安井食品集團股份有限公司

ANJOY FOODS GROUP CO., LTD.

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

Stock Code 股份代號 : 2648

2026 中期報告 INTERIM REPORT

Contents

Corporate Information

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Mr. Liu Mingming
Mr. Zhang Qingmiao
Mr. Zhang Gaolu
Mr. Huang Jianlian

Non-executive Directors

Dr. Zheng Yanan
Mr. Dai Fan
Mr. Zhang Guangxi

Independent Non-executive Directors

Ms. Zhang Mei
Dr. Liu Xiaofeng
Dr. Zhao Bei
Mr. Zhang Yueping

JOINT COMPANY SECRETARIES

Mr. Liang Chen
Mr. Ng Tung Ching Raphael

AUTHORIZED REPRESENTATIVES

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Mr. Ng Tung Ching Raphael

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Ms. Zhang Mei *(Chairperson)*
Mr. Dai Fan
Mr. Zhang Guangxi
Dr. Liu Xiaofeng
Dr. Zhao Bei

REMUNERATION AND EVALUATION COMMITTEE

Dr. Zhao Bei *(Chairperson)*
Mr. Zhang Gaolu
Mr. Zhang Yueping

NOMINATION COMMITTEE

Dr. Liu Xiaofeng *(Chairperson)*
Mr. Liu Mingming
Ms. Zhang Mei

STRATEGY COMMITTEE

Mr. Liu Mingming *(Chairperson)*
Mr. Zhang Qingmiao
Mr. Zhang Gaolu

SUSTAINABILITY COMMITTEE

Mr. Zhang Yueping *(Chairperson)*
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Mr. Zhang Qingmiao
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Management Discussion and Analysis

With economic development and social progress, more Chinese consumers have shifted their demand for quick-frozen foods from basic satiety to a comprehensive pursuit of quality, health, and variety. Competition in the industry has evolved beyond low prices to encompass the comprehensive strength in products, supply chains, and branding. The Group has always attached importance to consumers' experience and satisfaction with the products. In the domestic market, it has established a proven track record of successful product innovation, market promotion, as well as standardized and scalable operations. Since 2026, the Group has actively adapted to the development and changes in the industry and market, continuing to uphold the development philosophy of "seeking progress while maintaining stability". It has consistently implemented the corporate execution culture of "do it right away and do it with your heart". With the business strategy of "parallel development across three product categories" in quick-frozen flavored and processed products, quick-frozen flour and rice products and quick-frozen prepared dishes, as well as the channel strategy of "multi-channel coverage reaching business and individual customers", it has continued to make strides in the quick-frozen food sector, achieving steady growth during the Reporting Period.

The Group always adheres to its new product planning strategy of "one generation in development, one in production and one in reserve", focusing on the core demands of individual customers regarding safety, health, nutrition, and clean-label products by precisely keeping up with the development trends of the "five lows" (low sugar, less oil, low sodium, low fat, and low calorie) and the "four frees" (sucrose-free, dye-free, artificial flavoring-free, and preservative-free) in fast moving consumer goods. It drives brand transformation and upgrading through product innovation, achieving the dual benefits of brand enhancement and sales facilitation. In terms of specific products, the Lock-Fresh product line, as high-margin products for individual customers, has seen simultaneous revenue and profit growth for consecutive years. This product line has now been updated to version 6.0, with the addition of multiple new strip – and stick-shaped products suitable for various home cooking scenarios, such as hot pots and home-cooked stir-fries; the 400g vacuum sealed exquisite series successfully entered the mid-range price segment and achieved higher growth rates; the 100g paste products delivered outstanding performance, with the shrimp paste series being a key entry point for the cooperation with major supermarket chains and gaining particular market recognition; meaty sausage series, as a key product strategically entering the pork sausage market for individual consumers, became a new growth engine; tiger-skin fried eggs effectively facilitated the Group to expand into new channels, such as spicy poached dishes and Maocai, with the differentiated form compared to traditional meatball products; among the "Six Rice and Flour Products (米麵六小龍)" under the youth-oriented figurative buns segment, corn-shaped buns and orange-shaped buns were particularly popular in the market. New distinctive products, including rose-shaped cake, dual-color Malay sponge cake and traditional fermented pork steamed bun, were also launched. With exclusive specifications developed for group meals in Southern China, the Group effectively alleviated homogeneous competition in the rice and flour product market. The family bucket assorted pack for hot pot ingredients received positive feedback from the market, and the Group will continue to expand its product offerings with multiple combo sizes in 2026. Ding Wei Tai's frozen bakery products, such as toast and bagels, also grew steadily through new-style tea beverage and partner supermarket channels.

By virtue of its phased success of grilling machine products like volcanic rock grilled sausage for business customers in 2024 and the "meaty sausage series" for individual consumers in 2025, and following two years of accumulation and market testing, the Group's supply chain capabilities in the pork sausage sector have become increasingly mature, production processes have been continuously optimized, and the channel structure has become more diversified. Recognizing the broad growth potential of the pork sausage segment, the Group has further focused on pork sausage products this year by integrating and coordinating its sausage products. These include five major product series, namely Hot Pot Sausage Series, Grade A Volcanic Stone Grilled Sausage, Grade B Volcanic Stone Grilled Sausage, Meaty Sausage Series and Taiwanese Style Grilled Sausage Series, and they were positioned as the third largest segment of the Group's principal business. In 2026, on one hand, the Group will continue to launch new products based on its existing volcanic stone grilled sausage products, which are suitable for braised deli sections, tourist attractions, oden, malatang and other channels, to expand its grilled sausage series for business customers. On the other hand, for individual consumers, the Group has implemented differentiated upgrades in weight and packaging for meaty sausages launched in 2025, and has deployed sausage counters at the end-market to enrich SKU and enhance end-market performance. In terms of production capacity, the Group has continued to expand and upgrade its fully automated, intelligent and specialized sausage production base, thereby comprehensively consolidating the production capacity foundation for the sausage category. Leveraging continuously optimized production processes and scale advantages, it has steadily improved the overall profitability of the sausage category.

The Group has fully implemented the "controlled customization" strategy, restructuring its business model based on the development approach centered on refined controlled customization. It has shifted from traditional inventory-based production to flexible, order-based scheduling, promoting a production model characterized by small, multiple batches. Through nationwide multi-base collaboration, the Group has resolved conflicts between customized orders and large-scale production. At the organizational level, dedicated customization departments have been set up for supermarkets, new retail outlets, chain catering companies, membership stores, and export channels, with dedicated customization personnel assigned at each base and marketing unit. Business process reengineering has been promoted to meet the flexible production and operational requirements of customization business. Management is required to work pragmatically, deeply engage with customers, and integrate R&D, production, and sales collaboration chains to rapidly fulfill various customized needs. At the product level, differentiated specifications and packaging solutions are designed for different channels, with strip – and block-shaped products supplied specifically to the deli sections of supermarkets. Also, the Group has engaged in joint co-creation and development with entities such as Walmart (including Sam's Club), Freshippo and Metro.

At the end of 2025, the Group officially launched the independent halal brand, "Anzhai (安齋)", and the specialized production base in Henan has formally put into production at the end of April 2026. As of the first half of 2026, the Group had initially completed the establishment of its halal channel distributor structure for three major regions, namely Northwestern China, Central China and Northern China. A total of 8 products launched in the market showed strong sales growth momentum, laying a solid foundation for the subsequent market expansion of quick-frozen halal foods.

Management Discussion and Analysis

The Group attaches great importance to the systematic and steady nature of its internationalization process. Taking its Hong Kong listing as a driving force, it has steadily advanced its internationalization strategy. The Southeast Asian market is fragmented and has ample growth potential, with significant opportunities for future market consolidation and expansion, making it the preferred region for establishing joint ventures or self-built factories. In mature markets in Europe and the US, Kung Fu Food in the UK, the Group's subsidiary, serves as a "bridgehead (橋頭堡)", playing a demonstrative and leading role in advancing the development of local sales channels while accumulating brand recognition and gaining market experience. In the first half of 2026, the Group established dedicated teams for overseas production, sales and finance, and entered into agreements with distributors in several Southeast Asian countries. Over 130 products in various specifications were exported, including quick-frozen flavored and processed products, quick-frozen flour and rice products, and crayfish, with a significant increase comparing to over 40 products exported in the same period of last year. In addition, the Group's Anzhai production line has a comprehensive, standardized halal production and quality control system. The Group leveraged the Anzhai series in the overseas halal food market to adapt to diverse consumption scenarios, including local supermarkets, chain catering companies and late-night meals. Moving forward, it will continue to expand its product matrix in line with local demand.

In terms of digitalization, in April 2026, the Group entered into a comprehensive digital strategic partnership with Alibaba's DingTalk to build a unified collaborative office foundation for the Group. Leveraging capabilities such as global collaboration, full-scenario AI, knowledge management and open integration, it supported the Group's long-term development of internationalization and digitalization. The project integrated ERP, CRM and production systems across various bases, unified cross-regional collaboration entry points, promoted process digitalization and business digitalization, and continuously enhanced the Group's organizational management efficiency.

MACRO AND INDUSTRY ENVIRONMENT

The quick-frozen food industry of China primarily consists of sub-industries such as quick-frozen flavored and processed products, quick-frozen prepared dishes, quick-frozen flour and rice products and other quick-frozen food categories. According to the data from the industry consultant Frost & Sullivan, China is the world's second-largest quick-frozen food market. Among these, the quick-frozen flavored and processed product segment is still in its growth phase. Driven by several factors including increasing diversification of dining options like hot pot, malatang and barbecue, and increasing demand for premium products, the industry is expected to grow rapidly with a projected compound annual growth rate (CAGR) of 7.1% from 2024 to 2029. The quick-frozen prepared dish segment is still in its early stages. With the introduction of industry standards and rising consumer demand for delicious, premium and convenient products, the sector is poised for strong growth, with a projected CAGR of 16.1% from 2024 to 2029. The quick-frozen flour and rice product segment has shown a diversified development trend. While traditional quick-frozen flour and rice products like dumplings, sweet dumplings and rice dumplings have become relatively mature, emerging flour and rice products represented by shumai, Chinese pancakes and figurative buns are becoming the primary growth driver for the industry, fueled by evolving customer preferences and expanding consumption scenarios.

In terms of the global market, the global quick-frozen food industry is expected to grow at a CAGR of 6.0% from 2024 to 2029, according to Frost & Sullivan. On a regional scale, there are significant structural differences in the development stages of the quick-frozen food industry across different countries and regions. In developed markets such as the UK, the US and Japan, there are well-established consumption habits for quick-frozen foods. The market shares of the top five companies by business scale are significantly higher than those in China. With the continuous expansion of Chinese brands and culture, like hot pot-style Chinese catering formats, into overseas markets in recent years, the relevant customer base has gradually expanded to non-Chinese groups, presenting new opportunities for the overseas development of quick-frozen foods. The quick-frozen food industry in Southeast Asia has just started, with a fragmented market competition landscape. However, it has a larger population and consumption potential, and its culture and consumption habits are similar to China's. It is expected to achieve a projected CAGR of 14% from 2024 to 2029 and is currently undergoing a phase of rapid development.

Compared to developed markets such as Europe, the US and Japan, China's quick-frozen food industry has significant room for growth. Firstly, driven by expectations of accelerated industry integration, the market share is rapidly concentrating among leading high-quality companies. Secondly, China's chain restaurant penetration rate is only half that of mature markets, leaving substantial room for improvement. This further drives huge demand for standardized and pre-processed ingredients, and promotes rapid growth in the quick-frozen food industry. Thirdly, China's current per-capita consumption of quick-frozen foods is far below that of developed markets such as the UK, the US and Japan, indicating enormous growth potential. Lastly, the group catering market scale and Western-style catering market of China are expanding quickly, and the quick-frozen food industry is expected to benefit from the significant demand for standardization, quality and efficiency.

Management Discussion and Analysis

On account of the increasing consumption penetration rate in the food and beverage sector and the rising per-capita consumption in the household sector, coupled with the rapid growth of the quick-frozen prepared dishes sub-industry and the improvement of frozen infrastructure, according to Frost & Sullivan, China's quick-frozen food industry is projected to grow rapidly at a CAGR of 9.4% from 2024 to 2029, outpacing other food and beverage sub-industries such as staple foods, snacks, oils, condiments and liquid milk, indicating a long-term growth opportunity with significant potential.

BUSINESS REVIEW

Main Business

The Group is primarily engaged in the R&D, production and sales of quick-frozen food products, such as quick-frozen flavored and processed products (primarily quick-frozen surimi products and quick-frozen meat products), quick-frozen prepared dishes and quick-frozen flour and rice products. After years of development, the Group has established a marketing network centered in Eastern China and extending throughout the country, gradually growing into one of the most influential and well-known domestic quick-frozen food companies.

Main Products of the Group

The Group's product portfolio comprises over 500 types of products, positioning it as one of the companies with the most extensive range of products in the industry. In the quick-frozen flavored and processed product category, the products primarily include those under the "Anjoy" brand, such as fish tofu, fish balls, stuffed meat balls and pork sausage. In the quick-frozen prepared dishes category, the Group adopts a multi-brand strategy to feature its "Anjoy", "Frozen-food Master", "Anjoy Xiaochu", "Honghu Temptation" and "Liuwu" brands, the products primarily include crayfish, fried crispy strips, shrimp paste, beef/lamb rolls, egg dumplings and pickled fish. In the quick-frozen flour and rice product category, the products primarily include "Anjoy" branded products, such as shumai, Chinese pancakes, steamed fried dumplings, figurative buns and brown sugar buns. In the bakery products category, the products primarily include frozen baked goods, such as toast, pineapple buns, scones, soft buns and bagels. In addition, since the official launch of the halal food project in December 2025, the Group's "Anzhai" branded products have formally put into production at its subsidiary, Henan Anzhai Food Co., Ltd., since the end of April 2026, and are progressing in an orderly manner according to the strategy of "expanding market presence during the off-season and driving sales during the peak season".

In addition, the Group is committed to focusing on developing 3-5 "strategic signature products" each year. Since its launch in 2019, the omni-channel sales of Lock-Fresh product line of mid-to-high-end hot pot food for individual customers has undergone continuous iterations. While expanding its channels, it has swiftly captured the leading position in the industry, significantly enhancing the Group's profitability and brand influence. Taking 2025 as an example, the Group had 40 signature products each generating annual revenue exceeding RMB100 million, among which 5 products exceeded RMB500 million, demonstrating the comprehensive strength in product research and development, cost leadership, and marketing of the Group.

The following table sets forth a breakdown of the revenue of the Group by product category in absolute amount and as a percentage of the revenue of principal business for the periods indicated:

(RMB in thousands, except for percentage)

	For the six months ended June 30, 2025		**For the six months ended June 30, 2026**	
	Amount	*%*	***Amount***	***%***
Quick-frozen flavored and processed products	3,759,008	49.5	**4,750,389**	**51.3**
Quick-frozen prepared dishes	2,415,816	31.8	**2,988,994**	**32.3**
Quick-frozen flour and rice products	1,241,291	16.3	**1,185,910**	**12.8**
Bakery products	–	–	**77,764**	**0.8**
Others (Note)	181,169	2.4	**252,825**	**2.8**
Total	7,597,284	100.0	**9,255,882**	**100.0**

Note: Others primarily include sales of agricultural by-products, such as surimi, fishmeal and other fishery by-products.

Quick-Frozen Flavored and Processed Products

As the main product category of the Group, quick-frozen flavored and processed products are primarily made from surimi and meat. During the Reporting Period, the Group offered over 200 types of quick-frozen flavored and processed products. These products are consumed across various culinary scenarios primarily including hot pot, barbecue and malatang.

During the Reporting Period, the revenue from quick-frozen flavored and processed products amounted to RMB4,750,389 thousand, representing an increase of 26.4% as compared with the same period of last year, accounting for 51.3% of the revenue of principal business.

Quick-Frozen Prepared Dishes

The Group's quick-frozen prepared dishes offer a variety of pre-processed and/or precooked and flavored ingredients in the ready-to-heat and ready-to-cook packs. During the Reporting Period, the Group offered over 150 types of quick-frozen prepared dishes. The quick-frozen prepared dishes are suitable for quickly and easily preparing dishes in various settings, including restaurants, other catering businesses, and home cooking. Furthermore, the Group's quick-frozen prepared dishes provide customers with various flavors and choices, allowing for effortless meal preparation even without cooking skills.

During the Reporting Period, the revenue from quick-frozen prepared dishes amounted to RMB2,988,994 thousand, representing an increase of 23.7% as compared with the same period of last year, accounting for 32.3% of the revenue of principal business.

Quick-Frozen Flour and Rice Products

The Group's quick-frozen flour and rice products primarily focus on quick-frozen leavened products such as milk-flavoured steamed buns, brown sugar cakes and walnut buns. During the Reporting Period, the Group offered over 100 types of quick-frozen flour and rice products. The Group's quick-frozen flour and rice products meet a wide range of cooking needs while providing convenience and versatility. The Group's product line caters to the needs of diverse consumption scenarios, being available through breakfast restaurants and Chinese culinary restaurants, while also enabling customers to effortlessly prepare staple food in their home kitchens. The straightforward preparation process makes them an ideal choice for consumers seeking delicious and quality breakfast during busy mornings.

During the Reporting Period, the revenue from quick-frozen flour and rice products amounted to RMB1,185,910 thousand, representing a decrease of 4.5% as compared with the same period of last year, accounting for 12.8% of the revenue of principal business.

Procurement Model

The Group develops procurement plans based on its current production schedule, enters into contracts with suppliers, and conducts procurement through purchase orders. The Group's procurement of raw and auxiliary materials is primarily divided into two major categories: bulk products such as surimi, poultry and livestock meat and flour; and small-volume materials such as agricultural by-products, additives, condiments and packaging materials. Among these, bulk raw materials with versatility, including surimi, poultry and livestock meat and flour, are procured in bulk or at locked prices based on sales and production requirements, while small-volume materials are procured according to production plans, in conjunction with sales orders and inventory management. The procurement department reviews raw material demand budgets and purchase orders submitted by various departments, selects specific suppliers through price comparison and negotiation, and signs procurement contracts. Purchases are made in installments based on orders. Regarding payment settlement, the Group stipulates settlement terms in procurement contracts, specifying that it shall settle and pay for the goods at the agreed price within a certain credit period after receiving and inspecting the goods.

To ensure the quality of raw material procurement, the Group has established strict access management and detailed supplier review processes. Access management includes qualification review, on-site evaluation, sample submission notification, sample confirmation and material trial use. All processes require the selection of corresponding access requirements based on the supplier category. Upon approval, the supplier's admission becomes effective, and new suppliers can be included in the list of cooperative suppliers. During the new material access and review phase, the procurement department is responsible for the primary tasks of identifying, certifying and introducing suppliers of various raw and auxiliary materials, and is also responsible for recommending qualified suppliers and raw materials that have passed qualification certification to the technical center for pilot testing. After the pilot testing is passed, the technical center organizes the quality department, production workshops, and other departments to conduct intermediate testing on the raw materials. If the intermediate testing is passed and the sample is confirmed as usable, the supplier then enters the qualified supplier review phase. The quality department organizes relevant departments to conduct on-site inspections and reviews of the suppliers based on the risk factors and risk levels associated with the raw and auxiliary materials.

The procurement department establishes a list of qualified suppliers, which is managed and updated in a timely manner by designated personnel. For new suppliers, once they meet the requirements and are included in the list of qualified suppliers for normal procurement, they need to be promptly updated in the list of qualified suppliers. The procurement department leads the implementation of supplier reviews each year. Based on the annual quality management scores, the quality department conducts the reviews. The procurement department considers comprehensive price factors, while the warehouse workshop evaluates delivery efficiency, internal processing and project factors, to score suppliers. Suppliers are graded according to the annual evaluation scores, those scoring below 60 points are excluded in the qualified supplier list, and those scoring above 60 points are included in the qualified supplier list. The decision on future cooperation intentions with suppliers is made in conjunction with actual supply and demand conditions and supplier grades.

Since 2022, the Group has appointed base general managers to concurrently serve as category directors for bulk materials. These directors are responsible for closely monitoring market trends, providing operational recommendations, coordinating order allocation among bases, and managing supplier qualification and admission processes. Each base bears primary responsibility for the quality, safety, and cost of the materials it procures. In 2025, amid economic headwinds and significant fluctuations in material prices, the Group's procurement department focused on ensuring supply security and strictly controlling costs, while actively aligning with production schedules. During the Reporting Period, affected by changes in the downstream demand structure for raw materials of silver carp fillet products, the supply of raw materials of freshwater surimi became tighter. Coupled with increased surimi consumption by the Group, the surimi procurement costs are expected to rise in this year. To address the above situation, the Group leveraged its upstream presence in the freshwater surimi industry to promptly adjust its production and sales strategy for freshwater surimi. It reduced external supply and prioritized meeting the Group's internal production needs to ease the pressure on surimi supply. By conducting standardized tendering and bidding processes for major bulk materials, including starch, livestock and poultry products, packaging materials, and soybean protein, the Group broke through the limitations of existing supplier relationships, eliminated inefficient suppliers, vigorously developed high-quality new resources, and built a competitive, well-tiered supplier portfolio. On the basis of upholding the principles of fairness and impartiality and ensuring full-process transparency, the initiative effectively mitigated single-source risks and achieved a significant reduction in overall procurement costs compared to the previous year, thereby enhancing the Group's procurement efficiency and effectiveness.

Production Model

The Group's marketing center has an operations department. Relying on sales forecasts, order status, product inventory and other factors, the operations director holds a monthly "production and sales coordination meeting". Each subsidiary's production department develops monthly production plans and adjusts weekly production plans in a timely manner based on production equipment, numbers of front-line employees and product inventory information. These plans are approved and confirmed by the factory general manager and operations director, and production-related departments and other departments are then arranged to carry out production, quality inspection and warehousing procedures.

The procurement department calculates material quantities based on production plans through system calculations to determine theoretical procurement quantities. It also analyzes raw material inventory levels, releases to various workshops and purchase requests. After comparing quotes, it selects suitable suppliers and ensures timely, quality-assured and quantity-assured supply of all kinds of materials. The production workshops under the production department organize production staff schedules based on received production orders. They are responsible for limited release of raw and auxiliary materials, coordinating on-site production orders and maintaining hygiene standards, inspecting and correcting labor discipline and operational procedures, and collaborating with the quality department to inspect different production processes. They also promptly and accurately provide feedback on production-related information to relevant departments. The quality department is responsible for quality inspection and monitoring of raw and auxiliary materials, in-process products and finished products at various production process nodes; the equipment department is responsible for providing, maintaining and managing production facilities, equipment and tools to ensure smooth and uninterrupted production operations; the warehouse workshop under the production department is responsible for quantity verification, inventory management, safe inventory level and material release of raw and auxiliary materials. It is also responsible for managing the storage, inventory and shipping of finished products, as well as promptly entering various types of invoices and data into the production management system. In terms of production manufacturing informatization, the Group has fully implemented the electronic data interchange (EDI) system, integrating production system-related equipment to strictly control product quality and comprehensively enhance production management efficiency.

Sales Models

1. Distribution Model

Since its establishment, the Group has developed a distribution model tailored to its own growth. Its core characteristics include empowering distributors comprehensively. Together with its distributors, the Group drives what it refers to as the "Five Evolutions": refined management (enhancing distributors' management through developing digital systems such as ordering software and warehouse management system), deepened channel penetration (deploying field personnel to support full-scenario and omni-channel coverage), platform based operations (promoting transformation to empower end terminals), online promotion (implementing "Influencer Program (大咖計劃)" that leverage short videos and other tools to promote) and service excellence (shifting from "product delivery" to "solution provider"), jointly addressing market challenges, strengthening partnership stickiness and enhancing market competitiveness.

2. New Retail and E-commerce Model

The Group actively expands its cooperation with new retail platforms, leveraging the big data from the new platforms to achieve deep integration between online product services, offline experiences and modern logistics. In new retail channels such as Freshippo (盒馬鮮生), Dingdong (叮咚買菜), JD Supermarkets (京東超市), Pupu (樸樸), Keemart (美团小象超市) and Guoquan (鍋圈食匯), the Group implements strategies such as launching new products, securing presence, increasing visibility, and organizing activities through its robust product R&D and service capabilities, diverse product portfolio and production technology expertise. Meanwhile, it has entered into strategic partnerships with various new retail platforms to mutually empower each other, adapt to emerging sales scenarios and deepen product customization collaborations with new retail formats like Freshippo, Keemart, Aldi and Meituan Kuailehou (美团快樂猴).

The Group attaches great importance to the development of online e-commerce channels, continuously strengthening and consolidating partnerships with various e-commerce platforms and actively participating in major shopping festivals hosted by these platforms. It also comprehensively optimizes and upgrades the brand image of the Group's flagship stores and professional customer service teams, while increasing its efforts in promoting the new products online. Leveraging the competitiveness of these new products, the Group boosts product exposure through video content, and effectively converts this exposure into sales through a combination of in-house live streaming and influencer-led live streaming, continuously enhancing brand promotion and new product promotion to align with the trend toward a younger consumer base. Additionally, leveraging the Group's stable supply chain system, the Group fully utilizes digital platform tools to gain precise insights into customer needs, maintains scientific and efficient interactions with online consumers, innovates multi-category product portfolio focused on family consumption, continuously expands the layout of regional forward warehouses and enhances its flexible and efficient supply capabilities for the individual customer market, so as to further enhance the core competitiveness of its online channels.

3. Targeted Enterprise Mode

The target customers of the targeted enterprise channel model primarily include large chain catering companies, hotels, snack companies, and medium and large corporate group buying companies. It is dedicated to providing customers with comprehensive customized product solutions to promptly meet their needs. As the Group's products expand rapidly across major cities nationwide, the brand and quality of "Anjoy" products have gradually gained recognition from end consumers, driving increased preference for the Group's products among targeted channel customers in the catering industry and other sectors. Currently, the Group has established long-term partnerships with various domestic chain catering customers such as Yum! Brands, Inc. (百勝餐飲集團), Zhangliang Malatang (張亮麻辣燙), Xiaogujiejie Malatang (小谷姐姐麻辣燙), Xiaocaiyuan (小菜園), Ajisen Ramen (味千拉麵), Weila Hot Pot (圍辣火鍋), Bantianyao Grilled Fish (半天妖烤魚), Xiabuxiabu (呷哺呷哺), Haidilao (海底撈), Fish with You (魚你在一起酸菜魚), Xijie Zhachuan (喜姐炸串), Zhengxin Chicken Steak (正新雞排), Juewei Duck Neck (絕味鴨脖), Jiujiuya Marinated Delicacies (久久丫鹵味), Lanxiangzi (蘭湘子), as well as upstream supply chain enterprises of listed snack companies such as Hubei Xule (湖北旭樂) and Zhejiang Ruisong (浙江瑞松).

4. Supermarket Model

The Group's sales model for supermarkets is primarily divided into two categories, one is standard sales based on supply and distribution contracts, where shipments are made according to the purchase orders specified in the contract, and settlements are conducted in accordance with the agreed terms; the other one is consignment sales, where shipments are made in installments according to the consignment contract, and the Group recognizes revenue based on the consignment list provided by the supermarket. The Group's marketing approach for supermarkets primarily focuses on promoting a healthy diet as a brand proposition, with a unified annual promotional activity plan. Through promotional activities centered on "brand theme", "culinary culture" and "green health", the Group strengthens brand image promotion to enhance brand awareness and assists supermarkets in conducting a variety of terminal product promotions, combining holiday themes to carry out diverse in-store activities, and conducts in-depth communication with hypermarket, the procurement side, to create category-defining well-known products based on market demands, thereby increasing sales in the supermarket channel. In line with current product development trends, the Group develops different types of products which are rooted in the "medicine and food homology" concept, as well as products that deliver emotional value. Meanwhile, the Group enters into contracts with third-party O2O platforms such as Meituan Instashopping (美团閃購) and JDDJ (京東到家) to empower offline supermarket systems.

Management Discussion and Analysis

Currently, the Group's products are mainly sold in supermarkets in China, including Walmart (including Sam's Club), RT-Mart (大潤發), Yonghui (永輝), Wumart (物美), Rainbow Department Store (天虹), Pangdonglai (胖東來) and other large-scale hypermarkets. As online platforms empower supermarket systems, the Group is simultaneously strengthening the expansion of its online O2O sales and signing agreements with third-party online sales platforms such as Meituan Instashopping (美团閃購) and JD Instant Delivery (京東秒送). Additionally, it actively participates in livestreaming sales events organized by different major supermarkets.

In the context of traditional supermarkets facing declining customer traffic and revenue pressure, certain supermarket chains are following the adjustment path of Pangdonglai and the customization model under the private brand of Sam's Club, seeking breakthroughs by expanding the display area for fresh products and increasing the proportion of customized products. To further expand market space, the Group is adapting to the trend and actively laying out in the product customization field, it has already established product co-creation and category innovation partnerships with traditional supermarkets such as Walmart (including Sam's Club), Metro and RT-Mart (大潤發).

Sales Channels

With an extensive sales network, the Group effectively sold the products and reached a diverse customer base across China, and also expanded the sales network into overseas markets.

The following table sets forth a breakdown of the revenue of the Group by sales channel in an absolute amount and as a percentage of the revenue of principal business for the periods indicated:

(RMB in thousands, except for percentage)

	For the six months ended June 30, 2025		**For the six months ended June 30, 2026**	
	Amount	*%*	***Amount***	***%***
Distributors	6,042,640	79.5	**7,228,668**	**78.1**
Targeted enterprise (1)	548,776	7.2	**644,359**	**7.0**
New retail and e-commerce (2)	582,576	7.7	**926,372**	**10.0**
Supermarkets	423,292	5.6	**456,483**	**4.9**
Total	7,597,284	100.0	**9,255,882**	**100.0**

Notes:

(1) Targeted enterprise customers primarily include chain catering companies, snack companies and other corporate customers.

(2) New retail and e-commerce platforms primarily include retailers that adopt an online-offline integrated approach, as well as self-operated stores on mainstream e-commerce platforms.

Distributors

The Group primarily sells the products to distributors, who in turn distribute the products to catering businesses, wholesale markets, supermarkets, e-commerce platforms and other points of sale. Distributors are critical to our business in terms of setting up the downstream sales channels, maximizing the coverage of product distribution and driving the growth of the results of operations. The Group's distributors are our customers, and the Group maintains a buyer/seller relationship with them.

During the Reporting Period, the revenue from sales to distributors amounted to RMB7,228,668 thousand, representing an increase of 19.6% as compared with the same period of last year, accounting for 78.1% of the revenue of principal business.

Targeted Enterprise Customers

The Group's targeted enterprise customers primarily include chain catering companies, snack companies and other corporate customers. During the Reporting Period, the revenue from sales to targeted enterprise customers amounted to RMB644,359 thousand, representing an increase of 17.4% as compared with the same period of last year, accounting for 7.0% of the revenue of principal business.

Leveraging the diverse product portfolio, the Group established long-term partnerships with renowned chain catering companies, including Zhangliang Malatang, Haidilao, Bantianyao Grilled Fish, Xiabuxiabu, Fish with You. The Group customizes products and solutions to meet the differentiated needs of customers.

New Retail and E-commerce Platforms

The Group has been actively expanding the online multichannel development to adapt to changing customer habits and industry trends.

Management Discussion and Analysis

By expanding the cooperation with new retail platforms, such as Freshippo, Dingdong, JD Supermarkets and Guoquan, the Group offers both online and offline shopping experiences for end customers, leveraging technologies to enhance convenience. These platforms often incorporate e-commerce, mobile apps and data analytics to offer personalized shopping experiences, online order placements and various delivery options, including home delivery and in-store collection. New retail platforms primarily prioritize the sales of the Group's products suitable for individual customers such as Lock-Fresh product line and certain quick-frozen prepared dishes.

The Group has strengthened the cooperation with e-commerce platforms such as Tmall, JD.com and Pinduoduo, and participated in important shopping festivals and promotional events. The Group has established multiple online sales outlets, including the self-operated stores on Douyin and Kuaishou. In addition, the Group is proactively exploring the online livestreaming sales and has established the live streaming sales channel.

During the Reporting Period, the revenue from sales via new retail and e-commerce platforms amounted to RMB926,372 thousand, representing an increase of 59.0% as compared with the same period of last year, accounting for 10.0% of the revenue of principal business.

Supermarkets

Supermarket customers primarily include national and regional supermarkets, such as Walmart (including Sam's Club), RT-Mart (大潤發), Yonghui Superstores (永輝超市), Wumart (物美) and Rainbow Department Store (天虹). The Group promotes our brand image through unified marketing activities with supermarkets to carry out various product promotions, and also participates in live-streaming sales events organized by the supermarket customers, thereby reinforcing the Group's position in the online retail.

During the Reporting Period, the revenue from sales to supermarkets amounted to RMB456,483 thousand, representing an increase of 7.8% as compared with the same period of last year, accounting for 4.9% of the revenue of principal business.

The following table sets forth a breakdown of the revenue by geographical region of the customers in absolute amount and as a percentage of the revenue of principal business for the periods indicated:

(RMB in thousands, except for percentage)

	For the six months ended June 30, 2025		**For the six months ended June 30, 2026**	
	Amount	*%*	***Amount***	***%***
Domestic	7,525,514	99.0	**9,162,281**	**99.0**
Eastern China (1)	3,178,955	41.8	**4,010,614**	**43.3**
Northern China (2)	1,124,114	14.8	**1,255,943**	**13.6**
Central China (3)	959,545	12.6	**1,176,194**	**12.7**
Southern China (4)	716,177	9.4	**906,658**	**9.8**
Northeastern China (5)	664,900	8.8	**719,737**	**7.8**
Southwestern China (6)	466,203	6.1	**567,762**	**6.1**
Northwestern China (7)	415,620	5.5	**525,373**	**5.7**
Overseas (8)	71,770	1.0	**93,601**	**1.0**
Total	7,597,284	100.0	**9,255,882**	**100.0**

Notes:

(1) Eastern China primarily includes Fujian Province, Anhui Province, Zhejiang Province, Jiangxi Province, Shanghai, Shandong Province and Jiangsu Province.

(2) Northern China primarily includes Beijing, Tianjin, Hebei Province, Shanxi Province and Inner Mongolia Autonomous Region.

(3) Central China primarily includes Henan Province, Hubei Province and Hunan Province.

(4) Southern China primarily includes Guangdong Province, Guangxi Zhuang Autonomous Region and Hainan Province.

(5) Northeastern China primarily includes Heilongjiang Province, Jilin Province and Liaoning Province.

(6) Southwestern China primarily includes Chongqing, Sichuan Province, Guizhou Province, Yunnan Province and Tibet Autonomous Region.

(7) Northwestern China primarily includes Shaanxi Province, Gansu Province, Qinghai Province, Xinjiang Uygur Autonomous Region and Ningxia Hui Autonomous Region.

(8) Overseas markets primarily include Europe, the United Kingdom, and the United States.

Management Discussion and Analysis

Core Competitiveness

The Group adheres to its corporate mission of "delivering health and happiness, making simple delicious food", its corporate values of "responsibility, integrity, action and mutual benefit", its business philosophy of "food is for the people", and its corporate style of "do it right away and do it with your heart". Upholding its business strategy of "parallel development across three product categories, and multi-channel coverage", the Group continuously improves product quality, enhances brand reputation, and strengthens corporate competitiveness.

The Group adheres to a business philosophy of "market orientation and technology innovation", with the business objectives of specialized production processes and food quality and safety, which drive the advancement of R&D efforts. The Group currently operates a National Enterprise Technology Center (國家級企業技術中心), the Ministry of Agriculture and Rural Affairs' Key Laboratory for Frozen Prepared Aquatic Products Processing (農業農村部冷凍調理水產品加工重點實驗室), and the National Sub-center for Frozen Prepared Aquatic Products Processing (國家冷凍調理水產品加工分中心). It possesses strong technological innovation capabilities within the industry and continuously introduces a variety of new products each year. The Group has built good industry-academia-research relationships with multiple domestic universities and research institutions, including Jiangnan University, and has successively led a sub-project under the Science and Technology Support Program of the Ministry of Science and Technology, a key project on Food Manufacturing and Agricultural Product Logistics Technology Support under the "14th Five-Year Plan" National Key Research and Development Program of the Ministry of Science and Technology, and the Regional Demonstration Project for Innovative Development of the Marine Economy of the Ministry of Natural Resources. As of June 30, 2026, the Group had obtained 67 accreditation and certification. In addition, the project titled "Key Technologies and Applications of Microwave Processing for Food in Multiple Scenarios《面向多場景的食品微波加工關鍵技術及應用》", which the Group participated in and completed during the year, was awarded the Second Prize of the State Scientific and Technological Progress Award (國家科技進步獎二等獎).

The Group's "Anjoy" brand adheres to its sales pricing strategy of "high quality at moderate price for business customers and high quality at moderate-to-premium price for individual customers" and its channel strategy of "multi-channel coverage reaching business and individual customers", enabling it to expand its market share in the quick-frozen food market year after year and continuously demonstrate economies of scale.

The Group is vigorously promoting full collaboration and connectivity across information technology, digitalization and intelligence. By leveraging and customizing both internal R&D and external technologies, the Group has achieved full-process digitalization from strategic planning to business execution, thereby enhancing the timeliness and scientific nature of decision-making and comprehensive management. The Business Intelligence (BI) system of the Group enables real-time analysis of information across various dimensions, including products, customers, regional markets and marketing policies, and also cost analysis and refined management at the production end. With the enhanced decision-making capabilities brought by digitalization, the Group has strengthened communication and collaboration with distributors, ensured production efficiency and further improved quality control mechanisms. The comprehensive digitalized quality control system of the Group enables full-process traceability from raw material sourcing, through production, packaging and logistics, to customer receipt. In 2023, the Company became the first enterprise in China's quick-frozen food industry to earn "Intelligent Production Capability Maturity Level III" certification and one of only two companies in the food industry listed on the "Top 100 Benchmark Smart Factories in China", highlighting the leading position of the Company in intelligent manufacturing.

FINANCIAL REVIEW

The following discussion is based on, and should be read in conjunction with, the financial information and the notes included elsewhere in this report.

Revenue

During the Reporting Period, the operating income of the Group was RMB9,266,340 thousand, representing an increase of 21.9% as compared to RMB7,604,440 thousand for the same period of last year, primarily due to an increase in market demand, which drove revenue growth in both quick-frozen flavored and processed products and quick-frozen prepared dishes, as well as the incremental contribution from the subsidiary Ding Wei Tai. Among these, revenue from principal activities was RMB9,255,882 thousand, representing an increase of 21.8% as compared to the same period of last year.

Revenue by product:

- The revenue from sales of quick-frozen flavored and processed products increased by 26.4% from RMB3,759,008 thousand in the same period of last year to RMB4,750,389 thousand in the Reporting Period, primarily due to the increase in revenue from products such as the sausage series, fish roe bun and stuffed meat balls during the current period, and the incremental contribution from Ding Wei Tai during the first half of this year, a subsidiary which was consolidated in the second half of 2025.

- The revenue from sales of quick-frozen prepared dishes increased by 23.7% from RMB2,415,816 thousand in the same period of last year to RMB2,988,994 thousand in the Reporting Period, primarily due to the increase in revenue from crayfish series, shrimp paste, fried crispy strips and other products during the current period.

- The revenue from sales of quick-frozen flour and rice products decreased by 4.5% from RMB1,241,291 thousand in the same period of last year to RMB1,185,910 thousand in the Reporting Period, primarily due to the decrease in revenue from certain traditional products. In contrast, products like steamed fried dumpling and rice cake experienced growth in revenue, while sales of newly launched rice ball also performed well.

- The revenue from sales of other products increased by 39.6% from RMB181,169 thousand in the same period of last year to RMB252,825 thousand in the Reporting Period, primarily due to the increase in revenue from agricultural by-products, such as surimi and fishmeal.

Cost of Sales

The Group's cost of sales primarily consisted of costs of raw materials, labor costs and manufacturing overhead, and logistic costs. During the Reporting Period, the Group's costs of principal business were RMB7,297,170 thousand, representing an increase of 20.8% as compared to RMB6,043,054 thousand for the same period of last year, primarily due to an increase of 21.8% in revenue from principal business, which correspondingly increased the costs of principal business.

Management Discussion and Analysis

Gross Profit and Gross Profit Margin

During the Reporting Period, the Group's gross profit was RMB1,968,371 thousand, representing an increase of 26.1% as compared to RMB1,560,580 thousand for the same period of last year, primarily due to an increase in total gross profit driven by higher sales volume. During the Reporting Period, the Group's gross profit margin was 21.2%, representing an increase of 0.7 percentage points as compared to 20.5% for the same period of last year.

Other Income

The Group's other income primarily included government grants related to income received by the Group, as well as certain government grants related to the investments in fixed assets. During the Reporting Period, the Group's net other income was RMB30,359 thousand, representing an increase of 15.0% as compared to RMB26,400 thousand for the same period of last year, primarily due to the increase in government grants related to daily operations received during the current period as compared with the same period of last year.

Investment Income

The Group's investment income primarily included investment income arising from financial assets held for trading and income from its investment in associates. During the Reporting Period, the Group's investment income was RMB35,630 thousand, representing an increase of 43.3% as compared to RMB24,857 thousand for the same period of last year, primarily due to the increase in investment income from disposal of financial assets held for trading during the current period.

Selling Expenses

The Group's selling expenses primarily consisted of (i) employee remuneration, social security and welfare, (ii) advertising expenses, and (iii) marketing and promotion expenses. During the Reporting Period, the Group's selling expenses were RMB479,428 thousand, representing an increase of 8.7% as compared to RMB441,028 thousand for the same period of last year, primarily due to the increase in e-commerce promotion expenses during the current period.

Administrative Expenses

The Group's administrative expenses primarily consisted of (i) employee remuneration, social security and welfare, (ii) amortization of share-based payment expenses, and (iii) amortization of long-term assets. During the Reporting Period, the Group's administrative expenses were RMB222,115 thousand, representing an increase of 7.5% as compared to RMB206,617 thousand for the same period of last year, primarily due to the increase in employee remuneration, social insurance and benefits expenses and amortization fees of long-term assets during the current period.

Research and Development Expenses

The Group's research and development expenses primarily consisted of (i) employee remuneration, social security and benefits, (ii) raw materials and consumables used, and (iii) depreciation and amortization. During the Reporting Period, the Group's research and development expenses were RMB42,688 thousand, representing an increase of 6.9% as compared to RMB39,930 thousand for the same period of last year, primarily due to the increase in employee remuneration, social security and benefits expenses during the current period.

Finance Expenses

The Group's finance expenses primarily included (i) loan interest, (ii) fiscal interest subsidies, and (iii) interest income. During the Reporting Period, the Group's finance expenses were RMB29,200 thousand, representing an increase of RMB35,565 thousand as compared to RMB-6,365 thousand for the same period of last year, primarily due to the increase in foreign exchange losses during the current period.

Credit Impairment Losses

The Group recorded certain impairment losses on and reversal of impairment losses on receivables. During the Reporting Period, the Group recorded impairment losses on receivables of RMB13,312 thousand, and impairment losses on receivables of RMB11,700 thousand in the same period of last year, primarily due to the increase in impairment losses on other receivables and receivables financing during the current period.

Asset Impairment Losses

The Group's asset impairment losses primarily consisted of impairment losses of inventory write-downs and impairment losses on goodwill. During the Reporting Period, impairment losses of inventory write-downs were RMB46,090 thousand, compared with impairment losses of inventory write-downs of RMB15,884 thousand in the same period of last year. The increase in impairment losses was mainly due to the decrease in net realizable value of certain products as at the end of the period. During the Reporting Period, impairment losses on goodwill attributable to the parent were RMB57,121 thousand, while no impairment losses on goodwill incurred in the same period of last year, primarily due to the fact that Hubei New Liuwu Foodstuff Group Co., Ltd. (湖北新柳伍食品集團有限公司) ("**Hubei New Liuwu**") failed to achieve the expected results, resulting in impairment losses on goodwill during the current period based on assessment results.

Non-Operating Income and Expenses

The Group's non-operating income primarily consisted of government grants and gains from disposal of non-current assets. During the Reporting Period, the Group's non-operating income was RMB17,966 thousand, representing a decrease of 47.7% as compared to RMB34,361 thousand for the same period of last year, primarily due to the decrease in government grants received that are not related to daily operations during the current period as compared with the same period of last year.

The Group's non-operating expenses primarily consisted of loss on retirement of non-current assets and donation expenses. During the Reporting Period, the Group's non-operating expenses were RMB2,693 thousand, representing an increase of 126.6% as compared to RMB1,189 thousand for the same period of last year, primarily due to the increase in loss from scrappage of non-current assets during the current period.

Income Tax Expenses

During the Reporting Period, the Group's income tax expenses were RMB271,693 thousand, representing an increase of 28.6% as compared to RMB211,257 thousand for the same period of last year, primarily due to the increase in profit before tax for the current period.

Management Discussion and Analysis

Net Profits

As a result of the foregoing, the Group's net profit for the period was RMB828,796 thousand, representing an increase of 22.8% as compared to RMB675,058 thousand for the same period of last year. Net profits attributable to the shareholders of the Company were RMB822,087 thousand, representing an increase of 21.6% as compared to RMB675,940 thousand for the same period of last year.

Investment Properties

The Group's investment properties mainly consisted of buildings and land use rights that have been leased. As of June 30, 2026, the Group's investment properties were RMB30,159 thousand, representing a decrease of 2.3% as compared to RMB30,868 thousand as of December 31, 2025, primarily due to the depreciation on leased buildings and leased land use rights during the current period.

Fixed Assets

The Group's fixed assets mainly consisted of buildings, machinery, motor vehicles, office and electronic equipment. As of June 30, 2026, the Group's fixed assets were RMB5,210,133 thousand, representing an increase of 0.2% as compared to RMB5,197,433 thousand as of December 31, 2025, primarily due to the increase in houses and buildings and machinery and equipment available for use during the current period.

Construction in Progress

The Group's construction in progress mainly consisted of own factories, installation projects and information projects of the subsidiaries of the Group. As of June 30, 2026, the Group's construction in progress was RMB412,854 thousand, representing an increase of 27.6% as compared to RMB323,590 thousand as of December 31, 2025, primarily due to the increased investment in on-going projects.

Intangible Assets

The Group's intangible assets mainly consisted of land use rights, patents, software, and trademark rights. As of June 30, 2026, the Group's intangible assets amounted to RMB812,848 thousand, representing a decrease of 2.9% as compared to RMB836,990 thousand as of December 31, 2025, primarily due to amortization of intangible assets during the current period.

Right-of-use Assets

The Group's right-of-use assets primarily consisted of leasehold office premises and plant and equipment. As of June 30, 2026, the Group's right-of-use assets were RMB55,911 thousand, representing an increase of 0.3% as compared to RMB55,722 thousand as of December 31, 2025, primarily due to the addition of new leasing business during the current period.

Inventories

The Group's inventories primarily consisted of inventory, raw materials and goods shipped but not recognized as revenue. As of June 30, 2026, the Group's inventories were RMB3,675,782 thousand, representing an increase of 0.8% as compared to RMB3,647,317 thousand as of December 31, 2025, primarily due to the increase in inventory and decrease in goods shipped but not recognized as revenue as at the end of the current period.

As of June 30, 2026, the Group's inventory turnover days were 90.3 days, representing a decrease of 9.4 days as compared to 99.7 days as of December 31, 2025, primarily due to the increase in operating costs during the current period.

Accounts Receivable, Notes Receivable and Receivables Financing

As of June 30, 2026, the Group's accounts receivable were RMB753,984 thousand, representing an increase of 12.3% as compared to RMB671,445 thousand as of December 31, 2025, primarily due to the increase in operating income during the current period. The accounts receivable turnover days decreased from 14.6 days as of December 31, 2025 to 13.8 days as of June 30, 2026.

As of June 30, 2026, notes receivable and receivables financing were RMB1,581 thousand and RMB18,175 thousand, respectively. (As of December 31, 2025, notes receivable and receivables financing were RMB1,967 thousand and RMB1,216 thousand, respectively.)

Notes payable and Accounts Payable

As of June 30, 2026, the Group's notes payable and accounts payable were RMB181,232 thousand and RMB1,543,000 thousand, respectively, representing an increase of 7.9% and 3.0% as compared to RMB167,899 thousand and RMB1,498,253 thousand as of December 31, 2025, respectively. The accounts payable and notes payable turnover days decreased from 50.6 days as of December 31, 2025 to 41.8 days as of June 30, 2026.

Liquidity and Capital Resources

The Group has funded the cash requirements principally from proceeds from business operations and net proceeds from the Global Offering.

For the six months ended June 30, 2026, the Group's net cash flows generated from operating activities were RMB485,024 thousand, primarily attributable to (i) receipts from sales and services of RMB9,930,852 thousand, (ii) payment for goods and services of RMB7,290,407 thousand, (iii) payments to and on behalf of employees of RMB988,880 thousand, and (iv) payment of taxes and surcharges of RMB889,213 thousand. For the six months ended June 30, 2025, the Group's net cash flows used in operating activities were RMB162,921 thousand, primarily attributable to (i) receipts from sales and services of RMB8,233,694 thousand, (ii) payment for goods and services of RMB6,642,563 thousand, (iii) payments to and on behalf of employees of RMB898,655 thousand, (iv) payment of taxes and surcharges of RMB618,472 thousand, and (v) other expenses relating to operating activities of RMB376,798 thousand.

For the six months ended June 30, 2026, the Group's net cash flows used in investing activities were RMB114,021 thousand, primarily attributable to (i) payment of the purchases of fixed assets, intangible assets and other long-term assets of RMB409,013 thousand, and (ii) disposal of financial assets at fair value through profit or loss of RMB6,804,397 thousand, partially offset by purchases of financial assets at fair value through profit or loss of RMB6,536,914 thousand. For the six months ended June 30, 2025, the Group's net cash flows generated from investing activities were RMB275,887 thousand, primarily attributable to (i) payment of the purchases of fixed assets, intangible assets and other long-term assets of RMB483,556 thousand, and (ii) disposal of financial assets at fair value through profit or loss of RMB8,293,095 thousand, partially offset by purchases of financial assets at fair value through profit or loss of RMB7,432,000 thousand.

For the six months ended June 30, 2026, the Group's net cash flows used in financing activities were RMB476,105 thousand, primarily due to (i) repayment of bank and other borrowings of RMB719,600 thousand, partially offset by proceeds from bank and other borrowings of RMB675,179 thousand, and (ii) payment of dividends of RMB420,722 thousand and payment of interest of RMB8,267 thousand. For the six months ended June 30, 2025, the Group's net cash flows used in financing activities were RMB168,097 thousand, primarily due to (i) proceeds from bank and other borrowings of RMB690,670 thousand, partially offset by repayment of bank and other borrowings of RMB262,519 thousand, and (ii) payment of dividends of RMB574,042 thousand and payment of interest of RMB4,053 thousand.

For the use of net proceeds from the Global Offering, please refer to "Use of Proceeds" in this report.

The Group has sufficient liquidity to meet its day-to-day liquidity management and capital expenditure requirements.

Indebtedness

The Group's indebtedness primarily consisted of interest-bearing borrowings, lease liabilities and long-term payables.

As of June 30, 2026, the Group's borrowings were RMB845,643 thousand, which decreased by RMB44,961 thousand as compared to that as of December 31, 2025, primarily due to the decrease in borrowings for the working capital of subsidiaries.

All the outstanding borrowings of the Group were RMB borrowings and due within one year, and most of which were fixed rate borrowings.

As of the Latest Practicable Date, there was no material restrictive covenant in the Group's indebtedness which could significantly limit the Group's ability to obtain future financing, nor was there any material default on our indebtedness or breach of covenant during the Reporting Period and up to the Latest Practicable Date. As of the Latest Practicable Date, except for bank borrowings, the Group did not have plans for other material external debt financing.

As of June 30, 2026, the Group's total lease liabilities were RMB67,251 thousand, which increased by RMB3,696 thousand as compared to that as of December 31, 2025, primarily due to the increase in property leases of subsidiaries during the current period. As of June 30, 2026, RMB17,219 thousand of the total lease liabilities would be due within one year and RMB50,031 thousand would be due after one year.

As of June 30, 2026, the Group's total long-term payables amounted to RMB138,668 thousand, representing an increase of RMB299 thousand compared to that as of December 31, 2025. As of June 30, 2026, RMB15,205 thousand of the total long-term payables would be due within one year and RMB123,463 thousand would be due after one year.

Contingent Liabilities

As of the end of the Reporting Period, the Group did not have material contingent liabilities.

Capital Expenditures

The Group's capital expenditures primarily consisted of expenditures on purchase of fixed assets, intangible assets and other long-term assets. During the Reporting Period, the Group's capital expenditures were RMB409,013 thousand, which decreased by RMB74,543 thousand as compared to that of the six months ended June 30, 2025, primarily due to the decrease in expenditure on houses and buildings during the current period as compared with the same period of last year. The Group funded these expenditures mainly with cash generated from operations and proceeds from financing activities.

Capital Commitments

The Group's capital commitments were primarily related to the purchase of building and equipment. At the end of the Reporting Period, the Group's capital commitments were RMB583,773 thousand, which decreased by RMB195,311 thousand as compared to that as of December 31, 2025, primarily due to the completion of performance obligations under certain construction contracts.

Gearing Ratio

The Group monitors capital using adjusted gearing ratio (debt divided by capital). Debt includes interest-bearing borrowings, lease liabilities and long-term payables. Capital represents equity attributable to shareholders of the Company.

The Group's gearing ratio decreased from 7.05% as of December 31, 2025 to 6.64% as of June 30, 2026, primarily due to the increase in equity attributable to shareholders of the Company during the current period.

Distributable Reserves

As of June 30, 2026, the Group had RMB5,387,700 thousand of retained earnings available for distribution to shareholders.

Pledge of Assets

As of June 30, 2026, the subsidiary Hubei New Liuwu provided mortgage guarantee over six properties located at No.1 Pingyuanhuan Road, Zongkou Management Zone, Qianjiang City (real estate certificate numbers: Hubei (2023) Qianjiang City Real Estate Rights (鄂(2023)潛江市不動產權) No.0003933, 0003934, 0003935, 0004104, 0024885, and 0024897) and land-use rights for a borrowing of RMB100,000,000.00 from Agricultural Bank of China (Qianjiang Laoxin Branch).

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

During the Reporting Period, the Group did not engage in any significant acquisitions, and/or disposals of subsidiaries, associates and joint ventures.

As of the end of the Reporting Period, the Group did not have any significant investments as required to be disclosed in accordance with paragraph 32(4A) of Appendix D2 to the Listing Rules.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As of the Latest Practicable Date, save as disclosed in this report and the section headed "Future Plans and Use of Proceeds" in the Prospectus, the Group did not have plans for material investments and capital assets.

EMPLOYEES AND REMUNERATION

As at June 30, 2026, the total number of employees of the Group was 16,091. During the Reporting Period, the total employee costs incurred by the Group amounted to RMB989 million, including salaries, wages, allowances and benefits.

The Group recruited employees primarily through employment websites, on-campus recruitment and internal referrals. It emphasizes the importance of training and development for the employees. It provides induction training to new joiners on various aspects including the corporate culture, internal regulations and policies, occupational safety and food safety. Furthermore, the Group offers online or on-site ongoing training sessions conducted by internal and external experts to enhance employees' professional capabilities in their respective roles. The Group has management training programs, which encompass training for individuals in pivotal roles.

The Group offers competitive remuneration packages to its employees, including salary and allowances and performance-based bonuses. With the self-developed performance evaluation system, the Group assesses the performance of employees annually, which forms the basis for determining the salary levels, bonuses and promotions any employee may receive. Moreover, the Group adopts share incentive plans, including restricted A-share incentive schemes and a share option scheme, for the purpose of motivating our Directors and key personnel. The Group also strives to protect the health and legal rights of female employees in terms of compensation and benefits, and provide a comfortable working environment and fair development opportunities. For example, the Group has clarified the legal rights and interests of female employees regarding vacation in our internal policies. Meanwhile, the Group insists on the protection of equal employment opportunities for migrant workers and people with disabilities, promoting the inclusion of retired servicemen in employment, and supporting all employees to achieve personal career development.

RISK FACTORS

1. Food safety risk: There may be certain food safety risks in the procurement, production and distribution phases. Food ingredients such as surimi, meat, flour and other auxiliary materials cannot be fully controlled at the enterprise level. Food safety issues caused by temperature fluctuations in the distribution phases outside the factory, including the cold chain storage and transportation and terminal sales, also cannot be completely eliminated. In addition, if other peer companies experience major food safety incidents, this may also affect our Group. Furthermore, the absence of industry standards for intermediate products and inconsistencies in standards across upstream and downstream industries can also lead to food safety regulatory issues.

2. Rising costs risk: The Group may face rising costs for raw materials such as meat and flour, increased freight costs of unit products and rigid wage increase for employees in the future, leading to higher operating costs for the Group. Although the Group has controlled the increase in costs through a series of efficiency measures, it cannot completely eliminate the pressure on corporate profits.

3. Force majeure risk: Natural disasters, wars and sudden public health incidents may cause damage to the Group's property and personnel, and may affect normal production and operations of the Group. The occurrence of such force majeure events may also increase the additional costs of the Group, thereby affecting its profitability.

4. Public opinion risk: In the future, there may be sudden negative or inaccurate reports in newspapers, television, the Internet and other media about the industry or the Group, as well as rumors or information circulating in society that may have an adverse impact on the industry or the Group. Due to the public nature of the food industry and listed companies, negative public opinion may continue to ferment, causing abnormal fluctuations in stock prices, which in turn may affect the normal operation and management of the Group and the interests of investors.

5. Exchange rate fluctuation risk: The Group primarily operates in China, and most of its transactions are denominated in RMB. However, the Group holds a certain amount of foreign currency cash and is exposed to exchange rate fluctuation risk. The Group does not hedge foreign exchange risk. The Group will manage exchange rate fluctuation risk by closely monitoring changes in foreign currency exchange rates and will take prudent measures to minimize this risk.

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

Save as disclosed in this report, there are no any significant events after the Reporting Period that require disclosure.

FUTURE OUTLOOK

Looking ahead, global demand for quick-frozen food is steadily increasing among both business and individual customers. As consumer demand for safe and convenient quick-frozen food continues to rise, urbanization, restaurant chains and the development of channels and scenarios such as e-commerce platforms, new retail and on-demand delivery will further drive the quick-frozen food industry to change from "stock substitution" to "incremental expansion".

By product category, quick-frozen flavored and processed products are benefiting from the standardized and customized demands of restaurant chains, alongside the expansion of household consumption scenarios. Their penetration rate will continue to rise. High-quality products at competitive prices, such as the Lock-Fresh product and volcanic stone grilled sausages, still possess room for growth. Also, quick-frozen prepared foods are also expected to achieve growth as the catering business forms, such as hot pot and malatang, expand into overseas markets. Driven by the expansion of the catering industry, growing household demand, and industry standardization, quick-frozen prepared dishes are transitioning from a "small, weak, scattered, and chaotic" stage toward standardization model. Health-oriented products featuring low fat, low sodium and low sugar have become highlights of innovation. Notably, the Group's shrimp paste series aligns with the demand for low-fat and high protein options, and is highly synergistic with the Group's channel strengths. It has become a crucial product for deepening cooperation with supermarkets. The traditional quick-frozen flour and rice products like dumplings, Tangyuan, and Zongzi have entered a mature phase. The demand for these products remains stable through flavor and health-oriented innovation. Snack items and leavened dough products like Shaomai, hand-pulled pancakes, and Xiaolongbao are in a phase of rapidly increasing market penetration, serving as a new supplementary growth.

Overall, driven by factors such as increased customer penetration, category extension, technological advancements and infrastructure improvements, the quick-frozen food industry will maintain steady growth, achieving a transition toward high-quality development. In the second half of 2026, the Group will continue to focus on its core quick-frozen food business. Through product innovation, intelligent production, and product mix optimization, the Group aims to solidify its domestic leading position in the industry and enhance profitability. It also strives to further expand into overseas markets, elevate its brand image, and advance toward becoming a globally leading quick-frozen food enterprise.

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As of the end of the Reporting Period, the interests or short positions of the following Directors and chief executive in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or the interests or short positions were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or to be notified to the Company and the Stock Exchange pursuant to the Model Code set out in the Listing Rules were as follows:

Name	Position	Nature of Interest	Class of Shares	Number of Shares	Approximate Percentage of Shareholding of A Shares (%)(3)	Approximate Percentage of the Company's total share capital (%)(3)
Mr. Liu Mingming	Chairman of the Board and executive Director	Beneficial owner	A Shares	12,286,114	4.19	3.69
Mr. Zhang Qingmiao	Co-chairman of the Board, executive Director and general manager	Beneficial owner	A Shares	5,125,300	1.75	1.54
Mr. Huang Jianlian	Executive Director and deputy general manager	Beneficial owner	A Shares	1,654,150(3)	0.57	0.50
Dr. Zheng Yanan	Non-executive Director	Beneficial owner	A Shares	24,000(4)	0.01	0.01

Notes:

(1) All interests are long positions.

(2) These figures are calculated based on the 333,288,932 shares (including 293,294,232 A-share ordinary shares and 39,994,700 H-share ordinary shares), being the total number of issued shares of the Company as at the end of the Reporting Period.

(3) Out of the 1,654,150 A Shares, Mr. Huang Jianlian has been granted outstanding options to subscribe for 24,000 A Shares under the 2023 Share Option Incentive Plan.

(4) Dr. Zheng Yanan has been granted outstanding options to subscribe for 24,000 A Shares under the 2023 Share Option Incentive Plan.

Save as disclosed above, as at June 30, 2026, none of the Directors and chief executive of the Company has or is deemed to have interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO); (ii) which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As of the end of the Reporting Period, to the best of the Company's knowledge after making reasonable enquiries, the following persons (who are not the Directors or chief executive of the Company as disclosed above) have interests or short positions in the Shares or underlying Shares of the Company that are required to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, and recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Nature of Interest	Number of Shares Held[1]	Approximate Percentage of Shareholding in the Relevant Class of Shares[3] *(%)*	Approximate Percentage of the Company's total share capital[3] *(%)*
A Share				
Guoli Minsheng	Beneficial owner	73,321,219(L)	25.00	22.00
H Share				
The Goldman Sachs Group, Inc.	Interest in controlled corporation	5,999,200(L)	15.00	1.80
		5,999,200(S)	15.00	1.80
Goldman Sachs (Asia) Corporate Holdings L.L.C.	Interest held jointly with other persons	5,999,200(S)	15.00	1.80
Goldman Sachs (Asia) L.L.C.	Interest held jointly with other persons	5,999,200(S)	15.00	1.80
Goldman Sachs Holdings (Asia Pacific) Limited	Interest held jointly with other persons	5,999,200(S)	15.00	1.80
Goldman Sachs Holdings (Hong Kong) Limited	Interest held jointly with other persons	5,999,200(S)	15.00	1.80

Name of Shareholder	Nature of Interest	Number of Shares Held[1]	Approximate Percentage of Shareholding in the Relevant Class of Shares[3] (%)	Approximate Percentage of the Company's total share capital[3] (%)
China International Capital Corporation Limited	Interest in controlled corporation	348,900(L)	0.87	0.10
		6,348,100(S)	15.87	1.90
China International Capital Corporation (International) Limited	Interest in controlled corporation	348,900(L)	0.87	0.10
		6,348,100(S)	15.87	1.90
China International Capital Corporation Hong Kong Securities Limited	Underwriter	5,999,200(S)	15.00	1.80
Schroders PLC	Investment manager	5,260,100(L)	13.15	1.58
Morgan Stanley	Interest of corporation controlled	2,422,251(L)	6.05	0.73
		8,600(S)	0.02	0.00

Notes:

1. (L) represents long position; (S) represents short position.

2. The information above is based on the disclosures in the Disclosure of Interests section of the HKEx news website. Pursuant to Part XV of the SFO, the Shareholders of the Company are required to file disclosure of interests forms to the Hong Kong Stock Exchange when certain criteria are fulfilled. When shareholding of a Shareholder in the Company changes, it is not necessary to notify the Company or the Hong Kong Stock Exchange unless certain criteria are fulfilled. Therefore, the shareholdings filed with the Hong Kong Stock Exchange may be different from the latest shareholding of the Shareholders.

3. These figures are calculated based on the 333,288,932 shares (including 293,294,232 A-share ordinary shares and 39,994,700 H-share ordinary shares), being the total number of issued shares of the Company as at the end of the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Save as otherwise disclosed in this report, during the Reporting Period, the Company and any of its subsidiaries did not purchase, sell, or redeem any of the Company's listed securities (including sales of treasury shares (as defined under the Listing Rules)). As of the end of the Reporting Period, the Company held 1,160,900 treasury shares, all of which were A Shares and to be used for the Company's employee share incentive plan.

COMPLIANCE WITH MODEL CODE REGARDING SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix C3 to the Listing Rules. Upon specific enquiries by the Company, all Directors confirmed that they complied with the requirements of the Model Code relating to securities transactions by Directors during the Reporting Period.

SHARE SCHEMES

2023 Share Option Incentive Plan

The Company adopted the 2023 Share Option Incentive Plan on October 13, 2023. The purpose of the 2023 Share Option Incentive Plan is to promote the Company's long-term incentive mechanism, attract and retain outstanding talents, and effectively combine the interests of Shareholders, the Company and the employees. As of June 30, 2026, options representing 3,146,160 A Shares under the 2023 Share Option Incentive Plan remained outstanding. The A-share options granted to specific participants prior to the listing of the H Shares of the Company will remain valid after the listing. No options under the 2023 Share Option Incentive Plan will be further granted and all granted options have been granted to specific individuals under the 2023 Share Option Incentive Plan. The terms of 2023 Share Option Incentive Plan are not subject to the provisions of Chapter 17 of the Listing Rules.

(1) Summary of Key Terms of the 2023 Share Option Incentive Plan

(a) Purpose

In order to further improve the corporate governance structure of the Company, establish and improve the Company's long-term incentive and restraint mechanism, attract and retain the Company's core management personnel and key talents, fully mobilize their enthusiasm and creativity, effectively enhance the cohesion of the core team and core competitiveness of the Company, effectively combine the interests of the shareholders, the Company and the core team, so as to enable all parties to pay attention to the Company's long-term development, and to ensure the realization of the development strategy and business objectives of the Company. On the premise of fully safeguarding the interests of shareholders and in accordance with the principle of reciprocity between earnings and contributions, the plan is formulated in accordance with the PRC Company Law, the PRC Securities Law, the Administrative Measures on Equity Incentives for Listed Companies, the Shanghai Stock Exchange Listing Rules and other relevant laws, administrative regulations and normative documents, as well as the provisions of the Articles of Association of the Company.

(b) *Type of Awards*

The 2023 Share Option Incentive Plan provides for awards of share options.

(c) *Scope of Participants*

Directors, senior management and production, marketing and technical backbones serving in the Company (including its subsidiaries). For those who fall within the scope of the incentive targets under the 2023 Share Option Incentive Plan, the Remuneration and Evaluation Committee shall draw up a list of names, which shall be verified and determined by the Supervisory Committee of the Company.

(d) *Administration*

The Shareholders' meeting is the highest authority of the 2023 Share Option Incentive Plan. The Board is the managing authority of the 2023 Share Option Incentive Plan. The Remuneration and Evaluation Committee of the Board and independent non-executive Directors are the supervising authorities of the 2023 Share Option Incentive Plan.

(e) *Validity Period*

The validity period of the 2023 Share Option Incentive Plan is the period from the date of grant of the share options to the date on which all share options granted to the participants are exercised or cancelled, and shall not be longer than 60 months.

(f) *Source of Shares*

The source of the underlying shares of the 2023 Share Option Incentive Plan shall be A Shares of the Company issued by the Company to the incentive recipients and/or repurchased from the secondary market.

(g) *Maximum Number of Shares*

The total number of options of the 2023 Share Option Incentive Plan is 12,000,000, representing 12,000,000 A Shares and accounting for 4.09% of the total A Shares in issue on the date of publication of this plan. The total number of A Shares involved with all incentive plans of the Company shall not exceed 10% of the total outstanding share capital of our Company. The maximum number of Shares granted to any participant under the 2023 Share Option Incentive Plan shall not exceed 1% of the total outstanding share capital of our Company.

(h) *Date of Grant*

After the 2023 Share Option Incentive Plan has been considered and approved by the Shareholders' meeting of the Company, the Company will convene the Board meeting to make the initial grant of options to the incentive recipients in accordance with the relevant regulations and complete the registration, announcement and other relevant procedures within 60 days (if there are conditions for the granting of options, the period shall be counted from the fulfillment of such conditions). If the Company fails to complete the aforesaid work within 60 days, it shall promptly disclose the reasons for such failure and announce the termination of the implementation of the 2023 Share Option Incentive Plan, and the period during which interests may not be granted under the Administrative Measures on Equity Incentives for Listed Companies shall not be counted as part of the 60 days.

The authorization date of the reserved portion of stock options shall be confirmed by the Board of the Company within 12 months after the Shareholders' meeting.

The authorization date shall be determined by the Board after the 2023 Share Option Incentive Plan has been considered and approved by the Shareholders' meeting, and the authorization date must be a trading day. If the date determined in accordance with the above principles is a non-trading day, the authorization date shall be postponed to the first trading day thereafter.

(i) Vesting Period

The vesting period for the initial grant of options under the 2023 Share Option Incentive Plan is below:

- as to 40% of the aggregate number of options between the first trading day following the 12th month after the registration date (the "**Registration Date**") and the first trading day following the 24th month after the Registration Date;
- as to 30% of the aggregate number of options between the first trading day following the 24th month after the Registration Date and the first trading day following the 36th month after the Registration Date; and
- as to 30% of the aggregate number of options between the first trading day following the 36th month after the Registration Date and the first trading day following the 48th month after the Registration Date.

The vesting period for the reserved grant of options under the 2023 Share Option Incentive Plan is below:

- as to 50% of the aggregate number of options between the first trading day following the 12th month after the Registration Date and the first trading day following the 24th month after the Registration Date; and
- as to 50% of the aggregate number of options between the first trading day following the 24th month after the Registration Date and the first trading day following the 36th month after the Registration Date.

After the vesting period, the options granted under the 2023 Share Option Incentive Plan are exercisable on a trading day, other than: (i) within thirty days before the publication of the Company's annual report or interim report, or if the publication is postponed, within thirty days before the original scheduled publication date; (ii) within ten days prior to the publication of the Company's quarterly report, earnings forecast and preliminary results; (iii) within the period from the date of occurrence of a significant event that may have a significant impact on the trading price of the Company's A Shares and its derivatives or the date of entering the decision-making process to the date of disclosure in accordance with the law; and (iv) other periods stipulated by CSRC and Shanghai Stock Exchange.

(j) Exercise Price

The initial exercise price of the options granted under the 2023 Share Option Incentive Plan (including the reserved options) is RMB106.03 per A Share. The exercise price will be adjusted upon the occurrence of certain events, including among others, increase in the share capital by way of capitalization of capital reserves, issue of bonus shares, subdivision of shares, issue of new shares or payment of dividends. As at June 30, 2026, the exercise price is RMB98.73 per A Share.

(k) Rights and Obligations of the Company

- The Company has the right to interpret and implement the 2023 Share Option Incentive Plan and evaluate the grantees according to the relevant provisions of the 2023 Share Option Incentive Plan;

- The Company has the right to require the incentive recipients to work for the Company in accordance with the requirements of the positions for which they have been hired. If the incentive recipients are unable to perform the jobs for which they have been hired or fail to pass the assessment, or if the incentive recipients have seriously harmed the Company's interests or reputation due to violating the law, breach of professional ethics, disclosure of the Company's confidential information, violation of the Company's rules and regulations, or breach of duty or malfeasance of duty, the Board of the Company may, with the approval of the Board of the Company, cancel the incentive recipients' unexercised stock options;

- The Company withholds and pays on behalf of the incentive recipients the personal income tax and other taxes payable by the incentive recipients in accordance with the relevant provisions of related tax laws and regulations;

- The Company undertakes not to provide loans and any other form of financial assistance, including guaranteeing loans, to the participants for the purpose of acquiring the relevant options under the 2023 Share Option Incentive Plan;

- The Company shall fulfill the declaration and disclosure obligations in relation to the 2023 Share Option Incentive Plan in a timely manner according to the relevant regulations;

- The Company shall actively cooperate with the grantees who meet the exercise conditions to exercise their options in accordance with the 2023 Share Option Incentive Plan and the relevant regulations of the CSRC, the Shanghai Stock Exchange and securities depository and clearing institution. However, if the grantee fails to exercise his/her options for the reasons that are attributable to the CSRC, the Shanghai Stock Exchange or securities depository and clearing institution, our Company shall not be liable for the losses caused to such grantee; and

- Other rights and obligations stipulated by laws, regulations, departmental rules, normative documents and the 2023 Share Option Incentive Plan.

(2) *Changes in Share Options during the Reporting Period*

As at June 30, 2026, all the outstanding options under the 2023 Share Option Incentive Plan has been granted to 1,316 grantees to subscribe for 3,146,160 A Shares, representing 1.07% of the issued A Share capital (excluding treasury shares) of the Company as of the same date. Among the outstanding options granted, two Directors, three members of senior management, nine other connected persons of the Company, and 1,302 grantees who are employees of our Group and are not Directors, member of senior management, consultants or connected persons of the Company were granted outstanding options to subscribe for 48,000 A Shares, 66,000 A Shares, 122,700 A Shares, and 2,909,460 A Shares, respectively. No consideration was paid or is payable for the options granted to the grantees under the 2023 Share Option Incentive Plan.

The table below sets forth the details of the exercise of options granted to Directors, members of senior management or connected persons of the Company and other employees of the Group under the 2023 Share Option Incentive Plan during the Reporting Period:

					Number of options						
Name	Position	Date of Grant	Vesting Period/ Exercise Period	Exercise Price per Share	Outstanding as at January 1, 2026	Granted during the Reporting Period	Exercised during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Outstanding as at June 30, 2026	Weighted Average Closing Price Immediately before the Exercised Date
				RMB							*RMB*
Directors											
Mr. Huang Jianlian	Executive Director and deputy general manager	October 25, 2023	1 to 4 years (Note 1)	98.73	48,000	0	0	0	24,000	24,000	-
Dr. Zheng Yanan	Non-executive Director	October 25, 2023	1 to 4 years (Note 1)	98.73	48,000	0	0	0	24,000	24,000	-
Senior Management											
Mr. Huang Qingsong	Deputy general manager	October 25, 2023	1 to 4 years (Note 1)	98.73	48,000	0	0	0	24,000	24,000	-
Mr. Liang Chen	Board secretary	October 25, 2023	1 to 4 years (Note 1)	98.73	42,000	0	0	0	21,000	21,000	-
Ms. Tang Yi	Chief financial officer	October 25, 2023	1 to 4 years (Note 1)	98.73	42,000	0	0	0	21,000	21,000	-
Connected Persons											
Ms. Pang Ke	Director of Wuxi Huashun Minsheng Foods Co., Ltd. (無錫華順民生食品有限公司) ("**Wuxi Huashun**")	October 25, 2023	1 to 4 years (Note 1)	98.73	36,000	0	0	0	18,000	18,000	-
Mr. Jiang Meng	General Manager of Henan Anjoy Foods Co., Ltd. (河南安井食品有限公司) ("**Henan Anjoy**")	October 25, 2023	1 to 4 years (Note 1)	98.73	36,000	0	0	0	18,000	18,000	-
Mr. Jiang Heng	General Manager of Taizhou Anjoy Foods Co., Ltd. (泰州安井食品有限公司) ("**Taizhou Anjoy**")	October 25, 2023	1 to 4 years (Note 1)	98.73	36,000	0	0	0	18,000	18,000	-
Mr. Xiao Huabing	Director of Honghu Xinhongye Food Co., Ltd. (洪湖市新宏業食品有限公司) ("**Honghu Xinhongye**")	October 25, 2023	1 to 4 years (Note 1)	98.73	36,000	0	0	0	18,000	18,000	-

					Number of options						
Name	Position	Date of Grant	Vesting Period/ Exercise Period	Exercise Price per Share *RMB*	Outstanding as at January 1, 2026	Granted during the Reporting Period	Exercised during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Outstanding as at June 30, 2026	Weighted Average Closing Price Immediately before the Exercised Date *RMB*
Ms. Gu Zhihua	Supervisor of Wuxi Anjoy Foods Marketing Co., Ltd. (無錫安井食品營銷有限公司)	October 25, 2023	1 to 4 years [Note 1]	98.73	30,000	0	0	0	15,000	15,000	–
Ms. Ruan Dongna	Supervisor of Taizhou Anjoy	October 25, 2023	1 to 4 years [Note 1]	98.73	27,600	0	0	0	13,800	13,800	–
Mr. Lian Huizhang	Supervisor of Wuxi Huashun	October 25, 2023	1 to 4 years [Note 1]	98.73	27,600	0	0	0	13,800	13,800	–
Mr. Lin Yi	Supervisor of Henan Anjoy	October 25, 2023	1 to 4 years [Note 1]	98.73	9,000	0	0	0	4,500	4,500	–
Mr. Du Cheng	Second-level deputy manager of the statistics department at Sichuan Anjoy Foods Co., Ltd. (四川安井食品有限公司) ("**Sichuan Anjoy**")	October 25, 2023	1 to 4 years [Note 1]	98.73	7,200	0	0	0	3,600	3,600	–
Other grantees who had been granted options to subscribe for an aggregate number of 50,000 or more A Shares											
Mr. Ye Weijian	General Manager of Guangdong Anjoy Foods Co., Ltd. (廣東安井食品有限公司)	October 25, 2023	1 to 4 years [Note 1]	98.73	54,000	0	0	0	27,000	27,000	–
Mr. Yu Xiaojun	General Manager of Shandong Anjoy Foods Co., Ltd. (山東安井食品有限公司)	October 25, 2023	1 to 4 years [Note 1]	98.73	36,000	0	0	0	18,000	18,000	–
Mr. Ni Rutie	General Manager of Xiamen Anjoy Mr. Frozen Supply Chain Co., Ltd. (廈門安井凍品先生供應鏈有限公司)	October 25, 2023	1 to 4 years [Note 1]	98.73	36,000	0	0	0	18,000	18,000	–
Mr. Yan Kaidong	Deputy general manager of marketing center	October 25, 2023	1 to 4 years [Note 1]	98.73	36,000	0	0	0	18,000	18,000	–
Mr. Yu Tenghui	General Manager of Hubei Anjoy Foods Co., Ltd. (湖北安井食品有限公司)	October 25, 2023	1 to 4 years [Note 1]	98.73	36,000	0	0	0	18,000	18,000	–
Mr. Zhang Shaohua	General manager of Sichuan Anjoy	October 25, 2023	1 to 4 years [Note 1]	98.73	36,000	0	0	0	18,000	18,000	–
Mr. Liu Zhonghu	General Manager of Hubei New Liuwu	October 25, 2023	1 to 4 years [Note 1]	98.73	36,000	0	0	0	18,000	18,000	–
Mr. Chen Xincai	Supermarket director of marketing center	October 25, 2023	1 to 4 years [Note 1]	98.73	33,000	0	0	0	16,500	16,500	–
Mr. Jiang Guowang	Chief assistant of marketing center	October 25, 2023	1 to 4 years [Note 1]	98.73	33,000	0	0	0	16,500	16,500	–
Mr. Shi Rongxu	Information director	October 25, 2023	1 to 4 years [Note 1]	98.73	33,000	0	0	0	16,500	16,500	–
Mr. Wei Ketao	Marketing director of marketing center	October 25, 2023	1 to 4 years [Note 1]	98.73	30,000	0	0	0	15,000	15,000	–
Mr. Huang Meiqing	Northeast region director of marketing center	October 25, 2023	1 to 4 years [Note 1]	98.73	30,000	0	0	0	15,000	15,000	–
Mr. Li Xihong	Northern China region director of marketing center	October 25, 2023	1 to 4 years [Note 1]	98.73	30,000	0	0	0	15,000	15,000	–
Mr. Kang Yiwei	Planning director of marketing center	October 25, 2023	1 to 4 years [Note 1]	98.73	30,000	0	0	0	15,000	15,000	–
Mr. Xiao Xiao	Deputy general manager of Honghu Xinhongye	October 25, 2023	1 to 4 years [Note 1]	98.73	30,000	0	0	0	15,000	15,000	–
Mr. Liu Jing	Deputy general manager of Hubei New Liuwu	October 25, 2023	1 to 4 years [Note 1]	98.73	30,000	0	0	0	15,000	15,000	–

Name	Position	Date of Grant	Vesting Period/ Exercise Period	Exercise Price per Share	Outstanding as at January 1, 2026	Granted during the Reporting Period	Exercised during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Outstanding as at June 30, 2026	Weighted Average Closing Price Immediately before the Exercised Date
				RMB	Number of options						*RMB*
Others											
230 employees with outstanding options to acquire between 10,000 and 49,999 A Shares	-	October 25, 2023	1 to 4 years (Note 1)	98.73	3,109,200	0	0	29,400	1,554,600	1,525,200	-
1,056 employees with outstanding options to acquire less than 10,000 A Shares	-	October 25, 2023	1 to 4 years (Note 1)	98.73	2,255,520	0	0	18,000	1,127,760	1,109,760	-

Notes:

(1) The outstanding options under the 2023 Share Option Incentive Plan shall be vested in accordance with the vesting period as follows: (i) as to 30% of the aggregate number of options between October 28, 2025 and the first trading day following the 36th month after the Registration Date; and (ii) as to 30% of the aggregate number of options between the first trading day following the 36th months after the Registration Date and the first trading day following the 48th month after the Registration Date. The exercise period of the options granted under the 2023 Share Option Incentive Plan shall commence from the date on which the relevant options become vested and end on the expiration date of the respective vesting period mentioned above.

40% of the aggregate number of options under the 2023 Share Option Incentive Plan were cancelled on October 24, 2025 as the grantees did not exercise their options during the vesting period.

(2) The closing price of A Shares immediately prior to the grant date of the 2023 Share Option Incentive Plan was RMB114.02 per share.

(3) As of the six months ended June 30, 2026, the number of shares that may be issued in respect of options granted under all share schemes of the Company was 3,146,160 shares, representing 0.94% of the weighted average number of shares of the Company in issue (excluding treasury shares).

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to achieving high standard of corporate governance to protect the interests of shareholders. The Company has adopted the code provisions of the Corporate Governance Code as the basis for its corporate governance practices. During the Reporting Period, the Company has complied with the applicable code provisions as set out in the Corporate Governance Code.

INTERIM DIVIDEND

The Company held its 2025 annual shareholders' meeting on May 21, 2026, during which it approved the Proposal on the 2025 Profit Distribution Plan of the Company, authorizing the Board to formulate and implement the 2026 interim (including the interim and the first three quarters) distribution plan based on the Company's profitability and capital requirements ("**Authorization**"). On August 24, 2026, the Company convened the second meeting of the sixth session of the Board and approved the Proposal on the 2026 Interim Profit Distribution Plan of Anjoy Foods (the "**Profit Distribution Plan**"). The Profit Distribution Plan complies with the profit distribution policy stipulated in the Articles of Association of the Company and its disclosed shareholder return plan. The formulation of the Profit Distribution Plan fully considers the actual circumstances and future capital requirements of the Company, and will not have a material impact on its earnings per share, cash flow status or production and operation activities. Pursuant to the Authorization, the Profit Distribution Plan is not required to be submitted to the Shareholders' meeting for consideration.

As of June 30, 2026, in accordance with China Accounting Standards for Business Enterprises, the undistributed profits of the parent of the Company at the end of the interim period were RMB3,672,540,758.57. From January to June 2026, the net profit attributable to shareholders of the listed company in the consolidated financial statements of the Company was RMB822,086,578.17. Upon the resolution by the Board, the Company intends to distribute profits for the first half of 2026 based on the total issued share capital as of the registration date for the equity distribution, excluding the shares held in the share repurchase special securities account. The Profit Distribution Plan is as follows:

The Company proposes to distribute a cash dividend of RMB1.733 per share (tax inclusive) (the "**Interim Dividend**") to all shareholders. As of Latest Practicable Date, the total share capital of the Company was 333,288,932 shares, excluding 1,160,900 shares in the repurchase special securities account, resulting 332,128,032 shares. Based on this, the total proposed cash dividend was RMB575,577,879.46 (tax inclusive), representing 70.01% of the net profit attributable to shareholders of the listed company (unaudited) in the 2026 interim consolidated financial statements of the Company. The cash dividend is denominated and declared in Renminbi, with payments made in Renminbi to A Shareholders and in Hong Kong dollars to H Shareholders. The actual amount of the H-share interim dividend distributed in Hong Kong dollars was calculated based on the mid-point exchange rate of RMB to HKD (HKD1 = RMB0.86542) published by the People's Bank of China on the date of the Board meeting (August 24, 2026), pursuant to which, the interim dividend payables will be HKD2.0025 per H Share (tax inclusive). In addition to the above cash dividend, this profit distribution does not involve the conversion of capital reserves into share capital or the issuance of bonus shares.

During the period from the date of announcement of the Profit Distribution Plan to the registration date of the equity interest for the interest distribution, if there are changes in the total share capital of the Company or the number of shares in the repurchase special securities account, the Company intends to maintain the same distribution ratio per share and adjust the total distribution amount accordingly. Further announcement will be made for the specific adjustments if there are subsequent changes in the total share capital. The Board of the Company has agreed to authorize its Chairman or his designated representative to make specific decisions regarding the distribution of dividends for the A Shares and H Shares of the Company, including but not limited to, determining the registration date of the equity interest, ex-entitlement date, ex-dividend date and other distribution-related information, as well as opening and operating the H-share dividend account and other specific matters related to the implementation of profit distribution.

The Company expects to distribute the interim dividend on Tuesday, October 13, 2026 to Shareholders whose names appear on the Company's register of members of H Shares on September 13, 2026. In accordance with the relevant regulations of the Shanghai Stock Exchange and China Securities Depository and Clearing Corporation Limited Shanghai Branch, a separate dividend implementation announcement in respect of the distribution of the interim dividend to A Shareholders of the Company will be issued.

Closure of Register of Members

In order to determine the entitlement of H Shareholders to the interim dividend, the H Share registrar of the Company will be closed from Tuesday, September 8, 2026 to Sunday, September 13, 2026 (both days inclusive), during which period no transfer of H Shares will be registered. Shareholders whose names appear on the register of members of H Shares of the Company on Sunday, September 13, 2026 shall be entitled to the interim dividend. In order to qualify for the interim dividend, H Shareholders of the Company are required to deposit the transfer documents together with the relevant share certificates at the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on Monday, September 7, 2026.

Tax Information

Individual Income Tax

In accordance with provisions of the Notice of the State Administration of Taxation on Individual Income Tax Collection Issues after the Document with the Number of Guo Shui Fa [1993] No. 045 Has Been Abolished (《國家稅務總局關於國稅發[1993]045 號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348), withholding and paying obligor will withhold and pay individual income tax for dividends and bonuses income of overseas resident individual shareholders from the domestic non-foreign-funded enterprises by issuing shares in Hong Kong. When the domestic non-foreign-funded enterprise issues shares in Hong Kong, its overseas resident individual shareholders will enjoy relevant tax preference in accordance with tax convention signed by the PRC and the country stated in the residential identity and tax arrangement of Mainland China and Hong Kong (Macau). The tax rate for dividend is generally 10% in accordance with relevant tax conventions and provisions on tax arrangement. To simplify tax collection and management, when a domestic non-foreign-funded enterprise that has issued shares in Hong Kong distributes dividends and bonuses, individual income tax will be generally withheld and paid at the tax rate of 10% and application is not necessary. Situations in which tax rate for dividends is not 10% will be handled in accordance with the following provisions: (1) as for residents of countries under the convention whose tax rate is less than 10%, withholding and paying obligor can handle the application for enjoying relevant convention treatment and excessive tax will be refunded upon approval of competent taxation authority; (2) as for residents of countries under the convention whose tax rate is between 10% and 20%, withholding and paying obligor shall withhold and pay individual income tax as per actual tax rate under the convention when distributing dividends and bonuses and no need to handle approval issues; (3) as for residents of countries without tax convention and other situations, withholding and paying obligor shall withhold and pay individual income tax at the tax rate of 20% when distributing dividends and bonuses.

Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), the Implementation Regulations of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) and the Notice of the State Administration of Taxation on Issues Relating to Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《國家稅務總局關於中國居民企業向境外 H 股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No. 897), when a PRC resident enterprise pays dividends for 2008 or any year thereafter to overseas non-PRC resident enterprise shareholders of H Shares, it shall withhold and pay enterprise income tax thereon at a uniform rate of 10%.

Profit Distribution to Investors of Northbound Trading

For investors of the Hong Kong Stock Exchange (including enterprises and individuals) investing in the A Shares listed on the SSE (the **"Northbound Trading"**), their dividends and bonuses will be distributed in Renminbi by the Company through the Shanghai Branch of China Securities Depository and Clearing Corporation Limited to the accounts of the nominees holding such shares. The Company will withhold income taxes at the rate of 10% on behalf of the investors and will report to the competent tax authorities for the withholding. For investors of Northbound Trading who are tax residents of other countries and whose country of domicile has entered into a tax treaty with the PRC stipulating a dividend and bonus tax rate of lower than 10%, those enterprises or individuals may, or may entrust a withholding and paying obligor to, apply to the competent tax authorities for the entitlement of the rate under such tax treaty. Upon approval by the competent tax authorities, the paid tax in excess of the tax payable based on the tax rate under such tax treaty will be refunded.

The registration date of the equity interest and the date of distribution of cash dividends and other schedule arrangements for the investors of Northbound Trading will be the same as those for the A Shareholders.

Profit Distribution to Investors of Southbound Trading

For investors of the Shanghai Stock Exchange and Shenzhen Stock Exchange (including enterprises and individuals) investing in the H Shares listed on the Hong Kong Stock Exchange (the "**Southbound Trading**"), the cash dividends will be paid in RMB. Relevant tax policies are subject to the relevant requirements under the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Caishui [2014] No.81) 《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅[2014]81號)》 and the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Caishui [2016] No.127) 《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅[2016]127號)》. For dividends and bonuses received by domestic individual investors from investing in H Shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the companies shall withhold individual income tax at the rate of 20% on behalf of the investors. For dividends and bonuses received by domestic securities investment funds from investing in H Shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The companies will not withhold the income tax of dividends and bonuses for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

The registration date of the equity interest and the date of distribution of cash dividends and other schedule arrangements for the investors of Southbound Trading will be the same as those for the H Shareholders.

Shareholders are recommended to consult their tax consultants regarding the tax impacts in the PRC, Hong Kong and other countries (regions) for holding and selling shares.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee of the Company has reviewed the unaudited interim results of the Group for the six months ended June 30, 2026, and is of the opinion that the results complied with the relevant accounting standards, rules and regulations, and appropriate disclosures have been duly made.

CHANGES IN INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT MEMBERS

On May 21, 2026, upon approval by the 2025 Annual Shareholders' Meeting, Mr. Liu Mingming, Mr. Zhang Qingmiao, Mr. Zhang Gaolu and Mr. Huang Jianlian were elected as executive Directors of the sixth session of the Board of the Company; Dr. Zheng Yanan and Mr. Dai Fan were elected as non-executive Directors of the sixth session of the Board of the Company; and Ms. Zhang Mei, Dr. Liu Xiaofeng, Dr. Zhao Bei and Mr. Zhang Yueping were elected as independent non-executive Directors of the sixth session of the Board of the Company. Mr. Zhang Guangxi was elected as the employee representative Director of the sixth session of the Board of the Company at the employee representative meeting. Please refer to the 2025 Annual Report for relevant information of Directors and senior management members of the Company.

Save as disclosed above, as of the Latest Practicable Date, there was no information of Directors and senior management members required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

USE OF PROCEEDS

The Company issued H Shares on July 4, 2025 and listed on the Main Board of the Stock Exchange. A total of 39,994,700 H Shares with a nominal value of RMB1.00 each were issued through the Hong Kong Public Offering and international placing at an issue price of HKD60.00 per Share. The total proceeds raised from this issuance of H Shares amounted to HKD2,399.68 million. After deducting the issuance expenses directly incurred from the issuance, the net proceeds were approximately HKD2,297.2 million.

There was no change in the use of proceeds as disclosed in the Prospectus. The use of proceeds raised from the H Shares of the Company is as follows:

	Approximate % of the total amount	Net proceeds available for use *(HK$ in million)*	Utilized proceeds during the Reporting Period *(HK$ in million)*	Unutilized proceeds as of the end of the Reporting Period *(HK$ in million)*	Expected timetable for the fully utilizing of unutilized proceeds
Expanding our sales and distribution network	35.0%	804.0	0	804.0	Before December 31, 2030
Strengthening our procurement capabilities, optimizing our supply chain and building a supply chain system	35.0%	804.0	0	804.0	Before December 31, 2030
Digitalizing our business operations	15.0%	344.6	0	344.6	Before December 31, 2030
Product development and technological innovation	5.0%	114.9	0	114.9	Before December 31, 2030
Working capital and general corporate purposes	10.0%	229.7	0	229.7	Before December 31, 2028
Total	**100%**	**2,297.2**	0	**2,297.2**	

The balance of the proceeds from the initial public offering will be utilized according to the usages and proportions as disclosed in the Prospectus. Majority of the unutilized net proceeds were deposited with reputable banks in Hong Kong or the PRC as of the six months ended June 30, 2026.

Consolidated Balance Sheet

As at 30 June 2026

(All amounts in RMB unless otherwise stated)

ASSETS	Note	30 June 2026	31 December 2025
Current assets:			
Cash at bank and on hand	5.1	**4,811,079,422.44**	4,980,279,916.72
Settlement reserves			
Placements with financial institutions			
Financial assets held for trading	5.2	**3,421,440,810.36**	3,639,173,341.26
Derivative financial assets			
Notes receivable	5.3	**1,581,443.73**	1,967,358.95
Accounts receivable	5.4	**753,983,513.88**	671,444,798.54
Receivables financing	5.5	**18,174,764.78**	1,216,335.5
Prepayments	5.6	**106,677,727.52**	95,048,430.15
Premium receivables			
Reinsurance accounts receivable			
Reinsurance contract reserves receivables			
Other receivables	5.7	**33,512,929.52**	23,172,952.63
Financial assets held under resale agreements			
Inventories	5.8	**3,675,781,505.01**	3,647,316,907.29
Including: Data resources			
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	5.9	**220,981,263.18**	165,993,954.79
Total current assets		**13,043,213,380.42**	13,225,613,995.83

continued

Consolidated Balance Sheet

As at 30 June 2026

(All amounts in RMB unless otherwise stated)

ASSETS	Note	30 June 2026	31 December 2025
Non-current assets:			
Loans and advances			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	5.10	**18,124,411.96**	15,568,064.29
Investments in other equity instruments			
Other non-current financial assets			
Investment properties	5.11	**30,158,926.01**	30,867,987.22
Fixed assets	5.12	**5,210,133,104.31**	5,197,433,283.85
Construction in progress	5.13	**412,853,845.84**	323,589,579.31
Productive biological assets			
Oil and gas assets			
Right-of-use assets	5.14	**55,911,499.58**	55,721,841.55
Intangible assets	5.15	**812,848,261.71**	836,990,453.28
Including: Data resources			
Development costs			
Including: Data resources			
Goodwill	5.16	**698,062,114.66**	755,182,959.93
Long-term deferred expenses	5.17	**102,030,603.83**	112,201,112.62
Deferred tax assets	5.18	**141,653,962.95**	167,390,901.18
Other non-current assets	5.19	**91,305,131.90**	46,125,069.33
Total non-current assets		**7,573,081,862.75**	7,541,071,252.56
TOTAL ASSETS		**20,616,295,243.17**	20,766,685,248.39

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

Legal representative:	Principal in charge of accounting:	Head of accounting department:
Liu Mingming	Tang Yi	Hui Li

Consolidated Balance Sheet

As at 30 June 2026

(All amounts in RMB unless otherwise stated)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	30 June 2026	31 December 2025
Current liabilities:			
Short-term borrowings	5.21	**845,643,422.47**	890,604,887.79
Borrowings from the central bank			
Placement from financial institutions			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable	5.22	**181,231,536.95**	167,899,413.21
Accounts payable	5.23	**1,542,999,942.51**	1,498,252,688.11
Advances from customers			
Contract liabilities	5.24	**381,780,129.66**	573,510,094.73
Securities sold under agreement to repurchase			
Deposits from customers and banks			
Funds held for securities brokering			
Funds held for securities underwriting			
Employee benefits payable	5.25	**143,635,435.62**	216,564,213.36
Taxes payable	5.26	**187,805,208.26**	332,420,003.45
Other payables	5.27	**279,732,196.80**	197,517,164.81
Commission and brokerage payable			
Reinsurance payable			
Liabilities held for sale			
Non-current liabilities due within one year	5.28	**32,424,669.36**	30,453,948.28
Other current liabilities	5.29	**189,211,075.93**	375,876,492.58
Total current liabilities		**3,784,463,617.56**	4,283,098,906.32

continued

Consolidated Balance Sheet

As at 30 June 2026

(All amounts in RMB unless otherwise stated)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	30 June 2026	31 December 2025
Non-current liabilities			
Insurance contract reserves			
Long-term borrowings			
Bonds payable			
Including: Preference shares			
Perpetual debt			
Lease liabilities	5.30	**50,031,127.66**	48,156,365.93
Long-term payables	5.31	**123,462,961.04**	123,313,819.05
Long-term employee benefits payable	5.32	**3,696,418.59**	3,696,418.59
Provisions			
Deferred income	5.33	**158,829,243.89**	170,786,628.20
Deferred tax liabilities	5.18	**246,377,329.14**	234,050,959.37
Other non-current liabilities			
Total non-current liabilities		**582,397,080.32**	580,004,191.14
Total liabilities		**4,366,860,697.88**	4,863,103,097.46

continued

Consolidated Balance Sheet

As at 30 June 2026

(All amounts in RMB unless otherwise stated)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	30 June 2026	31 December 2025
Shareholders' equity:			
Share capital	5.34	**333,288,932.00**	333,288,932.00
Other equity instruments			
Including: Preference shares			
Perpetual debt			
Capital surplus	5.35	**10,054,003,390.49**	10,054,003,390.49
Less: Treasury shares	5.36	**108,593,033.82**	108,593,033.82
Other comprehensive income	5.37	**505,651.88**	2,142,538.11
Specialized reserve			
Surplus reserve	5.38	**167,902,880.22**	167,902,880.22
General risk reserve			
Retained earnings	5.39	**5,387,700,404.74**	5,043,878,192.65
Total equity attributable to shareholders of the Company		**15,834,808,225.51**	15,492,622,899.65
Non-controlling interests		**414,626,319.78**	410,959,251.28
Total shareholders' equity		**16,249,434,545.29**	15,903,582,150.93
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**20,616,295,243.17**	20,766,685,248.39

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

Legal representative: Liu Mingming

Principal in charge of accounting: Tang Yi

Head of accounting department: Hui Li

Company Balance Sheet

As at 30 June 2026

(All amounts in RMB unless otherwise stated)

ASSETS	Note	30 June 2026	31 December 2025
Current assets:			
Cash at bank and on hand		**2,635,209,857.51**	2,596,674,159.37
Financial assets held for trading		**832,774,834.87**	2,251,754,595.27
Derivative financial assets			
Notes receivable			
Accounts receivable	17.1	**699,731,867.57**	190.00
Receivables financing			
Prepayments		**9,036,690.18**	10,025,835.07
Other receivables	17.2	**222,595,928.95**	202,320,240.68
Inventories		**140,511,234.72**	166,411,412.51
Including: Data resources			
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets		**17,373,656.52**	1,304.41
Total current assets		**4,557,234,070.32**	5,227,187,737.31

continued

Company Balance Sheet

As at 30 June 2026

(All amounts in RMB unless otherwise stated)

ASSETS	Note	30 June 2026	31 December 2025
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	17.3	9,673,794,141.68	9,403,794,141.68
Investments in other equity instruments			
Other non-current financial assets			
Investment properties			
Fixed assets		167,662,880.21	178,172,052.28
Construction in progress		5,221,460.93	10,697,293.99
Productive biological assets			
Oil and gas assets			
Right-of-use assets		1,201,732.53	1,681,918.29
Intangible assets		31,175,821.71	22,935,543.74
Including: Data resources			
Development costs			
Including: Data resources			
Goodwill			
Long-term deferred expenses		5,472,602.22	5,534,269.28
Deferred tax assets			2,641,990.95
Other non-current assets		643,790.52	999,978.77
Total non-current assets		9,885,172,429.80	9,626,457,188.98
TOTAL ASSETS		14,442,406,500.12	14,853,644,926.29

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

Legal representative: Liu Mingming

Principal in charge of accounting: Tang Yi

Head of accounting department: Hui Li

Company Balance Sheet

As at 30 June 2026

(All amounts in RMB unless otherwise stated)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	30 June 2026	31 December 2025
Current liabilities:			
Short-term borrowings			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable		**6,624,924.88**	10,087,712.44
Accounts payable		**56,206,734.56**	114,385,653.73
Advances from customers			
Contract liabilities			448,295,147.61
Employee benefits payable		**11,231,241.85**	23,827,911.40
Taxes payable		**8,791,443.99**	80,436,328.56
Other payables		**59,169,130.02**	9,108,648.67
Liabilities held for sale			
Non-current liabilities due within one year		**962,767.38**	940,280.06
Other current liabilities			58,346,844.04
Total current liabilities		**142,986,242.68**	745,428,526.51
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: Preference shares			
Perpetual debt			
Lease liabilities		**274,286.24**	761,812.38
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income		**14,305,642.96**	14,983,979.15
Deferred tax liabilities		**19,990,647.51**	
Other non-current liabilities			
Total non-current liabilities		**34,570,576.71**	15,745,791.53
Total liabilities		**177,556,819.39**	761,174,318.04

continued

Company Balance Sheet

As at 30 June 2026

(All amounts in RMB unless otherwise stated)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	30 June 2026	31 December 2025
Shareholders' equity:			
Share capital		333,288,932.00	333,288,932.00
Other equity instruments			
Including: Preference shares			
Perpetual debt			
Capital surplus		10,200,968,557.98	10,200,968,557.98
Less: Treasury shares		108,593,033.82	108,593,033.82
Other comprehensive income			
Specialized reserve			
Surplus reserve		166,644,466.00	166,644,466.00
Retained earnings		3,672,540,758.57	3,500,161,686.09
Total shareholders' equity		14,264,849,680.73	14,092,470,608.25
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		14,442,406,500.12	14,853,644,926.29

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

Legal representative: Liu Mingming

Principal in charge of accounting: Tang Yi

Head of accounting department: Hui Li

Consolidated Income Statement

For the six months ended 30 June 2026
(All amounts in RMB unless otherwise stated)

Item	Note	Six months ended 30 June 2026	Six months ended 30 June 2025
I. Total revenue		9,266,340,428.60	7,604,440,456.71
Including: Operating income	5.40	9,266,340,428.60	7,604,440,456.71
Interest income			
Earned premiums			
Fee and commissions			
II. Total costs		8,146,425,334.40	6,786,871,148.71
Including: Operating costs	5.40	7,297,969,039.87	6,043,859,842.90
Interest expenses			
Fees and commission paid			
Surrender value			
Net claims paid			
Net provision of insurance liabilities			
Policy dividends paid			
Reinsurance expenses			
Taxes and surcharges	5.41	75,025,014.72	61,800,921.42
Selling expenses	5.42	479,427,963.25	441,028,463.57
General and administration expenses	5.43	222,115,433.48	206,616,936.06
Research and development expenses	5.44	42,687,632.96	39,930,220.32
Financial expenses	5.45	29,200,250.12	-6,365,235.56
Including: Interest expenses		9,384,911.33	5,402,953.61
Interest income		46,995,136.29	11,877,722.69
Add: Other income	5.46	30,358,575.02	26,400,011.72
Investment income ("-" for losses)	5.47	35,630,244.22	24,856,548.87
Including: Income from investment in associates and joint ventures		3,307,619.86	2,420,261.93
Gain from derecognition of financial assets measured at amortized cost ("-" for losses)			
Gain from foreign exchange ("-" for losses)			
Net exposure to hedging gains ("-" for losses)			
Profit arising from changes in fair value ("-" for losses)	5.48	15,688,477.80	11,998,224.44
Credit impairment losses ("-" for losses)	5.49	-13,312,062.04	-11,699,958.58
Asset impairment losses ("-" for losses)	5.50	-103,210,883.36	-15,883,647.91
Gains from assets disposal ("-" for losses)	5.51	146,993.94	-99,021.28

continued

Consolidated Income Statement

For the six months ended 30 June 2026
(All amounts in RMB unless otherwise stated)

Item	Note	Six months ended 30 June 2026	Six months ended 30 June 2025
III. Operating profit ("-" for losses)		**1,085,216,439.78**	853,141,465.26
Add: Non-operating income	5.52	**17,965,713.71**	34,361,112.30
Less: Non-operating expenses	5.53	**2,693,262.34**	1,188,541.34
IV. Profit before income tax ("-" for losses)		**1,100,488,891.15**	886,314,036.22
Less: Income tax expenses	5.54	**271,693,387.70**	211,256,516.26
V. Net profit for the period ("-" for net loss)		**828,795,503.45**	675,057,519.96
(I) classified by continuity of operations			
1. Net profit from continuing operations ("-" for net loss)		**828,795,503.45**	675,057,519.96
2. Net profit from discontinued operations ("-" for net loss)			
(II) Classified by ownership of the equity			
1. Net profit attributable to shareholders of the Company ("-" for net loss)		**822,086,578.17**	675,939,959.13
2. Net profit attributable to non-controlling interests ("-" for net loss)		**6,708,925.28**	-882,439.17

Consolidated Income Statement

For the six months ended 30 June 2026
(All amounts in RMB unless otherwise stated)

Item	Note	Six months ended 30 June 2026	Six months ended 30 June 2025
VI. Other comprehensive income, net of tax		**-2,338,743.01**	3,087,280.53
Other comprehensive income (net of tax) attributable to shareholders of the Company		**-1,636,886.23**	2,160,661.06
(I) Items that will not be reclassified to profit or loss			
1. Remeasurement of defined benefit plan liability or asset			
2. Share of other comprehensive income of the equity method investments			
3. Changes in fair value of other equity instrument investments			
4. Changes in fair value of enterprise's own credit risk			
(II) Items that may be reclassified to profit or loss		**-1,636,886.23**	2,160,661.06
1. Share of other comprehensive income of the equity method investments			
2. Changes in fair value of other debt investments			
3. Amount of financial assets reclassified into other comprehensive income			
4. Provision for credit impairment of other debt investments			
5. Cash flow hedging reserves			
6. Translation differences arising from translation of foreign currency financial statements		**-1,636,886.23**	2,160,661.06
7. Others			
Other comprehensive income (net of tax) attributable to non-controlling interests		**-701,856.78**	926,619.47
VII. Total comprehensive income for the period		**826,456,760.44**	678,144,800.49
Attributable to: Shareholders of the Company		**820,449,691.94**	678,100,620.19
Non-controlling interests		**6,007,068.50**	44,180.30
VIII. Earnings per share			
(I) Basic earnings per share (RMB/Share)		**2.48**	2.31
(II) Diluted earnings per share (RMB/Share)		**2.48**	2.31

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

Legal representative: Liu Mingming

Principal in charge of accounting: Tang Yi

Head of accounting department: Hui Li

Company Income Statement

For the six months ended 30 June 2026

(All amounts in RMB unless otherwise stated)

Item	Note	Six months ended 30 June 2026	Six months ended 30 June 2025
I. Operating income	17.4	**574,175,527.86**	473,863,206.81
Less: Operating costs	17.4	**422,117,774.96**	359,592,497.94
Taxes and surcharges		**5,466,799.42**	4,334,092.55
Selling expenses		**2,262,609.98**	2,127,643.69
General and administration expenses		**45,857,108.06**	41,142,125.42
Research and development expenses		**6,920,355.55**	7,659,766.23
Financial expenses		**26,588,618.28**	-2,990,385.59
Including: Interest expenses		**15,939.84**	10,607.58
Interest income		**39,426,352.27**	3,065,905.63
Add: Other income		**2,500,171.43**	4,258,130.19
Investment income ("-" for losses)	17.5	**603,188,967.34**	667,882,073.01
Including: Income from investment in associates and joint ventures			
Gain from derecognition of financial assets measured at amortized cost			
Net exposure hedging gains ("-" for losses)			
Profit arising from changes in fair value ("-" for losses)		**2,662,750.31**	1,735,695.26
Credit impairment losses ("-" for losses)		**-43,643.58**	-14,445.07
Assets impairment losses ("-" for losses)			
Gains from assets disposal ("-" for losses)		**18,464.33**	-26,974.90
II. Operating Profit ("-" for losses)		**673,288,971.44**	735,831,945.06
Add: Non-operating income		**1,550.02**	257,237.41
Less: Non-operating expenses		**12,749.75**	38,107.19
III. Profit before income tax ("-" for losses)		**673,277,771.71**	736,051,075.28
Less: Income tax expenses		**22,634,333.15**	20,646,563.69
IV. Net Profit for the period ("-" for losses)		**650,643,438.56**	715,404,511.59
1. Net profit from continuing operations ("-" for net loss)		**650,643,438.56**	715,404,511.59
2. Net profit from discontinued operations ("-" for net loss)			
V. Other comprehensive income, net of tax			
(I) Items that will not be reclassified to profit or loss			
1. Remeasurement of defined benefit plan liability or asset			
2. Share of other comprehensive income of the equity method investments			
3. Changes in fair value of other equity instrument investments			
4. Changes in fair value of enterprise's own credit risk			
(II) Items that may be reclassified to profit or loss			
1. Share of other comprehensive income of the equity method investments			
2. Changes in fair value of other debt investments			
3. Amount of financial assets reclassified into other comprehensive income			
4. Provision for credit impairment of other debt investments			
5. Cash flow hedging reserves			
6. Translation differences arising from translation of foreign currency financial statements			
7. Others			
VI. Total comprehensive income for the period		**650,643,438.56**	715,404,511.59
VII. Earnings per share			
(I) Basic earnings per share (RMB/Share)			
(II) Diluted earnings per share (RMB/Share)			

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

Legal representative: Liu Mingming

Principal in charge of accounting: Tang Yi

Head of accounting department: Hui Li

Consolidated Cash Flow Statement

For the six months ended 30 June 2026

(All amounts in RMB unless otherwise stated)

Item	Note	Six months ended 30 June 2026	Six months ended 30 June 2025
I. Cash flows from operating activities			
Cash received from sales and services		9,930,851,889.27	8,233,693,558.07
Net increase in deposits and placements from financial institutions			
Net increase in due to central banks			
Net increase in placement from other financial institutions			
Cash received from premium income from direct insurance contracts			
Net cash received under reinsurance contracts			
Net increase in policyholders' deposits and investment funds			
Cash received from interests, fees and commissions			
Net increase in placement from financial institutions			
Net increase in repurchase transactions			
Net cash received from agent sales of securities			
Refund of taxes and surcharges		2,032,969.50	15,684,998.75
Cash received relating to other operating activities	5.55	149,005,220.41	124,188,553.98
Sub-total of cash inflows from operating activities		10,081,890,079.18	8,373,567,110.80
Cash paid for goods and services		7,290,406,891.59	6,642,562,953.35
Net increase in loans and advances			
Net increase in deposits with central banks and other financial institutions			
Cash paid for claims under direct insurance contracts			
Net increase of placements with financial institutions			
Cash paid for interests, fees and commissions			
Cash paid for policyholder dividends			
Cash paid to and on behalf of employees		988,879,861.32	898,655,424.22
Payments of taxes and surcharges		889,213,280.32	618,472,015.42
Cash paid relating to other operating activities	5.55	428,366,415.31	376,797,908.62
Sub-total of cash outflows from operating activities		9,596,866,448.54	8,536,488,301.61
Net cash flows from operating activities		485,023,630.64	-162,921,190.81

continued

Consolidated Cash Flow Statement

For the six months ended 30 June 2026

(All amounts in RMB unless otherwise stated)

Item	Note	Six months ended 30 June 2026	Six months ended 30 June 2025
II. Cash flows from investing activities			
Cash received from disposal of investments		6,804,396,900.88	8,293,095,050.76
Cash received from investment income		28,922,315.75	34,969,883.90
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,586,089.50	522,757.60
Net cash received from disposal of subsidiaries and other business units	5.55		
Cash received relating to other investing activities			
Sub-total of cash inflows from investing activities		6,834,905,306.13	8,328,587,692.26
Cash paid for fixed assets, intangible assets and other long-term assets		409,013,173.11	483,555,613.14
Cash payments for investments		6,539,913,616.55	7,569,145,569.00
Net increase in pledged loans			
Net cash paid for acquiring subsidiaries and other business units	5.55		
Cash paid relating to other investing activities			
Sub-total of cash outflows from investing activities		6,948,926,789.66	8,052,701,182.14
Net cash flows from investing activities		-114,021,483.53	275,886,510.12

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

Legal representative: Liu Mingming

Principal in charge of accounting: Tang Yi

Head of accounting department: Hui Li

Consolidated Cash Flow Statement

For the six months ended 30 June 2026
(All amounts in RMB unless otherwise stated)

Item	Note	Six months ended 30 June 2026	Six months ended 30 June 2025
III. Cash flows from financing activities			
Cash received from capital contributions			
Including: cash received by subsidiaries from minority shareholders' investments			
Cash received from borrowings		675,179,358.08	690,670,000.00
Cash received relating to other financing activities	5.55		
Sub-total of cash inflows from financing activities		675,179,358.08	690,670,000.00
Cash repayments for debts		719,600,000.00	262,519,432.67
Cash payments for distribution of dividends, profits or interest expenses		428,989,203.66	578,094,689.03
Including: dividends or profit paid by subsidiaries to non-controlling shareholder			
Cash payments relating to other financing activities	5.55	2,695,203.38	18,152,869.62
Sub-total of cash outflows from financing activities		1,151,284,407.04	858,766,991.32
Net cash flows from financing activities		-476,105,048.96	-168,096,991.32
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-66,921,958.01	1,620,801.88
V. Net increase in cash and cash equivalents		-172,024,859.86	-53,510,870.13
Add: Cash and cash equivalents at the beginning of the year		4,847,555,491.41	2,228,321,659.79
VI. Cash and cash equivalents at the end of the year		4,675,530,631.55	2,174,810,789.66

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

Legal representative: Liu Mingming

Principal in charge of accounting: Tang Yi

Head of accounting department: Hui Li

Company Cash Flow Statement

For the six months ended 30 June 2026

(All amounts in RMB unless otherwise stated)

Item	Note	Six months ended 30 June 2026	Six months ended 30 June 2025
I. Cash flows from operating activities			
Cash received from sales and services		437,396,319.71	320,919,940.36
Refund of taxes and surcharges			
Cash received relating to other operating activities		40,706,512.53	20,241,586.34
Sub-total of cash inflows from operating activities		478,102,832.24	341,161,526.70
Cash paid for goods and services		427,701,277.28	387,511,036.91
Cash paid to and on behalf of employees		102,547,826.66	91,156,781.04
Payments of taxes and surcharges		129,018,368.55	57,501,005.77
Cash paid relating to other operating activities		1,069,367,023.73	23,000,362.47
Sub-total of cash outflows from operating activities		1,728,634,496.22	559,169,186.19
Net cash flows from operating activities		-1,250,531,663.98	-218,007,659.49
II. Cash flows from investing activities			
Cash received from disposal of investments		3,169,816,743.92	4,255,674,655.51
Cash received from returns on investments		576,939,726.35	673,599,530.17
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		478,202.98	443,288.86
Net cash received from disposal of subsidiaries and other business units			
Cash received relating to other investing activities			
Sub-total of cash inflows from investing activities		3,747,234,673.25	4,929,717,474.54
Cash paid to acquire fixed assets, intangible assets and other long-term assets		10,552,566.47	10,922,925.14
Cash paid to acquire investments		1,980,844,575.55	4,031,145,569.00
Net cash paid to acquire subsidiaries and other business units			
Cash paid relating to other investing activities			
Sub-total of cash outflows from investing activities		1,991,397,142.02	4,042,068,494.14
Net cash flows from investing activities		1,755,837,531.23	887,648,980.40

continued

Company Cash Flow Statement

For the six months ended 30 June 2026
(All amounts in RMB unless otherwise stated)

Item	Note	Six months ended 30 June 2026	Six months ended 30 June 2025
III. Cash flows from financing activities			
Cash received from capital contributions			
Cash received from borrowings			
Cash received relating to other financing activities			20,465,461.05
Sub-total of cash inflows from financing activities			20,465,461.05
Cash repayments for debts			
Cash payments for distribution of dividends, profits or interest		420,722,038.62	574,042,002.94
Cash payments relating to other financing activities		874,890.59	17,019,567.16
Sub-total of cash outflows from financing activities		421,596,929.21	591,061,570.10
Net cash flows from financing activities		-421,596,929.21	-570,596,109.05
IV. Effect of exchange rate changes on cash and cash equivalents		-66,082,204.58	447.88
V. Net increase in cash and cash equivalents		17,626,733.46	99,045,659.74
Add: Cash and cash equivalents at the beginning of the year		2,505,251,034.37	151,620,638.84
VI. Cash and cash equivalents at the end of the year		2,522,877,767.83	250,666,298.58

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

Legal representative:	Principal in charge of accounting:	Head of accounting department:
Liu Mingming	Tang Yi	Hui Li

Consolidated Statement of Changes in Shareholders' Equity

For the six months ended 30 June 2026

(All amounts in RMB unless otherwise stated)

Item	For the six months ended 30 June 2026													
	Total equity attributable to shareholders of the Company													
		Other equity instruments												
	Share capital	Preference shares	Perpetual bonds	Others	Capital surplus	Less: Treasury shares	Other comprehensive income	Specialized reserve	Surplus reserve	General risk reserve	Retained earnings	Subtotal	Non-controlling interests	Total shareholders' equity
I. Balance at the end of prior year	333,288,932.00				10,054,003,390.49	108,593,033.82	2,142,538.11		167,902,880.22		5,043,878,192.65	15,492,622,899.65	410,959,251.28	15,903,582,150.93
Add: Changes in accounting policies														
Significant accounting errors														
Business combination under common control														
Others														
II. Balance at the beginning of current year	333,288,932.00				10,054,003,390.49	108,593,033.82	2,142,538.11		167,902,880.22		5,043,878,192.65	15,492,622,899.65	410,959,251.28	15,903,582,150.93
III. Increase/decrease for the period (decrease expressed with "-")							-1,636,886.23				343,822,212.09	342,185,325.86	3,667,068.50	345,852,394.36
(I) Total comprehensive income							-1,636,886.23				822,086,578.17	820,449,691.94	6,007,068.50	826,456,760.44

continued

Consolidated Statement of Changes in Shareholders' Equity

For the six months ended 30 June 2026

(All amounts in RMB unless otherwise stated)

Item	For the six months ended 30 June 2026													
	Total equity attributable to shareholders of the Company													
		Other equity instruments												
	Share capital	Preference shares	Perpetual bonds	Others	Capital surplus	Less: Treasury shares	Other comprehensive income	Specialized reserve	Surplus reserve	General risk reserve	Retained earnings	Subtotal	Non-controlling interests	Total shareholders' equity
(II) Capital contribution and withdrawal by owners														
1. Ordinary shares paid by shareholders														
2. Capital contributed by other equity instruments holders														
3. Amount recorded in shareholders' equity arising from share-based payment arrangements														
4. Others														
(III) Profit distribution											-478,264,366.08	-478,264,366.08	-2,340,000.00	-480,604,366.08
1. Appropriation to surplus reserve														
2. Accrual of general risk reserve														
3. Profit distributed to owners (or stockholders)											-478,264,366.08	-478,264,366.08	-2,340,000.00	-480,604,366.08
4. Others														

continued

Item	For the six months ended 30 June 2026												
	Total equity attributable to shareholders of the Company												
		Other equity instruments											
	Share capital	Preference shares	Perpetual bonds	Others	Capital surplus	Less: Treasury shares	Other comprehensive income	Specialized reserve	Surplus reserve	General risk reserve	Retained earnings	Subtotal	Non-controlling interests	Total shareholders' equity
(IV) Transfer within shareholder's equity														
1. Transfer from capital surplus to paid-in capital (share capital)														
2. Transfer from surplus reserves to paid-in capital (share capital)														
3. Surplus reserves used to offset accumulated losses														
4. Transfer remeasurements of defined benefit obligation to retained earnings														
5. Reclassification from other comprehensive income to retained earnings														
6. Others														

continued

Consolidated Statement of Changes in Shareholders' Equity

For the six months ended 30 June 2026

(All amounts in RMB unless otherwise stated)

Item	For the six months ended 30 June 2026													
	Total equity attributable to shareholders of the Company													
		Other equity instruments												
	Share capital	Preference shares	Perpetual bonds	Others	Capital surplus	Less: Treasury shares	Other comprehensive income	Specialized reserve	Surplus reserve	General risk reserve	Retained earnings	Subtotal	Non-controlling interests	Total shareholders' equity
(V) Non-current liabilities due within one year														
1. Accrual														
2. Utilisations														
(VI) Others														
IV. Balance at the end of current period	333,288,932.00				10,054,003,390.49	108,593,033.82	505,651.88		167,902,880.22		5,387,700,404.74	15,834,808,225.51	414,626,319.78	16,249,434,545.29

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

Legal representative: Liu Mingming

Principal in charge of accounting: Tang Yi

Head of accounting department: Hui Li

Consolidated Statement of Changes in Shareholders' Equity

For the six months ended 30 June 2026

(All amounts in RMB unless otherwise stated)

For the six months ended 30 June 2025

Item	Total equity attributable to shareholders of the Company												Non-controlling interests	Total shareholders' equity
	Share capital	Other equity instruments			Capital surplus	Less: Treasury shares	Other comprehensive income	Specialized reserve	Surplus reserve	General risk reserve	Retained earnings	Subtotal		
		Preference shares	Perpetual bonds	Others										
I. Balance at the end of prior year	293,294,232.00				8,143,848,179.42	108,593,033.82	1,638,108.55		147,905,530.22		4,474,436,194.16	12,952,529,210.53	317,803,523.22	13,270,332,733.75
Add: Changes in accounting policies														
Significant accounting errors														
Business combination under common control														
Others														
II. Balance at the beginning of current year	293,294,232.00				8,143,848,179.42	108,593,033.82	1,638,108.55		147,905,530.22		4,474,436,194.16	12,952,529,210.53	317,803,523.22	13,270,332,733.75
III. Increase/decrease for the period (decrease expressed with "-")					4,273,626.41		2,160,661.06				379,424,621.59	385,858,909.06	-25,944,716.62	359,914,192.44
(I) Total comprehensive income							2,160,661.06				675,939,959.13	678,100,620.19	44,180.30	678,144,800.49

continued

Consolidated Statement of Changes in Shareholders' Equity

For the six months ended 30 June 2026

(All amounts in RMB unless otherwise stated)

Item	For the six months ended 30 June 2025													
	Total equity attributable to shareholders of the Company												Non-controlling interests	Total shareholders' equity
	Share capital	Other equity instruments			Capital surplus	Less: Treasury shares	Other comprehensive income	Specialized reserve	Surplus reserve	General risk reserve	Retained earnings	Subtotal		
		Preference shares	Perpetual bonds	Others										
(II) Capital contribution and withdrawal by owners					4,273,626.41							4,273,626.41	-25,988,896.92	-21,715,270.51
1. Ordinary shares paid by shareholders					-21,126,463.69							-21,126,463.69	-25,988,896.92	-47,115,360.61
2. Capital contributed by other equity instruments holders														
3. Amount recorded in shareholders' equity arising from share-based payment arrangements					25,400,090.10							25,400,090.10		25,400,090.10
4. Others														
(III) Profit distribution											-296,515,337.54	-296,515,337.54		-296,515,337.54
1. Appropriation to surplus reserve														
2. Accrual of general risk reserve														
3. Profit distributed to owners (or stockholders)											-296,515,337.54	-296,515,337.54		-296,515,337.54
4. Others														

continued

	For the six months ended 30 June 2025													
	Total equity attributable to shareholders of the Company													
		Other equity instruments												
Item	Share capital	Preference shares	Perpetual bonds	Others	Capital surplus	Less: Treasury shares	Other comprehensive income	Specialized reserve	Surplus reserve	General risk reserve	Retained earnings	Subtotal	Non-controlling interests	Total shareholders' equity
(IV) Transfer within shareholder's equity														
1. Transfer from capital surplus to paid-in capital (share capital)														
2. Transfer from surplus reserves to paid-in capital (share capital)														
3. Surplus reserves used to offset accumulated losses														
4. Transfer remeasurements of defined benefit obligation to retained earnings														
5. Reclassification from other comprehensive income to retained earnings														
6. Others														

continued

Consolidated Statement of Changes in Shareholders' Equity

For the six months ended 30 June 2026

(All amounts in RMB unless otherwise stated)

	For the six months ended 30 June 2025													
	Total equity attributable to shareholders of the Company													
		Other equity instruments												
Item	Share capital	Preference shares	Perpetual bonds	Others	Capital surplus	Less: Treasury shares	Other comprehensive income	Specialized reserve	Surplus reserve	General risk reserve	Retained earnings	Subtotal	Non-controlling interests	Total shareholders' equity
(V) Non-current liabilities due within one year														
1. Accrual														
2. Utilisations														
(VI) Others														
IV. Balance at the end of current period	293,294,232.00				8,148,121,805.83	108,593,033.82	3,798,769.61		147,905,530.22		4,853,860,815.75	13,338,388,119.59	291,858,806.60	13,630,246,926.19

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

Legal representative: Liu Mingming

Principal in charge of accounting: Tang Yi

Head of accounting department: Hui Li

Company Statement of Changes in Shareholders' Equity

For the six months ended 30 June 2026

(All amounts in RMB unless otherwise stated)

Item	For the six months ended 30 June 2026										
		Other equity instruments									
	Share capital	Preference shares	Perpetual bonds	Others	Capital surplus	Less: Treasury shares	Other comprehensive income	Specialized reserve	Surplus reserve	Retained earnings	Total shareholders' equity
I. Balance at the end of prior year	333,288,932.00				10,200,968,557.98	108,593,033.82			166,644,466.00	3,500,161,686.09	14,092,470,608.25
Add: Changes in accounting policies											
Significant accounting errors											
Others											
II. Balance at the beginning of current year	333,288,932.00				10,200,968,557.98	108,593,033.82			166,644,466.00	3,500,161,686.09	14,092,470,608.25
III. Increase/decrease for the period (decrease expressed with "-")										172,379,072.48	172,379,072.48
(I) Total comprehensive income										650,643,438.56	650,643,438.56
(II) Capital contribution and withdrawal by owners											
1. Ordinary shares paid by shareholders											
2. Capital contributed by other equity instruments holders											
3. Amount of share-based payments recognized in shareholders' equity											
4. Others											
(III) Profit distribution										-478,264,366.08	-478,264,366.08
1. Appropriation to surplus reserve											
2. Profit distributed to owners (or stockholders)										-478,264,366.08	-478,264,366.08
3. Others											

continued

Company Statement of Changes in Shareholders' Equity

For the six months ended 30 June 2026

(All amounts in RMB unless otherwise stated)

Item	For the six months ended 30 June 2026										
		Other equity instruments									
	Share capital	Preference shares	Perpetual bonds	Others	Capital surplus	Less: Treasury shares	Other comprehensive income	Specialized reserve	Surplus reserve	Retained earnings	Total shareholders' equity
(IV) Transfer within shareholder's equity											
1. Transfer from capital surplus to paid-in capital (share capital)											
2. Transfer from surplus reserves to paid-in capital (share capital)											
3. Surplus reserves used to offset accumulated losses											
4. Transfer remeasurements of defined benefit obligation to retained earnings											
5. Reclassification from other comprehensive income to retained earnings											
6. Others											
(V) Non-current liabilities due within one year											
1. Accrual											
2. Utilisations											
(VI) Others											
IV. Balance at the end of current period	333,288,932.00				10,200,968,557.98	108,593,033.82			166,644,466.00	3,672,540,758.57	14,264,849,680.73

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

Legal representative: Liu Mingming

Principal in charge of accounting: Tang Yi

Head of accounting department: Hui Li

Company Statement of Changes in Shareholders' Equity

For the six months ended 30 June 2026
(All amounts in RMB unless otherwise stated)

For the six months ended 30 June 2025

Item	Share capital	Other equity instruments: Preference shares	Other equity instruments: Perpetual bonds	Other equity instruments: Others	Capital surplus	Less: Treasury shares	Other comprehensive income	Specialized reserve	Surplus reserve	Retained earnings	Total shareholders' equity
I. Balance at the end of prior year	293,294,232.00				8,153,463,892.48	108,593,033.82			146,647,116.00	607,148,919.09	9,091,961,125.75
Add: Changes in accounting policies											
Significant accounting errors											
Others											
II. Balance at the beginning of current year	293,294,232.00				8,153,463,892.48	108,593,033.82			146,647,116.00	607,148,919.09	9,091,961,125.75
III. Increase/decrease for the period (decrease expressed with "-")					25,400,090.10					418,889,174.05	444,289,264.15
(I) Total comprehensive income										715,404,511.59	715,404,511.59
(II) Capital contribution and withdrawal by owners					25,400,090.10						25,400,090.10
1. Ordinary shares paid by shareholders											
2. Capital contributed by other equity instruments holders											
3. Amount of share-based payments recognized in shareholders' equity					25,400,090.10						25,400,090.10
4. Others											
(III) Profit distribution										-296,515,337.54	-296,515,337.54
1. Appropriation to surplus reserve											
2. Profit distributed to owners (or stockholders)										-296,515,337.54	-296,515,337.54
3. Others											

continued

Company Statement of Changes in Shareholders' Equity

For the six months ended 30 June 2026

(All amounts in RMB unless otherwise stated)

	For the six months ended 30 June 2025										
		Other equity instruments									
Item	Share capital	Preference shares	Perpetual bonds	Others	Capital surplus	Less: Treasury shares	Other comprehensive income	Specialized reserve	Surplus reserve	Retained earnings	Total shareholders' equity
(IV) Transfer within shareholder's equity											
1. Transfer from capital surplus to paid-in capital (share capital)											
2. Transfer from surplus reserves to paid-in capital (share capital)											
3. Surplus reserves used to offset accumulated losses											
4. Transfer remeasurements of defined benefit obligation to retained earnings											
5. Reclassification from other comprehensive income to retained earnings											
6. Others											
(V) Non-current liabilities due within one year											
1. Accrual											
2. Utilisations											
(VI) Others											
IV. Balance at the end of current period	293,294,232.00				8,178,863,982.58	108,593,033.82			146,647,116.00	1,026,038,093.14	9,536,250,389.90

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

Legal representative: Liu Mingming

Principal in charge of accounting: Tang Yi

Head of accounting department: Hui Li

1. CORPORATION GENERAL INFORMATION

Anjoy Foods Group Co., Ltd., formerly known as Xiamen Huashun Minsheng Food Co., Ltd. (the "Company"), was jointly incorporated by Fujian Guoli Minsheng Technology Investment Co., Ltd. (the "Guoli Minsheng") (renamed as Fujian Guoli Minsheng Technology Development Co., Ltd. in 2021) and Chen Yongshan, with a registered capital of RMB2,000,000. On 24 December 2001, it obtained the Business License for Enterprise Legal Person (Registration No. 3502002004551) issued by the Xiamen Administration for Industry and Commerce.

On 9 February 2011, a shareholders' meeting resolution was passed to convert the Company into a joint stock limited liability company, using 30 November 2010 as the benchmark date. All shareholders of the original company became shareholders of the new company, and the company name was changed to Fujian Anjoy Foods Co., Ltd. In accordance with the sponsor agreement and the articles of association, the shareholders subscribed for shares in the new company based on their original ownership percentages, using the Company's net assets of RMB216,179,007.13 as at 30 November 2010. These net assets were converted into a total share capital of 70,000,000 shares at a ratio of 3.08827:1. The excess of net assets over share capital amounting to RMB146,179,007.13 was credited to the Capital surplus. Following this holistic transformation, the Company was registered with the Xiamen Administration for Industry and Commerce on 7 March 2011 and obtained the Business License for Enterprise Legal Person with the registration number 350205200001840. The registered capital was RMB70,000,000. After the holistic transformation into a joint-stock company, the shareholders' capital contribution structure is as follows:

No.	Shareholder Name	Capital Contribution (RMB yuan in ten thousand)	Percentage of contribution (%)
1	Guoli Minsheng	4,235.94	60.50
2	Liu Mingming	1,241.57	17.74
3	Zhang Qingmiao	525.00	7.50
4	Lv Wenbin	419.99	6.00
5	Huang Jianlian	288.75	4.13
6	Huang Qingsong	288.75	4.13
Total		7,000.00	100.00

On 16 May 2011, a shareholders' meeting resolution was passed to approve an increase in the Company's registered capital by RMB3.65 million. This share capital increase consisted of contributions of RMB1.85 million from Shenzhen Xiushui Investment Co., Ltd. and RMB1.80 million from Shenzhen Tongsheng Chuangye Investment Enterprise (Limited Partnership). On 27 June 2011, the Company completed the industrial and commercial registration procedures for this capital increase.

1. CORPORATION GENERAL INFORMATION (CONTINUED)

On 26 November 2012, a shareholders' meeting resolution was passed to approve the capitalization of RMB88.38 million from the Capital surplus to increase the registered capital, distributed to all shareholders via a stock dividend. The ownership percentages of the shareholders remained unchanged after this capitalization. On 4 December 2012, the Company completed the industrial and commercial registration procedures for this capital increase. After this capitalization, the shareholders' capital contribution structure is as follows:

No.	Shareholder Name	Capital Contribution (RMB yuan in ten thousand)	Percentage of contribution (%)
1	Guoli Minsheng	9,319.057	57.51
2	Liu Mingming	2,731.454	16.86
3	Zhang Qingmiao	1,155.00	7.13
4	Lv Wenbin	923.989	5.70
5	Huang Jianlian	635.25	3.92
6	Huang Qingsong	635.25	3.92
7	Shenzhen Xiushui Investment Co., Ltd.	407.00	2.51
8	Shenzhen Tongsheng Chuangye Investment Enterprise (Limited Partnership)	396.00	2.45
Total		16,203.00	100.00

In January 2017, the Company's listing was approved by the China Securities Regulatory Commission (CSRC) under the Reply on Approving the Initial Public Offering of Fujian Anjoy Foods Co., Ltd. (CSRC Permit No. [2017]152). The Company completed the initial public offering and listing of the A Shares on the Shanghai Stock Exchange in February 2017. Immediately following this offering, our registered share capital was RMB216.04 million.

As approved by the CSRC, the company conducted public issuance of 5 million convertible bonds of RMB500,000,000.00 at a par value of RMB100 (the "2018 Convertible Bonds") in July 2018 (CSRC Permit No. [2018] 241). As at 4 July 2019, the 2018 Convertible Bonds in the amount of RMB496,160,000.00 had been converted into 14,026,649 A Shares. Following these conversions, the cumulative registered capital increased to RMB230,066,649, and the cumulative paid-in capital (share capital) amounted to RMB230,066,649.

1. CORPORATION GENERAL INFORMATION (CONTINUED)

On 13 November 2019, the company granted an aggregate of 6,320,000 RMB ordinary shares (A Shares) as restricted shares to 231 equity incentive participants, including Zhang Qingmiao, with a par value of RMB1 per share. The grant price of the restricted shares to the incentive participants was RMB26.97 per share. As a result of the actual subscription, two incentive participants forfeited their subscription, and the final subscription amount for RMB ordinary shares was RMB6,310,000.00. On 6 January 2020, the restricted shares under the company's 2019 Equity Incentive Plan were registered with the Shanghai Branch of China Securities Depository and Clearing Co., Ltd.. Upon completion of this registration, the company's total accumulated issued shares increased from 230,066,649 shares to 236,376,649 shares.

In July 2020, according to the resolutions of the Company's Third Extraordinary General Meeting of Shareholders in 2019 and the Fourth Meeting of the Fourth Session of the Board of Directors, the Company granted 300,000 restricted ordinary shares (A shares) to 27 incentive participants, with a par value of RMB1 per share and a grant price of RMB66.31 per share. During the actual subscription process, one participant relinquished their subscription. Based on the subscription results, the registered capital was increased by RMB298,000, resulting in a post-change registered capital of RMB236,674,649.

In July 2020, as approved by the CSRC, the Company conducted public issuance of convertible bonds of RMB900,000,000.00 (the "2020 Convertible Bonds") (CSRC Permit No. [2020] 592) and the 2020 Convertible Bonds became convertible into the Company's shares on 14 January 2021, at a conversion price of RMB115.90 per share. As of 8 March 2021, the conversion and redemption of the 2020 Convertible Bonds had been completed, and the Company's total share capital increased to 244,424,360 shares.

In February 2022, as approved by the China Securities Regulatory Commission in the Approval Letter regarding the Private Placement of Shares of Fujian Anjoy Foods Co., Ltd. (CSRC Permit No. [2021] 3419), the Company issued 48,884,872 RMB ordinary shares (A shares) through a private placement. The procedures for the registration and depository of these new shares were completed with the Shanghai Branch of China Securities Depository and Clearing Co., Ltd. on 10 March 2022. Upon completion of this registration, the Company's total number of issued shares increased from 244,424,360 to 293,309,232.

On 11 March 2022, the 24th Meeting of the Fourth Board of Directors and the 14th Meeting of the Fourth Board of Supervisors of the Company deliberated and approved the Proposal on the Repurchase and Cancellation of Certain Restricted Shares and the Adjustment of the Repurchase Price. Two grantees of the initial grant under the Company's 2019 Restricted Share Incentive Plan resigned due to personal reasons and thus ceased to be qualified grantees. In accordance with the relevant provisions of the Anjoy Foods Group Co., Ltd. 2019 Restricted Share Incentive Plan (Draft), the Company repurchased and cancelled 15,000 restricted shares that had been granted to but not yet released from sales restriction to the aforesaid two grantees. The cancellation of the aforesaid restricted shares was completed on 18 May 2022. Upon completion of this repurchase and cancellation, the Company's total accumulated issued shares changed from 293,309,232 shares to 293,294,232 shares.

1. CORPORATION GENERAL INFORMATION (CONTINUED)

In July 2025, the Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited, increasing the registered capital by RMB39,994,700. Following this issuance, the cumulative registered capital amounted to RMB333,288,932, and the cumulative paid-in capital (share capital) amounted to RMB333,288,932.

As at 30 June 2026, the Company had a total of 333,288,932 outstanding shares with registered capital of RMB333,288,932. The Company's Unified Social Credit Code is 913502007054909195. The Company engages in food manufacturing. Its registered office and the principal place of business activities is located at No. 2508 Xinyang Road, Haicang District, Xiamen, the PRC. The legal representative is Liu Mingming. The principal business scope of the Company Permitted Projects: Food production. (Projects subject to approval in accordance with the law may only be carried out after obtaining approval from the relevant authorities. Specific business projects are subject to the approval documents or licenses issued by the relevant departments. General Projects: Processing of meat products and by-products (excluding Western-style meat processing projects with an annual capacity of 3,000 tons or less); processing of surimi products and dried and pickled aquatic products (excluding frozen seawater surimi production lines); food sales (only pre-packaged food); food additive sales; primary agricultural product procurement; import and export of goods; import and export of food; import and export of technology; import and export agency; technical services, technical development, technical consultation, technical exchange, technical transfer, and technical promotion. (Unless otherwise subject to approval in accordance with the law, projects may be independently carried out with a business license.) The Company is currently in the production and operation phase.

These financial statements were approved for issuance by the Company's Board of Directors on 24 August 2026.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis of preparation

The financial statements of the Group are prepared on a going concern basis. Such consolidated financial statements have been prepared in accordance with the "Accounting Standards for Business Enterprises – Basic Standards" and various specific accounting standards, the Implementation Guidance for the Accounting Standards for Business Enterprises, the Interpretation of the Accounting Standards for Business Enterprises and other relevant requirements issued by the Ministry of Finance (hereinafter referred to as the "Accounting Standards for Business Enterprises"), the Compilation Rules for Information Disclosure by Companies offering Securities to the Public No.15 – the General Provisions of the Financial Reports issued by the China Securities and Regulatory Commission. In preparing these financial statements, the Company has also considered the disclosure requirements under the Companies Ordinance of Hong Kong and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)

2.2 Going concern

For a period of twelve months from the end of the reporting period, the Group has not identified any events or conditions in financial, operational, or other areas that, individually or collectively with other events or conditions, may cast significant doubt on its ability to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Notes on Specific Accounting Policies and Accounting Estimates:

The disclosures set out below cover the specific accounting policies and accounting estimates formulated by the Group in light of its actual production and operation characteristics. For details, see Note 3.26 “Revenue” of these notes to the financial statements.

3.1 Statement of compliance with the Accounting Standard for Business Enterprises

These financial statements have been prepared by the Group, are in accordance with the Accounting Standards for Enterprises issued by the Ministry of Finance and present a true and fair view of the Group’s financial position, changes in equity, financial performance, and cash flows.

3.2 Accounting period

The Group’s accounting year starts on January 1 and ends on December 31.

3.3 Operating cycle

The operating cycle of the Company is 12 months.

3.4 Reporting currency

The Company’s functional currency is Renminbi (“RMB”). For its overseas subsidiaries, the functional currency is determined by their respective primary economic environments: Oriental Food Express Limited uses the British Pound (“GBP”), and Good News International Trading Europe B.V. uses the Euro (“EUR”). These financial statements are presented in RMB.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.5 Methods for determining materiality standard and the basis for selection

Item	Materiality criteria
Significant receivables subject to individual impairment provisioning	RMB 3,000,000 or above (including 3,000,000)
Significant receivables for which the amount of bad debt provision reversed, recovered, or written off during the period	RMB 3,000,000 or above (including 3,000,000)
Significant R&D projects	RMB 10,000,000 or above (including 10,000,000)
Significant construction in progress	≥ 0.5% of total assets
Significant non-wholly-owned subsidiary	Any one of the subsidiary's total assets, net assets, revenue, or net profit accounts for ≥ 5% of the corresponding consolidated figure.
Significant joint ventures and associates	Investment income (loss) recognized from a single investee under the equity method accounts for ≥ 1% of consolidated net profit.
Significant accounts payable	≥ 0.5% of total assets

3.6 Accounting treatment of business combinations under common control and business combinations not under common control

Business combinations under common control: Assets and liabilities obtained by combining party in the business combination under common control (including goodwill arising from the acquisition of the merged party by the ultimate controller) are recognized on the basis of their carrying amounts at the combination date recorded on the financial statements of the ultimate controlling party. The difference between the carrying amount of the consideration paid for the combination (or aggregate face values of the shares issued) and the carrying amount of the net assets obtained is adjusted to Capital surplus. If the Capital surplus is not sufficient to absorb the difference, any excess is adjusted to retained earnings.

Business combinations not under common control: The consideration paid for business combination comprises the fair value of the assets transferred by the acquirer, the liabilities incurred or assumed by the acquirer, and the equity interests issued by the acquirer to obtain control of the acquiree at the date of acquisition. Where the cost of the combination exceeds the Company's interest in the fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill. Where the cost of combination is lower than the Company's interest in the fair value of the acquiree's identifiable net assets, the difference is recognized in profit or loss for the current period.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.6 Accounting treatment of business combinations under common control and business combinations not under common control (continued)

Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognized amounts of the equity or debt securities.

3.7 Criteria for determining control and methods of preparing consolidated financial statements

3.7.1 Criteria for determining control

The consolidation scope for consolidated financial statement is determined based on the concept of control, the consolidation scope including the Company and all subsidiaries. Control exists when the Company has power over the investee; exposure, or rights to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect the amount of its returns.

3.7.2 Consolidation procedures

The Company regards the entire enterprise group as an accounting entity, prepares consolidated financial statements in accordance with unified accounting policies, and reflects the overall financial status, operating results and cash flows of the enterprise group. All significant intra-group accounts and transactions between the parent company and its subsidiaries or between subsidiaries are eliminated on consolidation. Any losses resulting from intra-group transactions that indicate impairment losses of the related assets shall be fully recognized. If the accounting policies and accounting periods adopted by the subsidiaries are inconsistent with those of the Company, necessary adjustments shall be made in accordance with the accounting policies and accounting periods of the Company when preparing the consolidated financial statements.

The portion of shareholders' equity of subsidiary as at the balance sheet date, net profit/loss, and comprehensive income for the period ended, non-controlling interests, are presented separately in the consolidated financial statements under the headings of shareholder's equity, net profit, and total comprehensive income, respectively. When the amount of loss for the current period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling interests' portion of the opening balance of shareholder's equity of the subsidiary, the excess is allocated against the balance of non-controlling interests.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.7 Criteria for determining control and methods of preparing consolidated financial statements (continued)

3.7.2 Consolidation procedures (continued)

(1) *Increase of subsidiary or business*

During the reporting period, if a subsidiary or business is added due to a business combination under the same control, the operating results and cash flows from the beginning of the current period to the end of the reporting period shall be included in the consolidated financial statement, the opening balances of the consolidated financial statements and the relevant items in the comparative statement are adjusted at the same time, as if the consolidated reporting entity has been in existence since the time when the ultimate controlling party began to control it.

If the investee under common control can be controlled due to additional investment and other reasons, for equity investments held before the acquisition of the control of the merged party, the relevant gains and losses, other comprehensive income and changes in other net assets have been recognized from the later of the date of acquisition of the original equity and the date when the merging party and the merged party are under common control up to the date of merger, and the retained earnings at the beginning of the comparative statement period or the current gains and losses shall be offset respectively.

During the reporting period, for subsidiaries obtained through a business combination not under common control, the subsidiaries' financial statements shall be included in the consolidated financial statements based on the fair values of the identifiable assets, liabilities and contingent liabilities at the acquisition date.

If the investee not under common control can be controlled due to additional investment and other reasons, the equity of the acquiree held before the purchase date shall be re-measured according to the fair value of the equity on the purchase date, and the difference between the fair value and its book value is included in the current investment income. The equity of the acquiree held before the purchase date regarding other comprehensive income that would be reclassified to profit or loss in the future and changes in other shareholders' equity accounted for by the equity method are converted into investment income for the current period on the purchase date.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.7 Criteria for determining control and methods of preparing consolidated financial statements (continued)

3.7.2 Consolidation procedures (continued)

(2) *Disposal of subsidiaries*

① General treatment

When the control of the investee is lost due to the disposal of part of the equity investment or other reasons, the Company will re-measure the remaining equity investment after disposal at its fair value on the date of loss of control. The sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity, minus the difference between the share of the net assets of the original subsidiary and the sum of the goodwill calculated continuously from the purchase date or the merger date based on the original shareholding ratio, is included in the investment income in the current period of loss of control. Other comprehensive income related to the equity investment of the original subsidiary that would be reclassified to profit or loss in the future and changes in other shareholders' equity accounted for by the equity method, shall be converted into investment income in the current period when control is lost.

② Step-by-step disposal of subsidiaries

Where the equity investment in a subsidiary is disposed of step by step through multiple transactions until control is lost, the terms, conditions and economic effects of each transaction of the disposal of the equity investment in the subsidiary meet one or more of the following circumstances, usually indicating that multiple transactions should be treated as a package transaction accounting treatment.

i. These transactions were entered into at the same time or taking into account the influence of each other;

ii. These transactions as a whole can achieve a complete commercial outcome;

iii. The occurrence of one transaction is dependent on the occurrence of at least one other transaction;

iv. A transaction is uneconomical on its own, but economical when considered together with other transactions.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.7 Criteria for determining control and methods of preparing consolidated financial statements (continued)

3.7.2 Consolidation procedures (continued)

(2) Disposal of subsidiaries (continued)

② Step-by-step disposal of subsidiaries (continued)

If the transactions do not belong to a package transaction, the Company will account for each transaction as a transaction of disposing of the subsidiary and losing control; the difference between the disposal price and the share of the net assets of the subsidiary corresponding to the disposal investment before the loss of control is recognized as other comprehensive income in the consolidated financial statements and transferred to the profit and loss for the period when the control is lost.

If the transactions not belong to a package transaction, before the loss of control, the accounting treatment shall be carried out for the partial disposal of the equity investment in the subsidiary without the loss of control; when the control is lost, the accounting treatment shall be carried out according to the general treatment method for the disposal of the subsidiary.

(3) Purchase of minority stakes in subsidiaries

The difference between the long-term equity investment newly acquired by the Company due to the purchase of minority shares and the net asset share of the subsidiary that should be calculated continuously from the date of purchase or merger date according to the newly added shareholding ratio shall be adjusted for the share capital premium in the Capital surplus in the Consolidated Balance Sheets. If the share capital premium in the Capital surplus is insufficient to offset, the retained earnings shall be adjusted.

(4) Partial disposal of equity investment in subsidiary without losing control

The difference between the disposal price and the corresponding share of the net assets of the subsidiary from the purchase date or the merger date, shall be adjusted for the share premium in the Capital surplus in the Consolidated Balance Sheets. If the share premium in the Capital surplus is insufficient to offset, the retained earnings shall be adjusted.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.8 Classification of joint arrangements and accounting treatments of joint operations

A joint arrangement is classified into joint operation and joint venture.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Group recognizes the following items in relation to its interest in a joint operation:

i. its solely-held assets, and its share of any liabilities incurred jointly;

ii. its solely-assumed liabilities, and its share of any liabilities incurred jointly;

iii. its revenue from the sale of its share of the output arising from the joint operation;

iv. its share of the revenue from the sale of the output by the joint operation; and

v. its solely-incurred expenses, and its share of any expenses incurred jointly.

The Group accounts for investments in joint ventures using equity method. Refer to Note "3.14 Long-term equity investments" for details.

3.9 Recognition criteria of cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Company's short-term (generally with maturities of three months or less from the date of acquisition), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.10 Translation of transactions and financial statements denominated in foreign currencies

3.10.1 Foreign currencies

Foreign currency transactions are translated using the exchange rate determined by a reasonable approach that approximates the exchange rate prevailing at the dates of the transactions. The Group adopts the average exchange rate for the period as the translation rate to translate foreign currency amounts into Renminbi for recording purposes.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.10 Translation of transactions and financial statements denominated in foreign currencies (continued)

3.10.1 Foreign currencies (continued)

As at the balance sheet date, monetary items denominated in foreign currency are exchanged to Renminbi by adopting the prevailing exchange rate on that date. Foreign exchange difference arising from the exchange, with the exception that foreign exchange differences for specific borrowings denominated in foreign currency and qualifying for conditions of capitalization are capitalized during the capitalization year and credited to the cost of relevant assets.

3.10.2 Translation of foreign currency financial statements

The asset and liability items in the balance sheets are translated at the spot exchange rates on the balance sheet date. Among the shareholders' equity items, the items other than "retained earnings" are translated at the spot exchange rates of the transaction dates. The income and expense items in the income statement are translated using the exchange rate determined by a reasonable approach that approximates the spot exchange rate on the transaction date. The Company adopts the average exchange rate for the period.

Upon disposal of a foreign operation, exchange differences of foreign currency statements related to such foreign operations that are presented under shareholder's equity item are all transferred to profit or loss for the current period.

3.11 Financial instruments

The Group shall recognize a financial asset, a financial liability or an equity instrument in its statement of financial position when, the Group becomes party to the contractual provisions of the instrument.

3.11.1 Classification of financial instruments

At initial recognition, the Group classifies its financial assets into: financial assets at amortized cost, or financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss according to the Group's business model for managing financial assets and the contract cash flow characteristics of the financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.11 Financial instruments (continued)

3.11.1 Classification of financial instruments (continued)

Financial assets fulfilling all of the following conditions, which are not designated as financial assets at fair value through profit or loss, are classified as financial assets at amortized cost:

– The objective of the business model is to collect the contractual cash flows.

– The contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets fulfilling all of the following conditions, which are not designated as financial assets at fair value through profit or loss, are classified as financial assets at fair value through other comprehensive income (debt instruments):

– The objective of the business model is for both collection of the contractual cash flows and selling such financial assets.

– The contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

For investments in non-tradable equity instruments, the Group may irrevocably designate them as financial assets measured at fair value through other comprehensive income (equity instruments). The designation is based on an individual financial asset and meets the definition of an equity instrument from the issuer's perspective.

Other than financial assets measured at amortized cost and financial assets at fair value through other comprehensive income as aforementioned, all financial assets are classified as financial assets at fair value through current profit or loss. At initial recognition, the Group may designate a portion of financial assets that should be classified as financial assets at amortized cost or financial assets at fair value through other comprehensive income, as financial assets at fair value through profit or loss in order to eliminate or significantly reduce any accounting mismatch.

Financial liabilities are classified as financial liabilities at amortized cost and financial liabilities at fair value through profit or loss at initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.11 Financial instruments (continued)

3.11.1 Classification of financial instruments (continued)

At initial recognition, a financial liability fulfilling one of the following conditions may be designated as financial liability at fair value through profit or loss:

(1) The designation is able to eliminate or significantly reduce any accounting mismatch.

(2) A group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the entity's key management personnel.

(3) The financial liability contains embedded derivatives which need to be separated.

3.11.2 Recognition basis and measurement methods of financial instruments

(1) Financial assets at amortized cost

Financial assets at amortized cost include notes receivable, accounts receivable, other receivables, long-term receivables, debt investments, etc. Financial assets at amortized cost are measured at fair value on initial recognition, and the related transaction expenses are included in the initial recognized amount. For accounts receivable excluding significant financing components or regardless consideration of financing components of contracts less than one year by the Group, accounts receivable initially recognized at contractual transaction price.

Interest income calculated by the effective interest rate method is recognized in current profit or loss during the holding period.

The difference between the carrying amount and the consideration received is recognized in current profit or loss when the financial asset is recovered or disposed.

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

Financial assets at fair value through other comprehensive income (debt instruments) include Receivables financing, other debt investments, etc. Financial assets at fair value through other comprehensive income (debt instruments) are measured at fair value on initial recognition, and the related transaction expenses are included in the initial recognized amount. Such financial assets are measured at fair value through other comprehensive income, except for the impairment gains or losses, foreign exchange gains and losses, and interest income calculated using the effective interest method which are recognized in profit or loss for the current period.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.11 Financial instruments (continued)

3.11.2 Recognition basis and measurement methods of financial instruments (continued)

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

When an investment in debt instrument measured at fair value through other comprehensive income is derecognized, the difference between the carrying amount and the consideration received as well as any cumulative profit or loss that were previously recognized in other comprehensive income is recognized in profit or loss for the current period.

(3) Financial assets at fair value through other comprehensive income (equity instruments)

Financial assets at fair value through other comprehensive income (equity instruments) include other investments in equity instruments etc. Financial assets at fair value through other comprehensive income (equity instruments) are measured at fair value on initial recognition, and the related transaction expenses are included in the initial recognized amount. Such financial assets are measured at fair value through other comprehensive income. The relevant dividend income of such financial assets is recognized in profit or loss for the current period.

When an investment in equity instrument measured at fair value through other comprehensive income is derecognized, the difference between the carrying amount and the consideration received as well as any cumulative profit or loss that were previously recognized in other comprehensive income is recognized in retained earnings.

(4) Financial assets at fair value through current profit or loss

Financial assets at fair value through current profit or loss include financial assets held for trading, derivative financial assets, other non-current financial assets etc. Financial assets at fair value through current profit or loss are measured at fair value on initial recognition, and the related transaction expenses are recognized in profit or loss for the current period. Such financial assets are measured at fair value through profit or loss for the current period.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.11 Financial instruments (continued)

3.11.2 Recognition basis and measurement methods of financial instruments (continued)

(5) *Financial liability at fair value through profit or loss*

Financial liability at fair value through profit or loss include financial liabilities held for trading, derivative financial liabilities. Financial liability at fair value through current profit or loss are measured at fair value on initial recognition, and the related transaction expenses are recognized in profit or loss for the current period. Such financial liability are measured at fair value through profit or loss for the current period.

The difference between the carrying amount and the consideration paid is recognized in current profit or loss when the financial liability is derecognized.

(6) *Financial liabilities at amortized cost*

Financial liabilities at amortized cost include short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings, debentures payable, long-term payables etc. Financial liabilities at amortized cost are measured at fair value on initial recognition, and the related transaction expenses are included in the initial recognized amount.

Interest expenses calculated by the effective interest rate method is recognized in current profit or loss during the holding period.

The difference between the carrying amount and the consideration paid is recognized in current profit or loss when the financial liability is derecognized.

3.11.3 Financial asset derecognition and financial asset transfer

A financial asset is derecognized when one of the following criteria is met:

– The contractual rights to receive cash flows from the financial asset have expired.

– The financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee.

– The financial asset has been transferred to the transferee and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.11 Financial instruments (continued)

3.11.3 Financial asset derecognition and financial asset transfer (continued)

If the Group and the counterparty modify or renegotiate a contract, and the contract terms are substantially different, the original financial assets shall be derecognized and a new financial asset shall be recognized based on the new contract terms.

In the event of a transfer of financial assets, if the Group retains almost all the risks and rewards of ownership of a financial asset, the asset should not be derecognized.

When judging whether the transfer of financial assets meets the above-mentioned conditions for derecognition of financial assets, the principle of substance over form is adopted.

The Group divides the transfer of financial assets into overall transfer and partial transfer. If the overall transfer of financial assets meets the conditions for derecognition, the difference between the following two amounts shall be included in the current profits and losses:

(1) The book value of the transferred financial asset.

(2) Sum of consideration received from the transfer of financial assets and the amount of the accumulated number of changes in fair value that was directly recognized in other comprehensive income (the financial assets involved in the transfer are financial assets at fair value through other comprehensive income debt instruments).

If a part of the financial asset is transferred and the transferred part meets the conditions for derecognition, the book value of the financial asset before the transfer will be apportioned according to the fair value of the derecognized part and the continued recognized part, and the difference between the following two amounts shall be included in the current profit and loss:

(1) The book value of the derecognition part.

(2) Sum of the consideration received for the derecognition part and the corresponding amount of the accumulated fair value changes originally recognized in other comprehensive income (the financial assets involved in the transfer are financial assets at fair value through other comprehensive income debt instruments).

For a transfer of a financial asset that does not satisfy the derecognition criteria, the Company will continuously recognize the transferred financial asset. and the considerations received should be recognized as a financial liability.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.11 Financial instruments (continued)

3.11.4 Derecognition of financial liabilities

The Group derecognizes a financial liability (or part of it) when the underlying present obligation (or part of it) is discharged. An agreement between the Group and an existing lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

If the contract terms of the existing financial liabilities (or part of them) are substantially modified, the existing financial liabilities (or part of them) shall be derecognized and a new financial liability shall be recognized based on the new contract terms.

When the Group derecognizes a financial liability or a part of it, it recognizes the difference between the carrying amount of the financial liability (or part of the financial liability) derecognized and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

If the Group repurchases a part of the financial liability, the book value of the financial liability shall be allocated according to the fair value of the continued recognition part and the derecognition part on the repurchase date. The difference between the book value allocated to the derecognized part and the consideration paid (including non-cash assets transferred out or liabilities assumed) shall be included in the current profit and loss.

3.11.5 Determination of fair value of financial assets and financial liabilities

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique. In the valuation, the Group adopts the valuation technique which is applicable to the current situation and supportable by adequate available data and other information, selects inputs with the same characteristics as those of assets or liabilities considered by market participants in relevant transactions of assets or liabilities, and gives priority to the use of relevant observable inputs. When relevant observable inputs are not available or feasible, unobservable inputs are adopted.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.11 Financial instruments (continued)

3.11.6 Measuring method and accounting treatment of financial instrument impairment

The Group assesses the expected credit losses ("ECL") for financial assets at amortized cost, investments in debt instruments at fair value through other comprehensive income, as well as financial guarantee contracts, etc.

Giving consideration to reasonable and supportable information about past events, current conditions and forecasts of future economic conditions, weighted by the probability of default, the Group recognizes the ECL as the probability-weighted amount of the present value of the difference between the contractual cash flows receivable and the cash flows expected to be collected.

If the credit risks of the financial instrument have been significantly increased since initial recognition, the Group will make a loss allowance at an amount of lifetime expected credit loss; if not, the Group will make a loss allowance for the financial instrument at an amount in the future 12-month expected credit losses. Increase in or reversal of credit loss provision is included in profit or loss as loss or gain on impairment.

The Group determines whether credit risk has increased significantly since initial recognition by confirming the change in default risk over the expected lifetime of a financial instrument through comparing the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. Generally, if the maturity exceeds 30 days, the Group considers that the credit risk of the financial instrument has increased significantly, unless there is conclusive evidence that the credit risk of the financial instrument has not increased significantly since the initial recognition.

The Group may consider that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

If there is objective evidence that a financial asset has incurred a credit impairment, the Group recognizes an impairment allowance for that financial asset on an individual basis.

For accounts receivable and contract assets arising from transactions adopting *Accounting Standard for Business Enterprises No. 14 – Revenue (2017)*, the Group recognizes the lifetime ECL regardless of whether a significant financing component exists.

The Group shall directly reduce the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.11 Financial instruments (continued)

3.11.6 Measuring method and accounting treatment of financial instrument impairment (continued)

The Group groups the account receivables based on similar credit risk characteristics (aging) and estimates the provision percentage for bad debts of the trade receivables based on all reasonable and supportable information, including forward-looking information, as follows:

Age of Accounts	ECL Rate on Accounts Receivable (%)
Not overdue	5
Overdue within 9 months	10
Overdue 9 to 21 months	50
Overdue more than 21 months	100

Other portfolios: No provision for bad debts is made for the portfolio of related parties within the scope of consolidation.

If objective evidence exists that an account receivable is credit-impaired, the Group recognizes a bad debt allowance and records expected credit losses on an individual basis for that account receivable.

For lease receivables and long-term receivables arising from the sale of goods or rendering of services, the Group has elected to always measure the loss allowance at an amount equal to lifetime expected credit losses.

The Group makes ECL according to the nature of bills receivable. ECL on commercial acceptance bills are recognized in accordance with the policy for accounts receivable from the date the receivable arises. Bills accepted by banks with lower credit ratings are treated similarly to commercial acceptance bills for the purpose of bad debt provisioning. No provision for bad debts is made for bills accepted by banks with high credit ratings.

3.12 Inventories

3.12.1 Classification, valuation method of inventories upon delivery, inventory system and amortization method of low-value consumables and packaging

(1) Classification and cost of inventories

Inventories are classified as: Raw materials, consumables, semi-finished products, work in progress, finished goods, goods shipped but not recognized as revenue and others.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.12 Inventories (continued)

3.12.1 Classification, valuation method of inventories upon delivery, inventory system and amortization method of low-value consumables and packaging (continued)

(1) *Classification and cost of inventories* (continued)

Inventories are initially measured at cost, cost of inventories includes costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition.

(2) *Valuation method of inventories upon delivery*

Cost is determined using the weighted average method upon delivery.

(3) *Inventory system*

The Company adopts the perpetual inventory system as its stock-taking policy.

(4) *Amortization method of low-value consumables and packaging*

① Low-value consumables are amortized using the one-off write-off method;

② The packaging materials are amortized using the one-off write-off method.

3.12.2 Recognition criteria and provision method for inventory provision

At the balance sheet date, inventories shall be measured at the lower of cost and net realizable value. When the carrying amounts of the inventories is higher than its net realizable value, a provision shall be made.Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion, the estimated selling expenses and related taxes.

For finished goods, merchandise inventories, and materials held for sale that are directly intended for sale, their net realizable value is determined based on the estimated selling price in the ordinary course of business, less the estimated selling expenses and related taxes. For materials inventory that requires processing, the net realizable value is determined by the estimated selling price of the finished goods less the estimated costs of completion, the estimated selling expenses, and related taxes. Inventory held to satisfy sales contracts or service contracts is valued based on contract prices, and if the inventory quantities held exceeds the contract amount, the net realizable value of the excess is based on general selling prices.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.12 Inventories (continued)

3.12.2 Recognition criteria and provision method for inventory provision (continued)

However, for inventories that are numerous in quantity and low in unit price, the inventory write-down provision is made by category of inventories. For inventories related to product lines manufactured and sold in the same region, having the same or similar end use or purpose, and which are difficult to measure separately from other items, the inventory write-down provision is based on a combined basis.

Except where there is clear evidence indicating abnormal market prices on the balance sheet date, the net realizable value of inventory items is determined based on the market prices on the balance sheet date.

When the circumstances that previously caused inventories to be written down below cost no longer exist, and the net realizable value of the inventories exceeds their carrying amount, the amount of the write-down is reversed, limited to the amount of the original write-down. The reversed amount is recognized in the profit and loss for the period.

3.13 Contract assets

3.13.1 The recognition method and criteria for contract assets

The Group presents contract assets or contract liabilities on the balance sheet according to the relationship between contractual performance obligations and customer payments. The Group's right to receive consideration following the transfer of products to customers (which is dependent on factors other than the passage of time) is presented as contract assets. Contract assets and contract liabilities under the same contract are presented on a net basis after set-off. The unconditional (namely, dependent only on the passage of time) right to receive consideration from customers owned by the Group shall be presented as amounts receivable.

3.13.2 The Group's determination and accounting treatment of expected credit losses from contract assets

For details of the Group's determination and accounting treatment of expected credit losses from contract assets, please refer to Note "3.11.6 Measuring method and accounting treatment of financial instrument impairment".

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.14 Long-term equity investments

3.14.1 Identification criteria for joint control and significant influence

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. If the Group, together with other joint venturers, exercises joint control over an investee and has rights to the net assets of the investee, the investee is a joint venture of the Group.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. If the Group is able to exercise significant influence over an investee, the investee is an associate of the Group.

3.14.2 Determination of initial investment cost

(1) Long-term equity investments formed through business combinations

For long-term equity investments in subsidiaries formed through business combinations under common control, the initial investment cost of the long-term equity investment is determined at the acquisition date based on the share of the book value of the shareholder's equity of the entity being merged as presented in the consolidated financial statements of the ultimate controlling party. The difference between the initial investment cost of long-term equity investment and the carrying amounts of the consideration paid is treated as an adjustment to the share premium in Capital surplus; if the share premium in Capital surplus is not sufficient to absorb the aforesaid difference, the remaining balance is adjusted against retained earnings. Due to additional investments or similar reasons, when control over a unit under common control is achieved, the difference between the initial investment cost of the long-term equity investment recognized in accordance with the above principles and the sum of the carrying amounts of the long-term equity investment before the acquisition plus the carrying amounts of the new consideration paid for the further acquisition of shares at the acquisition date is treated as an adjustment to the share premium, if the share premium in Capital surplus is not sufficient to absorb the aforesaid difference, the remaining balance is adjusted against retained earnings.

For long-term equity investments acquired through a business combination involving enterprises not under common control, the initial investment cost of the long-term equity investment acquired shall be the cost of acquisition at the acquisition date. Due to additional investments or similar reasons, when control over a unit not under common control is achieved, the initial investment cost is recognized as the aggregate of the carrying amount of the previously held equity interest and the consideration paid for the additional investment.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.14 Long-term equity investments (continued)

3.14.2 Determination of initial investment cost (continued)

(2) Long-term equity investment acquired otherwise than through a business combination

For long-term equity investment acquired by payment in cash, the initial investment cost shall be the purchase price actually paid.

For long-term equity investments acquired by issuing equity securities, the initial investment cost shall be the fair value of the equity securities issued.

3.14.3 Subsequent measurement and recognition of related profit and loss

(1) Long-term equity investments accounted for using the cost method

The Company's separate financial statements adopted cost method to account for the long-term equity investments of subsidiaries, unless the investment meets the criteria to be classified as held for sale. Except for the declared but not yet distributed cash dividends or profits included in the price actually paid or the consideration when the investment is obtained, the Company shall recognize the cash dividends or profits declared and distributed by the investee as investment income for the current period.

(2) Long-term equity investments accounted for using the equity method

The Company accounts for investments in associates and joint ventures using equity method. Where the initial investment cost of a long-term equity investment exceeds the investor's interest in the fair value of the investee's identifiable net assets at the acquisition date, no adjustment shall be made to the initial investment cost. Where the initial investment cost is less than the investor's interest in the fair value of the investee's identifiable net assets at the acquisition date, the difference shall be charged to profit or loss for the current period, and the cost of the long-term equity investment shall be adjusted accordingly.

The Company recognizes its share of the net profit or loss and other comprehensive income of the investee for the period as investment income and other comprehensive income for the period. Meanwhile, carrying amount of long-term equity investment is adjusted; the carrying amount of long-term equity investment is decreased in accordance with its share of the investee's declared profit or cash dividends; other changes in shareholders' equity of the investee other than net profit or loss, other comprehensive income and profit distribution (hereinafter "other changes in shareholders' equity") are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognized in the equity.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.14 Long-term equity investments (continued)

3.14.3 Subsequent measurement and recognition of related profit and loss (continued)

(2) Long-term equity investments accounted for using the equity method (continued)

When the Company recognizes the share of the net profit and loss, other comprehensive income and other changes in shareholders' equity of the investee, it is recognized after adjusting the net profit and other comprehensive income of the investee based on the fair value of the identifiable assets of the investee and in accordance with the Company's accounting policies and accounting periods when the investment is obtained.

Unrealized gains or losses on transactions between the Company and its associates and joint ventures are eliminated to the extent of the Company's equity interests in its associates and joint ventures, based on which the investment income or losses are recognized, except for transactions involving the disposal or sale of assets that constitute a business. Any losses resulting from transactions between the Company and its investees, which are attributable to asset impairment losses are recognized in full.

The Company's share of net losses from joint ventures or associates, except to the extent that the Company has incurred obligations to assume additional losses, is limited to the reduction to zero of the carrying amount of its long-term equity investments and other long-term interests that are essentially part of its net investment in the joint ventures or associates. Where net profits are subsequently made by the joint ventures or associates, the Company resumes recognizing its share of those profits after its share of the profits exceeds the share of losses previously not recognized.

(3) Disposal of long-term equity investments

On disposal of a long-term investment, the difference between the carrying amount of the investment and the actual consideration received is recognized in current profit or loss.

For partial disposals of long-term equity investments accounted for using the equity method, where the remaining equity interest continues to be accounted for under the equity method, the other comprehensive income originally recognized under the equity method is reclassified proportionately on the same basis as if the investee had directly disposed of the related assets or liabilities. Other changes in shareholders' equity are proportionately transferred to current period profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.14 Long-term equity investments (continued)

3.14.3 Subsequent measurement and recognition of related profit and loss (continued)

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

Upon the loss of joint control or significant influence over an investee due to the disposal of equity investments or similar reasons, other comprehensive income that was originally recognized under the equity method of accounting for the equity investment is reclassified on the same basis as if the investee had directly disposed of the related assets or liabilities when the equity method of accounting is discontinued. Additionally, other changes in shareholders' equity are transferred to profit or loss in the current period upon discontinuation of the equity method accounting.

Upon the loss of control over an investee due to the disposal of part of the equity investment or similar reasons, when preparing separate financial statements, if the remaining equity interest enables joint control or significant influence over the investee, the equity method of accounting is applied retrospectively to the remaining equity interest as if it had been accounted for using the equity method from the acquisition date. For other comprehensive income recognized prior to obtaining control over the investee, it is reclassified proportionately on the same basis as if the investee had directly disposed of the related assets or liabilities. Other changes in shareholders' equity recognized due to the adoption of the equity method are proportionately transferred to profit or loss in the current period. If the remaining equity interest does not enable joint control or significant influence over the investee, it is classified as a financial asset, and the difference between its fair value and carrying amount at the date of loss of control is recognized in profit or loss for the current period. For other comprehensive income and other changes in shareholders' equity recognized prior to the acquisition of control of the investee, the entire amount is carried forward.

If the disposal of equity investments in subsidiaries through multiple transactions in a step-by-step manner until the loss of control is a package transaction, each transaction is accounted for as a disposal of an equity investment in a subsidiary with loss of control. The difference between the disposal price and the carrying amount of the long-term equity investment corresponding to the equity interest disposed of in each case before the loss of control is recognized as other comprehensive income in the individual financial statements and then transferred to profit or loss for the period in which the loss of control occurs. If the transaction is not a package transaction, each transaction is accounted for separately.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.15 Investment Properties

3.15.1 Investment properties measured under the cost model

Investment property is property held to earn rentals or for capital appreciation, or both. It includes land use rights that are leased out, land use rights held for transfer upon capital appreciation, and buildings that are leased out (including buildings constructed or developed for the purpose of leasing, as well as buildings under construction or development that will be leased out in the future).

Subsequent expenditure relating to an investment property is capitalized to the cost of the investment property when it is probable that the associated economic benefits will flow to the enterprise and its cost can be measured reliably. Otherwise, such expenditure is recognized in profit or loss when incurred.

The Group measures its investment property using the cost model. For investment property measured using the cost model – specifically, buildings leased out – the Group applies the same depreciation policy as it does for its fixed assets. For land use rights leased out, the Group applies the same amortization policy as it does for its intangible assets.

3.16 Fixed Assets

3.16.1 Recognition and initial measurement of fixed assets

Fixed assets refer to tangible assets held for the production of goods, provision of labor services, leasing or operation and management, and with a useful life of more than one fiscal year. Fixed assets are recognized when the following conditions are met at the same time:

(1) The economic benefits related to the fixed asset are likely to flow into the enterprise;

(2) The cost of the fixed asset can be reliably measured.

The Company's fixed assets are initially measured at cost (Consider the impact of estimated dismantling and disposal costs).

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the associated economic benefits will flow to the Company and the related cost can be reliably measured. The carrying amount of the replaced part is derecognized. All the other subsequent expenditures are recognized in profit or loss for the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.16 Fixed Assets (continued)

3.16.2 Depreciation method

Category	Depreciation method	Estimated useful lives (years)	Estimated net residual values (%)	Annual depreciation rates (%)
Houses and buildings	straight-line method	10-30	5-10	3-9.5
Machinery and equipment	straight-line method	3-10	4-10	9-32
Office and electronic equipment	straight-line method	3-5	4-10	18-32
Transport equipment	straight-line method	3-5	4-10	18-32
Other equipment	straight-line method	5-10	4-10	9-19.2

Fixed assets are depreciated on a straight-line method. The depreciation rate is determined based on the category of the fixed asset, its estimated useful life, and the estimated residual value rate. For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives. If different components of a fixed asset have different useful lives or provide economic benefits in different ways, then different depreciation rates or methods are selected, and depreciation is calculated separately for each component.

When a fixed asset is disposed of, or it is expected that no economic benefit can be generated through use or disposal, the recognition of the fixed asset is terminated. The disposal income from the sale, transfer, scrapping or destruction of fixed assets after deducting its book value and relevant taxes is included in the current profit and loss.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.17 Construction in progress

Construction in progress is measured at actual cost as incurred. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalization and other costs necessary to bring the fixed assets ready for their intended use. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation is charged starting from the month after the transfer. The criteria and timing for transfer of construction in progress to fixed assets in the Group are as follows:

Category	Criteria and Timing for Transfer to Fixed Assets
Houses and buildings, Fixed Asset Improvements	(1) The main construction project and ancillary projects have been completed; (2) If the construction project has reached the expected usable condition but the final settlement has not been completed, it is transferred to fixed assets from the date it reaches the expected usable condition, based on the actual construction cost and recorded at the estimated value.
Machinery and equipment, electronic equipment, etc., requiring installation and commissioning	(1) The relevant equipment and other ancillary facilities have been installed; (2) The equipment has been debugged and can maintain normal and stable operation for a period of time; (3) The equipment has reached the expected usable condition.

3.18 Borrowing costs

3.18.1 Recognition principles of capitalization of borrowing costs

Borrowing costs incurred by the Group that can be directly attributable to the acquisition, construction or production of assets that meet the capitalization criteria shall be capitalized and included in the cost of the relevant assets; other borrowing costs shall be recognized as expenses based on the amount incurred when incurred and included in the current profit and loss.

Assets meeting capitalization criteria refer to fixed assets, investment properties, inventories, and similar assets that require a substantially extended period of construction or production to reach their intended usable or saleable state.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.18 Borrowing costs (continued)

3.18.2 Period of capitalization of borrowing costs

The capitalization period refers to the period from the time when the capitalization of borrowing costs begins to the time when the capitalization ceases. The period when the capitalization of borrowing costs is suspended is not included.

Borrowing costs are capitalized when the following conditions are met:

(1) Asset expenditure has been incurred, and asset expenditure includes expenditure in the form of paying cash, transferring non-cash assets or assuming interest-bearing debts for the purchase, construction or production of assets eligible for capitalization;

(2) Borrowing costs have been incurred;

(3) The acquisition, construction or production activities necessary to bring the asset to its intended usable or saleable state have begun.

Capitalization of borrowing costs shall cease when the qualifying asset being constructed or produced reaches its intended usable or saleable condition.

3.18.3 Suspension of capitalization period

If an asset eligible for capitalization is interrupted abnormally during the acquisition, construction or production process, and the interruption lasts for more than 3 consecutive months, the capitalization of borrowing costs shall be suspended; if the interruption is a necessary procedure for the acquired, constructed or produced assets eligible for capitalization to reach the intended usable state or saleable state, the borrowing costs shall continue to be capitalized. Borrowing costs incurred during the interruption period are recognized as current profits and losses, and the borrowing costs continue to be capitalized until the acquisition and construction of assets or the restart of production activities.

3.18.4 The calculation methods for the capitalization rate and the capitalized amount of borrowing costs

For the specific borrowings taken out for the purpose of acquiring, constructing, or producing assets that qualify for capitalization, the amount of interest to be capitalized shall be the actual interest expense incurred during the current period less any bank interest earned from depositing the borrowed funds before being used into banks or any investment income on the temporary investment of those funds.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.18 Borrowing costs (continued)

3.18.4 The calculation methods for the capitalization rate and the capitalized amount of borrowing costs (continued)

For general borrowings utilized for purpose of acquiring, constructing, or producing assets that qualify for capitalization, the Group shall determine the amount of interest to be capitalized on such borrowings by applying a capitalization rate to the weighted average of the excess amounts of cumulative expenditures on the asset over and above the amounts of specific-purpose borrowings. The capitalization rate shall be the weighted average of the interest rates applicable to the general-purpose borrowings.

During the capitalization period, the exchange differences on the principal and interest of foreign currency specific borrowings are capitalized and included in the cost of the asset that qualifies for capitalization. Exchange differences on the principal and interest of other foreign currency borrowings, except for specific foreign currency borrowings, are recognized in profit or loss for the current period.

3.19 Intangible assets

3.19.1 Details of estimated useful life and basis for determination, estimation considerations, amortization method and review procedures

The valuation methods for intangible assets

(1) The Group initially measures intangible assets at cost when they are acquired.

The cost of purchased intangible assets includes the purchase price, relevant taxes and other expenses directly attributable to making the asset achieve its intended purpose.

(2) Subsequent measurement of intangible assets

When the Group acquires intangible assets, it analyzes and judges their useful life.

For intangible assets with a limited useful life, they are amortized over the period that brings economic benefits to the enterprise. If it is impossible to foresee the period for which intangible assets will bring economic benefits to the enterprise, it shall be regarded as intangible assets with uncertain service life. Intangible assets with indefinite useful lives are not amortized.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.19 Intangible assets (continued)

3.19.1 Details of estimated useful life and basis for determination, estimation considerations, amortization method and review procedures (continued)

The estimation of the useful life for intangible assets with limited useful life

Items	Expected useful life	Basis	Amortization method
Trademark	10 years	Estimated useful life	Straight-line method
Patents	10 years	Estimated useful life	Straight-line method
Land use rights	50 years	Useful life of industrial land	Straight-line method
Software	2-5 years	Estimated useful life	Straight-line method

The basis for determining intangible assets with indefinite useful life and the procedures for reviewing their useful lives

For intangible assets where the period over which they are expected to generate economic benefits cannot be determined reliably, they are treated as intangible assets with indefinite useful lives.

The useful lives and amortisation methods of intangible assets with indefinite useful lives are reviewed at the end of each year.

Upon review, there were no changes in the useful lives and amortisation methods of intangible assets at the end of the current year compared with previous estimates.

3.19.2 The scope of aggregation and accounting treatment of research and development expenses

The scope of aggregation for research and development expenses

The Group recognises all costs directly related to research and development activities as research and development expenses, including employee compensation for personnel engaged in R&D, materials consumed, related depreciation and amortisation expenses, and other relevant expenditures.

The specific criteria for distinguishing between the research phase and the development phase

The Group classifies the expenses for internal research and development as research costs and development costs.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.19 Intangible assets (continued)

3.19.2 The scope of aggregation and accounting treatment of research and development expenses (continued)

The specific criteria for distinguishing between the research phase and the development phase (continued)

Research phase: The phase of original planned investigation and research activities to acquire and understand new scientific or technical knowledge, etc.

Development phase: The phase prior to the commencement of commercial production or use, during which research findings or other knowledge are applied to a plan or design to produce new or substantially improved materials, devices, products, or similar items.

The specific conditions for capitalizing expenditures in the development phase

Expenditure arising from the research phase is accounted for in profit or loss for the current period when incurred. Expenses incurred during the development phase that satisfy the following conditions are recognized as intangible assets, while those that do not satisfy the following conditions are accounted for in the profit or loss for the current period:

(1) It is technically feasible that the intangible asset can be used or sold upon completion;

(2) There is intention to complete the intangible asset for use or sale;

(3) The intangible asset can produce economic benefits, including there is evidence that the products produced using the intangible asset has a market or the intangible asset itself has a market; if the intangible asset is for internal use, there is evidence that there is usage for the intangible asset;

(4) There is sufficient support in terms of technology, financial resources and other resources in order to complete the development of the intangible asset, and there is capability to use or sell the intangible asset;

(5) The expenses attributable to the development phase of the intangible asset can be measured reliably. If it is impossible to distinguish between expenditures in the research stage and expenditures in the development stage, all R&D expenditures incurred shall be included in the current profit or loss.

If it is impossible to distinguish between expenditures in the research stage and expenditures in the development stage, all R&D expenditures incurred shall be included in the current profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.20 Impairment of long-term assets

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

For goodwill acquired in a business combination, intangible assets with an indefinite useful life, intangible assets not yet available for use, irrespective of whether there is any indication that it may be impaired, is tested at least at the end of each year for impairment.

The Group conducts goodwill impairment tests, and the carrying amount of goodwill acquired in a business combination shall, from the acquisition date, be allocated to relevant asset group in a reasonable method; if it is difficult to apportion to the relevant asset group, it is apportioned to the relevant group of asset groups. Relevant asset group, or group of asset groups, that are expected to benefit from the synergies of the combination.

At the time of impairment testing the relevant asset group or group of asset groups containing goodwill, if there are indications of impairment for the asset group or group of asset groups related to goodwill, the asset group or group of asset groups that does not contain goodwill is first tested for impairment, the recoverable amount is calculated and compared with the relevant carrying amount, and the corresponding impairment loss is recognized. The asset group or group of asset groups containing goodwill is then tested for impairment by comparing its carrying amount with its recoverable amount, and if the recoverable amount is less than the carrying amount, the impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or group of asset groups, and then deducted from the carrying amounts of other assets within the asset group or group of asset groups in proportion to the carrying amounts of assets other than goodwill. Once the above asset impairment loss is recognized, it will not be reversed for the value recovered in any subsequent periods.

3.21 Long-term deferred expenses

Long-term deferred expenses include the expenditure that have been incurred but should be recognized as expenses over more than one year in the current and subsequent periods.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.21 Long-term deferred expenses (continued)

3.21.1 Amortization method

Long-term deferred expenses are amortized evenly over the benefit period.

3.21.2 Amortization period

Amortized over the benefit period, which is more than 1 year.

3.22 Contract liabilities

The Group presents contract assets or contract liabilities on the balance sheet according to the relationship between contractual performance obligations and customer payments. The obligation to pass products to customers in connection with customer consideration received or receivable is presented as contract liabilities. Contract assets and contract liabilities under the same contract are presented on a net basis.

3.23 Employee benefits

3.23.1 Accounting treatment of short-term employee benefits

In the accounting period in which employees have rendered services, the Group shall recognize the short-term employee benefits that actually occurred as liability, and charged to profit or loss for the current period or cost of relevant assets.

During the accounting period which employees rendered service, social security contributions and housing provident fund paid by the Group, as well as labor union funds and employees' education expenses extracted by requirement. Based on the required accrual basis and proportions in order to determine the appropriate amount of employee benefits, such employee benefits shall be recognized.

The Group shall recognize the amount of employee welfare that actually occurred and charged to profit or loss for the current period or cost of relevant assets. Non-monetary welfares are measured at fair value.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.23 Employee benefits (continued)

3.23.2 Accounting treatment of post-employment benefits

(1) Defined contribution plans

Employees of the Group participated in pension insurance and unemployment insurance schemes regulated by the local government. During the accounting period which employees rendered service, based on the required accrual basis and proportions in order to determine the amount, such employee insurance shall be recognized as liabilities and charged to profit or loss for the current period or cost of relevant assets. In addition, the Group participates in an enterprise annuity plan/supplementary pension fund approved by relevant national authorities. The Group makes contributions to the annuity plan/local social insurance authorities at a certain percentage of the total employees' salaries, and the corresponding expenses are recognised in profit or loss for the current period or included in the cost of relevant assets.

(2) Defined benefit plans

The Group assigns the benefit obligations generated by the defined benefit plan to the period during which employees provide services according to a formula determined by the expected cumulative benefit unit method, and includes them in the current profit and loss or the cost of related assets.

The deficit or surplus that the present value of the defined benefit obligation less the fair value of plan assets is recognized as a net defined benefit liability or asset. The Group measures a net defined benefit asset by the lower of the defined benefit surplus and the asset ceiling if there is a defined benefit surplus.

All defined benefit plan obligation including obligation expected to be settled before twelve months after the reporting period, shall be discounted which the discount rate determined by reference to active market yields at the end of the reporting period on government bonds or high-quality corporate bonds. The currency and term of the corporate bonds or government bonds shall be consistent with the currency and estimated term of the post-employment benefit obligations.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.23 Employee benefits (continued)

3.23.2 Accounting treatment of post-employment benefits (continued)

(2) *Defined benefit plans* (continued)

Service costs and the net interest of the net liabilities of the defined benefit plan are recognized in the current profit and loss or the cost of related assets. Re-measurement of changes in defined benefit plan net liabilities or assets is recognized in other comprehensive income, and shall not be reclassified to profit or loss in a subsequent period. The entity shall transfer those amounts recognized in other comprehensive income within retained earnings when the original defined benefit plan terminates. When the defined benefit plan is settled, the differences between the present value of the defined benefit plan obligation and the settlement price on the settlement date shall be recognized as the settlement gain or loss.

3.23.3 Termination benefits

Where termination benefits are provided to employees, liabilities in employee remuneration are recognized and charged to current profit and loss when: the Group is not in a position to withdraw termination benefits provided under termination plans or redundancy plans, or costs or expenses relating to the restructuring exercise which involves the payment of termination benefits are recognized, whichever earlier.

3.24 Provision

The Group recognizes as provision an obligation that is related to contingent matters when all of the following criteria are fulfilled:

(1) the obligation is a present obligation of the Group;

(2) the obligation would probably result in an outflow of economic benefits from the Group;

(3) the obligation could be reliably measured.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation.

Factors surrounding a contingency, such as the risks, uncertainties and the time value of money, are taken into account as a whole in determining the best estimate of a provision. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.24 Provision (continued)

Where there is a continuous range of possible outcomes, and each point in that range is as likely as any other, the mid-point of the range is used as the best estimate. In other circumstances, the best estimate is separately treated:

- Where a contingency is referred to a single item, the best estimate is determined as the individual most likely outcome.

- Where a contingency being measured involves a large population of items, the best estimate is determined by weighting all possible outcomes by their associated probabilities.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by a third party, the reimbursement shall be recognized when it is virtually certain that reimbursement will be received. The reimbursement shall be treated as a separate asset. The amount recognized for the reimbursement shall not exceed the amount of the provision.

The Group shall review the carrying amounts of provisions on every balance sheet date. The carrying value will be adjusted to the best estimated value if there is certain evidence that the current carrying amount is not the best estimate.

3.25 Share-based payment

The Group's share-based payment is a transaction which the Group grants equity instruments or assumes liabilities based on equity instruments in return for services rendered by employees or other parties. The Group's share-based payment can be distinguished into equity-settled share-based payments and cash-settled share-based payments.

3.25.1 Equity-settled share-based payments and equity instruments

Equity-settled share-based payments made in exchange for services rendered by employees are measured at the fair value of equity instruments granted to employees. Instruments which are vested immediately upon the grant date are charged to relevant costs or expenses at the fair value on the date of grant and the Capital surplus is credited accordingly. Instruments of which vesting is conditional upon completion of services or fulfillment of performance conditions are measured by recognizing services rendered during the period in relevant costs or expenses and crediting the Capital surplus accordingly at the fair value on the date of grant according to the best estimates conducted by the Group at each balance sheet date during the vesting period.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.25 Share-based payment (continued)

3.25.1 Equity-settled share-based payments and equity instruments (continued)

Where the terms of an equity-settled share-based payment are modified, as a minimum, services obtained are recognized as if the terms had not been modified. In addition, an expense is recognized for any modification which increases the total fair value of the instrument granted, or is otherwise beneficial to the employee as measured at the date of modification.

In the vesting period, where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. Where employees or other parties are permitted to choose to fulfill non-vesting conditions but have not fulfilled during the vesting period, equity-settled share-based payments are deemed cancelled. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the new awards are treated as if they were a modification of the original award.

3.25.2 Cash-settled share-based payments and equity instruments

Cash-settled share-based payments are measured at the fair value of the liabilities assumed by the Group, which is based on share or other equity instruments. Instruments which are vested immediately upon the grant date are charged to relevant costs or expenses at the fair value on the date of grant and the liability is credited accordingly. Instruments of which vesting is conditional upon completion of services or fulfillment of performance conditions are measured by recognizing services rendered during the period in relevant costs or expenses and crediting the liability accordingly at the fair value to the best estimates conducted by the Group at each balance sheet date during the vesting period. At each balance sheet date prior to the settlement of the relevant liability and at the settlement date, the fair value of the liability is reassessed and the difference is recognized in profit or loss for the current period.

Where the Group modifies the terms and conditions of a cash-settled share-based payment arrangement so that it becomes an equity-settled share-based payment arrangement, on the modification date (whether the modification occurs during or after the vesting period), the Group measures the equity-settled share-based payment at the fair value of the equity instruments granted at the modification date, recognizes the services received as capital surplus, and derecognizes the liability recognized for the cash-settled share-based payment arrangement as at the modification date. Any difference between the two amounts is recognized in profit or loss for the current period. If the modification extends or shortens the vesting period, the Group accounts for the arrangement based on the modified vesting period.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.26 Revenue

3.26.1 Revenue Recognition and Measurement Policies by Business Type

The Group satisfies the performance obligation stipulated in the contract upon the transfer of control of the relevant goods or services to the customer, revenue is recognized. Obtaining control of the relevant commodity refers to the ability to direct the use of the goods or services, and obtain substantially all of the remaining benefits from the asset.

When a contract contains multiple performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis of the goods or services promised as at the commencement date of the contract.

The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and expected refunds to customers. the Group considers the terms of the contract and its customary business practices to determine the transaction price. When determining the transaction price, the Group considers variable consideration, the existence of a significant financing component in the contract, non-cash consideration, and consideration payable to a customer. the Group determines the transaction price including variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. When a contract includes a significant financing component, the Group determines the transaction price at an amount that corresponds to what the customer would have paid in cash for the goods or services at the time of transfer of control, and the difference between the transaction price and the consideration is amortized using the effective interest rate over the term of the contract. For contracts where the period between the transfer of control and customer payment is one year or less, the entity may disregard the financing component.

A performance obligation is satisfied over time if one of the following criteria is met. Otherwise, it 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 Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.26 Revenue (continued)

3.26.1 Revenue Recognition and Measurement Policies by Business Type (continued)

For performance obligations satisfied over time, the Group recognizes revenue over time by reference to the progress towards complete satisfaction of the relevant performance obligation, except when it cannot be reasonably determined. The Group considers the nature of the goods or services and applies either the output method or the input method to determine the progress toward satisfaction of the performance obligation. When the progress toward satisfaction of the performance obligation cannot be reasonably determined, but the cost incurred are expected to be compensated, the Group recognizes revenue at the amount of costs incurred, until the progress toward satisfaction of the performance obligation can be reasonably determined.

For performance obligations satisfied at a point in time, the Group recognizes revenue when the customer obtains control of the relevant goods or services. In determining whether the customer has obtained control of the goods or services, the Group considers the following indicators:

- the Group has a present right to payment for the goods or services-the customer is presently obliged to pay for the goods or services.
- the Group has transferred the legal title of the goods to the customer-the customer has a legal title to the goods.
- the Group has physically transferred the goods to customer-the customer has a physical possession of the good.
- the Group has transferred the principal risks and rewards of ownership of the goods to the customer-the customer has the significant risks and rewards of ownership of the goods.
- the customer has accepted the goods or services.

The Group determines its role as principal or agent in transactions based on whether it has control over the goods or services before transferring them to the customer. If the Group has control over the goods or services prior to transfer, it is identified as the principal and recognizes revenue based on the total transaction price received or receivable; otherwise, it is classified as an agent and recognizes revenue based on the amount of commission or fee to which it expects to be entitled.

The points in time for the Group to recognise revenue from the sale of goods under its main sales models are as follows:

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.26 Revenue (continued)

3.26.1 Revenue Recognition and Measurement Policies by Business Type (continued)

(1) Distributor mode

Under the distributor mode, the Group delivers goods in accordance with customer orders within the scope of annual framework agreements. Revenue is recognised upon confirmation by the distributor after acceptance.

(2) Supermarket and Store Model

Under the supermarket and store model, the Group delivers goods based on purchase orders issued by supermarkets and stores within the scope of annual framework agreements. The Group verifies the information published on the retailers' public platforms against delivery records and receipt confirmations. Revenue is recognised upon reconciliation and settlement between the parties within the reconciliation period agreed in the contracts.

A small portion of supermarket sales are conducted on a consignment basis. The Group delivers goods in installments pursuant to consignment agreements. The supermarkets periodically provide consignment sales statements to the Group. Revenue from sales is recognised upon issuance of invoices after the Group receives and verifies the consignment sales statements.

3.27 Contract costs

Contract costs include costs to fulfil a contract and costs to obtain a contract.

Costs incurred by our Group in fulfilling a contract, which do not fall within the scope of another Standard (for example, Inventories, Fixed assets or Intangible Assets), are recognized as a contract fulfillment cost asset only if those costs meet all of the following criteria:

- The costs relate directly to a contract or to an anticipated contract;
- The costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future; and
- The costs are expected to be recovered.

Incremental costs incurred by our Group in obtaining a contract that are expected to be recoverable are recognized as costs of obtaining a contract and recognized as an asset.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.27 Contract costs (continued)

The asset related to contract costs is amortized on the same basis as the revenue from the sale of the goods or services to which the asset relates. However, for costs of obtaining a contract that have an amortization period not exceeding one year, our Group expenses them as incurred in the income statement of the current period.

For assets related to contract costs, if the carrying amount exceeds the difference between the following two amounts, our Group recognizes an impairment loss and establishes an allowance for impairment:

- The remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates;
- The estimated costs that are expected to be incurred in transferring those related goods or services.

If a subsequent change in the factors that caused the impairment in a prior period results in the aforementioned difference exceeding the carrying amount of the asset, the Group reverses the previously recognized provision for impairment and recognizes the reversal in profit or loss for the current period, provided that the carrying amount of the asset after reversal does not exceed the carrying amount that would have been determined had no impairment provision been recognized in prior periods.

3.28 Government grants

3.28.1 Types

Government grants are monetary assets of non-monetary assets obtained free of charge by the Group from the government, and they are categorized into grants related to assets and grants related to income.

Grants related to assets refer to government grants received by the Group that are utilized for the construction, or acquisition in some other manner of long-term assets. Grants related to income refer to government grants other than those related to assets.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.28 Government grants (continued)

3.28.1 Types (continued)

Where government grants are not explicitly specified as to their purpose in the relevant government documents, the Group classifies such grants as either asset-related or income-related based on the following criteria:

(1) Where the government documents specify a particular project for which the grant is intended, the grant is allocated according to the relative proportion of expenditure budgeted to form assets and expenditure to be recognised as expenses for that project, and classified respectively as asset-related government grants and income-related government grants.

(2) Where the government documents only provide a general description of the purpose without specifying a particular project, the grant is classified as income-related.

3.28.2 Recognition Timing

Government grants are recognized by the Group when it is reasonably assured that the Group will comply with the conditions attached to the grants and that the grants will be received.

3.28.3 Accounting treatment

Government grants related to assets may either offset the book value of the relevant assets or be recognized as deferred income. When recognized as deferred income, it is allocated to the profit or loss over the useful life of the related asset using a systematic and rational method (if associated with the Group's daily operations, it is recorded as other income; if unrelated to the Group's daily operations, it is recorded as non-operating income).

Government grants related to income that are intended to compensate the Group for related costs, expenses, or losses in future periods are recognized as deferred income. This deferred income is recognized in profit or loss during the periods in which the related costs, expenses, or losses are recognized (if related to the Group's daily operations, it is included in other income; if unrelated to the Group's daily operations, it is included in non-operating income) or used to offset the related costs, expenses, or losses.

The accounting treatment for policy-based preferential interest subsidies obtained by our Group is differentiated according to the following two scenarios:

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.28 Government grants (continued)

3.28.3 Accounting treatment (continued)

(1) When the finance department allocates the interest subsidy funds to the lending bank, which then provides loans to our Group at a preferential policy interest rate, our Group records the actual amount received from the loan as the book value of the borrowing. We calculate the related borrowing costs based on the principal of the loan and this preferential policy interest rate.

(2) When the finance department directly allocates the interest subsidy funds to our Group, we offset the corresponding interest subsidies against the related borrowing costs.

3.29 Deferred tax assets/deferred tax liabilities

The income tax expenses include current income tax and deferred income tax. The Group recognizes current and deferred income taxes in profit or loss for the current period, except for income taxes arising from business combinations and transactions or events directly attributable to shareholders' equity (including other comprehensive income).

Deferred tax assets and deferred tax liabilities are calculated and recognized based on the differences between the tax base and its carrying amount (temporary differences).

For deductible temporary differences, a deferred tax asset shall be recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. For deductible losses and tax credits that can be carried forward to future years, deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible losses and tax credits can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences, except in special circumstances.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.29 Deferred tax assets/deferred tax liabilities (continued)

Special circumstances in which deferred tax assets or deferred tax liabilities are not recognized include:

- Initial recognition of goodwill;

- Transactions or events that are neither business combinations nor, when they occur, affect accounting profit and taxable profit (or deductible losses), and for which the initial recognition of assets and liabilities does not result in the creation of equivalent taxable temporary differences and deductible temporary differences. Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the year in which the asset is realized, or the liability is settled.

At the balance sheet date, the carrying amount of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred tax assets to be utilized. Such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

When there is a legal right to settle on a net basis and there is an intention to settle on a net basis or to acquire assets and settle liabilities simultaneously, current income tax assets and current income tax liabilities are presented on a net basis after offsetting.

As at the balance sheet date, deferred tax assets and deferred tax liabilities are offset and presented as a net amount if all of the following conditions are met:

- The taxable entity has the legal right to set off current tax assets current tax liabilities;

- The deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, provided that the taxable entity concerned intends either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.30 Lease

3.30.1 Criteria and Accounting Policies for the Simplified Treatment of Short-Term Leases and Low-Value Asset Leases

For short-term leases and low-value asset leases, the Group elects not to recognize right-of-use assets and lease liabilities, which are instead charged to relevant asset cost or current profit or loss over the respective periods during the lease term on a straight-line basis. A short-term lease is a lease that at the commencement date, has a lease term of 12 months or less and does not contain any purchase options. A lease of a low-value asset, is a lease that the single underlying asset, when is new, is of low value. The Group treats a lease of a leased asset as a lease of low-value assets if the asset's value when new does not exceed RMB40,000. Where the Group subleases or expects to sublease a leased asset, the original lease is not a low value asset lease.

3.30.2 Lease Classification Criteria and Accounting Treatment for the Lessor

At the inception of a lease, the Group classifies leases as finance leases or operating leases. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of the underlying asset, regardless of whether legal title is eventually transferred. An operating lease is a lease other than a finance lease. When the Group acts as an intermediate lessor in a sublease, it classifies the sublease with reference to the right-of-use asset arising from the original lease.

(1) Accounting for operating leases

Lease payments receivable under operating leases are recognized as rental income on a straight-line basis over the lease term. Initial direct costs incurred in connection with an operating lease are capitalized and amortized into profit or loss over the lease term on the same basis as the rental income. Variable lease payments not included in the lease payments receivable are recognized in profit or loss when incurred. When a modification is made to an operating lease, the Group accounts for the modification as a new lease from the effective date of the modification. Prepaid or receivable lease payments relating to the original lease are treated as lease payments for the new lease.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.30 Lease (continued)

3.30.2 Lease Classification Criteria and Accounting Treatment for the Lessor (continued)

(2) Accounting for finance leases

At the inception of a finance lease, the Group recognizes lease receivables and derecognizes the underlying leased asset. Upon initial measurement of lease receivables, the net investment in the lease is recorded as the carrying amount of lease receivables. The net investment in the lease is the aggregate of the present value of the unguaranteed residual value and the lease payments receivable, discounted at the interest rate implicit in the lease. The Group recognizes interest income over the lease term using a constant periodic rate. Derecognition and impairment of lease receivables are accounted for in accordance with the accounting policies set out in Note "5.11 Financial Instruments".

Variable lease payments not included in the measurement of the net investment in the lease are recognized in profit or loss when incurred.

A modification to a finance lease is accounted for as a separate lease if both of the following conditions are met:

– The modification increases the scope of the lease by adding the right to use one or more underlying assets;

– The consideration for the increase in scope is commensurate with the standalone price for the additional scope adjusted for the terms and conditions of the contract.

Where a modification to a finance lease is not accounted for as a separate lease, the Group accounts for the modified lease as follows:

– If the lease would have been classified as an operating lease had the modification been effective at the lease inception date, the Group accounts for it as a new lease from the effective date of the modification, using the net investment in the lease immediately before the modification as the carrying amount of the underlying asset;

– If the lease would have been classified as a finance lease had the modification been effective at the lease inception date, the Group accounts for the modification in accordance with the policies on the modification or renegotiation of contracts set out in Note "5.11 Financial Instruments".

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.30 Lease (continued)

3.30.3 Lease Classification Criteria and Accounting Treatment for the Lessee

(1) Right-of-use assets

Except for short-term leases and leases of low-value assets, the Group recognizes right-of-use assets at the commencement date of the lease. Right-of-use assets are initially measured at cost, which includes the following:

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

The Group subsequently depreciates right-of-use assets using the straight-line method. Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated over the remaining useful life of the leased assets; otherwise, right-of-use assets are depreciated over the shorter of lease term and the remaining useful life of the leased assets.

The Group determines whether a right-of-use asset is impaired and makes accounting treatments in accordance with relevant notes in "5.27 Impairment of long-term assets", and accounts for the identified impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.30 Lease (continued)

3.30.3 Lease Classification Criteria and Accounting Treatment for the Lessee (continued)

(2) Lease liabilities

At the lease commencement date, the Group recognizes a lease liability for leases other than short-term leases and leases of low-value assets. Lease liabilities are initially measured at the present value of payment that are not paid. Lease payments include:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable (if any);
- Variable lease payments that depend on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- Payments required to exercise the termination option, if the lease term reflects that the Group will exercise the termination option.

The Group adopts the inherent interest rate of the lease as the discount rate. Where the inherent interest rate of the lease cannot be ascertained, the incremental loan interest rate of the lessee is adopted as the discount rate.

Interest expenses on lease liabilities over the respective periods of the lease term are computed based on fixed cyclical interest rates and charged to current profit or loss, or relevant asset cost.

Variable lease payments not included in lease liabilities are charged to current profit or loss, or relevant asset cost, as and when incurred.

Subsequent to the commencement date of a lease, in case of any of the following circumstances, the Group remeasures lease liabilities and makes a corresponding adjustment to the related right-of-use assets, if the carrying amount of the right-of-use asset is reduced to zero, and there is a further reduction in the measurement of the lease liability, the Group shall recognize the difference amount of the remeasurement in profit or loss:

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.30 Lease (continued)

3.30.3 Lease Classification Criteria and Accounting Treatment for the Lessee (continued)

(2) Lease liabilities (continued)

- When there is a change in the valuation of an option to purchase, an option to renew or an option to terminate a lease, or when the actual exercise of the aforementioned options is inconsistent with the original valuation, the Group remeasures the lease liability based on the present value of the lease payments after the change and the revised discount rate;

- When there is a change in the substantive fixed payments, a change in the amount expected to be payable for the residual value of the guarantee, or a change in the index or rate used to determine the lease payments, the Group re-measures the lease liability at the present value calculated using the change lease payments and the original discount rate. However, if the change in lease payments results from a change in the floating rate, the present value is calculated using the revised discount rate.

(3) Short-term lease and low-value asset lease

For short-term leases and low-value asset leases, the Group elects not to recognize right-of-use assets and lease liabilities, which are instead charged to relevant asset cost or current profit or loss over the respective periods during the lease term on a straight-line basis. A short-term lease is a lease that at the commencement date, has a lease term of 12 months or less and does not contain any purchase options. A lease of a low-value asset, is a lease that the single underlying asset, when is new, is of low value. The Group treats a lease of a leased asset as a lease of low-value assets if the asset's value when new does not exceed RMB40,000. Where the Group subleases or expects to sublease a leased asset, the original lease is not a low value asset lease.

(4) Lease modifications

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

- the modification increases the scope of the lease by adding the right to use one or more underlying assets;

- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope which is adjusted based on circumstances of such contract.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.30 Lease (continued)

3.30.3 Lease Classification Criteria and Accounting Treatment for the Lessee (continued)

(4) Lease modifications (continued)

For a lease modification that is not accounted for as a separate lease, the Group reallocates the revised contract consideration, re-determines the lease term and re-measures the lease liabilities at the present value of the revised lease payments discounted using the revised discount rate.

If the scope of the lease is narrowed or the lease term is shortened as a result of the lease modification, the Group reduces the carrying amount of the right-of-use assets accordingly, and record the relevant gains or losses of partial or complete termination of the lease into the current profit and loss. In case of re-measurement of lease liabilities due to other lease modifications, the Group adjusts the carrying amount of the right-of-use assets accordingly.

3.30.4 Sale and leaseback transaction

The Group assesses whether the transfer of assets in sale and leaseback transaction constitutes a sale in accordance with the principles described in "5.34 Revenue" of the notes.

(1) As a lessee

Where the transfer of assets in a sale and leaseback transaction is a sale, the Group, as the lessee, measures the right to use assets resulting from the sale and leaseback according to the portion of the book value of the original asset related to the right to use the leaseback, and recognizes the relevant gains or losses only in respect of the rights transferred to the lessor.

Subsequent measurement of the right-of-use asset and lease liability, as well as lease modifications after the lease commencement date, are disclosed in detail in Note "Lease Classification Criteria and Accounting Treatment for the Lessee" In the subsequent measurement of lease liabilities arising from sale and leaseback transactions, the Group determines lease payments or modified lease payments in a manner that does not result in the recognition of gains or losses related to the right-of-use obtained in the leaseback transaction. Where the transfer of assets in a sale and leaseback transaction is not a sale, the Group, as the lessee, continues to recognize the transferred assets and at the same time recognizes a financial liability equal to the transfer income. The accounting treatment of financial liabilities is detailed in the note "3.11 Financial Instruments".

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.30 Lease (continued)

3.30.4 Sale and leaseback transaction (continued)

(2) As a lessor

Where the transfer of assets in a sale and leaseback transaction constitutes a sale, the Group, as a lessor, accounts for the purchase of assets and accounts for the lease of assets in accordance with the accounting policies set out in the preceding section "Lease Classification Criteria and Accounting Treatment for the Lessor". Where the transfer of assets in a sale and leaseback transaction does not constitute a sale, the Group, as a lessor, does not recognize the transferred assets but recognizes a financial asset equal to the transfer proceeds. The accounting treatment for financial assets is detailed in Note "3.11 Financial Instruments".

3.31 Other Significant Accounting Policies and Accounting Estimates

3.31.1 Operating Segment Report

The Group identifies operating segments based on its internal organizational structure, management requirements, and internal reporting system. Reportable segments are determined based on these operating segments, and segment information is disclosed accordingly.

An operating segment is a component of the Group that meets all of the following conditions: (1) It engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same Group); (2) The Group's management regularly reviews its operating results to make decisions about resources allocation to the segment and assess its performance; (3) Discrete financial information about its financial position, operating results, and cash flows is available for the Group. Two or more operating segments may be aggregated into a single operating segment if they have similar economic characteristics and meet the related aggregation criteria.

The Group operates with a unified internal organizational structure, management evaluation system, and internal reporting system. Management allocates resources and assesses performance by regularly reviewing group-level financial information. As the Group does not manage distinct operating segments separately, the Group is deemed to have only one operating segment.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.31 Other Significant Accounting Policies and Accounting Estimates (continued)

3.31.2 Significant accounting estimates and judgments

When preparing the financial statements, management is required to make judgments, estimates, and assumptions that affect the reported amounts of income, expenses, assets, and liabilities, as well as the related disclosures. Uncertainties surrounding these assumptions and estimates could result in outcomes that may necessitate a significant adjustment to the carrying amounts of the affected assets or liabilities in the future.

1. Estimation Uncertainty

At the balance sheet date, the key assumptions and uncertainties concerning accounting estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

(1) Impairment of Goodwill

The Group tests annually whether goodwill has suffered any impairment. When performing impairment tests for goodwill, management needs to estimate the future cash flows of the asset group or group of asset groups and select an appropriate discount rate to calculate the present value of these cash flows. Details of the Group's goodwill impairment are set out in Note 5.16.

(2) Expected Credit Loss for Accounts Receivable

Based on reasonable and supportable information that includes past events, current conditions, and forecasts of future economic conditions, the Group measures expected credit loss for a financial asset at an amount equal to the probability-weighted present value of the difference between the contractual cash flows and the cash flows that the Group expects to receive, using the risk of default as the weight. Details of the Group's expected credit losses on accounts receivable are set out in Note 5.4.

(3) Provisions of Inventories

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. When the cost of inventories exceeds their net realizable value, a provision for write-down of inventories is recognized. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated selling expenses and related taxes. Details of the Group's inventory provisions are set out in Note 5.8.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.31 Other Significant Accounting Policies and Accounting Estimates (continued)

3.31.2 Significant accounting estimates and judgments (continued)

1. Estimation Uncertainty (continued)

(4) Variable Consideration

The Group recognizes revenue when the customer obtains control of the related goods or services. Some sales contracts provide customers with annual rebates, which give rise to variable consideration. The Group determines the transaction price based on the contract terms and its past customary business practices. When determining the transaction price, the Group considers the impact of variable consideration and recognizes the portion expected to be rebated in the future as a liability. Details are set out in Note 5.29.

2. Judgement

In the process of applying the Group's accounting policies, apart from those involving estimations, management has made the following judgments that have the most significant effect on the amounts recognized in the financial statements:

When estimating whether sufficient future taxable profits will be available to utilize deductible temporary differences, the Group recognizes deferred tax assets only to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. The recognition and measurement are based on the tax rates that are expected to apply in the period when the asset is realized. The Group is required to apply judgment to estimate the timing and amount of future taxable profits, and to make reasonable estimates and judgments regarding the future applicable income tax rates based on current tax policies and other relevant regulations, in order to determine the amount of deferred tax assets to be recognized. If the actual timing or amount of profits generated in future periods, or the actual applicable income tax rate, differs from management's estimates, such differences will impact the carrying amount of deferred tax assets. Detailed information on deferred tax is set out in Note 5.18.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.32 Significant changes in accounting policies and accounting estimates

3.32.1 Significant changes in accounting policies

Content and Reasons for Changes in Accounting Policies	Affected Financial Statement Line Items	Impact Amount
On June 4, 2026, the Ministry of Finance of the People's Republic of China issued the "Notice on Printing and Distributing Interpretation No. 20 to the Accounting Standards for Business Enterprises" (Cai Kuai [2026] No. 7) (hereinafter referred to as "this Interpretation"). This Interpretation provides regulations and clarifications on matters such as "Assessment of Contractual Cash Flow Characteristics of Financial Assets" and "Accounting Treatment and Related Disclosures when Currency is Non-convertible." The Company adopted this Interpretation with effect from January 1, 2026.	None	0.00

3.32.2 Significant changes in accounting estimates

There were no significant changes in the Group's accounting estimates.

4. TAXATION

4.1 Main taxes and rates

Category	Tax base	Tax Rate
Value-added Tax ("VAT")	Tax payable is calculated using the taxable amount of sales of goods or rendering of services multiplied by the applicable tax rate less deductible VAT input of the current period.	13%, 9%, 6%, 5%
City maintenance and construction tax	The payment amount of VAT and consumption tax	7%, 5%, 1%
Enterprise income tax	Taxable income	25%, 20%, 15%

Entities subject to different enterprise income tax rates:

Taxable entities	Enterprise income tax rate
Hong Kong Anjoy Foods Limited	**20%**
Xiamen Anjoy E-commerce Co., Ltd.	
Henan Anzhai Foods Co., Ltd.	
Honghu Xinhongye Aquatic Co., Ltd.	
Jiangsu Dingguan Food Co., Ltd.	
Lecker Castle (Taicang) Bakery Co., Ltd.	
Sichuan Anjoy Foods Co., Ltd.	**15%**
Hubei Anrun Foods Co., Ltd.	Income derived from primary processing of agricultural products is exempt from enterprise income tax.
Honghu Xinhongye Food Co., Ltd.	
Honghu Hongye Ecological Agriculture Co., Ltd.	
Hubei New Liuwu Foodstuff Group Co., Ltd.	
Qianjiang New Liuwu Food Technology Co., Ltd.	
Hubei Songlin Biological Feed Co., Ltd.	
Jiangxi Liuwu Foods Co., Ltd.	

4.2 Preferential tax treatments

1) In accordance with the Announcement on Further Supporting the Development of Small and Micro Enterprises and Individual Industrial and Commercial Households issued by the State Taxation Administration (Announcement No. 12 of 2023 of the Ministry of Finance and the State Taxation Administration), the policy of calculating taxable income at a reduced rate of 25% and paying enterprise income tax at a tax rate of 20% for small low-profit enterprises is extended to December 31, 2027. During the reporting period, the Company's subsidiaries Hong Kong Anjoy Foods Limited, Xiamen Anjoy E-Commerce Co., Ltd., Henan Anzhai Foods Co., Ltd., and the Company's grand-subsidiaries Honghu Xinhongye Aquatic Co., Ltd., Jiangsu Dingguan Food Co., Ltd., and Lecker Castle (Taicang) Bakery Co., Ltd. enjoyed preferential enterprise income tax treatment for small low-profit enterprises.

4. TAXATION (CONTINUED)

4.2 Preferential tax treatments (continued)

2) The principal business of the Company's subsidiary Sichuan Anjoy Foods Co., Ltd. falls within the encouraged industries specified in the Catalogue of Encouraged Industries in the Western Region (2025 Version), and its enterprise income tax is levied at a reduced rate of 15%.

3) In accordance with the Regulation on the Implementation of the Enterprise Income Tax Law of the People's Republic of China, income derived from primary processing of agricultural products by the Company's subsidiaries Hubei Anrun Foods Co., Ltd., Honghu Xinhongye Food Co., Ltd., Hubei New Liuwu Foodstuff Group Co., Ltd., and the Company's grand-subsidiaries Honghu Hongye Ecological Agriculture Co., Ltd., Qianjiang New Liuwu Food Technology Co., Ltd., Hubei Songlin Biological Feed Co., Ltd. and Jiangxi Liuwu Foods Co., Ltd. is exempt from enterprise income tax.

4) In accordance with the Notice on Exemption of Value-Added Tax on Feed Products (Caishui [2001] No. 121) issued by the Ministry of Finance and the State Taxation Administration, sales of feed products such as fish meal by the Company's grand-subsidiaries Honghu Hongye Ecological Agriculture Co., Ltd. and Hubei Songlin Biological Feed Co., Ltd. are exempt from value-added tax.

5.. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

5.1 Cash at bank and on hand

Item	30 June 2026	31 December 2025
Cash on hand	**26,151.02**	50,397.97
Cash at bank	**4,725,030,329.83**	4,934,614,647.42
Other monetary funds	**86,022,941.59**	45,614,871.33
Cash deposited at the financial company		
Total	**4,811,079,422.44**	4,980,279,916.72
Including: Total amount deposited overseas	**36,639,165.31**	38,421,353.11

Among the balance of cash and cash equivalents, the details of funds with restricted usage due to mortgage, pledge, or freezing, as well as funds restricted from withdrawal due to centralized capital management and funds held overseas with restricted repatriation, are as follows:

Item	30 June 2026	31 December 2025
Certificates of deposit and time deposits not available on demand	**61,947,916.67**	91,423,125.00
Bank acceptance bill deposits	**22,889,589.00**	39,995,189.98
Performance deposits	**327,112.21**	1,026,110.33
Frozen funds		280,000.00
Special Deposit for Dividend Payment	**50,384,173.01**	
Total	**135,548,790.89**	132,724,425.31

The certificates of deposit and time deposits not available on demand represent time deposits of RMB60,000,000.00 with an original term of over three months but within one year and its accrued interest of RMB1,947,916.67, which are not pledged.

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.2 Financial assets held for trading

Item	30 June 2026	31 December 2025	Reason and basis for designation
Financial assets at fair value through profit or loss	**3,421,440,810.36**	3,639,173,341.26	
Including:			
Private fund products		1,999,066,821.23	
Wealth management products	**3,421,440,810.36**	1,640,106,520.03	
Total	**3,421,440,810.36**	3,639,173,341.26	

5.3 Notes receivable

5.3.1 Classification of notes receivable

Item	30 June 2026	31 December 2025
Bank acceptance notes	**1,374,031.44**	1,982,731.99
Commercial acceptance bills	**218,328.73**	
Less: Provision for bad debts	**10,916.44**	15,373.04
Total	**1,581,443.73**	1,967,358.95

5.3.2 Disclosure of notes receivable by method of bad debt provisions

Category	30 June 2026					31 December 2025				
	Gross carrying amount		Bad debt provisions		Net book value	Gross carrying amount		Bad debt provisions		Net book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Notes receivable with bad debt provisions based on collective credit risk characteristics	**1,592,360.17**	**100.00**	**10,916.44**	**0.69**	**1,581,443.73**	1,982,731.99	100.00	15,373.04	0.78	1,967,358.95
Including:										
Bank acceptance bills with higher credit ratings	**1,374,031.44**	**86.29**			**1,374,031.44**	1,675,271.11	84.49			1,675,271.11
Bank acceptance bills with lower credit ratings						307,460.88	15.51	15,373.04	5.00	292,087.84
Commercial Acceptance Bills	**218,328.73**	**13.71**	**10,916.44**	**5.00**	**207,412.29**					
Total	**1,592,360.17**	**/**	**10,916.44**	**/**	**1,581,443.73**	1,982,731.99	/	15,373.04	/	1,967,358.95

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.3 Notes receivable (continued)

5.3.2 Disclosure of notes receivable by method of bad debt provisions (continued)

Notes receivable with bad debt provisions based on collective credit risk characteristics:

Notes receivable for which bad debt measured on a collective credit risk basis according to credit risk characteristics

	30 June 2026		
Category	Notes receivable	Bad debt provisions	Proportion of provision (%)
Not overdue	**218,328.73**	**10,916.44**	**5.00**
Total	**218,328.73**	**10,916.44**	**5.00**

5.3.3 Provision, reversal or recovery of provision for bad debts in the current period

		Movement in the current year				
Category	31 December 2025	Accrual	Recovery or reversal	Write-off	Other changes	30 June 2026
Notes receivable with bad debt provisions based on a collective credit risk basis	15,373.04	-4,456.60				**10,916.44**
Total	15,373.04	-4,456.60				**10,916.44**

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.4 Accounts receivable

5.4.1 Aging analysis from the data when they were recognized

Aging	30 June 2026	31 December 2025
Within 1 year	**793,472,587.88**	702,433,699.69
1 to 2 years	**6,081,957.14**	9,046,947.57
2 to 3 years	**6,697,414.82**	2,902,322.89
Over 3 years	**6,111,384.60**	3,379,264.77
Total	**812,363,344.44**	717,762,234.92

5.4.2 Disclosure by method of bad debt provisions

	30 June 2026					31 December 2025				
	Gross carrying amount		Bad debt provisions		Net	Gross carrying amount		Bad debt provisions		Net
Category	Amount	Proportion (%)	Amount	Proportion of provision (%)	book value	Amount	Proportion (%)	Amount	Proportion of provision (%)	book value
Accounts receivable with bad debt provisions based on an individual basis	3,112,724.01	0.38	3,112,724.01	100.00		3,051,339.02	0.43	3,051,339.02	100.00	
Accounts receivable with bad debt provisions based on a collective credit risk basis	809,250,620.43	99.62	55,267,106.55	6.83	753,983,513.88	714,710,895.90	99.57	43,266,097.36	6.05	671,444,798.54
Including:										
Credit risk profile	809,250,620.43	99.62	55,267,106.55	6.83	753,983,513.88	714,710,895.90	99.57	43,266,097.36	6.05	671,444,798.54
Total	812,363,344.44	/	58,379,830.56	/	753,983,513.88	717,762,234.92	/	46,317,436.38	/	671,444,798.54

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.4 Accounts receivable (continued)

5.4.2 Disclosure by method of bad debt provisions (continued)

Bad debt provisions based on an individual basis:

	30 June 2026			
Item	Accounts receivable	Bad debt provisions	Proportion of provision (%)	Reason for Provision
Carrefour Commercial Co., Ltd.	1,515,260.88	1,515,260.88	100.00	Measured on an individual basis by comparing the gross carrying amount with the present value of estimated future cash flows.
Shanghai Shangshu Yonghui Fresh Food Co., Ltd.	587,566.89	587,566.89	100.00	Measured on an individual basis by comparing the gross carrying amount with the present value of estimated future cash flows.
Xiangyang Xifengyue Trading Co., Ltd.	835,374.25	835,374.25	100.00	Measured on an individual basis by comparing the gross carrying amount with the present value of estimated future cash flows.
Zhejing Digital Technology (Beijing) Co., Ltd.	113,137.00	113,137.00	100.00	Measured on an individual basis by comparing the gross carrying amount with the present value of estimated future cash flows.
Hubei Canhu Agricultural Development Co., Ltd.	61,384.99	61,384.99	100.00	Measured on an individual basis by comparing the gross carrying amount with the present value of estimated future cash flows.
Total	3,112,724.01	3,112,724.01	100.00	/

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.4 Accounts receivable (continued)

5.4.2 Disclosure by method of bad debt provisions (continued)

Explanation for bad debt provisions based on an individual basis:

Bad debt provisions are accrued separately for the difference between the book balance and the present value of estimated recoverable amounts.

Bad debts provision based on a collective credit risk characteristics:

Collective credit risk basis items: accounts receivable for which bad debt provided on a collective credit risk characteristics basis

	30 June 2026		
Category	Accounts receivable	Bad debt provisions	Proportion of provision (%)
Not overdue	751,283,746.33	37,564,187.47	5.00
Overdue within 9 months	40,971,825.30	4,097,182.54	10.00
Overdue 9 to 21 months	6,778,624.54	3,389,312.28	50.00
Overdue more than 21 months	10,216,424.26	10,216,424.26	100.00
Total	809,250,620.43	55,267,106.55	

Recognition criteria and explanation for bad debt provisions based on a collective credit risk basis: The Group combines the accounts receivable based on similar credit risk characteristics (aging) and estimates the proportion of provision for bad debt provision of the accounts receivable based on all reasonable and evidence-based information, including forward-looking information.

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.4 Accounts receivable (continued)

5.4.3 Provision, reversal or recovery of provision for bad debts in the current period

Category	31 December 2025	Movement in the current year				30 June 2026
		Accrual	Recovery or reversal	Write-off	Other changes	
Accounts receivable with bad debt provisions based on an individual basis	3,051,339.02	61,384.99				**3,112,724.01**
Accounts receivable with bad debt provisions b on a collective credit risk basis	43,266,097.36	12,001,009.23		0.04		**55,267,106.55**
Total	46,317,436.38	12,062,394.22		0.04		**58,379,830.56**

There are no accounts receivable with the significant amount of bad debt provisions recovered or reversed during this period.

5.4.4 The actual write-off of accounts receivable

Item	**Amount of write-off**
Actual write-off of accounts receivable	0.04

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.4 Accounts receivable (continued)

5.4.5 Top five accounts receivable balance and contract assets by debtor

Company	Accounts receivable at 30 June 2026	Contract assets at 30 June 2026	Accounts receivable and contract assets at 30 June 2026	Proportion (%) of the total ending balance of accounts receivable and contract assets	Provision for bad debts of accounts receivable and impairment loss provision of contract assets
NO.1	84,861,665.24		84,861,665.24	10.45	4,255,095.71
NO.2	45,563,122.40		45,563,122.40	5.61	2,290,767.76
NO.3	40,948,644.38		40,948,644.38	5.04	2,153,353.62
NO.4	21,506,523.05		21,506,523.05	2.65	1,075,326.15
NO.5	18,819,713.80		18,819,713.80	2.32	985,592.17
Total	211,699,668.87		211,699,668.87	26.07	10,760,135.41

5.5 Receivables financing

5.5.1 Classification of Receivables financing

Item	30 June 2026	31 December 2025
Digital debt certificate	19,227,120.87	1,280,353.16
Less: Provision for bad debts	1,052,356.09	64,017.66
Total	18,174,764.78	1,216,335.50

5.5.2 Receivables financing pledged at the end of the period

Item	Pledged receivables financing at period-end
Digital debt certificate	18,174,764.78
Total	18,174,764.78

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.5 Receivables financing (continued)

5.5.3 Notes receivable financing endorsed or discounted but unmatured by the Company at the end of the year

Item	Amount derecognized at period-end	Amount not derecognized at period-end
Bank acceptance bills	**5,919,301.27**	
Digital debt certificate		19,227,120.87
Total	**5,919,301.27**	19,227,120.87

5.5.4 Provision for impairment of Receivables financing

(1) Disclosure of Receivables financing by methods of bad debt provision

Category	**30 June 2026**					31 December 2025				
	Gross carrying amount		**Bad debt provisions**			Gross carrying amount		Bad debt provisions		
	Amount	**Proportion (%)**	**Amount**	**Proportion of provision (%)**	**Net book value**	Amount	Proportion (%)	Amount	Proportion of provision (%)	Net book value
Receivables financing with bad debt provisions based on an individual basis										
Receivables financing with bad debt provisions based on a collective credit risk basis	**19,227,120.87**	**100.00**	**1,052,356.09**	**5.47**	**18,174,764.78**	1,280,353.16	100.00	64,017.66	5.00	1,216,335.50
Total	**19,227,120.87**	**/**	**1,052,356.09**	**/**	**18,174,764.78**	1,280,353.16	/	64,017.66	/	1,216,335.50

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.5 Receivables financing (continued)

5.5.4 Provision for impairment of Receivables financing (continued)

(1) Disclosure of Receivables financing by methods of bad debt provision (continued)

Bad debt provisions measured on a collective basis:

Items included in collective assessment: by credit risk profile:

	30 June 2026		
Name	Receivables financing	Bad debt provisions	Proportion of provision (%)
Not overdue	**19,227,120.87**	**1,052,356.09**	**5.47**
Total	**19,227,120.87**	**1,052,356.09**	**5.47**

5.5.5 Reconciliation of bad debt provisions

		Current Period Changes				
Category	31 December 2025	Accrual	Recovery or Reversal	Write-off	Other Changes	30 June 2026
Bad debt provisions measured on a collective basis	64,017.66	988,338.43				**1,052,356.09**
Total	64,017.66	988,338.43				**1,052,356.09**

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.5 Receivables financing (continued)

5.5.6 Changes in receivables financing and recognition of fair value gains/losses:

Items	31 December 2025	Additions	Derecognition	Other changes	30 June 2026	Accumulated impairment in OCI
Bank acceptance bills		7,238,022.71	7,238,022.71			
Digital debt certificate	1,280,353.16	23,673,378.23	5,726,610.52		**19,227,120.87**	
Total	1,280,353.16	30,911,400.94	12,964,633.23		**19,227,120.87**	

5.6 Prepayments

5.6.1 Prepayments by aging

Aging	30 June 2026 Amount	30 June 2026 Proportion (%)	31 December 2025 Amount	31 December 2025 Proportion (%)
Within 1 year	**105,678,686.48**	**99.06**	94,560,336.62	99.48
1 to 2 years	**568,078.09**	**0.53**	253,593.65	0.27
2 to 3 years	**213,469.07**	**0.20**	234,499.88	0.25
Over 3 years	**217,493.88**	**0.21**		
Total	**106,677,727.52**	**100.00**	95,048,430.15	100.00

5.6.2 Top five advances by suppliers at the end of the year

Supplier	30 June 2026	Proportion (%) of the total closing balance of advances
NO.1	**15,734,741.62**	14.75
NO.2	**8,652,584.00**	8.11
NO.3	**4,240,733.94**	3.98
NO.4	**3,408,242.00**	3.19
NO.5	**3,064,388.08**	2.87
Total	**35,100,689.64**	32.90

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.7 Other receivables

Item	30 June 2026	31 December 2025
Interests receivable		
Dividends receivable	**4,451,227.68**	
Other receivables	**29,061,701.84**	23,172,952.63
Total	**33,512,929.52**	23,172,952.63

5.7.1 Dividends receivable

Item (or investee)	30 June 2026	31 December 2025
Beihai Heyuan Food Co., Ltd	**4,451,227.68**	
Total	**4,451,227.68**	

5.7.2 Other receivables

(1) Aging of other receivables

Aging	30 June 2026	31 December 2025
Within 1 year	**27,097,185.97**	20,991,028.05
1 to 2 years	**718,629.18**	1,376,744.83
2 to 3 years	**1,323,697.17**	1,974,513.95
Over 3 years	**3,414,068.67**	2,096,962.79
Total	**32,553,580.99**	26,439,249.62

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.7 Other receivables (continued)

5.7.2 Other receivables (continued)

(2) Classification by nature of items

Nature	30 June 2026	31 December 2025
Inter-company balances	**12,879,587.46**	8,701,458.68
Deposits and Intentions	**9,521,020.01**	8,896,858.80
Staff advances	**2,170,143.56**	1,088,458.06
Advance payments on behalf of others	**7,709,235.39**	7,021,853.78
Others	**273,594.57**	730,620.30
Total	**32,553,580.99**	26,439,249.62

(3) Bad debt provisions

Bad debt provisions	**Stage 1 Expected credit losses over the next 12 months**	**Stage 2 Expected credit losses over the entire duration (no credit impairment occurred)**	**Stage 3 Expected credit loss over the entire duration (credit impairment occurred)**	**Total**
31 December 2025	2,716,344.21		549,952.78	3,266,296.99
Prior year-end balance in the current period				
—Transfer to Stage 2				
—Transfer to Stage 3				
—Transfer back to Stage 2				
—Transfer back to Stage 1				
Accrual in the current period	205,582.16		20,000.00	225,582.16
Reversal in the current period				
Write-off against the allowance in the current period				
Write off as uncollectible in the current period				
Other changes				
30 June 2026	**2,921,926.37**		**569,952.78**	**3,491,879.15**

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.7 Other receivables (continued)

5.7.2 Other receivables (continued)

(4) *Accrual, reversal or recovery of bad debt provisions in the current period*

Category	31 December 2025	Movement in the current period				30 June 2026
		Accrual	Recovery or reversal	Write-off	Other changes	
Other receivables with bad debt provisions based on an individual basis	549,952.78	20,000.00				**569,952.78**
Other receivables with bad debt provisions based on a collective credit risk basis	2,716,344.21	205,582.16				**2,921,926.37**
Total	3,266,296.99	225,582.16				**3,491,879.15**

(5) *Top five other receivables by the debtor at the end of the year*

Company	**Nature**	**Ending balance**	**Aging**	**Proportion in total ending other receivables (%)**	**Ending balance of bad debt provisions**
Qianjiang State Taxation Administration	Export tax rebates	4,361,326.64	within one year	13.40	218,066.34
Beijing Juliang Engine Information Technology Co., Ltd.	Deposits, earnest money and Inter-company balances	4,232,781.84	within one year	13.00	337,639.10
Chongqing Jingdong Haijia E-commerce Co., Ltd.	Inter-company balances	2,455,963.76	within one year	7.54	122,798.19
Hubei Zhouheiya Management Co., Ltd.	Deposits, earnest money	1,000,000.00	within one year: 500,000.00 over 3 years: 500,000.00	3.07	200,000.00
HM Revenue and Customs	VAT refund	882,649.27	within one year	2.71	44,132.46
Total		12,932,721.51		39.72	922,636.09

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.8 Inventories

5.8.1 Inventories by classification

	30 June 2026			31 December 2025		
Item	Gross carrying amount	Provisions of inventories/ Impairment provisions of contract fulfilment costs	Net book value	Gross carrying amount	Provisions of inventories/ Impairment provision of contract fulfilment costs	Net book value
Raw materials	**872,485,431.34**	**108,916.05**	**872,376,515.29**	846,928,548.34	981,605.23	845,946,943.11
Consumables	**85,103,806.64**	**1,293,530.87**	**83,810,275.77**	83,657,714.37	433,263.03	83,224,451.34
Work in progress	**1,689,815.59**		**1,689,815.59**	6,068,411.78		6,068,411.78
Semi-finished goods	**180,486,599.64**		**180,486,599.64**	188,277,480.86		188,277,480.86
Finished goods	**1,776,527,377.59**	**46,497,634.44**	**1,730,029,743.15**	1,522,891,445.93	23,382,938.02	1,499,508,507.91
Goods shipped but not recognized as revenue	**815,883,540.90**	**8,494,985.33**	**807,388,555.57**	1,034,355,947.32	10,064,835.03	1,024,291,112.29
Total	**3,732,176,571.70**	**56,395,066.69**	**3,675,781,505.01**	3,682,179,548.60	34,862,641.31	3,647,316,907.29

5.8.2 Provisions of inventories and impairment provisions of contract fulfilment costs

Item	31 December 2025	Increase in current period: Accruals	Increase in current period: Others	Decrease in current period: Reversal or Write-off	Decrease in current period: Others	30 June 2026
Raw materials	981,605.23	58,992.70		931,681.88		**108,916.05**
Consumables	433,263.03	1,065,159.21		204,891.37		**1,293,530.87**
Finished goods	23,382,938.02	36,792,957.94		13,678,261.52		**46,497,634.44**
Goods shipped but not recognized as revenue	10,064,835.03	8,494,985.33		10,064,835.03		**8,494,985.33**
Total	34,862,641.31	46,412,095.18		24,879,669.80		**56,395,066.69**

Reasons for the Reversal or Write-off of Inventory Provisions in the Current Period:

Inventory provisions are written off concurrently with the inventory when the inventory is issued for use or sold. Inventory provisions are reversed within the amount originally provided if the factors that previously caused the decline in the value of the inventory have disappeared, resulting in the net realizable value of the inventory exceeding its carrying amount.

Notes to the Financial Statements

For the six months ended June 30, 2026
(All amounts in RMB unless otherwise stated)

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.9 Other current assets

Item	30 June 2026	31 December 2025
Excess value-added tax credits	**105,205,073.31**	111,440,842.88
Input value-added tax to be deducted		1,585,737.57
Input value-added tax to be certified	**59,779,017.55**	20,068,330.22
Prepaid enterprise income tax	**44,042,332.00**	
Prepaid value-added tax	**11,954,840.32**	32,899,044.12
Total	**220,981,263.18**	165,993,954.79

5.10 Long-term equity investments

5.10.1 Information on long-term equity investments

Company	31 December 2025	Prior year-end balance of Impairment provision	Movement in the year ended 30 June 2026: Increase in investment	Decrease in investment	Share of net profit/(loss) under equity method	Share of other comprehensive income	Share in other changes in equity	Profit distribution/ Cash dividends declared	Impairment provision	Others	30 June 2026	Ending balance of Impairment provision
Associates												
Beihai Heyuan Food Co., Ltd	15,568,064.29		3,815,263.74		3,192,311.61			4,451,227.68			**18,124,411.96**	
Total	15,568,064.29		3,815,263.74		3,192,311.61			4,451,227.68			**18,124,411.96**	

During the current reporting period, the Subsidiary, Xinhongye, increased its investment in Beihai Heyuan Food Co., Ltd. (hereinafter referred to as "Beihai Heyuan") by RMB3 million. As the investment cost was less than the Company's share of the fair value of Beihai Heyuan's identifiable net assets, the carrying amount of the long-term equity investment was increased by RMB815,300 (unaudited), calculated based on the owned equity proportion. After the capital increase, Xinhongye's equity share in Beihai Heyuan increased from 19% to 23.5849%.

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.11 Investment properties

5.11.1 Investment properties measured under the cost model

Item	Houses and buildings	Land use rights	Total
1. Cost			
(1) 31 December 2025	23,026,372.60	8,553,161.50	31,579,534.10
(2) Increase in the current period			
– Purchase			
– Transferred from Inventories\Fixed assets\Construction in progress			
– Increase from business combinations			
(3) Decrease in the current period			
– Disposal			
(4) 30 June 2026	23,026,372.60	8,553,161.50	31,579,534.10
2. Accumulation of depreciation and amortization			
(1) 31 December 2025	605,478.77	106,068.11	711,546.88
(2) Increase in the current period	602,993.04	106,068.17	709,061.21
– Provision/Amortization	602,993.04	106,068.17	709,061.21
(3) Decrease in the current period			
– Disposal			
(4) 30 June 2026	1,208,471.81	212,136.28	1,420,608.09
3. Impairment Provision			
(1) 31 December 2025			
(2) Increase in the current period			
– Provision			
(3) Decrease in the current period			
– Disposal			
(4) 30 June 2026			
4. Net book value			
(1) 30 June 2026	21,817,900.79	8,341,025.22	30,158,926.01
(2) 31 December 2025	22,420,893.83	8,447,093.39	30,867,987.22

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.11 Investment properties (continued)

5.11.2 Details of Investment properties with title certificate pending

Item	Net book value	Reasons for title certificate pending
Jiangsu Dingguan plant, office building, dormitory, ancillary buildings and land	12,226,176.55	The transfer payment for the building and land has not yet been settled in full; the property ownership transfer procedure will be processed upon full payment.

5.12 Fixed assets

5.12.1 Fixed assets and disposal of fixed assets

Item	30 June 2026	31 December 2025
Fixed assets	**5,210,126,516.89**	5,197,433,283.85
Disposal of fixed assets	**6,587.42**	
Total	**5,210,133,104.31**	5,197,433,283.85

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.12 Fixed assets (continued)

5.12.2 Information on fixed assets

Item	Houses and buildings	Machinery and equipment	Transport equipment	Office and Electronic equipment	Other equipment	Total
1. Cost						
(1) 31 December 2025	3,911,774,455.29	3,410,784,102.71	60,186,568.25	130,476,897.97	98,725,804.75	7,611,947,828.97
(2) Increase in the current period	189,695,465.94	91,663,696.29	1,981,358.06	4,426,029.41	1,074,312.49	288,840,862.19
– Purchase		59,904,546.11	1,981,358.06	4,426,029.41	1,065,077.99	67,377,011.57
– Transferred from construction in progress	189,695,465.94	31,759,150.18			9,234.50	221,463,850.62
– Increase from business combinations						
(3) Decrease in the current period		21,107,232.63	2,593,979.74	542,151.63	118,081.82	24,361,445.82
– Disposal or Retirement		21,107,232.63	2,593,979.74	542,151.63	118,081.82	24,361,445.82
(4) 30 June 2026	4,101,469,921.23	3,481,340,566.37	59,573,946.57	134,360,775.75	99,682,035.42	7,876,427,245.34
2. Accumulated depreciation						
(1) 31 December 2025	875,234,602.07	1,334,142,991.69	40,666,587.89	93,817,100.52	70,390,612.06	2,414,251,894.23
(2) Increase in the current period	94,206,734.62	156,818,512.75	3,732,752.95	9,734,451.01	4,368,424.88	268,860,876.21
– Provision	94,206,734.62	156,818,512.75	3,732,752.95	9,734,451.01	4,368,424.88	268,860,876.21
(3) Decrease in the current period		14,068,475.33	2,436,051.71	418,999.39	110,064.77	17,033,591.20
– Disposal or Retirement		14,068,475.33	2,436,051.71	418,999.39	110,064.77	17,033,591.20
(4) 30 June 2026	969,441,336.69	1,476,893,029.11	41,963,289.13	103,132,552.14	74,648,972.17	2,666,079,179.24
3. Impairment Provision						
(1) 31 December 2025		262,650.89				262,650.89
(2) Increase in the current period						
– Provision						
(3) Decrease in the current period		41,101.68				41,101.68
– Disposal or Retirement		41,101.68				41,101.68
(4) 30 June 2026		221,549.21				221,549.21
4. Net book value						
(1) 30 June 2026	3,132,028,584.54	2,004,225,988.05	17,610,657.44	31,228,223.61	25,033,063.25	5,210,126,516.89
(2) 31 December 2025	3,036,539,853.22	2,076,378,460.13	19,519,980.36	36,659,797.45	28,335,192.69	5,197,433,283.85

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.12 Fixed assets (continued)

5.12.3 Details of fixed assets leased out under operating leases

Item	30 June 2026
Machinery and equipment	188,871.36

5.12.4 Details of fixed assets with title certificate pending

Item	Net book value	Reasons for title certificate pending
Phase III Building of Taizhou Anjoy	141,468,705.67	After the completion of the Phase III 100,000 tons Quick-frozen prepared food production workshop
The substation of Liaoning Anjoy	687,173.35	The property ownership certificate will be acquired collectively upon the completion of the dry warehouse under the Annual 140,000 tons Quick-frozen food project
Phase III building of Sichuan Anjoy	159,513,222.64	Currently undergoing the acceptance and registration procedures
Phase III dry warehouse of Henan Anjoy	10,521,673.47	Currently undergoing the acceptance and registration procedures

5.12.5 Fixed Asset Disposal

Item	30 June 2026	31 December 2025
Machinery and Equipment	5,264.71	
Other Equipment	1,322.71	
Total	6,587.42	

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.13 Construction in progress

Item	30 June 2026	31 December 2025
Construction in progress	**412,853,845.84**	323,589,579.31
Construction materials		
Total	**412,853,845.84**	323,589,579.31

5.13.1 Details of construction in progress

Item	30 June 2026 Gross carrying amount	30 June 2026 Impairment Provision	30 June 2026 Net book value	31 December 2025 Gross carrying amount	31 December 2025 Impairment Provision	31 December 2025 Net book value
Construction projects	**299,274,992.27**		**299,274,992.27**	286,467,670.99		286,467,670.99
Installation projects	**109,166,442.90**		**109,166,442.90**	26,703,671.96		26,703,671.96
Information technology projects	**4,412,410.67**		**4,412,410.67**	10,418,236.36		10,418,236.36
Total	**412,853,845.84**		**412,853,845.84**	323,589,579.31		323,589,579.31

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.13 Construction in progress (continued)

5.13.2 Movement in material construction in progress projects during the period

Item	Budget	Amount as at 31 December 2025	Increase	Amount transferred to fixed assets	Other decrease	Amount as at 30 June 2026	Percentage of accumulated project expenditure to budget (%)	Project progress	Cumulative amount of capitalized interest	Including: Amount of capitalized interest	Capitalized interest rate (%)	Source of Funds
Henan Phase III 140,000-tons Quick-frozen Food Expansion Project	440,000,000.00	5,810,845.74	8,793,488.49	10,521,673.47		**4,082,660.76**	56.35	Partially completed and partially under construction				Fundraising
Guangdong Anjoy: 133,000-tons Quick-frozen Food New Construction Project	433,228,894.66	301,347.78	8,329,763.90			**8,631,111.68**	80.12	Phase I has been completed				Partially from Fundraising, Partially Self-funded
Taizhou Phase III 100,000-Ton Per Year Frozen Food Expansion Project	309,226,000.00	6,090,659.46	63,144,222.91			**69,234,882.37**	81.68	Partially in use and partially under construction				Fundraising
Southwest China Phase I 100,000-Ton Per Year Ready-to-Cook Meal Production Line Construction Project	207,899,400.00	182,522,738.26	6,553,899.89	189,049,953.12		**26,685.03**	90.95	Main-body construction completed, final settlement pending				Partially from Fundraising, Partially Self-funded
Anjoy Foods Xiamen Plant III 140,000-Ton Per Year Frozen Food Production Line Construction Project	517,408,256.88	61,492,748.64	89,998,773.21			**151,491,521.85**	29.28	Under construction				Partially from Fundraising, Partially Self-funded
Dingyifeng: New Baked Bread Construction Project	157,316,500.00	2,178,050.64	6,191,463.93			**8,369,514.57**	3.94	Preliminary project preparation				Partially from Fundraising, Partially Self-funded
Total	2,065,079,051.54	258,396,390.52	183,011,612.33	199,571,626.59		**241,836,376.26**	/					

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.14 Right-of-use assets

5.14.1 Details of right-of-use assets

Item	Buildings	Equipment	Land use rights	Total
1. Cost				
(1) 31 December 2025	63,556,166.56	2,472,719.68	295,100.00	66,323,986.24
(2) Increase in the current period	4,544,743.34			4,544,743.34
– New leases	3,137,982.59			3,137,982.59
– Modification adjustments	1,406,760.75			1,406,760.75
(3) Decrease in the current period	1,114,029.08			1,114,029.08
– Transferred to fixed assets				
– Disposal	1,114,029.08			1,114,029.08
(4) 30 June 2026	66,986,880.82	2,472,719.68	295,100.00	69,754,700.50
2. Accumulated depreciation				
(1) 31 December 2025	9,108,376.02	1,456,881.27	36,887.40	10,602,144.69
(2) Increase in the current period	3,858,092.44	440,010.36	7,377.48	4,305,480.28
– Provision	3,858,092.44	440,010.36	7,377.48	4,305,480.28
(3) Decrease in the current period	1,064,424.05			1,064,424.05
– Transferred to fixed assets				
– Disposal	1,064,424.05			1,064,424.05
(4) 30 June 2026	11,902,044.41	1,896,891.63	44,264.88	13,843,200.92
3. Impairment provision				
(1) 31 December 2025				
(2) Increase in the current period				
– Provision				
(3) Decrease in the current period				
– Transferred to fixed assets				
– Disposal				
(4) 30 June 2026				
4. Net book value				
(1) 30 June 2026	55,084,836.41	575,828.05	250,835.12	55,911,499.58
(2) 31 December 2026	54,447,790.54	1,015,838.41	258,212.60	55,721,841.55

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.15 Intangible assets

5.15.1 Details of intangible assets

Item	Land use rights	Patent rights	Software	Trademarks	Total
1. Cost					
(1) 31 December 2025	502,058,152.28	11,210,673.58	30,494,734.47	528,895,207.16	1,072,658,767.49
(2) Increase in the current period			11,827,120.99		11,827,120.99
– Purchase			11,827,120.99		11,827,120.99
– Internal development					
– Increase from business combinations					
(3) Decrease in the current period					
– Disposal					
– Expired and derecognized					
(4) 31 December 2025	502,058,152.28	11,210,673.58	42,321,855.46	528,895,207.16	1,084,485,888.48
2. Accumulated amortization					
(1) 31 December 2025	62,704,027.78	3,343,108.42	20,597,148.09	149,024,029.92	235,668,314.21
(2) Increase in the current period	5,311,219.73	550,938.54	3,699,653.15	26,407,501.14	35,969,312.56
– Provision	5,311,219.73	550,938.54	3,699,653.15	26,407,501.14	35,969,312.56
(3) Decrease in the current period					
– Disposal					
– Expired and derecognized					
(4) 30 June 2026	68,015,247.51	3,894,046.96	24,296,801.24	175,431,531.06	271,637,626.77
3. Impairment provision					
(1) 31 December 2025					
(2) Increase in the current period					
– Provision					
(3) Decrease in the current period					
– Disposal					
– Expired and derecognized					
(4) 30 June 2026					
4. Net book value					
(1) 30 June 2026	434,042,904.77	7,316,626.62	18,025,054.22	353,463,676.10	812,848,261.71
(2) 31 December 2025	439,354,124.50	7,867,565.16	9,897,586.38	379,871,177.24	836,990,453.28

The proportion of intangible assets generated from the Company's internal research and development to the balance of intangible assets as at the end of the period was 0.00%.

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.16 Goodwill

5.16.1 Gross carrying amount

Name of investee or matter giving rise to goodwill	31 December 2025	Increase in the current period	Decrease in the current period	30 June 2026
Wuxi Anjoy Foods Marketing Co., Ltd.	1,059,552.59			**1,059,552.59**
Honghu Xinhongye Food Co., Ltd.	441,351,750.40			**441,351,750.40**
Oriental Food Express Limited	19,956,729.16			**19,956,729.16**
Hubei New Liuwu Foodstuff Group Co., Ltd.	344,131,979.83			**344,131,979.83**
Jiangsu Ding Wei Tai Food Co., Ltd.	197,691,689.94			**197,691,689.94**
Total	1,004,191,701.92			**1,004,191,701.92**

5.16.2 Impairment

Name of investee or matter giving rise to goodwill	31 December 2025	Increase in the current period	Decrease in the current period	30 June 2026
Honghu Xinhongye Food Co., Ltd.	35,126,510.70			**35,126,510.70**
Oriental Food Express Limited	17,408,846.61			**17,408,846.61**
Hubei New Liuwu Foodstuff Group Co., Ltd.	196,473,384.68	57,120,845.27		**253,594,229.95**
Total	249,008,741.99	57,120,845.27		**306,129,587.26**

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.16 Goodwill (continued)

5.16.3 The composition of the asset group or combination of asset groups to which the goodwill belongs

Name	The composition and basis of the asset group or asset group combination	Operating segments and basis of determination	Whether it is consistent with previous years
Wuxi Anjoy Foods Marketing Co., Ltd. cash-generating unit (CGU)	Non-current assets associated with goodwill of Wuxi Anjoy Foods Marketing Co., Ltd.	Cash inflows are independent of the cash inflows from other assets or groups of assets.	Yes
Honghu Xinhongye Food Co., Ltd. CGU	Operating long-term assets of Honghu Xinhongye Food Co., Ltd. and its subsidiaries	Cash inflows are independent of the cash inflows from other assets or groups of assets.	Yes
Hubei New Liuwu Foodstuff Group Co., Ltd. CGU	Operating long-term assets of Hubei New Liuwu Foodstuff Group Co., Ltd. and its subsidiaries	Cash inflows are independent of the cash inflows from other assets or groups of assets.	Yes
Oriental Food Express Limited CGU	Principal operating assets of Oriental Food Express Limited and its subsidiaries	Cash inflows are independent of the cash inflows from other assets or groups of assets.	Yes
Jiangsu Ding Wei Tai Food Co., Ltd. Prepared Foods CGU	Principal operating assets of Jiangsu Ding Wei Tai Food Co., Ltd. and its prepared food subsidiaries	Cash inflows are independent of the cash inflows from other assets or groups of assets.	Yes
Jiangsu Ding Wei Tai Food Co., Ltd. Baked Foods CGU	The principal operating assets of Lekal (Taicang) Bakery Co., Ltd. and its subsidiaries	Cash inflows are independent of the cash inflows from other assets or groups of assets.	Yes

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.16 Goodwill (continued)

5.16.4 Methodology for determining recoverable amount

Determined by the present value of estimated future cash flows

Items	Carrying Amount	Recoverable Amount	Impairment Amount	Projection Period (year)	Key Assumptions (Growth Rate, Profit Margin, etc.)	Basis for determining the key parameters during the forecast period	Key assumptions in the terminal period	Basis for determining the key parameters during the terminal period
Hubei New Liuwu Foodstuff Group Co., Ltd. CGU	756,601,207.52	675,000,000.00	57,120,845.27	5.5	The revenue growth rates from the second half of 2026 to 2031 are 2.87%, 3.14%, 3.21%, 3.26%, 3.30%, and 3.31%, respectively; the EBIT margins for the same period are 5.32%, 3.02%, 4.10%, 5.19%, 6.32%, and 7.41%, respectively.	Based on the Company's predictions of future revenues, costs and expenses	Upon entering the terminal period in 2032, the revenue growth rate will be 0% and the pre-tax profit margin will be 7.41%.	The key parameters during the terminal period are based on the relevant 2031 data.
Total	756,601,207.52	675,000,000.00	57,120,845.27	/	/			

At the end of the current reporting period, the Company's management performed a goodwill impairment test on the asset group of Hubei New Liuwu Foodstuff Group Co., Ltd. The test results indicated that goodwill attributable to the owners of the parent company for this asset group was impaired by RMB57,120,845.27 during the current period.

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.16 Goodwill (continued)

5.16.5 Completion status of performance commitments

Goodwill recognised with performance commitments, where current or prior reporting period is within performance commitment period.

	Completion of Performance Commitments						Impairment loss on goodwill	
	For the six months ended 30 June 2026			Year ended 31 December 2025			For the six months ended 30 June 2026	Year ended 31 December 2025
Item	Committed performance	Actual performance	Completion rate	Committed performance	Actual performance	Completion rate		
Jiangsu Ding Wei Tai Food Co., Ltd.	62,656,666.67	46,431,267.32	74.10	62,656,666.67	82,030,930.88	130.92		

The equity transfer agreement between the Company and the original shareholders of Jiangsu Ding Wei Tai Food Co., Ltd. (hereinafter referred to as the "Target Company") stipulates that Shanghai Haddock Run Food Co., Ltd. and Lianyungang Lecker Consulting Management Partnership Enterprise (Limited Partnership), as the performance guarantors, make the following performance commitments for the performance assessment years (i.e., 2025, 2026, and 2027): During each performance assessment year, the annual standardized net profit of the Target Company shall not be less than RMB55.70 million. Based on the audited standardized net profit for 2024 (which shall not be less than RMB55.70 million), the compound annual growth rate for each year shall not be less than (inclusive of) 6%. Furthermore, the sum of the standardized net profits for the performance assessment years shall not be less than (inclusive of) RMB187.97 million.

For the 2026 performance commitment, the average of the committed profits during the assessment year was used as the benchmark. The actual performance for the first half of the year reached RMB46.4313 million, achieving 74.10% of the annual target committed. Consequently, no goodwill impairment test was performed at the end of the current reporting period.

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.17 Long-term deferred expenses

Item	31 December 2025	Increase in the current period	Amortization amount in the current Period	Other reduction amount	30 June 2026
Renovation and decoration expenses	110,550,477.19	3,818,736.30	14,724,220.38		**99,644,993.11**
Royalty fees	656,944.82	66,371.68	160,449.16		**562,867.34**
Others	993,690.61	1,233,092.84	404,040.07		**1,822,743.38**
Total	112,201,112.62	5,118,200.82	15,288,709.61		**102,030,603.83**

5.18 Deferred tax assets and deferred tax liabilities

5.18.1 Gross deferred tax assets

	30 June 2026		31 December 2025	
Item	**Deductible temporary differences**	**Deferred tax assets**	Deductible temporary differences	Deferred tax assets
Provision for asset impairments	**26,766,902.28**	**6,590,663.64**	17,312,426.95	3,689,275.17
Unrealized profits on inter-company transactions	**136,125,586.47**	**34,031,396.57**	209,053,974.00	52,263,493.47
Deductible tax losses	**241,499,100.78**	**59,237,954.59**	29,961,814.64	6,687,318.41
Credit impairment loss	**41,474,971.76**	**10,213,646.25**	36,053,927.15	8,832,440.22
Accrued expense	**14,384,086.97**	**3,596,021.75**	14,634,925.03	3,658,731.27
Deferred income	**195,932,116.62**	**46,138,383.31**	196,348,694.36	46,382,300.08
Estimated liabilities	**95,701,650.29**	**23,925,412.57**	261,627,520.36	65,406,880.11
Lease liabilities	**57,493,970.92**	**14,225,478.75**	55,841,908.08	13,778,935.65
Changes in fair value of financial assets			60,621,090.56	15,155,272.64
Total	**809,378,386.09**	**197,958,957.43**	881,456,281.13	215,854,647.02

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.18 Deferred tax assets and deferred tax liabilities (continued)

5.18.2 Gross deferred tax liabilities

Item	30 June 2026 Taxable temporary differences	30 June 2026 Deferred tax liabilities	31 December 2025 Taxable temporary differences	31 December 2025 Deferred tax liabilities
One-off tax deduction for fixed assets	**638,727,181.55**	**152,119,237.31**	654,686,374.29	155,379,835.00
Interest capitalization for convertible bonds	**15,555,983.82**	**3,888,995.74**	16,114,176.90	4,028,544.04
Changes in fair value of financial assets	**128,375,110.48**	**32,012,114.09**	2,418,745.99	604,686.50
Interest income	**200,000.00**	**50,000.00**	1,208,747.37	302,186.84
Right-of-use assets	**50,557,920.48**	**12,488,231.76**	50,884,656.71	12,531,806.78
Value increases arising from asset revaluation of business combination not under common control	**408,494,979.83**	**102,123,744.72**	438,670,585.10	109,667,646.05
Total	**1,241,911,176.16**	**302,682,323.62**	1,163,983,286.36	282,514,705.21

5.18.3 Net amounts of deferred tax assets and liabilities after offsetting

Item	30 June 2026 Amount of offsetting	30 June 2026 Balance after set-off	31 December 2025 Amount of offsetting	31 December 2025 Balance after set-off
Deferred tax asset	**56,304,994.48**	**141,653,962.95**	48,463,745.84	167,390,901.18
Deferred tax liabilities	**56,304,994.48**	**246,377,329.14**	48,463,745.84	234,050,959.37

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.18 Deferred tax assets and deferred tax liabilities (continued)

5.18.4 Details of unrecognized deferred tax assets

Item	30 June 2026	31 December 2025
Deductible temporary differences	22,525.17	5,224.00
Deductible tax losses	36,486,394.27	35,267,379.00
Total	36,508,919.44	35,272,603.00

5.18.5 Expiry of deductible tax losses for which deferred tax assets have not been recognized

Year	30 June 2026	31 December 2025	Notes
2031	1,569,727.29		
2030	10,197,815.74	10,197,815.74	
2029	12,626,459.67	12,626,459.67	
2028	9,950,703.44	9,950,703.44	
2027	2,141,688.13	2,141,688.13	
2026		350,712.02	
Total	36,486,394.27	35,267,379.00	

5.19 Other non-current assets

	30 June 2026			31 December 2025		
Item	Gross carrying amount	Impairment provision	Net book value	Gross carrying amount	Impairment provision	Net book value
Prepayments for plant and equipment	91,305,131.90		91,305,131.90	45,886,576.33		45,886,576.33
Others				238,493.00		238,493.00
Total	91,305,131.90		91,305,131.90	46,125,069.33		46,125,069.33

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.20 Assets subject to restrictions in ownership or use right

Item	30 June 2026 Gross carrying amount	30 June 2026 Net book value	30 June 2026 Restricted type	30 June 2026 Restricted status	31 December 2025 Gross carrying amount	31 December 2025 Net book value	31 December 2025 Restricted type	31 December 2025 Restricted status
Cash at bank and on hand	**135,548,790.89**	**135,548,790.89**	**Other**	**As described in Note (5.1) Cash at bank and on hand**	132,724,425.31	132,724,425.31	Other	As described in Note (5.1) Cash at bank and on hand
Fixed assets	**144,382,799.74**	**119,143,369.09**	**Mortgaged**	**Secured borrowings**	144,382,799.74	122,617,220.71	Mortgaged	Secured borrowings
Intangible assets	**19,573,295.51**	**18,054,962.47**	**Mortgaged**	**Secured borrowings**	19,573,295.51	18,253,005.91	Mortgaged	Secured borrowings
Receivables financing	**18,174,764.78**	**18,174,764.78**	**Pledged**	**Receivables Factoring**	1,280,353.16	1,216,335.50	Pledged	Receivables Factoring
Total	**317,679,650.92**	**290,921,887.23**	**/**	**/**	297,960,873.72	274,810,987.43	/	/

5.21 Short-term borrowings

5.21.1 Classification of short-term borrowings

Item	30 June 2026	31 December 2025
Secured and guaranteed bank loans		100,000,000.00
Pledged bank loans		105,307,460.88
Secured borrowings	**100,000,000.00**	
Guaranteed bank loans	**745,000,000.00**	664,500,000.00
Credit bank loans	**100,000.00**	20,200,000.00
Interest	**543,422.47**	597,426.91
Total	**845,643,422.47**	890,604,887.79

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.21 Short-term borrowings (continued)

5.21.1 Classification of short-term borrowings (continued)

Notes: As at 30 June 2026 and 31 December 2025, the short-term borrowings held by the Group were all bank loans due within one year.

(1) The secured and guaranteed bank loan represents borrowings from banks by the subsidiary, Hubei New Liuwu Foodstuff Group Co., Ltd. (hereinafter referred to as "New liuwu"), with an outstanding balance of RMB100,000,000.00 as at the end of the period. New liuwu has provided mortgage guarantee with six properties and the related land use rights located at No. 1, Pingyuan Yuan Road, Zongkou Administrative District, Qianjiang City (property certificate numbers: E (2023) Qianjiang Real Estate Right Certificate No. 0003933, E (2023) Qianjiang Real Estate Right Certificate No. 0003934, E (2023) Qianjiang Real Estate Right Certificate No. 0003935, E (2023) Qianjiang Real Estate Right Certificate No. 0004104, E (2023) Qianjiang Real Estate Right Certificate No. 0024885 and E (2023) Qianjiang Real Estate Right Certificate No. 0024897) owned by itself.

(2) Among the guaranteed borrowings, the ending balance of borrowings from banks by the Subsidiary, Hubei New Liuwu Foodstuff Group Co., Ltd., amounted to RMB325,000,000.00, of which RMB25,000,000.00 was guaranteed by Mr. Liu Zhonghu, a minority shareholder of New liuwu, under a joint and several liability guarantee; RMB100,000,000.00 was jointly guaranteed by both the Company and Mr. Liu Zhonghu under a joint and several liability guarantee; and RMB200,000,000.00 was guaranteed by both the Company and Mr. Liu Zhonghu under a joint and several liability guarantee, in proportion to their respective shareholdings.

(3) Among the guaranteed borrowings, the ending balance of borrowings from banks by the Subsidiary, Honghu Xinhongye Food Co., Ltd., amounted to RMB300,000,000.00, of which RMB100,000,000.00 was jointly guaranteed by the Company and Mr. Xiao Huabing, a minority shareholder of Xinhongye, under a joint and several liability guarantee; and RMB200,000,000.00 was guaranteed by the Company and Mr. Xiao Huabing under a joint and several liability guarantee, in proportion to their respective shareholdings.

(4) Among the guaranteed borrowings, the ending balance of borrowings from banks by the Subsidiary, Honghu Anjoy Foods Co., Ltd., amounted to RMB120,000,000.00, which was jointly guaranteed by the Company and Mr. Xiao Huabing, a minority shareholder of Honghu Anjoy, under a joint and several liability guarantee.

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.22 Notes payable

Type	30 June 2026	31 December 2025
Bank acceptance bills	**181,231,536.95**	167,899,413.21
Commercial acceptance bills		
Total	**181,231,536.95**	167,899,413.21

The total amount of notes payable due but unpaid at the end of the 30 June 2026 was RMB0.

5.23 Accounts payable

5.23.1 Aging analysis from the data when they were recognized

Item	30 June 2026	31 December 2025
Within 1 year	**1,529,500,618.70**	1,462,519,590.14
Over 1 year	**13,499,323.81**	35,733,097.97
Total	**1,542,999,942.51**	1,498,252,688.11

The primary components of accounts payable aged over one year within the Group consist of engineering and equipment warranty retainages and outstanding balances for engineering and equipment. As of June 30, 2026, and December 31, 2025, the balances for such warranty retainages and outstanding balances were RMB8,762,555.46 and RMB31,370,750.63, respectively.

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.24 Contract liabilities

5.24.1 Details of contract liabilities

Item	30 June 2026	31 December 2025
Advances received from customers for product sales	**381,780,129.66**	573,510,094.73
Total	**381,780,129.66**	573,510,094.73

5.24.2 The amounts and reasons for significant changes in carrying amount during the reporting period

Item	**Amount of change**	**Reasons for change**
Advances received from customers for product sales	-191,729,965.07	The decrease in contract liabilities was primarily due to the reduction in consideration for goods received in advance during the current period.
Total	-191,729,965.07	

5.25 Employee benefits payable

5.25.1 Breakdown of employee benefits payable

Item	31 December 2025	Increase in the current period	Decrease in the current period	30 June 2026
Short-term employee benefits	215,982,274.66	844,491,838.23	917,308,849.54	**143,165,263.35**
Post-employment benefits – defined contribution plans	581,938.70	83,590,634.18	83,702,400.61	**470,172.27**
Termination benefits		2,227,300.88	2,227,300.88	
Other benefits due within one year				
Total	216,564,213.36	930,309,773.29	1,003,238,551.03	**143,635,435.62**

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.25 Employee benefits payable (continued)

5.25.2 Breakdown of short-term employee benefits

Item	31 December 2025	Increase in the current period	Decrease in the current period	30 June 2026
(1) Salaries, bonuses, allowances and subsidies	214,299,256.66	732,080,613.02	804,854,588.17	**141,525,281.51**
(2) Welfare expenses for the employees		44,800,598.55	44,800,598.55	
(3) Social security contributions	424,141.88	45,422,631.20	45,529,416.60	**317,356.48**
Including: Medical insurance	15,400.07	37,474,666.06	37,471,583.15	**18,482.98**
Work injury insurance	629.75	3,671,702.51	3,671,471.62	**860.64**
Maternity insurance	207.28	2,083,127.28	2,083,013.13	**321.43**
Comprehensive Insurance	407,904.78	2,193,135.35	2,303,348.70	**297,691.43**
(4) Housing funds	192,146.95	18,846,983.60	18,850,502.10	**188,628.45**
(5) Labor union funds and employee education funds	1,066,729.17	3,341,011.86	3,273,744.12	**1,133,996.91**
(6) Short-term paid absences				
(7) Short-term profit-sharing plan				
Total	215,982,274.66	844,491,838.23	917,308,849.54	**143,165,263.35**

5.25.3 Breakdown of defined contribution plan

Item	31 December 2025	Increase in the current period	Decrease in the current period	30 June 2026
Basic pensions insurance	580,920.16	80,865,832.42	80,977,810.24	**468,942.34**
Unemployment insurance	1,018.54	2,724,801.76	2,724,590.37	**1,229.93**
Contributions to enterprise annuities				
Total	581,938.70	83,590,634.18	83,702,400.61	**470,172.27**

The Company and its subsidiaries participate in pension and unemployment benefit plans established by government authorities in accordance with regulations. Under these plans, the Group calculates and contributes monthly to the plans based on the benchmarks and contribution rates prescribed by the state. The corresponding contributions are recognized in profit or loss or included in the cost of relevant assets as incurred. Apart from the monthly contributions mentioned above, the Group has no further payment obligations, and the contributions paid are not allowed to be used or withdrawn by the Company.

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.26 Taxes payable

Tax Item	30 June 2026	31 December 2025
Enterprise income tax	**111,360,123.66**	265,581,171.26
Value-added tax	**52,018,780.68**	45,998,575.17
Other taxes	**24,426,303.92**	20,840,257.02
Total	**187,805,208.26**	332,420,003.45

5.27 Other payables

5.27.1 Items presented

Item	30 June 2026	31 December 2025
Interests payable		
Dividends payable	**59,304,800.83**	
Other payables	**220,427,395.97**	197,517,164.81
Total	**279,732,196.80**	197,517,164.81

5.27.2 Dividends payable

Item	30 June 2026	31 December 2025
Dividends of Ordinary share	**59,304,800.83**	
Total	**59,304,800.83**	

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.27 Other payables (continued)

5.27.3 Other payables

Disclosure of other payables by nature

Item	**30 June 2026**	31 December 2025
Accrued expenses	**109,634,956.38**	85,243,436.85
Deposits	**40,129,540.72**	41,860,163.83
Inter-company balances	**69,689,106.82**	69,502,442.35
Funds held on behalf of others	**519,625.44**	449,740.84
Others	**454,166.61**	461,380.94
Total	**220,427,395.97**	197,517,164.81

5.28 Non-current liabilities due within one year

Item	**30 June 2026**	31 December 2025
Long-term payables due within one year	**15,205,289.60**	15,055,550.48
Lease liabilities due within one year	**17,219,379.76**	15,398,397.80
Total	**32,424,669.36**	30,453,948.28

5.29 Other current liabilities

Item	**30 June 2026**	31 December 2025
VAT output pending for transfer	**49,438,258.82**	74,510,070.67
Provisions	**120,545,696.24**	300,086,068.75
Others	**19,227,120.87**	1,280,353.16
Total	**189,211,075.93**	375,876,492.58

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.30 Lease liabilities

Item	30 June 2026	31 December 2025
Buildings leases	**50,031,127.66**	48,132,540.47
Equipment leases		23,825.46
Total	**50,031,127.66**	48,156,365.93

Item	30 June 2026	31 December 2025
Lease liabilities	**67,250,507.42**	63,554,763.73
Less: Lease liabilities due within one year (As described in Note (5.28))	**17,219,379.76**	15,398,397.80
Lease liabilities due over one year	**50,031,127.66**	48,156,365.93
Including: Due over one year but within two years (inclusive)	**5,551,325.04**	5,437,567.45
Due over two years but within five years (inclusive)	**16,269,619.84**	14,092,699.28
Due over five years	**28,210,182.78**	28,626,099.20

5.31 Long-term payables

Item	30 June 2026	31 December 2025
Long-term payables	**123,462,961.04**	123,313,819.05
Special purpose payables		
Total	**123,462,961.04**	123,313,819.05

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.31 Long-term payables (continued)

5.31.1 Long-term payables

Item	30 June 2026	31 December 2025
Long-term payables for purchase of property and land on installment	**7,239,970.30**	7,090,828.31
Forward obligation to acquire non-controlling interests	**116,222,990.74**	116,222,990.74
Total	**123,462,961.04**	123,313,819.05

The Company entered into an equity transfer agreement with the original shareholders of Jiangsu Ding Wei Tai Food Co., Ltd. (hereinafter referred to as the "Target Company"). Pursuant to the agreement, if the Target Company achieves the performance commitments for the performance assessment years, with respect to the remaining 30% equity interest after the completion of this acquisition, the relevant parties agree that the Company or its designated third party will acquire additional 20% of the equity interest in the Target Company held by the controlling shareholder and the employee share ownership platform. The consideration shall be calculated based on a valuation of the Target Company equal to 12 times the average of the standardized net profits for each performance assessment year plus RMB75 million (with a floor valuation of the acquisition valuation in the initial transaction). The Company has recognized the forward acquiring obligation in respect of the 20% equity interest in the Target Company based on the valuation applied in the initial acquisition.

Item	30 June 2026	31 December 2025
Long-term payables	**138,668,250.64**	138,369,369.53
Less: Long-term payables due within one year (As described in Note (5.28))	**15,205,289.60**	15,055,550.48
Long-term payables due over one year	**123,462,961.04**	123,313,819.05
Including: Due over one year but within two years (inclusive)	**123,462,961.04**	7,090,828.31
Due over two years but within five years (inclusive)		116,222,990.74
Due over five years		

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.32 Long-term employee benefits payable

5.32.1 Breakdown of long-term employee benefits payable

Item	30 June 2026	31 December 2025
Other long-term benefits	**2,146,477.45**	2,146,477.45
Performance bonus	**1,549,941.14**	1,549,941.14
Total	**3,696,418.59**	3,696,418.59

5.33 Deferred income

Item	31 December 2025	Increase in the current period	Decrease in the current period	30 June 2026	Recognition reason
Government grants related to income	2,537,454.12	20,000.00	246,828.55	**2,310,625.57**	Government grants received that have not yet been recognized in profit or loss.
Government grants related to assets	168,249,174.08	12,158,750.00	23,889,305.76	**156,518,618.32**	Government grants related to assets received are amortized over the beneficial periods
Total	170,786,628.20	12,178,750.00	24,136,134.31	**158,829,243.89**	/

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.34 Share capital

Item	31 December 2025	Movement in the current period (increase+/decrease-) Issuance of new shares	Stock dividend	Conversion of reserves into shares	Others	Subtotal	30 June 2026
Total shares	333,288,932.00						333,288,932.00

5.35 Capital surplus

Item	31 December 2025	Increase in the current period	Decrease in the current period	30 June 2026
Capital premium (Share premium)	9,873,070,061.39			9,873,070,061.39
Other capital surplus	180,933,329.10			180,933,329.10
Total	10,054,003,390.49			10,054,003,390.49

5.36 Treasury shares

Items	31 December 2025	Increase in the current period	Decrease in the current period	30 June 2026
Share repurchase for equity incentive	108,593,033.82			108,593,033.82
Total	108,593,033.82			108,593,033.82

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.37 Other comprehensive income

Item	31 December 2025	Current period amount						30 June 2026
		Amount before income tax in the period	Less: amount included in other comprehensive income in prior period and transfers to current profit or loss	Less: income tax expenses	Amount after tax attributable to the Company	Amount after tax attributable to non-controlling shareholders	Less: amount included in other comprehensive income in prior period and transfers to retained earnings in the current period	
1. Other comprehensive income that will not to be reclassified into profit or loss								
2. Other comprehensive income that will be reclassified into profit or loss	2,142,538.11	-2,338,743.01			-1,636,886.23	-701,856.78		505,651.88
Translation differences arising on translation of foreign currency financial statements	2,142,538.11	-2,338,743.01			-1,636,886.23	-701,856.78		505,651.88
Total of other comprehensive income	2,142,538.11	-2,338,743.01			-1,636,886.23	-701,856.78		505,651.88

5.38 Surplus reserve

Item	31 December 2025	Increase in the current period	Decrease in the current period	30 June 2026
Statutory surplus reserve	167,902,880.22			167,902,880.22
Total	167,902,880.22			167,902,880.22

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.39 Retained earnings

Item	Six months ended 30 June 2026	Year ended 31 December 2025
Ending balance of retained earnings at end of prior year before adjustments	**5,043,878,192.65**	4,474,436,194.16
Total adjustments to the opening balance of retained earnings (Increase "+", Decrease "–")		
Opening balance of retained earnings after adjustments	**5,043,878,192.65**	4,474,436,194.16
Add: net profits attributable to the Company's shareholders in the period	**822,086,578.17**	1,359,237,139.62
Less: appropriation to statutory surplus reserve		19,997,350.00
Appropriation to discretionary surplus reserve		
Appropriation to general risk reserve		
Dividend distribution to ordinary shareholders	**478,264,366.08**	769,797,791.13
Transfer from ordinary dividend to share capital		
Ending balance of retained earnings at end of the period	**5,387,700,404.74**	5,043,878,192.65

1. Details of Adjustments to opening retained earnings:

    1) Retrospective adjustments arising from the Accounting Standards for Business Enterprises and relevant new regulations: Effect on opening retained earnings: RMB0.

    2) Change in accounting policies: Effect on opening retained earnings: RMB0.

    3) Correction of material prior period accounting errors: effect on opening retained earnings: RMB0.

    4) Change in scope of consolidation arising from business combination under common control: Effect on opening retained earnings: RMB0.

    5) Total other adjustments: Effect on closing retained earnings: RMB0.

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.39 Retained earnings (continued)

2. Dividend distribution explanation

On May 21, 2026, the Company convened its 2025 Annual General Meeting (AGM), at which the "Proposal on the 2025 Profit Distribution Plan" was approved. The 2025 profit distribution plan is as follows: Based on the total share capital registered on the equity registration date for the dividend distribution, less the shares held in the Company's special repurchase account, a cash dividend of RMB1.44 per share (inclusive of tax) is proposed to be paid to all shareholders. The Company's total share capital stands at 333,288,932 shares, after deducting the 1,160,900 shares repurchased by the Company and held in the special securities repurchase account, the actual share capital participating in the distribution amounts to 332,128,032 shares. Cash dividends shall be paid in Renminbi to A-share holders and in Hong Kong Dollars (HKD) to H-share holders. The actual amount of HKD distributed to H-share holders shall be converted based on the central parity rate of RMB against HKD published by the People's Bank of China on the date of the AGM. The total cash dividend to be distributed is RMB478,264,366.08 (inclusive of tax). (For the period of January to June 2025, the amount was RMB296,515,337.54)

5.40 Operating income and operating costs

5.40.1 Breakdown of operating income and operating costs

Item	For the six months ended 30 June 2026		For the six months ended 30 June 2025	
	Revenue	Cost of sales	Revenue	Cost of sales
Main operations	9,255,881,856.53	7,297,169,735.43	7,597,284,014.88	6,043,054,055.85
Other operations	10,458,572.07	799,304.44	7,156,441.83	805,787.05
Total	9,266,340,428.60	7,297,969,039.87	7,604,440,456.71	6,043,859,842.90

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.40 Operating income and operating costs (continued)

5.40.2 Disaggregated of operating income and operating costs

	Total	
Categories of contract	**Operating income**	**Operating costs**
By product category		
Quick-frozen flavored and processed products	4,750,389,176.02	3,402,961,507.95
Quick-frozen prepared dishes	2,988,994,215.44	2,710,562,352.47
Quick-frozen flour and rice products	1,185,909,616.71	922,109,806.76
Bakery products	77,764,477.00	62,523,531.02
Other products	252,824,371.36	199,012,537.23
By operating region		
Eastern China	4,010,614,111.70	3,117,324,875.23
Northern China	1,255,942,585.60	962,776,274.09
Central China	1,176,193,823.85	942,570,197.55
Southern China	906,657,809.14	745,523,741.69
Northeastern China	719,737,124.97	547,589,986.11
Southwestern China	567,762,314.79	478,374,788.36
Northwestern China	525,373,277.47	428,613,835.72
Overseas	93,600,809.01	74,396,036.68
By sales channel		
Distributors	7,228,668,465.78	5,708,340,420.48
New retail and E-commerce	926,372,499.24	696,467,404.58
Targeted Enterprise	644,358,945.75	568,111,035.98
Supermarket	456,481,945.76	324,250,874.39
Others	10,458,572.07	799,304.44
Total	9,266,340,428.60	7,297,969,039.87

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.41 Taxes and surcharges

Item	For the six months ended 30 June 2026	For the six months ended 30 June 2025
City maintenance and construction tax	**24,361,980.70**	18,549,321.59
Educational surcharge	**18,836,928.01**	14,095,676.54
Property tax	**15,784,521.80**	15,057,789.86
Land use tax	**5,526,258.82**	5,223,627.45
Stamp duty	**9,914,069.74**	8,487,442.34
Others	**601,255.65**	387,063.64
Total	**75,025,014.72**	61,800,921.42

5.42 Selling expenses

Item	For the six months ended 30 June 2026	For the six months ended 30 June 2025
Office expenses	**2,567,921.21**	2,515,215.15
Travel expenses	**18,610,209.89**	19,621,244.44
Advertising expenses	**87,409,049.72**	78,287,519.63
Conference expenses	**807,577.15**	1,123,513.07
Outsourcing service expenses	**5,413,115.80**	9,349,353.14
Logistics expenses	**69,430,200.14**	53,950,591.30
Sales promotion and entry fees	**119,308,570.86**	95,357,735.76
Depreciation	**1,444,325.70**	1,421,910.88
Depreciation of right-of-use assets	**365,120.06**	585,539.70
Employee salaries, social insurance, benefits. etc.	**173,210,230.06**	177,490,005.67
Others	**861,642.66**	1,325,834.83
Total	**479,427,963.25**	441,028,463.57

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.43 General and administration expenses

Item	For the six months ended 30 June 2026	For the six months ended 30 June 2025
Office and administrative expenses	**14,816,826.85**	7,770,070.22
Travel expenses	**2,314,367.02**	1,445,034.55
Losses from inventory damage and scrap	**1,241,168.61**	1,165,881.50
Depreciation of fixed assets	**20,229,993.04**	19,985,680.20
Consulting expenses	**16,834,083.37**	13,202,621.30
Business entertainment expenses	**5,322,752.38**	4,076,474.00
Transporting expenses	**2,622,217.25**	1,521,410.08
Amortization of long-term assets	**34,962,684.81**	24,349,021.36
Repairs and consumables	**4,481,475.91**	5,203,334.19
Share-based payment expenses		25,400,090.10
Depreciation of right-of-use assets	**392,134.13**	723,625.53
Employee salaries, social insurance, benefits	**117,954,841.38**	100,978,422.73
Others	**942,888.73**	795,270.30
Total	**222,115,433.48**	206,616,936.06

5.44 Research and development expenses

Item	For the six months ended 30 June 2026	For the six months ended 30 June 2025
Materials costs	**13,531,359.59**	14,242,747.67
Employee benefits	**22,749,532.70**	19,043,126.14
Depreciation and amortization expenses	**4,584,919.34**	4,332,007.65
Other expenses	**1,821,821.33**	2,312,338.86
Total	**42,687,632.96**	39,930,220.32

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.45 Financial expenses

Item	For the six months ended 30 June 2026	For the six months ended 30 June 2025
Interest expenses	**9,384,911.33**	5,402,953.61
Including: Interest expenses on lease liabilities	**1,131,740.10**	642,492.68
Less: Interest income	**46,995,136.29**	11,877,722.69
Exchange gains and losses	**66,483,987.86**	-210,039.78
Others	**326,487.22**	319,573.30
Total	**29,200,250.12**	-6,365,235.56

5.46 Other income

Item	For the six months ended 30 June 2026	For the six months ended 30 June 2025
Government grants	**28,620,492.68**	23,944,074.64
Withholding service fee for individual income tax	**547,882.34**	840,837.08
Direct tax reductions	**1,190,200.00**	1,615,100.00
Total	**30,358,575.02**	26,400,011.72

5.47 Investment income

Item	For the six months ended 30 June 2026	For the six months ended 30 June 2025
Investment incomes from long-term equity investments recognized under equity method	**3,192,311.61**	2,068,691.86
Investment incomes from disposal of financial assets held for trading	**32,322,624.36**	22,436,286.94
Others	**115,308.25**	351,570.07
Total	**35,630,244.22**	24,856,548.87

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.48 Profit arising from changes in fair value

Source of gains from changes in fair value	For the six months ended 30 June 2026	For the six months ended 30 June 2025
Financial assets held for trading	**15,688,477.80**	11,998,224.44
Total	**15,688,477.80**	11,998,224.44

5.49 Credit impairment losses

Item	For the six months ended 30 June 2026	For the six months ended 30 June 2025
Bad debt provision on notes receivable	**-4,456.60**	
Bad debt provision on accounts receivable	**12,099,644.79**	12,292,205.25
Bad debt provision on receivables financing	**988,338.43**	
Bad debt provision on other receivables	**228,535.42**	-592,246.67
Total	**13,312,062.04**	11,699,958.58

5.50 Asset impairment losses

Item	For the six months ended 30 June 2026	For the six months ended 30 June 2025
Decline in the value of inventories and impairment of contract fulfillment costs	**46,090,038.09**	15,883,647.91
Impairment of goodwill	**57,120,845.27**	
Total	**103,210,883.36**	15,883,647.91

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.51 Gains from assets disposal

Item	For the six months ended 30 June 2026	For the six months ended 30 June 2025
Gains from disposal of fixed assets	**146,993.94**	-100,320.29
Gains from disposal of right-of-use assets		1,299.01
Total	**146,993.94**	-99,021.28

5.52 Non-operating income

Item	For the six months ended 30 June 2026	For the six months ended 30 June 2025	Amount included in non-recurring profit or loss in the period
Total gain on disposal of non-current assets	**72,560.14**	49,197.26	72,560.14
Including: Gain on disposal of fixed assets	**72,560.14**	49,197.26	72,560.14
Gain on disposal of intangible assets			
Debt restructuring gain			
Gain on non-monetary asset exchanges			
Donations received			
Government grants	**16,094,437.00**	33,689,277.53	16,094,437.00
Others	**1,798,716.57**	622,637.51	1,798,716.57
Total	**17,965,713.71**	34,361,112.30	17,965,713.71

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.53 Non-operating expenses

Item	For the six months ended 30 June 2026	For the six months ended 30 June 2025	Amount included in non-recurring profit or loss in the period
Total loss on disposal of non-current assets	**2,028,011.31**	646,451.97	2,028,011.31
Including: Loss on disposal of fixed assets	**2,028,011.31**	646,451.97	2,028,011.31
Loss on disposal of intangible assets			
Debt restructuring loss			
Loss on non-monetary asset exchanges			
Donations	**125,000.00**	205,000.00	125,000.00
Others	**540,251.03**	337,089.37	540,251.03
Total	**2,693,262.34**	1,188,541.34	2,693,262.34

5.54 Income tax expenses

5.54.1 Statement of income tax

Item	For the six months ended 30 June 2026	For the six months ended 30 June 2025
Current income tax	**233,583,531.26**	179,967,180.08
Deferred income tax	**38,109,856.44**	31,289,336.18
Total	**271,693,387.70**	211,256,516.26

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.54 Income tax expenses (continued)

5.54.2 Reconciliation from accounting profit to income tax expense

Item	For the six months ended 30 June 2026
Profit before tax	**1,100,488,891.15**
Income tax expenses calculated at the statutory/applicable tax rates	**275,122,222.79**
Impact of different tax rates applied to certain subsidiaries	**-11,710,840.77**
Adjustment for current income tax of prior periods	**1,761,927.47**
Income not subject to tax	**-4,895,352.36**
Costs, expenses and losses not deductible for tax purpose	**16,421,198.00**
Utilization of previously unrecognized tax losses	
Deductible temporary differences or deductible tax losses which no deferred tax assets was recognized in current period	**79,224.86**
Tax credit of research and development expenses, salaries of disabled employees, etc.	**-5,084,992.29**
Other preferential tax policies on income tax	
Income tax expenses	**271,693,387.70**

5.55 Cash flow statement items

5.55.1 Cash relating to operating activities

(1) Cash received relating to other operating activities:

Item	For the six months ended 30 June 2026	For the six months ended 30 June 2025
Government grants	**45,954,333.84**	64,714,655.16
Financial expenses-Interest income	**46,193,339.80**	9,416,674.62
Receipt of deposit	**26,836,658.40**	45,398,343.00
Decrease in restricted cash	**27,384,750.97**	1,753,610.84
Other	**2,636,137.40**	2,905,270.36
Total	**149,005,220.41**	124,188,553.98

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.55 Cash flow statement items (continued)

5.55.1 Cash relating to operating activities (continued)

(2) *Cash paid relating to other operating activities*

Item	For the six months ended 30 June 2026	For the six months ended 30 June 2025
Increase in restricted cash	**59,684,324.88**	46,700.00
Selling expenses	**258,830,817.87**	232,360,263.88
General and administration expenses	**78,554,475.35**	67,384,610.05
Deposits	**28,441,068.26**	73,725,252.35
Others	**2,855,728.95**	3,281,082.34
Total	**428,366,415.31**	376,797,908.62

5.55.2 Cash relating to investment activities

(1) *Cash received relating to material investing activities*

Item	For the six months ended 30 June 2026	For the six months ended 30 June 2025
Recovery of cash management funds	**6,804,396,900.88**	8,293,095,050.76
Total	**6,804,396,900.88**	8,293,095,050.76

(2) *Cash paid relating to material investing activities*

Item	For the six months ended 30 June 2026	For the six months ended 30 June 2025
Payment for cash management arrangements	**6,536,913,616.55**	7,432,000,000.00
Capital expenditure on long-term assets	**409,013,173.11**	483,555,613.14
Total	**6,945,926,789.66**	7,915,555,613.14

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.55 Cash flow statement items (continued)

5.55.3 Cash relating to financing activities

(1) Cash paid relating to other financing activities

Item	For the six months ended 30 June 2026	For the six months ended 30 June 2025
Cash payments for the principal and interest of lease liabilities	**2,296,388.48**	1,299,412.46
IPO expenses	**211,500.00**	16,659,197.81
Others	**187,314.90**	194,259.35
Total	**2,695,203.38**	18,152,869.62

(3) Changes in liabilities arising from financing activities

Item	31 December 2025	Increase in the period		Decrease in the period		Year ended 30 June 2026
		Cash changes	Non-cash changes	Cash changes	Non-cash changes	
Short-term Borrowing	890,604,887.79	675,179,358.08	7,227,127.23	727,367,950.63		**845,643,422.47**
Lease Liabilities	63,554,763.73		5,992,132.17	2,296,388.48		**67,250,507.42**
Other payables – Amounts due from non-controlling shareholders	68,999,214.28		162,677.79	499,214.41		**68,662,677.66**
Total	1,023,158,865.80	675,179,358.08	13,381,937.19	730,163,553.52		**981,556,607.55**

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.56 Supplementary information to the statement of cash flows

5.56.1 Supplementary information to the statement of cash flows

Supplementary information	**For the six months ended 30 June 2026**	For the six months ended 30 June 2025
1. Net profit adjusted to cash flows from operating activities		
Net profit	**828,795,503.45**	675,057,519.96
Add: Asset impairment losses	**103,210,883.36**	15,883,647.91
Credit impairment losses	**13,312,062.04**	11,699,958.58
Depreciation of investment properties	**709,061.21**	
Depreciation of fixed assets, oil and gas assets, productive biological assets	**268,860,876.21**	249,725,455.43
Depreciation of right-of-use assets	**4,305,480.28**	2,813,941.16
Amortization of intangible assets	**35,360,683.65**	24,607,229.32
Amortization of long-term deferred expenses	**15,288,709.61**	8,103,288.26
Losses on disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	**-146,993.94**	99,021.28
Losses from retirement of fixed assets ("-" for gains)	**1,955,451.17**	597,254.71
Losses from changes in fair value ("-" for gains)	**-15,688,477.80**	-11,998,224.44
Finance expenses ("-" for incomes)	**75,061,829.75**	4,073,999.93
Investment losses ("-" for gains)	**-35,630,244.22**	-24,856,548.87
Decreases in deferred tax assets ("-" for increases)	**17,866,443.59**	49,842,217.71
Increases in deferred tax liabilities ("-" for decreases)	**20,243,412.85**	-18,552,881.53
Decreases in inventories ("-" for increases)	**-74,255,347.91**	-437,408,517.43
Decreases in operating receivables ("-" for increase)	**-179,231,763.85**	-174,010,239.05
Increases in operating payables ("-" for decrease)	**-594,993,938.81**	-563,998,403.84
Others		25,400,090.10
Net cash flows from operating activities	**485,023,630.64**	-162,921,190.81
2. Significant investing and financing activities not involving cash receipts and payments		
Debt-to-equity swap		
Convertible bonds due within one year		
Fixed assets under financing lease		
3. Net change in cash and cash equivalents		
Ending balance of cash	**4,675,530,631.55**	2,174,810,789.66
Less: Beginning balance of cash	**4,847,555,491.41**	2,228,321,659.79
Add: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase in cash and cash equivalents	**-172,024,859.86**	-53,510,870.13

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.56 Supplementary information to the statement of cash flows (continued)

5.56.2 Composition of cash and cash equivalents

Item	**30 June 2026**	31 December 2025
1. Cash	**4,675,530,631.55**	4,847,555,491.41
Including: cash on hand	**26,151.02**	50,397.97
Cash at bank available for payment readily	**4,663,082,413.16**	4,842,911,522.42
Other cash and cash equivalents available for payment readily	**12,422,067.37**	4,593,571.02
Central bank deposits available for payment		
Interbank deposits		
Interbank lending funds		
2. Cash equivalents		
Including: bond investments due within three months		
3. Ending balance of cash and cash equivalents	**4,675,530,631.55**	4,847,555,491.41
Including: cash and cash equivalents held but not available for use by the Company or other subsidiaries within the group		

The Company does not have any cash and cash equivalents that are restricted in use but are still presented as such.

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.56 Supplementary information to the statement of cash flows (continued)

5.56.3 Cash at bank and on hand not classified as cash and cash equivalents

Item	30 June 2026	31 December 2025	Reasons for exclusion from cash and cash equivalents
Certificates of deposit and time deposits not available on demand	**61,947,916.67**	91,423,125.00	Not readily available for payment
Bank acceptance bill deposits	**22,889,589.00**	39,995,189.98	Not readily available for payment
Performance deposits	**327,112.21**	1,026,110.33	Not readily available for payment
Frozen funds		280,000.00	Not readily available for payment
Special payment for dividends	**50,384,173.01**		Not readily available for payment
Total	**135,548,790.89**	132,724,425.31	

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.57 Monetary items in foreign currencies

5.57.1 Monetary items in foreign currencies

Item	Original currency as at 30 June 2026	Exchange rate	RMB equivalent as at 30 June 2026
Cash at bank and on hand		–	2,137,008,369.52
USD	307,023,082.32	6.81090	2,091,103,490.90
EUR	258,213.10	7.76710	2,015,291.71
HKD	36,503,483.83	0.86855	31,705,100.89
GBP	1,351,654.11	9.01450	12,184,485.98
JPY	1.00	0.04205	0.04
Accounts receivable		–	27,395,082.39
USD	1,788,018.25	6.81090	12,178,013.51
GBP	1,688,065.77	9.01450	15,217,068.88
Other receivables		–	1,272,291.50
HKD	69,000.00	0.86855	59,929.95
GBP	134,490.16	9.01450	1,212,361.55
Accounts payable		–	3,368,161.58
USD	300.00	6.81090	2,043.27
EUR	23,950.00	7.76710	186,022.05
HKD	112,418.08	0.86855	97,640.72
GBP	341,944.15	9.01450	3,082,455.54
Employee benefits payable		–	2,223,831.27
HKD	6,714.25	0.86855	5,831.66
GBP	246,047.99	9.01450	2,217,999.61
Other payables		–	33,560,558.65
HKD	38,198,887.65	0.86855	33,177,643.87
GBP	42,477.65	9.01450	382,914.78
Non-current liabilities due within one year		–	1,457,983.69
GBP	161,737.61	9.01450	1,457,983.69
Lease liabilities		–	7,072,054.28
GBP	784,519.86	9.01450	7,072,054.28

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.58 Lease

5.58.1 As Lessee

Lease expenses for short-term leases or low-value assets under simplified approach

Item	For the six months ended 30 June 2026	For the six months ended 30 June 2025
Short-term lease expenses (simplified approach) charged to cost of assets or current profit or loss	**8,006,210.99**	8,588,101.51
Lease expenses for low-value assets under simplified approach (excluding short-term leases of low-value assets)		

The basis for determining sale and leaseback transactions

Where the asset transfer in a sale and leaseback transaction qualifies as a sale, the Group, as lessee, measures the right-of-use asset arising from the sale and leaseback based on the portion of the original carrying amount of the asset relating to the right-of-use retained by the Group, and recognises gains or losses only in respect of the rights transferred to the lessor.

Total cash outflows related to leases amounted to RMB4,101,152.83.

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.58 Lease (continued)

5.58.2 As Lessor

(1) Operating Leases

	Income of leases	Including: Income relating to variable lease payments that are not included in the measurement of lease receivables
Income of operating leases	656,007.78	
Total	656,007.78	

The undiscounted lease payments to be received in the future five years:

Item	Undiscounted lease payments to be received annually 30 June 2026	 31 December 2025
First year	**1,638,446.32**	1,538,446.32
The second year	**1,638,446.32**	1,538,446.32
The third year	**1,212,612.14**	1,288,446.32
The fourth year		343,388.98
The fifth year		
Undiscounted lease payments to be received after five years	**4,489,504.78**	4,708,727.94

5. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.59 Earnings per shares

5.59.1 Basic earnings per share

Basic earnings per share is calculated by dividing the consolidated net profit attributable to ordinary shareholders of the Company by weighted average number of issued ordinary shares of the Company.

Item	**For the six months ended 30 June 2026**	For the six months ended 30 June 2025
Net profit attributable to shareholders of the Company ("-" for net loss)	**822,086,578.17**	675,939,959.13
Weighted average number of issued ordinary shares of the Company	**332,128,032.00**	292,133,332.00
Basic earnings per share	**2.48**	2.31
Including: basic earnings per share from continuing operations	**2.48**	2.31
Basic earnings per share from discontinued operations		

5.59.2 Diluted earnings per share

Diluted earnings per share is calculated by dividing the diluted consolidated net profit attributable to ordinary shareholders of the Company by the diluted weighted average number of ordinary shares outstanding, which is consistent with basic earnings per share.

6. RESEARCH AND DEVELOPMENT EXPENDITURES

6.1 Classification by nature

Item	For the six months ended 30 June 2026	For the six months ended 30 June 2025
Employee benefits	**22,749,532.70**	19,043,126.14
Materials costs	**13,531,359.59**	14,242,747.67
Depreciation and amortization expenses	**4,584,919.34**	4,332,007.65
Other expenses	**1,821,821.33**	2,312,338.86
Total	**42,687,632.96**	39,930,220.32
Including: Expensed research and development expenditures	**42,687,632.96**	39,930,220.32
Capitalized research and development expenditures		

6.2 The Company has no material purchased research and development projects in progress.

7. CHANGES IN SCOPE OF CONSOLIDATION

7.1 Business combination not under common control

No business combination not under common control occurred during the reporting period.

7.2 Business combination under common control

No business combination under common control occurred during the reporting period.

7.3 Reverse acquisition

No reverse acquisition occurred during the reporting period.

7.4 Other changes in scope of consolidation for other reasons

No other changes in scope of consolidation for other reasons occurred during the reporting period.

Notes to the Financial Statements

For the six months ended June 30, 2026
(All amounts in RMB unless otherwise stated)

8. INTERESTS IN OTHER ENTITIES

8.1 Interests in subsidiaries

8.1.1 Structure of the enterprise group

Subsidiaries	Subsidiaries Registered capital	Principal place of business	Place of registration	Business nature	Shareholding (%) Direct	Indirect	Acquisition method	Type of Legal Entity
Wuxi Huashun Minsheng Foods Co., Ltd.	RMB 500 million	Wuxi, Jiangsu, China	Wuxi, Jiangsu, China	Food processing and production	96.84	3.16	Business Combination	Limited Liability Company
Wuxi Anjoy Foods Marketing Co., Ltd.	RMB 312 million	Wuxi, Jiangsu, China	Wuxi, Jiangsu, China	Wholesale and retail of food	100.00		Business combination	Limited Liability Company
Taizhou Anjoy Foods Co., Ltd.	RMB 965 million	Taizhou, Jiangsu, China	Taizhou, Jiangsu, China	Food processing and production	100.00		Establishment	Limited Liability Company
Hong Kong Anjoy Foods Limited	USD 4 million	Hong Kong, China	Hong Kong, China	Sales of Quick-frozen food and investment in supporting industries	100.00		Establishment	Limited Liability Company
Liaoning Anjoy Foods Co., Ltd.	RMB 635 million	Anshan, Liaoning, China	Anshan, Liaoning, China	Food processing and production	100.00		Establishment	Limited Liability Company
Sichuan Anjoy Foods Co., Ltd.	RMB 810 million	Ziyang, Sichuan, China	Ziyang, Sichuan, China	Food processing and production	100.00		Establishment	Limited Liability Company
Hubei Anjoy Foods Co., Ltd.	RMB 500 million	Qianjiang, Hubei, China	Qianjiang, Hubei, China	Food processing and production	100.00		Establishment	Limited Liability Company
Henan Anjoy Foods Co., Ltd.	RMB 1,050 million	Anyang, Henan, China	Anyang, Henan, China	Food processing and production	100.00		Establishment	Limited Liability Company
Guangdong Anjoy Foods Co., Ltd.	RMB 766 million	Foshan, Guangdong, China	Foshan, Guangdong, China	Food processing and production	100.00		Establishment	Limited Liability Company
Xiamen Anjoy Frozen Mr. Frozen Supply Chain Co., Ltd.	RMB 50 million	Xiamen, Fujian, China	Xiamen, Fujian, China	Wholesale and Retail of Food	100.00		Establishment	Limited Liability Company
Hubei Anrun Foods Co., Ltd.	RMB 20 million	Qianjiang, Hubei, China	Qianjiang, Hubei, China	Food processing and production	100.00		Establishment	Limited Liability Company
Shandong Anjoy Foods Co., Ltd.	RMB 655 million	Laoling, Shandong, China	Laoling, Shandong, China	Food processing and production	100.00		Establishment	Limited Liability Company
Honghu Xinhongye Food Co., Ltd.	RMB 80 million	Honghu, Hubei, China	Honghu, Hubei, China	Food processing and production	90.00		Business combination	Limited Liability Company
Honghu Xinhongye Aquatic Co., Ltd.	RMB 2 million	Honghu, Hubei, China	Honghu, Hubei, China	Food processing and production		90.00	Business combination	Limited Liability Company
Honghu Hongye Eco-agriculture Co., Ltd.	RMB 2 million	Honghu, Hubei, China	Honghu, Hubei, China	Feed Processing and Production		90.00	Business combination	Limited Liability Company
Oriental Food Express Limited	GBP 1,416	United Kingdom	United Kingdom	Food Production and Wholesale	69.9859		Business combination	–
Good News International Trading Europe B.V	EUR 1,000	Netherlands	Netherlands	Wholesale and Retail of Food		69.9859	Business combination	–

8. INTERESTS IN OTHER ENTITIES (CONTINUED)

8.1 Interests in subsidiaries (continued)

8.1.1 Structure of the enterprise group (continued)

Subsidiaries	Subsidiaries Registered capital	Principal place of business	Place of registration	Business nature	Shareholding (%) Direct	Indirect	Acquisition method	Type of Legal Entity
Honghu Anjoy Foods Co., Ltd.	RMB 520 million	Honghu, Hubei, China	Honghu, Hubei, China	Food processing and production	90.00		Establishment	Limited Liability Company
Hubei New Liuwu Foodstuff Group Co., Ltd.	RMB 260 million	Qianjiang, Hubei, China	Qianjiang, Hubei, China	Food processing and production	74.4915		Business combination	Limited Liability Company
Qianjiang New Liuwu Food Technology Co., Ltd.	RMB 80 million	Qianjiang, Hubei, China	Qianjiang, Hubei, China	Food processing and production		74.4915	Business combination	Limited Liability Company
Hubei Songlin Biological Feed Co., Ltd.	RMB 5 million	Qianjiang, Hubei, China	Qianjiang, Hubei, China	Feed Processing and Production		74.4915	Business combination	Limited Liability Company
Jiangxi Liuwu Foods Co., Ltd.	RMB 20 million	Jiujiang, Jiangxi, China	Jiujiang, Jiangxi, China	Food processing and production		74.4915	Establishment	Limited Liability Company
Xiamen Anjoy E-commerce Co., Ltd.	RMB 10 million	Xiamen, Fujian, China	Xiamen, Fujian, China	Wholesale and Retail of Food	100.00		Establishment	Limited Liability Company
Xiamen Anjoy Food Industry Co., Ltd.	RMB 610 million	Xiamen, Fujian, China	Xiamen, Fujian, China	Food processing and production	100.00		Establishment	Limited Liability Company
Hong Kong Anjoy Marketing CO., Limited	HKD 10 million	Hong Kong, China	Hong Kong, China	Sales of Quick-frozen Food		100.00	Establishment	Limited Liability Company
Henan Anzhai Foods Co., Ltd.	RMB 50 million	Anyang, Henan, China	Anyang, Henan, China	Food processing and production		100.00	Establishment	Limited Liability Company
Ding Yifeng Food (Taicang) Co., Ltd.	RMB 410 million	Suzhou, Jiangsu, China	Suzhou, Jiangsu, China	Food processing and production	100.00		Business combination	Limited Liability Company
Jiangsu Ding Wei Tai Food Co., Ltd.	RMB 57.848608 million	Lianyungang, Jiangsu, China	Lianyungang, Jiangsu, China	Food processing and production	70.00		Business combination	Limited Liability Company
Lecker (Lianyungang) Seafoods Co., Ltd.	RMB 100 million	Lianyungang, Jiangsu, China	Lianyungang, Jiangsu, China	Food processing and production		70.00	Business combination	Limited Liability Company
Jiangsu Dingguan Food Co., Ltd.	RMB 16.666667 million	Lianyungang, Jiangsu, China	Lianyungang, Jiangsu, China	Food processing and production		70.00	Business combination	Limited Liability Company
Lecker (Taicang) Bakery Co., Ltd.	RMB 86 million	Suzhou, Jiangsu, China	Suzhou, Jiangsu, China	Sale of food products		67.4913	Business combination	Limited Liability Company
Lecker Food (Taicang) Co., Ltd.	RMB 68.086419 million	Suzhou, Jiangsu, China	Suzhou, Jiangsu, China	Food processing and production		67.4913	Business combination	Limited Liability Company
Lecker Bakery (Lianyungang) Co., Ltd.	RMB 20 million	Lianyungang, Jiangsu, China	Lianyungang, Jiangsu, China	Food processing and production		67.4913	Business combination	Limited Liability Company
Lecker Castle (Taicang) Bakery Co., Ltd	RMB 2 million	Suzhou, Jiangsu, China	Suzhou, Jiangsu, China	Sale of food products		67.4913	Business combination	Limited Liability Company

8. INTERESTS IN OTHER ENTITIES (CONTINUED)

8.1 Interests in subsidiaries (continued)

8.1.2 Significant non-wholly owned subsidiaries

Subsidiaries	Shareholding proportion of non-controlling shareholders	Total profit or loss attributable to non-controlling shareholders for the period	Dividends declared to non-controlling shareholders for the period	Non-controlling interests as at end of the period
Honghu Xinhongye Food Co., Ltd.	10.00%	2,663,639.62	2,340,000.00	76,575,627.40
Hubei New Liuwu Foodstuff Group Co., Ltd.	25.5085%	-9,424,265.25		139,042,045.31

8. INTERESTS IN OTHER ENTITIES (CONTINUED)

8.1 Interests in subsidiaries (continued)

8.1.3 Financial information of the significant non-wholly owned subsidiaries

Subsidiaries	30 June 2026 Current assets	30 June 2026 Non-current assets	30 June 2026 Total assets	30 June 2026 Current liabilities	30 June 2026 Non-current liabilities	30 June 2026 Total liabilities	31 December 2025 Current assets	31 December 2025 Non-current assets	31 December 2025 Total assets	31 December 2025 Current liabilities	31 December 2025 Non-current liabilities	31 December 2025 Total liabilities
Honghu Xinhongye Food Co., Ltd.	1,187,001,399.49	347,117,994.62	1,534,119,394.11	715,798,775.49	53,896,674.54	769,695,450.03	806,424,446.08	357,684,704.29	1,164,109,150.37	346,085,856.49	56,686,731.60	402,772,588.09
Hubei New Liuwu Foodstuff Group Co., Ltd.	979,489,121.88	560,469,870.97	1,539,958,992.85	960,626,276.11	38,172,708.60	998,798,984.71	880,487,425.60	573,162,670.01	1,453,650,095.61	835,219,634.98	41,209,699.08	876,429,334.06

Subsidiaries	For the six months ended 30 June 2026 Revenue	For the six months ended 30 June 2026 Net profit	For the six months ended 30 June 2026 Total comprehensive income	For the six months ended 30 June 2026 Cash flows from operating activities	For the six months ended 30 June 2025 Revenue	For the six months ended 30 June 2025 Net profit	For the six months ended 30 June 2025 Total comprehensive income	For the six months ended 30 June 2025 Cash flows from operating activities
Honghu Xinhongye Food Co., Ltd.	1,086,942,273.46	26,487,381.80	26,487,381.80	20,602,982.52	808,324,332.25	12,537,209.81	12,537,209.81	297,714,404.62
Hubei New Liuwu Foodstuff Group Co., Ltd.	729,207,285.38	-36,060,753.41	-36,060,753.41	-26,503,807.58	688,364,637.78	-6,440,321.78	-6,440,321.78	314,885,613.73

Other notes: The data in the table above are derived from the financial statements of material non-wholly owned subsidiaries and have been adjusted based on the fair value of the identifiable assets and liabilities of such subsidiaries at the acquisition date.

8. INTERESTS IN OTHER ENTITIES (CONTINUED)

8.2 Interests in joint ventures or associates

8.2.1 Summarized financial information for insignificant joint ventures and associates

	30 June 2026/ For the six months ended 30 June 2026	31 December 2025/ For the six months ended 30 June 2025
Joint ventures		
Total carrying amounts of investments		
The sum of the following items in proportion to shareholding		
– Net profit		
– Other comprehensive income		
– Total comprehensive income		
Associates:		
Total carrying amounts of investments	**18,124,411.96**	15,568,064.29
The sum of the following items in proportion to shareholding		
– Net profit	**3,192,311.61**	2,068,691.86
– Other comprehensive income		
– Total comprehensive income	**3,192,311.61**	2,068,691.86

9. GOVERNMENT GRANTS

9.1 Liabilities items related to government grants

Liabilities presentation items	31 December 2025	Additional government grants during the period	Amounts recognized to other income during the period	Amounts recognized to gains from assets disposal during the period	Other changes	30 June 2026	Asset related/ Income related
Deferred income	168,249,174.08	12,158,750.00	10,692,517.29	200,788.47	12,996,000.00	**156,518,618.32**	Asset-related government grants
Deferred income	2,537,454.12	20,000.00	246,828.55			**2,310,625.57**	Income-related government grants
Total	170,786,628.20	12,178,750.00	10,939,345.84	200,788.47	12,996,000.00	**158,829,243.89**	

9.2 Government grants recognized in current profit or loss

Type	**For the six months ended 30 June 2026**	For the six months ended 30 June 2025
Income-related	**34,022,412.39**	48,805,958.77
Asset-related	**15,244,839.25**	14,179,050.49
Total	**49,267,251.64**	62,985,009.26

10. RISKS RELATED TO FINANCIAL INSTRUMENTS

10.1 Various risks arising from financial instruments

The Group faces various financial risks in its operations: credit risk, market risk and liquidity risk. The Group 's management is fully responsible for determining the risk management objectives and policies and bears ultimate responsibility therefor. The management reviews the effectiveness of implemented procedures and the reasonableness of risk management objectives and policies through monthly work reports submitted by functional departments. The Company's internal auditors also audit risk management policies and procedures and report relevant findings to the Audit Committee.

10.1.1 Credit risk

Credit risk refers to the risk that the Group may incur financial losses as a result of a counterparty failing to perform its contractual obligations. The Group is mainly exposed to credit risk from customers arising from credit sales. Prior to entering into new contracts, the Group assesses the credit risk of new customers. The Group has set credit limits for major customers, which represent the maximum amounts available without additional approval.

The Group ensures that its overall credit risk remains within a controllable range through irregular monitoring of credit ratings of existing customers, as well as monthly reviews of the ageing analysis of accounts receivable and the ageing analysis of goods delivered. When monitoring customer credit risk, customers are grouped according to their credit characteristics. Customers classified as "high-risk" are placed on a restricted customer list, and the Group may only grant credit to such customers in future periods with additional approval; otherwise, advance payment is required.

10.1.2 Liquidity risk

Liquidity risk refers to the risk that the Company will encounter cash shortages in fulfilling its obligations to settle by delivery of cash or other financial assets.

The Group's policy is to maintain sufficient cash to meet its maturing debts. Liquidity risk is centrally controlled by the finance department of the Group. The finance department monitors cash balances, readily realizable financial assets and rolling cash flow projections for the forthcoming 12 months to ensure that the Group has sufficient funds to meet its maturing debts under all reasonable forecasts.

10. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

10.1 Various risks arising from financial instruments (continued)

10.1.2 Liquidity risk (continued)

Financial liabilities are presented at undiscounted contractual cash flows by maturity date of the Group as follows:

	30 June 2026					
Item	Within 1 year	1-2 years	2-3 years	Over 3 years	Total undiscounted contract amount	Carrying amount
Short-term borrowings	857,474,404.51				857,474,404.51	845,643,422.47
Notes payable	181,231,536.95				181,231,536.95	181,231,536.95
Accounts payable	1,542,999,942.51				1,542,999,942.51	1,542,999,942.51
Other payables	279,732,196.80				279,732,196.80	279,732,196.80
Other current liabilities	189,211,075.93				189,211,075.93	189,211,075.93
Lease liability	19,056,420.79	7,123,587.13	6,698,596.75	47,301,194.36	80,179,799.03	68,283,717.63
Long-term payables	15,553,139.16	134,290,442.24			149,843,581.40	138,668,250.64
Total	3,085,258,716.65	141,414,029.37	6,698,596.75	47,301,194.36	3,280,672,537.13	3,245,770,142.93

	31 December 2025					
Item	Within 1 year	1-2 years	2-3 years	Over 3 years	Total undiscounted contract amount	Carrying amount
Short-term borrowings	897,799,558.90				897,799,558.90	890,604,887.79
Notes payable	167,899,413.21				167,899,413.21	167,899,413.21
Accounts payable	1,498,252,688.11				1,498,252,688.11	1,498,252,688.11
Other payables	197,517,164.81				197,517,164.81	197,517,164.81
Other current liabilities	375,876,492.58				375,876,492.58	375,876,492.58
Lease liability	17,190,679.73	7,023,895.05	5,975,479.75	46,706,227.84	76,896,282.37	63,554,763.73
Long-term payables	15,553,139.16	7,290,442.24	127,000,000.00		149,843,581.40	138,369,369.53
Total	3,170,089,136.50	14,314,337.29	132,975,479.75	46,706,227.84	3,364,085,181.38	3,332,074,779.76

10. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

10.1 Various risks arising from financial instruments (continued)

10.1.3 Market risk

Market risk of financial instruments refers to the risk from the fluctuations in the fair value or future cash flows of financial instruments due to variations in market prices, including exchange rate risk, interest rate risk, and other price risks.

(1) Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Group was exposed to insignificant interest rate risk during the reporting period, which mainly arose from bank borrowings.

The Group maintains sound relationships with banks and reasonably structures its credit lines, credit types and credit tenors to ensure sufficient bank credit facilities, secure favorable interest rates and meet its various financing needs.

Although such a policy cannot fully protect the Group from the risk of paying interest rates exceeding prevailing market rates or eliminate the cash flow risk associated with volatile interest payments, the management considers that the policy achieves a reasonable balance among these risks and has effectively reduced the Group's overall interest rate risk exposure.

(2) Exchange rate risk

Exchange rate risk refers to the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in foreign exchange rates.

The Group continuously monitors the scale of foreign currency transactions, foreign currency assets and liabilities to minimize its exposure to foreign exchange risks. Furthermore, the Group may enter into forward foreign exchange contracts or currency swap contracts in order to hedge against currency risk. The Group has not entered into any forward foreign exchange contracts or currency swap contracts during the current or the prior period.

10. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

10.1 Various risks arising from financial instruments (continued)

10.1.3 Market risk (continued)

(2) *Exchange rate risk* (continued)

The exchange rate risk faced by the Group primarily arises from financial assets denominated in US dollars held by entities with a functional currency of RMB, and financial assets and financial liabilities denominated in foreign currency held by entities with a functional currency of GBP. The amounts of foreign currency-denominated financial assets and financial liabilities held by entities with a functional currency of RMB converted into RMB are as follows:

	30 June 2026		
Item	USD	Others	Total
Cash at bank and on hand	2,091,101,833.77	31,705,100.93	2,122,806,934.70
Accounts receivable	12,178,013.51		12,178,013.51
Other receivables		59,929.95	59,929.95
Total of financial assets	2,103,279,847.28	31,765,030.88	2,135,044,878.16
Accounts payable	2,043.27	283,662.77	285,706.04
Other payables		33,177,643.87	33,177,643.87
Total of financial liabilities	2,043.27	33,461,306.64	33,463,349.91

As at 30 June 2026, holding all other variables constant, a 5% appreciation or depreciation of RMB against USD would increase or decrease the Company's profit for the year by RMB78,872,917.65.

The amounts of foreign currency-denominated financial assets and financial liabilities held by entities with a functional currency of GBP are not material in amount and therefore have not been separately presented. For details, please refer to Note 5.57.

11. DISCLOSURE OF FAIR VALUE

11.1 Ending fair value of assets and liabilities measured at fair value

Item	30 June 2026 Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Continuous fair value measurement				
♦Financial assets held for trading	894,214,269.66	2,527,226,540.70		3,421,440,810.36
1. Financial assets measured at fair value through current profit or loss	894,214,269.66	2,527,226,540.70		3,421,440,810.36
(1) Debt instrument investments				
(2) Equity instrument investments				
(3) Derivative financial assets				
(4) Wealth management products	894,214,269.66	2,527,226,540.70		3,421,440,810.36
2. Designated financial assets measured at fair value through profit or loss				
(1) Debt instrument investments				
(2) Equity instrument investments				
♦Other debt investments				
♦Other equity instrument investments				
♦Investment property				
1. Land use rights held for lease				
2. Buildings held for lease				
3. Land use rights held for value appreciation and subsequent transfer				
♦Biological assets				
1. Consumptive biological assets				
2. Productive biological assets				
♦Receivables financing		18,174,764.78		18,174,764.78
Total assets measured at fair value on a continuing basis	894,214,269.66	2,545,401,305.48		3,439,615,575.14
♦Financial liabilities held for trading				
1. Financial liabilities measured at fair value through current profit or loss				
(1) Issued trading bonds				
(2) Derivative financial liabilities				
(3) Others				
2. Designated financial liabilities measured at fair value through profit or loss				
Total liabilities measured at fair value on a continuing basis				
II. Discontinuing fair value measurement				
♦Assets held for sale				
Total assets measured at fair value on a discontinuing basis				
Total liabilities measured at fair value on a discontinuing basis				

11. DISCLOSURE OF FAIR VALUE (CONTINUED)

11.2 Basis for determination of market price of items measured at the Level 1 fair value on a continuing and discontinuing basis

Quotations of the assets are available at the balance sheet date.

11.3 Continuing and discontinuing Level 2 fair value measurement items, qualitative and quantitative information on the valuation techniques and significant parameters used

Item	Fair value at 30 June 2026	Valuation technique	Key Parameters
Financial assets held for trading – wealth management products	**2,527,226,540.70**	Discounted cash flow method	Expected rate of return, discount rate

11.4 Continuing and discontinuing Level 3 fair value measurement items, qualitative and quantitative information on the valuation techniques and significant parameters used

The Company has no continuing and discontinuing Level 3 fair value measurement items.

11.5 Continuing fair value measurement items at Level 3, the adjustment information between the carrying amount at the end of the previous year and the end of the current period, as well as the sensitivity analysis of unobservable parameters

For continuing Level 3 fair value measurements, there is no reconciliation information between the carrying amounts at the end of the prior year and the end of the current period, nor are there any unobservable input parameters.

11.6 For the continuing fair value measurement items, if there is a conversion between different levels during the current period, the reasons for the conversion and the policy for determining the conversion time

For recurring fair value measurements, there were no transfers between levels during the current period.

11.7 Changes in valuation techniques and the reasons for the changes during the current period

There were no changes in valuation techniques during the current period.

11. DISCLOSURE OF FAIR VALUE (CONTINUED)

11.8 Fair value information of financial assets and financial liabilities not measured at fair value

Management has assessed that cash at bank or on hand, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable, other payables, etc., due to their short remaining maturities, the carrying amounts of these assets and liabilities approximate their fair values.

12. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

12.1 Information about the Parent company of the Company

Parent Company	Registered office	Principal activities	Registered capital	Equity interest held by the parent company (%)	Voting rights held by the parent company (%)
Fujian Guoli Minsheng Technology Development Co., Ltd.	Putian City, Fujian Province	Technology and business services	RMB 250,500,000	22.00	22.00

The ultimate controlling parties of the company are Ms. Hang Jianying and Ms. Lu Qiuwen.

12.2 Information about the subsidiaries of the Company

For details of the Company's subsidiaries, refer to Note "8. Interests in other entities".

12.3 Information on the Company's joint ventures and associates

Details of the Company's joint ventures and associates referring to Note "8. Interests in other entities".

Other joint ventures or associates that had related party transactions with the Company during the current period, or had balances arising from related party transactions with the Company in prior periods, are as follows:

Name of Joint ventures and associates	Relationship
Beihai Heyuan Food Co., Ltd. ("Beihai Heyuan")	Associates

12. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

12.3 Information on the Company's joint ventures and associates (continued)

The company holds 90% equity in Honghu Xinhongye Food Co., Ltd. (hereinafter referred to as "Xinhongye"), and Xiao Huabing, the legal representative, director, and general manager of Xinhongye, holds 10% equity in Xinhongye. The Company's controlled subsidiary, Xinhongye, holds 19% equity in Beihai Heyuan, and Xiao Huabing serves as the chairman of Beihai Heyuan. In accordance with the Accounting Standards for Business Enterprises and other relevant regulations and based on the principle of substance over form, the Company has identified Beihai Heyuan as a related legal entity of the Company.

During the reporting period, the subsidiary Xinhongye increased its investment in Beihai Heyuan Food Co., Ltd. by RMB3 million, thereby increasing its shareholding ratio from 19% to 23.5849%.

12.4 Related party transaction

12.4.1 Related party transactions for the purchase and sale of goods, provision and receipt of services

Information of goods purchased/services received

Related parties	Related party transactions	**Amount for the Year ended 30 June 2026**	Approved transaction limit (if applicable)	Whether the transaction amount exceeds the approved limit (if applicable)	Amount for the six months ended 30 June 2025
Beihai Heyuan Food Co., Ltd	Purchase of goods	**290,616,263.18**	6,500,000,000.00	NO	178,227,824.15

Information of goods sales/services provided

Related parties	Related party transactions	**For the six months ended 30 June 2026**	For the six months ended 30 June 2025
Beihai Heyuan Food Co., Ltd	Sale of goods	**7,533,064.15**	6,573,348.62

12. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

12.4 Related party transaction (continued)

12.4.2 Entrusted management, contracting, entrusting management or contracting-out

The Company has no related party arrangements for entrusted management, contracting, entrusting management or contracting-out.

12.4.3 Related party leases

The Company had no related party leases.

12.4.4 Related party guarantees

The Company had no related party guarantees.

12.4.5 Related party fund borrowings or lending arrangements

The Company had no related party fund borrowings or lending arrangements.

12.4.6 Related party asset transfers or debt restructuring arrangements

The Company had no related party asset transfers or debt restructuring arrangements.

12.4.7 Compensation of key management personnel

Unit: RMB in ten thousand

Item	For the six months ended 30 June 2026	For the six months ended 30 June 2025
Compensation of key management personnel	**1,367.79**	1,685.91
Salaries and bonuses	**1,339.49**	1,510.08
Retirement benefit scheme contributions	**11.98**	6.86
Equity-settled share-based payment expenses		155.17
Social security contributions	**16.32**	13.80

12. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

12.5 Unsettled receivables and payables of related parties

12.5.1 Receivables

Item	Related Party	30 June 2026	Bad debt provisions	31 December 2025	Bad debt provisions
Accounts receivable	Beihai Heyuan Food Co., Ltd.	**8,211,040.00**	661,352.00		
Dividends receivable	Beihai Heyuan Food Co., Ltd.	**4,451,227.68**			

12.5.2 Payables

Item	Related Party	30 June 2026	31 December 2025
Accounts payable	Beihai Heyuan Food Co., Ltd.	**35,544,192.93**	31,691,244.58
Other payables	Beihai Heyuan Food Co., Ltd.	**100,000.00**	100,000.00

13. SHARE-BASED PAYMENTS

13.1 Equity instruments

13.1.1 Detailed

Grantees	Equity instruments granted in the six months ended 30 June 2026		Equity instruments exercised in the six months ended 30 June 2026		Equity instruments vested in the six months ended 30 June 2026		Equity instruments expired in the six months ended 30 June 2026	
	Quantity (in ten thousand units)	Amount (in ten thousand RMB)	Quantity (in ten thousand units)	Amount (in ten thousand RMB)	Quantity (in ten thousand units)	Amount (in ten thousand RMB)	Quantity (in ten thousand units)	Amount (in ten thousand RMB)
Directors and senior management								
Key production, marketing and technical personnel							**6.18**	**109.17**
Total							**6.18**	**109.17**

13. SHARE-BASED PAYMENTS (CONTINUED)

13.1 Equity instruments (continued)

13.1.2 Share options or other equity instruments outstanding as at the end of the year

Grantees	Share options outstanding as at 30 June 2026		Other equity instruments outstanding as at 30 June 2026	
	Range of exercise prices	Remaining contractual term	Range of exercise prices	Remaining contractual term
Directors and senior management	RMB 98.73 per share	Within 1 year		
Key production, marketing and technical personnel	RMB 98.73 per share	Within 1 year		

1. On 16 August 2024, the Company convened the eleventh meeting of the fifth session of the board of directors and approved the "Proposal on the Profit Distribution Plan for the First Half of 2024". It was resolved that 24 September 2024 be designated as the record date, and a cash dividend of RMB1.38 per share (tax inclusive) would be distributed to all shareholders of the Company registered with China Securities Depository and Clearing Corporation Limited Shanghai Branch after the close of trading on the Shanghai Stock Exchange on that day.

   Pursuant to the relevant provisions of the Company's 2023 Share Option Incentive Plan, the exercise price of the share options initially granted under the 2023 Share Option Incentive Plan was adjusted from RMB105.275 per share to RMB102.12 per share.

2. On 28 October 2025, the Company convened the twenty-third meeting of the fifth session of the board of directors and the eighteenth meeting of the fifth session of the supervisory committee, and considered and approved the "Proposal on Adjusting the Exercise Price of the 2023 Share Option Incentive Plan", the "Proposal on Cancelling Part of the Granted but Unexercised Share Options under the 2023 Share Option Incentive Plan", and the "Proposal on the Satisfaction of Exercise Conditions for the Second Exercise Period of the First Granted Part of the 2023 Share Option Incentive Plan":

   (1) In view of the completion of the Company's equity distribution for the first three quarters of 2024, the 2024 annual equity distribution and the 2025 half-year equity distribution, the exercise price of the share options in the first granted part has been adjusted from RMB102.12 per share to RMB98.73 per share.

13. SHARE-BASED PAYMENTS (CONTINUED)

13.1 Equity instruments (continued)

13.1.2 Share options or other equity instruments outstanding as at the end of the year (continued)

(2) The first exercise period of the first granted part expired on 24 October 2025. A total of 4,475,840 share options exercisable by 1,415 incentive objects during the first exercise period were not exercised, have lapsed upon expiration, and would be uniformly cancelled by the Company.

(3) The exercise conditions for the second exercise period of the initially granted share options have been satisfied. Pursuant to the exercise arrangements under the incentive plan, the number of share options exercisable during the second exercise period of the initially granted portion represented 30% of the total share options granted. Among the incentive participants who were initially granted share options under the plan, 71 participants ceased to meet the eligibility requirements due to resignation, and the corresponding 297,840 share options will be cancelled by the Company.

3. The performance level corresponding to the third exercise period of the 2023 Share Option Incentive Plan did not meet the corresponding performance assessment targets, and the share options corresponding to the third exercise period were not exercisable.

13.2 Equity-settled share-based payments and equity instruments

Recipients of Equity-settled share-based payments and equity instruments	Directors and senior management; key production, marketing and technical personnel
The method used to determine the fair value of equity instruments on the grant date	**Share options:** Black-Scholes option pricing model
Significant parameters to determine the fair value of equity instruments on the grant date	The closing price of the Company's shares on the grant date, the exercise price of the share options, the remaining term until each exercise date, historical volatility, risk-free interest rate, etc.
Basis of the quantity of exercisable equity instruments	At each balance sheet date during the vesting period, based on the latest subsequent information such as changes in the number of personnel eligible to exercise and the progress of satisfying the exercise conditions
Reasons for the significant differences between the estimate of current period and estimate of prior period	None
The cumulative amount of equity-settled share-based payments recognized in capital surplus	38,910.82 (in ten thousand RMB)

Notes to the Financial Statements

For the six months ended June 30, 2026
(All amounts in RMB unless otherwise stated)

14. COMMITMENTS AND CONTINGENCIES

14.1 Significant commitments

The Company has no significant matters required to be disclosed at the balance sheet date.

14.2 Contingency

The Company has no significant contingencies to be disclosed.

15. SUBSEQUENT EVENTS

15.1 Significant non-adjusting events

None.

15.2 Profit distribution

Proposed profits or dividends for distribution	575,577,879.46
Profits or dividends approved and declared for distribution	

On 24 August 2026, the 2nd meeting of the 6th Session Board of Directors of the Company reviewed and approved the following profit distribution proposal:

The Company intends to distribute a cash dividend of RMB1.733 per share (tax inclusive) to all shareholders, based on the total share capital registered on the Record Date for the implementation of the equity distribution, after deducting the shares held in the Company's special securities account for share repurchase. As of the present, the Company's total share capital is 333,288,932 shares, after deducting 1,160,900 shares held in the Company's special securities account, the effective share capital base is 332,128,032 shares. Based on the above share base, the proposed cash dividend distribution for the current period is approximately RMB575,577,879.46 (tax inclusive), accounting for 70.01% of the Company's unaudited net profit attributable to shareholders of the listed company in the consolidated interim financial statements for the half-year of 2026.

The actual amount of HKD to be distributed shall be converted at the central parity rate of RMB against HKD published by the People's Bank of China on the date of the board meeting (24 August 2026).

16. OTHER SIGNIFICANT MATTERS

16.1 Correction of prior period accounting errors

16.1.1 Retrospective restatement method

No correction of prior period accounting errors using the retrospective restatement method occurred during the reporting period.

16.1.2 Prospective application method

No correction of prior period accounting errors using the prospective application method occurred during the reporting period.

16.2 Significant debt restructuring

None

16.3 Asset exchange

None

16.4 Annuity plan

None

16.5 Discontinued operations

None

16.6 Segment information

None

16.6.1 The basis for determining the reporting segments and the accounting policies

See Note 3.31 Other significant accounting policies and accounting estimates under 3.31.1 Segment reporting.

16. OTHER SIGNIFICANT MATTERS (CONTINUED)

16.6 Segment information (continued)

16.6.2 Where the Company has no reportable segments, or is incapable of disclosing the total assets and total liabilities of each reportable segment, the corresponding reasons shall be elaborated.

The Group operates as an integrated whole with a unified internal organizational structure, management evaluation system and internal reporting framework. The Allocates resources and evaluates operating performance based on regular reviews of financial information at the consolidated group level. The management considers that the Group has only one single reportable segment, and accordingly, no segment reporting is prepared.

16.7 Other matters that may have a material impact on investors' decisions

None

17. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY

17.1 Accounts receivable

17.1.1 By aging

Aging	**30 June 2026**	31 December 2025
Within 1 year	**699,756,627.86**	200.00
Total	**699,756,627.86**	200.00

Note: Aging analysis from the data when they were recognized.

17. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

17.1 Accounts receivable (continued)

17.1.2 Disclosure of accounts receivable method of bad debt provisions

Category	30 June 2026					31 December 2025				
	Gross carrying amount		Bad debt provisions		Net book value	Gross carrying amount		Bad debt provisions		Net book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Accounts receivable with bad debt provisions based on an individual basis										
Accounts receivable with bad debt provisions based on a collective credit risk basis	699,756,627.86	100.00	24,760.29	0.00	699,731,867.57	200.00	100.00	10.00	5.00	190.00
Including: based on collective credit risk characteristics	699,756,627.86	100.00	24,760.29	0.00	699,731,867.57	200.00	100.00	10.00	5.00	190.00
Total	699,756,627.86	/	24,760.29	/	699,731,867.57	200.00	/	10.00	/	190.00

Bad debts provision based on a collective credit risk characteristics:

Collective credit risk basis items: accounts receivable for which bad debt provided on a collective credit risk characteristics basis

Item	30 June 2026		
	Accounts receivable	Bad debt provisions	Proportion of provision (%)
Not overdue	699,756,627.86	24,760.29	0.0035
Total	699,756,627.86	24,760.29	0.0035

The Company groups accounts receivable by similar credit risk characteristics based on aging profiles. Based on all reasonable and supportable information, including forward-looking information, the Company estimates the provision ratio for bad debts of such accounts receivable.

17. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

17.1 Accounts receivable (continued)

17.1.3 Provision, reversal or recovery of provision for bad debts in the current period

Category	31 December 2025	Movement in the six months ended 30 June 2026: Accrual	Recovery or reversal	Write-off	Other changes	**30 June 2026**
Accounts receivable with bad debt provisions based on a collective credit risk basis	10.00	24,750.29				**24,760.29**
Total	10.00	24,750.29				**24,760.29**

17.1.4 Top five accounts receivable balance and contract assets by debtor

Item	**Accounts receivable balance**	**Contract assets**	**Total**	**Proportion in total ending accounts receivable/ contract assets (%)**	**Closing bad debts provision**
Wuxi Anjoy Foods Marketing Co., Ltd.	699,261,422.10		699,261,422.10	99.93	
Yili Freezing Food (Meizhou) Co., Ltd.	479,155.76		479,155.76	0.07	23,957.79
Xiamen Xiang'an Jianfa Urban Construction Group Co., Ltd. receivables	16,050.00		16,050.00	0.00	802.50
Total	699,756,627.86		699,756,627.86	100.00	24,760.29

17. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

17.2 Other receivables

Item	30 June 2026	31 December 2025
Interests receivable		
Dividends receivable	21,060,000.00	
Other receivables	201,535,928.95	202,320,240.68
Total	222,595,928.95	202,320,240.68

Dividends receivable

Item (or investee entity)	30 June 2026	31 December 2025
Honghu Xinhongye Food Co., Ltd.	21,060,000.00	
Total	21,060,000.00	

17.2.1 Other receivables

(1) Aging of other receivables

Aging	30 June 2026	31 December 2025
Within 1 year	1,571,705.93	202,357,124.37
1 to 2 years	200,020,000.00	
2 to 3 years		30,000.00
Over 3 years	30,000.00	
Total	201,621,705.93	202,387,124.37

17. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

17.2 Other receivables (continued)

17.2.1 Other receivables (continued)

(2) *Classification by nature*

Nature	30 June 2026	31 December 2025
Inter-company balances	**200,000,000.00**	201,210,267.13
Advances payments on behalf of others	**1,037,004.76**	911,547.60
Staff advances	**415,155.95**	90,164.42
Deposits and intentions	**169,545.22**	175,145.22
Total	**201,621,705.93**	202,387,124.37

(3) *Bad debt provisions*

Bad debt provisions	Stage 1 Expected credit losses over the next 12 months	Stage 2 Expected credit losses of the entire duration (no credit impairment occurred)	Stage 3 Expected credit loss of the entire duration (credit impairment occurred)	Total
1 January 2026	66,883.69			66,883.69
The balance as at 1 January 2026 in the current period				
–Transfer to Stage 2				
–Transfer to Stage 3				
–Transfer back to Stage 2				
–Transfer back to Stage 1				
Accrual in the current period	18,893.29			18,893.29
Reversal in the current period				
Write-off against the allowance in the current period				
Write off as uncollectible in the current period				
Other movements				
30 June 2026	85,776.98			85,776.98

17. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

17.2 Other receivables (continued)

17.2.1 Other receivables (continued)

(4) *Accrual, reversal or recovery of bad debt provisions in the current period*

Category	31 December 2025	Movement in the six months ended 30 June 2026: Accrual	Recovery or reversal	Write-off	Other changes	30 June 2026
Other receivables with bad debt provisions based on a collective credit risk basis	66,883.69	18,893.29				85,776.98
Total	66,883.69	18,893.29				85,776.98

(5) *Top five other receivables by the debtor at the end of the year*

Company	30 June 2026	Proportion in total ending other receivables	Nature	Aging	Ending balance of bad debt provisions
Hubei New Liuwu Foodstuff Group Co., Ltd.	200,000,000.00	99.20	Loans to subsidiary	1 to 2 years	
Mr. Yu Jun	225,000.00	0.11	Staff Advances	Within 1 year	11,250.00
Xiamen Rongyuan Daily Necessities Co., Ltd.	87,045.22	0.04	Deposits	Within 1 year	17,409.04
Mr. Zhang Rong Shan	60,000.00	0.03	Staff Advances	Within 1 year	3,000.00
Mr. Wan Shuo	50,000.00	0.02	Staff Advances	Within 1 year	2,500.00
Total	200,422,045.22	99.40			34,159.04

17. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

17.3 Long-term equity investments

Activities	30 June 2026 Gross carrying amount	30 June 2026 Impairment provision	30 June 2026 Net book value	31 December 2025 Gross carrying amount	31 December 2025 Impairment provision	31 December 2025 Net book value
Investment in subsidiaries	**9,673,794,141.68**		**9,673,794,141.68**	9,403,794,141.68		9,403,794,141.68
Total	**9,673,794,141.68**		**9,673,794,141.68**	9,403,794,141.68		9,403,794,141.68

17.3.1 Investment in subsidiaries

Investee	31 December 2025	Prior year-end balance of Impairment provision	Increase in Investment	Decrease in Investment	Impairment provision in the current period	Others	30 June 2026	Impairment provision as at 30 June 2026
Hong Kong Anjoy Foods Limited	26,000,000.00						**26,000,000.00**	
Taizhou Anjoy Foods Co., Ltd.	965,000,000.00						**965,000,000.00**	
Liaoning Anjoy Foods Co., Ltd.	635,000,000.00						**635,000,000.00**	
Wuxi Huashun Minsheng Foods Co., Ltd.	484,705,287.88						**484,705,287.88**	
Sichuan Anjoy Foods Co., Ltd.	810,000,000.00						**810,000,000.00**	
Hubei Anjoy Foods Co., Ltd.	500,000,000.00						**500,000,000.00**	
Henan Anjoy Foods Co., Ltd.	930,000,000.00		120,000,000.00				**1,050,000,000.00**	
Guangdong Anjoy Foods Co., Ltd.	766,000,000.00						**766,000,000.00**	
Shandong Anjoy Foods Co., Ltd.	655,000,000.00						**655,000,000.00**	
Hubei Anrun Foods Co., Ltd.	20,000,000.00						**20,000,000.00**	
Oriental Food Express Limited	47,379,924.19						**47,379,924.19**	
Honghu Anjoy Foods Co., Ltd.	468,000,000.00						**468,000,000.00**	
Xiamen Anjoy Food Industry Co., Ltd.	610,000,000.00						**610,000,000.00**	
Wuxi Anjoy Foods Marketing Co., Ltd.	311,550,000.00						**311,550,000.00**	
Xiamen Anjoy Mr. Frozen Supply Chain Co., Ltd.	70,300,000.00						**70,300,000.00**	
Jiangsu Ding Wei Tai Food Co., Ltd.	444,500,000.00						**444,500,000.00**	
Dingyifeng Food (Taicang) Co., Ltd.	50,243,569.00		150,000,000.00				**200,243,569.00**	
Honghu Xinhongye Food Co., Ltd.	909,000,000.00						**909,000,000.00**	
Xiamen Anjoy E-commerce Co., Ltd.	10,000,000.00						**10,000,000.00**	
Hubei New Liuwu Foodstuff Group Co., Ltd.	691,115,360.61						**691,115,360.61**	
Total	9,403,794,141.68		270,000,000.00				**9,673,794,141.68**	

17. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

17.4 Operating income and operating costs

17.4.1 Operating income and operating costs

Item	For the six months ended 30 June 2026		For the six months ended 30 June 2025	
	Revenue	**Cost**	Revenue	Cost
Main operations	**530,906,179.88**	**421,503,359.12**	428,960,404.13	352,252,884.41
Other operations	**43,269,347.98**	**614,415.84**	44,902,802.68	7,339,613.53
Total	**574,175,527.86**	**422,117,774.96**	473,863,206.81	359,592,497.94

17.4.2 Operating income and operating costs

Categories of contract	**Total**	
	Revenue	**Cost**
By product category		
Quick-frozen flavored and processed products	391,964,417.45	304,503,899.62
Quick-frozen flour and rice products	81,426,583.52	65,492,581.82
Quick-frozen prepared dishes	54,944,845.78	48,935,105.44
Other products	2,570,333.13	2,571,772.24
Others	43,269,347.98	614,415.84
Total	574,175,527.86	422,117,774.96

17.5 Investment income

Item	**For the six months ended 30 June 2026**	For the six months ended 30 June 2025
Investment incomes from long-term equity investments recognized under cost method	**582,825,941.06**	658,185,689.19
Investment income arising from disposal of financial assets held for trading	**20,363,026.28**	9,696,383.82
Total	**603,188,967.34**	667,882,073.01

18. SUPPLEMENTARY INFORMATION

18.1 Breakdown of current non-recurring profits and losses

Item	Amount	Note
Gain or loss on disposal of non-current assets (including the write-off of the asset impairment provision)	-53,794.53	
Government grants included in current profit or loss, other than those that are closely related to the Company's normal operation, in line with national policies and in accordance with defined criteria, and have a sustained impact on the Company's profit or loss	48,213,542.02	
Gain or loss on changes in fair value of financial assets and financial liabilities held by non-financial entities and gain or loss on disposal of financial assets and financial liabilities, except for effective hedging transactions that are related to the Company's normal operation	48,011,102.16	
Fund occupation fees charged to non-financial enterprises and recognized in profit or loss for the year		
Gain or loss on entrusted investments or assets		
Gains or losses arising from entrusted loans		
Losses on various assets arising from force majeure events, such as natural disasters		
Reversal of impairment provisions for receivables with bad debt provisions based on an individual basis		
Gains arising from acquisition of subsidiaries, associates and joint ventures where the investment cost is less than the fair value of the identifiable net assets acquired at the acquisition date	815,263.74	
Gains or losses from the beginning of the period to the combination date of subsidiaries arising from a business combination under common control		
Gains or losses from exchange of non-monetary assets		
Gains or losses on debt restructuring		
One-off expenses incurred due to cessation of business activities, such as employee settlement expenses		
One-off impact on current profit or loss arising from adjustments due to taxation, accounting and other relevant laws and regulations		
One-off share-based payment expenses due to cancellation and modification of share incentive plans		
For cash-settled share-based payments, gains or losses arising from changes in the fair value of employee benefits payable after the vesting date		

continued

18. SUPPLEMENTARY INFORMATION (CONTINUED)

18.1 Breakdown of current non-recurring profits and losses (continued)

Item	Amount	Note
Gains or losses arising from changes in fair value of investment properties subsequently measured using the fair value method		
Gains arising from transactions where the transaction price is not at arm's length		
Gains or losses arising from contingent events unrelated to the Company's ordinary course of business		
Management fee income arising from entrusted management		
Other non-operating income and expenses other than those described above	-1,637,249.37	
Other items of gains and losses that meet the definition of non-recurring gains and losses		
Impact of income tax	23,255,565.42	
Impact of non-controlling interests (after tax)	2,984,620.49	
Total	69,108,678.11	

18.2 Return on net assets and earnings per share

Profit for the reporting period	Weighted average return on equity (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	5.20	2.48	2.48
Net profit attributable to ordinary shareholders of the Company after deduction of non-recurring profits and losses	4.76	2.27	2.27

Definitions

In this report, unless the context otherwise requires, the following terms shall have the meanings set out below:

"A Share(s)"	ordinary share(s) issued by our Company with a nominal value of RMB1.00 each, which is/are traded in Renminbi and listed on the Shanghai Stock Exchange
"A Shareholders"	holders of the A Share(s)
"Articles of Association" or "Articles"	Articles of Association of Anjoy Foods Group Co., Ltd.
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors of our Company
"China", "Mainland China" or "PRC"	the People's Republic of China, unless the context requires otherwise, excluding, for the purposes of this report only, the regions of Hong Kong, Macau and Taiwan of the People's Republic of China
"Company", "our Company" or "the Company"	Anjoy Foods Group Co., Ltd. (安井食品集團股份有限公司) (formerly known as Fujian Anjoy Foods Co., Ltd. (福建安井食品股份有限公司)), a PRC company established as a limited liability company on December 24, 2001 with the name of Xiamen Huashun Minsheng Food Co., Ltd. (廈門華順民生食品有限公司) and converted into a joint stock limited company on March 7, 2011, the A Shares of which were listed on the Shanghai Stock Exchange (stock code: 603345), the H Shares of which were listed on the Main Board of the Stock Exchange (stock code: 2648)
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)" or "our Director(s)"	the director(s) of our Company
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Group", "our Group", "we" or "us"	our Company and our subsidiaries
"Guoli Minsheng"	Fujian Guoli Minsheng Technology Development Co., Ltd. (福建國力民生科技發展有限公司), a limited liability company incorporated under the laws of PRC on November 6, 2000, a promoter and a substantial shareholder of the Company and our single largest shareholder

"H Share(s)"	share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which is/are subscribed for and traded in HK dollars and listed on the Hong Kong Stock Exchange
"H Shareholders"	holders of the H Share(s)
"HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a subsidiary of Hong Kong Exchanges and Clearing Limited
"IFRS"	International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards and interpretation issued by the International Accounting Standards Committee
"Latest Practicable Date"	August 24, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this report prior to its publication
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Nomination Committee"	the nomination committee of the Board
"Prospectus"	the prospectus issued on June 25, 2025 in connection with the Hong Kong Public Offering
"Remuneration and Evaluation Committee"	the remuneration and evaluation committee of the Board
"Reporting Period" or "the Period"	the six-month period from January 1, 2026 to June 30, 2026
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC

Definitions

"Securities and Futures Ordinance" or "SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, including A Shares and H Shares
"Shareholder(s)"	holder(s) of the Share(s)
"Strategy Committee"	the strategy committee of the Board
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Sustainability Committee"	the sustainability committee of the Board
"treasury share(s)"	has the meaning ascribed thereto under the Listing Rules
"U.S. dollar", "US$" or "USD"	United States dollar, the lawful currency of the United States
"%"	per cent

Notes:

1. Certain amounts and percentage figures included in this report have been subject to rounding adjustments.

2. In the event of any discrepancy between the Chinese and English names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain subsidiaries of the Company), the Chinese version shall prevail. English translations of company names and other terms from the Chinese language are marked with "*" and are provided for identification purposes only.

安井食品集團股份有限公司
ANJOY FOODS GROUP CO., LTD.