Company. Mr. Cao is responsible for assisting in overseeing strategic direction, business direction, and corporate governance.

Mr. Cao has been serving as the Person in charge of Finance of our Company since July 2014 and the Executive Vice President of our Company since January 2010. Mr. Cao has also been serving as a director of Nanyang Wolong District Rural Credit Cooperative Union (南陽市臥龍區農村信用合作聯社) since May 2016, a director of Henan Xixia Rural Commercial Bank Co., Ltd. (河南西峽農村商業銀行股份有限公司) since August 2017, a director of Henan Neixiang Rural Commercial Bank Co., Ltd. (河南內鄉農村商業銀行股份有限公司) since November 2017, and a director of Muyuan International Limited since October 2017. Mr. Cao was also a director of Cnex Fire Vehicle Manufacturing Co., Ltd. (西奈克消防車輛製造有限公司) from December 2017 to June 2025.

Mr. Cao worked at Neixiang County Mashan Hog Farm (內鄉縣馬山養豬場) from 1998 to July 2000. From the establishment of our Company in July 2000 to December 2009, he served various positions in the Company, including finance manager and person in charge of finance. Mr. Cao was honored as a Model Worker of Nanyang City awarded by the Nanyang Municipal People's Government in April 2011, and a Model Worker of Henan Province awarded by the People's Government of Henan Province in April 2014. Mr. Cao obtained a junior college degree in financial accounting from Nanyang Institute of Technology (南陽理工學院) in PRC in July 1999. He was qualified as a senior economist by the Department of Human Resources and Social Security of Henan Province in March 2020.

Mr. Cao is the spouse of Ms. Yang Ruihua, an executive Director of the Company. He is the cousin of Ms. Qian Ying, a non-executive Director of the Company.

Ms. YANG Ruihua (楊瑞華女士), aged 49, has been our Director of the Company since May 2024. Ms. Yang is also a member of the Strategy Committee of the Company. Ms. Yang is responsible for directing daily operations, coordinating resources, and reviewing strategies and risks. Ms. Yang has been serving as the veterinary director of our Company since July 2000 and a Vice President of our Company since March 2020.

Ms. Yang served as a veterinarian at Neixiang County Mashan Hog Farm (內鄉縣馬山養豬場) from March 1996 to July 2000. She served as a council member of the Hog Breeding Branch of Henan Livestock Farming Association (河南省畜牧獸醫學會養豬學分會) from May 2007 to May 2011. Ms. Yang has received numerous honors during her career, including being honored as an Advanced Individual in Livestock Farming by the Nanyang Municipal People's Government in February 2009, awarded the Henan Provincial Science and Technology Progress Award by the Henan Provincial Department of Science and Technology in April 2009 and the First Prize Science and Technology Achievement Award by the Henan Provincial Department of Education in July 2009, honored as Nanyang Model Worker by the Nanyang Municipal People's Government in April 2015 and Henan Provincial Model Worker by the Henan Provincial People's Government in April 2024.

Ms. Yang obtained a secondary technical degree from Nanyang Agricultural School (河南省南陽農業學校) in PRC in June 1997 in livestock farming (economic livestock). She was qualified as a veterinarian by the Henan Provincial Association for the Promotion of Private Science and Technology (河南省民營科技促進會) in July 2009.

Ms. Yang is the spouse of Mr. Cao Zhinian, an executive Director of the Company.

DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTORS

Ms. QIAN Ying (錢瑛女士), aged 60, has been our Director since December 2009. Ms. Qian is also a member of the Audit Committee and Nomination Committee of the Company. Ms. Qian is responsible for supervising corporate governance and reviewing strategies and risks.

Ms. Qian operated Neixiang County Mashan Hog Farm (內鄉縣馬山養豬場) with Mr. Qin Yinglin since 1995. She has been serving as the executive director and general manager of Muyuan Industrial Group Co., Ltd. since June 2008, the executive director and general manager of Jinding Capital Management (Shenzhen) Co., Ltd. (錦鼎資本管理(深圳)有限公司) since August 2015, and Shanghai Zhending Enterprise Management Consulting Co., Ltd. (上海圳鼎企業管理諮詢有限公司) since August 2016. Ms. Qian has also been serving as an honorary director of Westlake University since June 2020.

Ms. Qian obtained her junior college degree in traditional Chinese Veterinary Medicine from Zhengzhou Livestock Farming and Veterinary College (鄭州畜牧獸醫專科學校) in PRC in July 1988. She was qualified as a senior economist by the Department of Human Resources and Social Security of Henan Province in December 2024.

Ms. Qian is the spouse of Mr. Qin Yinglin, an executive Director of the Company. Ms. Qian is also the mother of Mr. Qin Muyuan, the Chief Executive Officer (CEO) of Muyuan Meat. She is the cousin of Mr. Cao Zhinian, an executive Director of the Company.

Mr. SU Danglin (蘇黨林先生), aged 57, has been our Director since December 2025 when he was elected as the employee representative Director by the employee representatives. Mr. Su is responsible for supervising corporate governance and reviewing strategies and risks. Mr. Su has also been responsible for overseeing the environmental protection operation of our Company since April 2022. Previously, he worked in Neixiang County Mashan Hog Farm (內鄉縣馬山養豬場) from July 1995 to July 2000 and subsequently served various positions in our Company from its establishment in July 2000 to April 2022, including head of environmental protection logistics and deputy general manager. From March 2020 to December 2025, Mr. Su served as the chairman of the board of supervisors of our Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHOW Ming Sang (周明笙先生), aged 53, has been our independent Director since December 2023. Mr. Chow is the chairman of the Audit Committee and a member of the Strategy Committee and the Sustainable Development Committee of the Company. Mr. Chow is responsible for supervising and providing independent opinion and judgement to the Board.

Mr. Chow currently serves as an independent non-executive director for several companies listed on the Hong Kong Stock Exchange, including China Modern Dairy Holdings Ltd. (1117.HK) since July 2021, Redco Healthy Living Co Ltd (2370.HK) since March 2022, China Maple Leaf Educational Systems Limited (1317.HK) since March 2024, and XtalPi Holdings Limited (2228.HK) since May 2024. Mr. Chow served as a director of UISEE Technologies (Beijing) Co., Ltd. (馭勢科技(北京)股份有限公司) from October 2024 to May 2025 and has been an independent non-executive director since May 2025. He has also been the managing director of Beijing Xinshi Anye Management Consulting Co., Ltd. (北京信實安業管理諮詢有限公司) since July 2019.

DIRECTORS AND SENIOR MANAGEMENT

From January 2007 to September 2018, Mr. Chow worked at Ernst & Young (China) Advisory Limited, with his last position being a partner. He also served as the general manager of the risk control department at Tahoe Group Co., Ltd. (泰禾集團股份有限公司) from September 2018 to June 2019 and an independent non-executive director of Teamway International Group Holdings Limited (1239.HK) from June 2019 to August 2025.

Mr. Chow obtained a bachelor's degree in accounting from the Hong Kong University of Science and Technology in 1995. He is a fellow member of Hong Kong Institute of Certified Public Accountant (HKICPA) and the Association of Chartered Certified Accountants (ACCA), and a Certified Internal Auditor (CIA). Mr. Chow also obtained the certificate of equity fund practising qualification from Asset Management Association of China.

Mr. YAN Lei (閻磊先生), aged 53, has been our independent Director since July 2021. Mr. Yan is the chairman of the Remuneration and Appraisal Committee and a member of the Audit Committee and Nomination Committee of the Company. Mr. Yan is responsible for supervising and providing independent opinion and judgement to the Board.

Mr. Yan has been an independent director of Dongguan Yutong Optical Technology Co., Ltd. (東莞市宇瞳光學科技股份有限公司, 300790.SZ) since July 2021, and Genbyte Technology Inc. (深圳市振邦智能科技股份有限公司, 003028.SZ) since January 2023. He has also been the chairman of Shenzhen Zhengqing Data Technology Co., Ltd. (深圳政擎數據科技有限公司) since January 2024, and a director and manager of Shenzhen Changfa Consulting Co., Ltd. (深圳市常法顧問諮詢有限公司) since August 2024. Mr. Yan conducted postdoctoral research at the Institute of Applied Law, Chinese Academy of Social Sciences (中國社會科學院中國應用法學研究所) from May 2011 to August 2014. He has been a review expert for investment and financing at the Shenzhen Baoan District Industrial Investment Guidance Fund (深圳市寶安區產業投資引導基金) from June 2018 to June 2020. He worked at Chongqing Suyuan (Shenzhen) Law Firm (重慶溯源(深圳)律師事務所) from February 2019 to September 2024. He served as the executive director of Shenzhen Brothers Football Investment Development Holdings Co., Ltd. (深圳兄弟足球投資發展控股有限公司) from December 2015 to September 2025, and independent directors of Shenzhen Click Technology Co., Ltd. (深圳可立克科技股份有限公司, 002782.SZ) from November 2019 to May 2024 and Eastern Pioneer Driving School Co., Ltd. (東方時尚駕駛學校股份有限公司, 603377.SH) from July 2021 to April 2024.

Mr. Yan obtained a bachelor's degree in literature from Wuhan University (武漢大學) in PRC in July 1994, a master's degree in law from Wuhan University in June 2006, and a doctoral degree in law from Wuhan University in June 2009. He holds a legal professional qualification from the Ministry of Justice since February 2008, a board secretary qualification from the Shenzhen Stock Exchange since July 2013. He also obtained an independent director qualification from the Shenzhen Stock Exchange. He was appointed as a full-time lawyer by the Guangdong Provincial Department of Justice in October 2024 and as an arbitrator at the Shenzhen International Arbitration Court in February 2025.

Mr. FENG Genfu (馮根福先生), aged 69, has been our independent Director since September 2021. Mr. Feng is the chairman of the Nomination Committee and a member of the Remuneration and Appraisal Committee and the Sustainable Development Committee of the Company. Mr. Feng is responsible for supervising and providing independent opinion and judgement to the Board.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Feng has been a professor and doctoral supervisor at the School of Economics and Finance at Xi'an Jiaotong University (西安交通大學) since February 2016. He also serves as an external director of Xi'an Huaheng State owned Capital Operation Group Co., Ltd. (西安華衡國有資本運營集團有限公司) since August 2018 and independent directors of Phyllion Battery Co., Ltd. (星恒電源股份有限公司) since September 2019, Kunpeng Asset Management Co., Ltd. (昆朋資產管理股份有限公司) since June 2020, and Shaanxi Qinyuan Thermal Power Co., Ltd. (陝西秦元熱力股份有限公司) since December 2025. He also held positions such as a vice president of the China Society of Quantitative Economics (中國數量經濟學會) from October 2021 to October 2024.

Mr. Feng has previously served as independent directors of Shaanxi Fenghuo Electronics Co., Ltd. (陝西烽火電子股份有限公司, 000561.SZ) from March 2010 to June 2015, CSC Financial Co., Ltd. (6066.HK and 601066.SH) from April 2015 to May 2021, Bode Energy Equipment Co., Ltd (西安寶德自動化股份有限公司, 300023.SZ) from August 2015 to December 2018, Datang International Power Generation Company Limited (大唐國際發電股份有限公司, 601991.SH) from September 2015 to September 2020, Tianmao Industrial Group Co., Ltd. (天茂實業集團股份有限公司, 000627.SZ) from May 2016 to August 2018, Changchai Co., Ltd. (常柴股份有限公司, 000570.SZ) from October 2016 to May 2020, Huaren Pharmaceutical Co., Ltd. (華仁藥業股份有限公司, 300110.SZ) from August 2019 to September 2025, Xi'an Shaangu Power Co., Ltd. (西安陝鼓動力股份有限公司, 601369.SH) from December 2019 to July 2024, Zhongyuan Trust Co., Ltd. (中原信託有限公司) from September 2020 to November 2025, and Bank of Xi'an Co., Ltd. (西安銀行股份有限公司, 600928.SH) from August 2024 to April 2025. He has also served as an independent director at Shenzhen Golden Lighting Technology Co., Ltd. (深圳市金照明科技股份有限公司) from September 2018 to May 2024. He also served as an editor and teacher at Shaanxi Institute of Finance & Economics (陝西財經學院) from July 1982 to April 2000. He has been serving as an independent director of Beijing Dr Plant Biotechnology Co., Ltd. (北京植物醫生化妝品股份有限公司) since June 2025.

Mr. Feng was awarded the Second Prize for the 13th Awards of Outstanding Achievements in Philosophy and Social Sciences by the Shaanxi Provincial Government in May 2018, and the First Prize for the 14th Outstanding Achievements in Philosophy and Social Sciences by the Shaanxi Provincial Government in November 2019. Mr. Feng obtained a doctoral degree in economics from Shaanxi Institute of Finance & Economics (陝西財經學院) in PRC in July 1997.

SENIOR MANAGEMENT

Mr. QIN Yinglin (秦英林先生), aged 61, has been our executive Director, Chairman of the Board and President of the Company. For his biography, please refer to the section above.

Mr. CAO Zhinian (曹治年先生), aged 49, has been our executive Director, Vice Chairman of the Board, Executive Vice President and Person in charge of Finance of the Company. For his biography, please refer to the section above.

Ms. YANG Ruihua (楊瑞華女士), aged 49, has been our executive Director and the Vice President of the Company. For her biography, please refer to the section above.

DIRECTORS AND SENIOR MANAGEMENT

Mr. GAO Tong (高瞳先生), has been the chief financial officer of our Company since January 2026.

Mr. Gao obtained an executive master's degree in international business from ESCP Business School in France. Mr. Gao joined our Company in July 2017, since when he served as the head of regional finance management and the manager of the finance department. Since March 2023, he has been serving as a council member of Nanyang Xihu Muyuan Institute of Synthetic Biology (南陽市西湖牧原合成生物研究院).

Mr. Qin Muyuan (秦牧原先生) joined the Company in January 2019 and has served as the Chief Executive Officer (CEO) of Muyuan Meat since March 27, 2026, where he is responsible for leading the formulation and implementation of strategic planning for the Company's slaughtering and meat product business, and deeply participates in operation and management as well as the continuous optimisation and development of the management system, and he holds a high school education background.

Mr. Qin Muyuan is the son of Mr. Qin Yinglin and Ms. Qian Ying, who are the controlling shareholders of the Company.

Ms. CHU Ke (褚柯女士), has been a Vice President of our Company since March 2020.

Ms. Chu joined our Company in July 2007. She served as the nutrition director from July 2007 to February 2020 and the chairman of the board of supervisors of our Company from December 2009 to March 2020. Ms. Chu obtained a master's degree in animal nutrition and feed science from Yunnan Agricultural University (雲南農業大學) in PRC in June 2007. She holds the qualification of senior economist issued by the Department of Human Resources and Social Security of Henan Province in March 2020.

Ms. WANG Chunyan (王春艷女士), has been the Chief Human Resources Officer (CHO) of our Company appointed since March 2020.

Ms. Wang joined our Company in 2015 and was in charge of employee performance evaluation from July 2015 to March 2018, and served as the human resource director from March 2018 to March 2020. She has also been serving as the deputy director of the Nanyang Westlake Muyuan Synthetic Biology Research Institute (南陽市西湖牧原合成生物研究院) since March 2023. Ms. Wang obtained a bachelor's degree in labour and social security from Wuhan University (武漢大學) in PRC in June 2014.

Mr. YUAN Hebin (袁合賓先生), has been the Chief Legal Officer (CLO) of our Company since March 2020. Mr. Yuan has been serving as the president of Nanyang Consumer Assistance Association (南陽市消費幫扶協會) since March 2023, and as directors of Cnex Fire Vehicle Manufacturing Co., Ltd. (西奈克消防車輛製造有限公司) since December 2017, Neixiang County Shengduo Watershed Water Ecological Environment Treatment Co., Ltd. (內鄉縣聖垛流域水生態環境治理有限公司) since October 2018, and Shanghai Lingyue Investment Management Co., Ltd. (上海瓴岳投資管理有限公司) since February 2021. Mr. Yuan joined our Company in 2010. He served as the manager of legal department of our Company from July 2010 to March 2020.

Mr. Yuan obtained a bachelor's degree in law from Sichuan Agricultural University (四川農業大學) in PRC in June 2010. He holds a legal professional qualification issued by the Ministry of Justice in August 2010.

DIRECTORS AND SENIOR MANAGEMENT

Mr. QIN Jun (秦軍先生), has been the Secretary to the Board since July 2014 and Chief Strategy Officer (CSO) of our Company since March 2020 and Joint Company Secretary since April 2025.

Mr. Qin has also been serving as a director of Shanghai Lingyue Investment Management Co., Ltd. (上海瓚岳投資管理有限公司) since February 2021. Mr. Qin joined our Company in 2012 and served as assistant to the general manager from November 2012 to July 2014. Previously he worked as an industry analyst at Guotai Junan Securities Co., Ltd. (now known as Guotai Haitong Securities Co., Ltd., 2611.HK and 601211.SH) from July 2001 to November 2012. Mr. Qin was honored as an outstanding board secretary by the Securities Times (證券時報) in August 2020 and received 5A rating in the 2025 board secretary performance evaluation by the China Association for Public Companies (中國上市公司協會) in 2025.

Mr. Qin obtained a bachelor's degree in industrial foreign trade from Xi'an Jiaotong University (西安交通大學) in PRC in July 1997, and a master's degree in economics from Peking University (北京大學) in PRC in July 2001. He obtained the qualified secretary qualification issued by the Shenzhen Stock Exchange in March 2014 and the senior economist qualification issued by the Human Resources and Social Security Department of Henan Province in March 2020.

Mr. WANG Zhiyuan (王志遠先生), has been General Manager of Development and Construction of our Company since March 2020 to March 2026. Mr. Wang has also been serving as the executive director of Nanyang Wolong Muyuan Breeding Co., Ltd. (南陽市臥龍牧原養殖有限公司) since May 2018. Mr. Wang joined our Company in 2012 and worked at public relationship position, and served as the person in charge of quality supervision from July 2012 to March 2020. Mr. Wang obtained a bachelor's degree in civil engineering from Nanyang Institute of Technology (南陽理工學院) in PRC in 2012.

Mr. LI Yanpeng (李彥朋先生), has been the chief operating officer (COO) of hog production of our Company since March 2020.

Mr. Li has also been serving as the executive director and general manager of Henan Muyuan Hog Breeding Pig Co., Ltd. (河南牧原種豬育種有限公司) since January 2021. Mr. Li joined our Company in 2011 and served as subsequently as farm manager and R&D director from July 2011 to June 2015, the breeding director from June 2015 to August 2019, the person in charge of production from August 2019 to March 2020. Previously, Mr. Li also served as a senior talent development instructor at the College of Animal Science and Veterinary Medicine at Huazhong Agricultural University (華中農業大學) from January 2021 to July 2023, and as a member of the pig industry standardisation working group of the National Animal Husbandry Standardisation Technical Committee (全國畜牧業標準化技術委員會) from April 2021 to April 2026. Mr. Li was awarded the Henan Science and Technology Progress Award by the Henan Provincial People's Government in February 2021, and received the title of Henan Provincial Technical Specialist by the Henan Provincial Department of Human Resources and Social Security in May 2023. He was honored as a national rural revitalisation youth pioneer by the Communist Youth League of China and the Ministry of Agriculture and Rural Affairs in November 2023.

Mr. Li obtained a bachelor's degree in animal science from Huazhong Agricultural University (華中農業大學) in PRC in June 2011.

DIRECTORS AND SENIOR MANAGEMENT

Mr. XU Shaotao (徐紹濤先生), has been the Muyuan Meat General Manager of our Company since March 2020. Mr. Xu has also been serving as the general manager of Muyuan Meat Co., Ltd. (牧原肉食品有限公司) since March 2023 and a director of Henan Qianmu Biopharmaceutical Co., Ltd. (河南千牧生物製藥有限公司) since June 2023. Mr. Xu joined our Group in 2019. Previously, he worked at a subsidiary of Shandong Longda Meishi Co., Ltd. (山東龍大美食股份有限公司, 002726.SZ) from January 2011 to April 2019. Mr. Xu obtained an associate degree in financial accounting from Shandong Technology and Business University (山東工商學院) in PRC in January 2007 via correspondence study.

Ms. NIU Min (牛旻女士), has been the Chief Veterinary Officer (CVO) of our Company since May 2025. Ms. Niu joined our Group in 2014 and served in various roles including veterinary R&D specialist, regional laboratory director, and head of veterinary diagnostics from July 2014 to March 2021. She served as the head of veterinary services of our Company from March 2021 to May 2025. From January 2021 to July 2023, Ms. Niu was a senior talent development instructor at the College of Animal Science and Veterinary Medicine at Huazhong Agricultural University (華中農業大學). She also served as an industry mentor for professional degree postgraduates at the College of Animal Science and Technology and College of Veterinary Medicine at Huazhong Agricultural University (華中農業大學) from December 2021 to December 2025. Ms. Niu was a member of the development committee of the Modern Swine Veterinary Research Institute at Zhejiang A&F University (浙江農林大學) from March 2022 to March 2025. She became a council member (representative) of the third council of the China Veterinary Association (中國獸醫協會) in June 2023 and the deputy director of the second expert working committee of the China Veterinary Association in July 2023. Ms. Niu has received various accolades, including being named one of Nanyang's Top Ten Female Scientists (南陽市“十佳女科技工作者”) by the Nanyang Women's Federation (南陽市婦女聯合會) in March 2023, and awarded the March 8th Red-Banner Holder (南陽市“三八”紅旗手) by the Nanyang Women's Federation in March 2023. She received the First Prize for Agricultural Technology Promotion Achievements (農業技術推廣成果獎一等獎) from the MARA in December 2022, and was recognised as the Annual Figure in China's Hog Industry (中國養豬行業年度人物) by the China Hog Industry Magazine 《中國豬業》雜誌社) in December 2022. Ms. Niu obtained her master's degree in veterinary medicine from Huazhong Agricultural University (華中農業大學) in PRC in June 2014. She holds a Veterinary Practitioner Qualification (執業獸醫師資格證) issued by the Bureau of Animal Husbandry of Henan Province (河南省畜牧局) in March 2017.

CORPORATE GOVERNANCE REPORT

The Board of Directors of the Company is pleased to present to the shareholders of the Company the corporate governance report of the Company for the year ended December 31, 2025.

CORPORATE GOVERNANCE CULTURE AND VALUE

The Company is committed to ensuring that our affairs are conducted in accordance with high ethical standards. This reflects our belief that, in the achievement of our long-term business objectives, it is imperative to act with probity, transparency and accountability. By so acting, our Company believes that our Shareholders' wealth will be maximized in the long term and that our employees, those with whom we do business and the communities in which we operate will all be benefitted.

Our mission, vision and core values are set out below:

Mission: To produce safe and healthy pork products for the public; to advance healthy industry development.

Visions: To serve people with wholesome pork for their enjoyment in an abundant life; to make the company respectable.

Core values: Creating value, serving society, being internally and externally upright, and promoting social progress.

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

- satisfactory and sustainable returns to our Shareholders;
- that the interests of our stakeholders are safeguarded; and
- that our high standards of ethics are maintained.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance to safeguard the interests of our Shareholders. As the H shares of the Company were listed on the Main Board of the Hong Kong Stock Exchange on the Listing Date, the Corporate Governance Code contained in Appendix C1 to the Listing Rules did not apply to the Company prior to the Listing Date.

As the H shares of the Company have been listed on the Main Board of the Hong Kong Stock Exchange since February 6, 2026, the Company has complied with all principles and applicable code provisions of the Corporate Governance Code.

The Directors will review the corporate governance policies and compliance with the Corporate Governance Code each financial year and apply the "comply or explain" principle in the Corporate Governance Report contained in the annual report.

CORPORATE GOVERNANCE REPORT

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding directors' securities transactions. As the H shares of the Company have been listed on the Main Board of the Hong Kong Stock Exchange since February 6, 2026, the Model Code did not apply to all Directors prior to the Listing Date.

Having made specific enquiries of all the Directors, each of the Directors has confirmed that he/she has complied with the required standard set out in the Model Code from the Listing Date up to the date of this Report.

BOARD OF DIRECTORS

The Company is led by an efficient Board. The Board assumes the responsibility for leadership and control, and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. Directors shall make decisions objectively in the best interests of the Company.

The Board maintains a balance between skills and experience, providing perspectives that meet the business requirements of the Company, and regularly reviews (i) the contributions required of Directors to perform their responsibilities to the Company, and (ii) whether each Director is devoting sufficient time to perform their duties commensurate with their role and Board responsibilities. The Board comprises a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors), maintaining strong independence of the Board to exercise independent judgement effectively.

Composition of the Board

The Board consists of eight Directors, comprising three executive Directors, two non-executive Directors, and three independent non-executive Directors.

Executive Directors

Mr. Qin Yinglin (*Chairman of the Board*)
 Mr. Cao Zhinian
 Ms. Yang Ruihua

Non-executive Directors

Ms. Qian Ying
 Mr. Su Danglin

Independent non-executive Directors

Mr. Chow Ming Sang
 Mr. Yan Lei
 Mr. Feng Genfu

CORPORATE GOVERNANCE REPORT

The biographical details of the Directors are set out in the section headed “Directors and Senior Management” in this annual report. The relationships among the Directors are disclosed in the biographical details of each Director under the section headed “Directors and Senior Management” in this annual report. Save as disclosed above, there were no relationships (including financial, business, family or other material/relevant relationships) among members of the Board.

In May 2025, each Director has obtained the legal advice referred to in Rule 3.09D of the Listing Rules, understanding all the Listing Rules provisions applicable to them as directors of listed issuer, as well as the possible consequences of making a false declaration or providing false information to the Hong Kong Stock Exchange. They confirmed that they are aware of their obligations as directors of listed issuer.

Attendance Records of Directors

The attendance records of each Director at the Board, Board committees and general meetings during the period from the Listing Date to the date of this Report are set out below:

Name of Directors	Attendance/Number of Meetings							Other General Meeting (if any)
	Board	Audit Committee	Remuneration and Appraisal Committee	Nomination Committee	Strategy Committee	Sustainable Development Committee	Annual General Meeting	
Executive Directors								
Mr. Qin Yinglin	2/2	N/A	N/A	N/A	1/1	1/1	N/A	1/1
Mr. Cao Zhinian	2/2	N/A	1/1	N/A	N/A	N/A	N/A	1/1
Ms. Yang Ruihua	2/2	N/A	N/A	N/A	1/1	N/A	N/A	1/1
Non-executive Directors								
Ms. Qian Ying	2/2	2/2	N/A	1/1	N/A	N/A	N/A	1/1
Mr. Su Danglin	2/2	N/A	N/A	N/A	N/A	N/A	N/A	1/1
Independent non-executive Directors								
Mr. Chow Ming Sang	2/2	2/2	N/A	N/A	1/1	1/1	N/A	1/1
Mr. Yan Lei	2/2	2/2	1/1	1/1	N/A	N/A	N/A	1/1
Mr. Feng Genfu	2/2	N/A	1/1	1/1	N/A	1/1	N/A	1/1

CORPORATE GOVERNANCE REPORT

As the H shares of the Company have been listed on the Main Board of the Hong Kong Stock Exchange since February 6, 2026, the Company has adopted the practice of holding at least four regular Board meetings annually since the Listing Date, at approximately quarterly intervals. Notices of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for regular Board meetings

For other Board meetings and Board committee meetings, reasonable notice is generally given. Minutes are kept by the Secretary to the Board of the Company and copies are circulated to all Directors for their information and records.

During the period from the Listing Date to the date of this Report, the Company held two Board meetings, including, among other things, the Board meeting at which the annual results of the Group for the year ended December 31, 2025 were approved.

Roles, Responsibilities and Contributions of the Board and Management

The Board is responsible for leading, supervising and managing the Company. Its fundamental responsibilities are to provide strategic guidance to the Company and to exercise effective oversight of management. Each Director must act objectively and prudently in performing their duties, putting the interests of the Company first and being accountable to the Shareholders.

In accordance with the Articles of Association, the Board exercises the following functions and powers:

- To convene general meetings and report to the general meetings;
- To implement resolutions of the general meetings;
- To decide on the Company's business plans and investment plans;
- To formulate the Company's profit distribution plans and plans on making up losses;
- To formulate plans for increasing or decreasing the Company's registered capital, issuing bonds or other securities and listing;
- To formulate plans for the Company's major acquisition, acquisition of the shares of the Company, or merger, division, dissolution or change of corporate form of the Company;
- To decide on matters such as external investments, acquisition or sale of assets, pledge of assets, external guarantees, entrusted wealth management, related-party transactions and donations of the Company within the scope of authorisation by the general meeting;

CORPORATE GOVERNANCE REPORT

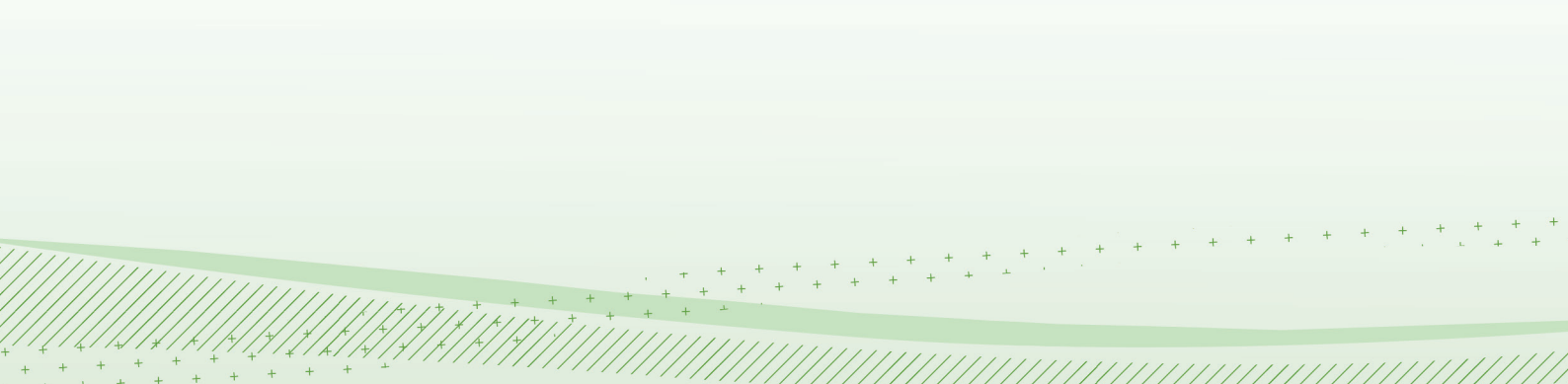
- To decide on establishment of internal management organs of the Company;
- To appoint or dismiss the Company's president, secretary to the board of Directors and other members of the senior management, and to appoint or dismiss the Company's executive vice president, vice president, head of finance and other members of the senior management and to decide their remunerations, rewards and punishments according to the nomination of the president;
- To formulate the basic management system of the Company;
- To formulate proposals to amend the Articles of Association;
- To manage the disclosure of the Company's information;
- To propose to the general meeting the appointment or replacement of the accounting firm that provides audit service to the Company;
- To listen to the work report of the president of the Company and to inspect the work of the president; and
- Other functions and powers provided for in laws, administrative regulations, departmental rules, the securities regulatory rules of the places where the Company's shares are listed, the Articles of Association and general meetings.

Matters regarding the powers and functions exercised by the Board as stated above, or any transaction or arrangement involving the Company, which require general meeting approval under the listing rules of the stock exchange where the Company's shares are listed, shall be submitted to the general meeting for consideration.

Matters beyond the scope of authorisation granted by the general meeting shall be submitted to the general meeting for consideration.

The Board has delegated the authority and responsibility for the daily management and operations of the Company to the senior management of the Company.

To oversee specific aspects of the Company's affairs, the Board has established five board committees, namely the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee, the Strategy Committee and the Sustainable Development Committee. The responsibilities delegated by the Board to the board committees are set out in their respective terms of reference. The terms of reference of each board committee are published on the websites of the Hong Kong Stock Exchange and the Company.



CORPORATE GOVERNANCE REPORT

All Directors have full and timely access to all relevant information as well as the advice and services of the joint company secretaries of the Company to ensure compliance with Board procedures and all applicable rules and regulations. Each Director may generally, under appropriate circumstances, make a request to the Board to seek independent professional advice at the Company's expense.

Directors are required to disclose to the Company details of other offices held by them, and the Board regularly reviews the contribution required of each Director to perform their responsibilities to the Company.

The Company has arranged appropriate insurance for the responsibilities of Directors and senior management to respond to any legal proceedings against Directors and senior management due to the activities of the Company. The insurance coverage will be reviewed annually.

Chairman of the Board and Chief Executives

Code Provision C.2.1 of the Corporate Governance Code stipulates that the roles of chairman and chief executives should be separate and should not be performed by the same individual to enhance their respective independence and accountability. From the Listing Date up to the date of this Report, the Company has not appointed separate Chairman of the Board and president, and Mr. Qin Yinglin currently performs both roles simultaneously. The Board considers that having the same person serving as both Chairman and president is beneficial to ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board believes that the balance of power under the current arrangement will not be impaired and that this structure will assist the Company in making and implementing decisions promptly and effectively.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions as set out under Code Provision A.2.1 of the Corporate Governance Code.

During the year ended December 31, 2025, the Board confirmed that it has:

- a) reviewed the Company's corporate governance policies and practices, and made recommendations and reported to the Board on relevant matters;
- b) reviewed and monitored the training and continuous professional development of Directors and senior management;
- c) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;

CORPORATE GOVERNANCE REPORT

- d) reviewed and monitored the code of conduct and compliance manual applicable to employees and Directors of the Group; and
- e) reviewed the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

Independent Non-executive Directors

From the Listing Date to the date of this Report, the Board has complied with the requirements under Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules regarding the appointment of at least three independent non-executive Directors (representing not less than one-third of the Board, one of whom possesses appropriate professional qualifications or accounting or related financial management expertise).

The Company has received a confirmation of independence from each independent non-executive Director pursuant to Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent.

Board Independence Evaluation

To promote more objective and effective decision-making by the Board, the Company has formulated policies including The rules of procedures of the Board and the Independent Directors System to ensure that the independent views and opinions of all Directors can be communicated to the Board.

- (1) The rules of procedures of the Board, the Independent Directors System and other policies provide guidance for each Director in the performance of his or her duties, ensure the standardised operation and scientific decision-making of the Board, and specify the actions to be taken by Directors to avoid any conflicts of interest;
- (2) the Board of the Company comprises eight members, of whom five are non-executive Directors, including three independent non-executive Directors meeting the requirements under the Shenzhen Stock Exchange and the Listing Rules of the Stock Exchange of Hong Kong Limited, with a balanced composition to enable the Board to have a strong element of independence; pursuant to Article 6 of the Administrative Measures for Independent Directors of Listed Companies, all independent non-executive Directors are required to confirm their compliance with the independence requirements in writing each year;
- (3) the Company shall convene meetings attended by all independent non-executive Directors from time to time to consider relevant matters as stipulated in the Administrative Measures for Independent Directors of Listed Companies or to consider other matters of the Company (if necessary);
- (4) each specialized committee of the Board may engage intermediaries to provide professional opinions for the performance of its duties during the performance of its duties, and the relevant expenses shall be borne by the Company. The Company is of the view that the above measures and policies have been effectively implemented during the Reporting Period.

CORPORATE GOVERNANCE REPORT

Continuous Professional Development of Directors

Directors should understand their duties and the conduct, business activities and development of the Company and keep abreast of changes.

Each newly appointed Director of the Company has received a comprehensive, formal and tailored induction upon their initial appointment, and thereafter, the Company has provided relevant briefings and professional development as needed to ensure that Directors have an appropriate understanding of the Company's operations and business, and that Directors are fully aware of their responsibilities under the Listing Rules, applicable legal requirements and other regulatory requirements, as well as the Company's business and governance policies.

In accordance with Code Provision C.1.4 of the Corporate Governance Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that they can continue to make informed and relevant contributions to the Board. During the year ended December 31, 2025, all Directors have participated in continuous professional development by attending training courses or external seminars to develop and refresh their knowledge and skills to contribute to the Board.

For the year ended December 31, 2025, a summary of the training records of the Directors is as follows:

Directors	Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops	Reading relevant news highlights, newspapers, journals, magazines and relevant publications
Executive Directors		
Mr. Qin Yinglin	✓	✓
Mr. Cao Zhinian	✓	✓
Ms. Yang Ruihua	✓	✓
Non-executive Directors		
Ms. Qian Ying	✓	✓
Mr. Su Danglin	✓	✓
Independent Non-executive Directors		
Mr. Chow Ming Sang	✓	✓
Mr. Yan Lei	✓	✓
Mr. Feng Genfu	✓	✓

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

The Board has established five committees, namely the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee, the Strategy Committee and the Sustainable Development Committee, to oversee specific areas of the Company's affairs. All board committees of the Company have specific written terms of reference which clearly set out their powers and responsibilities. The terms of reference of the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee, the Strategy Committee and the Sustainable Development Committee have been published on the Company's website and the website of the Hong Kong Stock Exchange.

Audit Committee

The Company has established the Audit Committee with written terms of reference in accordance with Rules 3.21 to 3.23 of the Listing Rules and paragraphs C.4 and paragraph D.3 of Part 2 of the Corporate Governance Code. The Audit Committee comprises three members, namely Mr. Chow Ming Sang (independent non-executive Director), Ms. Qian Ying (non-executive Director) and Mr. Yan Lei (independent non-executive Director). Mr. Chow Ming Sang is the chairman of the Audit Committee. Mr. Chow Ming Sang possesses the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The terms of reference of the Audit Committee are no less stringent than the provisions set out in the Corporate Governance Code. The primary duties of the Audit Committee include, but are not limited to:

- a) Supervising and evaluating the work of external auditors;
- b) Acting as the primary liaison between the Company and external auditors, overseeing and coordinating internal and external auditors, and reviewing the arrangements set by the Company for employees to raise concerns about potential misconduct in financial reporting, internal control, or other matters. The Audit Committee should ensure there are appropriate arrangements for independent and fair investigation of such matters and for taking appropriate follow-up actions;
- c) Reviewing the Company's financial information and its disclosure, including its completeness, and examining significant opinions on financial reporting contained in statements and reports;
- d) Overseeing and evaluating the Company's financial reporting system, risk management, and internal control systems; and
- e) Handling other matters required by laws, regulations, the securities regulatory rules of the jurisdictions where our Shares are listed, our Articles of Association, or as authorised by our Board.

CORPORATE GOVERNANCE REPORT

The Audit Committee, together with the Company's management, has reviewed the consolidated financial statements of the Group for the year ended December 31, 2025 and the disclosures in this annual report.

The Audit Committee considered that the financial information was prepared in accordance with applicable accounting practices and policies, the Listing Rules and any other applicable legal requirements, with sufficient disclosure made.

During the period from the Listing Date to the date of this Report, two Audit Committee meetings were held to, among other matters, review the Annual Report, the internal control self-assessment report, appoint external auditors, evaluate the performance of the accounting firm, and perform its supervisory duties.

During the period from the Listing Date to the date of this Report, the Audit Committee also met with the external auditors once without the presence of executive Directors.

Remuneration and Appraisal Committee

The Company has established the Remuneration and Appraisal Committee with written terms of reference in accordance with Rule 3.25 of the Listing Rules and paragraph E.1 of Part 2 of the Corporate Governance Code. The Remuneration and Appraisal Committee comprises three members, namely Mr. Yan Lei (independent non-executive Director), Mr. Cao Zhinian (executive Director) and Mr. Feng Genfu (independent non-executive Director). Mr. Yan Lei is the chairman of the Remuneration and Appraisal Committee.

The primary duties and functions of the Remuneration and Appraisal Committee include (but are not limited to):

- a) Formulating and reviewing remuneration policies for Directors and senior management, ensuring transparency and fairness;
- b) Evaluating executive Directors' performance and approving their service contracts;
- c) Recommending the evaluation of executive Directors' performance and approving their service contracts;
- d) Considering market comparisons, time commitments, and responsibilities in setting remuneration;

CORPORATE GOVERNANCE REPORT

- e) Approving compensation for loss or termination of office, ensuring alignment with contractual terms;
- f) Ensuring no Director is involved in deciding their own remuneration;
- g) Managing equity incentive plans and employee stock ownership plans; and
- h) Handling other matters as required by laws, regulations, and our Articles of Association.

During the period from the Listing Date to the date of this Report, one Remuneration and Appraisal Committee meeting was held to, among other matters, consider/review the implementation of Directors' and senior management's remuneration and remuneration plans.

The remuneration of members of senior management (excluding Directors) by range during the reporting period is set out below:

Remuneration Range (RMB)	Number of persons
RMB500,001 to RMB1,000,000	1
RMB1,000,001 to RMB2,000,000	1
RMB2,000,001 to RMB3,000,000	1
RMB3,000,001 to RMB4,000,000	0
RMB4,000,001 to RMB5,000,000	3
RMB5,000,001 to RMB6,000,000	2
RMB6,000,001 to RMB7,000,000	1

The Company provides remuneration to its executive Directors and members of senior management (who are also employees) in the form of salaries, bonuses, social security schemes, housing provident fund schemes and other benefits. Remuneration for non-executive Directors and independent non-executive Directors is determined based on their respective duties.

Details of the remuneration of the Directors and the five highest paid individuals are set out in note XI.5(6) to the financial statements.

CORPORATE GOVERNANCE REPORT

Nomination Committee

The Company has established a Nomination Committee with written terms of reference in accordance with paragraph B.3 of Part 2 of the Corporate Governance Code, and the Company has fully complied with the Board diversity requirements set out in Rule 13.92 of the Listing Rules. The Nomination Committee consists of three members, namely Mr. Feng Genfu (independent non-executive Director), Ms. Qian Ying (non-executive Director), and Mr. Yan Lei (independent non-executive Director). Mr. Feng Genfu serves as the chairman of the Nomination Committee.

The primary duties of the Nomination Committee include (but are not limited to):

- a) Formulating and recommending criteria and procedures for selecting Directors and senior management, and advising our Board on these standards;
- b) Identifying and nominating qualified candidates for Directors and senior management positions, and advising the Board on appointments and removals;
- c) Reviewing the Board's performance, structure, size, and composition, including skills, knowledge, and diversity, and recommending changes to align with the Company's strategy;
- d) Developing and maintaining a Board Diversity Policy and disclosing it in the Company's corporate governance report;
- e) Evaluating the independence of independent non-executive Directors and advising on succession planning for key roles; and
- f) Handling other matters required by laws, rules, and regulations of the jurisdictions where the Company's shares are listed, our Articles of Association, or as authorised by our Board.

During the period from the listing date to the date of this report, one Nomination Committee meeting was held review the composition of the Company's Board and the qualifications of senior management, and to examine the qualifications of the appointed senior personnel.

CORPORATE GOVERNANCE REPORT

Strategy Committee

The Company has established a Strategy Committee. The Strategy Committee consists of three members, namely Mr. Qin Yinglin (executive Director), Ms. Yang Ruihua (executive Director), and Mr. Chow Ming Sang (independent non-executive Director). Mr. Qin Yinglin serves as the chairman of the Strategy Committee.

The primary duties of the Strategy Committee include (but are not limited to):

- a) Reviewing and providing recommendations on the long-term strategic development of our Company;
- b) Evaluating and advising on major investment and financing proposals that require Board approval as stipulated in our Articles of Association;
- c) Assessing and advising on significant capital operations and asset management projects that require Board approval as stipulated in our Articles of Association;
- d) Evaluating and advising on other significant matters affecting the development of our Company;
- e) Monitoring the implementation of the above matters; and
- f) Handling other matters authorised by our Board.

During the period from the Listing Date to the date of this report, one Strategy Committee meeting was held to discuss and formulate the annual operational strategic plan for 2026.

Sustainable Development Committee

The Company has established a Sustainable Development Committee. The Sustainable Development Committee consists of three members, namely Mr. Qin Yinglin (executive Director), Mr. Chow Ming Sang (independent non-executive Director), and Mr. Feng Genfu (independent non-executive Director). Mr. Qin Yinglin serves as the chairman of the Sustainable Development Committee.

The primary duties of the Sustainable Development Committee include (but are not limited to):

- a) Advising the Board on major decisions related to the sustainable development of our Company, including environmental, social, and governance (ESG) matters;
- b) Overseeing the implementation and progress of our Company's sustainability strategies and plans;

CORPORATE GOVERNANCE REPORT

- c) Monitoring our Company's performance in addressing key issues such as climate change, public health and safety, and social responsibility, and advising the Board accordingly;
- d) Keeping abreast of significant information related to sustainability matters affecting our business, and providing recommendations to the Board on sustainability-related issues;
- e) Identifying sustainability risks relevant to our Company, assessing their impact, and advising the Board on risk management strategies;
- f) Reviewing the Company's annual Social Responsibility Report, sustainability policy documents, and other sustainability-related disclosure materials, and making recommendations to the Board; and
- g) Handling other matters delegated by the Board.

During the period from the listing date to the date of this report, one Sustainable Development Committee meeting was held to discuss the Company's 2025 Environmental, Social and Governance (ESG) Report.

Board Diversity Policy

Our Company has adopted a board diversity policy (the "**Board Diversity Policy**") setting out the approach to achieve diversity on our Board. According to the Board Diversity Policy, the Nomination Committee reviews and assesses our Board composition on behalf of our Board and recommends the appointment of new Directors, taking into account a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge, industry and regional experience, and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on our Board. The Nomination Committee will disclose the composition of our Board annually in the corporate governance report and monitor the implementation of the Board Diversity Policy. The Nomination Committee will review the Board Diversity Policy and assess its effectiveness, and where necessary, make any revisions that may be required and recommend any such revisions to our Board for consideration and approval.

Our Board has a balanced mix of experiences and industry background. Our Directors have a diverse education background including economics, law, accounting, business administration and management, as well as different industry backgrounds and professional qualifications. We have three independent non-executive Directors with different industry backgrounds, representing more than one-third of the members of our Board. Furthermore, our Board has two female Directors, and has a wide age range comprising members from their 40s to 60s. Considering our Company's business model and the backgrounds and abilities of our Directors, the composition of our Board satisfies the Board Diversity Policy.

CORPORATE GOVERNANCE REPORT

The Nomination Committee is responsible for ensuring the diversity of our Board and will use its best efforts to identify and recommend suitable candidates for our Board's consideration, subject to our Directors being satisfied with the qualification and experience of the relevant candidates after a reasonable review process based on the relevant criteria, and fulfilling their fiduciary duties to act in the best interests of our Company and our shareholders as a whole when making the relevant appointments.

An analysis of the current composition of the Board based on measurable objectives is as follows:

Gender

Male: 6 Directors

Female: 2 Directors

Position

Executive Directors: 3

Non-executive Directors: 2

Independent non-executive Directors: 3

Nationality

China: 8 Directors

Age

41-50: 2 Directors

51-60: 4 Directors

61-70: 2 Directors

Education

Business management: 3 Directors

Animal husbandry: 3 Directors

Law: 1 Director

Others: 1 Director

Business experience

Law: 1 Director

Business management: 6 Directors

Experience relevant to the Company's business:
5 Directors

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

The Nomination Committee shall review the Board Diversity Policy and measurable objectives at least annually to ensure that the Board continues to function effectively.



CORPORATE GOVERNANCE REPORT

Gender Diversity

The Company values gender diversity at all levels of the Group.

As of the end of the Reporting Period, the Board has 25% (2) female Directors, 36% (4) female senior management and 22% (28,257) female employees (excluding senior management), and considers that the above gender diversity is satisfactory at present.

Our Company will take opportunities to increase the proportion of female members of the Board when selecting and recommending suitable candidates for Board appointments to help enhance gender diversity in accordance with stakeholder expectations and recommended best practices. Our Company also intends to promote gender diversity when recruiting staff at the mid to senior level so that our Company will have a pipeline of female senior management and potential successors to the Board.

Nomination Policy

The Company has adopted a nomination policy for the nomination procedure of Directors and senior management (the "**Nomination Policy**"), which sets out the selection criteria, nomination procedure and succession plan in respect of the nomination and appointment of Directors and senior management of the Company, with a view to ensuring a balance of skills, experience and diversity of the Board, and ensuring the continuity of the Board and appropriate leadership at the Board and senior management level.

CORPORATE GOVERNANCE REPORT

The nomination procedures set out in the Nomination Policy of Directors are as follows:

Nomination Procedure

- (i) The Nomination Committee shall actively communicate with the relevant departments of the Company to study the demand of the Company for new Directors and senior management and to produce the result in writing;
- (ii) The Nomination Committee may extensively identify candidates for Directors and senior management within the Company and its controlling (investee) enterprises as well as in the labour market;
- (iii) Gathering information about the occupation, education background, job title, detailed information in relation to the work experience and all the part-time positions of the preliminary proposed candidates, and to formulate written materials thereon;
- (iv) The nominee would be deemed as the candidate for Director or senior management after his or her consent for nomination is obtained;
- (v) Convening a Nomination Committee meeting to review the qualifications of the candidates in accordance with the requirements for Directors and senior management;
- (vi) Making suggestion to the Board regarding the candidates for the Director and new senior management and submit relevant information to the Board prior to the election of new Directors and appointment of new senior management;
- (vii) Carrying out relevant follow-up work according to the decision of and feedback from the Board.
- (viii) Please refer to the "Procedures for Shareholders to Nominate a Person for Election as a Director of the Company" on the Company's website for the procedures for shareholders to nominate any candidates for Directors.

The recommendation of the Nomination Committee shall be submitted to the Board for consideration and decision on matters relating to the candidates for Directors, senior management or the re-appointed Directors. The nomination of candidates for Directors shall be submitted to the shareholders' general meeting for consideration and approval after being considered by the Board.

CORPORATE GOVERNANCE REPORT

The Nomination Policy sets out the criteria for assessing the suitability of proposed candidates and their potential contribution to the Company, including but not limited to:

- Integrity and reputation;
- Educational background, professional qualifications and work experience (including part-time jobs);
- Whether or not they have the necessary knowledge, skills and experience;
- Whether or not they are able to spend sufficient time and energy handling the Company's affairs;
- Whether or not they will promote the diversity of the Board in all aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and term of office;
- Whether or not the candidates for independent Directors meet the requirements for independence under Rule 3.13 of the Listing Rules; and
- Any other relevant factors as determined by the Nomination Committee or the Board from time to time.

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

According to the Board Diversity Policy, the Nomination Committee regularly reviews the structure, size and composition of the Board and makes recommendations on changes to the Board as appropriate, to complement the Company's corporate strategy and ensure that the Board maintains a diverse and balanced composition. In reviewing and assessing the composition of the Board, the Nomination Committee is committed to achieving diversity at all levels and considers various aspects, including but not limited to gender, age, language, cultural and educational background, professional qualifications, skills, knowledge, industry and regional experience and/or length of service.

Appointment and Re-election of Directors

Code provision B.2.2 of the Corporate Governance Code stipulates that every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Pursuant to the Articles of Association, Directors shall be elected or replaced by the shareholders' general meeting, and may be removed by the shareholders' general meeting before the expiry of their terms of office. The term of office of the Directors shall be 3 years, and they may be re-elected and re-appointed upon expiry of their term.

CORPORATE GOVERNANCE REPORT

The term of office of the Directors shall commence from the date of their appointment until the expiry of the term of the current session of the Board. If the term of office of a Director expires but re-election is not made responsively, the said director shall continue fulfilling the duties as Director pursuant to laws, administrative regulations, departmental rules and the Articles of Association until a new Director is elected. Subject to the relevant laws, regulations and regulatory rules of the place where the Company's shares are listed, if the Board appoints a new Director to fill a casual vacancy on the Board, such appointed Director shall hold office only until the first shareholders' general meeting after his/her appointment and may be re-elected.

The non-executive Directors (including independent non-executive Directors) of the Company are appointed for a specific term of three years.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the risk management and internal control systems and is responsible for reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve operational objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

Risk Management System

Based on laws and regulations and in combination with its specific business models, the Company has established a risk management structure and formulated relevant risk management policies and procedures. It has set up a comprehensive risk management system with the "Three Lines of Defence" as the core and "whole-process control" as the approach, aiming to achieve a full closed-loop management of risks covering prevention in advance, control during the process and emergency handling afterwards, so as to ensure sound operation and sustainable development.

(I) Risk Management Structure

The Company has established an all-round and full-process risk management structure covering self-management, self-control and self-inspection of various management departments at the headquarters and all subsidiaries, as well as external supervision and oversight, clarified the risk management responsibilities of all levels, and formed a collaborative governance mechanism. The Board is the highest decision-making body for risk management, responsible for formulating risk management strategies and regularly evaluating the effectiveness of risk management mechanisms. Meanwhile, an independent audit team and a Chief Legal Officer have been appointed to embed risk supervision directly into the highest decision-making process, forming a governance mechanism with clear rights and responsibilities as well as collaborative and efficient operation.

CORPORATE GOVERNANCE REPORT

(II) Risk Management “Three Lines of Defence”

The Company continuously optimises and improves its risk management system, deepens the cooperation and interaction model among business and functional departments, compliance management departments and audit and supervision departments, and further consolidates the “Three Lines of Defence” for risk management.

All business and functional departments, as the “first line of defence” for risk management, conduct proper risk identification and early warning and consolidate primary responsibilities. They focus on self-early warning, review, reporting, management, evaluation, disposal and other work, and participate in regular risk management training and management training on required knowledge and capabilities for cadres. They improve the closed-loop system for self-risk management, conduct advance judgement on potential risks in all links of business, identify known risks, predict unknown risks and uncertain risks, timely dispose of and report major risks, deeply embed risk control and compliance requirements into the entire business process, and curb the occurrence of risks from the source.

As the organizer and coordinator of risk management, the legal department consistently upholds the “second line of defence” for risk management, establishes and improves risk management mechanisms, conducts effective risk assessment and monitoring, and builds a full-cycle risk management system of “foundation laying in advance, checks and balances during the process, and closed-loop management afterwards”. Among them, in the advance stage, it focuses on the development of compliance management, improves the basic compliance system, promotes the internalization of external regulations, strengthens the cultivation of risk management and compliance culture, devotes core work efforts to compliance front-loading and business front-loading links, provides compliance front-loading judgement, and assists business departments in establishing a compliance management system; during the process, it strengthens the prevention and control of major compliance risks, establishes a “timely braking” check and balance mechanism, directly reports non-compliant businesses to senior management and decisively halts them, supervises cadres to strictly implement compliance requirements, and ensures the smooth and compliant development of businesses; afterwards, it efficiently handles legal affairs and disputes, improves the typical case library, conducts training on typical cases, simultaneously carries out risk review and closed-loop management, investigates system loopholes, improves the risk management system, and promotes the establishment of an overseas compliance line to ensure the coordination and unification of risk and compliance management both inside and outside the country.

The internal audit department is the “third line of defence” for risk management, responsible for risk supervision and evaluation. It earnestly fulfills internal control responsibilities, continuously strengthens the functions of internal control system supervision and cadre supervision by building a comprehensive, authoritative and efficient audit supervision system, standardizes the power operation mechanism, and improves the risk prevention capacity. It improves the whistleblowing and reward mechanism, encouraging whistleblowing by all employees with substantial rewards for valid reports, giving full play to the subjective initiative of all employees, incorporating all employees into the solid force of audit supervision, compelling cadres at all levels to fulfil their duties, and promoting the continuous improvement of the internal control system.

CORPORATE GOVERNANCE REPORT

(III) Risk Management Mechanisms and Procedures

The Company has established a top-down compliance operation mechanism and a bottom-up traceability management mechanism. Taking processes, standards and systems as the focus, it carries out compliance management in accordance with the “four-step approach to compliance management construction”, fully identifies and assesses risks, focuses on key business areas and critical links, tackles difficult and blocking points in compliance, embeds compliance requirements into the entire business chain, realizes “management institutionalized, systems documented, documents processed, processes informationized and information datified”, fosters a corporate culture of compliance by everyone, in everything and at all times, and guarantees the overall compliance of the enterprise.

Anti-Corruption Policy and Whistleblowing Mechanism

The Company has formulated the Muyuan Basic Law, which clarifies the corporate business principle of “oppose commercial bribery, reject unearned gains, and refuse improper benefits”. On this basis, the Company has formulated a series of management systems including the Muyuan Anti-Corruption Management System, Anti-Corruption Reporting Management System, Code of Conduct for Employees, Cultural Construction Management and Assessment System, and Relatives and Associates Management System. The Company has established an anti-corruption management system, strengthened anti-corruption efforts, adhered to the combination of punishment and prevention, and formed an anti-corruption supervision, prevention and control governance system featuring “dare not, cannot, and will not engage in corruption”, so as to maintain a sound business environment.

The Company has established a multi-level anti-commercial bribery and anti-corruption management framework led by the Board, executed by the management, checked and balanced by the supervision layer, and with the participation of all employees. It has clarified the responsibilities of each level and formed a closed-loop management mechanism.

The Company has established diversified and confidential reporting channels for corrupt acts. Through Muyuan’s official website, WeChat Official Account, customer service platform, DingTalk work groups, integrity training materials and other channels, the Company ensures that every Muyuan employee and business partner is aware of the complaint and reporting methods. The Company has specified that the internal audit department is the department responsible for accepting reports, and has established a verification mechanism for reporting clues. It conducts timely investigation and verification of the received reporting clues, and feeds back the verification results to the whistleblower in a timely manner (except for those involving confidentiality circumstances).

CORPORATE GOVERNANCE REPORT

It has reported and confirmed to the Board and the Audit Committee the effectiveness of the risk management and internal control systems as of the date of this report. As of the date of this report, the Board was not aware of any material defects in the internal control of the Group.

For the year ended December 31, 2025 and up to the date of this annual report, the Company's risk management and internal control systems were effective and adequate. There were no significant changes in the Company's assessment of risks (including ESG risks) and the risk management and internal control systems during the year ended December 31, 2025.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

The Directors have prepared the financial statements in accordance with CASBE. Appropriate accounting policy has been used and consistently applied, except for the amendments, revision and interpretation of the standards.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. The financial statements of the Company have been prepared on a going concern basis. The Directors believe that the financial statements give a true and fair view of the financial position, results and cash flows of the Group as of December 31, 2025, and other financial information disclosure and report complies with the requirements of relevant laws.

A statement by the Company's external auditors about their reporting responsibilities for the financial statements is included in the independent auditor's report of this annual report.

AUDITOR'S REMUNERATION

The Group's auditor for the year 2025 is KPMG Huazhen LLP (畢馬威華振會計師事務所(特殊普通合夥)). The Group has not changed its auditor in the past three years. The following table sets out the nature of services and fees provided by the auditor to the Group in respect of 2025.

Types of service	Fees paid/payable Currency RMB0'000
Annual audit service	1,250
Total	1,250

Note:

The audit service in the above table includes the audit of the 2025 annual financial statements and internal control.

CORPORATE GOVERNANCE REPORT

JOINT COMPANY SECRETARIES

Mr. QIN Jun and Ms. LEUNG Wing Han Sharon were appointed as joint company secretaries of the Company. Mr. QIN Jun is the secretary to the Board and Chief Strategy Officer (CSO) of the Company. Ms. LEUNG Wing Han Sharon is a director of the company secretarial services division at Tricor Services Limited, providing a global professional services specializing in integrated business, corporate and investor services.

Pursuant to Rule 3.29 of the Listing Rules, the company secretary of an issuer is required to receive no less than 15 hours of relevant professional training in each financial year. As the Company's H Shares were only listed on the Main Board of the Hong Kong Stock Exchange on February 6, 2026, Rule 3.29 of the Listing Rules was not applicable to the joint company secretaries of the Company prior to the listing date. However, Ms. LEUNG Wing Han Sharon participated in no less than 15 hours of relevant professional training during the reporting period. Mr. QIN Jun and Ms. LEUNG Wing Han Sharon have promised that they will participate in no less than 15 hours of relevant professional training in 2026, so as to comply with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

Convening an Extraordinary General Meeting

According to the provisions of the Company's Articles of Association, the shareholders' general meeting shall be convened by the Board.

Shareholders separately or aggregately holding 10% or more of the Company's shares (including preferred shares with restored voting rights) have the right to propose to the Board to convene an extraordinary general meeting by way of written request(s). The Board shall reply in writing regarding the acceptance or refusal to convene an extraordinary general meeting within ten days upon receiving the request in accordance with the requirements of the laws, administrative regulations and the Articles of Association. If the Board agrees to convene the extraordinary general meeting, notice convening the meeting shall be issued within five days after the Board resolved to do so. If the Board makes alterations to the original proposal in the notice, consent has to be obtained from the related Shareholders. If the Board does not agree to convene the extraordinary general meeting or does not reply within ten days upon receiving the request, Shareholders separately or aggregately holding 10% or more of the Company's shares shall propose to the audit committee to convene an extraordinary general meeting shall submit their request to the Audit Committee in writing. If the Audit Committee agrees to convene the extraordinary general meeting, notice convening the extraordinary general meeting shall be issued within five days upon receiving the request. Should there be alterations to the original requests in the notice, consent has to be obtained from the related Shareholders. If the Audit Committee does not issue notice of the shareholders' general meeting within the required period, it will be considered as not going to convene and preside over the shareholders' general meeting, and Shareholders separately or aggregately holding 10% or more of the shares of the Company (including preferred shares with restored voting rights) for ninety or more consecutive days have the right to convene and preside over the meeting on their own.

If a Shareholder convenes and holds a shareholders' general meeting on its own due to the Board' failure to convene an extraordinary shareholders' meeting in response to the aforementioned request, the necessary expenses incurred thereby shall be borne by the Company.

CORPORATE GOVERNANCE REPORT

Submitting Proposal at a Shareholders' General Meeting

Shareholder(s) separately or aggregately holding 1% or more of the Company's shares (including preferred shares with restored voting rights) shall have the right to propose interim proposals ("**Proposals**") in writing to the convener ten days prior to the convening of a shareholders' general meeting. The convener shall, within two days upon receipt of the Proposals, issue a supplementary notice of the shareholders' general meeting and announce the content of the interim proposal. The content of the Proposals shall fall within the scope of functions of the shareholders' general meeting and contain a clear agenda and specific resolutions.

Addressing Inquiries to the Board

Shareholders may send written enquiries to the Company for any enquiries put forward by the Board. The Company will normally not deal with verbal or anonymous enquiries.

Contact Details

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

Address: Securities Department, Muyuan Foods Co., Ltd, Longsheng Industrial Park, Wolong District, Nanyang City, Henan Province, China

(Attention: Ms. Cao Fang)

Tel: +86 0377-65239559

Fax: +86 0377-66100053

Email: myzqb@muyuanfoods.com

Shareholders may directly address enquiries regarding their shareholdings to the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong. The Company shall ensure that the H Share Registrar maintains updated records of the shares at all times to effectively respond to Shareholders' enquiries.

For the avoidance of doubt, Shareholders must deposit and send the original copy of their duly signed written requests, notices, or statements, or enquiries (as the case may be) to the above address, and provide their full name, contact details, and identification proof to render the same effective. Shareholders' information may be disclosed in accordance with legal requirements.

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

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

To safeguard the interests and rights of the Shareholders, a separate resolution should be proposed for each substantial issue at shareholders' general meetings, including the election of individual Director. All resolutions put forward at shareholders' 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 Hong Kong Stock Exchange after each shareholders' general meeting.

Shareholders' Communication Policy

The Company has established a Shareholders' communication policy (the "**Shareholders' Communication Policy**") in order to ensure the Shareholders are provided with equal and timely access to information about the Company, to exercise their rights in an informed manner and to allow Shareholders to actively participate in the Company's activities. The Board regularly reviewed the implementation and effectiveness of the Shareholders' Communication Policy particularly with regards to the requirements of Part 2 in the CG Code, and confirmed its effectiveness since the Listing Date.

The Company has established a range of channels for maintaining its ongoing dialogue with the Shareholders, the details of which are set out below:

Shareholders' enquiries

- Shareholders may at any time make a request for the Company's information to the extent such information is publicly available.
- Shareholders may have access to the contact persons, email addresses and enquiry lines designated by the Company in order to enable them to make any query in respect of the Company.



CORPORATE GOVERNANCE REPORT

Corporate communications

- 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: report of the Board of Directors, annual accounts together with the auditor's report and, where applicable, its summary financial report; the interim report and, where applicable, its summary interim report; a notice of meeting; a listing document; a circular; a proxy form.
- Information will be communicated to Shareholders and the investors primarily through the following channels: corporate communication; the Company's website; annual general meetings and other general meetings.
- 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 may select (or be deemed that they have consented) to receive such documents electronically via the Company's website.

Company's website

- The Company's website (www.muyuanfoods.com) contains information about the Company, including Shareholder communication.
- The Company will place on its website the Company's financial statements, announcements, circulars, notices of shareholders' general meetings and other information in compliance with the applicable laws, rules and regulations. The website has a dedicated "Securities" section, which is updated on a regular basis.

Shareholders' general meetings

- The Company will provide Shareholders with relevant data on the resolution(s) proposed at a shareholders' general meeting in a timely manner in accordance with the Listing Rules. The data provided shall be reasonably necessary to enable Shareholders to make an informed decision on the proposed resolution(s).
- Shareholders are encouraged to attend shareholders' general meetings, and they may 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 members of the Board, the chairmen of committees under the Board or their delegates, and the external auditors will attend shareholders' general meetings of the Company to answer any questions from the Shareholders (if any).

CORPORATE GOVERNANCE REPORT

AMENDMENTS TO CONSTITUTIONAL DOCUMENTS

During the Reporting Period, the Company amended its Articles of Association.

In addition, in light of the Global Offering and the listing of the Company's H shares, the conversion of certain convertible bonds recently issued by the Company, and the change of the Company's name, the extraordinary general meeting held by the Company on March 13, 2026 passed a special resolution approving the amendment to the Articles of Association. The Company will undertake relevant registration and filing with the relevant PRC authorities. The latest version of the Articles of Association is also available on the Company's website and Hong Kong Stock Exchange's website.

DIVIDEND POLICY

Pursuant to the Company Law of the PRC, the Securities Law of the PRC, the Regulatory Guidelines for Listed Companies No. 3 – Cash Dividends of Listed Companies and other laws, regulations, normative documents and the relevant provisions of the Articles of Association of the Company, and combined with the actual operation of the Company, Muyuan Foods Co., Ltd. has formulated the Shareholder Dividend Return Plan for the Next Three Years (2024-2026). On the premise of ensuring the sustainable operation and long-term development of the Company, if the Company makes profits in the current year and the accumulated undistributed profits are positive, the profit distributed by the Company in cash each year in the next three years shall be no less than 40% of the distributable profit realised in the current year (cash dividends distributed for multiple times in a year shall be calculated on a cumulative basis). The Company strictly implements this plan and performs the decision-making procedures in accordance with regulations to ensure the consistency of the profit distribution policy and protect the legitimate rights and interests of minority shareholders.

The Board of the Company proposes a profit distribution plan based on the current profit scale, cash flow status, development stage, capital demand and other conditions of the Company, which is subject to deliberation and approval at the shareholders' general meeting. When the Company convenes an annual general meeting to deliberate on the annual profit distribution plan, the meeting may deliberate and approve the conditions, upper limit of ratio and upper limit of amount for the interim cash dividend of the following year.

REPORT OF THE BOARD OF DIRECTORS

The Board is pleased to present this Report of the Board of Directors together with the consolidated financial statements of the Group for the year ended December 31, 2025.

PRINCIPAL ACTIVITIES

The Company is principally engaged in: (i) sale of piglets, finished hogs and breeding hogs, and (ii) sale of hog carcasses, pork cuts and by-products. There were no significant changes in the nature of the Company's principal activities during the Reporting Period.

Further details of the principal businesses of the Group's subsidiaries are set out in Note VII. 1 to the financial statements of this annual report.

BUSINESS REVIEW AND RESULTS

A review of the business of the Group during the Reporting Period is provided in the section headed "Business Review" under "Management Discussion and Analysis" of this report. The results of the Group for the Reporting Period are set out in the consolidated financial statements on pages 107 to 123 of this report. An analysis of the Group's performance during the Reporting Period is provided in the section headed "Financial Review" on pages 29 to 32 under "Management Discussion and Analysis" of this report. Future business development of the Group is provided in the section headed "Future and Outlook" on page 25 under "Management Discussion and Analysis" of this report.

FINAL DIVIDENDS

In August 2025, the 7th meeting of the 5th Board of Directors of the Company reviewed the 2025 interim profit distribution (pursuant to the authorisation granted by the 2024 annual general meeting of the Company). A cash dividend of RMB9.32 per 10 Shares was distributed (tax-inclusive, based on the total share capital of the Company as of August 19, 2025 after deducting the number of Shares held in the Company's repurchase special account), with a total dividend amount of RMB5,002,294,529.06 (tax-inclusive), accounting for 47.50% of the net profit attributable to shareholders of the parent company for the 2025 interim period. No bonus shares were issued and no capital reserve was converted into share capital. The aforementioned profit distribution plan was fully implemented in October 2025.

Based on the Company's current stable operation and sound development prospects, in order to actively reward shareholders and share the operating achievements of the Company's development with all shareholders, and on the premise of complying with the profit distribution principles and ensuring the Company's normal operation and long-term development, the Board proposes the following 2025 final profit distribution plan:

It is proposed that a cash dividend of RMB4.27 per 10 Shares (tax-inclusive, calculated based on the total share capital of the Company as of March 22, 2026 after deducting the number of Shares held in the Company's repurchase special account on a provisional basis) be distributed to all Shareholders, based on the total share capital as of the record date for the implementation of the profit distribution plan (after deducting the number of Shares held in the Company's repurchase special account). The total dividend amount will be RMB2,435,355,283.04 (tax-inclusive). No bonus shares will be issued and no capital reserve will be converted into share capital in respect of this distribution. This profit distribution proposal complies with the commitments made by the Company and the profit distribution policies stipulated in the Articles of Association of the Company.

REPORT OF THE BOARD OF DIRECTORS

Shares of the Company held by the Company through its repurchase special account shall not be entitled to participate in profit distribution. If the total share capital of the Company changes prior to the implementation of this profit distribution plan due to share repurchase, conversion of convertible bonds, listing of new shares issued from refinancing or other reasons, the distribution ratio shall be adjusted on the principle that the total amount of profit distribution remains unchanged. Dividends on A-shares shall be paid in RMB; dividends on H-shares shall be paid in HKD, and the actual amount shall be calculated based on the average central parity rate of RMB against HKD published by the People's Bank of China for the five working days immediately preceding the date of the dividend distribution plan approved at the Company's 2025 annual general meeting. Together with the 2025 interim profit distribution of approximately RMB5,002.29 million already distributed, the total cash dividend of the Company for 2025 is expected to be approximately RMB7,437.65 million (tax-inclusive).

The above final profit distribution proposal will be implemented only upon approval at the Company's 2025 annual general meeting. The Company will issue a circular and notice of the 2025 annual general meeting in accordance with the Hong Kong Listing Rules and the Articles of Association of the Company. The register of members of the Company will be closed from Wednesday, May 20, 2026 to Thursday, May 21, 2026, both days inclusive, during which period no transfer of shares will be registered. The record date is Thursday, May 21, 2026. In order to be eligible for the final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Tuesday, May 19, 2026 for registration. If the distribution proposal is approved at the annual general meeting, the final dividend is expected to be distributed no later than June 22, 2026 to H shareholders whose names appear on the register of members of the Company on May 21, 2026.

The Board is not aware of any Shareholders who have waived or agreed to waive any dividends.

IMPORTANT EVENTS AFTER THE END OF THE REPORTING PERIOD

Issue and Listing of H Shares

Subsequent to the Reporting Period, the Company completed the initial public offering and listing of its shares on the Hong Kong Stock Exchange on the Listing Date. The 273,951,400 H Shares issued by the Company, before any exercise of the over-allotment options, were listed and traded on the Main Board of the Hong Kong Stock Exchange on the Listing Date. In addition, on March 5, 2026, the over-allotment option was partially exercised, pursuant to which 36,271,700 additional H Shares were issued by the Company, and the listing of and dealing in such over-allotment shares on the Main Board of the Stock Exchange commenced at 9:00 a.m. on March 10, 2026.

REPORT OF THE BOARD OF DIRECTORS

Change of Company Name

Following the passing of an ordinary resolution at the Company's 2026 first extraordinary general meeting convened and held on March 13, 2026, the Shareholders approved a proposal to change the Company's Chinese name from "牧原食品股份有限公司" to "牧原食品集團股份有限公司" and its English name from "Muyuan Foods Co., Ltd." to "Muyuan Foods Group Co., Ltd.". The Company's stock code, the English stock short name and the Chinese stock short name of the Company remain unchanged. The Company will conduct such registration and filing with the relevant PRC authorities and will subsequently conduct all necessary filing procedures with the Companies Registrar in Hong Kong. The Company will make separate announcements in respect of, among other things, the effective date of the change of the Company's name.

Save as disclosed above, there were no important events affecting the Company occurred since the end of Reporting Period and up to the date of this report.

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group understands the importance of maintaining a good relationship with its employees, customers and suppliers to meet its immediate and long-term business goals. For the year ended December 31, 2025, there was no material and substantial dispute between the Group and its employees, customers and suppliers.

For details of relationship with the employees, customers and suppliers, please refer to the subsection headed "Major Customers and Suppliers" and "Employees and Remuneration Policies" in this section.

The 2025 Environmental, Social and Governance (ESG) Report also contains information in respect of relationship with the employees, customers and suppliers, which will be published by the Company separately in accordance with the Hong Kong Listing Rules.

PRINCIPAL RISKS FACED BY THE GROUP

The following are the principal risks identified by the Group:

Risk relating to animal epidemics

We face risks relating to outbreaks of animal epidemics. Although we have established a comprehensive epidemic prevention and control system with a strong professional team and adopted various preventive measures including hardware upgrading and enhanced management, frequent occurrences of epidemics in areas surrounding or within our farms, or ineffective implementation of our epidemic prevention and control system, may result in decreased hog production, reduced profitability and even losses. Major epidemics in hog farming include African swine fever, PRRS, porcine epidemic diarrhoea and porcine respiratory disease complex. The spread of such diseases may materially adversely affect our operations by causing hog mortality and reducing production volume, as well as by dampening consumer confidence, leading to weakened market demand and lower product prices, which would in turn negatively affect our hog sales.

REPORT OF THE BOARD OF DIRECTORS

Risk relating to fluctuations in hog prices

The cyclical fluctuations in the market price of commercial hogs have led to cyclical fluctuations in the gross profit margin of the hog farming industry, and our gross profit margin also shows a fluctuation trend generally consistent with the industry. In the future, if the selling price of hogs declines substantially, or its growth rate is lower than the cost growth rate, or the growth rate of the Company's hog sales volume is lower than the price decline rate, the Company will face the risk that its performance is difficult to maintain sustained growth, or even a sharp decline or losses.

Risk relating to fluctuations in raw material prices

Overall, due to varying fluctuation ranges of different operating cost components, the total costs of major raw materials including wheat, corn and soybean meal accounted for approximately 55% to 65% of our total operating costs in the past few years. Therefore, fluctuations in the prices of such bulk agricultural commodities may have a relatively significant impact on the Company's core business costs and net profit.

Risk relating to food safety

With the country's increasingly growing attention to food safety, and consumers' enhanced awareness of food safety and rights protection, product quality and food safety control have become the top priority in the operation of food enterprises. Although the Company strictly organises production in accordance with relevant national product standards and has established a sound food safety control system, any food safety incident of the Company will directly affect the Company's production and operation as well as profitability, thus affecting the Company's operating results for a certain period of time.

Risk relating to adverse impact on the Company's production and operation activities arising from limited operating capacity of individual customers

The Company's customers include individual customers. Generally, compared with institutional customers, individual customers are more susceptible to the market competition mechanism of survival of the fittest and their own business willingness in terms of payment capacity, operating duration, operating scale and business expansion capacity, thus resulting in certain limitations in their operating capacity. Such limitations may adversely affect the Company's production and operations. Specifically, if the willingness of individual customers to purchase hogs decreases generally in terms of procurement scale and frequency, it will adversely affect the Company's sales to a certain extent.



REPORT OF THE BOARD OF DIRECTORS

Risk relating to natural disasters

The Company's hog farms are located across 24 provincial-level administrative regions in China, and its production and operation sites are exposed to natural disasters including windstorms, floods, snowstorms, earthquakes etc. If natural disasters occur at or near the Company's production sites, they may cause damage to farm buildings and facilities, and potentially lead to hog mortality, resulting in direct losses to the Company. In addition, disruptions to communications, power supply, and transportation, as well as damage to production facilities and equipment caused by natural disasters, may also adversely affect the Company's production and operations.

However, the above is not an exhaustive list. Investors are advised to make their own judgement or consult their own investment advisors before making any investment in the Shares.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period,

- (i) the Group's largest supplier accounted for 5.6% (2024: 3.2%) of its total purchases, and the five largest suppliers accounted for 17.4% of its total purchases (2024: 12.6%); and
- (ii) the Group generated revenue of approximately RMB11,938.0 million for the year ended December 31, 2025 from the five largest customers, representing 8.3% (2024: 9.0%) of the total revenue during the Reporting Period. The Group's largest customer accounted for 2.4% (2024: 3.8%) of its total sales.

Save for Muyuan Group who was among our five largest suppliers of the Reporting Period, none of the Directors or any of their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers and suppliers.

REPORT OF THE BOARD OF DIRECTORS

PROPERTY, PLANT AND EQUIPMENT

As of December 31, 2025, details of our main constructions in progress are as follows:

Item	Address and Postal Code	Progress of Works	Expected Completion Date	Planned Use	Construction Area
Breeding Centre Pig Breeding Project	Zhengzhou Modern Livestock Husbandry Co., Ltd., Ouchiren Village, Diaojia Township, Zhongmu County, Zhengzhou City, Henan Province 451450	46.61%	2026.5.31	Hog breeding	approximately 1,621,333 sq.m.
Sixian Meat swine slaughtering Project	No. 1, International Green Food Industrial Park, Pingshan Town, Si County, Suzhou City, Anhui Province 234300	17.65%	2027.2.15	Hog slaughtering	approximately 120,624.69 sq.m.
Huaxian Meat swine slaughtering Project	East 100 Meters North of the Intersection of Changhong Avenue and Wenchang Road, Industrial Cluster Area, Hua County, Anyang City, Henan Province 455000	64.83%	2026.5.30	Hog slaughtering	approximately 104,213.28 sq.m.

Details of constructions in progress of the Group during the Reporting Period are set out in note V. 13 to the financial statements.

SUBSIDIARIES

Details of the subsidiaries of the Company as of December 31, 2025 are set out in note VII. 1 to the financial statements of this annual report.

REPORT OF THE BOARD OF DIRECTORS

SHARE CAPITAL

As of December 31, 2025, the total number of issued Shares of the Company remained unchanged at 5,462,771,148 Shares.

Share capital of the Company as of the Latest Practicable Date was as follows:

	Number of Shares	Percentage of total issued share capital
A Shares ⁽¹⁾	5,462,771,580	94.63%
H Shares ⁽²⁾	310,223,100	5.37%
Total	5,772,994,680	100.00%

Notes:

- (1) Including 69,586,523 A Shares being held as treasury Shares repurchased by our Company pursuant to the repurchase mandates approved by Shareholders, accounting for approximately 1.27% of the total number of A Shares in issue as of the Latest Practicable Date.
- (2) Including 273,951,400 H Shares ((before the exercise of the over-allotment option) issued by the Company listed and traded on the Main Board of the Hong Kong Stock Exchange on the Listing Date, and 36,271,700 H Shares issued through the exercise of over-allotment option on March 10, 2026.

Details of movements in the share capital of the Company during the Reporting Period are set out in note V. 35 to the financial statements.

DISTRIBUTABLE RESERVES

As of December 31, 2025, the Company's distributable reserves amounted to RMB59,428.52 million (as of December 31, 2024: RMB52,271.40 million).

BANK AND OTHER BORROWINGS

Particulars of bank and other borrowings of the Group as of December 31, 2025 are set out in notes V. 21 and V. 30 to the financial statements.

For the Reporting Period, the Group did not issue any convertible bonds. For the details of the Convertible Bonds issued by the Company in September 2021, please refer to the section entitled "Issuance of Convertible Bonds in September 2021" in this section.

REPORT OF THE BOARD OF DIRECTORS

INCENTIVE PLANS

As at the Latest Practicable Date, the Company had four incentive plans which was outstanding, namely the Second Employee Stock Ownership Plan, the 2025 Operator Stock Ownership Plan, the 2025 Strivers Stock Ownership Plan, and the 2025 Key Employee Stock Ownership Plan. Given no further shares would be granted under these incentive plans after the Listing of H Shares, the terms of the Second Employee Stock Ownership Plan, the 2025 Operator Stock Ownership Plan, the 2025 Strivers Stock Ownership Plan and the 2025 Key Employee Stock Ownership Plan are not subject to the provisions of Chapter 17 of the Hong Kong Listing Rules.

Second Employee Stock Ownership Plan

Purpose and administration

The purpose of the Second Employee Stock Ownership Plan is to further improve the corporate governance structure of the Company, enhance employee cohesion and company competitiveness, and promote the long-term, sustainable, and healthy development of the Company.

The holders' meeting is the highest authority of the Second Employee Stock Ownership Plan and consists of all participants of the plan. All participants have the right to attend the holders' meeting and exercise their voting rights according to their shares in the plan. The holders' meeting of the First Employee Stock Ownership Plan elects a management committee to represent the plan in exercising shareholder rights. The holders' meeting authorised the management committee to be responsible for specific management matters including exercising shareholder rights.

Participants and Shares Involved

Totally 432 participants participated in the Second Employee Stock Ownership Plan and were the Company's employees. Participants who meet the above conditions participated in this employee stock ownership plan on a voluntary basis, in accordance with legal compliance, bearing their own risks, and raising their own funds. Certain participants of the Second Employee Stock Ownership Plan withdrew from the plan for personal reasons. Their shares were transferred to the transferees designated by the management committee pursuant to the plan. The transferees were all Independent Third Parties. As of the Latest Practicable Date, the outstanding participants of the Second Employee Stock Ownership Plan consisted of 348 employees holding 56,443,800 A Shares, representing 0.98% of the total issued share capital of the Company, among whom, Ms. Wang Chunyan, Mr. Wang Zhiyuan and Ms. Niu Min, who as of the Latest Practicable Date were senior management of the Company, each held 27,849 Shares, representing 0.0005% of the total issued share capital of the Company.

The source of Shares for the Second Employee Stock Ownership Plan was 40,535,062 A Shares non-publicly offered at the price of RMB24.67 per Share by the Company in April 2017, representing 3.50% of the Company's then total issued share capital.

Lock-up Period and Duration

The lock-up period for the Shares obtained under, and the duration of, the Second Employee Stock Ownership Plan was 36 months and 10 years, respectively, starting from the registration date of the Shares under the plan. The lock-up period has expired on April 24, 2020 and the expiry date of the Second Employee Stock Ownership Plan will be April 23, 2027. If all the Shares held under this plan are sold on the A Share market before the expiry date, the plan will be terminated in advance. The management committee of the Second Employee Stock Ownership Plan may decide to extend the duration of the Second Employee Stock Ownership Plan three months before the expiry date depending on market conditions.

REPORT OF THE BOARD OF DIRECTORS

2025 Operator Stock Ownership Plan

Purpose and administration

As approved by the Board and the shareholders meeting on August 22, 2025 and September 8, 2025, respectively, the Company established the 2025 Operator Stock Ownership Plan. The purpose of this plan is to inspire key management members' motivation and creativity, strengthen governance, and attract, retain, and incentivize core talent essential to the Company's future. It aims to foster a sense of mission and responsibility, optimise total compensation, and establish a shared-interest mechanism between employees and shareholders. By deepening long-term incentives and uniting leaders with common values, the plan supports sustainable growth and aligns all shareholders' interests.

The holders' meeting is the highest authority of the 2025 Operator Stock Ownership Plan. The holders' meeting elects the management committee, which, under its authorisation, is responsible for opening related accounts, overseeing daily operations of the plan, and exercising shareholder rights on behalf of the plan.

Participants and Shares Involved

Totally 217 participants participated in the 2025 Operator Stock Ownership Plan and were the Company's Directors, senior management and core management personnel who play a critical role in the company's overall performance and long-term development. Participants who meet the above conditions participated in this employee stock ownership plan on a voluntary basis, in compliance with laws and regulations, with a commitment to long-term service, under principles of shared benefits and bearing their own risks. Certain participant of the 2025 Operator Stock Ownership Plan withdrew from the plan for personal reasons and accordingly the shares were disposed of by the management committee pursuant to the plan. As of the Latest Practicable Date, the outstanding participants of the 2025 Operator Stock Ownership Plan consisted of 213 employees holding 9,613,031 A Shares, representing 0.17% of the total issued share capital of the Company. The participants who are Director or senior management of the Company as well as the shares granted to them under the Management Stock Ownership Plan are listed below.

Name	Shares Granted	Ownership % to the total issued Shares as of the Latest Practicable Date
Cao Zhinian	175,939	0.003%
Yang Ruihua	249,230	0.004%
Chu Ke	169,548	0.003%
Qin Jun	86,472	0.001%
Wang Chunyan	265,805	0.005%
Li Yanpeng	215,080	0.004%
Niu Min	212,684	0.004%
Xu Shaotao	149,977	0.003%
Yuan Hebin	177,936	0.003%
Wang Zhiyuan	95,858	0.002%
Gao Tong	358,267	0.006%

The source of Shares for the 2025 Operator Stock Ownership Plan was A Shares repurchased by the Company on the A Share market.

REPORT OF THE BOARD OF DIRECTORS

Lock-up Period and Duration

Starting from the date of the last share transfer, i.e. September 23, 2025, shares granted under the 2025 Operator Stock Ownership Plan will be subject to lock-up periods of 12 months, 24 months, and 36 months, with unlocking ratios of 40%, 30%, and 30%, respectively. Actual unlocking will depend on performance assessments.

The plan will remain in effect for ten years, starting also from September 23, 2025. It will terminate upon expiry unless ended earlier in accordance with laws, regulations, or plan provisions, or extended with approval from holders representing more than 50% of the units and the Board. One month before expiry, if the shares granted under the plan have not been fully sold or transferred to individual accounts, the term may be extended with approval from the holders' meeting and the Board.

2025 Strivers Stock Ownership Plan

Purpose and administration

As approved by the Board and the shareholders meeting on August 22, 2025 and September 8, 2025, respectively, the Company established the 2025 Strivers Stock Ownership Plan. The purpose of 2025 Strivers Stock Ownership Plan is to unleash the motivation and creativity of core operational and management leaders, strengthen corporate governance, and attract, retain, and incentivize key talent critical to the Company's future. It seeks to foster a sense of mission and responsibility, improve the overall compensation structure, and establish a mechanism for shared interests between employees and shareholders. By deepening long-term incentives and uniting individuals with common values, the plan promotes sustainable growth and aligns the interests of all shareholders.

The holders' meeting is the highest authority of the 2025 Strivers Stock Ownership Plan. The holders' meeting elects the management committee, which, under its authorisation, is responsible for opening related accounts, overseeing daily operations of the plan, and exercising shareholder rights on behalf of the plan.

Participants and Shares Involved

Totally 3,579 participants participated in the 2025 Strivers Stock Ownership Plan and were core operational and management personnel who play a critical role in the Company's overall performance and long-term development. Current Directors and senior executives will not participate in this plan. Shareholders who individually or collectively hold 5% or more of the company's shares, actual controllers, and their spouses, parents, or children are also excluded. Participants who meet the above conditions participated in this employee stock ownership plan on a voluntary basis, in compliance with laws and regulations, with a commitment to long-term service, under principles of shared benefits and bearing their own risks. Certain participants of the 2025 Strivers Stock Ownership Plan withdrew from the plan for personal reasons and accordingly the shares were disposed of by the management committee pursuant to the plan. As of the Latest Practicable Date, the outstanding participants of the 2025 Strivers Stock Ownership Plan consisted of 3,458 employees holding 23,498,520 A Shares, representing 0.41% of the total issued share capital of the Company. No Director or senior management of the Company was granted shares under this plan.

The source of Shares for the 2025 Strivers Stock Ownership Plan was A Shares repurchased by the Company on the A Share market.

REPORT OF THE BOARD OF DIRECTORS

Lock-up Period and Duration

Starting from the date of the last share transfer, i.e. September 25, 2025, shares granted under the 2025 Strivers Stock Ownership Plan will be subject to lock-up periods of 12 months, 24 months, and 36 months, with unlocking ratios of 40%, 30%, and 30%, respectively. Actual unlocking will depend on performance assessments.

The plan will remain in effect for ten years, starting also from September 25, 2025. It will terminate upon expiry unless ended earlier in accordance with laws, regulations, or plan provisions, or extended with approval from holders representing more than 50% of the units and the Board. One month before expiry, if the shares granted under the plan have not been fully sold or transferred to individual accounts, the term may be extended with approval from the holders' meeting and the Board.

2025 Key Employee Stock Ownership Plan

Purpose and administration

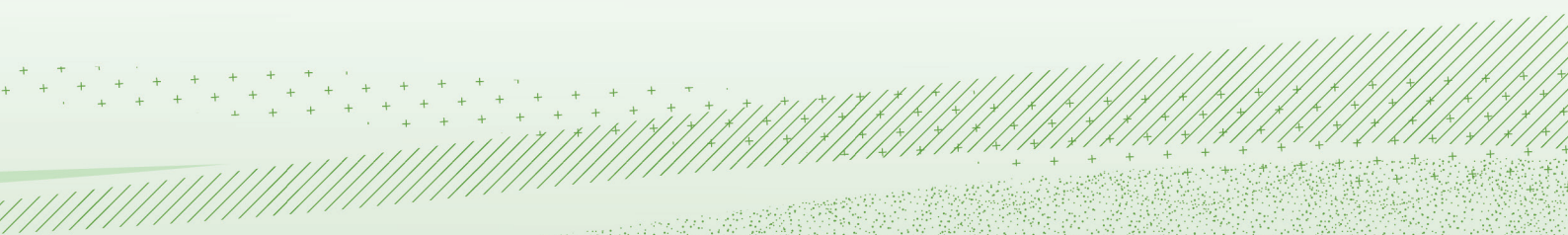
As approved by the Board and the shareholders meeting on August 22, 2025 and September 8, 2025, respectively, the Company established the 2025 Key Employee Stock Ownership Plan. The purpose of 2025 Key Employee Stock Ownership Plan is to further unleash the motivation and creativity of core employees, strengthen corporate governance, and attract, retain, and incentivize talent critical to the company's future development. It seeks to foster a sense of mission and responsibility, improve the overall compensation structure, and establish a mechanism for shared interests between employees and shareholders. By deepening long-term incentives and bringing together employees with shared values, the plan promotes sustainable growth and aligns the interests of all shareholders.

The holders' meeting is the highest authority of the Key Employee Stock Ownership Plan. The holders' meeting elects the management committee, which, under its authorisation, is responsible for opening related accounts, overseeing daily operations of the plan, and exercising shareholder rights on behalf of the plan.

Participants and Shares Involved

Totally 1,079 participants participated in the 2025 Key Employee Stock Ownership Plan and were core employees who played a critical role in the company's overall performance and long-term development. Current Directors and senior executives will not participate in this plan. Shareholders who individually or collectively hold 5% or more of the company's shares, actual controllers, and their spouses, parents, or children are also excluded. Participants who meet the above conditions participated in this employee stock ownership plan on a voluntary basis, in compliance with laws and regulations, with a commitment to long-term service, under principles of shared benefits and bearing their own risks. Certain participants of the 2025 Key Employee Stock Ownership Plan withdrew from the plan for personal reasons and accordingly the shares were disposed of by the management committee pursuant to the plan. As of the Latest Practicable Date, the outstanding participants of the 2025 Key Employee Stock Ownership Plan consisted of 1,050 employees holding 8,758,540 A Shares, representing 0.15% of the total issued share capital of the Company. No Director or senior management of the Company was granted shares under this plan.

The source of Shares for the 2025 Key Employee Stock Ownership Plan was A Shares repurchased by the Company on the A Share market.



REPORT OF THE BOARD OF DIRECTORS

Lock-up Period and Duration

Starting from the date of the last share transfer, i.e. September 24, 2025, shares granted under the Key Employee Stock Ownership Plan will be subject to lock-up periods of 12 months and 24 months, with unlocking ratios of 50% and 50%, respectively. Actual unlocking will depend on performance assessments.

The plan will remain in effect for ten years, starting also from September 24, 2025. It will terminate upon expiry unless ended earlier in accordance with laws, regulations, or plan provisions, or extended with approval from holders representing more than 50% of the units and the Board. One month before expiry, if the shares granted under the plan have not been fully sold or transferred to individual accounts, the term may be extended with approval from the holders' meeting and the Board.

Saved as disclosed above, during the Reporting Period, (i) no Shares were granted, lapsed or were cancelled under the Second Employee Stock Ownership Plan, the 2025 Operator Stock Ownership Plan, the 2025 Strivers Stock Ownership Plan, and the 2025 Key Employee Stock Ownership Plan, and (ii) no new Shares may be issued pursuant to the Second Employee Stock Ownership Plan, the 2025 Operator Stock Ownership Plan, the 2025 Strivers Stock Ownership Plan, and the 2025 Key Employee Stock Ownership Plan.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the Reporting Period or subsisted at the end of the Reporting Period.

DIRECTORS

The Directors who held office during the Reporting Period and up to the date of this report were as follows:

Executive Directors

Mr. QIN Yinglin (*Chairman of the Board*)
 Mr. CAO Zhinian
 Ms. YANG Ruihua

Non-executive Directors

Ms. QIAN Ying
 Mr. SU Danglin

Independent Non-executive Directors

Mr. CHOW Ming Sang
 Mr. YAN Lei
 Mr. FENG Genfu



REPORT OF THE BOARD OF DIRECTORS

DIRECTORS' BIOGRAPHICAL DETAILS

Details of Directors are set out in "Directors and Senior Management" on pages 34 to 41 of this report. Save as disclosed in that section, up to the date of this report, there were no changes to the information which are required to be disclosed by Directors pursuant to Rules 13.51(2)(a) to 13.51(2)(e) and 13.51(2)(g) of the Hong Kong Listing Rules.

DIRECTORS' SERVICE CONTRACTS

We have entered into a service contract or appointment letter with each of the Directors. The principal particulars of these service contracts and appointment letters comprise (a) the term of the service; (b) subject to termination in accordance with their respective term; and (c) a dispute resolution provision. The service contracts and appointment letters may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time. The Company did not enter into any relevant unexpired service contracts with them which are not determinable by the Company within a year without payment of any compensation (other than statutory compensation).

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Mr. Qin Yinglin, Mr. Cao Zhinian, Ms. Yang Ruihua and Ms. Qian Ying have subscribed for Convertible Bonds with outstanding principal amount, please refer to the section entitled "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company" in this section.

Save as the disclosed above, none of the Directors or any of their respective associates were granted by the Company or its subsidiaries any right to acquire shares in, or debentures of, the Company or its subsidiary, or had exercised any such right during the Reporting Period.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

None of the Directors and Controlling Shareholders was interested in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group which would require disclosure under Rule 8.10 of the Hong Kong Listing Rules.

REPORT OF THE BOARD OF DIRECTORS

NON-COMPETITION UNDERTAKINGS

On March 25, 2011, Mr. Qin Yinglin, Ms. Qian Ying and Muyuan Group provided a long-term non-compete undertaking to our Company, pursuant to which they undertakes, among others, that:

- (1) they, or other enterprises or economic organizations that they severally or jointly control (excluding the Company) will not within or outside the PRC directly or indirectly engage in business activities that compete with or pose a competitive threat to the main business or primary products of our Company, including but not limited to: (i) engaging in feed processing, hog breeding, hog farming and slaughtering, meat product processing and sales; (ii) investing in, acquiring, merging with, or through trusteeship, contracting, leasing, or operating any enterprises or business organizations engaging in feed processing, hog breeding, hog farming and slaughtering, meat product processing and sales; (iii) providing any form of support or assistance in terms of funds, business, and technology to enterprises or business organizations that have a competitive relationship with our Company;
- (2) if our Company expands into new business areas in the future, our Company will have priority, and they and other enterprises or economic organizations solely or jointly controlled by them (excluding our Company) will not develop similar businesses; and
- (3) if any of them violates the above undertakings, as a result of which our Company suffers a loss, they will be liable for the damages suffered by our Company.

The Company has received the annual confirmation from Mr. Qin Yinglin, Ms. Qian Ying and Muyuan Group in respect of their compliance with the non-competition undertakings during the Reporting Period and has disclosed the same in this annual report.

The independent non-executive Directors have reviewed the compliance with the non-competition undertakings during the Reporting Period based on information and the confirmation provided or given by Mr. Qin Yinglin, Ms. Qian Ying and Muyuan Group, are satisfied that there is no decisions that would conflict with the interests of the Company, and that Mr. Qin Yinglin, Ms. Qian Ying and Muyuan Group have complied with the non-competition undertakings during the Reporting Period.



REPORT OF THE BOARD OF DIRECTORS

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received a confirmation of independence pursuant to Rule 3.13 of the Hong Kong Listing Rules from each of the independent non-executive Directors and considers such Directors to be independent in accordance with Rule 3.13 of the Hong Kong Listing Rules.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

EMPLOYEES AND REMUNERATION POLICY

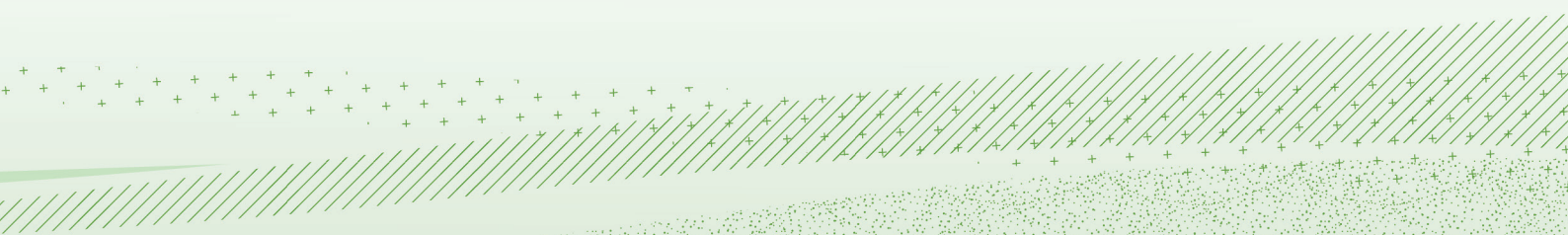
As of December 31, 2025, the Group had 127,550 employees (as of December 31, 2024: 133,642), approximately 22% of which are female.

The Group provides basic social insurance and housing accumulation fund for its employees as required by the PRC law. Apart from the above, guided by our “people-oriented” philosophy, we are committed to building our talent pipeline through internal promotions. With sound compensation systems and multi-tiered training programs, we focus on developing young and high-potential leaders to ensure seamless leadership transition.

The total employee benefit expenses incurred by the Group for the year ended December 31, 2025 was approximately RMB1,962.95 million (2024: RMB1,805.19 million).

During the year ended December 31, 2025, the Group did not experience any material labour disputes or strikes that may have a material and adverse effect on our business, financial condition or results of operations, or any difficulty in recruiting employees.

The Remuneration and Appraisal Committee was set up for reviewing the Company’s emolument policy and any long-term incentive schemes, and structure for all 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.



REPORT OF THE BOARD OF DIRECTORS

PENSION SCHEME

The Group participates in local statutory retirement and social security schemes (the “**Schemes**”) for eligible employees in accordance with the relevant laws and regulations of the places where the employees are employed. The Group contributes a certain percentage of payroll costs to the Schemes in accordance with the relevant national and regional regulations. Upon completion of the statutory contributions, the Group no longer has any additional pension payment obligations, and the relevant retirement benefits are paid by the local government or statutory authorities. Whether forfeited contributions may be used to reduce the existing level of contributions and if so, the amounts so utilised in the course of the year and available at the date of statement of financial position for such use (Para 26(2) of App. D2)

Details of the pension scheme of the Group are set out in note V. 25 to the consolidated financial statements. Other than the statutory contributions mentioned above, the Group has no other significant defined benefit plans or significant pension welfare obligations.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and five highest paid individuals are set out in notes XI. 5(6) to the financial statements of this annual report.

None of the Directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the Directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

ISSUANCE OF CONVERTIBLE BONDS IN SEPTEMBER 2021

On September 10, 2021, we issued 95,500,000 units of convertible bonds with a par value of RMB100 each and an aggregate principal amount of RMB9,550,000,000.00, which were listed on the Shenzhen Stock Exchange under the code “127045” on September 10, 2021 (“**Convertible Bonds**”).



REPORT OF THE BOARD OF DIRECTORS

The maturity date for the Convertible Bonds is August 15, 2027 (the “**Maturity Date**”), and interest is to be paid annually. The coupon rate is 0.20% for the first year, 0.40% for the second year, 0.80% for the third year, 1.20% for the fourth year, 1.50% for the fifth year and 2.00% for the sixth year since August 16, 2021, which is the date of issuance of the Convertible Bonds. The period for conversion of the Convertible Bonds into A Shares is from February 21, 2022 to August 15, 2027 (the “**Conversion Period**”), during which bondholders are able to exercise their right of conversion at any time. The conversion price was initially set at RMB47.91 per A Share, and the conversion price has been continually adjusted with reference to our Company’s distribution and dividend payments as well as changes in share capital. The Convertible Bonds and A Shares converted pursuant to an exercise of the conversion right by bondholders are not subject to any restrictions on transfer or lock-up arrangement. The holders of the Convertible Bonds do not have any special rights which are not generally available to other Shareholders.

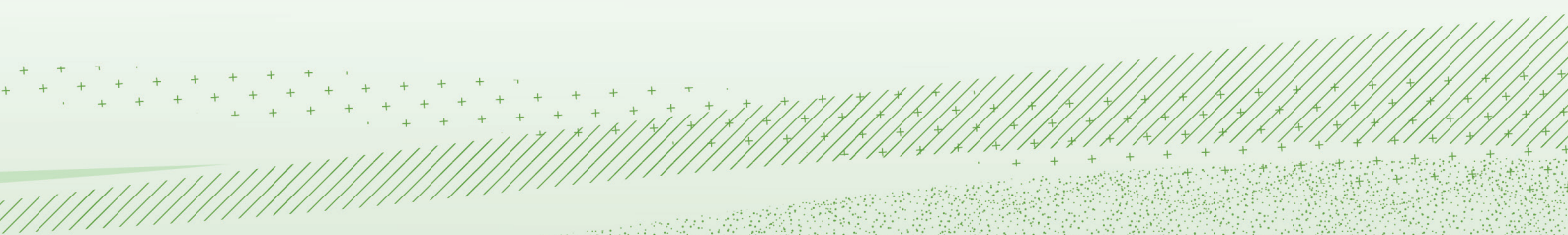
All outstanding Convertible Bonds as at the Maturity Date will be redeemed by our Company within five trading days of the Maturity Date, at a price of 107% of their face value (including the final instalment of interest). Prior to the Maturity Date, all outstanding Convertible Bonds may be wholly or partially redeemed by our Company at the price of their face value plus the relevant annual instalment of interest in the event that (i) during the Conversion Period, the closing price of our Company’s A Shares on at least 15 trading days in any 30 consecutive trading days is not less than 130% of the prevailing conversion price, or (ii) the aggregate principal amount underlying the outstanding Convertible Bonds decreases to less than RMB30,000,000.

The net proceeds (after deduction of the underwriting commissions and other offering related expenses of RMB21,315,000.00) was RMB9,528,685,000.00. Before the Reporting Period, we had fully utilised such net proceeds.

CORPORATE GOVERNANCE

Please refer to the “Corporate Governance Report” set out on pages 42 to 68 of this report for discussion of the corporate governance of the Company during the Reporting Period.

The Company is committed to achieving improvement in environmental performance and complying with the relevant environmental protection regulations and rules. For details, please refer to the 2025 Environmental, Social and Governance (ESG) Report to be published by the Company separately in accordance with the Hong Kong Listing Rules, which was prepared in accordance with Appendix C2 to the Hong Kong Listing Rules and relevant applicable laws and regulations.



REPORT OF THE BOARD OF DIRECTORS

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

As H Shares had not been listed on the Hong Kong Stock Exchange as of December 31, 2025, the SFO was not applicable to the Company during the Reporting Period.

As of the Listing Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or as otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

Interests in Shares or Underlying Shares of the Company

Name of Director	Capacity/Nature of interest	Class of Shares	Number of Shares ⁽¹⁾	Approximate % of total shareholding interest in our Company ⁽²⁾	Approximate % of the relevant class of Shares ⁽³⁾
Mr. Qin Yinglin	Beneficial owner ⁽⁴⁾	A Shares	2,101,564,778 (L)	36.63%	38.47%
	Interest in controlled corporation ⁽⁵⁾⁽⁶⁾	A Shares	940,850,797(L)	16.40%	17.22%
	Interest of spouse ⁽⁵⁾	A Shares	67,115,009(L)	1.17%	1.23%
Ms. Qian Ying	Beneficial owner ⁽¹⁾⁽⁷⁾	A Shares	67,115,009(L)	1.17%	1.23%
	Interest in controlled corporation ⁽⁵⁾⁽⁶⁾	A Shares	940,850,797(L)	16.40%	17.22%
	Interest of spouse ⁽⁵⁾	A Shares	2,101,564,778 (L)	36.63%	38.47%
Mr. Cao Zhinian	Beneficial owner ⁽⁸⁾	A Shares	13,057,157(L)	0.23%	0.24%
	Interest of spouse ⁽⁹⁾	A Shares	14,509,163(L)	0.25%	0.27%
Ms. Yang Ruihua	Beneficial owner ⁽¹⁰⁾	A Shares	14,509,163(L)	0.25%	0.27%
	Interest of spouse ⁽⁹⁾	A Shares	13,057,157(L)	0.23%	0.24%
Mr. Su Danglin	Beneficial owner	A Shares	7,597,912(L)	0.13%	0.13%
	Interest of spouse ⁽¹¹⁾	A Shares	1,348,119(L)	0.02%	0.02%
Mr. Yan Lei	Beneficial owner	A Shares	11,900(L)	0.0002%	0.0002%

REPORT OF THE BOARD OF DIRECTORS

Notes:

- (1) (L) – Long position
- (2) Represents the percentage of the number of shares in the relevant class on the Listing Date divided by the number of all shares of the Company in issue (totalling 5,736,722,739 shares, including 273,951,400 H Shares and 5,462,771,339 A Shares).
- (3) Represents the percentage of the number of shares in the relevant class on the Listing Date divided by the number of shares in the relevant class of the Company in issue.
- (4) Mr. Qin Yinglin has subscribed for Convertible Bonds with an outstanding principal amount of RMB669,127,000. In the event of full conversion of Convertible Bonds, Mr. Qin Yinglin shall hold an aggregate of 2,101,564,778 A Shares, assuming a conversion price of RMB43.80.
- (5) As of the Listing Date, Muyuan Group was held by Mr. Qin Yinglin as to 85% and by Ms. Qian Ying as to 15%. Mr. Qin Yinglin and Ms. Qian Ying are spouses. As such, Mr. Qin Yinglin will be deemed to be interested in the A Shares held by Muyuan Group and each of Mr. Qin Yinglin and Ms. Qian Ying is deemed to be interested in the interest of each other for the purposes of Part XV of the SFO.
- (6) Interest in controlled corporation also includes 848,762,153 A Shares held by Muyuan Group and 69,586,523 A Shares repurchased by the Company as treasury shares as of the Listing Date. Muyuan Group has subscribed for Convertible Bonds with an outstanding principal amount of RMB985,592,900. In the event of full conversion of Convertible Bonds, Muyuan Group shall hold an aggregate of 871,264,274 A Shares, assuming a conversion price of RMB43.80.
- (7) As of the Listing Date, Ms. Qian Ying has subscribed for Convertible Bonds with an outstanding principal amount of RMB116,935,900. In the event of full conversion of Convertible Bonds, Ms. Qian Ying shall hold an aggregate of 67,115,009 A Shares, assuming a conversion price of RMB43.80.
- (8) As of the Listing Date, Mr. Cao Zhinian has subscribed for Convertible Bonds with an outstanding principal amount of RMB22,464,900. In the event of full conversion of Convertible Bonds, Mr. Cao Zhinian shall hold an aggregate of 13,057,157 A Shares, assuming a conversion price of RMB43.80.
- (9) As of the Listing Date, Mr. Cao Zhinian and Ms. Yang Ruihua are spouses. As such, Mr. Cao Zhinian and Ms. Yang Ruihua are deemed to be interested in the interest of each other for the purposes of Part XV of the SFO.
- (10) As of the Listing Date, Ms. Yang Ruihua has subscribed for Convertible Bonds with an outstanding principal amount of RMB24,852,400. In the event of full conversion of Convertible Bonds, Ms. Yang Ruihua shall hold an aggregate of 14,509,163 A Shares, assuming a conversion price of RMB43.80.
- (11) As of the Listing Date, the wife of Mr. Su Danglin held 1,348,119 A Shares of the Company. As such, Mr. Su Danglin will be deemed to be interested in the A Shares held by his wife for the purposes of Part XV of the SFO.

Save as disclosed above, as of the Listing Date, to the best knowledge of the Director or chief executive of the Company, none of the Directors or chief executive of the Company had interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations as recorded in the register required to be kept, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or as otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

REPORT OF THE BOARD OF DIRECTORS

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

As of the Listing Date, so far as it was known to the Directors or chief executive of the Company, the following persons (other than the Directors, chief executive of the Company and the overall coordinators (or their respective affiliates) holding interests for the purposes of the over-allotment option arrangement in connection with the Listing of H Shares) had interests and/or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO.

Interests in Shares or Underlying Shares of the Company

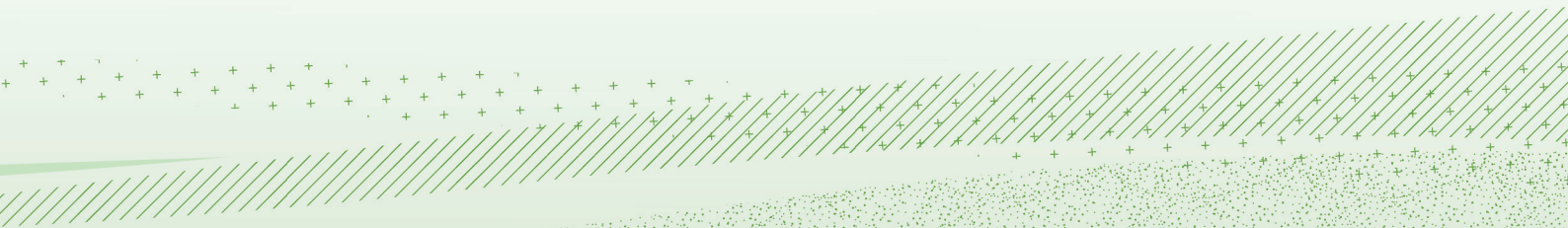
Name of substantial shareholder	Capacity/Nature of interest	Class of Shares	Number of Shares ⁽¹⁾	Approximate % of total shareholding interest in our Company ⁽²⁾	Approximate % of the relevant class of Shares ⁽³⁾
Muyuan Group	Beneficial owner ⁽⁴⁾	A Shares	871,264,274(L)	15.19%	15.95%
	Interest in controlled corporation ⁽⁵⁾	A Shares	69,586,523(L)	1.21%	1.27%
Charoen Pokphand Foods Public Company Limited	Beneficial owner	H Shares	39,992,200(L)	0.70%	14.60%
FIL Financial Services Holdings Limited	Interest in controlled corporation	H Shares	26,440,400(L)	0.46%	9.65%
FIL Financial Services Holdings 2 Limited	Interest in controlled corporation	H Shares	26,440,400(L)	0.46%	9.65%
FIL Limited	Interest in controlled corporation	H Shares	26,440,400(L)	0.46%	9.65%
Pandanus Associates Inc.	Interest in controlled corporation	H Shares	26,440,400(L)	0.46%	9.65%
Pandanus Partners L.P.	Interest in controlled corporation	H Shares	26,440,400(L)	0.46%	9.65%
JPMorgan Chase & Co.	Interest in controlled corporation	H Shares	22,069,228(L)	0.38%	8.05%
	Interest in controlled corporation	H Shares	2,945,700(S)	0.05%	1.07%
FIL Asia Holdings Pte. Limited	Interest in controlled corporation	H Shares	21,745,200(L)	0.38%	7.94%
FIDELITY FUNDS	Beneficial owner	H Shares	16,090,000(L)	0.28%	5.87%
FIL Investment Management (Hong Kong) Limited	Investment manager	H Shares	15,154,500(L)	0.26%	5.53%

REPORT OF THE BOARD OF DIRECTORS

Notes:

- (1) (L) – Long position; (S) – Short position
- (2) Represents the percentage of the number of shares in the relevant class on the Listing Date divided by the number of all shares of the Company in issue (totalling 5,736,722,739 shares, including 273,951,400 H Shares and 5,462,771,339 A shares).
- (3) Represents the percentage of the number of shares in the relevant class on the Listing Date divided by the number of shares in the relevant class of the Company in issue.
- (4) Muyuan Group held Convertible Bonds with an outstanding principal amount of RMB985,592,900. In the event of full conversion of Convertible Bonds, Muyuan Group shall hold an aggregate of 871,264,274 A Shares, assuming a conversion price of RMB43.80 per Share.
- (5) Interest in controlled corporation also includes the 69,586,523 A Shares repurchased by our Company as treasury shares as of the Listing Date.

Save as disclosed above, as of the Listing Date, to the best knowledge of the Directors or chief executive of the Company, none of the substantial shareholders of the Company had interests or short positions in the Shares and underlying Shares of the Company or its associated corporations as recorded in the register required to be kept, pursuant to Section 336 of the SFO.



REPORT OF THE BOARD OF DIRECTORS

USE OF PROCEEDS

Our Company issued ordinary shares at HK\$39.00 per share, offering 273,951,400 H shares in Hong Kong, and over-allotted 36,271,700 H shares. The aforementioned H shares were listed on the Main Board of the Hong Kong Stock Exchange on February 6, 2026 and March 10, 2026 respectively. After deducting underwriting fees and commissions and other expenses payable by our Company in connection with the Global Offering, the net proceeds received by our Company from the Global Offering amounted to approximately HK\$11,865 million, equivalent to approximately RMB10,482 million. As at the Latest Practicable Date, our Company intends to use the net proceeds in the same matters and proportions as set out in the section headed “Future Plans and Use of Proceeds” of the Prospectus. The intended and actual uses of the net proceeds are set forth in the following table:

Intended use of Proceeds	Percentage of intended use of net proceeds (%)	Net proceeds from the Global Offering (RMB million)	Amount utilised from the Listing Date to the Latest Practicable Date (RMB million)	Amount unutilized as of the Latest Practicable Date (RMB million)	Expected time of full utilisation of remaining balance
Strategic global expansion and market diversification	60.0	6,289.0	237.3	6,051.7	Before December 31, 2028
Pioneering technological innovation across the value chain	30.0	3,144.5	525.9	2,618.6	Before December 31, 2028
Working capital and general corporate purposes	10.0	1,048.2	447.6	600.6	Before December 31, 2026
Total	100.0	10,481.6	1,210.8	9,270.9	

The expected timeline for using the unutilized net proceeds is based on the best estimation of the business market situations made by the Board. It might be subject to changes based on the market conditions. Further announcement(s) and/or disclosure in our annual report(s) in respect of change in timeline, if any, will be made by our Company in accordance with the requirements of the Hong Kong Listing Rules as and when appropriate to update its shareholders and potential investors.

REPORT OF THE BOARD OF DIRECTORS

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

On September 25, 2025, the 29th meeting of the 4th Board of Directors of the Company reviewed and adopted the plan for the repurchase of A shares of the Company by means of centralised competitive bidding (the “**Share Repurchase Plan**”). Pursuant to the Share Repurchase Plan, the Company intended to repurchase the shares using its own or self-raised funds of not less than RMB3 billion and not more than RMB4 billion, at a repurchase price of not higher than 150% of the average trading price of the Company’s shares for the 30 trading days immediately prior to the adoption of the share repurchase resolution by the Board of the Company. The repurchase period shall be within 12 months after the adoption of the Share Repurchase Plan. As of August 26, 2025, the Company had repurchased a total of 69,586,523 A shares of the Company on the Shenzhen Stock Exchange through the special securities account for share repurchase, and the Share Repurchase Plan had been fully implemented. During the Reporting Period, the Company had completed the repurchase of 45,140,500 A shares by means of centralised competitive bidding in accordance with the Share Repurchase Plan, with a total transaction amount of RMB2,001.36 million (excluding transaction fees).

The following table sets out the details of the Company’s repurchase of A shares of the Company by means of centralised competitive bidding during the Reporting Period:

Month of Repurchase	Class of Shares Repurchased	Number of Shares Repurchased (Shares)	Repurchase Price per Share (RMB/Share)		Total Consideration (RMB’000)
			Maximum Price	Minimum Price	
January 2025	A ordinary shares	6,801,111	38.05	36.16	249,992
April 2025	A ordinary shares	21,294,996	41.00	39.44	859,814
July 2025	A ordinary shares	1,089,200	46.20	45.24	49,996
August 2025	A ordinary shares	15,955,280	56.14	50.12	841,558

During the Reporting Period, details of purchases, redemptions or sales of the Company’s listed securities (including sales of treasury shares) by the Company are set out in Note V. 38 to the financial statements.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities (including the sale of treasury shares) in both Hong Kong Stock Exchange and Shenzhen Stock Exchange during the year ended December 31, 2025.

As of December 31, 2025 and up to the date of this annual report, our Company hold 69,586,523 A Shares as treasury shares, and did not hold any H Shares of our Company as treasury shares.

REPORT OF THE BOARD OF DIRECTORS

CONNECTED TRANSACTIONS

The Company has conducted the below partially-exempted or non-exempt continuing connected transactions during the Reporting Period.

Our Connected Persons

The following persons, with whom we have entered into certain transaction in our ordinary course of business, is our connected persons as defined under the Hong Kong Listing Rules:

Connected persons	Connected relationship
Muyuan Group Connected Persons	Muyuan Group is a member of our Controlling Shareholders.
Mr. Qin Yinglin and Ms. Qian Ying	Mr. Qin Yinglin and Ms. Qian Ying are members of our Controlling Shareholders. Mr. Qin Yinglin is an executive Director. Ms. Qian Ying is a non-executive Director and the spouse of Mr. Qin Yinglin.
Henan Neixiang Rural Commercial Bank Co., Ltd. (河南內鄉農村商業銀行股份有限公司, “ Neixiang RCB ”)	As of the Latest Practicable Date, Neixiang RCB was held as to 30.00% by Muyuan Group and thus an associate of Muyuan Group.

REPORT OF THE BOARD OF DIRECTORS

Summary of our Continuing Connected Transactions

Set out below is a brief summary of our continuing connected transactions and the relevant waivers sought:

Transactions	Counterparty	Applicable Hong Kong Listing Rules	Waiver sought	Historical amounts during the Reporting Period (RMB million)	Proposed annual cap for the years ending December 31, 2026 (RMB million)
Fully-exempt Connected Transactions					
Financial Assistance to our Group	Mr. Qin Yinglin, Ms. Qian Ying and/or Muyuan Group Connected Persons	14A.90	N/A	N/A	N/A
Sales of Products and Goods	Muyuan Group Connected Persons	14A.76(1)	N/A	N/A	N/A
Provision of services	Muyuan Group Connected Persons	14A.76(1)	N/A	N/A	N/A
Short-term Property Rental from Muyuan Group	Muyuan Group Connected Persons	14A.76(1)	N/A	N/A	N/A
Short-term Property Rental to Muyuan Group	Muyuan Group Connected Persons	14A.76(1)	N/A	N/A	N/A
Partially-exempt Connected Transactions					
Procurement of Products and Goods Framework Agreement	Muyuan Group Connected Persons	14A.76(2) 14A.105	Announcement	1,346.29	1,745.00
Procurement of Services Framework Agreement	Muyuan Group Connected Persons	14A.76(2) 14A.105	Announcement	4,488.01	3,620.00
Procurement of Financial Services Framework Agreement	Muyuan Group Connected Persons	14A.76(2) 14A.105	Announcement		
Maximum daily balance of deposit				124.36	3,000.00
Interest Income from deposits				7.26	20.00
Settlement fees				0	0.25

REPORT OF THE BOARD OF DIRECTORS

Fully-exempt Connected Transactions

Financial Assistance Provided by Mr. Qin Yinglin, Ms. Qian Ying and/or Muyuan Group Connected Persons

Mr. Qin Yinglin, Ms. Qian Ying and Muyuan Group and its subsidiaries have provided guarantees for certain bank loans and bills we obtained (the “**CS Guarantees**”), and Muyuan Group has provided borrowings to us, for financing our development and operations (the “**CS Borrowings**”, together with the CS Guarantees, the “**CS Guarantees and Borrowings**”). The CS Guarantees and Borrowings to continue following the Listing.

The CS Guarantees and Borrowings, being a form of financial assistance (as defined under the Hong Kong Listing Rules), are not secured by the assets of our Group. Our Directors are of the view that the CS Guarantees and Borrowings are conducted on normal commercial terms and are in the interest of our Company and our Shareholders as a whole. Therefore, pursuant to Rule 14A.90 of the Listing Rules, the CS Guarantees and Borrowings will be fully exempted from the reporting, annual review, announcement, circular (including independent financial advice), and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Sales of Products and Goods

We have entered into certain agreements with Muyuan Group, for itself and on behalf of Muyuan Group Connected Persons, pursuant to which we sell to Muyuan Group Connected Persons various products and goods, mainly including meat products and pig manure. The pricing of such products and goods are determined by our Group and Muyuan Group Connected Persons on normal commercial terms, negotiated on an arm’s length basis, subject to, among others, the quantities, the quality and reliability of the products, the prevailing market conditions and the principle of fairness.

As the applicable percentage ratios calculated under Chapter 14A of the Listing Rules will be less than 0.1%, our sales of products and goods to Muyuan Group Connected Persons will be fully exempt from all of the reporting, annual review, announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76(1) of the Listing Rules.

Provision of Services

We have entered into certain agreements with Muyuan Group, for itself and on behalf of Muyuan Group Connected Persons, pursuant to which, our Group supplies to Muyuan Group Connected Persons certain services, mainly including inspecting, equipment rental and platform services. The prices of the services are determined based on normal commercial terms after arm’s length negotiations between the relevant parties, with reference to, among others, the costs, the quantities, the quality and reliability of such services and the prevailing market conditions.

As the applicable percentage ratios calculated under Chapter 14A of the Listing Rules will be less than 0.1%, services provided by our Group to Muyuan Group Connected Persons will be fully exempt from all of the reporting, annual review, announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76(1) of the Listing Rules.

REPORT OF THE BOARD OF DIRECTORS

Short-term Property Rental from Muyuan Group

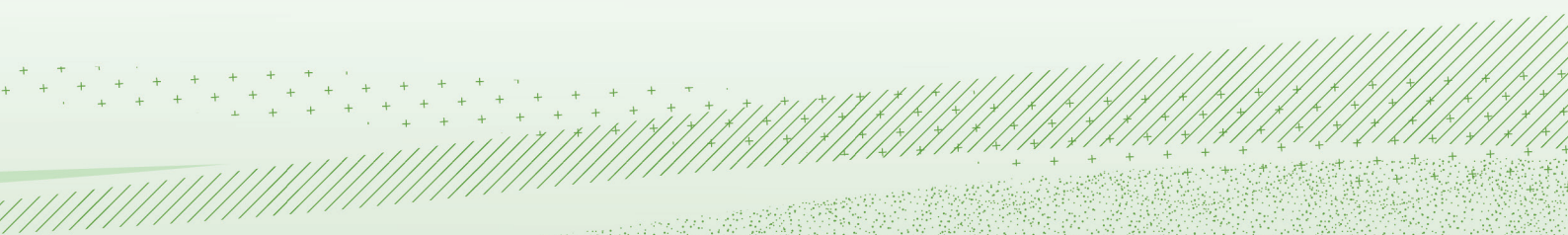
We have entered into certain agreements with Muyuan Group, for itself and on behalf of Muyuan Group Connected Persons, pursuant to which, our Group rent from Muyuan Group Connected Persons certain properties, mainly including offices and parking lots. The prices of the rentals are determined based on normal commercial terms after arm's length negotiations between the relevant parties, with reference to, among others, the prevailing market rents of similar properties in similar region, the conditions of the property, including but not limited to its location and the facilities associated with the property. These short-term property rentals will not be recognised as right-of-use assets and are treated as our continuing connected transactions.

As the applicable percentage ratios calculated under Chapter 14A of the Listing Rules will be less than 0.1%, property rentals by our Group from Muyuan Group Connected Persons will be fully exempt from all of the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76(1) of the Listing Rules.

Short-term Property Rental to Muyuan Group

We have entered into and will continue to enter into after the Listing certain agreements with Muyuan Group, for itself and on behalf of Muyuan Group Connected Persons, pursuant to which, our Group rent to Muyuan Group Connected Persons certain properties, mainly for office and business operation use. The rents charged by our Group during the leasing term are determined based on normal commercial terms after arm's length negotiations between the relevant parties, and the leasing shall be equivalent to the prevailing market rates of properties of comparable size and quality situated in the same locality available to or offered by Independent Third Parties, which are in the best interests of our Company and our Shareholders as a whole.

As the applicable percentage ratios calculated under Chapter 14A of the Listing Rules will be less than 0.1%, property rentals by Muyuan Group Connected Persons from our Group will be fully exempt from all of the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76(1) of the Listing Rules.



REPORT OF THE BOARD OF DIRECTORS

Partially-exempt Connected Transactions

Procurement of Products and Goods Framework Agreement

i) Principal Terms

On January 26, 2026, our Company, for itself and on behalf of its subsidiaries, entered into a framework agreement (the “**Procurement of Products and Goods Framework Agreement**”) with Muyuan Group, for itself and on behalf of Muyuan Group Connected Persons, pursuant to which our Group will procure from Muyuan Group Connected Persons various products and goods, including but not limited to engineering and mechanical equipment materials, vehicles and spare parts, finished oil, petrochemical products, organic fertilizers, labour protection supplies, beverages, and agricultural products (the “**Procured Products**”).

The Procurement of Products and Goods Framework Agreement will become effective on the Listing Date and end on December 31, 2026. Both parties or their respective subsidiaries will enter into separate underlying agreements which will set out the specific terms and conditions according to the principles provided in the Procurement of Products and Goods Framework Agreement.

ii) Pricing Policy

The amount to be paid by our Group to Muyuan Group Connected Persons under the Procurement of Products and Goods Framework Agreement generally adopts a market-based method and will be determined through fair negotiations, taking into account the factors including (i) the market price of relevant products and (ii) their cost and profit margin.

iii) Reasons for the Transaction

During the Track Record Period, we have procured the Procured Products from Muyuan Group Connected Persons and we expect that we will continue to procure these products after the Listing of H Shares. Our Group has a long-term and stable business relationship with Muyuan Group Connected Persons. Muyuan Group Connected Persons are familiar with the products and goods we require and supply these for our operational needs, maintenance, and employee welfare purposes. We are not and will not be bound to collaborate with Muyuan Group Connected Persons, and we will only procure the required products and goods from Muyuan Group Connected Persons if we consider it is in the interests of our Company and Shareholders as a whole. Such collaboration with Muyuan Group Connected Persons not only ensures a reliable supply chain but also provides opportunities to optimise our procurement processes and cost efficiency.

iv) Historical Amount during the Reporting Period

For the year ended December 31, 2025, the transaction amount with respect to the continuing connected transactions under the Procurement of Products and Goods Framework Agreement was RMB1,346.29 million.

v) Annual Caps

Our annual caps for the year ending December 31, 2026 transactions under the Procurement of Products and Goods Framework Agreement will be RMB1,745.00 million.



REPORT OF THE BOARD OF DIRECTORS

Procurement of Services Framework Agreement

i) Principal Terms

On January 26, 2026, our Company, for itself and on behalf of its subsidiaries, entered into a framework agreement (the “**Procurement of Services Framework Agreement**”) with Muyuan Group, for itself and on behalf of Muyuan Group Connected Persons, pursuant to which our Group will procure various services, including but not limited to construction services, logistics, accommodation, catering, conference services, property management, equipment rentals, and other business platform services (the “**Procured Services**”). The Procurement of Services Framework Agreement will become effective on the Listing Date and end on December 31, 2026. Both parties or their respective subsidiaries will enter into separate underlying agreements which will set out the specific terms and conditions for the procurement of services according to the principles provided in the Procurement of Services Framework Agreement.

ii) Pricing Policy

The amount to be paid by us to Muyuan Group Connected Persons under the Procurement of Services Framework Agreement generally adopts a market-based method and will be determined through fair negotiations, taking into account factors including: (i) the nature and scope of services required; (ii) the service quality standards and performance requirements; and (iii) the prevailing market rates for similar services provided by Independent Third Parties.

iii) Reasons for the Transaction

Our Group has been procuring such services from Muyuan Group Connected Persons during the Track Record Period in the ordinary and usual course of our business. Our Group and Muyuan Group Connected Persons have established a long-term and stable business relationship, and these service providers have acquired a comprehensive understanding of our business and operational requirements for the services that we need. Given the diverse range of services required, including construction, logistics, and property management, Muyuan Group Connected Persons are well-positioned to meet our demands with a stable and high-quality supply of services on terms which are similar to or better than those offered by Independent Third Parties. Therefore, we believe it is in the best interest of the Group and our Shareholders as a whole to continue to procure such services from these providers.

vi) Historical Amount during the Reporting Period

For the year ended December 31, 2025, the transaction amount with respect to the continuing connected transactions under the Procurement of Services Framework Agreement was RMB4,488.01 million.

vii) Annual Caps

Our annual caps for the year ending December 31, 2026 transactions under the Procurement of Services Framework Agreement will be RMB3,620.00 million.

REPORT OF THE BOARD OF DIRECTORS

Procurement of Financial Services Framework Agreement

i) Principal Terms

On December 27, 2025, our Company, for itself and on behalf of its subsidiaries, entered into a framework agreement (the “**Procurement of Financial Services Framework Agreement**”) with Neixiang RCB, pursuant to which, Neixiang RCB will provide us with certain financial services including deposit, settlement and other related financial services.

ii) Pricing Policy

Deposit interest rates are implemented according to the benchmark rates and floating ranges issued by the People’s Bank of China. The deposit, settlement and other related financial services made with Neixiang RCB under the Procurement of Financial Services Framework Agreement will bear the similar interest or service fee rate, adopt the same pricing mechanism and be on the similar terms and conditions as would apply to a similar deposit, loan, financial service and/or products made by any other customer of Neixiang RCB.

iii) Reasons for the Transaction

When we procure deposit and other related services, we select service providers comprising connected persons and Independent Third Parties, and determine the relevant terms of procurements through our internal selection and approval process. We are not obliged to use the deposit and other related services provided by Neixiang RCB and retain the discretion to select the deposit and other related services providers based on our business needs as well as the fees and quality of the services offered by the service providers. Currently we deposit our funds with Neixiang RCB as well as other Independent Third Party banks.

Neixiang RCB is a joint-stock limited liability company established on November 30, 2017 and is a licensed banking institution authorised to conduct operations approved by the China Banking Regulatory Commission. We have established a long and stable relationship with Neixiang RCB and it would be conducive for us to maintain the continuity of financial services received by us by continuing our co-operation with Neixiang RCB.

iv) Historical Amount during the Reporting Period

For the year ended December 31, 2025, the transactions amount of maximum daily balance of deposit, interest income from deposits and settlement fees under the Procurement of Financial Services Framework Agreement was RMB124.36 million, RMB7.26 million and RMB0 million, respectively.

v) Annual Caps

Our annual caps for the year ending December 31, 2026 of maximum daily balance of deposit, interest income from deposits and settlement fees under the Procurement of Financial Services Framework Agreement will be RMB3,000 million, RMB20 million and RMB0.25 million, respectively.

REPORT OF THE BOARD OF DIRECTORS

Review by and Confirmation of Independent Non-executive Directors and our Company

Our independent non-executive Directors have reviewed the above continuing connected transactions, and confirmed that such transactions were carried out in the ordinary and usual course of business of the Group and made on normal commercial terms or better, and according to the agreements governing them on terms that are fair and reasonable, and in the interests of the Company and its shareholders as a whole.

Our Company also confirms that we have followed the above-mentioned pricing policies and guidelines when determining the price and terms of the transactions conducted during the year, and complied with the disclosure requirements in accordance with Chapter 14A of the Hong Kong Listing Rules.

RELATED PARTY TRANSACTIONS

During the year ended December 31, 2025, save as disclosed below in note XI to the financial statements of this annual report, the Group did not have any significant transactions with related parties.

PRE-EMPTIVE RIGHTS

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

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's listed securities. If any of the Shareholders is unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the Shares, he or she is advised to consult an expert.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

As far as the Board and the management are aware, the Company has complied with all relevant laws and regulations that have a significant impact on the Company. During the Reporting Period, there was no material breach of or non-compliance with the applicable laws and regulations by the Company.

PERMITTED INDEMNITY PROVISION

During the Reporting Period and as of the Latest Practicable Date, the Company had purchased liability insurance for Directors which provides proper protection from liabilities arising from or in connection with the performance of their duties.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as of the date of this report, the Company has maintained the prescribed percentage of public float under Rule 19A.28B of the Hong Kong Listing Rules.

REPORT OF THE BOARD OF DIRECTORS

FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the last five financial years (prepared in accordance with CASBE) are set out on page 4 of this report. This summary does not form part of the audited consolidated financial statements.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company will be held on Wednesday, May 13, 2026. The register of members of the Company will be closed from Friday, May 8, 2026 to Wednesday, May 13, 2026, both days inclusive, during which period no transfer of shares will be registered. The record date is Wednesday, May 13, 2026. In order to be eligible to attend and vote at the annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, May 7, 2026 for registration.

AUDIT COMMITTEE

As of the date of this report, the Audit Committee consists of three Directors being Ms. QIAN Ying, Mr. CHOW Ming Sang and Mr. YAN Lei. The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Company and overseeing the audit process.

The Audit Committee has reviewed together with the management and external auditors of the Company, the accounting principles and policies adopted by the Company and the audited consolidated financial statements for the year ended December 31, 2025.

AUDITOR

The audited consolidated financial statements for the year ended December 31, 2025 has been audited by KPMG Huazhen LLP. KPMG Huazhen LLP shall retire in the forthcoming annual general meeting and, being eligible, will offer themselves for re-appointment. A resolution to re-appoint KPMG Huazhen LLP as auditor of the Company and to authorise the operating management of the Company to determine the specific matters, including but not limited to its remuneration will be proposed at the forthcoming annual general meeting.

By order of the Board

Muyuan Foods Co., Ltd.

Mr. Qin Yinglin

Chairman of the Board and President

Nanyang, Henan Province, the PRC

March 27, 2026

AUDITOR'S REPORT

KPMG HuaZhen ShenZi No.2606535

The Shareholders of Muyuan Foods Co., Ltd.

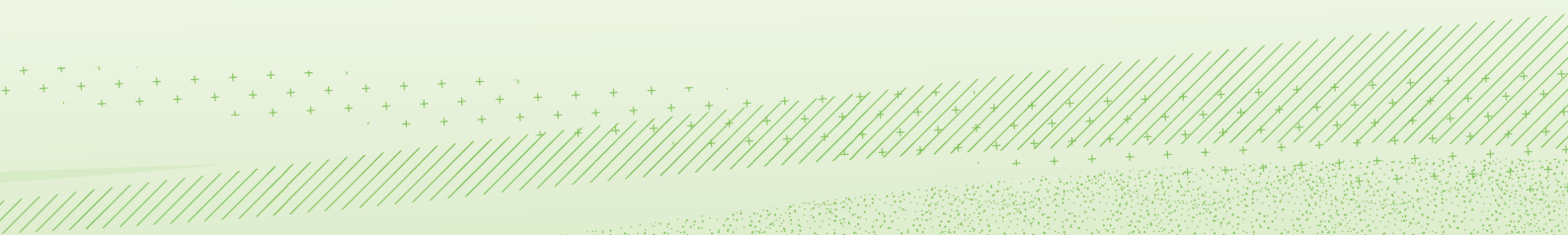
I. OPINION

We have audited the accompanying financial statements of 牧原食品股份有限公司 (Muyuan Foods Co., Ltd.) (hereinafter referred to as "Muyuan Foods"), which comprise the consolidated and company balance sheets as at 31 December 2025, and the consolidated and company income statements, the consolidated and company cash flow statements and the consolidated and company statements of changes in shareholders' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company financial position of Muyuan Foods as at 31 December 2025, and the consolidated and company financial performance and cash flows of Muyuan Foods for the year then ended in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

II. BASIS FOR OPINION

We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants ("CSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Muyuan Foods in accordance with the Independence Standards for Chinese Certified Public Accountants No. 1 – Independence Requirements for Audit and Review Engagements, as applicable to audits of financial statements of public interest entities and the China Code of Ethics for Certified Public Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



AUDITOR'S REPORT

III. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the year ended 31 December 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition	
Please refer to the accounting policy described in Note III.23, as well as Note V.42 to the financial statements.	
The key audit matter	How the matter was addressed in our audit
<p>For the year ended 31 December 2025, the revenue from principal activities of Muyuan Foods and its subsidiaries (hereinafter referred to as "Muyuan Foods Group") were RMB142,998 million, primarily derived from hog business and slaughtering and meat product business.</p> <p>Muyuan Foods Group recognise revenue from sales of products when the control of the relative products is transferred to the customers. Management of Muyuan Foods Group comprehensively assesses the terms of sales contracts with customers and business arrangements, for hog business, revenue is usually recognised upon weighing and delivering hogs; for slaughtering and meat product business, revenue is usually recognised upon customers signing the delivery note.</p> <p>We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of Muyuan Foods Group, and a major portion of revenue is generated from individual customers with a dispersed customer base, therefore there is a high inherent risk of misstatement.</p>	<p>Our audit procedures to evaluate revenue recognition mainly included the following:</p> <ul style="list-style-type: none"> • Understanding and evaluating the design, implementation and operating effectiveness of key internal controls over financial report related to revenue recognition; • Inspecting the primary contract terms related to the transfer of control of products within selected sales contracts or orders to evaluate whether the revenue recognition policies of Muyuan Foods Group comply with the requirements of the Accounting Standards for Business Enterprises; • Verifying information of selected major customers including shareholders, directors, supervisors, registered addresses, business scopes, etc., using corporate information query tools, to check if there are any unidentified related-party relationships or indicators of unusual transactions; • Verifying the consistency between revenue records in financial system and order information and shipping records in business system, and identifying and investigating abnormal transaction records; • Selecting specific sales transactions before and after the balance sheet date and checking against relevant sales contracts or orders, shipping documents, or delivery note to evaluate whether related revenue was recorded in the appropriate accounting period; • Obtaining external confirmations from selected customers of sales transaction amounts and outstanding accounts receivable balances; and • Inspecting underlying documents for revenue journal entries which met specific risk-based criteria and making enquiries of management about rationale for such journal entries.

AUDITOR'S REPORT

III. KEY AUDIT MATTERS (CONTINUED)

Impairment of Biological Assets	
Please refer to the accounting policy described in Note III.11 and Note III.17, as well as Note V.7 and Note V.14 to the financial statements.	
The Key Audit Matter	How the matter was addressed in our audit
<p>As at 31 December 2025, the biological assets of Muyuan Foods Group comprised of consumable biological assets and productive biological assets, with a total carrying amount of RMB36,589 million, representing 21.30% of total assets as of the same date.</p> <p>Muyuan Foods Group regularly carries out an examination on productive biological assets. If there is clear evidence that the net realisable value of a consumable biological asset or the recoverable amount of a productive biological asset is lower than its carrying amount due to reasons such as natural disasters, pest-outbreaks, diseases or changes in market conditions, impairment losses in respect of that biological asset is recognised and charged to profit or loss for the current period. The impairment amount is the difference between the carrying amount and the net realisable value or the recoverable amount.</p> <p>We identified the impairment of biological assets as a key audit matter because the market prices of biological assets are significantly influenced by cyclical fluctuations and animal diseases, significant management judgement are required in determining the net realisable value or recoverable amount of a biological asset, as well as the significance of biological assets to the financial statements.</p>	<p>Our audit procedures to evaluate impairment of biological assets mainly included the following:</p> <ul style="list-style-type: none"> • Understanding and evaluating the design, implementation and operating effectiveness of key internal controls over financial reporting related to impairment of biological assets; • Evaluating whether Muyuan Foods Group's accounting policies for impairment of consumable biological assets and productive biological assets comply with the requirements of the Accounting Standards for Business Enterprises; • Observing, on a sample basis, the physical count of biological assets to inspect the stock quantities of biological assets at the end of reporting period and observe the status of biological assets; • Evaluating the key assumptions used in management's estimate of net realisable value or recoverable amount of biological assets, including estimated selling prices, unit costs, selling expenses, etc.; • Checking the mathematical accuracy of calculations of impairment provision for biological assets based on Muyuan Foods Group's accounting policies for impairment of consumable biological assets and productive biological assets and the related assumptions and data used.

AUDITOR'S REPORT

IV. OTHER MATTER

Muyuan Foods's management is responsible for the other information. The other information comprises all the information included in 2025 annual report of Muyuan Foods, other than the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

V. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standards for Business Enterprises, and for the design, implementation and maintenance of such internal control necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Muyuan Foods'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 management either intends to liquidate Muyuan Foods or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Muyuan Foods's financial reporting process.



AUDITOR'S REPORT

VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs 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 financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the 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.
- (2) 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 Muyuan Foods's internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (4) Conclude on the appropriateness of management's 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 Muyuan Foods'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 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 Muyuan Foods to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Muyuan Foods to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S REPORT

VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the reporting 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.

KPMG Huazhen LLP

Certified Public Accountants
Registered in the People's Republic of China

Chai Jing (Engagement Partner)

Beijing, China

Zhou Shuo

27 March 2026



CONSOLIDATED BALANCE SHEET

as at 31 December 2025
(Expressed in Renminbi Yuan)

	Note	31 December 2025	31 December 2024
Assets			
Current assets			
Cash at bank and on hand	V.1	13,862,397,618.88	16,951,642,855.00
Financial assets held for trading	V.2	1,622,460.00	2,886,840.00
Bills receivable	V.3	107,940,000.00	152,900,000.00
Accounts receivable	V.4	588,644,078.00	231,188,535.57
Prepayments	V.5	700,339,324.78	524,347,851.25
Other receivables	V.6	118,519,120.43	90,551,665.56
Inventories	V.7	37,177,438,419.40	41,969,838,456.65
Other current assets	V.8	2,019,320,924.17	1,395,245,001.82
Total current assets		54,576,221,945.66	61,318,601,205.85
Non-current assets			
Long-term equity investments	V.9	1,024,055,311.98	903,747,850.94
Investments in other equity instruments	V.10	66,254,387.22	106,524,594.25
Investment properties	V.11	97,195,561.34	103,194,397.62
Fixed assets	V.12	100,634,104,612.66	106,751,360,258.78
Construction in progress	V.13	2,488,721,356.50	2,018,203,532.86
Productive biological assets	V.14	6,797,220,059.01	9,355,138,722.11
Right-of-use assets	V.15	3,901,804,402.05	5,122,362,401.24
Intangible assets	V.16	1,245,166,108.22	1,186,610,682.35
Long-term deferred expenses	V.17	58,668,038.28	62,200,791.24
Deferred tax assets	V.18	140,239,492.55	100,762,251.66
Other non-current assets	V.19	711,435,426.61	620,017,142.02
Total non-current assets		117,164,864,756.42	126,330,122,625.07
Total assets		171,741,086,702.08	187,648,723,830.92

The notes on pages 124 to 275 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

as at 31 December 2025

(Expressed in Renminbi Yuan)

	Note	31 December 2025	31 December 2024
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans	V.21	41,155,376,669.30	45,257,669,125.09
Financial liabilities held for trading		2,050,186.72	–
Bills payable	V.22	714,297,105.13	2,723,724,853.68
Accounts payable	V.23	12,613,331,720.01	17,993,020,605.06
Contract liabilities	V.24	1,106,544,532.20	599,509,850.21
Employee benefits payable	V.25	772,418,969.63	1,106,514,953.67
Taxes payable	V.26	62,415,880.27	61,655,813.71
Other payables	V.27	5,516,599,106.38	8,348,220,056.94
Non-current liabilities due within one year	V.28	7,485,550,933.75	8,204,573,858.38
Other current liabilities	V.29	411,810,033.17	1,181,623,633.17
Total current liabilities		69,840,395,136.56	85,476,512,749.91
Non-current liabilities			
Long-term loans	V.30	7,733,417,073.16	8,797,453,756.82
Debentures payable	V.31	11,695,079,085.28	9,465,543,691.34
Lease liabilities	V.32	2,179,276,683.90	4,354,705,901.57
Long-term payables	V.33	676,542,042.38	1,177,560,016.60
Deferred income	V.34	874,397,749.48	840,718,598.53
Total non-current liabilities		23,158,712,634.20	24,635,981,964.86
Total liabilities		92,999,107,770.76	110,112,494,714.77

The notes on pages 124 to 275 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

as at 31 December 2025
(Expressed in Renminbi Yuan)

	Note	31 December 2025	31 December 2024
Shareholders' equity			
Share capital	V.35	5,462,771,148.00	5,462,767,761.00
Other equity instruments	V.36	1,017,142,552.25	1,017,159,925.57
Including:			
Preference shares		—	—
Perpetual bonds		—	—
Capital reserve	V.37	13,038,603,622.19	13,729,431,669.13
Less: Treasury shares	V.38	4,011,082,230.16	2,999,995,136.61
Other comprehensive income	V.39	(75,898,152.78)	(33,576,565.75)
Surplus reserve	V.40	2,829,190,556.76	2,584,593,422.02
Retained earnings	V.41	59,428,517,943.23	52,271,396,781.65
Total equity attributable to shareholders of the Company		77,689,245,439.49	72,031,777,857.01
Non-controlling interests		1,052,733,491.83	5,504,451,259.14
Total shareholders' equity		78,741,978,931.32	77,536,229,116.15
Total liabilities and shareholders' equity		171,741,086,702.08	187,648,723,830.92

These financial statements were approved by the Board of Directors of the Company on 27 March 2026.

_____ Cao Zhinian Legal Representative (Signature and stamp)	_____ Cao Zhinian The person in-charge of accounting affairs (Signature and stamp)	_____ Gao Tong The head of the accounting department (Signature and stamp)	(Company stamp)
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The notes on pages 124 to 275 form part of these financial statements.

COMPANY BALANCE SHEET

as at 31 December 2025

(Expressed in Renminbi Yuan)

	Note	31 December 2025	31 December 2024
Assets			
Current assets			
Cash at bank and on hand	XVI.1	5,529,981,077.24	6,241,488,259.54
Financial assets held for trading		1,616,960.00	2,851,840.00
Bills receivable		101,690,000.00	697,591,400.00
Accounts receivable	XVI.2	702,140,655.92	1,490,963,098.11
Prepayments		33,734,106.37	11,602,678.76
Other receivables	XVI.3	50,416,646,059.12	45,710,631,616.32
Including:			
Interest receivable		—	—
Dividends receivable		—	—
Inventories		755,804,135.42	705,698,433.07
Other current assets		77,705,029.75	16,338,518.06
Total current assets		57,619,318,023.82	54,877,165,843.86
Non-current assets			
Long-term equity investments	XVI.4	88,121,352,789.41	82,898,802,520.89
Fixed assets		1,179,636,565.52	970,615,221.92
Construction in progress		59,786,773.18	26,910,825.50
Productive biological assets		136,799,634.13	142,084,269.75
Right-of-use assets		173,385,402.45	202,764,814.55
Intangible assets		175,300,670.52	134,273,723.34
Long-term deferred expenses		37,862,328.79	39,071,487.09
Other non-current assets		28,228,585.18	46,389,855.03
Total non-current assets		89,912,352,749.18	84,460,912,718.07
Total assets		147,531,670,773.00	139,338,078,561.93

The notes on pages 124 to 275 form part of these financial statements.

COMPANY BALANCE SHEET

as at 31 December 2025
(Expressed in Renminbi Yuan)

Note	31 December 2025	31 December 2024
Liabilities and shareholders' equity		
Current liabilities		
Short-term loans	28,938,291,207.25	22,415,698,647.21
Financial liabilities held for trading	845,186.72	–
Bills payable	4,095,310,000.00	5,037,425,874.36
Accounts payable	986,543,015.75	2,263,190,997.31
Contract liabilities	488,875,460.66	524,059,355.55
Employee benefits payable	49,406,668.53	46,651,652.02
Taxes payable	6,890,879.84	6,789,956.60
Other payables	62,386,796,792.53	63,127,896,615.42
Non-current liabilities due within one year	3,974,278,154.83	2,198,544,994.03
Other current liabilities	363,371,917.84	1,155,669,177.30
Total current liabilities	101,290,609,283.95	96,775,927,269.80
Non-current liabilities		
Long-term loans	6,384,292,579.73	5,187,829,293.30
Debentures payable	11,695,079,085.28	9,465,543,691.34
Lease liabilities	161,728,454.61	191,012,863.83
Long-term payables	8,139,596.16	24,364,289.17
Deferred income	41,148,157.29	24,981,347.63
Total non-current liabilities	18,290,387,873.07	14,893,731,485.27
Total liabilities	119,580,997,157.02	111,669,658,755.07

The notes on pages 124 to 275 form part of these financial statements.

COMPANY BALANCE SHEET

as at 31 December 2025

(Expressed in Renminbi Yuan)

Note	31 December 2025	31 December 2024
Shareholders' equity		
Share capital	5,462,771,148.00	5,462,767,761.00
Other equity instruments	1,017,142,552.25	1,017,159,925.57
<i>Including:</i>		
Preference shares	-	-
Perpetual bonds	-	-
Capital reserve	17,232,311,279.61	17,891,640,689.43
Less: Treasury shares	4,011,082,230.16	2,999,995,136.61
Other comprehensive income	2,046,960.00	2,863,840.00
Surplus reserve	2,829,190,556.76	2,584,593,422.02
Retained earnings	5,418,293,349.52	3,709,389,305.45
Total shareholders' equity	27,950,673,615.98	27,668,419,806.86
Total liabilities and shareholders' equity	147,531,670,773.00	139,338,078,561.93

These financial statements were approved by the Board of Directors of the Company on 27 March 2026.

Cao Zhinian	Cao Zhinian	Gao Tong	(Company stamp)
Legal Representative	The person in-charge of accounting affairs	The head of the accounting department	
(Signature and stamp)	(Signature and stamp)	(Signature and stamp)	

The notes on pages 124 to 275 form part of these financial statements.

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2025

(Expressed in Renminbi Yuan)

	Note	2025	2024
			(Restated)
I. Revenue	V.42	144,144,965,371.68	137,946,892,076.87
Less: Operating costs	V.42	118,461,055,325.37	109,319,018,236.95
Taxes and surcharges	V.43	276,004,059.43	223,192,113.78
Selling and distribution expenses	V.44	1,294,581,842.45	1,095,680,280.69
General and administrative expenses	V.45	3,922,418,192.19	3,331,717,607.87
Research and development expenses	V.46	1,648,195,006.00	1,747,217,657.28
Financial expenses	V.47	2,457,807,449.13	2,975,449,911.06
Including: Interest expenses		2,556,832,463.42	3,177,468,228.97
Interest income		167,600,981.94	237,500,715.55
Add: Other income	V.48	454,772,128.58	662,888,856.82
Investment income	V.49	102,171,232.13	99,638,320.05
Including: Income from investment in associates and joint ventures		49,351,783.54	72,263,566.47
(Losses)/Gains from changes in fair value		(207,706.30)	158,000.00
Credit (losses)/reversal	V.50	(27,806,721.05)	283,692.84
Impairment losses	V.51	(72,086,229.07)	(12,884,326.14)
Gains from asset disposals	V.52	352,470,392.60	5,845,833.88
II. Operating profit		16,894,216,594.00	20,010,546,646.69
Add: Non-operating income	V.53	110,741,572.96	84,412,274.98
Less: Non-operating expenses	V.53	1,195,020,366.56	1,198,480,011.03
III. Profit before income tax		15,809,937,800.40	18,896,478,910.64
Less: Income tax expenses	V.54	(1,879,743.05)	(28,565,993.61)
IV. Net profit		15,811,817,543.45	18,925,044,904.25
(1) Net profit classified by business continuity:			
1. Net profit from continuing operations		15,811,817,543.45	18,925,044,904.25
2. Net profit from discontinued operations		–	–
(2) Net profit classified by ownership:			
1. Net profit attributable to shareholders of the Company		15,486,891,254.04	17,881,260,485.27
2. Net profit attributable to non-controlling interests		324,926,289.41	1,043,784,418.98

The notes on pages 124 to 275 form part of these financial statements.

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2025

(Expressed in Renminbi Yuan)

	Note	2025	2024
			(Restated)
V. Other comprehensive income, net of tax	V.39	(42,321,587.03)	(28,863,380.00)
(1) Other comprehensive income (net of tax) attributable to shareholders of the Company		(42,321,587.03)	(28,863,380.00)
1. Items that will not be reclassified to profit or loss		(40,270,207.03)	–
a. Changes in fair value of investments in other equity instruments		(40,270,207.03)	–
2. Items that may be reclassified to profit or loss		(2,051,380.00)	(28,863,380.00)
a. Cash flow hedge reserve		(2,051,380.00)	(28,863,380.00)
(2) Other comprehensive income (net of tax) attributable to non-controlling interests		–	–
VI. Total comprehensive income		15,769,495,956.42	18,896,181,524.25
(1) Attributable to shareholders of the Company		15,444,569,667.01	17,852,397,105.27
(2) Attributable to non-controlling interests		324,926,289.41	1,043,784,418.98
VII. Earnings per share:			
(1) Basic earnings per share	V.55	2.88	3.30
(2) Diluted earnings per share	V.55	2.84	3.24

These financial statements were approved by the Board of Directors of the Company on 27 March 2026.

_____ Cao Zhinian Legal Representative (Signature and stamp)	_____ Cao Zhinian The person in-charge of accounting affairs (Signature and stamp)	_____ Gao Tong The head of the accounting department (Signature and stamp)	(Company stamp)
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The notes on pages 124 to 275 form part of these financial statements.

COMPANY INCOME STATEMENT

for the year ended 31 December 2025

(Expressed in Renminbi Yuan)

	Note	2025	2024 (Restated)
I. Revenue	XVI.5	3,244,132,249.60	3,672,780,881.03
Less: Operating costs	XVI.5	2,618,469,901.23	2,850,403,923.58
Taxes and surcharges		7,488,658.97	9,586,598.48
Selling and distribution expenses		70,344,392.82	48,792,549.05
General and administrative expenses		668,774,315.33	516,364,995.72
Research and development expenses		176,733,578.45	200,374,912.68
Financial expenses		1,522,632,224.28	1,451,951,438.45
Including: Interest expenses		1,600,678,939.77	1,561,483,224.76
Interest income		99,039,231.12	126,810,494.13
Add: Other income		31,486,662.75	67,978,985.78
Investment income	XVI.6	11,934,208,522.28	5,306,059,598.49
Including: Income from investment in associates and joint ventures		46,470,749.86	62,270,356.72
(Losses)/Gains from changes in fair value		(207,706.30)	158,000.00
Credit (losses)/reversal		(1,080,796.73)	10,232,988.04
Gains from asset disposals		2,689,175.55	1,269,170.98
II. Operating profit		10,146,785,036.07	3,981,005,206.36
Add: Non-operating income		19,741,343.22	13,429,150.93
Less: Non-operating expenses		127,852,242.76	128,710,348.58
III. Profit before income tax		10,038,674,136.53	3,865,724,008.71
Less: Income tax expenses		-	-
IV. Net profit		10,038,674,136.53	3,865,724,008.71
(1) Net profit from continuing operations		10,038,674,136.53	3,865,724,008.71
(2) Net profit from discontinued operations		-	-
V. Other comprehensive income, net of tax		(816,880.00)	(28,859,280.00)
1. Items that may be reclassified to profit or loss		(816,880.00)	(28,859,280.00)
a. Cash flow hedge reserve		(816,880.00)	(28,859,280.00)
VI. Total comprehensive income		10,037,857,256.53	3,836,864,728.71

These financial statements were approved by the Board of Directors of the Company on 27 March 2026.

Cao Zhinian
Legal Representative
(Signature and stamp)

Cao Zhinian
The person in-charge
of accounting affairs
(Signature and stamp)

Gao Tong
The head of the
accounting department
(Signature and stamp)

(Company stamp)

The notes on pages 124 to 275 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2025

(Expressed in Renminbi Yuan)

	Note	2025	2024
I. Cash flows from operating activities			
Proceeds from sale of goods and rendering of services		148,839,803,701.86	139,571,501,962.38
Refund of taxes		-	-
Proceeds from other operating activities	V.56(1)	6,323,915,740.52	7,339,201,723.10
Subtotal of cash inflows		155,163,719,442.38	146,910,703,685.48
Payment for goods and services		102,345,058,514.61	86,812,610,344.77
Payment to and for employees		18,783,297,476.77	18,221,803,375.20
Payment of various taxes		375,851,675.83	227,954,875.53
Payment for other operating activities	V.56(1)	3,603,324,860.70	4,105,268,875.49
Subtotal of cash outflows		125,107,532,527.91	109,367,637,470.99
Net cash inflow from operating activities	V.57(1)	30,056,186,914.47	37,543,066,214.49
II. Cash flows from investing activities			
Proceeds from disposal of investments		13,002,575,509.55	20,033,700,000.00
Investment returns received		96,840,789.49	44,407,908.71
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		1,521,106,365.77	137,236,341.71
Subtotal of cash inflows		14,620,522,664.81	20,215,344,250.42
Payment for acquisition of fixed assets, intangible assets and other long-term assets		9,528,929,651.93	12,380,725,812.00
Payment for acquisition of investments		12,336,354,700.00	21,067,200,000.00
Payment for other investing activities		-	13,586,560.00
Subtotal of cash outflows		21,865,284,351.93	33,461,512,372.00
Net cash outflow from investing activities		(7,244,761,687.12)	(13,246,168,121.58)

The notes on pages 124 to 275 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2025

(Expressed in Renminbi Yuan)

	Note	2025	2024
III. Cash flows from financing activities			
Proceeds from investors		1,053,327,078.64	1,020,000,000.00
Including: Proceeds from non-controlling shareholders of subsidiaries		4,900,000.00	1,020,000,000.00
Proceeds from borrowings	V.56(2)	61,905,167,582.58	68,138,887,124.71
Proceeds from other financing activities	V.56(2)	4,404,040.10	2,467,653.89
Subtotal of cash inflows		62,962,898,701.32	69,161,354,778.60
Repayments of borrowings		67,951,896,717.96	73,608,496,028.66
Payment for dividends, profit distributions or interest		10,344,664,907.19	8,255,880,276.03
Including: Dividends and profits paid to non-controlling shareholders of subsidiaries		209,575,064.56	1,185,033,794.32
Payment for other financing activities	V.56(2)	7,544,287,772.69	12,525,691,999.56
Subtotal of cash outflows		85,840,849,397.84	94,390,068,304.25
Net cash outflow from financing activities		(22,877,950,696.52)	(25,228,713,525.65)
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
		29,947.96	(25,855.07)
V. Net decrease in cash and cash equivalents			
	V.57(1)	(66,495,521.21)	(931,841,287.81)
Add: Cash and cash equivalents at the beginning of the year		12,844,551,613.08	13,776,392,900.89
VI. Cash and cash equivalents at the end of the year			
	V.57(2)	12,778,056,091.87	12,844,551,613.08

These financial statements were approved by the Board of Directors of the Company on 27 March 2026.

Cao Zhinian	Cao Zhinian	Gao Tong	(Company stamp)
Legal Representative	The person in-charge of accounting affairs	The head of the accounting department	
(Signature and stamp)	(Signature and stamp)	(Signature and stamp)	

The notes on pages 124 to 275 form part of these financial statements.

COMPANY CASH FLOW STATEMENT

for the year ended 31 December 2025

(Expressed in Renminbi Yuan)

	2025	2024
I. Cash flows from operating activities		
Proceeds from sale of goods and rendering of services	4,525,132,953.57	4,120,295,594.68
Refund of taxes	-	-
Proceeds from other operating activities	32,260,850,504.76	28,131,944,958.60
Subtotal of cash inflows	36,785,983,458.33	32,252,240,553.28
Payment for goods and services	3,605,658,225.70	1,151,955,221.83
Payment to and for employees	752,630,846.53	717,503,120.91
Payment of various taxes	10,107,044.71	9,359,081.83
Payment for other operating activities	38,633,804,593.66	10,416,381,495.58
Subtotal of cash outflows	43,002,200,710.60	12,295,198,920.15
Net cash (outflow)/inflow from operating activities	(6,216,217,252.27)	19,957,041,633.13
II. Cash flows from investing activities		
Proceeds from disposal of investments	6,817,576,509.55	14,075,000,000.00
Investment returns received	11,931,742,734.52	6,471,877,084.48
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets	3,384,666.84	3,308,069.90
Proceeds from other investing activities	-	-
Subtotal of cash inflows	18,752,703,910.91	20,550,185,154.38
Payment for acquisition of fixed assets, intangible assets and other long-term assets	468,830,830.50	142,855,385.55
Payment for acquisition of investments	11,855,894,562.68	35,309,394,178.09
Payment for other investing activities	-	-
Subtotal of cash outflows	12,324,725,393.18	35,452,249,563.64
Net cash inflow/(outflow) from investing activities	6,427,978,517.73	(14,902,064,409.26)

The notes on pages 124 to 275 form part of these financial statements.

COMPANY CASH FLOW STATEMENT

for the year ended 31 December 2025

(Expressed in Renminbi Yuan)

	2025	2024
III. Cash flows from financing activities		
Proceeds from investors	1,048,427,078.64	–
Proceeds from borrowings	43,110,730,650.00	36,659,154,733.33
Proceeds from other financing activities	–	–
Subtotal of cash inflows	44,159,157,728.64	36,659,154,733.33
Repayments of borrowings	32,410,541,743.66	35,835,367,131.20
Payment for dividends or interest	9,291,724,439.80	5,665,252,036.63
Payment for other financing activities	2,167,887,326.81	1,221,637,466.78
Subtotal of cash outflows	43,870,153,510.27	42,722,256,634.61
Net cash inflow/(outflow) from financing activities	289,004,218.37	(6,063,101,901.28)
IV. Effect of foreign exchange rate changes on cash and cash equivalents	85,225.71	5,914.21
V. Net increase/(decrease) in cash and cash equivalents	500,850,709.54	(1,008,118,763.20)
Add: Cash and cash equivalents at the beginning of the year	4,410,493,940.17	5,418,612,703.37
VI. Cash and cash equivalents at the end of the year	4,911,344,649.71	4,410,493,940.17

These financial statements were approved by the Board of Directors of the Company on 27 March 2026.

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Legal Representative	The person in-charge of accounting affairs	The head of the accounting department	
(Signature and stamp)	(Signature and stamp)	(Signature and stamp)	

The notes on pages 124 to 275 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

for the year ended 31 December 2025

(Expressed in Renminbi Yuan)

Note	Attributable to shareholders of the Company							Non-controlling interests	Total	
	Share capital	Other equity instruments	Capital reserve	Treasury shares	Less: comprehensive income	Other comprehensive income	Surplus reserve			Retained earnings
I. As at 1 January 2025	5,462,767,761.00	1,017,159,925.57	13,729,431,669.13	2,999,995,136.61	(33,576,565.75)	2,584,593,422.02	52,271,396,781.65	72,031,777,857.01	5,504,451,259.14	77,536,229,116.15
II. Changes in equity during the year										
1. Total comprehensive income	-	-	-	-	(42,321,587.03)	-	15,486,891,254.04	15,444,569,667.01	324,926,289.41	15,769,495,956.42
2. Shareholders' contributions and decrease of capital										
(1) Contribution by ordinary shareholders	-	-	(952,013,634.12)	(990,401,559.18)	-	-	-	38,387,925.06	4,900,000.00	43,287,925.06
(2) Contribution by holders of other equity instruments	3,387.00	(17,373.32)	172,100.31	-	-	-	-	158,113.99	-	158,113.99
(3) Equity-settled share-based payments	-	-	284,162,761.79	-	-	-	-	284,162,761.79	-	284,162,761.79
(4) Others	-	-	(23,149,274.92)	2,001,488,652.73	-	-	-	(2,024,637,927.65)	(4,598,031,362.88)	(6,622,669,290.53)
3. Appropriation of profits										
(1) Appropriation for surplus reserve	-	-	-	-	-	244,597,134.74	(244,597,134.74)	-	-	-
(2) Distributions to shareholders	-	-	-	-	-	-	(8,085,172,957.72)	(8,085,172,957.72)	(183,512,693.84)	(8,268,685,651.56)
III. As at 31 December 2025	5,462,771,148.00	1,017,142,552.25	13,038,603,622.19	4,011,082,230.16	(75,898,152.78)	2,829,190,556.76	59,428,517,943.23	77,689,245,439.49	1,052,733,491.83	78,741,978,931.32

These financial statements were approved by the Board of Directors of the Company on 27 March 2026.

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(Signature and stamp)	(Signature and stamp)	(Signature and stamp)	

The notes on pages 124 to 275 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

for the year ended 31 December 2024

(Expressed in Renminbi Yuan)

		Attributable to shareholders of the Company									
Note	Share capital	Other equity instruments	Capital reserve	Treasury shares	Less: comprehensive income	Other comprehensive income	Surplus reserve	Retained earnings	Subtotal	Non-controlling interests	Total
I. As at 1 January 2024	5,465,350,578.00	1,017,198,445.32	17,691,548,238.01	2,818,870,388.83	(4,713,185.75)	2,198,021,021.15	39,279,516,665.20	62,828,051,373.10	11,208,604,205.13	74,036,655,578.23	
II. Changes in equity during the year											
1. Total comprehensive income	-	-	-	-	(28,863,380.00)	-	17,881,260,485.27	17,852,397,105.27	1,043,784,418.98	18,896,181,524.25	
2. Shareholders' contributions and decrease of capital	(2,590,619.00)	-	(75,475,760.98)	(818,877,156.43)	-	-	-	740,810,776.45	1,020,000,000.00	1,760,810,776.45	
(1) Contribution by ordinary shareholders	7,802.00	(38,519.75)	386,681.88	-	-	-	-	355,964.13	-	355,964.13	
(2) Contribution by holders of other equity instruments	-	-	35,645,926.90	-	-	-	-	35,645,926.90	-	35,645,926.90	
(3) Equity-settled share-based payments	-	-	(3,922,673,416.68)	1,000,001,904.21	-	-	-	(4,922,675,320.89)	(6,556,841,199.93)	(11,479,516,520.82)	
(4) Others	-	-	-	-	-	-	-	-	-	-	
3. Appropriation of profits	-	-	-	-	-	386,572,400.87	(386,572,400.87)	-	-	-	
(1) Appropriation for surplus reserve	-	-	-	-	-	-	(4,502,807,967.95)	(4,502,807,967.95)	(1,211,096,165.04)	(5,713,904,132.99)	
(2) Distributions to shareholders	-	-	-	-	-	-	-	-	-	-	
III. As at 31 December 2024	5,462,767,761.00	1,017,159,925.57	13,729,431,669.13	2,999,995,136.61	(33,576,565.75)	2,584,593,422.02	52,271,396,781.65	72,031,777,857.01	5,504,451,259.14	77,536,229,116.15	

These financial statements were approved by the Board of Directors of the Company on 27 March 2026.

Cao Zhinian	Cao Zhinian	Gao Tong	(Company stamp)
Legal Representative	The person in-charge of accounting affairs	The head of the accounting department	
(Signature and stamp)	(Signature and stamp)	(Signature and stamp)	

The notes on pages 124 to 275 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

for the year ended 31 December 2025

(Expressed in Renminbi Yuan)

	Share capital	Other equity instruments	Capital reserve	Treasury shares	Less: comprehensive income	Surplus reserve	Retained earnings	Total
I. As at 1 January 2025	5,462,767,761.00	1,017,159,925.57	17,891,640,689.43	2,999,995,136.61	2,863,840.00	2,584,593,422.02	3,709,389,305.45	27,668,419,806.86
II. Changes in equity during the year								
1. Total comprehensive income	-	-	-	-	(816,880.00)	-	10,038,674,136.53	10,037,857,256.53
2. Shareholders' contributions and decrease of capital								
(1) Contribution by ordinary shareholders	-	-	(952,013,634.12)	(990,401,559.18)	-	-	-	38,387,925.06
(2) Contribution by holders of other equity instruments	3,387.00	(17,373.32)	172,100.31	-	-	-	-	158,113.99
(3) Equity-settled share-based payments	-	-	284,162,761.79	-	-	-	-	284,162,761.79
(4) Others	-	-	8,349,362.20	2,001,488,652.73	-	-	-	(1,993,139,290.53)
3. Appropriation of profits								
(1) Appropriation for surplus reserve	-	-	-	-	-	244,597,134.74	(244,597,134.74)	-
(2) Distributions to shareholders	-	-	-	-	-	-	(8,085,172,957.72)	(8,085,172,957.72)
III. As at 31 December 2025	5,462,771,148.00	1,017,142,552.25	17,232,311,279.61	4,011,082,230.16	2,046,960.00	2,829,190,556.76	5,418,293,349.52	27,950,673,615.98

These financial statements were approved by the Board of Directors of the Company on 27 March 2026.

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Legal Representative	The person in-charge of accounting affairs	The head of the accounting department	
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The notes on pages 124 to 275 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

for the year ended 31 December 2024

(Expressed in Renminbi Yuan)

	Share capital	Other equity instruments	Capital reserve	Treasury shares	Less: Other comprehensive income	Surplus reserve	Retained earnings	Total
-I. As at 1 January 2024	5,465,350,578.00	1,017,198,445.32	17,903,195,897.64	2,818,870,388.83	31,723,120.00	2,198,021,021.15	4,733,045,665.56	28,529,664,338.84
II. Changes in equity during the year								
1. Total comprehensive income	-	-	-	-	(28,863,380.00)	-	3,865,724,008.71	3,836,864,728.71
2. Shareholders' contributions and decrease of capital								
(1) Contribution by ordinary shareholders	(2,590,619.00)	-	(75,475,760.98)	(818,877,156.43)	-	-	-	740,810,776.45
(2) Contribution by holders of other equity instruments	7,802.00	(38,519.75)	386,681.88	-	-	-	-	355,964.13
(3) Equity-settled share-based payments	-	-	35,645,926.90	-	-	-	-	35,645,926.90
(4) Others	-	-	27,887,943.99	1,000,001,904.21	-	-	-	(972,113,960.22)
3. Appropriation of profits								
(1) Appropriation for surplus reserve	-	-	-	-	-	386,572,400.87	(386,572,400.87)	-
(2) Distributions to shareholders	-	-	-	-	-	-	(4,502,807,967.95)	(4,502,807,967.95)
III. As at 31 December 2024	5,462,767,761.00	1,017,159,925.57	17,891,640,689.43	2,999,995,136.61	2,863,840.00	2,584,593,422.02	3,709,389,305.45	27,668,419,806.86

These financial statements were approved by the Board of Directors of the Company on 27 March 2026.

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Legal Representative	The person in-charge of accounting affairs	The head of the accounting department	
(Signature and stamp)	(Signature and stamp)	(Signature and stamp)	

The notes on pages 124 to 275 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

I. COMPANY STATUS

牧原食品股份有限公司 (Muyuan Foods Co., Ltd.) (the “Company”) was established in Nanyang City, Henan Province, the People’s Republic of China (the “PRC”) on 13 July 2000 as a limited liability company under the PRC Company Law, with its head office located at Nanyang City, Henan Province. The Company was previously known as 河南省內鄉縣牧原養殖有限公司 (Henan Province Neixiang County Muyuan Breeding Co., Ltd.) before it was converted into a joint stock limited liability company on 28 December 2009. On 28 January 2014, the Company’s A Shares were listed on Shenzhen Stock Exchange. On 6 February 2026, the Company’s H Shares were listed on The Stock Exchange of Hong Kong Limited.

As at 31 December 2025, the share capital of the Company amounted to RMB5,462,771,148.00 with 5,462,771,148 total shares (par value of which is RMB1 per share).

The Company and its subsidiaries (“the Group”) are principally engaged in: (i) sale of piglets, finished hogs and breeding hogs, (ii) sale of hog carcasses, pork cuts and by-products. Please refer to Note VI for relevant information of principal subsidiaries of the Group.

II. BASIS OF PREPARATION

The financial statements of the Company have been prepared on a going concern basis. As at 31 December 2025, the Group had net current liabilities. The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations and sufficient financing to meet its financial obligations as and when they fall due. The directors of the Company have reviewed the Group’s cash flow projections and are of the opinion that considering the Group’s sources of liquidity and the unutilised bank facilities, the Group will have sufficient financial resources to satisfy its future working capital requirements and meet its financial obligations as and when they fall due for at least twelve months from 31 December 2025. Accordingly, the directors of the Company consider it appropriate to prepare the financial statements on a going concern basis.

III. MATERIAL ACCOUNTING POLICY INFORMATION AND ACCOUNTING ESTIMATES

1 Statement of compliance

The financial statements have been prepared in accordance with the requirements of all applicable Accounting Standards for Business Enterprises, issued by the Ministry of Finance (“MOF”) of the PRC. These financial statements present truly and completely the consolidated and company financial position of the Company as at 31 December 2025, and the consolidated and company financial performance and cash flows of the Company for the year then ended.

These financial statements also comply with the disclosure requirements of “Regulation on the Preparation of Information Disclosures by Companies Issuing Securities, No. 15: General Requirements for Financial Reports” as revised by the China Securities Regulatory Commission (“CSRC”) in 2023 and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

III. MATERIAL ACCOUNTING POLICY INFORMATION AND ACCOUNTING ESTIMATES (CONTINUED)

2 Accounting period

The Group has adopted the calendar year as its accounting year, i.e. from 1 January to 31 December.

3 Operating cycle

The operating cycle of the Group is usually less than 12 months and 12 months is used to classify the liquidity of assets and liabilities.

4 Functional currency

The Company’s functional currency is RMB, and its financial statements are presented in RMB. The functional currency is determined by the Company and its subsidiaries on the basis of the currency in which major income and costs are denominated and settled.

5 Method used to determine the materiality threshold and the basis for selection

Item	Materiality threshold
Material construction in progress	The period-end amount of construction in progress is greater than 0.05% of the latest audited consolidated total assets.
Material associates	The period-end amount of long-term equity investments is greater than 0.05% of the latest audited consolidated total assets.
Material non-wholly-owned subsidiaries	The period-end amount of non-controlling interests is greater than 10% of the latest audited consolidated non-controlling interests.

6 Accounting treatments for business combinations involving entities under common control and not under common control

A transaction or event constitutes a business combination when the Group obtains control of one or more entities (or a group of assets or net assets) which meet the definition of a business. Business combinations are classified as either business combinations involving entities under common control or business combinations not involving entities under common control.

For a transaction not involving entities under common control, the acquirer determines whether an acquired set of assets constitutes a business. The Group may elect to apply the simplified assessment method, the concentration test, to determine whether an acquired set of assets is a business. If the concentration test is met, the set of assets is determined not to be a business, no further assessment is needed. If the concentration test is not met, the Group should perform the assessment according to the guidance on the determination of a business.

When the set of assets the Group acquired does not constitute a business, acquisition costs should be allocated to each identifiable asset and liability on the basis of their relative fair values at the date of acquisition. The accounting treatments for business combinations described below are not applied.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

III. MATERIAL ACCOUNTING POLICY INFORMATION AND ACCOUNTING ESTIMATES (CONTINUED)

6 Accounting treatments for business combinations involving entities under common control and not under common control (Continued)

(1) *Business combinations involving entities under common control*

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the share of carrying amount of the net assets acquired and the consideration paid for the combination (or the total par value of shares issued) is adjusted against share premium in the capital reserve, with any excess deducted from surplus reserve and retained earnings sequentially. Any costs directly attributable to the combination are recognised in profit or loss when incurred. The combination date is the date on which one combining entity obtains control of other combining entities.

(2) *Business combinations involving entities not under common control*

A business combination involving entities not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the business combination. Where (1) the aggregate of the acquisition-date fair value of assets transferred (including the acquirer’s previously-held equity interest in the acquiree), liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree, exceeds (2) the acquirer’s interest in the acquisition-date fair value of the acquiree’s identifiable net assets, the difference is recognised as goodwill after taking into account deferred tax impact. If (1) is less than (2), the difference is recognised in profit or loss for the current period. The costs of issuing equity or debt securities as a part of the consideration for the acquisition are included in the carrying amounts of these equity or debt securities upon initial recognition. Other acquisition-related costs are expensed when incurred. Any difference between the fair value and the carrying amount of the assets transferred as consideration is recognised in profit or loss. The acquiree’s identifiable assets, liabilities and contingent liabilities, if the recognition criteria are met, are recognised by the Group at their acquisition-date fair values. The acquisition date is the date on which the acquirer obtains control of the acquiree.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

III. MATERIAL ACCOUNTING POLICY INFORMATION AND ACCOUNTING ESTIMATES (CONTINUED)

7 Criteria of control and preparation of consolidated financial statements

(1) General principles

The scope of consolidated financial statements is based on control, and the consolidated financial statements comprise the Company and its subsidiaries. Control exists when the investor has all of the following: power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to affect those returns through its power over the investee. The financial position, financial performance and cash flows of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions, and any unrealised profit or loss arising from intra-group transactions, are eliminated when preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, unless they represent impairment losses that are recognised in full in the financial statements.

(2) Subsidiaries acquired through a business combination

Where a subsidiary is acquired during the reporting period through a business combination involving entities under common control, the financial statements of the subsidiary are included in the consolidated financial statements based on the carrying amounts of the assets and liabilities of the subsidiary in the financial statements of the ultimate controlling party as if the combination had occurred at the date that the ultimate controlling party first obtained control. The opening balances and the comparative figures of the consolidated financial statements are also restated.

Where a subsidiary is acquired during the reporting period through a business combination involving entities not under common control, the identifiable assets and liabilities of the acquired subsidiaries are included in the scope of consolidation from the date that control commences, based on the fair values of those identifiable assets and liabilities at the acquisition date.

(3) Disposal of subsidiaries

When the Group loses control over a subsidiary, any resulting disposal gains or losses are recognised as investment income for the current period. The remaining equity investment is re-measured at its fair value at the date when control is lost, and any resulting gains or losses are also recognised as investment income or loss for the current period.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

III. MATERIAL ACCOUNTING POLICY INFORMATION AND ACCOUNTING ESTIMATES (CONTINUED)

7 Criteria of control and preparation of consolidated financial statements (Continued)

(4) Changes in non-controlling interests

Where the Company acquires more interest in a subsidiary from the subsidiary’s non-controlling shareholders or disposes of a portion of an interest in a subsidiary without losing control, the difference between the portion of the interest in the subsidiary’s net assets being acquired or disposed of and the amount of the consideration paid or received is adjusted to the capital reserve (share premium) in the consolidated balance sheet, with any excess deducted from surplus reserve and retained earnings sequentially.

8 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily withdrawn on demand, and short-term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

9 Foreign currency transactions and translation of foreign currency financial statements

When the Group receives capital in foreign currencies from investors, the capital is translated to RMB at the spot exchange rate at the date of receipt. Other foreign currency transactions are, on initial recognition, translated to RMB at the spot exchange rates on the dates of the transactions.

Monetary items denominated in foreign currencies are translated to RMB at the spot exchange rate at the balance sheet date. The resulting exchange differences are generally recognised in profit or loss, unless they arise from the re-translation of the principal and interest of specific borrowings for the acquisition, construction or production of qualifying asset. Non-monetary items that are measured at historical cost in foreign currencies are translated to RMB using the exchange rate at the transaction date.

In translating the financial statements of a foreign operation, assets and liabilities of foreign operation are translated to RMB at the spot exchange rate at the balance sheet date. Equity items, excluding retained earnings and the translation differences in other comprehensive income, are translated to RMB at the spot exchange rates at the transaction dates. Income and expenses of foreign operation are translated to RMB at the spot exchange rates at the transaction dates. The resulting translation differences are recognised in other comprehensive income. The translation differences accumulated in other comprehensive income with respect to a foreign operation are transferred to profit or loss in the period when the foreign operation is disposed of.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

III. MATERIAL ACCOUNTING POLICY INFORMATION AND ACCOUNTING ESTIMATES (CONTINUED)

10 Financial instruments

Financial instruments include cash at bank and on hand, investments in equity securities other than those classified as long-term equity investments, receivables, payables, loans and borrowings, debentures payable and share capital.

(1) Recognition and initial measurement of financial assets and financial liabilities

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument.

A financial asset or financial liability is measured initially at fair value. For financial assets and financial liabilities measured at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs. Accounts receivable that do not have a significant financing component or do not account for the significant financing component in one-year-or-less contracts under the practical expedient are initially measured at the transaction price in accordance with Note II.22.

(2) Classification and subsequent measurement of financial assets

(a) Classification of financial assets

The classification of financial assets is generally based on the business model under which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortised cost, at fair value through other comprehensive income (“FVOCI”), or at fair value through profit or loss (“FVTPL”).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

III. MATERIAL ACCOUNTING POLICY INFORMATION AND ACCOUNTING ESTIMATES (CONTINUED)

10 Financial instruments (Continued)

(2) Classification and subsequent measurement of financial assets (Continued)

(a) Classification of financial assets (Continued)

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an investment-by-investment basis, and the instrument meets the definition of equity from the perspective of the issuer.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The business model refers to how the Group manages its financial assets in order to generate cash flows. That is, the Group’s business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Group determines the business model for managing the financial assets according to the facts and based on the specific business objective for managing the financial assets determined by the Group’s key management personnel.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

III. MATERIAL ACCOUNTING POLICY INFORMATION AND ACCOUNTING ESTIMATES (CONTINUED)

10 Financial instruments (Continued)

(2) Classification and subsequent measurement of financial assets (Continued)

(b) Subsequent measurement of financial assets

- Financial assets at FVTPL
These financial assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss unless the financial assets are part of a hedging relationship.
- Financial assets at amortised cost
These assets are subsequently measured at amortised cost using the effective interest method. A gain or loss on a financial asset that is measured at amortised cost and that is not part of a hedging relationship should be recognised in profit or loss when the financial asset is derecognised, amortised under the effective interest method or when an impairment gain or loss is recognised.
- Equity investments at FVOCI
These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

(3) Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at FVTPL or as financial liabilities measured at amortised cost.

– Financial liabilities at FVTPL

A financial liability is classified as at FVTPL if it is classified as held-for-trading (including derivative financial liabilities) or if it is designated as such on initial recognition.

Financial liabilities at FVTPL are subsequently measured at fair value; and net gains and losses, are recognised in profit or loss, unless the financial liabilities are part of a hedging relationship.

– Financial liabilities at amortised cost

These financial liabilities are subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

III. MATERIAL ACCOUNTING POLICY INFORMATION AND ACCOUNTING ESTIMATES (CONTINUED)

10 Financial instruments (Continued)

(4) Offsetting

Financial assets and financial liabilities are generally presented separately in the balance sheet, and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied:

- The Group currently has a legally enforceable right to set off the recognised amounts;
- The Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(5) Derecognition of financial assets and financial liabilities

A financial asset is derecognised when one of the following conditions is met:

- the Group’s contractual rights to the cash flows from the financial asset expire;
- the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or
- the financial asset has been transferred; and although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

- the carrying amount of the financial asset transferred measured at the date of derecognition;
- the consideration received from the transfer.

The Group derecognises a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

III. MATERIAL ACCOUNTING POLICY INFORMATION AND ACCOUNTING ESTIMATES (CONTINUED)

10 Financial instruments (Continued)

(6) Impairment

The Group recognises loss allowances for expected credit loss (ECL) on financial assets measured at amortised cost.

The Group does not use ECL model on financial assets measured at fair value, including equity investments at FVOCI and derivative financial assets.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The maximum period considered when estimating ECLs is the maximum contractual period (including extension options) over which the Group is exposed to credit risk.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the balance sheet date (or a shorter period if the expected life of the instrument is less than 12 months).

Loss allowances for bills receivable and accounts receivable arising from ordinary business activities such as sale of goods and provision of services are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the balance sheet date.

Except for bills receivable and accounts receivable, the Group measures loss allowances at an amount equal to 12-month ECLs for the following financial instruments, and at an amount equal to lifetime ECLs for all other financial instruments:

- Financial instruments that have been determined to have low credit risk at the balance sheet date;
- Financial instruments for which credit risk has not increased significantly since initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

III. MATERIAL ACCOUNTING POLICY INFORMATION AND ACCOUNTING ESTIMATES (CONTINUED)

10 Financial instruments (Continued)

(6) Impairment (Continued)

Provisions for bad and doubtful debts arising from receivables

- (a) Categories of groups for collective assessment based on credit risk characteristics and basis for determination

Bills receivable	Based on the different credit risk characteristics of acceptors, the Group classifies bills receivable into two groups: bank acceptance bills and commercial acceptance bills.
Accounts receivable	Based on the credit risk characteristics of different counterparties, the Group classifies accounts receivable into two groups: accounts receivable due from related parties within the consolidation scope and accounts receivable due from other customers.
Other receivables	Based on the nature of receivables and the credit risk characteristics of different counterparties, the Group classifies other receivables into three groups, specifically: dividends receivable, receivables due from related parties within the consolidation scope and other parts of other receivables.

- (b) Criteria for individual assessment

Bills receivable, accounts receivable and other receivables are usually assessed collectively as a group based on credit risk characteristics to make provisions. When a counterparty is significantly different from other counterparties in a group in terms of credit risk characteristics, or if there has been a significant change in its credit risk characteristics, the individual approach is adopted for receivables due from this counterparty. For example, when a counterparty is in serious financial difficulties and the expected credit loss ratio of receivables due from this counterparty is significantly higher than the average expected credit loss ratio of the relevant ageing range, it should be individually assessed for provisioning purposes.

Financial instruments that have low credit risk

The credit risk on a financial instrument is considered low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

III. MATERIAL ACCOUNTING POLICY INFORMATION AND ACCOUNTING ESTIMATES (CONTINUED)

10 Financial instruments (Continued)

(6) Impairment (Continued)

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the balance sheet date with that assessed at the date of initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort, including forward-looking information. In particular, the following information is taken into account:

- failure to make payments of principal or interest on their contractual due dates;
- an actual or expected significant deterioration in a financial instrument’s external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor’s ability to meet its obligation to the Group.

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

Credit-impaired financial assets

At each balance sheet date, the Group assesses whether financial assets carried at amortised cost and debt investments at FVOCI are 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. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulties of the issuer or debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- for economic or contractual reasons relating to the debtor’s financial difficulties, the Group having granted to the debtor a concession that it would not otherwise consider;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for the financial asset because of financial difficulties of the issuer or debtor.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

III. MATERIAL ACCOUNTING POLICY INFORMATION AND ACCOUNTING ESTIMATES (CONTINUED)

10 Financial instruments (Continued)

(6) Impairment (Continued)

Presentation of allowance for ECL

ECLs are remeasured at each balance sheet 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. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This generally occurs 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. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

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.

(7) Equity instruments

The issuance of equity instruments is recognised at the actual issue price in shareholders’ equity, relevant transaction costs are deducted from shareholders’ equity (capital reserve), with any excess deducted from surplus reserve and retained earnings sequentially. Consideration and transaction costs paid by the Company for repurchasing self-issued equity instruments are deducted from shareholders’ equity.

When the Company repurchases its own shares, those shares are treated as treasury shares. The entire repurchase expenditure is recorded as the cost of the treasury shares in the reference register. Treasury shares are excluded from profit distributions and are presented as a deduction from shareholders’ equity on the balance sheet.

When treasury shares are cancelled, the share capital should be reduced to the extent of the total par value of the treasury shares cancelled. Where the cost of the treasury shares cancelled exceeds the total par value, the excess is deducted from capital reserve (share premium), surplus reserve and retained earnings sequentially. If the cost of treasury shares cancelled is less than the total par value, the difference is credited to the capital reserve (share premium).

When treasury shares are disposed of, any excess of proceeds above cost is recognised in capital reserve (share premium); otherwise, the shortfall is deducted against capital reserve (share premium), surplus reserve and retained earnings sequentially.

NOTES TO THE FINANCIAL STATEMENTS

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III. MATERIAL ACCOUNTING POLICY INFORMATION AND ACCOUNTING ESTIMATES (CONTINUED)

10 Financial instruments (Continued)

(8) *Convertible instruments containing an equity component*

Convertible instruments issued by the Group that can be converted to equity instruments of the Group, where a fixed number of equity instruments is issued in exchange for a fixed amount of consideration at the time of conversion, are accounted for as compound financial instruments containing both liability and equity components.

The initial carrying amount of a compound financial instrument is allocated to its equity and liability components. The Group first determines the fair value of the liability component which includes the fair value of any embedded derivatives other than the equity component. The amount allocated to the equity component is the residual amount after deducting the fair value of the liability component from the fair value of the entire compound instrument. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds.

Subsequent to initial recognition, the liability component is measured at amortised cost using the effective interest method, unless it is designated upon recognition as measured at fair value through profit or loss. The equity component is not re-measured.

If the convertible instrument is converted, the liability component is transferred to equity and the equity component remains as equity, both of which are transferred to the relevant captions in equity. If the convertible instrument is redeemed, the consideration paid for the redemption and the transaction costs that relate to the redemption are allocated to the liability and equity components. The method used to allocate the consideration and transaction costs is consistent with that used for the issue of the convertible instrument. After allocating the consideration and transaction costs, the relevant difference between the allocated amount and carrying amount of the liability component is recognised in profit and loss, and the relevant difference between the allocated amount and carrying amount of the equity component is directly recognised in equity.

11 Inventories

(1) *Categories*

Inventories include raw materials, finished goods, consumable biological assets, low value consumables and packaging materials.

(2) *Measurement method of cost of inventories*

When the Group obtains main raw materials, low value consumables and packaging materials, the initial measurement is based on the actual cost, including procurement costs, processing costs and other costs. Cost of main raw materials recognised is calculated using the weighted average method.

Consumable biological assets include suckling piglets, piglets under nursing period, hogs under finishing period and others.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

III. MATERIAL ACCOUNTING POLICY INFORMATION AND ACCOUNTING ESTIMATES (CONTINUED)

11 Inventories (Continued)

(2) *Measurement method of cost of inventories (Continued)*

The cost of consumable biological assets includes feed costs, labour costs, fixed assets depreciation expenses and other indirect costs that should be allocated before they reach the saleable state.

The cost of suckling piglets includes the depreciation expenses and feeding cost of reproductive sows and boars and the feeding cost of suckling piglets themselves. The cost of piglets under nursing period includes the cost of suckling piglets and the feeding cost consumed at the nursing period. The cost of hogs under finishing period includes the cost of piglets under nursing period and the feeding cost consumed at the finishing period.

Cost of consumable biological assets recognised is calculated using the weighted average method at the end of each month.

(3) *Basis for determining net realisable value of inventories and criteria and method for provision for inventories*

At the balance sheet date, inventories are carried at the lower of cost and net realisable value. Any excess of the cost over the net realisable value of inventories is recognised as a provision for inventories, and is recognised in profit or loss. The net realisable value of materials held for production is measured based on the net realisable value of the finished goods in which they will be incorporated. If there is clear evidence that the net realisable value of a consumable biological asset is lower than its carrying amount due to reasons such as natural disasters, pest-outbreaks, diseases or changes in market conditions, a provision for decline in value in respect of that biological asset shall be recognised and charged to profit or loss for the current period. The provision amount is the difference between the carrying amount and the net realisable value.

Provisions for inventories are usually assessed by each item. When the circumstances that previously caused inventories to be written down below cost no longer exist, the amount of the write-down shall be reversed. The reversal shall be limited to the amount originally provided for the decline in value of inventories. The amount of the reversal is included in profit or loss for the current period.

(4) *Inventory count system*

The Group maintains a perpetual inventory system.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

III. MATERIAL ACCOUNTING POLICY INFORMATION AND ACCOUNTING ESTIMATES (CONTINUED)

12 Long-term equity investments

(1) Investment cost of long-term equity investments

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

- The initial cost of a long-term equity investment acquired through a business combination involving entities under common control is the Company’s share of the carrying amount of the subsidiary’s equity in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the initial investment cost and the carrying amount of the consideration given is adjusted to the share premium in the capital reserve, with any excess deducted from surplus reserve and retained earnings sequentially.
- For a long-term equity investment obtained through a business combination not involving entities under common control, the initial cost comprises the aggregate of the fair value of assets transferred, liabilities incurred or assumed, and equity securities issued by the Company, in exchange for control of the acquiree.

(b) Long-term equity investments acquired other than through a business combination

- A long-term equity investment acquired other than through a business combination is initially recognised at the amount of cash paid if the Group acquires the investment by cash, or at the fair value of the equity securities issued if an investment is acquired by issuing equity securities.

(2) Subsequent measurement of long-term equity investment

(a) Investments in subsidiaries

In the Company’s separate financial statements, long-term equity investments in subsidiaries are accounted for using the cost method for subsequent measurement, unless the investment is classified as held for sale. The Company recognises its share of the cash dividends or profit distributions declared by the investee as investment income for the current period.

(b) Investment in joint ventures and associates

A joint venture is an arrangement whereby the Group and other parties have joint control and rights to the net assets of the arrangement. An associate is an entity over which the Group has significant influence.

An investment in a joint venture or an associate is accounted for using the equity method for subsequent measurement, unless the investment is classified as held for sale.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

III. MATERIAL ACCOUNTING POLICY INFORMATION AND ACCOUNTING ESTIMATES (CONTINUED)

12 Long-term equity investments (Continued)

(2) Subsequent measurement of long-term equity investment (Continued)

(b) Investment in joint ventures and associates (Continued)

After acquiring the investment, the Group recognises its share of the investee’s profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by the amount attributable to the Group. Changes in the Group’s share of the investee’s owners’ equity, other than those arising from the investee’s net profit or loss, other comprehensive income or profit distribution (referred to as “other changes in owners’ equity”), are recognised directly in the Group’s equity, and the carrying amount of the investment is adjusted accordingly.

Unrealised profits and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group’s interest in the associates or joint ventures. Unrealised losses resulting from transactions between the Group and its associates or joint ventures are eliminated in the same way as unrealised gains, unless they represent impairment losses that are recognised in full in the financial statements.

The Group discontinues recognising its share of further losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group’s net investment in the joint venture or associate is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. If the joint venture or associate subsequently reports net profits, the Group resumes recognising its share of those profits only after its share of the profits has fully covered the share of losses not recognised.

(3) Criteria for determining the existence of joint control or significant influence over an investee

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (activities with significant impact on the returns of the arrangement) require the unanimous consent of the parties sharing control.

The following factors are usually considered when assessing whether the Group can exercise joint control over an investee:

- Whether no single participant party is in a position to control the investee’s relevant activities unilaterally;
- Whether decisions relating to the investee’s relevant activities require the unanimous consent of all participant parties that share control.

Significant influence is the power to participate in the financial and operating policy decisions of an investee but is not control or joint control of those policies.



NOTES TO THE FINANCIAL STATEMENTS

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III. MATERIAL ACCOUNTING POLICY INFORMATION AND ACCOUNTING ESTIMATES (CONTINUED)

13 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or both. Investment properties are accounted for using the cost model. The cost of investment property, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life, unless the investment property is classified as held for sale.

The estimated useful lives, residual value rates and depreciation rates of each class of investment properties are as follows:

	Method of depreciation	Estimated useful life (years)	Residual value rate	Depreciation rate per year
Plant & buildings	Straight-line method	20	5%	4.75%
Land use rights	Straight-line method	40 – 50	0%	2.00% – 2.50%

14 Fixed assets

(1) Recognition of fixed assets

The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The cost of self-constructed assets is measured in accordance with the policy set out in Note III.15.

Where the parts of an item of fixed assets have different useful lives or provide benefits to the Group in a different pattern, thus necessitating use of different depreciation rates or methods, each part is recognised as a separate fixed asset.

Any subsequent costs including the cost of replacing part of an item of fixed assets are recognised as assets when it is probable that the economic benefits associated with the costs will flow to the Group, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day maintenance of fixed assets are recognised in profit or loss as incurred.

Fixed assets are presented in the balance sheet at cost less accumulated depreciation and impairment provision.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi ("RMB") Yuan unless otherwise indicated)

III. MATERIAL ACCOUNTING POLICY INFORMATION AND ACCOUNTING ESTIMATES (CONTINUED)

14 Fixed assets (Continued)

(2) Depreciation of fixed assets

The cost of a fixed asset, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life, unless the fixed asset is classified as held for sale.

The estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

	Method of depreciation	Estimated useful life (years)	Residual value rate	Depreciation rate per year
Plant & buildings	Straight-line method	10 – 20	5%	4.75% – 9.50%
Machinery & equipment	Straight-line method	3 – 20	5%	4.75% – 31.67%
Motor vehicles	Straight-line method	6	5%	15.83%
Others	Straight-line method	3 – 10	5%	9.50% – 31.67%

Useful lives, estimated residual values and depreciation methods are reviewed at least at each year-end.

15 Construction in progress

The cost of construction in progress is determined according to the actual project expenditure, including various project expenditure and capitalised borrowing costs and other related costs attributable to bringing the asset to working condition for its intended use. A construction in progress is transferred to fixed assets when it is ready for its intended use. No depreciation is recorded against construction in progress.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

III. MATERIAL ACCOUNTING POLICY INFORMATION AND ACCOUNTING ESTIMATES (CONTINUED)

16 Borrowing costs

Borrowing costs include interest on borrowings, amortisation of any discount or premium, ancillary costs and exchange differences arising from specific-purpose borrowings dominated in foreign currency. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. The capitalisation can commence when expenditures for the asset are being incurred, borrowing costs are being incurred and activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced. Capitalisation of borrowing costs cease when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Other borrowing costs are recognised as financial expenses when incurred.

For funds that are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of interest to be capitalised is the actual interest expense during the period less any interest income earned from depositing the borrowed funds or any investment income on the temporary investment of those funds before they are used on the asset; For funds are borrowed generally and used for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the weighted average of the excess amounts of cumulative expenditure on the asset over the above amounts of specific borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

During the capitalisation period, exchange differences related to a specific-purpose borrowing denominated in foreign currency are capitalised as part of the cost of the qualifying asset. The exchange differences related to a general-purpose borrowing denominated in foreign currency is recognised in profit or loss when incurred.

Qualifying assets are assets (fixed assets, investment property, inventories, etc.) that necessarily take a substantial period of time for acquisition, construction or production to get ready for their intended use or sale.

Capitalisation of borrowing costs are suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally, when the interruption is for a continuous period of more than 3 months, until the acquisition, construction or production is resumed.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

III. MATERIAL ACCOUNTING POLICY INFORMATION AND ACCOUNTING ESTIMATES (CONTINUED)

17 Biological assets

Biological assets of the Group include consumable biological assets and productive biological assets.

Consumable biological assets include suckling piglets, piglets under nursing period, hogs under finishing period and others. Consumable biological assets are recognised in inventories (see Note III.11).

Productive biological assets include immature breeding hogs and mature breeding hogs. Mature breeding hogs are reproductive boars and reproductive sows.

Productive biological assets are initially measured at cost. The cost of purchased productive biological assets comprises purchase price, relevant taxes, transportation costs, insurance costs, and other expenditures directly attributable to the purchase of the assets. The cost of self-breeding productive biological assets comprises those costs necessarily incurred before the assets become available for intended production and operating purposes, including feed costs, labour costs, an appropriate allocation of the depreciation cost of fixed assets and mature productive biological assets and an appropriate allocation of other indirect costs.

The subsequent costs of mature productive biological assets, including feed costs, labour costs and depreciation costs, are collected and included in the cost of piglets.

The Group accrues depreciation of productive biological assets using straight-line method. The Group determines the useful life and estimated net residual value of a productive biological asset and the depreciation method on a reasonable basis according to the asset’s nature, usage and the pattern in which the associated economic benefits are expected to be realised. The Group reviews the useful life and estimated net residual value of a productive biological asset and the depreciation method applied at least at each financial year-end. If the expected useful life or estimated net residual value is different from the previous estimate, or the pattern in which the economic benefits associated with the asset is realised has changed significantly, the useful life, estimated net residual value or the depreciation method shall be revised or changed accordingly. Such revisions or changes shall be accounted for as changes in accounting estimates. The useful life, expected net residual value and depreciation method of the mature productive biological assets of the Group are as follows:

	Estimated useful life (years)	Estimated net residual value rate	Depreciation rate per month
Breeding hogs	2.5	30%	2.33%

NOTES TO THE FINANCIAL STATEMENTS

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III. MATERIAL ACCOUNTING POLICY INFORMATION AND ACCOUNTING ESTIMATES (CONTINUED)

17 Biological assets (Continued)

The Group carries out an examination on productive biological assets at least at each financial year-end. If there is clear evidence that the recoverable amount of a productive biological asset is lower than its carrying amount due to reasons such as natural disasters, pest-outbreaks, diseases or changes in market conditions, impairment losses in respect of that biological asset shall be recognised and charged to profit or loss for the current period. The impairment amount is the difference between the carrying amount and the recoverable amount.

Once an impairment loss is provided for a productive biological asset, it should not be reversed in a subsequent period.

When the intended use of a productive biological asset changes, the transfer cost shall be recorded at the carrying amount at the date of transfer.

18 Intangible assets

(1) Useful life and amortisation methods

For an intangible asset with a finite useful life, its cost less estimated residual value and accumulated impairment losses is amortised over its estimated useful life, unless the intangible asset is classified as held for sale.

The estimated useful lives, basis for determination and amortisation methods of intangible assets are as follows:

	Estimated useful life (years)	Basis for determination	Amortisation method
Land use rights	10 – 50	Term of property right registration	Straight-line method
Software	3 – 10	Expected economic benefit period	Straight-line method
Emission right	5	Expected economic benefit period	Straight-line method
Trademark	10	Expected economic benefit period	Straight-line method

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

III. MATERIAL ACCOUNTING POLICY INFORMATION AND ACCOUNTING ESTIMATES (CONTINUED)

18 Intangible assets (Continued)

(1) Useful life and amortisation methods (Continued)

Useful lives and amortisation methods of intangible assets with finite useful lives are reviewed at least at each year-end.

An intangible asset is regarded as having an indefinite useful life and is not amortised when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group. The Group reassesses the useful lives of intangible assets with indefinite useful lives in each accounting period.

(2) Expenditures on research and development

Expenditures on internal research and development projects are classified into expenditures incurred during the research phase and expenditures incurred during the development phase.

Expenditures during the research phase are expensed when incurred. Expenditures during the development phase are capitalised if development costs can be measured reliably, the product or process is technically and commercially feasible, and the Group intends to and has sufficient resources to complete the development. Other development expenditures are recognised as expenses in the period in which it is incurred.

19 Impairment of assets other than inventories and financial assets

The carrying amounts of the following assets are reviewed at each balance sheet date based on internal and external sources of information to determine whether there is any indication of impairment:

- fixed assets
- construction in progress
- right-of-use assets
- intangible assets
- productive biological assets
- investment properties measured using a cost model
- long-term equity investments
- long-term deferred expenses

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

III. MATERIAL ACCOUNTING POLICY INFORMATION AND ACCOUNTING ESTIMATES (CONTINUED)

19 Impairment of assets other than inventories and financial assets (Continued)

If any indication exists, the recoverable amount of the asset is estimated. The recoverable amount of an asset (or asset group or set of asset groups) is the higher of its fair value less costs of disposal and the present value of its expected future cash flows.

An asset group is composed of assets related to cash generation and is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups.

The present value of an asset’s expected future cash flows is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using an appropriate pre-tax discount rate.

An impairment loss is recognised in profit or loss when the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognised accordingly to reduce the carrying amount to the recoverable amount. Impairment losses related to an asset group or a set of asset groups are allocated first to reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then to reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, such allocations would not reduce the carrying amount of an asset below the highest of its fair value less costs of disposal (if measurable), the present value of its expected future cash flows (if determinable) and zero.

Once an impairment loss is recognised, it should not be reversed in a subsequent period.

20 Fair value measurement

Unless otherwise specified, the Group measures fair value as follows:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value, the Group takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions, if any, on the sale or use of the asset) that market participants would consider when pricing the asset or liability at the measurement date, and the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

III. MATERIAL ACCOUNTING POLICY INFORMATION AND ACCOUNTING ESTIMATES (CONTINUED)

21 Provisions

A provision is recognised for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where there is a continuous range of possible outcomes for the expenditure required, and each possible outcome in that range is as likely as any other, the best estimate is the mid-point of that range. In other cases, the best estimate is determined as follows:

- Where the contingency involves a single item, the best estimate is the most likely outcome.
- Where the contingency involves a large population of items, the best estimate is determined by weighting all possible outcomes by their associated probabilities.

The Group reviews the carrying amounts of provisions at the balance sheet date and adjusts their carrying amounts to the current best estimates.

22 Share-based payments

(1) Classification of share-based payments

Share-based payment transactions in the Group are equity-settled share-based payments.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

III. MATERIAL ACCOUNTING POLICY INFORMATION AND ACCOUNTING ESTIMATES (CONTINUED)

22 Share-based payments (Continued)

(2) Accounting treatment of share-based payments

– Equity-settled share-based payments

Where the Group uses shares or other equity instruments as consideration for services received from employees, the payment is measured at the fair value of the equity instruments granted to employees at the grant date. If the equity instruments granted do not vest until the completion of services for a period, or until the achievement of a specified performance condition, the Group recognises an amount at each balance sheet date during the vesting period based on the best estimate of the number of equity instruments expected to vest according to newly obtained subsequent information regarding changes in the number of employees expected to vest the equity instruments. The Group measures the services received at the grant-date fair value of the equity instruments and recognises the costs or expenses as the services are received, with a corresponding increase in capital reserve.

When the Group modifies share-based payment transactions, if the modification increases the fair value of the equity instruments granted, the Group should recognise the increase of the services obtained according to the increase in the fair value of the equity instruments. The increase in the fair value of the equity instruments is the difference between the fair value of the modified share-based payment and that of the original share-based payment, both measured at the date of the modification. If the modification decreases the fair value of the equity instruments granted or is not beneficial to employees, the Group should continue to recognise the amount of the services obtained based on the fair value of the equity instruments on the date of grant, without considering the modification, unless the Group cancels or settles some or all of the equity instruments granted.

If a grant of equity instruments is cancelled during the vesting period, the Group accounts for the cancellation as an acceleration of vesting, and therefore recognise immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period, with a corresponding increase in capital reserve. If an employee or counterparty can choose whether to meet a non-vesting condition, the Group treats as a cancellation when the employee’s or counterparty’s failure to meet that non-vesting condition during the vesting period.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

III. MATERIAL ACCOUNTING POLICY INFORMATION AND ACCOUNTING ESTIMATES (CONTINUED)

23 Revenue recognition

Revenue is recognised when the customers obtain control over relevant goods, if the contract with customers meets all of the following criteria: (i) the parties to the contract have approved the contract and are committed to perform their respective obligations; (ii) the parties to the contract can identify each party’s rights regarding the goods to be transferred; (iii) the parties to the contract can identify the payment terms for the goods to be transferred; (iv) the contract has commercial substance (i.e. the risk, timing or amount of the entity’s future cash flows is expected to change as a result of the contract); and (v) it is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods that will be transferred to the customer.

Performance obligation is the Group’s commitment to transfer distinct goods to customers as specified in related contracts. A good that is promised to a customer is distinct if both of the following criteria are met: (i) the customer can benefit from the good either on its own or together with other resources that are readily available to the customer; and (ii) the Group’s promise to transfer the good to the customer is separately identifiable from other promises in the contract.

Where a contract has two or more performance obligations, the Group determines the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. The Group recognises as revenue the amount of the transaction price that is allocated to each performance obligation. The stand-alone selling price is the price at which the Group separately sells goods or provides services to customers. If the stand-alone selling price cannot be directly observable, the Group will comprehensively consider all the relevant information that is reasonably available to the Group and use the observable inputs to estimate the stand-alone selling price to the maximum extent.

The Group satisfies a performance obligation over time if one of the following criteria is met; otherwise, the performance obligation is satisfied at a point in time:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the customer can control the asset created or enhanced during the Group’s performance; or
- the Group’s performance does not create an asset with an alternative use to it and the Group has an enforceable right to payment for performance completed to date.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

III. MATERIAL ACCOUNTING POLICY INFORMATION AND ACCOUNTING ESTIMATES (CONTINUED)

23 Revenue recognition (Continued)

For performance obligation satisfied at a point in time, the Group recognises revenue at the point in time at which the customer obtains control of relevant goods. To determine whether a customer has obtained control of goods, the Group considers the following indicators: (i) the Group has a present right to payment for the goods and the customer is presently obliged to pay for the goods; (ii) the Group has transferred physical possession of the goods and the customer has physical possession of the goods; (iii) the Group has transferred the legal title of the goods and the customer has legal title to the goods; (iv) the Group has transferred the significant risks and rewards of ownership of the goods and the customer has the significant risks and rewards of ownership of the goods; (v) the customer has accepted the goods; (vi) other indicators of that the customer obtains control of relevant goods.

The Group determines whether it is a principal or an agent, based on whether it obtains control of the specified good or service before that good or service is transferred to a customer. The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer, and recognises revenue in the gross amount of consideration which it has received (or which is receivable). Otherwise, the Group is an agent, and recognises revenue in the amount of any fee or commission to which it expects to be entitled. The fee or commission is the net amount of consideration that the Group retains after paying the other party the consideration, or is determined according to the established amount or proportion.

A contract asset is the Group’s right to consideration in exchange for goods or services that it has transferred to a customer when that right is conditional on something other than the passage of time. The Group recognises loss allowances for expected credit loss on contract assets. Accounts receivable is the Group’s right to consideration that is unconditional (only the passage of time is required). A contract liability is the Group’s obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

NOTES TO THE FINANCIAL STATEMENTS

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III. MATERIAL ACCOUNTING POLICY INFORMATION AND ACCOUNTING ESTIMATES (CONTINUED)

23 Revenue recognition (Continued)

The recognition of revenue from sales of goods is as follows:

- Sales of hogs
Hogs are usually collected by customers from the Group’s premises. According to the sales contract, the control of the hogs is transferred to the customers when the hogs have been weighted. The revenue will be recognised based on the weight information on the weight note and the agreed unit prices.
- Sales of meat products
For orders collected by customers from the Group’s premises, revenue is recognised when the customers sign the delivery note. For orders that the Group is responsible for the delivery, revenue is recognised when the goods are delivered to the location designated by the customers and the delivery note is signed by the customers.

24 Employee benefits

(1) Short-term employee benefits

Short-term employee benefits mainly include fees, salaries, contribution to pension schemes, housing allowances, other allowances, benefits-in-kind, discretionary bonuses and other non-monetary benefits. During the period of the employee provides services, the Group measures the short-term employee benefits at the amount incurred or accrued at the applicable benchmarks and rates, and recognises the amount as a liability, with a corresponding charge to profit or loss or included in the cost of assets where appropriate. Non-monetary benefits are measured at fair value of the assets.

(2) Post-employment benefits – defined contribution plans

Pursuant to the relevant laws and regulations of the PRC, the Group participates in a defined contribution basic pension insurance plan in the social insurance system established and managed by government organisations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions payable is recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.



NOTES TO THE FINANCIAL STATEMENTS

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III. MATERIAL ACCOUNTING POLICY INFORMATION AND ACCOUNTING ESTIMATES (CONTINUED)

24 Employee benefits (Continued)

(3) Termination benefits

When the Group terminates an employee’s employment before the employment contract expires, or provides compensation under an offer to encourage employees to accept voluntary redundancy, a provision is recognised with a corresponding expense in profit or loss at the earlier of the following dates:

- When the Group cannot unilaterally withdraw the offer of termination benefits provided in an employee termination plan or a curtailment proposal;
- When the Group has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

25 Government grants

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attached to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value of the non-monetary asset.

Government grants related to assets are grants whose primary condition is that the Group qualifying for them should purchase, construct or otherwise acquire long-term assets. Government grants related to income are grants other than those related to assets. A government grant related to an asset is recognised as deferred income and amortised over the useful life of the related asset on a reasonable and systematic manner in the profit or loss. A grant measured at its nominal amount shall be directly recorded in the profit and loss for the current period. Where the relevant assets are sold, transferred, scrapped or damaged before the end of their service life, the balance of undistributed deferred income shall be recognised as the profit and loss for the period in which the assets are disposed of. A grant that compensates the Group for expenses or losses to be incurred in the future is recognised as deferred income, and used to offset the relevant cost if can meet the criteria of net presentation method, otherwise is included in the profit and loss, in the periods in which the expenses or losses are recognised. A grant that compensates the Group for relevant expenses or losses already incurred is used to offset the relevant cost if can meet the criteria of net presentation method, otherwise is directly recorded in the profit and loss for the current period.

The Group recognises the interest subsidy for policy-related preferential loans as following:

- Where the government appropriates an interest subsidy to the lending bank, allowing the latter to provide loans to the Group at a preferential interest rate, the Group recognises the loan amount received as the book-entry value of such loans, and calculating the relevant loan expenses according to the loan principal and the preferential interest rate;
- Where the government directly appropriates an interest subsidy to the Group, the Group shall use the interest subsidy to offset relevant loan expenses.

NOTES TO THE FINANCIAL STATEMENTS

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III. MATERIAL ACCOUNTING POLICY INFORMATION AND ACCOUNTING ESTIMATES (CONTINUED)

26 Income tax

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or items recognised directly in equity (including other comprehensive income).

Current tax is the expected tax payable calculated at the applicable tax rate on taxable income for the reporting period, plus any adjustment to tax payable in respect of previous years.

At the balance sheet date, current tax assets and liabilities are offset only if the Group has a legally enforceable right to set them off and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and deferred tax liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include deductible losses and tax credits carried forward to subsequent periods. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is not recognised for temporary differences arising from the initial recognition of assets or liabilities in a single transaction that is not a business combination, affects neither accounting profit nor taxable profit (or deductible loss) and does not give rise to equal taxable and deductible temporary differences. Deferred tax is also not recognised for taxable temporary differences arising from the initial recognition of goodwill.

At the balance sheet date, deferred tax is measured based on the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amounts of the assets and liabilities, using tax rates enacted at the balance sheet date that are expected to be applied in the period when the asset is recovered or the liability is settled.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date, and is reduced to the extent that it is no longer probable that the related tax benefits will be utilised. Such reductions are reversed to the extent that it becomes probable that sufficient taxable profits will be available.

NOTES TO THE FINANCIAL STATEMENTS

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III. MATERIAL ACCOUNTING POLICY INFORMATION AND ACCOUNTING ESTIMATES (CONTINUED)

26 Income tax (Continued)

At the balance sheet date, deferred tax assets and deferred tax liabilities are offset if all of the following conditions are met:

- the taxable entity has a legally enforceable right to offset current tax liabilities and current tax assets;
- they relate to income taxes levied by the same tax authority on either: (i) the same taxable entity; or (ii) different taxable entities which intend either to settle the current tax liabilities and current tax assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or deferred tax assets are expected to be settled or recovered.

27 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease.

For a contract that contains multiple separate lease components, the lessee and the lessor separate the lease components and account for each lease component as a lease separately. For a contract that contains lease and non-lease components, the lessee and the lessor separate the lease components from the non-lease components. However, for leases of land and buildings in which it is a lessee, the Group has elected not to separate lease components from non-lease components and accounts for each lease component and any associated non-lease components as a single lease component.

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is depreciated using the straight-line method. If the lessee is reasonably certain to obtain the ownership of the lease asset by the end of the lease term, the right-of-use asset is depreciated over the remaining useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated over the shorter of the lease term or the remaining useful life of the lease asset.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate.

A constant periodic rate is used to calculate the interest on the lease liability in each period during the lease term with a corresponding charge to profit or loss or included in the cost of assets where appropriate. Variable lease payments not included in the measurement of the lease liability are charged to profit or loss or included in the cost of assets where appropriate as incurred.

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III. MATERIAL ACCOUNTING POLICY INFORMATION AND ACCOUNTING ESTIMATES (CONTINUED)

27 Leases (Continued)

As a lessee (Continued)

Under the following circumstances after the lease commencement date, the Group remeasures lease liabilities based on the present value of revised lease payments:

- there is a change in the amounts expected to be payable under a residual value guarantee;
- there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;
- there is a change in the assessment of whether the Group will exercise a purchase, extension or termination option, or the Group has exercised the extension or termination option in a different manner from the original assessment.

When the lease liability is remeasured, 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 Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets (A leased asset is of low value individually when it is new). The Group recognises the lease payments associated with these leases in profit or loss or as the cost of the assets where appropriate using the straight-line method over the lease term.

28 Hedge accounting

Hedge accounting is a method which recognises in profit or loss (or other comprehensive income) the gain or loss on the hedging instrument and the hedged item in the same accounting period(s) to represent the effect of risk management.

Hedged items are items that expose the Group to risks of changes in fair value or cash flows and that are designated as being hedged and can be reliably measured. The Group’s hedged items include highly probable forecast purchase or sales that expose the Group to the risk of variability in cash flows.

A hedging instrument is a designated financial instrument whose changes in fair value or cash flows are expected to offset changes in the fair value or cash flows of the hedged item.



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III. MATERIAL ACCOUNTING POLICY INFORMATION AND ACCOUNTING ESTIMATES (CONTINUED)

28 Hedge accounting (Continued)

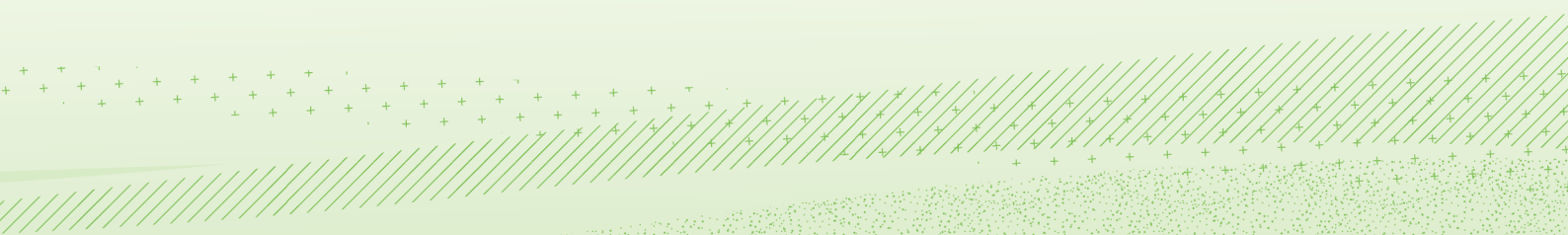
The Group assesses at the inception of a hedging relationship, and on an ongoing basis, whether the hedging relationship meets the hedge effectiveness requirements. A hedging relationship is regarded as having met the hedge effectiveness requirements if all of the following conditions are satisfied:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not dominate the value changes that result from the economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of the hedged item.

When a hedging relationship no longer meets the hedge effectiveness requirements due to the hedge ratio, but the risk management objective of the designated hedging relationship remains unchanged, the Group rebalances the hedging relationship. Rebalancing refers to the adjustments made to the designated quantities of the hedged item or the hedging instrument of an already existing hedging relationship for the purpose of maintaining a hedge ratio that complies with the hedge effectiveness requirements.

The Group discontinues applying hedge accounting in any of the following circumstances:

- The hedging relationship no longer meets the risk management objective due to changes in the risk management objective.
- The hedging instrument expires or is sold, terminated or exercised.
- There is no longer an economic relationship between the hedged item and the hedging instrument, or the effect of credit risk starts to dominate the value changes that result from that economic relationship.
- The hedging relationship no longer meets other criteria for applying hedge accounting.



NOTES TO THE FINANCIAL STATEMENTS

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III. MATERIAL ACCOUNTING POLICY INFORMATION AND ACCOUNTING ESTIMATES (CONTINUED)

28 Hedge accounting (Continued)

Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows. The portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income as a cash flow hedge reserve. The amount of the cash flow hedge reserve is adjusted to the lower of the following (in absolute amounts):

- the cumulative gain or loss on the hedging instrument from the inception of the hedge;
- the cumulative change in present value of the expected future cash flows of the hedged item from the inception of the hedge.

The change in the amount of the cash flow hedge reserve is recognised in other comprehensive income in each period.

The portion of the gain or loss on the hedging instrument that is determined to be ineffective is recognised in profit or loss.

If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the Group removes that amount from the cash flow hedge reserve and includes it in the initial cost or other carrying amount of the asset or liability.

For cash flow hedges other than those covered above, the amount is reclassified from the cash flow hedge reserve in other comprehensive income to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss.

When the Group discontinues hedge accounting for a cash flow hedge, the amount of the accumulated cash flow hedge reserve recognised in other comprehensive income is accounted for as follows:

- If the hedged future cash flows are still expected to occur, the amount will remain in the cash flow hedge reserve, and be accounted for in accordance with the above policy.
- If the hedged future cash flows are no longer expected to occur, the amount is immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

III. MATERIAL ACCOUNTING POLICY INFORMATION AND ACCOUNTING ESTIMATES (CONTINUED)

29 Dividends distributions

Dividends or profit distributions proposed in the profit appropriation plan, which will be approved after the balance sheet date, are not recognised as a liability at the balance sheet date but are disclosed in the notes separately.

30 Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related-party relationships are not regarded as related parties.

In addition to the related parties stated above, the Company determines related parties based on the disclosure requirements of the Administrative Procedures on the Information Disclosures of Listed Companies issued by the CSRC.

31 Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group’s internal organisation, management requirements and internal reporting system after taking the materiality principle into account. Two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics and are the same or similar in respect of the nature of products and services, the nature of production processes, the types or classes of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment.

For segment reporting, inter-segment revenues are measured on the basis of the actual transaction prices for such transactions, and segment accounting policies are consistent with those used to prepare the consolidated financial statements.

32 Material accounting estimates and judgements

The preparation of the financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates as well as the underlying assumptions and uncertainties involved are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

III. MATERIAL ACCOUNTING POLICY INFORMATION AND ACCOUNTING ESTIMATES (CONTINUED)

32 Material accounting estimates and judgements (Continued)

Material accounting estimates

In addition to the accounting estimates relating to assumptions and risk factor of fair value measurements of financial instruments (see Note X), other significant accounting estimates are as follows:

- Provision of inventories
According to inventories accounting policy of the Group, inventories are measured at the lower of cost and net realisable value. If the cost of inventories is higher than the net realisable value, a provision for decline in value of inventories will be recognised. The decline in value of inventories to net realisable value is based on the assessment of the marketability and net realisable value of inventories. Identification of inventories impairment requires management to make judgements and estimates based on solid evidence obtained and after taking into consideration the purpose for which the inventory is held, and the effect of events occurring after the balance sheet date.

- Impairment of assets other than inventories and financial assets
At the balance sheet date, the Group assesses whether there is any indication that assets other than inventories and financial assets may be impaired. For other non-current assets other than financial assets, impairment testing will be carried out if any indication exists that their carrying amount is not recoverable.

When the carrying amount of the assets or assets group is higher than the recoverable amount, i.e. the higher of its fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset, it indicates that the impairment has occurred.

Fair value less costs to sell, is determined with reference to sales contract price of the similar assets in an arm’s length transaction or observable market price, less the incremental cost directly attributable to the disposal of the assets.

When estimating the present value of the future cash flows, the Group needs to make a major judgement on the output, selling price, related operating costs of the assets (or assets group) and the discount rate used in calculating the present value. When estimating the recoverable amount, the Group will use all available relevant information, including the prediction of production, selling price and related operating costs based on reasonable and supportable assumptions.

- Depreciation and amortisation
After considering the residual value of fixed assets, productive biological assets, right-of-use assets and intangible assets, the Group accrues depreciation and amortisation using straight-line method over their estimated useful life. The Group regularly reviews the estimated useful life to determine the amount of depreciation and amortisation expense to be recognised in each reporting period. The estimated useful life is determined by the Group based on the past experience of similar assets and in combination with the expected technology update. If there are significant changes in the previous estimates, the depreciation and amortisation expenses will be adjusted in the future.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

III. MATERIAL ACCOUNTING POLICY INFORMATION AND ACCOUNTING ESTIMATES (CONTINUED)

33 Changes in material accounting policies

(1) Description of and reasons for changes in accounting policies

According to the Accounting Standards for Business Enterprises No. 16 – government grants (Cai Kuai [2017] No. 15), government grants related to income can be presented by using either of the two methods: gross presentation method or net presentation method. According to the changes in economic environment and objective circumstances and in order to improve the quality of disclosure and provide more reliable and relevant accounting information to the users of financial statements, the Group changed to use net presentation method for those government grants that can meet the criteria of net presentation method from 1 January 2025.

The Group has adjusted the comparative information retrospectively.

(2) The effects on the financial statements

This change in accounting policy does not have any effect on the consolidated and company balance sheets as at 31 December 2025.

The effects on each of the line items in the consolidated and company income statements for the year ended 31 December 2025 are as follows:

	Decrease in the line items as a result of applying new accounting policies	
	The Group	The Company
Operating costs	(2,527,091,644.70)	(37,758,036.96)
Other income	(2,527,091,644.70)	(37,758,036.96)

(3) The effects on the comparative financial statements

This change in accounting policy does not have any effect on the consolidated and company balance sheets as at 31 December 2024 and 1 January 2024.

The effects on each of the line items in the consolidated and company income statements for the year ended 31 December 2024 are as follows:

	Before adjustments	The Group	
		The amounts of adjustments	After adjustments
Operating costs	111,666,526,476.89	(2,347,508,239.94)	109,319,018,236.95
Other income	3,010,397,096.76	(2,347,508,239.94)	662,888,856.82

	Before adjustments	The Company	
		The amounts of adjustments	After adjustments
Operating costs	2,886,959,892.30	(36,555,968.72)	2,850,403,923.58
Other income	104,534,954.50	(36,555,968.72)	67,978,985.78

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

IV. TAXATION

1 Main types of taxes and corresponding tax rates

Tax type	Tax basis	Tax rate
Value-added tax (“VAT”)	Based on taxable revenue	13%, 9%, 6%, 5%, 3%, 1%
Enterprise income tax	Based on taxable profits	0%, 15%, 16.5%, 17%, 20%, 25%
Real estate tax	Based on the cost of the real estate with 30% one-off deduction or lease income	1.2%, 12%
Urban maintenance and construction tax	Based on VAT paid	7%, 5%, 1%
Education surcharges	Based on VAT paid	3%
Local education surcharges	Based on VAT paid	2%

Entities in the Group that apply different enterprise income tax rates are disclosed as below:

Entity Name	Note	Tax rate
Muyuan International (BVI) Limited	(i)	0%
Henan Muyuan Smart Technology Co., Ltd.		15%
Henan Muyuan Ecology Environment Technology Co., Ltd.		15%
Muyuan International Limited	(ii)	16.5%
Hap Grain International Agricultural Trading Pte. Ltd.	(iii)	17%
Shenzhen Muyuan Digital Technology Co., Ltd.	(iv)	20%
Zhengzhou Muyuan Digital Technology Co., Ltd.		20%
Henan Muyuan Ecology Environment Technology Co., Ltd.		20%
Nanyang Wolong District Muyuan New Energy Co., Ltd. and other new energy companies		20%

Notes:

- (i) Muyuan International (BVI) Limited is not subject to income tax under the relevant laws and regulations of the British Virgin Islands during the reporting period.
- (ii) Muyuan International Limited is subject to income tax rate of 16.5% under the relevant laws and regulations of Hong Kong during the reporting period.
- (iii) Hap Grain International Agricultural Trading Pte. Ltd. is subject to income tax rate of 17% under the relevant laws and regulations of Singapore during the reporting period.
- (iv) Muyuan Vietnam Company Limited is subject to income tax rate of 20% under the relevant laws and regulations of Vietnam during the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

IV. TAXATION (CONTINUED)

2 Preferential tax treatments

(1) VAT

In accordance with Article 15 of the *Provisional Regulations of the PRC on VAT*, self-produced agricultural products sold by agricultural producers are exempted from VAT. The Company and its subsidiaries engaged in the production and sales of live hogs qualified as sales of self-produced agricultural products, thereby benefiting from a VAT exemption policy.

Pursuant to the *Notice of the MOF and the State Taxation Administration (the “SAT”) on VAT Exemption for Feed Products* (Cai Shui [2001] No. 121), the Company and its subsidiaries were entitled to VAT exemption for qualifying feed and premix products sold.

According to the *Announcement on Improving the VAT Policy for Comprehensive Utilisation of Resources* (Announcement [2021] No. 40) issued by the SAT, and other relevant regulations, entities engaged in sales of eligible industrial-grade blended oil included in the Catalogue of Preferential VAT on Products and Services for Comprehensive Utilisation of Resources is entitled to 70% refund of VAT upon collection. The Company and its subsidiaries enjoyed this preferential treatment.

According to the *Announcement on the Additional VAT Deduction Policy for Advanced Manufacturing Enterprises* (Announcement [2023] No. 43 of the MOF and the SAT), one subsidiary of the Group is eligible to offset the VAT payable by an additional 5% of the deductible input tax of the current period as advanced manufacturing enterprises from 1 January 2023 to 31 December 2027. The advanced manufacturing enterprise in the announcement refers to a general taxpayer in the manufacturing industry, which is a high and new-tech enterprise. The Company’s subsidiary, Henan Muyuan Smart Technology Co., Ltd., which is a high and new-tech enterprise, was subject to the preferential.

(2) Income tax

Pursuant to the Enterprise Income Tax Law of the PRC and the Implementation Regulations for the Enterprise Income Tax Law of the PRC, income of the Company and its subsidiaries derived from livestock husbandry and poultry farming, as well as hog slaughtering, were exempted from enterprise income tax.

The Company’s subsidiary, Henan Muyuan Smart Technology Co., Ltd., obtained the high-tech enterprise certification (certificate No. GR202541002778) on 8 December 2025 with a validity period of three years. According to the preferential tax policies for high-tech enterprises in the Enterprise Income Tax Law of the PRC, the applicable enterprise income tax rate of Henan Muyuan Smart Technology Co., Ltd. is 15% during year 2025 to year 2027.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

IV. TAXATION (CONTINUED)

2 Preferential tax treatments (Continued)

(2) Income tax (Continued)

The Company’s subsidiary, Henan Muyuan Ecology Environment Technology Co., Ltd., obtained the high-tech enterprise certification (certificate No. GR202541001766) on 4 November 2025 with a validity period of three years. According to the preferential tax policies for high-tech enterprises in the Enterprise Income Tax Law of the PRC, the applicable enterprise income tax rate of Henan Muyuan Ecology Environment Technology Co., Ltd. is 15% during year 2025 to year 2027.

In accordance with the *Announcement on Further Implementing Preferential Income Tax Policies for Small and Micro Enterprises* (Announcement [2022] No. 13), the *Announcement on Income Tax Preferences for Small and Micro Enterprises and Individual Businesses* (Announcement [2023] No. 6) and *Announcement on Further Supporting the Development of Small and Micro Enterprises and Individual Businesses Related to Tax and Fee Policies* (Announcement [2023] No. 12), for small and micro enterprises with an annual taxable income less than RMB3 million, 25% of the amount is included in the taxable income, and the applicable enterprise income tax rate is 20%. During year 2025, the Company’s subsidiaries, Shenzhen Muyuan Digital Technology Co., Ltd., Zhengzhou Muyuan Digital Technology Co., Ltd. and Nanyang Wolong District Muyuan New Energy Co., Ltd. and other new energy companies, benefited from these preferential policies.

(3) Others

In accordance with the *Announcement of the MOF and the SAT on Relevant Tax and Fee Policies with Respect to Further Supporting the Development of Small and Micro Enterprises and Individual Businesses* (MOF and SAT Announcement [2023] No. 12), from 1 January 2023 to 31 December 2027, for small-scale VAT taxpayers, small and low-profit enterprises and individual businesses, resource tax (excluding water resource tax), urban maintenance and construction tax, real estate tax, urban land use tax, stamp duty (excluding stamp duty on securities transaction), cultivated land occupation tax and educational surcharges and local educational surcharges shall be reduced by half.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Cash at bank and on hand

Item	2025	2024
Deposits with banks	12,724,372,265.41	12,677,308,375.77
Other monetary funds	1,138,025,353.47	4,274,334,479.23
Total	13,862,397,618.88	16,951,642,855.00
<i>Including:</i> Total overseas deposits	1,424,063.75	3,567,919.93

Cash at bank and on hand that has restriction of use at the end of the year:

Item	2025	2024
Bank acceptance bill deposit, loan deposit, futures deposit, letter of credit deposit, etc.	1,084,341,527.01	4,107,091,241.92

2 Financial assets held for trading

Item	2025	2024
Financial assets at FVTPL <i>Including:</i> Futures contracts	1,622,460.00	2,886,840.00

3 Bills receivable

(1) Classification of bills receivable

Item	2025	2024
Bank acceptance bills	107,940,000.00	152,900,000.00

All of the above bills are due within one year. There were no pledged bills of the Group at the end of the year.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3 Bills receivable (Continued)

(2) Outstanding endorsed or discounted bills that have not matured at the end of the year

Item	2025	
	Amount derecognised at year end	Amount not derecognised at year end
Bank acceptance bills	253,152,007.00	101,690,000.00

4 Accounts receivable

(1) The ageing analysis of accounts receivable is as follows:

Ageing	2025	2024
Within 1 year (inclusive)	617,068,478.84	241,823,636.13
Over 1 year but within 2 years (inclusive)	2,634,911.84	1,483,342.28
Over 2 years but within 3 years (inclusive)	1,012,140.46	1,133,815.55
Over 3 years	822,613.97	–
Subtotal	621,538,145.11	244,440,793.96
Less: Provision for bad and doubtful debts	32,894,067.11	13,252,258.39
Total	588,644,078.00	231,188,535.57

The ageing is counted starting from the date when accounts receivable is recognised.

(2) Accounts receivable by provision method

Category	2025					2024				
	Book value		Provision for bad and doubtful debts		Carrying amount	Book value		Provision for bad and doubtful debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)	Amount	Percentage (%)	
Individual assessment	369,952.08	0.06	369,952.08	100.00	–	595,000.00	0.24	595,000.00	100.00	–
Collective assessment	621,168,193.03	99.94	32,524,115.03	5.24	588,644,078.00	243,845,793.96	99.76	12,657,258.39	5.19	231,188,535.57
Total	621,538,145.11	100.00	32,894,067.11	5.29	588,644,078.00	244,440,793.96	100.00	13,252,258.39	5.42	231,188,535.57

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4 Accounts receivable (Continued)

(2) Accounts receivable by provision method (Continued)

(a) *Collective assessment and assessment of ECL:*

At all times, the Group measures impairment loss for accounts receivable at an amount equal to lifetime ECLs, and the ECLs are based on the ageing and the expected credit loss rate.

2025:

Ageing	Book value	Expected credit loss rate (%)	Provision for bad and doubtful debts
Within 1 year (inclusive)	617,068,478.84	5.00	30,853,424.50
Over 1 year but within 2 years (inclusive)	2,634,911.84	20.00	526,982.37
Over 2 years but within 3 years (inclusive)	642,188.38	50.00	321,094.19
Over 3 years	822,613.97	100.00	822,613.97
Total	621,168,193.03		32,524,115.03

2024:

Ageing	Book value	Expected credit loss rate (%)	Provision for bad and doubtful debts
Within 1 year (inclusive)	241,823,636.13	5.00	12,091,182.15
Over 1 year but within 2 years (inclusive)	1,483,342.28	20.00	296,668.46
Over 2 years but within 3 years (inclusive)	538,815.55	50.00	269,407.78
Total	243,845,793.96		12,657,258.39

The expected credit loss rate is determined based on historical credit loss experience, and is adjusted for differences in economic conditions during the historical period, current economic conditions and anticipated economic conditions during the expected lifetime.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4 Accounts receivable (Continued)

(3) Movements of provisions for bad and doubtful debts:

	2025	2024
Balance at the beginning of the year	13,252,258.39	20,630,206.01
Additions	19,641,808.72	3,333,470.01
Written-offs	–	(10,711,417.63)
Balance at the end of the year	32,894,067.11	13,252,258.39

(4) Five largest debtors by accounts receivable at the end of the year

Debtor	Book value	Percentage of the total balance (%)	Provision for bad and doubtful debts
First	42,367,360.19	6.82	2,118,368.01
Second	36,472,705.07	5.87	1,823,635.25
Third	34,387,172.34	5.53	1,719,358.62
Fourth	28,474,972.30	4.58	1,423,748.62
Fifth	19,235,431.43	3.09	961,771.57
Total	160,937,641.33	25.89	8,046,882.07

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5 Prepayments

(1) *The ageing analysis of prepayments is as follows:*

Ageing	2025		2024	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year (inclusive)	669,698,210.48	95.62	500,546,106.43	95.46
Over 1 year but within 2 years (inclusive)	17,718,946.20	2.53	13,505,743.75	2.58
Over 2 years but within 3 years (inclusive)	4,600,327.01	0.66	7,315,458.07	1.40
Over 3 years	8,321,841.09	1.19	2,980,543.00	0.56
Total	700,339,324.78	100.00	524,347,851.25	100.00

The ageing is counted starting from the date when prepayments are recognised.

(2) *Five largest debtors by prepayments at the end of the year*

The total prepayments of the five largest debtors of the Group at the end of the year were RMB287,304,986.64, representing 41.02% of the total prepayments.

6 Other receivables

	Note	2025	2024
Others	(1)	118,519,120.43	90,551,665.56
Total		118,519,120.43	90,551,665.56

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6 Other receivables (Continued)

(1) Others

(a) Others categorised by nature

Nature	2025	2024
Security deposits	146,501,750.16	110,352,283.62
Other deposits	191,863.83	208,963.17
Subtotal	146,693,613.99	110,561,246.79
Less: Provision for bad and doubtful debts	28,174,493.56	20,009,581.23
Total	118,519,120.43	90,551,665.56

(b) The ageing analysis is as follows:

Ageing	2025	2024
Within 1 year (inclusive)	105,953,658.26	87,576,574.28
Over 1 year but within 2 years (inclusive)	20,562,388.51	4,050,091.72
Over 2 years but within 3 years (inclusive)	2,826,468.64	8,227,693.35
Over 3 years	17,351,098.58	10,706,887.44
Subtotal	146,693,613.99	110,561,246.79
Less: Provision for bad and doubtful debts	28,174,493.56	20,009,581.23
Total	118,519,120.43	90,551,665.56

The ageing is counted starting from the date when other receivables are recognised.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6 Other receivables (Continued)

(1) Others (Continued)

(c) Others by provision method

Category	2025					2024				
	Book value		Provision for bad and doubtful debts			Book value		Provision for bad and doubtful debts		
	Amount	Percentage (%)	Amount	Percentage (%)	Carrying amount	Amount	Percentage (%)	Amount	Percentage (%)	Carrying amount
Individual assessment	-	-	-	-	-	-	-	-	-	-
Collective assessment	146,693,613.99	100.00	28,174,493.56	19.21	118,519,120.43	110,561,246.79	100.00	20,009,581.23	18.10	90,551,665.56
Total	146,693,613.99	100.00	28,174,493.56	19.21	118,519,120.43	110,561,246.79	100.00	20,009,581.23	18.10	90,551,665.56

(d) Movements of provisions for bad and doubtful debts

	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL – Not credit impaired	Lifetime ECL – Credit impaired		12-month ECL	Lifetime ECL – Not credit impaired	Lifetime ECL – Credit impaired	
Balance at the beginning of the year	20,009,581.23	-	-	20,009,581.23	26,897,887.94	-	-	26,897,887.94
Transfer to stage 3	-	-	-	-	(3,271,143.86)	-	3,271,143.86	-
Additions	8,164,912.33	-	-	8,164,912.33	-	-	-	-
Reversals	-	-	-	-	(3,617,162.85)	-	-	(3,617,162.85)
Written-offs	-	-	-	-	-	-	(3,271,143.86)	(3,271,143.86)
Balance at the end of the year	28,174,493.56	-	-	28,174,493.56	20,009,581.23	-	-	20,009,581.23

(e) Provisions for bad and doubtful debts

Category	Balance at the beginning of the year	Additions	Reversals	Written-offs	Other movements	Balance at the end of the year
Group of security deposits and other deposits	20,009,581.23	8,164,912.33	-	-	-	28,174,493.56

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi ("RMB") Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6 Other receivables (Continued)

(1) Others (Continued)

(f) Five largest debtors by other receivables at the end of the year

Debtor	Nature of the receivable	Book value	Ageing	Percentage of ending balance of others (%)	Provision for bad and doubtful debts
First	Security deposits	73,488,150.00	Within 1 year	50.10	3,674,407.50
Second	Security deposits	9,610,000.00	Over 1 years but within 2 years	6.55	1,922,000.00
Third	Security deposits	5,000,000.00	Within 1 year	3.41	250,000.00
Fourth	Security deposits	4,279,600.00	Within 1 year	2.92	213,980.00
Fifth	Security deposits	4,231,280.00	Within 1 year	2.88	211,564.00
Total		96,609,030.00		65.86	6,271,951.50

7 Inventories

(1) Inventories by category

Item	2025			2024		
	Book value	Provision for impairment of inventories	Carrying amount	Book value	Provision for impairment of inventories	Carrying amount
Raw materials	6,244,110,503.83	-	6,244,110,503.83	8,336,495,928.55	-	8,336,495,928.55
Finished goods	1,156,835,584.27	15,559,942.85	1,141,275,641.42	565,504,572.73	621,043.09	564,883,529.64
Consumable biological assets	29,845,918,312.77	53,866,038.62	29,792,052,274.15	33,068,458,998.46	-	33,068,458,998.46
Total	37,246,864,400.87	69,425,981.47	37,177,438,419.40	41,970,459,499.74	621,043.09	41,969,838,456.65

(2) Provision for impairment of inventories

Item	Balance at the beginning of the year	Additions	Reversals or transfers out	Balance at the end of the year
Finished goods	621,043.09	18,508,270.16	3,569,370.40	15,559,942.85
Consumable biological assets	-	53,866,038.62	-	53,866,038.62
Total	621,043.09	72,374,308.78	3,569,370.40	69,425,981.47

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8 Other current assets

Item	Note	2025	2024
Deductible input VAT		1,081,369,107.46	956,149,278.07
Insurance expenses		289,027,723.82	264,882,692.24
Rental fees		53,542,178.89	33,967,117.54
Prepayments for costs incurred in connection with the proposed initial offering of H Shares of the Company	(i)	47,312,883.66	–
Others		548,069,030.34	140,245,913.97
Subtotal		2,019,320,924.17	1,395,245,001.82
Less: Provision for impairment		–	–
Total		2,019,320,924.17	1,395,245,001.82

Note:

- (i) The balance as at 31 December 2025 will be transferred to the capital reserve account within equity upon the listing of H Shares of the Company on The Stock Exchange of Hong Kong Limited.

9 Long-term equity investments

(1) Long-term equity investments by category:

Item	2025	2024
Investments in associates	1,024,055,311.98	903,747,850.94
Less: Provision for impairment	–	–
Total	1,024,055,311.98	903,747,850.94

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9 Long-term equity investments (Continued)

(2) *Movements of long-term equity investments during the year are as follows:*

Investee	Balance at the beginning of the year	Movements during the year					Balance at the end of the year	Balance of provision for impairment at the end of the year		
		Increase in capital	Decrease in capital	Investment income/(losses) recognised under the equity method	Adjustments to other comprehensive income	Other equity movements			Declared distribution of cash dividends or profits	Provision for impairment
Associates										
Henan Longda Longmu Meat Co., Ltd.	113,193,342.26	-	-	(8,016,322.88)	-	-	-	-	105,177,019.38	-
China Securities Jiaotong Fund Management Co., Ltd.	55,413,088.88	-	(27,576,509.55)	(1,967,940.89)	-	-	-	-	25,873,638.44	-
Guangdong Guangken Muyuan Livestock Husbandry Co., Ltd.	325,684,640.97	-	-	53,988,615.32	-	(42,432,549.71)	-	-	337,240,706.58	-
Rongtong Nongfa Muyuan (Chongzhou) Co., Ltd.	69,629,282.75	-	-	7,275,669.11	-	-	-	-	76,904,951.86	-
Rongtong Nongfa Muyuan (Tangshan) Livestock Husbandry Co., Ltd.	83,757,355.94	-	-	(3,050,563.05)	-	-	-	-	80,706,792.89	-
Rongtong Nongfa Muyuan (Jiayang) Co., Ltd.	56,562,670.21	-	-	3,017,752.11	-	-	-	-	59,575,422.32	-
Zhongmu Muyuan (Henan) Biological Pharmaceutical Co., Ltd.	59,048,869.68	72,000,000.00	-	(3,647,599.68)	-	-	-	-	127,401,270.00	-
Henan Lianmu Veterinary Medicine Co., Ltd.	47,727,541.57	40,000,000.00	-	(4,808,819.41)	-	-	-	-	82,918,722.16	-
Nanyang Longyuan New Energy Technology Co., Ltd.	53,979,858.21	-	-	2,748,484.02	-	-	-	-	56,728,342.23	-
Henan Qianmu Biological Pharmaceutical Co., Ltd.	24,069,546.29	24,500,000.00	-	(4,598,012.72)	-	-	-	-	43,971,533.57	-
Fengji Muyuan Oil Technology (Nanyang) Co., Ltd.	14,661,654.18	-	-	(698,033.00)	-	-	-	-	13,963,621.18	-
Fengcheng Yushengyuan Livestock Husbandry Co., Ltd.	-	5,000,000.00	-	(414,513.11)	-	-	-	-	4,585,486.89	-
Henan Zhongyu Green Mu Guang New Energy Co., Ltd.	-	9,000,000.00	-	(12,195.52)	-	-	-	-	8,987,804.48	-
Total	903,747,850.94	150,500,000.00	(27,576,509.55)	39,816,520.30	-	(42,432,549.71)	-	-	1,024,055,311.98	-

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10 Investments in other equity instruments

Item	Movements during the year										Reason for designation
	Balance at the beginning of the year	Additional investments	Reduction in investments	Gains included in other comprehensive income during the year	Losses included in other comprehensive income during the year	Others	Balance at the end of the year	Dividend income recognised during the year	Accumulated gains included in other comprehensive income	Accumulated losses included in other comprehensive income	
Nanyang Wolong Rural Credit Cooperative Association	106,524,594.25	-	-	-	(40,270,207.03)	-	66,254,387.22	-	-	(76,745,612.78)	Maintaining a long-term investment for strategic reasons

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11 Investment properties

	Plant & buildings	Land use rights	Total
Cost			
Balance at the beginning and the end of the year	123,420,989.97	5,785,539.69	129,206,529.66
Accumulated depreciation or amortisation			
Balance at the beginning of the year	24,307,547.89	1,704,584.15	26,012,132.04
Additions			
– Charge for the year	5,861,938.74	136,897.54	5,998,836.28
Balance at the end of the year	30,169,486.63	1,841,481.69	32,010,968.32
Provision for impairment			
Balance at the beginning and the end of the year	–	–	–
Carrying amounts			
At the end of the year	93,251,503.34	3,944,058.00	97,195,561.34
At the beginning of the year	99,113,442.08	4,080,955.54	103,194,397.62

12 Fixed assets

(1) Fixed assets

Item	Plant & buildings	Machinery & equipment	Motor vehicles	Others	Total
Cost					
Balance at the beginning of the year	112,308,974,356.83	39,412,812,665.62	2,058,530,853.74	4,624,489,340.20	158,404,807,216.39
Additions					
– Purchases	3,700,258.98	901,864,163.52	167,690,707.93	246,189,873.72	1,319,445,004.15
– Transfers from construction in progress	6,844,362,682.90	3,036,656,269.41	36,242.50	164,478,465.58	10,045,533,660.39
Decreases					
– Disposals or written-offs	2,609,299,550.09	1,649,259,807.24	188,868,699.07	204,760,502.06	4,652,188,558.46
– Others	70,612,404.69	4,374,928.26	–	1,812,217.79	76,799,550.74
Balance at the end of the year	116,477,125,343.93	41,697,698,363.05	2,037,389,105.10	4,828,584,959.65	165,040,797,771.73

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12 Fixed assets (Continued)

(1) Fixed assets (Continued)

Item	Plant & buildings	Machinery & equipment	Motor vehicles	Others	Total
Accumulated depreciation					
Balance at the beginning of the year	33,672,114,576.09	14,005,407,098.42	1,262,741,477.68	2,713,183,805.42	51,653,446,957.61
Additions	9,498,928,257.14	4,317,606,896.88	290,967,476.23	796,542,691.83	14,904,045,322.08
– Charge for the year	9,498,928,257.14	4,317,606,896.88	290,967,476.23	796,542,691.83	14,904,045,322.08
Decreases	987,699,241.62	847,334,709.84	153,281,201.28	162,483,967.88	2,150,799,120.62
– Disposals or written-offs	975,680,482.18	846,830,853.68	153,281,201.28	161,059,495.75	2,136,852,032.89
– Others	12,018,759.44	503,856.16	–	1,424,472.13	13,947,087.73
Balance at the end of the year	42,183,343,591.61	17,475,679,285.46	1,400,427,752.63	3,347,242,529.37	64,406,693,159.07
Provision for impairment					
Opening and closing balance	–	–	–	–	–
Carrying amounts					
At the end of the year	74,293,781,752.32	24,222,019,077.59	636,961,352.47	1,481,342,430.28	100,634,104,612.66
At the beginning of the year	78,636,859,780.74	25,407,405,567.20	795,789,376.06	1,911,305,534.78	106,751,360,258.78

For asset groups on which impairment testing is conducted during the year, the method used to determine the asset group’s recoverable amount is as follows:

Forecast period	Discount rate used in estimate the present value	Growth rate of the stable period	The basis for determining key parameters
Determine based on remaining useful life of the key underlying items of plant and buildings.	11.30%	0%	Based on historical performance levels, approved financial budgets, and comprehensive consideration of the asset group’s own production capacity and market development trends

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12 Fixed assets (Continued)

(2) Fixed assets leased out under operating leases

Item	Carrying amounts
Plant & buildings	16,790,237.56
Machinery & equipment	11,722,012.68
Motor vehicles	154,407.84
Others	353,185.27
Total	29,019,843.35

(3) Fixed assets pending certificates of ownership

Item	Carrying amounts	Reason why certificates of ownership are pending
Hog slaughtering projects	863,090,736.04	Certificates are in progress
Feed processing projects	888,149,868.59	Certificates are in progress
Total	1,751,240,604.63	

13 Construction in progress

	Note	2025	2024
Construction in progress	(1)	2,488,721,356.50	2,018,203,532.86

(1) Construction in progress

Project	2025			2024		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Hog breeding projects	1,480,881,590.21	-	1,480,881,590.21	1,256,686,022.56	-	1,256,686,022.56
Hog slaughtering projects	654,577,342.53	-	654,577,342.53	602,469,336.62	-	602,469,336.62
Feed processing projects	276,436,102.25	-	276,436,102.25	102,197,308.64	-	102,197,308.64
Others	76,826,321.51	-	76,826,321.51	56,850,865.04	-	56,850,865.04
Total	2,488,721,356.50	-	2,488,721,356.50	2,018,203,532.86	-	2,018,203,532.86

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13 Construction in progress (Continued)

(1) Construction in progress (Continued)

Movements of major construction projects in progress during the year:

Project	Budget beginning of the year (RMB' 0,000)	Balance at the beginning of the year	Additions	Transfers to fixed assets	Other decreases	Balance at the end of the year	Percentage of actual cost to budget (%)	Project progress	Accumulated capitalised interest	Including: Interest capitalised in 2025	Capitalisation rate of interests in the current year (%)	Sources of funding
Breeding Centre pig breeding project	468,593.24	526,936,155.71	1,642,889,877.46	1,202,365,863.22	-	967,460,169.95	46.61%	46.61%	-	-	-	Other
Huaxian Meat swine slaughtering project	70,200.91	354,396,184.57	42,409,168.79	2,418,843.45	-	394,386,509.91	64.83%	64.83%	26,662,765.20	-	-	Loans from financial institutions
Sixian Meat swine slaughtering project	70,000.00	80,935,538.25	5,327,839.45	-	-	86,263,377.70	17.65%	17.65%	-	-	-	Other
Total	608,794.15	962,267,878.53	1,690,626,885.70	1,204,784,706.67	-	1,448,110,057.56			26,662,765.20	-	-	

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14 Productive biological assets

Item	Hogs
Cost	
Balance at the beginning of the year	10,934,250,465.23
Additions	
– Purchases	24,003,141.09
– Self-breeding	12,212,525,621.92
Decreases	
– Disposals	14,768,964,909.45
– Others	442,756,743.79
Balance at the end of the year	7,959,057,575.00
Accumulated depreciation	
Balance at the beginning of the year	1,579,111,743.12
Additions	
– Charge for the year	2,224,953,834.15
Decreases	
– Disposals	2,544,134,941.93
– Others	98,093,119.35
Balance at the end of the year	1,161,837,515.99
Provision for impairment	
Balance at the beginning and end of the year	–
Carrying amounts	
At the end of the year	6,797,220,059.01
At the beginning of the year	9,355,138,722.11

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15 Right-of-use assets

(1) As a lessee

Item	Land	Plant & buildings	Machinery & equipment	Total
Cost				
Balance at the beginning of the year	3,225,487,894.75	4,358,039,663.39	206,729,533.97	7,790,257,092.11
Additions during the year	141,607,863.51	145,653,623.35	8,208,796.14	295,470,283.00
Decreases during the year	101,752,355.07	1,188,708,084.68	–	1,290,460,439.75
Balance at the end of the year	3,265,343,403.19	3,314,985,202.06	214,938,330.11	6,795,266,935.36
Accumulated depreciation				
Balance at the beginning of the year	1,312,587,376.68	1,274,786,345.05	80,520,969.14	2,667,894,690.87
Charge for the year	401,284,538.66	401,269,432.19	21,884,749.41	824,438,720.26
Reductions during the year	81,400,729.96	517,470,147.86	–	598,870,877.82
Balance at the end of the year	1,632,471,185.38	1,158,585,629.38	102,405,718.55	2,893,462,533.31
Provision for impairment				
Balance at the beginning of the year and at the end of the year	–	–	–	–
Carrying amounts				
At the end of the year	1,632,872,217.81	2,156,399,572.68	112,532,611.56	3,901,804,402.05
At the beginning of the year	1,912,900,518.07	3,083,253,318.34	126,208,564.83	5,122,362,401.24

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16 Intangible assets

(1) Intangible assets

Item	Land use rights	Trademark	Software	Emission right	Total
Cost					
Balance at the beginning of the year	1,312,330,637.09	219,380.00	38,584,857.34	1,542,675.32	1,352,677,549.75
Additions					
– Purchases	41,131,967.24	–	49,836,548.76	47,059.03	91,015,575.03
Decreases					
– Disposals	–	–	–	–	–
Balance at the end of the year	1,353,462,604.33	219,380.00	88,421,406.10	1,589,734.35	1,443,693,124.78
Accumulated amortisation					
Balance at the beginning of the year	148,088,965.41	219,380.00	17,016,998.64	741,523.35	166,066,867.40
Additions					
– Charge for the year	27,675,251.46	–	4,489,515.53	295,382.17	32,460,149.16
Decreases					
– Disposals	–	–	–	–	–
Balance at the end of the year	175,764,216.87	219,380.00	21,506,514.17	1,036,905.52	198,527,016.56
Provision for impairment					
Balance at the beginning and the end of the year	–	–	–	–	–
Carrying amounts					
At the end of the year	1,177,698,387.46	–	66,914,891.93	552,828.83	1,245,166,108.22
At the beginning of the year	1,164,241,671.68	–	21,567,858.70	801,151.97	1,186,610,682.35

The carrying amount of intangible assets of the Group arising from internal development is 0% of the total carrying amount of intangible assets at the end of the year.

(2) Land use rights pending certificates of ownership

Item	Carrying amounts	Reason why certificates of ownership are pending
Land use rights	189,181,732.83	Certificates are in progress

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17 Long-term deferred expenses

	Balance at the beginning of the year	Additions	Amortisation for the year	Other decreases	Balance at the end of the year
Leasehold improvements	49,369,475.68	6,314,240.43	7,289,152.65	-	48,394,563.46
Others	12,831,315.56	849,382.70	3,407,223.44	-	10,273,474.82
Less: Provision for impairment	-	-	-	-	-
Total	62,200,791.24	7,163,623.13	10,696,376.09	-	58,668,038.28

18 Deferred tax assets

Item	2025		2024	
	Deductible or taxable temporary differences “()” for taxable temporary differences)	Deferred tax assets/ deferred tax liabilities “()” for liabilities)	Deductible or taxable temporary differences “()” for taxable temporary differences)	Deferred tax assets/ deferred tax liabilities “()” for liabilities)
Deferred tax assets:				
Provision for impairment of assets	3,694,786.67	894,839.59	550,132.56	135,553.48
Deductible tax losses	830,271,304.60	139,061,911.83	626,967,130.67	100,626,698.18
Others	1,374,252.43	282,741.13	-	-
Total	835,340,343.70	140,239,492.55	627,517,263.23	100,762,251.66

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19 Other non-current assets

Item	2025			2024		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Land use right deposits	63,342,272.50	-	63,342,272.50	14,722,317.00	-	14,722,317.00
Prepayments for construction and equipment	542,150,364.34	-	542,150,364.34	605,294,825.02	-	605,294,825.02
Others	105,942,789.77	-	105,942,789.77	-	-	-
Total	711,435,426.61	-	711,435,426.61	620,017,142.02	-	620,017,142.02

20 Assets with restrictive ownership titles or right of use

Item	2025	2024	Restriction	Details of restriction
Cash at bank and on hand	1,084,341,527.01	4,107,091,241.92	Deposit, freeze	Bank acceptance bill deposit, loan deposit, futures deposit, letter of credit deposit, etc.
Inventories	34,911,309.45	62,119,581.50	Reserve meat	Reserve meat agreed with the government
Fixed assets	2,537,688,340.28	6,914,871,069.55	Mortgage, sale and leaseback	Assets used as securities for borrowings and sale and leaseback finance leases
Intangible assets	63,627,748.00	145,637,531.71	Mortgage	Assets restricted due to mortgage for borrowing
Right-of-use assets	-	7,257,799.25	Mortgage	Assets restricted due to mortgage for borrowing
Construction in progress	-	5,523,102.37	Mortgage	Assets restricted due to mortgage for borrowing
Total	3,720,568,924.74	11,242,500,326.30		

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21 Short-term loans

(1) Short-term loans by category:

Item	2025	2024
Pledged loans	4,668,210,313.64	5,721,265,966.79
Secured loans	–	423,529,358.29
Guaranteed loans	32,484,216,355.67	38,311,477,827.79
Unsecured loans	4,002,949,999.99	801,395,972.22
Total	41,155,376,669.30	45,257,669,125.09

See Note V.20 *assets with restrictive ownership titles or right of use* for the category and amount of pledged and secured assets for pledged loans and secured loans.

22 Bills payable

Item	2025	2024
Commercial acceptance bills	–	420,595,874.36
Bank acceptance bills	706,500,000.00	2,199,650,000.00
Letter of credit	7,797,105.13	103,478,979.32
Total	714,297,105.13	2,723,724,853.68

The bills above are all due within one year.

23 Accounts payable

(1) Details of accounts payable are as follows:

Item	2025	2024
Payables for goods	3,160,698,223.23	7,796,165,946.58
Payables for construction and equipment	9,286,886,046.54	9,988,928,638.16
Others	165,747,450.24	207,926,020.32
Total	12,613,331,720.01	17,993,020,605.06

There were no significant accounts payable with ageing of more than one year at the end of the year.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24 Contract liabilities

Item	2025	2024
Receipts in advance	1,106,544,532.20	599,509,850.21

25 Employee benefits payable

(1) Employee benefits payable:

	<i>Note</i>	Balance at the beginning of the year	Additions	Decreases	Balance at the end of the year
Short-term employee benefits	V.25(2)	1,106,128,707.80	17,482,259,953.15	17,816,229,274.90	772,159,386.05
Post-employment benefits					
– defined contribution plans	V.25(3)	386,245.87	949,169,494.97	949,296,157.26	259,583.58
Total		1,106,514,953.67	18,431,429,448.12	18,765,525,432.16	772,418,969.63

(2) Short-term employee benefits

	Balance at the beginning of the year	Additions	Decreases	Balance at the end of the year
Salaries, bonuses and allowances	899,559,564.73	16,468,484,344.75	16,758,826,002.59	609,217,906.89
Staff welfare	–	182,987,294.80	182,987,294.80	–
Social insurance allowances	339,676.83	506,765,916.64	505,799,850.51	1,305,742.96
– Medical insurance	302,582.36	458,627,293.80	457,671,012.16	1,258,864.00
– Work-related injury insurance	37,094.47	48,138,622.84	48,128,838.35	46,878.96
Housing allowances	1,933,816.65	263,432,183.98	264,233,367.33	1,132,633.30
Labour union fund and staff and workers’ education fund	204,295,649.59	60,590,212.98	104,382,759.67	160,503,102.90
Total	1,106,128,707.80	17,482,259,953.15	17,816,229,274.90	772,159,386.05

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25 Employee benefits payable (Continued)

(3) Post-employment benefits – defined contribution plans

	Balance at the beginning of the year	Additions	Decreases	Balance at the end of the year
Basic pension insurance	378,447.39	912,994,744.20	913,138,261.42	234,930.17
Unemployment insurance	7,798.48	36,174,750.77	36,157,895.84	24,653.41
Total	386,245.87	949,169,494.97	949,296,157.26	259,583.58

26 Taxes payable

Item	2025	2024
Stamp duty	25,040,542.46	26,512,893.49
Individual income tax	15,900,919.86	15,209,814.83
Real estate tax	9,132,468.75	8,990,672.18
Land use tax	4,598,589.42	4,925,901.08
Enterprise income tax	2,497,795.66	1,364,333.10
VAT	2,174,253.34	2,930,553.63
Others	3,071,310.78	1,721,645.40
Total	62,415,880.27	61,655,813.71

27 Other payables

	Note	2025	2024
Dividends payable		–	26,062,370.72
Other payables	(1)	5,516,599,106.38	8,322,157,686.22
Total		5,516,599,106.38	8,348,220,056.94

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27 Other payables (Continued)

(1) Other payables

Item	Note	2025	2024
Deposits		878,291,587.47	842,168,493.37
Shares repurchase obligation under shareholding plans		1,009,591,673.22	–
Reverse factoring	V.57(4)	3,362,151,137.65	7,410,372,506.25
Others		266,564,708.04	69,616,686.60
Total		5,516,599,106.38	8,322,157,686.22

There were no significant other payables with ageing of more than one year at the end of the year.

28 Non-current liabilities due within one year

Non-current liabilities due within one year by category are as follows:

Item	2025	2024
Long-term loans due within one year	4,555,806,605.89	5,508,412,065.45
Debentures payable due within one year	92,120,748.27	43,297,338.18
Long-term payables due within one year	856,620,082.76	1,581,839,696.10
Lease liabilities due within one year	1,981,003,496.83	1,071,024,758.65
Total	7,485,550,933.75	8,204,573,858.38

29 Other current liabilities

Item	Note	2025	2024
Short-term debentures payable	(1)	303,371,917.84	1,003,569,177.30
VAT output tax to be paid		48,438,115.33	25,954,455.87
Endorsed unmatured bills that have not been derecognised		60,000,000.00	152,100,000.00
Total		411,810,033.17	1,181,623,633.17

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29 Other current liabilities (Continued)

(1) The movements of short-term debentures payable:

Debtenture	Face value	Nominal interest rate	Issuance date	Maturity period	Issuance amount	Balance at the beginning of the year	Issuance during the year	Interest at face value	Amortisation of discounts or premium	Repayment during the year	Balance at the end of the year	Default
24 Muyuan	500,000,000.00	2.50%	16 August 2024	270 days	499,050,000.00	504,261,582.96	-	4,520,547.94	464,444.44	509,246,575.34	-	No
Food SCP001												
24 Muyuan	500,000,000.00	2.10%	20 December 2024	270 days	499,230,660.38	499,307,594.34	-	7,767,123.29	692,405.66	507,767,123.29	-	No
Food SCP002												
25 Muyuan	300,000,000.00	1.95%	9 May 2025	270 days	299,550,000.00	-	299,550,000.00	3,461,917.84	360,000.00	-	303,371,917.84	No
Food SCP001												
Total	1,300,000,000.00				1,297,830,660.38	1,003,569,177.30	299,550,000.00	15,749,589.07	1,516,850.10	1,017,013,698.63	303,371,917.84	

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 Long-term loans

Item	Note	2025	2024
Secured loans	(a)	373,222,980.43	1,528,225,779.31
Guaranteed loans	(b)	11,125,373,087.51	12,777,640,042.96
Unsecured loans		790,627,611.11	–
Subtotal		12,289,223,679.05	14,305,865,822.27
Less: Long-term loans due within one year		4,555,806,605.89	5,508,412,065.45
Total		7,733,417,073.16	8,797,453,756.82

At the end of the year, the Group’s long-term loans included:

- (a) The secured loans were secured by fixed assets and intangible assets of subsidiaries of the Group. As at 31 December 2025, the range of interest rates of the secured loans was 2.80 % – 3.85 %.
- (b) The guaranteed loans were guaranteed by the Company, Mr. Qin Yinglin, Ms. Qian Ying, and Muyuan Industrial Group Co., Ltd. (“Muyuan Group”). As at 31 December 2025, the range of interest rates of the guaranteed loans was 2.25 % – 5.35 %.

31 Debentures payable

(1) Debentures payable

Item	2025	2024
25 Muyuan MTN001	1,000,000,000.00	–
25 Muyuan MTN002	500,000,000.00	–
25 Muyuan MTN003	500,000,000.00	–
Convertible bonds (Muyuan convertible bonds)	9,543,030,500.00	9,543,193,500.00
Undue interest payable	92,120,748.27	43,297,338.18
Interest adjustment	152,048,585.28	(77,649,808.66)
Subtotal	11,787,199,833.55	9,508,841,029.52
Less: Debentures payable due within one year	92,120,748.27	43,297,338.18
Total	11,695,079,085.28	9,465,543,691.34

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31 Debentures payable (Continued)

(2) Details of debentures payable (excluding other financial instruments classified as financial liabilities, such as preference shares and perpetual bonds):

Debenture	Face value	Nominal interest rate	Issuance date	Maturity period	Issuance amount	Balance at the beginning of the year	Issuance amount for this year	Interest at face value	Amortisation of discounts or premium	Repayment during the year	Conversion during the year	Balance at the end of the year	Default (Y/N)
+25 Muyuan MTN001	1,000,000,000.00	2.40%	15 January 2025	2 years	995,900,000.00	-	995,900,000.00	24,000,000.00	2,049,999.96	-	-	1,021,949,999.96	N
+25 Muyuan MTN002	500,000,000.00	2.30%	17 April 2025	2 years	498,200,000.00	-	498,200,000.00	8,624,999.97	675,000.00	-	-	507,499,999.97	N
+25 Muyuan MTN003	500,000,000.00	2.15%	22 July 2025	2 years	498,400,000.00	-	498,400,000.00	5,374,999.98	400,000.02	-	-	504,175,000.00	N
Convertible bonds (Muyuan convertible bonds)	9,550,000,000.00	The first year 0.20% The second year 0.40% The third year 0.80% The fourth year 1.20% The fifth year 1.50% The sixth year 2.00%	16 August 2021	6 years	8,510,799,604.63	9,508,841,029.52	-	125,346,295.96	234,069,075.82	114,522,713.45	158,854.23	9,753,574,833.62	N
Total	11,550,000,000.00				10,503,799,604.63	9,508,841,029.52	1,992,500,000.00	163,346,295.91	237,194,075.80	114,522,713.45	158,854.23	11,787,199,833.55	

(3) Description of convertible bonds:

For the year ended 31 December 2025, due to the conversion of convertible bonds into shares, the amount of debt components of convertible bonds derecognised by the Group was RMB158,854.23; the amount of other equity instruments derecognised was RMB17,373.32; the amount of share capital recognised was RMB3,387.00; and the amount of capital reserve (share premium) recognised was RMB172,100.31.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32 Lease liabilities

Item	Note	2025	2024
Long-term lease liabilities		4,160,280,180.73	5,425,730,660.22
Less: Lease liabilities due within one year	V.28	1,981,003,496.83	1,071,024,758.65
Total		2,179,276,683.90	4,354,705,901.57

33 Long-term payables

Item	Note	2025	2024
Sale and leaseback finance leases payable		1,565,133,532.66	2,858,036,407.01
Other long-term payables		30,453,204.46	27,825,681.14
Less: Unrecognised financing costs		62,424,611.98	126,462,375.45
Subtotal		1,533,162,125.14	2,759,399,712.70
Less: Long-term payables due within one year	V.28	856,620,082.76	1,581,839,696.10
Total		676,542,042.38	1,177,560,016.60

34 Deferred income

Item	Balance at the beginning of the year	Additions	Decreases	Balance at the end of the year	Cause of formation
Government grant	778,864,107.30	131,719,761.73	140,355,648.73	770,228,220.30	Government grant insurance claims
Internal sales VAT	61,854,491.23	4,120,071,921.18	4,077,756,883.23	104,169,529.18	Selling swine to internal slaughter companies
Total	840,718,598.53	4,251,791,682.91	4,218,112,531.96	874,397,749.48	

35 Share capital

Item	Balance at the beginning of the year	Changes in the current year (+, -)					Balance at the end of the year
		Issuance of new shares	Stock giving	Conversion of provident fund into shares	others	Subtotal	
Total number of shares	5,462,767,761.00	-	-	-	3,387.00	3,387.00	5,462,771,148.00

Other changes in the Company's share capital included an increase of 3,387 shares due to the conversion of convertible bonds during the year, resulting to total amounts increasing from 5,462,767,761 shares to 5,462,771,148 shares.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

36 Other equity instruments

(1) *Other equity instruments that remain outstanding at the end of the year:*

Outstanding financial instruments	Issuance date	Accounting classification	Dividend or interest rate	Issuance price	Quantity	Amount	Maturity date or renewal status	Conditions for conversion	Conversion status
Convertible bonds (Muyuan convertible bonds)	16 August 2021	Compound financial instruments	The first year 0.20% The second year 0.40% The third year 0.80% The fourth year 1.20% The fifth year 1.50% The sixth year 2.00%	100	95,500,000	9,550,000,000.00	Unexpired	The conversion period starts from the first trading day (21 February 2022) six months after the issuance end date (20 August 2021) to the maturity date of convertible bonds (15 August 2027, postponed in case of holidays)	As of 31 December 2025, 146,177 shares have been converted from Muyuan convertible bonds.

On 16 August 2021, the Company publicly issued 95,500,000 convertible bonds, with a face value of RMB100.00 each and with total proceeds of RMB9,550,000,000.00. After deducting the issuance cost, the net proceeds were RMB9,528,685,000.00, among which RMB1,017,885,395.37 was recognised as equity components.

(2) *Movement of other equity instruments during the year:*

Outstanding financial instruments	Balance at the beginning of the year		Additions		Decreases		Balance at the end of the year	
	Quantity	Carrying value	Quantity	Carrying value	Quantity	Carrying value	Quantity	Carrying value
Convertible bonds (Muyuan convertible bonds)	95,431,935.00	1,017,159,925.57	-	-	1,630.00	17,373.32	95,430,305.00	1,017,142,552.25

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi ("RMB") Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37 Capital reserve

Item	Balance at the beginning of the year	Additions during the year	Reductions during the year	Balance at the end of the year
Share premium	13,607,872,973.01	172,100.31	983,512,271.24	12,624,532,802.08
Other capital reserves	121,558,696.12	292,512,123.99	–	414,070,820.11
Total	13,729,431,669.13	292,684,224.30	983,512,271.24	13,038,603,622.19

For the year ended 31 December 2025, the increase in share premium was attributable to the conversion of convertible bonds of RMB172,100.31, while the decrease amounting to RMB952,013,634.12 was due to the granting of shares under shareholding plans and the acquisition of non-controlling interests of RMB31,498,637.12.

For the year ended 31 December 2025, the increase in other capital reserves was mainly due to the recognition of expenses in respect of the share-based payments.

38 Treasury shares

Item	Balance at the beginning of the year	Additions	Decreases	Balance at the end of the year
Repurchase of ordinary shares	2,999,995,136.61	2,001,488,652.73	1,999,993,232.40	3,001,490,556.94
Shares repurchase obligation under shareholding plans	–	1,048,427,078.64	38,835,405.42	1,009,591,673.22
Total	2,999,995,136.61	3,049,915,731.37	2,038,828,637.82	4,011,082,230.16

For the year ended 31 December 2025, the increase in treasury shares was due to the repurchase of ordinary shares amounting to RMB2,001,488,652.73 and the repurchase obligation recognised for shares granted to incentive recipients under shareholding plans amounting to RMB1,048,427,078.64. Pursuant to the Proposal on Share Repurchase which was approved during the 29th meeting of the fourth Board of Directors on 25 September 2024, for the year ended 31 December 2025, the Company had repurchased 4,514.05 million shares through centralised bidding, with a total payment of RMB2,001,488,652.73 (including commissions, title transfer cost, and other transaction costs).

For the year ended 31 December 2025, the decrease in treasury shares was due to the grant of shares under shareholding plans using repurchased ordinary shares, resulting in a reduction of RMB1,999,993,232.40, and the reversal of cash dividends attributed to the expected unlocking portion of shares under shareholding plans amounting to RMB38,835,405.42.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39 Other comprehensive income

	Opening balance attributable to shareholders of the Company	Movements during the year				Closing balance attributable to shareholders of the Company	
		before-tax amount	Less: Previously recognised amount transferred to profit or loss	Less: Income tax expense	Net-of-tax amount attributable to shareholders of the Company		Net-of-tax amount attributable to non-controlling interests
Items that will not be reclassified to profit or loss							
<i>Including:</i>							
Changes in fair value of investments in other equity instruments	(36,475,405.75)	(40,270,207.03)	-	-	(40,270,207.03)	-	(76,745,612.78)
Items that may be reclassified to profit or loss							
<i>Including:</i>							
Cash flow hedge reserve	2,898,840.00	847,460.00	2,898,840.00	-	(2,051,380.00)	-	847,460.00
Total	(33,576,565.75)	(39,422,747.03)	2,898,840.00	-	(42,321,587.03)	-	(75,898,152.78)

40 Surplus reserve

	Balance at the beginning of the year	Additions	Decreases	Balance at the end of the year
Statutory surplus reserve	2,584,593,422.02	244,597,134.74	-	2,829,190,556.76

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41 Retained earnings

Item	Note	2025	2024
Balance at the beginning of the year		52,271,396,781.65	39,279,516,665.20
Add: Net profit for the year attributable to shareholders of the Company		15,486,891,254.04	17,881,260,485.27
Less: Appropriation for statutory surplus reserve		244,597,134.74	386,572,400.87
Dividends to ordinary shares	(1)	8,085,172,957.72	4,502,807,967.95
Balance at the end of the year		59,428,517,943.23	52,271,396,781.65

(1) Dividends payable to equity shareholders of the Company attributable to the reporting period

	Note	2025	2024
Interim dividend declared and paid	(i)	5,002,294,043.41	4,504,917,186.39
Final dividend proposed after the end of the reporting period	(ii)	2,435,355,283.04	3,082,880,394.31

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the related reporting period.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41 Retained earnings (Continued)

(2) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the reporting period

	Note	2025	2024
Final dividend in respect of the previous financial year, approved and paid during the reporting period	(iii)	3,082,878,914.31	–

Notes:

(i) Pursuant to the prior authorisation of the general meeting of shareholders on 16 May 2025 and the approval of the Board of Directors on 20 August 2025, the Company declared on 21 August 2025 and paid interim dividend of RMB0.93 per share to equity shareholders on 16 October 2025.

Pursuant to the approval of interim extraordinary general meeting of shareholders on 12 December 2024, the Company declared and paid interim dividend of RMB0.83 per share to equity shareholders on 30 December 2024.

(ii) For the year ended 31 December 2025, the Company proposed final dividend of RMB0.427 per share (2024: RMB0.57 per share).

(iii) Final dividends in respect of the previous financial year approved and paid during the year ended 31 December 2025 are RMB0.57 per share (2024: nil).

42 Revenue and operating costs

(1) Revenue and operating costs

Item	Note	2025		2024	
		Revenue	Operating costs	Revenue	Operating costs
Principal activities		142,998,083,968.62	117,457,766,413.98	137,499,516,761.04	108,904,996,936.19
Other operating activities		1,146,881,403.06	1,003,288,911.39	447,375,315.83	414,021,300.76
Total		144,144,965,371.68	118,461,055,325.37	137,946,892,076.87	109,319,018,236.95
<i>Including: Revenue from contracts with customers</i>	(2)	144,124,135,441.93	118,432,914,845.04	137,928,380,089.83	109,291,066,920.10
Other income		20,829,929.75	28,140,480.33	18,511,987.04	27,951,316.85

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

42 Revenue and operating costs (Continued) (2) Disaggregation of revenue and operating costs

2025:

By type of contract	Sales of hog business		Sales of slaughtering and meat product business		Feed ingredients trading		Others		Inter-segment elimination		Total	
	Income	Cost	Income	Cost	Income	Cost	Income	Cost	Income	Cost	Income	Cost
By type of business	140,207,176,872.34	115,970,785,673.49	-	-	-	-	-	-	-	-	140,207,176,872.34	115,970,785,673.49
- Sales of hog business	-	-	45,227,649,162.89	44,018,282,257.28	-	-	-	-	-	-	45,227,649,162.89	44,018,282,257.28
- Sales of slaughtering and meat product business	-	-	-	-	3,341,834,835.40	3,336,117,738.38	-	-	-	-	3,341,834,835.40	3,336,117,738.38
- Feed ingredients trading	-	-	-	-	-	-	975,148,431.06	-	-	-	975,148,431.06	-
- Others	-	-	-	-	-	-	-	1,126,051,473.31	-	-	1,126,051,473.31	975,148,431.06
- Inter segment elimination	-	-	-	-	-	-	-	-	(45,778,576,902.01)	-	(45,778,576,902.01)	(45,867,419,255.17)
Total	140,207,176,872.34	115,970,785,673.49	45,227,649,162.89	44,018,282,257.28	3,341,834,835.40	3,336,117,738.38	1,126,051,473.31	975,148,431.06	(45,778,576,902.01)	(45,867,419,255.17)	144,124,135,441.93	118,432,914,845.04
By geographical regions	140,207,176,872.34	115,970,785,673.49	45,227,649,162.89	44,018,282,257.28	3,341,834,835.40	3,336,117,738.38	1,126,051,473.31	975,148,431.06	(45,778,576,902.01)	(45,867,419,255.17)	144,124,135,441.93	118,432,914,845.04
- the PRC	140,207,176,872.34	115,970,785,673.49	45,227,649,162.89	44,018,282,257.28	3,341,834,835.40	3,336,117,738.38	1,126,051,473.31	975,148,431.06	(45,778,576,902.01)	(45,867,419,255.17)	144,124,135,441.93	118,432,914,845.04
By timing of transfer of goods	140,207,176,872.34	115,970,785,673.49	45,227,649,162.89	44,018,282,257.28	3,341,834,835.40	3,336,117,738.38	1,126,051,473.31	975,148,431.06	(45,778,576,902.01)	(45,867,419,255.17)	144,124,135,441.93	118,432,914,845.04
- Revenue recognised at a point in time	140,207,176,872.34	115,970,785,673.49	45,227,649,162.89	44,018,282,257.28	3,341,834,835.40	3,336,117,738.38	1,126,051,473.31	975,148,431.06	(45,778,576,902.01)	(45,867,419,255.17)	144,124,135,441.93	118,432,914,845.04

2024:

By type of contract	Sales of hog business		Sales of slaughtering and meat product business		Feed ingredients trading		Others		Inter-segment elimination		Total	
	Income	Cost	Income	Cost	Income	Cost	Income	Cost	Income	Cost	Income	Cost
By type of business	136,229,329,743.49	107,716,419,633.81	-	-	-	-	-	-	-	-	136,229,329,743.49	107,716,419,633.81
- Sales of hog business	-	-	24,273,640,358.59	24,024,581,695.61	-	-	-	-	-	-	24,273,640,358.59	24,024,581,695.61
- Sales of slaughtering and meat product business	-	-	-	-	1,432,318,994.72	1,458,465,493.31	-	-	-	-	1,432,318,994.72	1,458,465,493.31
- Feed ingredients trading	-	-	-	-	-	-	428,863,328.79	386,069,983.91	-	-	428,863,328.79	386,069,983.91
- Others	-	-	-	-	-	-	-	-	(24,435,772,335.76)	-	(24,435,772,335.76)	(24,294,469,886.54)
- Inter segment elimination	-	-	-	-	-	-	-	-	(24,435,772,335.76)	-	(24,435,772,335.76)	(24,294,469,886.54)
Total	136,229,329,743.49	107,716,419,633.81	24,273,640,358.59	24,024,581,695.61	1,432,318,994.72	1,458,465,493.31	428,863,328.79	386,069,983.91	(24,435,772,335.76)	(24,294,469,886.54)	137,928,380,089.83	109,291,066,920.10
By geographical regions	136,229,329,743.49	107,716,419,633.81	24,273,640,358.59	24,024,581,695.61	1,432,318,994.72	1,458,465,493.31	428,863,328.79	386,069,983.91	(24,435,772,335.76)	(24,294,469,886.54)	137,928,380,089.83	109,291,066,920.10
- the PRC	136,229,329,743.49	107,716,419,633.81	24,273,640,358.59	24,024,581,695.61	1,432,318,994.72	1,458,465,493.31	428,863,328.79	386,069,983.91	(24,435,772,335.76)	(24,294,469,886.54)	137,928,380,089.83	109,291,066,920.10
By timing of transfer of goods	136,229,329,743.49	107,716,419,633.81	24,273,640,358.59	24,024,581,695.61	1,432,318,994.72	1,458,465,493.31	428,863,328.79	386,069,983.91	(24,435,772,335.76)	(24,294,469,886.54)	137,928,380,089.83	109,291,066,920.10
- Revenue recognised at a point in time	136,229,329,743.49	107,716,419,633.81	24,273,640,358.59	24,024,581,695.61	1,432,318,994.72	1,458,465,493.31	428,863,328.79	386,069,983.91	(24,435,772,335.76)	(24,294,469,886.54)	137,928,380,089.83	109,291,066,920.10

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

42 Revenue and operating costs (Continued)

(3) Information related to the transaction price allocated to remaining performance obligations

The Group applies the practical expedient in Accounting Standards for Business Enterprises No.14 “Revenue” and does not disclose the transaction price allocated to the remaining performance obligation under its existing sales contracts as the original expected duration of substantially all the contracts of the Group are within one year or less.

43 Taxes and surcharges

Item	2025	2024
Stamp duty	126,289,215.04	112,592,684.31
Real estate tax	77,645,028.90	55,976,739.53
Land use tax	28,846,050.99	28,823,729.68
Local water conservancy construction fund	23,566,825.68	16,360,750.76
Resource tax	10,272,688.73	4,444,943.05
Others	9,384,250.09	4,993,266.45
Total	276,004,059.43	223,192,113.78

44 Selling and distribution expenses

Item	2025	2024
Employee remuneration	913,142,096.09	761,632,931.26
Depreciation expenses	135,588,792.12	128,170,187.61
Fuel and energy expenses	97,813,403.29	78,105,194.81
Vehicle expenses	22,895,761.48	20,990,778.74
Others	125,141,789.47	106,781,188.27
Total	1,294,581,842.45	1,095,680,280.69

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45 General and administrative expenses

Item	2025	2024
Employee remuneration	1,438,141,990.59	1,285,351,224.22
Depreciation and amortisation expenses	453,347,721.25	485,073,735.67
Business development expenses	270,339,227.95	278,229,338.05
Office expenses	189,033,224.64	159,134,637.72
Service expenses	131,808,623.25	128,668,272.52
Vehicle expenses	77,024,387.08	80,722,757.25
Travel expenses	45,769,021.11	38,560,586.80
Auditors’ remuneration	12,500,000.00	15,000,000.00
Others	1,304,453,996.32	860,977,055.64
Total	3,922,418,192.19	3,331,717,607.87

46 Research and development expenses

Item	2025	2024
Employee remuneration	923,877,558.91	946,099,580.55
R&D material consumption expenses	394,763,852.53	506,953,236.93
Service expenses	184,084,738.85	183,990,278.05
Depreciation and amortisation expenses	65,517,211.05	53,066,600.06
Testing fee	45,693,178.12	28,451,493.37
Others	34,258,466.54	28,656,468.32
Total	1,648,195,006.00	1,747,217,657.28

During the year, The Group had no development costs that meets the capitalisation criteria (2024: nil), and no important outsourcing projects under research (2024: nil).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

47 Financial expenses

Item	2025	2024
Interest expenses on loans and debentures	2,233,801,590.50	2,727,333,579.91
Interest expenses on lease liabilities and long-term payables	323,030,872.92	450,134,649.06
Less: Interest income	167,600,981.94	237,500,715.55
Net exchange losses/(gains)	24,292,744.28	(11,838,627.13)
Others	44,283,223.37	47,321,024.77
Total	2,457,807,449.13	2,975,449,911.06

48 Other income

Item	2025	2024
Grants related to daily business activities	436,622,374.10	645,212,887.15
Refund of charges for withholding individual income tax	9,860,695.30	9,968,028.34
Other tax reliefs	8,289,059.18	7,707,941.33
Total	454,772,128.58	662,888,856.82

49 Investment income

Investment income by item

Item	2025	2024
Investment income from long-term equity investments accounted for using the equity method	49,351,783.54	72,263,566.47
Investment income from financial wealth management products	53,180,568.72	41,075,221.79
Others	(361,120.13)	(13,700,468.21)
Total	102,171,232.13	99,638,320.05

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

50 Credit losses/(reversals)

Item	2025	2024
Accounts receivable	19,641,808.72	3,333,470.01
Other receivables	8,164,912.33	(3,617,162.85)
Total	27,806,721.05	(283,692.84)

51 Impairment losses

Item	2025	2024
Inventories	72,086,229.07	12,884,326.14

52 Gains from asset disposals

Item	2025	2024
Gains from disposal of non-current assets	352,470,392.60	5,845,833.88

53 Non-operating income and non-operating expenses

(1) Non-operating income

Item	2025	2024	2025 Amount recognised in extraordinary gain and loss
Gains from disposal of non-current assets	1,180,957.19	3,492,260.19	1,180,957.19
Others	109,560,615.77	80,920,014.79	109,560,615.77
Total	110,741,572.96	84,412,274.98	110,741,572.96

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

53 Non-operating income and non-operating expenses (Continued)

(2) Non-operating expenses

Item	2025	2024	2025 Amount recognised in extraordinary gain and loss
Losses from damage or scrapping of non-current assets	986,921,125.44	958,439,622.61	986,921,125.44
Donations	155,373,443.50	195,383,235.73	155,373,443.50
Others	52,725,797.62	44,657,152.69	52,725,797.62
Total	1,195,020,366.56	1,198,480,011.03	1,195,020,366.56

54 Income tax expenses

Item	Note	2025	2024
Current tax expense for the year based on tax law and regulations		37,597,497.84	2,743,436.77
Changes in deferred tax assets/liabilities		(39,477,240.89)	(31,309,430.38)
Total	(1)	(1,879,743.05)	(28,565,993.61)

(1) Reconciliation between income tax expense and accounting profit:

Item	2025	2024
Profit before taxation	15,809,937,800.40	18,896,478,910.64
Expected income tax expenses at a tax rate of 25%	3,952,484,450.10	4,724,119,727.79
Effect of different tax rates applied by subsidiaries	5,391,398.35	10,282,869.17
Effect of non-taxable income	(3,991,976,454.55)	(4,795,069,549.60)
Effect of non-deductible costs, expense and losses	32,220,863.05	32,100,959.03
Income tax expenses	(1,879,743.05)	(28,565,993.61)

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi ("RMB") Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

55 Basic earnings per share and diluted earnings per share

(1) Basic earnings per share

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

	Note	2025	2024
Consolidated net profit attributable to ordinary shareholders of the Company	(a)	15,448,055,848.62	17,881,260,485.27
Weighted average number of ordinary shares outstanding	(b)	5,370,340,683.42	5,413,395,331.41
Basic earnings per share (RMB/share)		2.88	3.30

(a) Consolidated net profit attributable to ordinary shareholders of the Company is calculated as follows:

	2025	2024
Consolidated net profit attributable to shareholders of the Company	15,486,891,254.04	17,881,260,485.27
Less: Revocable cash dividends distributed to holders of expected future unlocked shares under shareholding plans in this year	38,835,405.42	–
Consolidated net profit attributable to ordinary shareholders of the Company	15,448,055,848.62	17,881,260,485.27

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

55 Basic earnings per share and diluted earnings per share (Continued)

(1) Basic earnings per share (Continued)

(b) Weighted average number of ordinary shares of the Company is calculated as follows:

	2025	2024
Issued ordinary shares at the beginning of the year	5,396,451,623.00	5,395,736,815.00
Effect of ordinary shares repurchased (Note V.38)	(26,112,407.33)	(1,207,953.09)
Effect of restricted shares unlocking (Note XII)	–	18,864,789.75
Effect of conversion of convertible bonds (Note V.35)	1,467.75	1,679.75
Weighted average number of ordinary shares at the end of the year	5,370,340,683.42	5,413,395,331.41

(2) Diluted earnings per share

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

	Note	2025	2024
Consolidated net profit attributable to ordinary shareholders of the Company (diluted)	(a)	15,846,306,625.82	18,231,218,094.95
Weighted average number of ordinary shares outstanding (diluted)	(b)	5,579,338,465.04	5,618,404,858.80
Diluted earnings per share (RMB/share)		2.84	3.24

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

55 Basic earnings per share and diluted earnings per share (Continued)

(2) Diluted earnings per share (Continued)

(a) Consolidated net profit attributable to ordinary shareholders of the Company (diluted) is calculated as follows:

	2025	2024
Consolidated net profit attributable to ordinary shareholders	15,448,055,848.62	17,881,260,485.27
Diluted adjustments:		
After-tax effect of effective interest on the liability component of convertible bonds	359,415,371.78	349,957,609.68
Cash dividends declared in the current year attributable to shares under shareholding plans that are expected to be unlocked in the future	38,835,405.42	–
Consolidated net profit attributable to ordinary shareholders (diluted)	15,846,306,625.82	18,231,218,094.95

(b) The weighted average number of the Company's ordinary shares (diluted) is calculated as follows:

	2025	2024
Weighted average number of ordinary shares at the end of the year	5,370,340,683.42	5,413,395,331.41
Diluted adjustments:		
Effect of convertible bonds (Note V.31)	208,636,434.19	205,009,527.39
Effect of shares under shareholding plans (Note XII)	361,347.43	–
Weighted average number of ordinary shares (diluted) at the end of the year	5,579,338,465.04	5,618,404,858.80

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

56 Cash flow statement

(1) Cash relating to operating activities

(a) Proceeds from other operating activities:

Item	2025	2024
Interest income	167,600,981.94	237,500,715.55
Sales of scrap materials	47,342,780.77	39,275,352.21
Grants	512,297,693.69	753,979,980.54
Insurance compensation	2,542,213,249.07	2,364,204,065.22
Deposits	2,950,633,135.44	3,790,145,423.72
Others	103,827,899.61	154,096,185.86
Total	6,323,915,740.52	7,339,201,723.10

(b) Payments for other operating activities:

Item	2025	2024
Payment of selling and distribution expenses	242,884,305.32	203,243,045.54
Payment of general and administrative expenses	1,743,922,361.08	1,517,104,629.24
Payment of R&D expenses	658,270,241.63	743,429,740.15
Deposits	635,802,462.09	1,257,974,136.71
Donations	155,373,443.50	195,383,235.73
Others	167,072,047.08	188,134,088.12
Total	3,603,324,860.70	4,105,268,875.49

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

56 Cash flow statement (Continued)

(2) Cash relating to financing activities

(a) Proceeds from other financing activities:

Item	2025	2024
Recovery of loan deposits	4,404,040.10	2,467,653.89
Total	4,404,040.10	2,467,653.89

(b) Payments for other financing activities:

Item	2025	2024
Financing charges paid	166,154,923.31	199,234,774.39
Payment of loan deposits	–	224,040.60
Payment of leases	747,114,196.65	789,688,666.85
Payment of restricted shares repurchase	–	29,140,052.91
Payment for consideration of the purchase of non-controlling interest	4,629,530,000.00	10,507,402,560.60
Payment for repurchase of ordinary shares	2,001,488,652.73	1,000,001,904.21
Total	7,544,287,772.69	12,525,691,999.56

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

56 Cash flow statement (Continued)

(2) Cash relating to financing activities (Continued)

(c) Changes in liabilities arising from financing activities

	Balance at the beginning of the year	2025				Balance at the end of the year
		Additions		Decreases		
		Cash	Non-cash	Cash	Non-cash	
Short-term loans	45,257,669,125.09	50,913,902,243.56	1,447,945,540.55	56,464,140,239.90	-	41,155,376,669.30
Other payables – Borrowings and interest	-	855,990,650.00	-	855,990,650.00	-	-
Other current liabilities – Short-term debentures payable	1,003,569,177.30	299,550,000.00	17,266,439.17	1,017,013,698.63	-	303,371,917.84
Long-term loans (Including the part due within one year)	14,305,865,822.27	6,861,295,650.04	490,665,291.23	9,368,603,084.49	-	12,289,223,679.05
Debentures payable (Including the part due within one year)	9,508,841,029.52	1,992,500,000.00	400,540,371.71	114,522,713.45	158,854.23	11,787,199,833.55
Long-term payables (Including the part due within one year)	2,759,399,712.70	981,929,038.98	92,218,629.51	2,300,385,256.05	-	1,533,162,125.14
Total	72,835,344,866.88	61,905,167,582.58	2,448,636,272.17	70,120,655,642.52	158,854.23	67,068,334,224.88

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

57 Supplementary information for the cash flow statement

(1) Supplement to the cash flow statement

(a) Reconciliation of net profit to net cash inflows from operating activities:

Item	2025	2024
Net profit	15,811,817,543.45	18,925,044,904.25
Add: Impairment losses	72,086,229.07	12,884,326.14
Credit losses/(reversals)	27,806,721.05	(283,692.84)
Depreciation of fixed assets and productive biological assets	14,474,076,239.39	14,261,282,654.57
Depreciation of investment properties	5,998,836.28	6,004,800.06
Amortisation of right-of-use assets	815,680,912.40	800,310,650.91
Amortisation of intangible assets	32,057,648.99	29,772,853.80
Amortisation of long-term deferred expenses	10,696,376.09	11,464,610.83
Gains from disposal of fixed assets, intangible assets, and other long-term assets	(352,470,392.60)	(5,845,833.88)
Losses from scrapping of fixed assets	985,740,168.25	954,948,137.44
Losses/(gains) from changes in fair value	207,706.30	(158,000.00)
Financial expenses	2,680,797,810.38	3,289,648,217.34
Investment income	(102,171,232.13)	(99,638,320.05)
Increase in deferred tax assets	(39,477,240.89)	(31,309,430.38)
Decrease/(increase) in inventories	4,720,313,808.18	(51,909,863.62)
Decrease in operating receivables	1,161,694,222.19	2,415,660,251.26
Increase in operating payables	(10,416,539,467.22)	(3,032,570,565.57)
Others	167,871,025.29	57,760,514.23
Net cash inflow from operating activities	30,056,186,914.47	37,543,066,214.49

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

57 Supplementary information for the cash flow statement (Continued)

(1) Supplement to the cash flow statement (Continued)

(b) Change in cash and cash equivalents:

Item	2025	2024
Cash and cash equivalents as at the end of year	12,778,056,091.87	12,844,551,613.08
Less: Cash and cash equivalents as at the beginning of the year	12,844,551,613.08	13,776,392,900.89
Net decrease in cash and cash equivalents	(66,495,521.21)	(931,841,287.81)

(2) Details of cash and cash equivalents

Item	2025	2024
Cash at bank and on hand		
Including: Bank deposits available on demand	12,603,444,212.33	12,669,472,733.01
Other monetary funds available on demand	174,611,879.54	175,078,880.07
Closing balance of cash and cash equivalents	12,778,056,091.87	12,844,551,613.08

(3) Monetary assets other than cash and cash equivalents

Item	2025	2024	Rationale
Bank deposits	120,928,053.08	7,835,642.76	Not easily realisable
Other monetary funds	963,413,473.93	4,099,255,599.16	Not easily realisable
Total	1,084,341,527.01	4,107,091,241.92	

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi ("RMB") Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

57 Supplementary information for the cash flow statement (Continued)

(4) Information on supplier finance arrangements:

(a) Terms and conditions of supplier finance arrangement

As at 31 December 2025, the ranges of payment due dates and guarantees' conditions of these factoring arrangements of the Group are as follows:

Guarantee	The amount of factoring arrangements	The ranges of payment due dates
The Company	247,472,629.00	170 to 364 days
Mr. Qin Yinglin	341,877,945.16	155 to 203 days
Mr. Qin Yinglin, Ms. Qian Ying and Muyuan Group	376,842,908.99	149 to 182 days
Mr. Qin Yinglin and Ms. Qian Ying	30,231,132.37	312 to 358 days
Mr. Qin Yinglin, Mr. Qin Yinglin and the Company	6,230,196.72	198 to 206 days
Unsecured	2,359,496,325.41	32 to 398 days

(b) Information about financial liabilities that are part of supplier finance arrangements:

Liabilities that are part of the arrangements have been disclosed in Note V.27 (1).

Range of payment due dates:

31 December 2025

Liabilities that are part of the arrangements	32 to 398 days after the factoring arrangements commenced
Comparable trade payables that are not part of the arrangements	0 to 180 days after invoice date

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

58 Foreign currency monetary items

	Foreign currency balance	2025 Exchange rate	Balance in RMB equivalent
Cash at bank and on hand			
– USD	3,808,962.52	7.0288	26,776,263.74
– SGD	2,357.15	5.4586	12,866.74
– VND	41,729,438.00	0.00027976	11,674.40
Other receivable			
– VND	852,150,000.00	0.00027976	238,400.97
Accounts payable			
– USD	(1,126,401.00)	7.0288	(7,917,247.35)
– SGD	(1,046.40)	5.4586	(5,711.88)
		2024	
	Foreign currency balance	Exchange rate	Balance in RMB equivalent
Cash at bank and on hand			
– USD	1,197,048.74	7.1884	8,604,865.17
– EUR	6,078.02	7.5257	45,741.36
Accounts payable			
– USD	–	–	–
– EUR	–	–	–
Long-term loans			
– USD	–	–	–
– Euro	(34,024,966.02)	7.5257	(256,061,686.77)

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

59 Leases

(1) As a lessee

Item	2025	2024
Short-term lease expenses and expenses relating to leases of low-value assets for which the practical expedient has been applied	101,552,813.63	85,680,669.01
Total cash outflow for leases	858,326,625.74	879,645,581.29

The Group also leases land, plants, machinery and equipment with lease terms within one year (inclusive). These leases are short-term leases. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

(2) As a lessor

Operating lease

Item	2025	2024
Lease income	20,829,929.75	18,511,987.04

VI. CHANGE OF CONSOLIDATION SCOPE

1 Other reasons for change of consolidation scope

During the reporting period, the Group has newly established 11 subsidiaries, including Nanyang Wolong Yuenong Feed Co., Ltd., Shanxi Chengrui Trading Co., Ltd., Muyuan Vietnam Company Limited, Gansu Muyuan Topec Hog Breeding Co., Ltd., Guannan Fumu Meat Co., Ltd., Heishan Yuenong Feed Co., Ltd., Zhongmu Muguang New Energy Co., Ltd., Nanyang Wolong Muyuan Meat Co., Ltd., Suzhou Muyuan Meat Co., Ltd. and Inner Mongolia Zhalaite Yuenong Feed Co., Ltd, Beijing Muyuan Meat Co., Ltd. 3 subsidiaries were de-registered: Muyuan international Co., Ltd., Shandong Muhua Animal Husbandry Industry Development Co., Ltd. and Nanyang Muyuan Maiming Industry Development Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

VII. INTERESTS IN OTHER ENTITIES

1 Interests in material subsidiaries

(1) Composition of the Group

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group during the year.

Name of subsidiaries	Principal place of business/ Registered place	Nature of business	Registered capital	Effective interest held by the Group		Acquisition method
				Direct	Indirect	
Nanyang Wolong Muyuan Breeding Co., Ltd. 南陽市臥龍牧原養殖有限公司	Nanyang City, Henan Province	Livestock and poultry breeding	800,000,000.00	100.00%	-	Establishment
Dengzhou Muyuan Breeding Co., Ltd. 鄧州市牧原養殖有限公司	Dengzhou City, Henan Province	Livestock and poultry breeding	268,000,000.00	85.82%	14.18%	Establishment
+Fugou Muyuan Livestock Husbandry Co., Ltd. 扶溝牧原農牧有限公司	Zhoukou City, Henan Province	Livestock and poultry breeding	660,000,000.00	100.00%	-	Establishment
Huaxian Muyuan Livestock Husbandry Co., Ltd. 滑縣牧原農牧有限公司	Hua County, Henan Province	Livestock and poultry breeding	870,000,000.00	100.00%	-	Establishment
Qixian Muyuan Livestock Husbandry Co., Ltd. 杞縣牧原農牧有限公司	Qi County, Henan Province	Livestock and poultry breeding	730,000,000.00	100.00%	-	Establishment
Sheqi Muyuan Livestock Husbandry Co., Ltd. 社旗牧原農牧有限公司	Sheqi County, Henan Province	Livestock and poultry breeding	1,395,266,700.00	100.00%	-	Establishment

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1 Interests in material subsidiaries (Continued)

(1) Composition of the Group (Continued)

Name of subsidiaries	Principal place of business/ Registered place	Nature of business	Registered capital	Effective interest held by the Group		Acquisition method
				Direct	Indirect	
Shangshui Muyuan Livestock Husbandry Co., Ltd. 商水牧原農牧有限公司	Shangshui County, Henan Province	Livestock and poultry breeding	410,000,000.00	100.00%	-	Establishment
Wenxi Muyuan Livestock Husbandry Co., Ltd. 聞喜牧原農牧有限公司	Wenxi County, Shanxi Province	Livestock and poultry breeding	1,340,000,000.00	100.00%	-	Establishment
Inner Mongolia Orgniud Muyuan Livestock Co., Ltd. 內蒙古翁牛特牧原農牧有限公司	Wengniute Banner, Inner Mongolia	Livestock and poultry breeding	300,000,000.00	-	100.00%	Establishment
Inner Mongolia Kailu Muyuan Livestock Husbandry Co., Ltd. 內蒙古開魯牧原農牧有限公司	Kailu County, Inner Mongolia	Livestock and poultry breeding	1,200,000,000.00	100.00%	-	Establishment
Jiangsu Tongshan Muyuan Livestock Husbandry Co., Ltd. 江蘇銅山牧原農牧有限公司	Xuzhou City, Jiangsu Province	Livestock and poultry breeding	923,475,500.00	-	100.00%	Establishment
Laohkou Muyuan Livestock Husbandry Co., Ltd. 老河口牧原農牧有限公司	Laohkou City, Hubei Province	Livestock and poultry breeding	200,000,000.00	-	100.00%	Establishment
Xinhe Muyuan Livestock Co., Ltd. 新河牧原農牧有限公司	Xinhe County, Hebei Province	Livestock and poultry breeding	311,494,616.00	-	100.00%	Establishment

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1 Interests in material subsidiaries (Continued)

(1) Composition of the Group (Continued)

Name of subsidiaries	Principal place of business/ Registered place	Nature of business	Registered capital	Effective interest held by the Group		Acquisition method
				Direct	Indirect	
Ningling Muyuan Livestock Husbandry Co., Ltd. 寧陵牧原農牧有限公司	Ningling County, Henan Province	Livestock and poultry breeding	846,818,800.00	61.41%	-	Establishment
Helongjiang Lindian Muyuan Livestock Husbandry Co., Ltd. 黑龍江林甸牧原農牧有限公司	Lindian County, Heilongjiang Province	Livestock and poultry breeding	950,000,000.00	100.00%	-	Establishment
Jilin Tongyu Muyuan Livestock Husbandry Co., Ltd. 吉林通榆牧原農牧有限公司	Tongyu County, Jilin Province	Livestock and poultry breeding	900,000,000.00	100.00%	-	Establishment
†Mengcheng Muyuan Livestock Husbandry Co., Ltd. 蒙城牧原農牧有限公司	Mengcheng County, Anhui Province	Livestock and poultry breeding	452,000,000.00	44.25%	55.75%	Establishment
Shandong Dongming Muyuan Livestock Husbandry Co., Ltd. 山東東明牧原農牧有限公司	Dongming County, Shandong Province	Livestock and poultry breeding	900,000,000.00	33.33%	66.67%	Establishment
Shangcai Muyuan Livestock Husbandry Co., Ltd. 上蔡牧原農牧有限公司	Shangcai County, Henan Province	Livestock and poultry breeding	620,000,000.00	100.00%	-	Establishment
Anhui Suixi Muyuan Livestock Husbandry Co., Ltd. 安徽濉溪牧原農牧有限公司	Suixi County, Anhui Province	Livestock and poultry breeding	500,000,000.00	-	100.00%	Establishment

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(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1 Interests in material subsidiaries (Continued)

(1) Composition of the Group (Continued)

Name of subsidiaries	Principal place of business/ Registered place	Nature of business	Registered capital	Effective interest held by the Group		Acquisition method
				Direct	Indirect	
Henan Muyuan Grain Trade Co., Ltd. 河南牧原糧食貿易有限公司	Neixiang County, Henan Province	Grain purchase and trade	2,300,000,000.00	100.00%	-	Establishment
Sixian Muyuan Livestock Husbandry Co., Ltd. 泗縣牧原農牧有限公司	Si County, Anhui Province	Livestock and poultry breeding	440,000,000.00	100.00%	-	Establishment
Shandong Huimin Muyuan Livestock Husbandry Co., Ltd. 山東惠民牧原農牧有限公司	Huimin County, Shandong Province	Livestock and poultry breeding	650,000,000.00	100.00%	-	Establishment
Nanyang Muhua Animal Husbandry Industry Development Co., Ltd. 南陽市牧華畜牧產業發展有限公司	Nanyang City, Henan Province	Livestock and poultry breeding	3,900,000,000.00	100.00%	-	Establishment
Huaxian Muhua Animal Husbandry Industry Development Co., Ltd. 滑縣牧華畜牧產業發展有限公司	Hua County, Henan Province	Livestock and poultry breeding	3,700,000,000.00	100.00%	-	Establishment
Fugou Muhua Animal Husbandry Industry Development Co., Ltd. 扶溝牧華畜牧產業發展有限公司	Fugou County, Henan Province	Livestock and poultry breeding	3,300,000,000.00	100.00%	-	Establishment
Guangdong Zhanjiang Leizhou Muyuan Livestock Husbandry Co., Ltd. 廣東湛江雷州牧原農牧有限公司	Leizhou City, Guangdong Province	Livestock and poultry breeding	1,300,000,000.00	100.00%	-	Establishment
Ningling Muhua Animal Husbandry Industry Development Co., Ltd. 寧陵牧華畜牧產業發展有限公司	Ningling County, Henan Province	Livestock and poultry breeding	2,900,000,000.00	100.00%	-	Establishment

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(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1 Interests in material subsidiaries (Continued)

(1) Composition of the Group (Continued)

Name of subsidiaries	Principal place of business/ Registered place	Nature of business	Registered capital	Effective interest held by the Group		Acquisition method
				Direct	Indirect	
Neixiang Muyuan Modern Agricultural Complex Co., Ltd. 內鄉牧原現代農業綜合體有限公司	Neixiang County, Henan Province	Livestock and poultry breeding	2,000,000,000.00	100.00%	-	Establishment
Nanning Xixiangyang Muyuan Livestock Husbandry Co., Ltd. 南寧市西鄉塘牧原農牧有限公司	Nanning, Guangxi	Livestock and poultry breeding	1,500,000,000.00	100.00%	-	Establishment
Nanjing Jiangning Muyuan Livestock Husbandry Co., Ltd. 南京市江寧牧原農牧有限公司	Nanjing, Jiangsu Province	Livestock and poultry breeding	2,360,000,000.00	100.00%	-	Establishment
Neihuang Muyuan Livestock Husbandry Co., Ltd. 內黃縣牧原農牧有限公司	Neihuang County, Henan Province	Livestock and poultry breeding	480,000,000.00	100.00%	-	Establishment
Chaohu Muyuan Livestock Husbandry Co., Ltd. 巢湖市牧原農牧有限公司	Chaohu City, Shandong Province	Livestock and poultry breeding	640,000,000.00	100.00%	-	Establishment
Henan Muyuan Science and Technology Co., Ltd. 河南牧原科工有限公司	Nanyang City, Henan Province	Feed processing	20,000,000.00	100.00%	-	Establishment

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(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1 Interests in material subsidiaries (Continued)

(1) Composition of the Group (Continued)

Name of subsidiaries	Principal place of business/ Registered place	Nature of business	Registered capital	Effective interest held by the Group		Acquisition method
				Direct	Indirect	
Henan Muyuan Hog Breeding Co., Ltd. 河南牧原種豬育種有限公司	Nanyang City, Henan Province	Breeding livestock and poultry	1,000,000,000.00	100.00%	-	Establishment
Zhengzhou Modern Livestock Husbandry Co., Ltd. 鄭州現代農牧有限公司	Zhengzhou City, Henan Province	Livestock and poultry breeding	500,000,000.00	100.00%	-	Establishment
Muyuan Meat Co., Ltd. 牧原肉食品有限公司	Nanyang City, Henan Province	Slaughter processing	3,000,000,000.00	100.00%	-	Establishment
Zhengyang Muyuan Meat Co., Ltd. 正陽牧原肉食品有限公司	Zhengyang County, Henan Province	Slaughter processing	500,000,000.00	-	100.00%	Establishment
Shangshui Muyuan Meat Co., Ltd. 商水縣牧原肉食品有限公司	Shangshui County, Henan Province	Slaughter processing	410,000,000.00	-	100.00%	Establishment
Tongyu Muyuan Meat Food Co., Ltd. 通榆牧原肉食品有限公司	Tongyu County, Jilin Province	Slaughter processing	610,000,000.00	-	100.00%	Establishment

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1 Interests in material subsidiaries (Continued)

(1) Composition of the Group (Continued)

Name of subsidiaries	Principal place of business/ Registered place	Nature of business	Registered capital	Effective interest held by the Group		Acquisition method
				Direct	Indirect	
†Tieling Muyuan Meat Food Co., Ltd. 鐵嶺牧原肉食品有限公司	Tieling City, Liaoning Province	Slaughter processing	510,000,000.00	-	100.00%	Establishment
†Naimanqi Muyuan Meat Food Production Co., Ltd. 奈曼旗牧原肉食品生產有限公司	Naiman Banner, Inner Mongolia	Slaughter processing	500,000,000.00	-	100.00%	Establishment
†Caoxian Muyuan Meat Co., Ltd. 曹縣牧原肉食品有限公司	Cao County, Shandong Province	Slaughter processing	600,000,000.00	-	100.00%	Establishment
†Ningling Muyuan Meat Co., Ltd. 寧陵縣牧原肉食品有限公司	Ningling County, Henan Province	Slaughter processing	330,000,000.00	-	100.00%	Establishment
†Lindian County Muyuan Meat Food Co., Ltd. 林甸縣牧原肉食品有限公司	Lindian County, Heilongjiang Province	Slaughter processing	350,000,000.00	-	100.00%	Establishment
†Yingshang Muyuan Meat Co., Ltd. 潯上牧原肉食品有限公司	Yingshang County, Anhui Province	Slaughter processing	400,000,000.00	-	100.00%	Establishment

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1 Interests in material subsidiaries (Continued)

(2) Material non-wholly owned subsidiary

Subsidiary	Interests held by non-controlling interests	Profit allocated to non-controlling interests during the year	Dividend declared to non-controlling shareholders during the year	Balance of non-controlling interests at the end of the year
Ningling Muyuan Livestock Husbandry Co., Ltd.	38.59%	71,008,472.01	57,890,565.00	1,022,250,678.60

(3) Key financial information about material non-wholly owned subsidiary

The following table sets out the key financial information of the above subsidiary without offsetting intra-group transactions, but with adjustments made for any differences in accounting policies:

Item	Ningling Muyuan Livestock Husbandry Co., Ltd.	
	2025	2024
Current assets	1,862,802,162.85	2,176,790,269.95
Non-current assets	1,528,916,832.63	1,579,979,113.60
Total assets	3,391,718,995.48	3,756,769,383.55
Current liabilities	538,963,420.65	931,384,891.40
Non-current liabilities	21,721,204.36	30,772,296.84
Total liabilities	560,684,625.01	962,157,188.24
Revenue	2,507,840,440.74	2,336,299,007.93
Net profit	184,007,442.38	177,106,953.27
Total comprehensive income	184,007,442.38	177,106,953.27
Net cash inflow/(outflow) from operating activities	149,822,301.22	(420,103,991.19)

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

2 Transactions that cause changes in the Group’s interests in subsidiaries that do not result in loss of control

(1) Explanation of changes in owner’s equity shares in subsidiaries:

During the year ended 31 December 2025, the Group has completed the acquisition of non-controlling interests of Sheqi Muyuan Livestock Husbandry Co., Ltd., Heilongjiang Lanxi Muyuan Livestock Husbandry Co., Ltd., Xinhe Muyuan Livestock Husbandry Co., Ltd., Nanyang Muhua Animal Husbandry Industry Development Co., Ltd. and Sheyang Livestock Husbandry Co., Ltd. As at 31 December 2025, the above subsidiaries become wholly-owned subsidiaries of the Group.

(2) The impact of the transactions on non-controlling interests and shareholders’ equity attributable to the shareholders of the Company is as follows:

	Sheqi Muyuan Livestock Husbandry Co., Ltd.	Xinhe Muyuan Livestock Husbandry Co., Ltd.	Heilongjiang Lanxi Muyuan Livestock Husbandry Co., Ltd.	Nanyang Muhua Animal Husbandry Industry Development Co., Ltd	Sheyang Muyuan Agriculture and Animal Husbandry Co., Ltd
Acquisition cost	1,000,000,000.00	500,000,000.00	500,000,000.00	2,359,530,000.00	270,000,000.00
– Cash	1,000,000,000.00	500,000,000.00	500,000,000.00	2,359,530,000.00	270,000,000.00
Total	1,000,000,000.00	500,000,000.00	500,000,000.00	2,359,530,000.00	270,000,000.00
Less: Share of net assets in subsidiaries based on the interests acquired/ disposed	1,071,782,044.17	511,102,570.78	506,685,807.24	2,245,247,419.86	263,213,520.83
Difference	(71,782,044.17)	(11,102,570.78)	(6,685,807.24)	114,282,580.14	6,786,479.17
Including:					
Adjustment to capital reserve	(71,782,044.17)	(11,102,570.78)	(6,685,807.24)	114,282,580.14	6,786,479.17

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

3 Interests in associates

Item	2025	2024
Associates		
– Material associates	569,818,995.96	497,926,852.91
– Immaterial associates	454,236,316.02	405,820,998.03
Subtotal	1,024,055,311.98	903,747,850.94
Less: Provision for impairment	–	–
Total	1,024,055,311.98	903,747,850.94

(1) Material associates:

Name of investee	Principal place of business/ Registered place	Nature of business	Shareholding percentage		Accounting treatment of investments in joint ventures or associates
			Direct	Indirect	
Associates					
Henan Longda Longmu Meat Co., Ltd.	Neixiang County, Nanyang City, Henan Province	Animal slaughtering	40.00%	–	Equity method
Guangdong Guangken Muyuan Livestock Husbandry Co., Ltd.	Leizhou, Zhanjiang City, Guangdong Province	Livestock breeding	34.00%	–	Equity method
Zhongmu Muyuan (Henan) Biopharmaceutical Co., Ltd	Wolong District, Nanyang City, Henan Province	Pharmaceutical manufacturing	48.00%	–	Equity method

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

3 Interests in associates (Continued)

(2) Key financial information of material associates

The following table sets out the key financial information of the Group’s material associates, adjusted for fair value adjustments at the time of acquisition and any differences in the accounting policies of the Group. The table also reconciles the key financial information to the carrying amount of the Group’s investments in the associates under the equity method:

	Henan Longda Longmu Meat Co., Ltd.		Guangdong Guangken Muyuan Livestock Husbandry Co., Ltd.		Zhongmu Muyuan (Henan) Biopharmaceutical Co., Ltd.	
	2025	2024	2025	2024	2025	2024
Current assets	404,029,590.44	479,191,953.55	375,797,024.93	507,076,321.39	185,180,250.45	240,117,670.13
Non-current assets	202,359,714.63	202,137,824.11	769,873,473.05	807,339,396.21	316,032,911.47	225,724,045.82
Total assets	606,389,305.07	681,329,777.66	1,145,670,497.98	1,314,415,717.60	501,213,161.92	465,841,715.95
Current liabilities	329,368,968.53	373,379,802.53	83,090,359.11	279,054,142.00	75,881,180.21	150,335,432.37
Non-current liabilities	493,157.08	810,078.81	69,217,172.49	77,465,572.74	160,384,338.19	192,959,474.07
Total liabilities	329,862,125.61	374,189,881.34	152,307,531.60	356,519,714.74	236,265,518.40	343,294,906.44
Equity attributable to shareholders of the associate	276,527,179.46	307,139,896.32	993,362,966.38	957,896,002.86	264,947,643.52	122,546,809.51
Equity attributable to the Company	110,610,871.78	122,855,958.53	337,743,408.57	325,684,640.97	127,174,868.89	58,822,468.56
Less: Elimination of unrealised profit or loss on intra-group transactions	(5,433,852.40)	(9,662,616.27)	-	-	-	-
Carrying amount of interests in associates	105,177,019.38	113,193,342.26	337,240,706.58	325,684,640.97	127,401,270.00	59,048,869.68
Revenue	2,196,122,608.06	2,432,157,479.67	937,584,531.04	696,092,270.81	115,938,309.61	292,851,812.71
Net (loss)/profit	(30,612,716.86)	6,854,650.86	158,790,045.05	160,515,448.35	(7,599,165.99)	3,117,691.13
Total comprehensive income	(30,612,716.86)	6,854,650.86	158,790,045.05	160,515,448.35	(7,599,165.99)	3,117,691.13

NOTES TO THE FINANCIAL STATEMENTS

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VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

3 Interests in associates (Continued)

(3) Summarised financial information of immaterial associates:

	2025	2024
Associates:		
Aggregate carrying amount of investments	454,236,316.02	405,820,998.03
Aggregate amount of share of		
– Net profit	1,593,238.38	10,012,221.37
– Total comprehensive income	1,593,238.38	10,012,221.37

VIII. GOVERNMENT GRANTS

1 Government grants recognised in profit or loss

Item	2025	2024
Other income	436,622,374.10	645,212,887.15
Financial expenses	101,862,251.78	124,341,023.05

2 Liabilities relating to government grants

Item	2025						Balance at the end of the year	Related to assets/ income
	Balance at the beginning of the year	Additions	Amounts recognised in non-operating income	Amounts recognised in other income	Other changes	Closing Balance		
Deferred income	778,864,107.30	131,719,761.73	–	140,355,648.73	–	770,228,220.30		

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

IX. RISK RELATED TO FINANCIAL INSTRUMENTS

1 Risks from use of financial instruments

The Group has exposure to the following main risks from its use of financial instruments in the normal course of operations:

- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign currency risk

The following mainly presents information about the Group’s exposure to each of the above risks and their sources, their changes during the year, and the Group’s objectives, policies and processes for measuring and managing risks, and their changes during the year.

The Group aims to achieve an appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Group’s financial performance. Based on these objectives, the Group’s risk management policies have been established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities.

(1) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group’s credit risk is primarily attributable to cash at bank, accounts receivable and other receivables. Exposure to these credit risks is monitored by management on an ongoing basis.

The cash at bank of the Group is mainly held with well-known financial institutions. Management does not foresee any significant credit risks from cash at bank and does not expect that these financial institutions may default and cause losses to the Group.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

IX. RISK RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1 Risks from use of financial instruments (Continued)

(1) Credit risk (Continued)

The Group’s exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country/region in which the customers operate. Therefore, significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers.

In respect of accounts receivable and other receivables, the Group has established a credit policy under which individual credit evaluations are performed on all customers and debtors to determine the credit limit and terms applicable to the customers and debtors. These evaluations focus on the customers’ financial position, the external ratings of the customers and their bank credit records where available. Normally, the Group does not obtain collateral from customers.

The maximum exposure to credit risk of the Group is represented by the carrying amount of each financial asset (including derivative financial instruments) in the balance sheet.

(2) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in meeting obligations that are settled by delivering cash or another financial asset. The Group are responsible for cash management, including cash inflows from operating activities of the Group and obtaining bank facilities to cover expected cash demands. Meanwhile, the Group is responsible for monitoring long-term borrowings with contractual covenants to ensure compliance with contractual covenants during the borrowing period. The Group’s policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash, readily realisable marketable securities and adequate committed lines of facilities from major financial institutions to meet its liquidity requirements in the short and longer term.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

IX. RISK RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1 Risks from use of financial instruments (Continued)

(2) Liquidity risk (Continued)

The following tables set out the remaining contractual maturities of the Group’s financial liabilities at each reporting date, 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 earliest date the Group can be required to pay:

Item	2025 contractual undiscounted cash flow			Total
	Within 1 year or on demand (inclusive)	More than 1 year but less than 5 years (inclusive)	More than 5 years	
Short-term loans	41,594,344,147.38	-	-	41,594,344,147.38
Bills payable	714,297,105.13	-	-	714,297,105.13
Accounts payable	12,613,331,720.01	-	-	12,613,331,720.01
Other payables	5,516,599,106.38	-	-	5,516,599,106.38
Long-term loans	4,838,677,896.18	7,616,547,878.19	446,746,496.63	12,901,972,271.00
Debentures payable	189,395,457.50	12,257,292,635.00	-	12,446,688,092.50
Other current liabilities	300,544,931.51	-	-	300,544,931.51
Lease liabilities	2,061,805,295.80	1,401,375,834.34	1,356,811,507.09	4,819,992,637.23
Long-term payables	902,771,999.37	685,605,487.75	7,209,250.00	1,595,586,737.12
Total	68,731,767,659.26	21,960,821,835.28	1,810,767,253.72	92,503,356,748.26

Item	2024 contractual undiscounted cash flow			Total
	Within 1 year or on demand (inclusive)	More than 1 year but less than 5 years (inclusive)	More than 5 years	
Short-term loans	45,859,986,226.43	-	-	45,859,986,226.43
Bills payable	2,723,724,853.68	-	-	2,723,724,853.68
Accounts payable	17,993,020,605.06	-	-	17,993,020,605.06
Other payables	8,348,220,056.94	-	-	8,348,220,056.94
Long-term loans	6,001,470,880.17	9,255,121,925.65	73,026,168.52	15,329,618,974.34
Debentures payable	114,518,322.00	10,354,364,947.50	-	10,468,883,269.50
Other current liabilities	1,017,013,698.63	-	-	1,017,013,698.63
Lease liabilities	1,270,954,395.02	3,499,809,161.85	1,534,057,224.99	6,304,820,781.86
Long-term payables	1,673,509,276.62	1,204,981,311.53	7,371,500.00	2,885,862,088.15
Total	85,002,418,314.55	24,314,277,346.53	1,614,454,893.51	110,931,150,554.59

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

IX. RISK RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1 Risks from use of financial instruments (Continued)

(3) Interest rate risk

Interest-bearing financial instruments at fixed rates and at variable rates expose the Group to fair value interest rate risk and cash flow interest risk, respectively. The Group determines the appropriate weightings for fixed and floating rate interest-bearing instruments based on current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure. As at 31 December 2025, the fixed rate interest-bearing financial instruments of the Group amounted to net financial liabilities of RMB20,075,991,780.17. As at 31 December 2025, the variable rate interest-bearing financial instruments of the Group amounted to net financial liabilities of RMB25,229,147,273.22.

As at 31 December 2025, it was estimated that a general increase of 50 basis points in interest rates, with all other variables held constant, would decrease the Group’s equity and net profit by RMB94,609,302.27.

The sensitivity analysis above indicates the instantaneous change in net profit and equity that would arise assuming that the change in interest rates had occurred at the balance sheet date and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the balance sheet date. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the balance sheet date, the impact on net profit and equity of such a change in interest rates is estimated as an annualised impact on interest expense or income.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

IX. RISK RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1 Risks from use of financial instruments (Continued)

(4) Foreign currency risk

In respect of cash at bank and on hand, other receivables, accounts payable and long-term loans denominated in foreign currencies other than the functional currency, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

(a) As at 31 December, the Group’s exposure to currency risk arising from recognised assets or liabilities denominated in foreign currencies is presented in the following tables. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the balance sheet date. Differences resulting from the translation of foreign currency financial statements are excluded.

	2025		2024	
	Balance in foreign currency	Balance in RMB equivalent	Balance in foreign currency	Balance in RMB equivalent
Cash at bank and on hand				
– USD	3,808,962.52	26,776,263.74	1,197,048.74	8,604,865.17
– SGD	2,357.15	12,866.74	6,078.02	45,741.36
– VND	41,729,438.00	11,674.40	–	–
Other receivables				
– SGD	852,150,000.00	238,400.97	–	–
Accounts payable				
– USD	(1,126,401.00)	(7,917,247.35)	–	–
– SGD	(1,046.40)	(5,711.88)	–	–
Long-term loans				
– EUR	–	–	(34,024,966.02)	(256,061,686.77)
Net balance sheet exposure				
– USD	2,682,561.52	18,859,016.39	1,197,048.74	8,604,865.17
– SGD	1,310.75	7,154.86	–	–
– VND	893,879,438.00	250,075.37	–	–
– EUR	–	–	(34,018,888.00)	(256,015,945.41)

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

IX. RISK RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1 Risks from use of financial instruments (Continued)

(4) Foreign currency risk (Continued)

(b) The following are the exchange rates for RMB against foreign currencies applied by the Group:

	Average rate for the year ended 31 December		Mid-spot rate as at 31 December	
	2025	2024	2025	2024
USD	7.1417	7.1134	7.0288	7.1884
EUR	NA	7.7172	NA	7.5257
VND	0.00027693	NA	0.00027976	NA
SGD	5.4731	NA	5.4586	NA

(c) Sensitivity analysis

Assuming all other risk variables remained constant, a 5% strengthening of the RMB against the USD, EUR, VND and SGD at the end of each reporting period would have changed the Group’s equity and net profit by the amounts shown below. The amounts are presented in RMB and translated using the spot rate at the balance sheet date.

	Equity	Net profit
As at 31 December 2025		
– USD	(707,213.11)	(707,213.11)
– VND	(9,377.83)	(9,377.83)
– SGD	(268.31)	(268.31)
Total	(716,859.25)	(716,859.25)
As at 31 December 2024		
– USD	(322,682.44)	(322,682.44)
– EUR	9,600,597.95	9,600,597.95
Total	9,277,915.51	9,277,915.51

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

IX. RISK RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1 Risks from use of financial instruments (Continued)

(4) Foreign currency risk (Continued)

(c) Sensitivity analysis (Continued)

A 5% weakening of the RMB against the USD, EUR, VND and SGD at 31 December would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remained constant.

The sensitivity analysis above assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the balance sheet date. The analysis excludes differences that would result from the translation of foreign currency financial statements.

2 Hedge

In order to manage the risk of expected sales and purchase price fluctuations, the Group has purchased some derivatives and adopted hedge accounting.

The Group is mainly engaged in feed production, hog breeding and sales. During the year ended 31 December 2025, the major hedging instruments held by the Group are a number of commodity futures contracts in order to manage the risk of price fluctuations for hog sales, corn and soybean meal purchases. The Group adopts cash flow hedging for the future contracts in relation to expected hog sales, corn and soybean meal purchases, and designates these futures contracts held as hedging instruments.

Where the Group engages in hedging activities that meet the criteria and applies hedge accounting:

Hedged items	Hedging instruments	Hedge reserve	Gain or loss of hedging instruments within the year		Hedge reserve	Income tax impact	Hedge reserve
		balance as at the beginning of the year	Effective part	Ineffective part	transferred out during the year		balance as at the end of the year
Expected hog sales and purchase of corn and soybean meal	Futures	2,898,840.00	4,419,480.00	(305,506.72)	6,470,860.00	-	847,460.00
Total		2,898,840.00	4,419,480.00	(305,506.72)	6,470,860.00	-	847,460.00

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

IX. RISK RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

3 Transfer of financial assets

(1) By manner of transfer

Manner of transfer	Nature of financial assets transferred	Amount of financial assets transferred	Derecognised (Y/N)	Basis for derecognition
Bill endorsement or discount	Bank acceptance bills	101,690,000.00	N	Retained almost all of its risk and reward
Bill endorsement or discount	Bank acceptance bills	253,152,007.00	Y	Almost all of its risk and reward have been transferred
Total		354,842,007.00		

(2) Financial assets derecognised due to transfer

As at 31 December 2025, the financial assets derecognised due to transfer of the Group were as follows:

Item	Manner of transfer	Amount derecognised	Gain or loss related to derecognition
Bills receivable	Bill endorsement or discount	253,152,007.00	–

X. FAIR VALUE DISCLOSURE

The following table presents the fair value information and fair value hierarchy, at the end of each reporting period, of the Group’s assets and liabilities which are measured at fair value at each balance sheet date on a recurring or non-recurring basis. The level at which fair value measurement is categorised is determined by the lowest level input in the fair value hierarchy that is significant to the entire fair value measurement. The levels are defined as follows:

Level 1 inputs: unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities;

Level 2 inputs: inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities;

Level 3 inputs: inputs that are unobservable for underlying assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

X. FAIR VALUE DISCLOSURE (CONTINUED)

1 Fair value of assets and liabilities measured at fair value at the end of the year

	Note	2025			Total
		Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
Recurring fair value measurements					
Financial assets held for trading	V.2	1,622,460.00	–	–	1,622,460.00
Investments in other equity instruments	V.10	–	–	66,254,387.22	66,254,387.22
Total assets measured at fair value on a recurring basis		1,622,460.00	–	66,254,387.22	67,876,847.22
Financial liabilities held for trading		2,050,186.72	–	–	2,050,186.72
Total liabilities measured at fair value on a recurring basis		2,050,186.72	–	–	2,050,186.72

	Note	2024			Total
		Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
Recurring fair value measurements					
Financial assets held for trading	V.2	2,886,840.00	–	–	2,886,840.00
Investments in other equity instruments	V.10	–	–	106,524,594.25	106,524,594.25
Total assets measured at fair value on a recurring basis		2,886,840.00	–	106,524,594.25	109,411,434.25

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

X. FAIR VALUE DISCLOSURE (CONTINUED)

2 Basis for determining the market price for recurring and non-recurring fair value measurement categorised within Level 1

As at 31 December 2025, the Group’s financial assets held for trading and financial liabilities held for trading measured at fair value on a recurring basis categorised within Level 1 are futures contracts, the fair value of which is determined based on public quotation in futures market.

3 Valuation techniques used and the qualitative and quantitative information of key parameters for recurring and non-recurring fair value measurements categorised within Level 2

As at 31 December 2025, the Group has no financial assets measured at fair value on a recurring basis categorised within Level 2.

4 Valuation techniques used and the qualitative and quantitative information of key parameters for recurring and non-recurring fair value measurements categorised within Level 3

The Group’s investments in other equity instruments measured at fair value on a recurring basis categorised within Level 3 are investments in an unlisted entity. There is no significant change in the operating environment, operating condition and financial position of the invested enterprise, therefore the fair value is based on market multiples derived from quoted prices of companies comparable to the investee, adjusted for the effect of the non-marketability of the equity securities and prices to the book value of the investee.

5 Reasons for transfers of recurring fair value measurements between different levels, and the policy regarding the timing of those transfers

During the year ended 31 December 2025, none of the Group’s above assets and liabilities which are measured at fair value on a recurring basis were transferred between different levels.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

X. FAIR VALUE DISCLOSURE (CONTINUED)

6 Reconciliation between the opening and closing balances of the assets that measured at recurring Level 3 fair value measurement

2025	Balance at the beginning of the year	Total losses for the year included in other comprehensive income	Balance at the end of the year
Assets			
Investments in other equity instruments	106,524,594.25	(40,270,207.03)	66,254,387.22

7 Current changes in valuation techniques and the reasons for the changes

During the year, there were no changes in valuation techniques for the recurring and non-recurring fair value measurements.

8 Fair values of financial assets and liabilities not measured at fair value

As at 31 December 2025, all financial assets and financial liabilities of the Group are carried at amounts not materially different from their fair value.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

XI. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS

1 Information about the parent of the Company

Company Name	Registered place	Registered capital	Shareholding Percentage (%)	Percentage of Voting rights (%)
Muyuan Group	Yangzhai Village, Guanzhang Town, Neixiang County, Henan Province	RMB 6,000,000,000	15.54%	51.38%

The directors of the Company consider the immediate holding party of the Company as at 31 December 2024 and 2025 was Muyuan Group.

The ultimate controlling party is Mr. Qin Yinglin and his spouse Ms. Qian Ying. Mr. Qin Yinglin and Muyuan Group entered into a voting rights entrustment agreement and its supplementary agreement.

2 Information about the major subsidiaries of the Group

For information about the major subsidiaries of the Company, refer to Note VII.1.

3 Information about associates of the Group

For information about the associates of the Group, refer to Note VII.3. Associates that have related-party transactions with the Group during the year or last year are as follows:

Name of entity	Relationship with the Company
Zhongmu Muyuan (Henan) Biological Pharmaceutical Co., Ltd.	Associate of the Group
Henan Lianmu Veterinary Medicine Co., Ltd.	Associate of the Group
Nanyang Longyuan New Energy Technology Co., Ltd.	Associate of the Group
Guangdong Guangken Muyuan Livestock Husbandry Co., Ltd.	Associate of the Group
Henan Longda Longmu Meat Co., Ltd. (i)	Associate of the Group
Rongtong Nongfa Muyuan (Jianyang) Co., Ltd.	Associate of the Group
Rongtong Nongfa Muyuan (Chongzhou) Co., Ltd.	Associate of the Group
Rongtong Nongfa Muyuan (Tangshan) Livestock Husbandry Co., Ltd.	Associate of the Group
Fangcheng Yushengyuan Livestock Husbandry Co., Ltd.	Associate of the Group
Henan Qianmu Biological Pharmaceutical Co., Ltd.	Associate of the Group
Fengyi Muyuan Oil Technology (Nanyang) Co., Ltd.	Associate of the Group

Note:

- (i) Henan Longda Muyuan Meat Co., Ltd. was renamed as Henan Longda Longmu Meat Co., Ltd. in December 2025.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

XI. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (CONTINUED)

4 Information on other related parties

Name of other related parties	Related-party relationship
Henan Juai Digital Technology Co., Ltd.	Under common control, with Muyuan Group holding 100% of its shares
Henan Juai Travel Agency Co., Ltd.	Under common control, with Henan Juai Digital Technology Co., Ltd., a wholly-owned subsidiary of Muyuan Group, holding 100% of its shares
Henan Juai Automobile Sales Service Co., Ltd.	Under common control, with Henan Juai Digital Technology Co., Ltd., a wholly-owned subsidiary of Muyuan Group, holding 100% of its shares
Fangcheng Juai Digital Technology Co., Ltd.	Under common control, with Henan Juai Digital Technology Co., Ltd., a wholly-owned subsidiary of Muyuan Group, holding 100% of its shares
Zhengzhou Juai Digital Technology Co., Ltd.	Under common control, with Henan Juai Digital Technology Co., Ltd., a wholly-owned subsidiary of Muyuan Group, holding 100% of its shares
Henan Muyuan Construction Engineering Co., Ltd.	Under common control, with Muyuan Group holding 100% of its shares
Henan Muyuan Logistics Co., Ltd.	Under common control, with Muyuan Group holding 65.4257% of its shares
Fangcheng Muyuan Logistics Co., Ltd.	Under common control, with Henan Muyuan Logistics Co., Ltd., a holding subsidiary of Muyuan Group, holding 100% of its shares
Henan Shengda Special Vehicle Co., Ltd.	Under common control, with Henan Muyuan Logistics Co., Ltd., a holding subsidiary of Muyuan Group, holding 99.00% of its shares and Henan Juai Digital Technology Co., Ltd., a wholly-owned subsidiary of Muyuan Group, holding 1.00% of its shares
Cnex Fire Vehicle Manufacturing Co., Ltd.	Under common control, with 54.6913% shares held by Jinding Capital Management (Shenzhen) Co., Ltd. Cao Zhinian, Vice Chairman, Executive Vice President and Financial Controller of the Company, and Yuan Hebin, Chief Legal Officer (CLO) of the Company, are both its directors.
Henan Muyuan Smart Logistics Park Co., Ltd.	Under common control, with Henan Muyuan Logistics Co., Ltd., a holding subsidiary of Muyuan Group, holding 100% of its shares
Henan Zhongyou Muyuan Oil and Gas Co., Ltd.	Under common control, with Henan Muyuan Logistics Co., Ltd., a holding subsidiary of Muyuan Group, holding 40% of its shares
Henan Muyuan Equipment Co., Ltd.	Under common control, with Muyuan Group holding 59.83% of its shares
Henan Xinghua Instrument Equipment Co., Ltd.	Under common control, with Muyuan Group holding 100% of its shares
Henan Wanmu New Material Co., Ltd.	Under common control, with Muyuan Group holding 100% of its shares
Henan Shengda Development Co., Ltd.	Under common control, with Muyuan Group holding 100% of its shares

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

XI. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (CONTINUED)

4 Information on other related parties (Continued)

Name of other related parties	Related-party relationship
Xixia Shengshida Real Estate Co., Ltd.	Under common control, with Henan Shengda Development Co., Ltd., a wholly-owned subsidiary of Muyuan Group, holding 100% of its shares
Nanyang Jinding Smart Equipment Co., Ltd.	Under common control, with Muyuan Group holding 100% of its shares
Neixiang Shengwangda Real Estate Co., Ltd.	Under common control, with Henan Shengda Development Co., Ltd., a wholly-owned subsidiary of Muyuan Group, holding 100% of its shares
Muyuan East District Construction Development (Nanyang) Co., Ltd.	Under common control, with Muyuan Group holding 100% of its shares
Nanyang Jinsheng Smart Electrical Appliance Co., Ltd.	Under common control, with Nanyang Jinding Smart Equipment Co., Ltd., a wholly-owned subsidiary of Muyuan Group, holding 100% of its shares
Henan Qianhe Architectural Design Co., Ltd.	Under common control, with Muyuan Group holding 100% of its shares
Henan Muyuan Agricultural Development Co., Ltd.	Under common control, with Muyuan Group holding 100% of its shares
Xihua Muyuan Agricultural Development Co., Ltd.	Under common control, with Henan Muyuan Agricultural Development Co., Ltd., a wholly-owned subsidiary of Muyuan Group, holding 100% of its shares
Caodian Muyuan West Biotechnology Co., Ltd.	Under common control, with Henan Muyuan Agricultural Development Co., Ltd., a wholly-owned subsidiary of Muyuan Group, holding 100% of its shares
Fugou Muyuan Agricultural Development Co., Ltd.	Under common control, with Henan Muyuan Agricultural Development Co., Ltd., a wholly-owned subsidiary of Muyuan Group, holding 100% of its shares
Shanxi Muyuan Agricultural Development Co., Ltd.	Under common control, with Henan Muyuan Agricultural Development Co., Ltd., a wholly-owned subsidiary of Muyuan Group, holding 100% of its shares
Shaaxi Muyuan West Biotechnology Co., Ltd.	Under common control, with Henan Muyuan Agricultural Development Co., Ltd., a wholly-owned subsidiary of Muyuan Group, holding 100% of its shares
Anhui Muyuan West Biotechnology Co., Ltd.	Under common control, with Henan Muyuan Agricultural Development Co., Ltd., a wholly-owned subsidiary of Muyuan Group, holding 100% of its shares
Henan Guoran Fengqing Fruit Industry Co., Ltd.	Under common control, with 71.43% shares held by Jinding Capital Management (Shenzhen) Co., Ltd., a wholly-owned subsidiary of Muyuan Group.
Xixia County Zhengtie Tianrun Beverage Co., Ltd.	Under common control, with 18.00% of its shares held by Muyuan Group and 82.00% of its shares held by Henan Guoran Fengqing Fruit Industry Co., Ltd., a holding subsidiary of Jinding Capital Management (Shenzhen) Co., Ltd., which is a wholly-owned subsidiary of Muyuan Group.

NOTES TO THE FINANCIAL STATEMENTS

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XI. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (CONTINUED)

4 Information on other related parties (Continued)

Name of other related parties	Related-party relationship
Neixiang Zhongyi High Efficiency Agricultural Technology Development Co., Ltd.	Under common control, with Neixiang Muyuan Technology Co., Ltd., a wholly-owned subsidiary of Muyuan Group, holding 66.67% of its shares
Dengzhou Shengda Agricultural Development Co., Ltd.	Under common control, with Muyuan Group holding 100% of its shares
Henan Muyuan Property Management Co., Ltd.	Under common control, with Muyuan Group holding 100% of its shares
Henan Muyuan Hotel Co., Ltd.	Under common control, with Henan Muyuan Property Management Co., Ltd., a wholly-owned subsidiary of Muyuan Group, holding 100% of its shares
Neixiang County Shengduo Watershed Water Ecological Environment Treatment Co., Ltd.	Under common control, with Muyuan Group holding 90.00% of its shares. Yuan Hebin, Chief Legal Officer (CLO) of the Company, is its director.
Neixiang Weixin Business Information Service Co., Ltd. (i)	Under common control, with Muyuan Group holding 60% of its shares
Mucai Optimum (Henan) Supply Chain Management Co., Ltd.	Under common control, with Muyuan Group holding 100% of its shares
Neixiang Juai Food Material Sales Co., Ltd.	Other related party, with Henan Juai Digital Technology Co., Ltd., a wholly-owned subsidiary of Muyuan Group, holding 40% of its shares
Nanyang Industry Investment Food Material Sales Co., Ltd.	Other related party, with Henan Juai Digital Technology Co., Ltd., a wholly-owned subsidiary of Muyuan Group, holding 25% of its shares
Henan Zhengtai Muyuan Smart Electrical Technology Co., Ltd.	Other related party, with Nanyang Jinsheng Smart Electrical Appliance Co., Ltd., a wholly-owned subsidiary of Muyuan Group, holding 49% of its shares
Ram Charan and entities controlled by him	Other related parties. Ram Charan served as a director of the Company.
Haikou Longmu New Energy Technology Co., Ltd.	Other related party, with Nanyang Longyuan New Energy Technology Co., Ltd., an equity participation subsidiary of the Company, holding 100.00% of its shares
Leizhou Longmu New Energy Co., Ltd.	Other related party, with Nanyang Longyuan New Energy Technology Co., Ltd., an equity participation subsidiary of the Company, holding 100.00% of its shares
Huai'an Jinhua Longyuan New Energy Co., Ltd.	Other related party, with Nanyang Longyuan New Energy Technology Co., Ltd., an equity participation subsidiary of the Company, holding 100.00% of its shares
Fuxin Longyuan New Energy Co., Ltd.	Other related party, with Nanyang Longyuan New Energy Technology Co., Ltd., an equity participation subsidiary of the Company, holding 100.00% of its shares
Henan Juaiyunchao Trading Co., Ltd.	Under common control, with Henan Juai Digital Technology Co., Ltd., a wholly-owned subsidiary of Muyuan Group, holding 100% of its shares

NOTES TO THE FINANCIAL STATEMENTS

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XI. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (CONTINUED)

4 Information on other related parties (Continued)

Name of other related parties	Related-party relationship
Henan Guigeng Agricultural Development Co., Ltd.	Under common control, with Henan Muyuan Agricultural Development Co., Ltd., a wholly-owned subsidiary of Muyuan Group, holding 70% of its shares
Neixiang County Guoxing Construction Labour Subcontracting Co., Ltd.	Under common control, with Neixiang Zhongyi High Efficiency Agricultural Technology Development Co., Ltd., a holding subsidiary of Neixiang Muyuan Technology Co., Ltd., a wholly-owned subsidiary of Muyuan Group, holding 100% of its shares
Henan Juai Pharmacy Co., Ltd.	Under common control, with Henan Juai Digital Technology Co., Ltd., a wholly-owned subsidiary of Muyuan Group, holding 100% of its shares
Zhonghe Construction Engineering (Henan) Co., Ltd.	Under common control, with Henan Muyuan Construction Engineering Co., Ltd., a wholly-owned subsidiary of Muyuan Group, holding 100% of its shares
Zhejiang Juneng Bao Oil Products Trading Co., Ltd.	Under common control, with Henan Muyuan Logistics Co., Ltd., a holding subsidiary of Muyuan Group, holding 100% of its shares
Xixia County Industry Investment Food Sales Co., Ltd.	Other related party, with Nanyang Industry Investment Food Material Sales Co., Ltd., an equity participation subsidiary of Henan Juai Digital Technology Co., Ltd., a wholly-owned subsidiary of Muyuan Group, holding 60.00% of its shares
Sheqi Wenxin Food Sales Co., Ltd.	Other related party, with Nanyang Industry Investment Food Material Sales Co., Ltd., an equity participation subsidiary of Henan Juai Digital Technology Co., Ltd., a wholly-owned subsidiary of Muyuan Group, holding 51.00% of its shares
Shenqiu County Chengtou Juai Food Sales Co., Ltd.	Other related party, with Henan Juai Digital Technology Co., Ltd., a wholly-owned subsidiary of Muyuan Group, holding 49.00% of its shares
Shenqiu County Agricultural Investment Juai Food Sales Co., Ltd.	Other related party, with Henan Juai Digital Technology Co., Ltd., a wholly-owned subsidiary of Muyuan Group, holding 49.00% of its shares
Henan Zhongying Digital Technology Co., Ltd.	Under common control, with Muyuan Group holding 100% of its shares
Nanyang Wancheng District Industry Investment Food Sales Co., Ltd.	Other related party, with Nanyang Industry Investment Food Material Sales Co., Ltd., an equity participation subsidiary of Henan Juai Digital Technology Co., Ltd., a wholly-owned subsidiary of Muyuan Group, holding 51.00% of its shares
Henan Neixiang Rural Commercial Bank Co., Ltd.	Other related party, with Muyuan Group holding 30.00% of its shares. Cao Zhinian, Vice Chairman, Executive Vice President and Financial Controller of the Company, is its director.
Nanyang Wolong Rural Credit Cooperative Association	Nanyang Wolong Muyuan Breeding Co., Ltd., a subsidiary of the Company, holds 7.32% of its shares. Cao Zhinian, Vice Chairman, Executive Vice President and Financial Controller of the Company, serves as a member of council of Wolong Rural Commercial Bank

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XI. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (CONTINUED)

4 Information on other related parties (Continued)

Name of other related parties	Related-party relationship
Henan Muyuan Agricultural Development Public Welfare Foundation	Other related party, with Muyuan Group contributed the original capital.
West Lake University	The actual controller serves as the vice chairman and a honorary director on the board of directors.
Nanyang West Lake Muyuan Synthetic Biology Research Institute	Other related party, with Muyuan Group is one of its sponsors; Wang Chunyan, the Chief Human Resources Officer of the Company, serves as the Vice President
Hubei Muyuan Agricultural Development Co., Ltd. (ii)	Under common control, with Muyuan Group holding 100% of its shares
Mianzhu Longyuan New Energy Power Generation Co., Ltd.	Other related party, with Nanyang Longyuan New Energy Technology Co., Ltd., an equity participation subsidiary of the Company, holding 100.00% of its shares
Henan Nan'ao Construction Engineering Co., Ltd.	Under common control, with Henan Muyuan Construction Engineering Co., Ltd., a wholly-owned subsidiary of Muyuan Group, holding 100% of its shares
Henan Juai Construction Engineering Co., Ltd.	Under common control, with Henan Muyuan Construction Engineering Co., Ltd., a wholly-owned subsidiary of Muyuan Group, holding 100% of its shares
Henan Junengbao Energy Trading Co., Ltd.	Under common control, with Henan Muyuan Logistics Co., Ltd., a holding subsidiary of Muyuan Group, holding 100% of its shares
Taizhou Longmu New Energy Technology Co., Ltd.	Other related party, with Nanyang Longyuan New Energy Technology Co., Ltd., an equity participation subsidiary of the Company, holding 100.00% of its shares
Henan Juaiwangfa Food Co., Ltd.	Under common control, with Henan Juai Digital Technology Co., Ltd., a wholly-owned subsidiary of Muyuan Group, holding 100% of its shares
Fangcheng Muyuan Agricultural Development Co., Ltd.	Under common control, with Henan Muyuan Agricultural Development Co., Ltd., a wholly-owned subsidiary of Muyuan Group, holding 100% of its shares
Fangcheng Production Investment Food Sales Co., Ltd.	Other related party, with Nanyang Industry Investment Food Material Sales Co., Ltd., an equity participation subsidiary of Henan Juai Digital Technology Co., Ltd., a wholly-owned subsidiary of Muyuan Group, holding 100.00% of its shares
Fengshengjia (Ningling County) Construction Development Co., Ltd.	Under common control, with Henan Shengda Development Co., Ltd., a wholly-owned subsidiary of Muyuan Group, holding 100% of its shares
Henan Zefu Real Estate Development Co., Ltd.	Under common control, with Xichuan Zhonghe Real Estate Co., Ltd., a holding subsidiary of Xichuan Xingsheng Construction Development Co., Ltd., a wholly-owned subsidiary of Henan Shengda Development Co., Ltd., a wholly-owned subsidiary of Muyuan Group, holding 100% of its shares
Henan Shengda Motor Vehicle Inspection Management Co., Ltd.	Under common control, with Henan Muyuan Smart Logistics Park Co., Ltd., a wholly-owned subsidiary of Henan Muyuan Logistics Co., Ltd., a holding subsidiary of Muyuan Group, holding 100% of its shares

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XI. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (CONTINUED)

4 Information on other related parties (Continued)

Name of other related parties	Related-party relationship
Nanyang High-tech Zone Juai Food Ingredients Sales Co., Ltd.	Other related party, with Nanyang Industry Investment Food Material Sales Co., Ltd., an equity participation subsidiary of Henan Juai Digital Technology Co., Ltd., a wholly-owned subsidiary of Muyuan Group, holding 60.00% of its shares
Nanyang Wolong District Juai Digital Technology Co., Ltd.	Under common control, with Henan Juai Digital Technology Co., Ltd., a wholly-owned subsidiary of Muyuan Group, holding 100% of its shares
Neihuang County Juai Digital Technology Co., Ltd.	Under common control, with Henan Juai Digital Technology Co., Ltd., a wholly-owned subsidiary of Muyuan Group, holding 100% of its shares
Neixiang Juai Catering Management Service Co., Ltd.	Other related party, with Neixiang Juai Food Material Sales Co., Ltd., an equity participation subsidiary of Henan Juai Digital Technology Co., Ltd., a wholly-owned subsidiary of Muyuan Group, holding 100.00% of its shares
Neixiang County Shengrongda Real Estate Co., Ltd.	Under common control, with Henan Shengda Development Co., Ltd., a wholly-owned subsidiary of Muyuan Group, holding 100% of its shares
Xingfujia (Zhoukou) Construction Development Co., Ltd.	Under common control, with Henan Shengda Development Co., Ltd., a wholly-owned subsidiary of Muyuan Group, holding 100% of its shares
Fengshengjia (Nanyang) Construction Development Co., Ltd.	Under common control, with Henan Shengda Development Co., Ltd., a wholly-owned subsidiary of Muyuan Group, holding 100% of its shares
Zhoukou Juai Food Sales Co., Ltd.	Under common control, with Henan Juai Digital Technology Co., Ltd., a wholly-owned subsidiary of Muyuan Group, holding 100% of its shares
Henan Binren Construction Engineering Co., Ltd.	Under common control, with Henan Muyuan Construction Engineering Co., Ltd., a wholly-owned subsidiary of Muyuan Group, holding 100% of its shares
Nanyang Jinxiang Smart Equipment Co., Ltd.	Under common control, with Nanyang Jinding Smart Equipment Co., Ltd., a wholly-owned subsidiary of Muyuan Group, holding 100% of its shares
Nanjing Longmu New Energy Co., Ltd.	Other related party, with Nanyang Longyuan New Energy Technology Co., Ltd., an equity participation subsidiary of the Company, holding 100.00% of its shares

Note:

- (i) Neixiang Weixin Asset Management Co., Ltd. was renamed as Neixiang Weixin Business Information Service Co., Ltd. in August 2025.
- (ii) Zhongxiang Muyuan Livestock Husbandry Co., Ltd. was renamed as Hubei Muyuan Agricultural Development Co., Ltd. in May 2025.

NOTES TO THE FINANCIAL STATEMENTS

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XI. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (CONTINUED)

5 Transactions with related parties

(1) Purchase of goods/receiving of services (excluding remuneration of key management personnel)

Name of related party	Nature of transaction	2025	2024
Henan Muyuan Construction Engineering Co., Ltd. and its subsidiaries	Receive construction engineering services and purchase equipment and materials	3,998,350,509.72	1,246,388,196.38
Henan Muyuan Logistics Co., Ltd. and its subsidiaries	Receive transportation services	409,222,770.07	380,969,452.53
Henan Lianmu Veterinary Medicine Co., Ltd.	Veterinary medicine and other materials	396,877,748.78	242,987,687.68
Henan Muyuan Equipment Co., Ltd.	Procurement of engineering, mechanical equipment and materials, installation and maintenance, etc	396,360,512.34	378,498,733.35
Zhejiang Juneng Bao Oil Products Trading Co., Ltd.	Purchase of refined oil, liquefied natural gas, petrochemical products, etc	336,569,213.98	–
Henan Juai Digital Technology Co., Ltd. and its subsidiaries	Purchase goods	200,313,054.91	201,292,695.83
Zhongmu Muyuan (Henan) Biological Pharmaceutical Co., Ltd.	Veterinary medicine and other materials	136,475,917.97	321,176,217.10
Subsidiary of Muyuan Industrial Group Co., Ltd.	Purchase of vehicles and spare parts, vehicle maintenance, etc	99,866,858.74	87,506,406.33
Muyuan Group and its subsidiaries, joint ventures and associates	Receive accommodation, catering, conference, property management, platforms and other services	80,333,748.38	34,846,360.62
Muyuan Group and its subsidiaries, joint ventures and associates	Purchase of drinks, agricultural products, agricultural and sideline products, organic fertilizers, etc	79,217,805.70	132,875,223.85
Henan Zhengtai Muyuan Smart Electrical Technology Co., Ltd.	Procurement of engineering, mechanical equipment and materials, installation and maintenance, etc	59,872,020.18	34,589,602.10
Henan Junengbao Energy Trading Co., Ltd.	Purchase of refined oil, liquefied natural gas, petrochemical products, etc	59,808,475.57	–
Henan Wanmu New Material Co., Ltd.	Procurement of products, goods, etc	57,699,500.59	–
Henan Xinghua Instrument Equipment Co., Ltd.	Purchase labour protection appliances, equipment, etc	42,133,293.44	48,954,847.64
Fangcheng Yushengyuan Livestock Husbandry Co., Ltd.	Purchase hog	32,238,149.91	–
Nanyang Longyuan New Energy Technology Co., Ltd. and its subsidiaries	Electricity, etc	27,111,113.81	19,081,167.21
Nanyang Jinding Smart Equipment Co., Ltd.	Procurement of engineering, mechanical equipment and materials, installation and maintenance, etc	14,452,030.62	–
Guangdong Guangken Muyuan Livestock Husbandry Co., Ltd.	Purchase breeding hogs	1,430,300.00	32,876,611.55
Ram Charan and entities controlled by him	Receive consulting services	1,010,307.73	2,764,989.78
Henan Qianmu Biological Pharmaceutical Co., Ltd.	Receive accommodation, leasing and other services	136,593.58	–
Henan Zhongyou Muyuan Oil and Gas Co., Ltd.	Purchase of refined oil, petrochemical products, etc	–	30,781,396.89

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(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

XI. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (CONTINUED)

5 Transactions with related parties (Continued)

(2) Sale of goods/rendering of services

Name of related party	Nature of transaction	2025	2024
Henan Longda Longmu Meat Co., Ltd.	Hog, pork products, etc	1,821,825,936.95	1,869,644,838.51
Muyuan Group and its subsidiaries, joint ventures and associates	Selling pork products, pig manure, products, etc	138,147,825.49	111,169,778.13
Guangdong Guangken Muyuan Livestock Husbandry Co., Ltd.	Raw materials, goods, equipment and services	79,720,419.94	113,273,831.29
Fangcheng Yushengyuan Livestock Husbandry Co., Ltd.	Raw materials, goods, equipment and services	78,597,238.31	–
Henan Qianmu Biological Pharmaceutical Co., Ltd.	Pork products, etc	47,623,045.13	–
Rongtong Nongfa Muyuan (Tangshan) Livestock Husbandry Co., Ltd.	Raw materials, goods, equipment and services	41,409,861.39	25,431.54
Rongtong Nongfa Muyuan (Chongzhou) Co., Ltd.	Raw materials, goods, equipment and services	2,333,822.93	74,947.06
Rongtong Nongfa Muyuan (Jianyang) Co., Ltd.	Raw materials, goods, equipment and services	2,392,751.56	30,084,422.67
Nanyang Longyuan New Energy Technology Co., Ltd. and its subsidiaries	Service fees	1,383,915.70	–
Henan Lianmu Veterinary Medicine Co., Ltd.	Pork products, etc	40,033.99	–
Muyuan Group and its subsidiaries, joint ventures and associates	Testing, platform and other services	577,502.94	705,331.49

(3) Leases

(a) As the lessor:

Name of lessee	Type of assets leased	Lease income recognised in 2025	Lease income recognised in 2024
Muyuan Group and its subsidiaries	Buildings, equipment, etc.	4,170,627.90	4,998,106.20

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

XI. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (CONTINUED)

5 Transactions with related parties (Continued)

(3) Leases (Continued)

(b) As the lessee:

Name of lessor	Types of leased assets	Rental expenses for practical expedient of short-term leases and the leases of low-value assets		Rental payments		Assumed interest expenses from lease liabilities		Increased right-of-use assets	
		2025	2024	2025	2024	2025	2024	2025	2024
Muyuan Group and its subsidiaries	Buildings, equipment, etc.	1,281,623.67	1,143,757.30	27,681,623.67	26,543,757.30	9,348,873.19	9,752,835.83	-	-

(4) Guarantee

The Group as Guarantor

During the year, the guaranteed loans, which the Group acts as guarantor, with an amount of RMB68,721,600.00, have been fully settled. As at 31 December 2025, the outstanding loans the Group acts as the guarantor were RMB72,498,064.84, as follows:

Guarantee holder	Amount of guarantee	Inception date of guarantee	Maturity date of guarantee	Guarantee expired (Y/N)
Zhongmu Muyuan (Henan) Biological Pharmaceutical Co., Ltd.	47,998,064.84	1 February 2024	25 March 2028	N
Rongtong Nongfa Muyuan (Chongzhou) Co., Ltd.	24,500,000.00	12 May 2025	11 May 2028	N
Total	72,498,064.84			

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

XI. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (CONTINUED)

5 Transactions with related parties (Continued)

(4) Guarantee (Continued)

The Group as guarantee

Guarantee on loans:

During the year, the guaranteed loans that have been fully settled were RMB33,147,526,190.60. As at 31 December 2025, the outstanding guaranteed loans were RMB35,740,295,631.37, as follows:

Name of guarantor	Guarantee holder	Amount of guarantee	Inception date of guarantee	Maturity date of guarantee	Guarantee expired (Y/N)
Qin Yinglin, Qian Ying	The Company and its subsidiaries	25,628,817,393.39	27 April 2023	10 March 2028	N
Qin Yinglin, Qian Ying, Muyuan Group	The Company and its subsidiaries	5,542,193,177.58	20 January 2025	9 June 2026	N
Qin Yinglin	The Company and its subsidiaries	4,506,277,945.16	17 January 2023	20 November 2026	N
Muyuan Group	The Company and its subsidiaries	63,007,115.24	15 September 2019	15 April 2035	N
Total		35,740,295,631.37			

Guarantee on bills:

During the year, the bill guarantees that have been fulfilled were RMB5,498,500,000.00. As at 31 December 2025, the outstanding bill guarantees were RMB3,307,500,000.00, as follows:

Name of guarantor	Guarantee holder	Amount of guarantee	Inception date of guarantee	Maturity date of guarantee	Guarantee expired (Y/N)
Qin Yinglin, Qian Ying, Muyuan Group	The Company	566,000,000.00	1 January 2025	1 January 2026	N
Qin Yinglin, Qian Ying	The Company	700,000,000.00	26 February 2025	21 February 2026	N
Qin Yinglin, Qian Ying	The Company	500,000,000.00	17 June 2025	17 June 2026	N
Qin Yinglin, Qian Ying	The Company	300,000,000.00	24 March 2025	20 March 2026	N
Qin Yinglin	The Company	270,000,000.00	31 March 2025	30 March 2026	N
Qin Yinglin	The Company	250,000,000.00	22 November 2025	21 May 2026	N
Qin Yinglin, Qian Ying	The Company	250,000,000.00	28 November 2025	28 May 2026	N
Qin Yinglin, Qian Ying	The Company	169,000,000.00	11 September 2025	11 March 2026	N
Qin Yinglin, Qian Ying	The Company	120,000,000.00	19 August 2025	19 February 2026	N
Qin Yinglin	The Company	10,000,000.00	30 December 2025	15 July 2026	N
Qin Yinglin, Qian Ying	The Company	98,000,000.00	20 November 2025	20 April 2026	N
Qin Yinglin, Qian Ying	The Company	74,500,000.00	20 October 2025	20 April 2026	N
Total		3,307,500,000.00			

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

XI. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (CONTINUED)

5 Transactions with related parties (Continued)

(5) Borrowings from/to related parties

Borrowings from related parties	2025	2024
Opening balance	–	1,900,000,000.00
Proceeds	855,990,650.00	4,470,000,000.00
Repayment	(855,990,650.00)	(6,370,000,000.00)
Closing balance	–	–

During the year ended 31 December 2025, the Group has not lent out any borrowings to related parties (2024: nil).

(6) Remuneration of key management personnel

Item	2025	2024
Remuneration of key management personnel	53,967,593.94	25,904,256.46

(a) Directors’ or supervisors’ emoluments

2025:

	Directors’ fees	Salary, allowances and benefits in kind	Retirement scheme contributions	Discretionary bonuses	Subtotal	Share-based payments (iv)	Total
Executive directors:							
Mr. Qin Yinglin	–	835,200.00	4,800.00	3,318,096.74	4,158,096.74	–	4,158,096.74
Ms. Qian Ying	–	–	–	–	–	–	–
Mr. Cao Zhinian	–	715,200.00	4,800.00	2,721,534.82	3,441,534.82	1,166,860.00	4,608,394.82
Ms. Yang Ruihua	–	835,200.00	4,800.00	4,929,030.42	5,769,030.42	1,652,934.88	7,421,965.30
Independent non-executive directors:							
Mr. Chow Ming Sang	150,000.00	–	–	–	150,000.00	–	150,000.00
Mr. Yan Lei	150,000.00	–	–	–	150,000.00	–	150,000.00
Mr. Feng Genfu	150,000.00	–	–	–	150,000.00	–	150,000.00
Supervisors:							
Mr. Su Danglin (iii)	–	595,200.00	4,800.00	907,549.47	1,507,549.47	–	1,507,549.47
Mr. Li Fuqiang (iii)	–	175,440.00	4,560.00	–	180,000.00	–	180,000.00
Ms. Lu Xiangli (iii)	–	99,312.00	3,888.00	–	103,200.00	–	103,200.00
Total	450,000.00	3,255,552.00	27,648.00	11,876,211.45	15,609,411.45	2,819,794.88	18,429,206.33

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

XI. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (CONTINUED)

5 Transactions with related parties (Continued)

(6) Remuneration of key management personnel (Continued)

(a) Directors’ or supervisors’ emoluments (Continued)

2024:

	Directors’ fees	Salary, allowances and benefits in kind	Retirement scheme contributions	Discretionary bonuses	Subtotal	Share-based payments (iv)	Total
Executive directors:							
Mr. Qin Yinglin	-	750,400.00	4,800.00	2,966,743.26	3,721,943.26	-	3,721,943.26
Ms. Qian Ying	-	-	-	-	-	-	-
Mr. Cao Zhinian	-	614,400.00	4,800.00	1,483,371.63	2,102,571.63	148,580.63	2,251,152.26
Mr. Ram Charan (i)	-	-	-	-	-	-	-
Ms. Yang Ruihua (ii)	-	487,200.00	2,800.00	1,483,371.63	1,973,371.63	-	1,973,371.63
Independent non-executive directors:							
Mr. Chow Ming Sang	150,000.00	-	-	-	150,000.00	-	150,000.00
Mr. Yan Lei	150,000.00	-	-	-	150,000.00	-	150,000.00
Mr. Feng Genfu	150,000.00	-	-	-	150,000.00	-	150,000.00
Supervisors:							
Mr. Su Danglin	-	489,400.00	4,800.00	370,842.91	865,042.91	-	865,042.91
Mr. Li Fuqiang	-	175,200.00	4,800.00	-	180,000.00	-	180,000.00
Ms. Lu Xiangli	-	99,262.20	4,080.00	-	103,342.20	-	103,342.20
Total	450,000.00	2,615,862.20	26,080.00	6,304,329.43	9,396,271.63	148,580.63	9,544,852.26

Notes:

- (i) Mr. Ram Charan resigned as a director of the Company on 9 May 2024.
- (ii) Ms. Yang Ruihua became an executive director of the Company since 22 May 2024. The remuneration disclosed above represents the remuneration paid to her since her appointment as an executive director. The total remuneration of Ms. Yang Ruihua for the year ended 31 December 2024 was RMB2,430,197.13, including share-based payments of RMB222,825.50.
- (iii) On 25 December 2025, the shareholders’ meeting of the Company approved the special resolution on dissolving the Board of Supervisors.
- (iv) These represent the estimated value of incentive shares granted to certain directors under the Company’s shares-based payment scheme. The value of these incentive shares is measured according to the Group’s accounting policies for share-based payment transactions as set out in Note III.22. The details of share-based payment, including the principal terms and number of restricted shares granted, are disclosed in Note XII.

During the year ended 31 December 2025, no director or supervisor has waived or agreed to waive any emoluments and no emoluments was paid by the Group to the directors or supervisors as an inducement to join or upon joining the Group or as compensation for loss of office (2024: nil).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

XI. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (CONTINUED)

5 Transactions with related parties (Continued)

(6) Remuneration of key management personnel (Continued)

(b) Individuals with highest emoluments

The numbers of directors, supervisors and other employees included in the five individuals with the highest emoluments set out as follows:

Item	2025	2024
Directors or supervisors	1	1
Other than directors or supervisors	4	4
Total	5	5

The aggregate of emoluments in respect of the five individuals with the highest emoluments other than directors or supervisors are as follows:

Item	2025	2024
Salary and other emoluments	4,638,608.01	3,849,900.00
Retirement scheme contributions	19,200.00	19,200.00
Discretionary bonuses	13,190,245.95	10,694,866.31
Subtotal	17,848,053.96	14,563,966.31
Share-based payments	6,745,496.80	445,741.88
Total	24,593,550.76	15,009,708.19

The emoluments of the individuals with the highest emoluments other than directors or supervisors are within the following bands:

Item	2025	2024
HK\$2,500,001 – HK\$3,000,000	–	1
HK\$4,000,001 – HK\$4,500,000	–	2
HK\$4,500,001 – HK\$5,000,000	–	1
HK\$5,500,001 – HK\$6,000,000	1	–
HK\$6,000,001 – HK\$6,500,000	1	–
HK\$6,500,001 – HK\$7,000,000	1	–
HK\$7,500,001 – HK\$8,000,000	1	–

NOTES TO THE FINANCIAL STATEMENTS

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XI. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (CONTINUED)

5 Transactions with related parties (Continued)

(7) Other related-party transactions

Name of related party	Nature of transaction	2025	2024
Henan Neixiang Rural Commercial Bank Co., Ltd.	Interest income from deposits	7,259,296.05	9,550,394.88
Nanyang Wolong Rural Credit Cooperative Association	Interest income from deposits	169,925.88	268,782.67
Henan Neixiang Rural Commercial Bank Co., Ltd.	Settlement fees	2,510.79	253,020.62
Nanyang Wolong Rural Credit Cooperative Association	Settlement fees	9.18	511.86
Henan Neixiang Rural Commercial Bank Co., Ltd.	Deposit balance	124,356,549.67	114,782,716.68
Nanyang Wolong Rural Credit Cooperative Association	Deposit balance	802,388.20	661,535.46
West Lake University	Donation provided	60,000,000.00	60,000,000.00
Nanyang West Lake Muyuan Synthetic Biology Research Institute	Donation provided	40,000,000.00	40,000,000.00
Henan Muyuan Agricultural Development Public Welfare Foundation	Donation provided	15,000,000.00	40,000,000.00

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

XI. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (CONTINUED)

6 Unsettled items, including receivables from and payables to related parties

(1) Receivables from related parties

Item	Related party	2025		2024	
		Book value	Provision for bad and doubtful debts	Book value	Provision for bad and doubtful debts
Prepayments	Zhejiang Juneng Bao Oil Products Trading Co., Ltd.	5,865,488.79	-	-	-
Prepayments	Nanyang Jinding Smart Equipment Co., Ltd.	571,230.12	-	-	-
Prepayments	Nanjing Longmu New Energy Co., Ltd.	316,844.90	-	-	-
Prepayments	Henan Juai Digital Technology Co., Ltd.	9,744.00	-	-	-
Accounts receivable	Fangcheng Yushengyuan Livestock Husbandry Co., Ltd.	36,472,705.07	1,823,635.25	-	-
Accounts receivable	Rongtong Nongfa Muyuan (Jiayang) Co., Ltd.	1,490,255.48	74,512.77	20,138.50	1,006.93
Accounts receivable	Henan Qianmu Biological Pharmaceutical Co., Ltd.	7,416,031.32	370,801.57	-	-
Accounts receivable	Guangdong Guangken Muyuan Livestock Husbandry Co., Ltd.	3,938,050.99	196,902.55	883,023.63	44,151.18
Accounts receivable	Henan Muyuan Property Management Co., Ltd.	828,575.51	41,428.78	27,697.83	1,384.89
Accounts receivable	Rongtong Nongfa Muyuan (Chongzhou) Co., Ltd.	679,475.87	33,973.79	10,341.00	517.05
Accounts receivable	Henan Binren Construction Engineering Co., Ltd.	71,337.00	3,566.85	-	-
Accounts receivable	Rongtong Nongfa Muyuan (Tangshan) Livestock Husbandry Co., Ltd.	61,735.60	3,086.78	27,769.00	1,388.45
Accounts receivable	Henan Muyuan Logistics Co., Ltd.	49,269.00	2,463.45	-	-
Accounts receivable	Henan Muyuan Hotel Co., Ltd.	38,021.72	1,901.09	8,179.26	408.96
Accounts receivable	Henan Muyuan Construction Engineering Co., Ltd.	31,991.12	1,599.56	2,690.00	134.50
Accounts receivable	Henan Muyuan Smart Logistics Park Co., Ltd.	299.00	14.95	299.00	14.95
Accounts receivable	Muyuan Industrial Group Co., Ltd.	279.00	13.95	-	-
Accounts receivable	Henan Lianmu Veterinary Medicine Co., Ltd.	7.05	0.35	-	-
Accounts receivable	Henan Longda Longmu Meat Co., Ltd.	-	-	11,562.50	578.13
Accounts receivable	Henan Guoran Fengqing Fruit Industry Co., Ltd.	-	-	249.00	12.45
Other non-current assets	Henan Zhengtai Muyuan Smart Electrical Technology Co., Ltd.	2,687,780.00	-	-	-
Other non-current assets	Henan Juai Automobile Sales Service Co., Ltd.	-	-	395,600.00	-
Other receivables	Rongtong Nongfa Muyuan (Jiayang) Co., Ltd.	100,000.00	50,000.00	100,000.00	20,000.00
Bills receivable	Henan Longda Longmu Meat Co., Ltd.	60,000,000.00	-	150,900,000.00	-

NOTES TO THE FINANCIAL STATEMENTS

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XI. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (CONTINUED)

6 Unsettled items, including receivables from and payables to related parties (Continued)

(2) Payables to related parties

Item	Related party	2025	2024
Accounts payable	Henan Muyuan Construction Engineering Co., Ltd.	4,241,628,609.94	4,076,758,465.80
Accounts payable	Henan Nan’o Construction Engineering Co., Ltd.	103,409,883.12	–
Accounts payable	Henan Juai Construction Engineering Co., Ltd.	83,186,215.64	–
Accounts payable	Zhonghe Construction Engineering (Henan) Co., Ltd.	76,187,020.76	284,668,769.92
Accounts payable	Henan Muyuan Equipment Co., Ltd.	51,582,166.55	153,970,260.72
Accounts payable	Henan Lianmu Veterinary Medicine Co., Ltd.	33,123,281.11	61,546,332.68
Accounts payable	Henan Muyuan Logistics Co., Ltd.	32,363,837.31	5,279,754.03
Accounts payable	Henan Shengda Special Vehicle Co., Ltd.	13,388,788.64	65,930,225.57
Accounts payable	Zhejiang Juneng Bao Oil Products Trading Co., Ltd.	10,715,204.92	14,824,399.01
Accounts payable	Henan Juai Digital Technology Co., Ltd.	8,552,899.03	8,463,822.84
Accounts payable	Zhongmu Muyuan (Henan) Biological Pharmaceutical Co., Ltd.	8,073,249.15	136,736,666.00
Accounts payable	Henan Junengbao Energy Trading Co., Ltd.	7,617,011.33	–
Accounts payable	Henan Xinghua Instrument Equipment Co., Ltd.	6,794,783.60	28,066,633.71
Accounts payable	Henan Juai Automobile Sales Service Co., Ltd.	2,939,800.00	–
Accounts payable	Fangcheng Yushengyuan Livestock Husbandry Co., Ltd.	2,432,763.13	–
Accounts payable	Henan Zhengtai Muyuan Smart Electrical Technology Co., Ltd.	2,415,081.72	13,487,640.92
Accounts payable	Henan Muyuan Property Management Co., Ltd.	1,591,290.75	1,140.00
Accounts payable	Leizhou Longmu New Energy Co., Ltd.	1,589,673.66	–
Accounts payable	Muyuan Industrial Group Co., Ltd.	875,358.00	–
Accounts payable	Mucai Optimum (Henan) Supply Chain Management Co., Ltd.	655,567.69	250,162.12
Accounts payable	Haikou Longmu New Energy Technology Co., Ltd.	643,654.84	–
Accounts payable	Henan Wanmu New Material Co., Ltd.	526,817.31	27,171,753.71
Accounts payable	Huai’an Jinhua Longyuan New Energy Co., Ltd.	314,469.67	–
Accounts payable	Mianzhu Longyuan New Energy Power Generation Co., Ltd.	58,612.82	–
Accounts payable	Henan Muyuan Agricultural Development Co., Ltd.	43,252.40	–
Accounts payable	Henan Guigeng Agricultural Development Co., Ltd.	40,548.53	–
Accounts payable	Nanyang Jinding Smart Equipment Co., Ltd.	–	6,703,961.15
Accounts payable	Guangdong Guangken Muyuan Livestock Husbandry Co., Ltd.	–	186,500.00
Accounts payable	Neixiang Juai Food Material Sales Co., Ltd.	–	5,720.82
Accounts payable	Henan Juaiyunchao Trading Co., Ltd.	–	669.92

NOTES TO THE FINANCIAL STATEMENTS

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XI. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (CONTINUED)

6 Unsettled items, including receivables from and payables to related parties (Continued)

(2) Payables to related parties (Continued)

Item	Related party	2025	2024
Accounts payable	Neixiang Shengwangda Real Estate Co., Ltd.	–	628.00
Accounts payable	Xixia Shengshida Real Estate Co., Ltd.	–	424.00
Contract liabilities	Guangdong Guangken Muyuan Livestock Husbandry Co., Ltd.	8,124,895.05	–
Contract liabilities	Henan Juai Digital Technology Co., Ltd.	4,389,135.53	10,308,109.91
Contract liabilities	Nanyang Industry Investment Food Material Sales Co., Ltd.	1,043,338.12	691,973.10
Contract liabilities	Rongtong Nongfa Muyuan (Chongzhou) Co., Ltd.	173,024.13	247,724.78
Contract liabilities	Shenqiu Nongtou Juai Food Sales Co., Ltd.	275,922.72	303,600.15
Contract liabilities	Zhongmu Muyuan (Henan) Biological Pharmaceutical Co., Ltd.	107,915.41	–
Contract liabilities	Fengyi Muyuan Oil Technology (Nanyang) Co., Ltd.	74,339.11	–
Contract liabilities	Rongtong Nongfa Muyuan (Jianyang) Co., Ltd.	75,138.00	–
Contract liabilities	Neixiang Juai Food Material Sales Co., Ltd.	53,053.31	169,802.51
Contract liabilities	Shenqiu County Chengtou Juai Food Sales Co., Ltd.	46,746.65	293,840.59
Contract liabilities	Fangcheng Yushengyuan Livestock Husbandry Co., Ltd.	1,528.76	–
Contract liabilities	Xixia County Industry Investment Food Sales Co., Ltd.	661.79	6,584.72
Contract liabilities	Rongtong Nongfa Muyuan (Tangshan) Livestock Husbandry Co., Ltd.	135.00	–
Other payables	Guangdong Guangken Muyuan Livestock Husbandry Co., Ltd.	1,133,600.00	–
Other payables	Zhongmu Muyuan (Henan) Biological Pharmaceutical Co., Ltd.	1,000,000.00	20,382.00
Other payables	Henan Lianmu Veterinary Medicine Co., Ltd.	1,000,000.00	20,000.00
Other payables	Henan Qianmu Biological Pharmaceutical Co., Ltd.	800,000.00	–
Other payables	Henan Muyuan Construction Engineering Co., Ltd.	50,000.00	–
Other payables	Henan Zhengtai Muyuan Smart Electrical Technology Co., Ltd.	120,000.00	120,000.00
Other payables	Nanyang Industry Investment Food Material Sales Co., Ltd.	39,160.00	40,000.00
Bills payable	Zhongmu Muyuan (Henan) Biological Pharmaceutical Co., Ltd.	–	85,121,713.20
Bills payable	Henan Muyuan Equipment Co., Ltd.	–	26,182,704.25
Bills payable	Henan Muyuan Construction Engineering Co., Ltd.	–	3,567,528.80
Bills payable	Henan Xinghua Instrument Equipment Co., Ltd.	–	1,757,000.00

XII. SHARE-BASED PAYMENTS

1 Overall information of share-based payments

Type of grantees	Granted during the year		Exercised during the year		Unlocked during the year		Forfeited during the year	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Core personnel	41,870,091	1,281,643,485.51	–	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

XII. SHARE-BASED PAYMENTS (CONTINUED)

2 Equity-settled share-based payments

(1) 2025 Shareholding Plans

On 8 September 2025, the first extraordinary general meeting of shareholders of the Company during 2025 reviewed and passed the “Proposal on the 2025 Operators Shareholding Plan (Draft) and Summary of Muyuan Food Co., Ltd.”, “Proposal on the 2025 Strivers Shareholding Plan (Draft) and Summary of Muyuan Food Co., Ltd.”, and “Proposal on the 2025 Key Employees Shareholding Plan (Draft) and Summary of Muyuan Food Co., Ltd.” (“2025 Shareholding Plans”).

The restricted shares granted under 2025 Operators Shareholding Plan and 2025 Strivers Shareholding Plan will be restricted for 12 months, 24 months or 36 months from the date of approval by the shareholders’ meeting and the Company’s announcement of the last transfer of the shares granted to the name of this shareholding plan. The proportion of unlocked shares in each unlocking period is 40%, 30% and 30%, respectively. The actual unlocking proportion and quantity for each unlocking period shall be calculated and determined based on the assessment results.

The restricted shares granted under 2025 Key Employees Shareholding Plan will be restricted for 12 months or 24 months from the date of approval by the shareholders’ meeting and the Company’s announcement of the last transfer of shares granted to the name of this shareholding plan. The proportion of unlocked shares in each unlocking period shall be 50% and 50%, respectively. The actual unlocking proportion and quantity for each unlocking period shall be calculated and determined based on the assessment results.

Method for determining the fair value of equity instruments at the grant date	Based on fair value and grant price at the grant date
Basis for determining the number of equity instruments expected to vest	The Company estimates according to the restricted shares granted and the performance conditions of the employees during the related unlocking period
Reasons for material differences between estimates for the current and previous period	None
Accumulated amount of equity settled share-based payments recognised in capital reserve	3,384,151,191.78
Amount of equity-settled share-based payments recognised in expenses	284,162,761.79

3 Expenses recognised arising from share-based payments

Item	2025	2024
Equity-settled share-based payments	284,162,761.79	35,645,926.90

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

XIII. COMMITMENTS AND CONTINGENCIES

There are no significant commitments or contingencies that need to be disclosed by the company.

XIV. MATERIAL NON-ADJUSTING POST EVENTS

1. Issue and Listing of H Shares

Subsequent to the balance sheet date, the Company completed the initial public offering and listing of its shares on the Hong Kong Stock Exchange on 6 February 2026. The 273,951,400 H Shares issued by the Company, before any exercise of the over-allotment options, were listed and traded on the Main Board of the Hong Kong Stock Exchange on 6 February 2026. In addition, on 5 March 2026, the over-allotment option was partially exercised, pursuant to which an aggregate of 36,271,700 additional H Shares were issued by the Company.

2. Profit appropriations after the balance sheet date

item	Note	Amount
Profit distributions or dividends proposed	(1)	2,435,355,283.04

(1) Distribution of dividends on ordinary shares after the balance sheet date

The Board of Directors proposed on 27 March 2026 the appropriation of a cash dividend of RMB0.427 per share (including tax) to the Company’s ordinary shareholders, totalling RMB2,435,355,283.04. The proposal is subject to approval of the shareholders’ general meeting. Such cash dividends are not recognised as a liability at the balance sheet date.

XV. OTHER SIGNIFICANT ITEMS

1 Segment reporting

The Group has 4 reportable segments, which are (i) hog business, (ii) slaughtering and meat product business, (iii) feed ingredients trading and (iv) others. Each reportable segment is a separate business unit which offers different products and services. The Group managed each segment separately because each segment requires different technology and marketing strategies.

- Hog business: breeding and sales of hogs;
- Slaughtering and meat product business: hog slaughtering and sales of meat products and by-products;
- Feed ingredients trading: sales of raw material for feed; and
- Others: mainly sales of pig manure and feed products.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

XV. OTHER SIGNIFICANT ITEMS (CONTINUED)

1 Segment reporting (Continued)

(1) Segment information

Item	Hog business		Slaughtering and meat product business		Feed ingredients trading		Others		Inter-segment elimination		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Revenue	140,207,176,872.34	136,229,329,743.49	45,227,649,162.89	24,273,640,358.59	3,341,834,835.40	1,432,318,994.72	1,146,881,403.06	447,375,315.83	(45,778,576,902.01)	(24,435,772,335.76)	144,144,465,371.68	137,946,892,076.87
Operating costs	115,970,785,673.49	107,716,419,633.81	44,010,282,257.28	24,024,581,695.61	3,336,117,738.38	1,458,465,493.31	1,003,288,911.39	414,021,300.76	(45,867,419,255.17)	(24,294,469,886.54)	118,461,055,325.37	109,319,018,236.95
Expenses and taxes and surcharges	-	-	-	-	-	-	-	-	-	-	9,599,006,549.20	9,373,257,570.68
Other income	-	-	-	-	-	-	-	-	-	-	454,772,128.58	662,888,856.82
Investment income	-	-	-	-	-	-	-	-	-	-	102,171,232.13	99,638,320.05
Gains from changes in fair value	-	-	-	-	-	-	-	-	-	-	(207,706.30)	158,000.00
Credit reversals	-	-	-	-	-	-	-	-	-	-	(27,806,721.05)	283,692.84
Impairment losses	-	-	-	-	-	-	-	-	-	-	(72,086,229.07)	(12,884,326.14)
Gains from asset disposals	-	-	-	-	-	-	-	-	-	-	352,470,392.60	5,845,833.88
Operating profit	-	-	-	-	-	-	-	-	-	-	16,894,216,594.00	20,010,546,646.69
Non-operating income	-	-	-	-	-	-	-	-	-	-	110,741,572.96	84,412,274.98
Non-operating expenses	-	-	-	-	-	-	-	-	-	-	1,195,020,366.56	1,198,480,011.03
Profit before income tax	-	-	-	-	-	-	-	-	-	-	15,809,937,800.40	18,896,478,910.64

The main business of the Group is the hog business and slaughtering and meat product business, the production process, product nature, customer type and sales mode of which are basically the same and there is no obvious difference in the risks and rewards of products provided between different regions. The subsidiaries of the Group are engaged in different segment operating activities and certain assets are shared, which is difficult to allocate the corresponding assets and liabilities into each reporting segment, thus the total assets and total liabilities of each reporting segment cannot be disclosed.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

XV. OTHER SIGNIFICANT ITEMS (CONTINUED)

1 Segment reporting (Continued)

(2) Major customers

During the years ended 31 December 2024 and 2025, the Group had no customer with whom transactions have exceeded 10% of the Group’s total revenue.

2 Others

As of 31 December 2025, certain subsidiaries of the Group received tax treatment decisions. The subsidiaries had commenced administrative reconsideration procedures or the administrative proceedings with local tax authorities in relation to the tax treatment decisions. As of the date of issuance of these financial statements, the administrative proceedings were ongoing and the subsidiaries have not received the first instance judgements. Tax advisors of the Group are of the view and directors of the Company concur that the likelihood the relevant subsidiaries are liable to pay the tax is relatively low.

XVI. NOTES TO THE COMPANY’S FINANCIAL STATEMENTS

1 Cash at bank and on hand

Item	2025	2024
Deposits with banks	4,754,250,227.36	4,248,007,810.68
Other monetary funds	775,730,849.88	1,993,480,448.86
Total	5,529,981,077.24	6,241,488,259.54
Including: Total overseas deposits	–	–

Cash at bank and on hand that has restriction of use at the end of the year:

Item	2025	2024
Bank acceptance bill deposit, loan deposit, futures deposit, letter of credit deposit, etc.	618,636,427.53	1,830,994,319.37

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

XVI. NOTES TO THE COMPANY’S FINANCIAL STATEMENTS (CONTINUED)

2 Accounts receivable

(1) The ageing analysis of accounts receivable is as follows:

Ageing	2025	2024
Within 1 year (inclusive)	559,767,149.68	624,939,800.61
Over 1 year but within 2 years (inclusive)	35,933,925.83	703,607,328.94
Over 2 years but within 3 years (inclusive)	72,618,760.06	162,701,989.13
Over 3 years	34,171,630.22	–
Subtotal	702,491,465.79	1,491,249,118.68
Less: Provision for bad and doubtful debts	350,809.87	286,020.57
Total	702,140,655.92	1,490,963,098.11

The ageing is counted starting from the date when accounts receivable is recognised.

Item	2025	2024
Accounts receivable due from subsidiaries	700,784,578.59	1,489,819,015.83
Accounts receivable due from third parties	1,706,887.20	1,430,102.85
Subtotal	702,491,465.79	1,491,249,118.68
Less: Provision for bad and doubtful debts	350,809.87	286,020.57
Total	702,140,655.92	1,490,963,098.11

(3) Accounts receivable by provision method

Category	2025					2024				
	Book value		Provision for bad and doubtful debts			Book value		Provision for bad and doubtful debts		
	Amount	Percentage (%)	Amount	Percentage (%)	Carrying amount	Amount	Percentage (%)	Amount	Percentage (%)	Carrying amount
Individual assessment					–					
Collective assessment										
– Group 1: receivables due from subsidiaries within the consolidation scope	700,784,578.59	99.76	–	–	700,784,578.59	1,489,819,015.83	99.90	–	–	1,489,819,015.83
– Group 2: other accounts receivable	1,706,887.20	0.24	350,809.87	20.55	1,356,077.33	1,430,102.85	0.10	286,020.57	20.00	1,144,082.28
Total	702,491,465.79	100.00	350,809.87		702,140,655.92	1,491,249,118.68	100.00	286,020.57		1,490,963,098.11

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

XVI. NOTES TO THE COMPANY’S FINANCIAL STATEMENTS (CONTINUED)

2 Accounts receivable (Continued)

(3) Accounts receivable by provision method (Continued)

(a) Assessment of ECLs on accounts receivable:

At all times, the Company measures impairment loss for accounts receivable at an amount equal to lifetime ECLs, and the ECLs are based on the ageing and the expected loss rate.

The expected credit loss rate is measured based on historical credit loss experience and is adjusted for differences in economic conditions during the historical period, current economic conditions and anticipated economic conditions during the expected lifetime.

In Group 2, provision for bad and doubtful debts are based on ageing information:

2025:

Ageing	Book value	Expected credit loss rate (%)	Provision for bad and doubtful debts
Within 1 year (inclusive)	1,116,963.85	5.00	55,848.19
Over 2 year but within 3 years (inclusive)	589,923.35	50.00	294,961.68
Total	1,706,887.20		350,809.87

2024:

Ageing	Book value	Expected credit loss rate (%)	Provision for bad and doubtful debts
Over 1 year but within 2 years (inclusive)	1,430,102.85	20.00	286,020.57
Total	1,430,102.85		286,020.57

(4) Movements of provisions for bad and doubtful debts

	2025	2024
Balance at the beginning of the year	286,020.57	118,130.55
Additions	64,789.30	167,890.02
Balance at the end of the year	350,809.87	286,020.57

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

XVI. NOTES TO THE COMPANY’S FINANCIAL STATEMENTS (CONTINUED)

2 Accounts receivable (Continued)

(5) Five largest debtors by accounts receivable at the end of the year:

The total amounts of the five largest debtors by accounts receivable of the Company at the end of the year were RMB436,205,092.80 with no provision for bad and doubtful debts, representing 62.09% of total accounts receivable.

3 Other receivables

	Note	2025	2024
Others	(1)	50,416,646,059.12	45,710,631,616.32
Total		50,416,646,059.12	45,710,631,616.32

(1) Others

(a) The ageing analysis is as follows:

Ageing	2025	2024
Within 1 year (inclusive)	44,012,527,680.12	41,046,245,884.93
Over 1 year but within 2 years (inclusive)	2,453,185,769.69	1,443,511,942.48
Over 2 years but within 3 years (inclusive)	1,122,666,990.73	1,231,228,156.09
Over 3 years	2,830,027,743.56	1,990,391,750.37
Subtotal	50,418,408,184.10	45,711,377,733.87
Less: Provision for bad and doubtful debts	1,762,124.98	746,117.55
Total	50,416,646,059.12	45,710,631,616.32

The ageing is counted starting from the date when other receivables are recognised.

(b) Others by counterparty type:

Item	2025	2024
Other receivables due from subsidiaries	50,398,366,413.52	45,710,381,935.63
Other receivables due from third parties	20,041,770.58	995,798.24
Subtotal	50,418,408,184.10	45,711,377,733.87
Less: Provision for bad and doubtful debts	1,762,124.98	746,117.55
Total	50,416,646,059.12	45,710,631,616.32

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

XVI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3 Other receivables (Continued)

(1) Others (Continued)

(c) Others by provision method

Category	2025			2024		
	Book value		Provision for bad and doubtful debts	Book value		Provision for bad and doubtful debts
	Amount	Percentage (%)		Amount	Percentage (%)	
			Amount	Percentage (%)	Amount	Percentage (%)
Collective assessment						
– Group 1: receivables due from subsidiaries within the consolidation scope	50,398,366,413.52	99.96	-	-	45,710,381,935.63	100.00
– Group 2: other receivables	20,041,770.58	0.04	1,762,124.98	8.79	995,798.24	74.93
Total	50,418,408,184.10	100.00	1,762,124.98	50,416,646,059.12	45,711,377,733.87	100.00

(d) Movements of provisions for bad and doubtful debts

	2025			2024		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Balance at the beginning of the year	746,117.55	-	-	11,146,995.61	-	-
Transfer to stage 3	-	-	-	-	-	-
Additions/(Reversals)	1,016,007.43	-	-	(10,400,878.06)	-	-
Written-offs	-	-	-	-	-	-
Balance at the end of the year	1,762,124.98	-	-	746,117.55	-	-
			Total	12-month ECL	Lifetime ECL	- Credit impaired
			1,762,124.98	746,117.55	11,146,995.61	11,146,995.61

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

XVI. NOTES TO THE COMPANY’S FINANCIAL STATEMENTS (CONTINUED)

3 Other receivables (Continued)

(1) Others (Continued)

(e) Others categorised by nature:

Nature	2025	2024
Accounts receivable due from subsidiaries	50,398,366,413.52	45,710,381,935.63
Security deposits	20,018,296.75	995,798.24
Other deposits	23,473.83	–
Subtotal	50,418,408,184.10	45,711,377,733.87
Less: Provision for bad and doubtful debts	1,762,124.98	746,117.55
Total	50,416,646,059.12	45,710,631,616.32

(f) Five largest debtors by other receivables at the end of the year:

The total amounts of the five largest debtors by other receivables of the Company at the end of the year were RMB26,351,539,503.46 with no provision for bad and doubtful debts, representing 52.27% of total other receivables.

4 Long-term equity investments

(1) Long-term equity investments by category:

	2025			2024		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Investments in subsidiaries	87,164,793,268.53	–	87,164,793,268.53	82,030,704,690.61	–	82,030,704,690.61
Investments in associates	956,559,520.88	–	956,559,520.88	868,097,830.28	–	868,097,830.28
Total	88,121,352,789.41	–	88,121,352,789.41	82,898,802,520.89	–	82,898,802,520.89

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

XVI. NOTES TO THE COMPANY’S FINANCIAL STATEMENTS (CONTINUED)

4 Long-term equity investments (Continued)

(2) Investments in subsidiaries:

Subsidiary	Balance at the beginning of the year	Increase during the year	Decrease during the year	Other Changes	Balance at the end of the year	Provision made during the year	Balance of provision for impairment at the end of the year
Nanyang Wolong Muyuan Breeding Co., Ltd.	912,853,765.65	-	205,643,264.09	3,008,744.05	710,219,245.61	-	-
Dengzhou Muyuan Breeding Co., Ltd.	930,391,306.91	-	-	1,924,350.36	932,315,657.27	-	-
Hubei Zhongxiang Muyuan Breeding Co., Ltd.	283,753,688.41	-	-	4,606,605.65	288,360,294.06	-	-
Shandong Caoxian Muyuan Livestock Husbandry Co., Ltd.	1,330,938,194.70	-	-	2,056,470.78	1,332,994,665.48	-	-
Tanghe Muyuan Livestock Husbandry Co., Ltd.	756,492,820.28	-	-	1,807,524.75	758,300,345.03	-	-
Fugou Muyuan Livestock Husbandry Co., Ltd.	700,085,704.51	-	-	2,239,566.63	702,325,271.14	-	-
Huaxian Muyuan Livestock Husbandry Co., Ltd.	882,286,164.78	-	-	2,921,732.15	885,207,896.93	-	-
Qixian Muyuan Livestock Husbandry Co., Ltd.	748,818,720.46	-	-	2,814,544.00	751,633,264.46	-	-
Zhengyang Muyuan Livestock Husbandry Co., Ltd.	291,151,646.23	-	-	2,602,034.92	293,753,681.15	-	-
Tongxu Muyuan Livestock Husbandry Co., Ltd.	282,716,756.07	-	-	1,079,308.62	283,796,064.69	-	-
Fangcheng Muyuan Livestock Husbandry Co., Ltd.	434,172,587.85	-	-	832,048.25	435,004,636.10	-	-
Sheqi Muyuan Livestock Husbandry Co., Ltd.	804,034,697.80	1,000,000,000.00	-	2,212,001.91	1,806,246,699.71	-	-
Xihua Muyuan Livestock Husbandry Co., Ltd.	385,322,199.70	-	-	915,169.67	386,237,369.37	-	-
Shangshui Muyuan Livestock Husbandry Co., Ltd.	624,477,226.59	-	-	3,034,916.03	627,512,142.62	-	-
Wenxi Muyuan Livestock Husbandry Co., Ltd.	1,383,080,224.74	-	-	3,086,161.48	1,386,166,386.22	-	-
Taikang Muyuan Livestock Husbandry Co., Ltd.	472,269,911.32	-	-	1,229,627.93	473,499,539.25	-	-
Dali Muyuan Livestock Husbandry Co., Ltd.	566,160,861.10	-	-	2,065,220.12	568,226,081.22	-	-
Guangzong Muyuan Livestock Husbandry Co., Ltd.	156,074,158.37	-	-	476,303.50	156,550,461.87	-	-
Inner Mongolia Naiman Muyuan Livestock Husbandry Co., Ltd.	901,816,880.66	-	-	556,761.04	902,373,641.70	-	-
Xichuan Muyuan Livestock Husbandry Co., Ltd.	20,025,370.49	-	-	263,494.29	20,288,864.78	-	-
Inner Mongolia Kailu Muyuan Livestock Husbandry Co., Ltd.	1,602,315,618.35	-	-	4,267,603.75	1,606,583,222.10	-	-
Guantao Muyuan Livestock Husbandry Co., Ltd.	322,150,121.44	-	-	627,233.76	322,777,355.20	-	-

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

XVI. NOTES TO THE COMPANY’S FINANCIAL STATEMENTS (CONTINUED)

4 Long-term equity investments (Continued)

(2) Investments in subsidiaries: (Continued)

Subsidiary	Balance at the beginning of the year	Increase during the year	Decrease during the year	Other Changes	Balance at the end of the year	Provision made during the year	Balance of provision for impairment at the end of the year
Liaoning Tieling Muyuan Livestock Husbandry Co., Ltd.	1,454,158,078.16	-	-	1,133,224.25	1,455,291,302.41	-	-
Anhui Yingshang Muyuan Livestock Husbandry Co., Ltd.	30,519,460.69	550,000,000.00	-	2,548,102.66	583,067,563.35	-	-
Dongying Kenli Muyuan Livestock Husbandry Co., Ltd.	275,505,401.46	-	-	698,732.76	276,204,134.22	-	-
Jiangsu Guannan Muyuan Livestock Husbandry Co., Ltd.	420,272,386.11	-	-	1,163,779.88	421,436,165.99	-	-
Baishui Muyuan Livestock Husbandry Co., Ltd.	434,904,247.87	-	-	758,009.04	435,662,256.91	-	-
Ningling Muyuan Livestock Husbandry Co., Ltd.	528,995,852.20	-	-	2,414,732.78	531,410,584.98	-	-
Shanxi Yongji Muyuan Livestock Husbandry Co., Ltd.	144,005,928.56	-	-	715,953.44	144,721,882.00	-	-
Heilongjiang Lindian Muyuan Livestock Husbandry Co., Ltd.	1,016,308,000.31	-	-	3,518,141.27	1,019,826,141.58	-	-
Jilin Tongyu Muyuan Livestock Husbandry Co., Ltd.	923,017,333.67	-	-	3,040,657.10	926,057,990.77	-	-
Liaoning Fuxin Muyuan Livestock Husbandry Co., Ltd.	749,427,692.11	-	-	1,073,224.42	750,500,916.53	-	-
Heilongjiang Mingshui Muyuan Livestock Husbandry Co., Ltd.	707,375,653.34	-	-	654,012.42	708,029,665.76	-	-
Mengcheng Muyuan Livestock Husbandry Co., Ltd.	246,550,740.37	-	-	1,408,100.39	247,958,840.76	-	-
Xiping Muyuan Livestock Husbandry Co., Ltd.	360,665,166.88	-	-	862,476.29	361,527,643.17	-	-
Inner Mongolia Zhaqi Muyuan Livestock Husbandry Co., Ltd.	291,621,895.64	-	-	151,766.50	291,773,662.14	-	-
Henan Fanxian Muyuan Livestock Husbandry Co., Ltd.	153,699,556.03	-	-	782,308.28	154,481,864.31	-	-
Anhui Fengtai Muyuan Livestock Husbandry Co., Ltd.	299,726,749.11	-	-	1,480,118.50	301,206,867.61	-	-
Shandong Dongming Muyuan Livestock Husbandry Co., Ltd.	442,275,608.22	-	-	1,108,326.87	443,383,935.09	-	-
Shandong Shenxian Muyuan Livestock Husbandry Co., Ltd.	665,948,136.49	-	-	1,537,103.28	667,485,239.77	-	-

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

XVI. NOTES TO THE COMPANY’S FINANCIAL STATEMENTS (CONTINUED)

4 Long-term equity investments (Continued)

(2) Investments in subsidiaries: (Continued)

Subsidiary	Balance at the beginning of the year	Increase during the year	Decrease during the year	Other Changes	Balance at the end of the year	Provision made during the year	Balance of provision for impairment at the end of the year
Shanxi Fanshi Muyuan Livestock Husbandry Co., Ltd.	97,970,346.46	-	-	648,774.69	98,619,121.15	-	-
Heze Shan County Muyuan Livestock Husbandry Co., Ltd.	453,129,740.99	-	-	904,892.40	454,034,633.39	-	-
Shangcai Muyuan Livestock Husbandry Co., Ltd.	652,247,545.45	-	-	1,642,210.35	653,889,755.80	-	-
Hubei Shishou Muyuan Livestock Husbandry Co., Ltd.	576,402,852.70	-	-	1,134,379.82	577,537,232.52	-	-
Heze Mudan Muyuan Livestock Husbandry Co., Ltd.	251,950,568.25	-	-	459,428.88	252,409,997.13	-	-
Shangqiu Suiyang Muyuan Livestock Husbandry Co., Ltd.	374,388,040.26	-	-	539,080.36	374,927,120.62	-	-
Anhui Yingquan Muyuan Livestock Husbandry Co., Ltd.	189,855,495.99	-	-	1,099,159.62	190,954,655.61	-	-
Anhui Jieshou Muyuan Livestock Husbandry Co., Ltd.	145,797,931.18	-	-	368,426.22	146,166,357.40	-	-
Henan Muyuan Grain Trade Co., Ltd.	2,315,601,245.57	-	-	3,370,742.16	2,318,971,987.73	-	-
Heilongjiang Fuyu Muyuan Livestock Husbandry Co., Ltd.	635,871,677.13	-	-	445,520.05	636,317,197.18	-	-
Liaoning Yixian Muyuan Livestock Husbandry Co., Ltd.	887,374,484.05	-	-	463,982.96	887,838,467.01	-	-
Pingyu Muyuan Livestock Husbandry Co., Ltd.	452,785,141.51	-	-	827,843.19	453,612,984.70	-	-
Luyi Muyuan Livestock Husbandry Co., Ltd.	120,245,611.83	-	-	973,968.97	121,219,580.80	-	-
Hengshui Jizhou Muyuan Livestock Husbandry Co., Ltd.	476,115,872.36	-	-	412,825.16	476,528,697.52	-	-
Heilongjiang Kedong Muyuan Livestock Husbandry Co., Ltd.	774,500,842.15	-	-	850,131.11	775,350,973.26	-	-
Sixian Muyuan Livestock Husbandry Co., Ltd.	456,885,768.59	-	-	1,660,883.31	458,546,651.90	-	-
Gansu Liangzhou Muyuan Livestock Husbandry Co., Ltd.	575,037,637.05	-	-	634,157.15	575,671,794.20	-	-
Shanxi Yuanping Muyuan Livestock Husbandry Co., Ltd.	24,427,011.76	-	-	1,121,143.97	25,548,155.73	-	-

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

XVI. NOTES TO THE COMPANY’S FINANCIAL STATEMENTS (CONTINUED)

4 Long-term equity investments (Continued)

(2) Investments in subsidiaries: (Continued)

Subsidiary	Balance at the beginning of the year	Increase during the year	Decrease during the year	Other Changes	Balance at the end of the year	Provision made during the year	Balance of provision for impairment at the end of the year
Shenzhen Muyuan Digital Technology Co., Ltd.	23,155,285.74	–	–	1,323,697.16	24,478,982.90	–	–
Henan Xinghua Biotechnology Co., Ltd.	220,906,868.36	–	–	6,502,194.06	227,409,062.42	–	–
Henan Hongxin Detection Technology Co., Ltd.	32,544,604.07	–	–	1,186,342.42	33,730,946.49	–	–
Muyuan International Limited.	11,181,802.78	14,562.68	–	–	11,196,365.46	–	–
Muyuan Meat Co., Ltd.	3,091,351,032.66	–	–	34,758,838.75	3,126,109,871.41	–	–
Shandong Pingyuan Muyuan Livestock Husbandry Co., Ltd.	252,582,157.11	–	–	517,530.08	253,099,687.19	–	–
Yunnan Shilin Muyuan Livestock Husbandry Co., Ltd.	281,288,593.85	–	–	299,389.19	281,587,983.04	–	–
Nanyang Muhua Animal Husbandry Industry Development Co., Ltd.	2,003,610,890.69	2,359,530,000.00	–	136,671.10	4,363,277,561.79	–	–
Xinji Muyuan Livestock Husbandry Co., Ltd.	20,151,484.83	375,000,000.00	–	86,522.56	395,238,007.39	–	–
Xiayi Muyuan Livestock Husbandry Co., Ltd.	50,470,196.91	–	–	127,281.07	50,597,477.98	–	–
Xiangcheng Muyuan Livestock Husbandry Co., Ltd.	110,984,692.47	–	–	144,581.24	111,129,273.71	–	–
Shandong Muhua Animal Husbandry Industry Development Co., Ltd.	3,408,930,518.67	–	3,408,930,518.67	–	–	–	–
Ningjin Muyuan Livestock Husbandry Co., Ltd.	921,969,617.13	–	–	2,248,001.32	924,217,618.45	–	–
Heilongjiang Gannan Muyuan Livestock Husbandry Co., Ltd.	722,092,445.06	–	–	298,945.77	722,391,390.83	–	–
Zhejiang Linhai Muyuan Livestock Husbandry Co., Ltd.	250,077,112.53	–	–	155,859.32	250,232,971.85	–	–
Shandong Huimin Muyuan Livestock Husbandry Co., Ltd.	665,143,343.69	3,408,930,518.67	–	1,626,982.28	4,075,700,844.64	–	–
Shandong Qingyun Muyuan Livestock Husbandry Co., Ltd.	60,558,714.29	–	–	190,659.48	60,749,373.77	–	–
Shandong Zouping Muyuan Livestock Husbandry Co., Ltd.	113,743,592.22	350,000,000.00	–	641,855.98	464,385,448.20	–	–
Anyang Muyuan Livestock Husbandry Co., Ltd.	111,480,988.39	–	–	136,124.81	111,617,113.20	–	–
Gansu Jingtai Muyuan Livestock Husbandry Co., Ltd.	531,814,308.05	–	–	356,275.73	532,170,583.78	–	–

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

XVI. NOTES TO THE COMPANY’S FINANCIAL STATEMENTS (CONTINUED)

4 Long-term equity investments (Continued)

(2) Investments in subsidiaries: (Continued)

Subsidiary	Balance at the beginning of the year	Increase during the year	Decrease during the year	Other Changes	Balance at the end of the year	Provision made during the year	Balance of provision for impairment at the end of the year
Shandong Linqing Muyuan Livestock Husbandry Co., Ltd.	90,113,677.12	-	-	16,675.64	90,130,352.76	-	-
Liaocheng Chiping Muyuan Livestock Husbandry Co., Ltd.	40,338,868.28	-	-	28,948.56	40,367,816.84	-	-
Qingdao Jimo Muyuan Livestock Husbandry Co., Ltd.	330,295,915.15	-	-	137,809.20	330,433,724.35	-	-
Yanling Muyuan Livestock Husbandry Co., Ltd.	100,668,181.17	-	-	193,232.01	100,861,413.18	-	-
Nanzhao Muyuan Livestock Husbandry Co., Ltd.	30,224,626.54	-	-	34,259.40	30,258,885.94	-	-
Ruyang Muyuan Livestock Husbandry Co., Ltd.	10,000,000.00	-	-	-	10,000,000.00	-	-
Ruzhou Muyuan Livestock Husbandry Co., Ltd.	512,763,220.65	-	-	661,305.24	513,424,525.89	-	-
Fugou Muhua Animal Husbandry Industry Development Co., Ltd.	3,688,446,822.28	-	-	355,487.54	3,688,802,309.82	-	-
Zhecheng Muyuan Livestock Husbandry Co., Ltd.	170,440,403.92	-	-	106,029.64	170,546,433.56	-	-
Jingzhou Jiangling Muyuan Livestock Husbandry Co., Ltd.	60,734,849.62	-	-	226,396.25	60,961,245.87	-	-
Huaxian Muhua Animal Husbandry Industry Development Co., Ltd.	5,219,531,052.05	-	-	215,777.55	5,219,746,829.60	-	-
Shandong Linyi Muyuan Livestock Husbandry Co., Ltd.	300,402,667.87	-	-	-	300,402,667.87	-	-
Shandong Gaotang Muyuan Livestock Husbandry Co., Ltd.	10,000,000.00	-	-	51,531.92	10,051,531.92	-	-
Guangdong Zhanjiang Leizhou Muyuan Livestock Husbandry Co., Ltd.	1,308,337,640.75	-	-	2,083,437.34	1,310,421,078.09	-	-
Qingfeng Muyuan Livestock Husbandry Co., Ltd.	270,678,213.56	-	-	189,769.25	270,867,982.81	-	-
Ningling Muhua Animal Husbandry Industry Development Co., Ltd.	3,754,951,606.85	-	-	521,651.37	3,755,473,258.22	-	-
Puyang Muyuan Livestock Husbandry Co., Ltd.	70,091,302.82	-	-	135,818.69	70,227,121.51	-	-
Gushi Muyuan Livestock Husbandry Co., Ltd.	120,504,827.73	-	-	253,680.82	120,758,508.55	-	-

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

XVI. NOTES TO THE COMPANY’S FINANCIAL STATEMENTS (CONTINUED)

4 Long-term equity investments (Continued)

(2) Investments in subsidiaries: (Continued)

Subsidiary	Balance at the beginning of the year	Increase during the year	Decrease during the year	Other Changes	Balance at the end of the year	Provision made during the year	Balance of provision for impairment at the end of the year
Shandong Dong'emuyuan Livestock Husbandry Co., Ltd.	100,076,381.38	-	-	121,065.96	100,197,447.34	-	-
Zhenping Muyuan Livestock Husbandry Co., Ltd.	282,039,274.89	-	-	572,043.93	282,611,318.82	-	-
Xixia Muyuan Livestock Husbandry Co., Ltd.	40,446,640.54	-	-	317,549.85	40,764,190.39	-	-
Neixiang Muyuan Modern Agricultural Complex Co., Ltd.	2,761,440,039.13	-	-	2,685,257.15	2,764,125,296.28	-	-
Haikou Muyuan Livestock Husbandry Co., Ltd.	300,902,309.28	-	-	182,469.60	301,084,778.88	-	-
Guzhen Muyuan Livestock Husbandry Co., Ltd.	262,089,135.35	-	-	587,828.90	262,676,964.25	-	-
Nanning Xixiangtang Muyuan Livestock Husbandry Co., Ltd.	1,514,482,826.41	-	-	3,602,368.88	1,518,085,195.29	-	-
Guizhou Dushan Muyuan Livestock Husbandry Co., Ltd.	401,051,130.69	-	-	384,759.63	401,435,890.32	-	-
Nanjing Jiangning Muyuan Livestock Husbandry Co., Ltd.	2,389,168,439.14	-	-	7,351,162.47	2,396,519,601.61	-	-
Neihuang Muyuan Livestock Husbandry Co., Ltd.	735,219,182.78	-	-	1,263,082.95	736,482,265.73	-	-
Sichuan Muyuan Livestock Husbandry Co., Ltd.	455,251,549.49	-	-	795,431.48	456,046,980.97	-	-
Shandong Tancheng Muyuan Livestock Husbandry Co., Ltd.	321,112,469.94	-	-	297,212.06	321,409,682.00	-	-
Anxiang Muyuan Livestock Husbandry Co., Ltd.	180,888,113.64	-	-	164,499.00	181,052,612.64	-	-
Nanchang Muyuan Livestock Husbandry Co., Ltd.	302,539,539.30	-	-	531,360.69	303,070,899.99	-	-
Beijing Fangshan Muyuan Livestock Husbandry Co., Ltd.	386,224,177.49	-	-	82,162.77	386,306,340.26	-	-
Zaoyang Muyuan Livestock Husbandry Co., Ltd.	151,144,601.39	-	-	242,905.66	151,387,507.05	-	-
Zhengzhou Muyuan Digital Technology Co., Ltd.	23,250,057.24	-	-	821,472.08	24,071,529.32	-	-
Chaohu Muyuan Livestock Husbandry Co., Ltd.	655,630,846.19	4,798,467,736.55	-	3,641,794.59	5,457,740,377.33	-	-
Zaozhuang Taierzhuang Muyuan Livestock Husbandry Co., Ltd.	250,504,720.64	-	-	241,345.38	250,746,066.02	-	-
Henan Muyuan Smart Technology Co., Ltd.	240,985,590.47	-	-	4,143,645.12	245,129,235.59	-	-

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

XVI. NOTES TO THE COMPANY’S FINANCIAL STATEMENTS (CONTINUED)

4 Long-term equity investments (Continued)

(2) Investments in subsidiaries: (Continued)

Subsidiary	Balance at the beginning of the year	Increase during the year	Decrease during the year	Other Changes	Balance at the end of the year	Provision made during the year	Balance of provision for impairment at the end of the year
Ruzhou Muyuan Modern Agricultural Complex Co., Ltd.	803,941,114.80	-	-	1,765,921.54	805,707,036.34	-	-
Minquan Muyuan Livestock Husbandry Co., Ltd.	60,369,575.36	-	-	100,883.34	60,470,458.70	-	-
Yongcheng Muyuan Livestock Husbandry Co., Ltd.	250,561,898.45	-	-	318,408.18	250,880,306.63	-	-
Qingyuan Yingde Muyuan Livestock Husbandry Co., Ltd.	20,283,787.68	-	-	-	20,283,787.68	-	-
Guangdong Heyuan Dongyuan Muyuan Livestock Husbandry Co., Ltd.	20,000,000.00	-	-	-	20,000,000.00	-	-
Henan Muyuan Science and Technology Co., Ltd.	20,219,570.35	-	-	61,872.60	20,281,442.95	-	-
Huoja Muyuan Livestock Husbandry Co., Ltd.	20,000,000.00	-	-	19,362.52	20,019,362.52	-	-
Yanjin Muyuan Livestock Husbandry Co., Ltd.	20,218,743.22	-	-	60,087.44	20,278,830.66	-	-
Fujian Zhangpu Muyuan Livestock Husbandry Co., Ltd.	20,301,489.20	-	-	-	20,301,489.20	-	-
Nanchang Xinjian Muyuan Hog Industry Co., Ltd.	120,089,339.20	-	-	-	120,089,339.20	-	-
Henan Muyuan Hog Breeding Co., Ltd.	1,010,126,305.18	-	-	5,516,600.95	1,015,642,906.13	-	-
Tengzhou Muyuan Livestock Husbandry Co., Ltd.	40,086,202.22	-	-	69,932.38	40,156,134.60	-	-
Liaoning Muyuan Livestock Husbandry Co., Ltd.	37,570,893.68	-	-	2,712,895.86	40,283,789.54	-	-
Huaibei Muhua Animal Husbandry Industry Development Co., Ltd.	4,798,467,736.55	-	4,798,467,736.55	-	-	-	-
Chongzuo Jiangzhou Muyuan Livestock Husbandry Co., Ltd.	20,000,000.00	-	-	-	20,000,000.00	-	-
Henan Muyuan Cloud Computing Technology Co., Ltd.	100,236,739.32	-	-	94,462.48	100,331,201.80	-	-
Henan Muyuan Ecology Environment Technology Co., Ltd.	100,599,718.16	-	-	770,906.47	101,370,624.63	-	-
Changyuan Muyuan Livestock Husbandry Co., Ltd.	20,000,000.00	-	-	5,287.04	20,005,287.04	-	-
Henan Muyuan New Energy Industry Development Co., Ltd.	100,000,000.00	-	-	-	100,000,000.00	-	-

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

XVI. NOTES TO THE COMPANY’S FINANCIAL STATEMENTS (CONTINUED)

4 Long-term equity investments (Continued)

(2) Investments in subsidiaries: (Continued)

Subsidiary	Balance at the beginning of the year	Increase during the year	Decrease during the year	Other Changes	Balance at the end of the year	Provision made during the year	Balance of provision for impairment at the end of the year
Henan Muyuan Synthetic Biotechnology Co., Ltd.	100,000,000.00	-	-	46,751.68	100,046,751.68	-	-
Zhengzhou Modern Livestock Husbandry Co., Ltd.	200,000,000.00	300,000,000.00	-	2,328,229.76	502,328,229.76	-	-
Liaoning Fuxin Yuenong Feed Co., Ltd.	20,000,000.00	-	-	36,184.85	20,036,184.85	-	-
Hap Grain International Agricultural Trading Pte. Ltd.	3,668,099.09	4,350,000.00	-	-	8,018,099.09	-	-
Nanyang Wolong Yuenong Feed Co., Ltd.	-	215,643,264.09	-	73,503.12	215,716,767.21	-	-
Total	82,030,704,690.61	13,361,936,081.99	8,413,041,519.31	185,194,015.24	87,164,793,268.53	-	-

For information about the major subsidiaries of the Company, refer to Note VII.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

XVI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4 Long-term equity investments (Continued)

(3) Investments in associates:

Name of investee	Balance at the beginning of the year	Increase in capital	Decrease in capital	Investment income/(losses) recognised under the equity method	Movements of the year				Balance at the end of the year	
					Adjustments to other comprehensive income	Other equity movements	Declared distribution of cash dividends or profits	Provision for impairment		
Associates										
+Henan Longda Longmu Meat Co., Ltd.	113,193,342.26	-	-	(8,016,322.88)	-	-	-	-	105,177,019.38	-
+China Securities Jiaotong Fund Management Co., Ltd.	55,413,088.88	-	(27,576,509.55)	(1,962,940.89)	-	-	-	-	25,873,638.44	-
+Guangdong Guangken Muyuan Livestock Husbandry Co., Ltd.	325,684,640.97	-	-	53,988,615.32	-	-	(42,432,549.71)	-	337,240,706.58	-
+Rongtong Nongfa Muyuan (Chongzhou) Co., Ltd.	69,629,282.75	-	-	7,275,669.11	-	-	-	-	76,904,951.86	-
+Rongtong Nongfa Muyuan (Tangshan) Livestock Husbandry Co., Ltd.	83,757,355.94	-	-	30,129.67	-	-	-	-	83,787,485.61	-
+Rongtong Nongfa Muyuan (Jiangyang) Co., Ltd.	59,663,850.02	-	-	863,534.60	-	-	-	-	60,527,384.62	-
+Zhongmu Muyuan (Henan) Biological Pharmaceutical Co., Ltd.	59,048,869.68	72,000,000.00	-	(3,647,599.68)	-	-	-	-	127,401,270.00	-
+Henan Lianmu Veterinary Medicine Co., Ltd.	47,727,541.57	40,000,000.00	-	(4,808,819.41)	-	-	-	-	82,918,722.16	-
+Nanyang Longyuan New Energy Technology Co., Ltd.	53,979,858.21	-	-	2,748,484.02	-	-	-	-	56,728,342.23	-
Total	868,097,830.28	112,000,000.00	(27,576,509.55)	46,470,749.86	-	-	(42,432,549.71)	-	956,559,520.88	-

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

XVI. NOTES TO THE COMPANY’S FINANCIAL STATEMENTS (CONTINUED)

5 Revenue and operating costs

(1) Revenue and operating costs

Item	2025		2024	
	Income	Cost	Income	Cost
Principal activities	3,212,960,271.22	2,597,702,819.24	3,418,200,704.87	2,599,427,383.05
Other operating activities	31,171,978.38	20,767,081.99	254,580,176.16	250,976,540.53
Total	3,244,132,249.60	2,618,469,901.23	3,672,780,881.03	2,850,403,923.58
<i>Including: Revenue from contracts with customers</i>	3,244,132,249.60	2,618,469,901.23	3,672,780,881.03	2,850,403,923.58
Other income	-	-	-	-

6 Investment income

Item	2025	2024
Income from long-term equity investments accounted for using the cost method	11,859,622,757.68	5,216,609,407.81
Income/(losses) from long-term equity investments accounted for using the equity method	46,470,749.86	62,270,356.72
Others	28,115,014.74	27,179,833.96
Total	11,934,208,522.28	5,306,059,598.49

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi (“RMB”) Yuan unless otherwise indicated)

XVII. EXTRAORDINARY GAINS AND LOSSES IN 2025

Item	2025
(1) Disposal gains or losses of non-current assets	(633,269,775.65)
(2) Government grants recognised in profit or loss (other than government grants closely related to the business of the Company, and in a fixed or quantified amount in conformity with the common standards of the government)	151,853,364.01
(3) Changes in fair value of financial assets and liabilities held for trading, and disposal of financial assets and liabilities held for trading, other than those held for effective hedging related to normal operations	52,717,062.00
(4) Other non-operating income and expenses other than the items above	(98,538,625.35)
(5) Other items that qualify as extraordinary gains and losses	8,289,059.18
Sub-total	(518,948,915.81)
(6) Less: Tax effect	2,432,684.84
(7) Effect on non-controlling interests after taxation	(19,880,370.79)
Total	(501,501,229.86)

XVIII. RETURN ON EQUITY AND EARNINGS PER SHARE

In accordance with *Guidelines on the Compilation of Information Disclosure Documents by Companies that Offer Securities to the Public No. 9 – Calculation and Disclosure of Return on Equity and Earnings Per Share* (2010 revised) issued by the CSRC and relevant accounting standards, the Group’s return on equity and earnings per share are calculated as follows:

Profit for the reporting period	Weighted average return on equity (%)	Basic earnings per share	Diluted earnings per share
Net profit attributable to the Company’s ordinary shareholders	20.57%	2.88	2.84
Net profit excluding extraordinary gains and losses attributable to the Company’s ordinary shareholders	21.24%	2.97	2.93

DEFINITIONS

“2025 Key Employee Stock Ownership Plan”	the 2025 key employee stock ownership plan Company adopted by the Company on August 22, 2025 and September 8, 2025, respectively
“2025 Operator Stock Ownership Plan”	the 2025 Operator Stock Ownership Plan of the Company adopted by the Company on August 22, 2025 and September 8, 2025, respectively
“2025 Strivers Stock Ownership Plan”	the 2025 strivers stock ownership plan of the Company adopted by the Company on August 22, 2025 and September 8, 2025, respectively
“A Share(s)”	ordinary share(s) issued by the Company with a nominal value of RMB1.00 each, which are listed on the Shenzhen Stock Exchange and traded in RMB
“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
“CASBE”	China Accounting Standards for Business Enterprises, the financial reporting standards and interpretations for business enterprises issued by the China Accounting Standards Committee of the China Ministry of Finance
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rule
“China” or “the PRC”	the People’s Republic of China excluding, for the purpose of this report, Hong Kong, Macau Special Administrative Region and Taiwan
“Company”, “our Company”, “the Company” or “Muyuan”	Muyuan Foods Co., Ltd. (牧原食品股份有限公司), a joint stock company with limited liability established in the PRC on July 13, 2000, the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (2714.HK) and the A Shares of which have been listed on the Shenzhen Stock Exchange (002714.SZ)
“Company Law”	the Company Law of the PRC (《中華人民共和國公司法》), as amended from time to time
“connected person(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“connected transaction(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules and unless the context otherwise requires, refers to Mr. Qin Yinglin, Ms. Qian Ying and Muyuan Group, together being the Controlling Shareholders Group

DEFINITIONS

“Convertible Bonds”	the convertible bonds issued by our Company and listed on the Shenzhen Stock Exchange on September 10, 2021 under the code “127045”
“Director(s)”	the director(s) of the Company
“Global Offering”	the offer of the H Shares for subscription by the public in Hong Kong and outside the United States in offshore transactions, details of which are set out in the Prospectus
“Group”	the Company and its subsidiaries
“H Share(s)”	ordinary share(s) issued by the Company with a nominal value of RMB1.00 each, which are listed on the Main Board of the Hong Kong Stock Exchange and traded in HKD
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“independent third party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, is/are not our connected persons
“Latest Practicable Date”	March 17, 2026, being the latest practicable date prior to the publication of this annual report
“Listing of H Shares”	the listing of the H Shares on the Main Board of the Hong Kong Stock Exchange on February 6, 2026
“Listing Date”	the date, being February 6, 2026, on which the H Shares were listed on the Hong Kong Stock Exchange and from which dealings in the H Shares are permitted to commence on the Hong Kong Stock Exchange
“Main Board”	the Main Board of the Hong Kong Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules

DEFINITIONS

“Muyuan Group”	Muyuan Industrial Group Co., Ltd. (牧原實業集團有限公司), one of our Controlling Shareholders
“Nomination Committee”	the nomination committee of the Board
“PRC”	the People’s Republic of China, which for the purposes of this annual report only, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus of the Company in connection with the Global Offering dated January 29, 2026
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Board
“RMB”	Renminbi, the lawful currency of the PRC
“Reporting Period”	the year from January 1, 2025 to December 31, 2025
“Second Employee Stock Ownership Plan”	the second employee stock ownership plan of the Company adopted by the Company on December 12, 2022 and December 28, 2022
“Securities Law”	the Securities Law of the PRC 《中華人民共和國證券法》, as amended from time to time
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, comprising A Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the Share(s)
“treasury share(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“%”	per cent