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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF ANJOY FOODS GROUP CO., LTD, GOLDMAN SACHS (ASIA) L.L.C. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on the historical financial information of Anjoy Foods Group Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-120, which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2022, 2023 and 2024 (the "Relevant Years"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2022, 2023 and 2024 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-3 to I-120 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2022, 2023 and 2024 (the "Relevant Years") and of the financial performance and cash flows of the Group for each of the Relevant Years in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**Adjustments**

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to note 13 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Years.



Certified Public Accountants

Hong Kong

2025

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Years, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

I. HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		Year ended 31 December		
	Notes	2022 RMB'000	2023 RMB'000	2024 RMB'000
CONTINUING OPERATIONS				
Revenue	5	12,105,618	13,964,878	15,029,588
Cost of sales		(9,545,090)	(10,807,721)	(11,621,306)
Gross profit		2,560,528	3,157,157	3,408,282
Other income and gains, net	6	243,266	290,377	261,713
Selling and distribution expenses		(873,000)	(925,754)	(986,208)
Administrative expenses		(375,471)	(426,785)	(553,816)
Research and development expenses		(93,328)	(94,471)	(97,214)
Other expenses	7	(11,347)	(58,965)	(39,686)
Finance costs	9	(12,376)	(14,215)	(1,540)
(Impairment losses)/reversal of impairment losses on financial assets		(11,457)	4,413	(7,326)
Share of (loss)/profit of an associate		(4)	4,452	4,070
PROFIT BEFORE TAX	8	1,426,811	1,936,209	1,988,275
Income tax expense	12	(309,307)	(435,049)	(474,657)
PROFIT FOR THE YEAR		1,117,504	1,501,160	1,513,618
Profit attributable to:				
Owners of the parent		1,101,030	1,478,067	1,484,831
Non-controlling interests		16,474	23,093	28,787
		1,117,504	1,501,160	1,513,618
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic				
- For profit for the year (RMB)	14	3.89	5.04	5.08
Diluted				
- For profit for the year (RMB)	14	3.87	5.04	5.08

I. HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
PROFIT FOR THE YEAR	<u>1,117,504</u>	<u>1,501,160</u>	<u>1,513,618</u>
OTHER COMPREHENSIVE (LOSS) / INCOME			
Other comprehensive (loss)/ income that may be reclassified to profit or loss in subsequent years:			
Exchange differences on translation of foreign operations	<u>(979)</u>	<u>3,210</u>	<u>1,521</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>1,116,525</u>	<u>1,504,370</u>	<u>1,515,139</u>
Total comprehensive income attributable to:			
Owners of the parent	1,100,345	1,480,313	1,485,895
Non-controlling interests	<u>16,180</u>	<u>24,057</u>	<u>29,244</u>
	<u>1,116,525</u>	<u>1,504,370</u>	<u>1,515,139</u>

I. HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Notes	2022 RMB'000	2023 RMB'000	2024 RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	15	4,139,075	5,166,525	5,363,911
Right-of-use assets	16(a)	368,625	382,562	462,468
Goodwill	17	806,500	770,407	739,129
Other intangible assets	18	339,873	305,047	268,999
Investment in an associate	19	9,496	15,096	13,764
Other non-current assets	20	43,629	80,065	19,226
Deferred tax assets	22	143,357	154,381	157,030
Total non-current assets		5,850,555	6,874,083	7,024,527
CURRENT ASSETS				
Inventories	23	3,136,836	3,566,705	3,284,638
Trade and bills receivables	24	736,997	572,084	626,127
Prepayments, other receivables and other assets	25	241,987	278,852	339,427
Financial assets at fair value through profit or loss	26	672,325	1,033,242	3,321,233
Restricted cash and time deposits	27	2,446,105	448,011	550,826
Cash and cash equivalents	27	3,057,910	4,527,451	2,228,322
Total current assets		10,292,160	10,426,345	10,350,573
CURRENT LIABILITIES				
Trade and bills payables	29	1,327,301	1,288,469	1,379,710
Other payables and accruals	30	1,885,979	2,229,172	1,711,352
Due to related parties - trade payables	31	-	7,751	16,449
Interest-bearing bank and other borrowings	28	489,905	326,341	112,095
Lease liabilities	16(b)	3,584	1,563	6,477
Tax payables		155,983	152,767	175,159
Dividends payable		-	-	277,527
Total current liabilities		3,862,752	4,006,063	3,678,769
NET CURRENT ASSETS		6,429,408	6,420,282	6,671,804
TOTAL ASSETS LESS CURRENT LIABILITIES		12,279,963	13,294,365	13,696,331

continued

I. HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

		As at 31 December		
	Notes	2022 RMB'000	2023 RMB'000	2024 RMB'000
NON-CURRENT LIABILITIES				
Deferred income	34	118,459	132,121	131,686
Interest-bearing bank and other borrowings	28	2,266	1,465	490
Lease liabilities	16(b)	1,420	2,175	36,195
Deferred tax liabilities	22	211,482	248,881	255,481
Other payables and accruals	30	47,327	9,140	2,146
Total non-current liabilities		380,954	393,782	425,998
NET ASSETS		11,899,009	12,900,583	13,270,333
EQUITY				
Share capital	36	293,294	293,294	293,294
Treasury shares		(47,053)	(45,714)	(108,593)
Reserves	38(a)	11,433,043	12,380,443	12,767,828
Total equity attributable to the owners of the parent		11,679,284	12,628,023	12,952,529
Non-controlling interests		219,725	272,560	317,804
Total equity		11,899,009	12,900,583	13,270,333

I. HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2022

	Attributable to owners of the parent							Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000 (note36)	Capital reserve* RMB'000 (note38)	Statutory reserve* RMB'000 (note38)	Exchange fluctuation reserves* RMB'000	Treasury shares RMB'000	Retained earnings* RMB'000	Total RMB'000		
As at 1 January 2022	244,424	2,419,919	138,325	(987)	(104,660)	2,376,400	5,073,421	70,369	5,143,790
Profit for the year	-	-	-	-	-	1,101,030	1,101,030	16,474	1,117,504
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	-	-	-	(685)	-	-	(685)	(294)	(979)
Total comprehensive (loss)/income for the year	-	-	-	(685)	-	1,101,030	1,100,345	16,180	1,116,525
Issue of shares	48,885	5,625,671 (39,982)	-	-	-	-	5,674,556 (39,982)	-	5,674,556 (39,982)
Share issue expenses	-	-	-	-	-	-	-	-	-
Capital injection from non-controlling equity holders	-	-	-	-	-	-	-	7,222	7,222
Share awards arrangements (note 37)	-	24,394	-	-	-	-	24,394	-	24,394
Vesting of restricted A shares	-	-	-	-	57,221	-	57,221	-	57,221
Forfeiting of restricted A shares	(15)	(729)	-	-	386	-	(358)	-	(358)
Final 2021 dividend	-	-	-	-	-	(205,013)	(205,013)	-	(205,013)
Transfer from retained profits	-	-	9,581	-	-	(9,581)	-	-	-
Acquisition of a subsidiary (note 40)	-	-	-	-	-	-	-	128,515	128,515
Others	-	(5,300)	-	-	-	-	(5,300)	(2,561)	(7,861)
As at 31 December 2022	293,294	8,023,973	147,906	(1,672)	(47,053)	3,262,836	11,679,284	219,725	11,899,009

continued

I. HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Year ended 31 December 2023

	Attributable to owners of the parent						Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000 (note36)	Capital reserve* RMB'000 (note38)	Statutory reserve* RMB'000 (note38)	Exchange fluctuation reserves* RMB'000	Treasury shares RMB'000	Retained earnings* RMB'000		
As at 1 January 2023	293,294	8,023,973	147,906	(1,672)	(47,053)	3,262,836	219,725	11,899,009
Profit for the year	-	-	-	-	-	-	-	-
Other comprehensive income for the year:	-	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations	-	-	-	2,246	-	-	964	3,210
Total comprehensive income for the year	-	-	-	2,246	-	1,478,067	23,093	1,501,160
Vesting of restricted A shares	-	-	-	-	47,053	-	-	47,053
Capital injection from non-controlling equity shareholders	-	-	-	-	-	-	28,778	28,778
Share-based payment arrangements (note 37)	-	19,208	-	-	-	-	-	19,208
Repurchase of A-shares	-	-	-	-	(45,714)	-	-	(45,714)
Final 2022 dividend	-	-	-	-	-	(330,543)	-	(330,543)
2023 Interim dividend	-	-	-	-	-	(221,437)	-	(221,437)
Others	-	(141)	-	-	-	-	-	(141)
As at 31 December 2023	293,294	8,043,040	147,906	574	(45,714)	4,188,923	272,560	12,900,583

continued

I. HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Year ended 31 December 2024

	Attributable to owners of the parent						Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000 (note36)	Capital reserve* RMB'000 (note38)	Statutory reserve* RMB'000 (note38)	Exchange fluctuation reserves* RMB'000	Treasury shares RMB'000	Retained earnings* RMB'000		
As at 1 January 2024	293,294	8,043,040	147,906	574	(45,714)	4,188,923	272,560	12,900,583
Profit for the year	-	-	-	-	-	1,484,831	28,787	1,513,618
Other comprehensive income for the year:								
Exchange differences on translation of foreign operations	-	-	-	1,064	-	-	457	1,521
Total comprehensive income for the year	-	-	-	1,064	-	1,484,831	29,244	1,515,139
Capital injection from non-controlling equity shareholders	-	-	-	-	-	-	16,000	16,000
Share options arrangements (note 37)	-	100,808	-	-	-	-	-	100,808
Repurchase of A-shares	-	-	-	-	(62,879)	-	-	(62,879)
Final 2023 dividend	-	-	-	-	-	(518,647)	-	(518,647)
2024 Interim dividend	-	-	-	-	-	(680,671)	-	(680,671)
As at 31 December 2024	293,294	8,143,848	147,906	1,638	(108,593)	4,474,436	317,804	13,270,333

*These reserve accounts comprise the consolidated reserves of RMB11,433,043,000, RMB12,380,443,000 and RMB12,767,828,000 in the consolidated statements of financial position as at 31 December 2022, 2023 and 2024, respectively.

I. HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		
	Notes	2022 RMB'000	2023 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax:		1,426,811	1,936,209	1,988,275
Adjustments for:				
Depreciation of property, plant and equipment	15	314,442	373,476	451,759
Depreciation of right-of-use assets	16(a)	11,428	12,383	14,479
Amortisation of other intangible assets	18	28,363	40,008	40,064
Interest income	6	(88,677)	(105,424)	(73,873)
Gain on disposal of financial assets at fair value through profit or loss	6	(7,738)	(16,519)	(26,554)
Unrealised fair value gains on financial assets at fair value through profit or loss	6	(2,500)	(9,162)	(16,676)
Compensation from non-controlling shareholder of subsidiary	26	-	-	(47,115)
Loss on disposal of items of property, plant and equipment and right-of-use assets	7	8,021	20,849	5,485
Finance costs	9	12,376	14,215	1,540
Impairment of property, plant and equipment	7	1,023	-	-
Impairment of inventories	8	45,029	29,255	20,927
Impairment losses/(reversal of impairment losses) on financial assets, net	8	11,457	(4,413)	7,326
Share-based payment expenses	37	33,460	19,208	100,808
Share of profit and loss of an associate		4	(4,452)	(4,070)
Impairment of goodwill	17	-	36,093	31,278
		<u>1,793,499</u>	<u>2,341,726</u>	<u>2,493,653</u>
(Increase)/decrease in inventories		(382,717)	(460,272)	261,500
(Increase)/decrease in trade and bills receivables		(41,513)	116,005	(60,674)
Increase in prepayments, other receivables and other assets		(18,131)	(24,847)	(66,442)
Decrease in other non-current assets		3,970	2,845	227
Decrease in restricted cash and time deposits		7,571	25,685	17,811
(Decrease)/increase in trade and bills payables		(128,977)	(38,832)	91,241
Increase/(decrease) in other payables and accruals		273,422	272,694	(348,811)
(Decrease)/increase in deferred income		(1,439)	282	1,092
Increase in due to related parties - trade		-	7,751	8,698
		<u>1,505,685</u>	<u>2,243,037</u>	<u>2,398,295</u>
Cash generated from operations		51,750	84,750	66,077
Interest received		(196,108)	(420,729)	(440,357)
Income tax paid				
Net cash flows generated from operating activities		<u>1,361,327</u>	<u>1,907,058</u>	<u>2,024,015</u>

continued

I. HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

		Year ended 31 December		
	Note	2022 RMB'000	2023 RMB'000	2024 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of items of property, plant and equipment		3,054	4,023	6,292
Purchase of items of property, plant and equipment		(1,038,061)	(1,415,423)	(844,366)
Purchase of other intangible assets		(5,311)	(5,493)	(4,257)
Purchases of financial assets at fair value through profit or loss		(2,100,000)	(3,006,000)	(11,079,526)
Purchases of time deposits		(2,346,258)	(546,365)	(527,000)
Purchases of right-of-use assets		(29,699)	(23,542)	(52,657)
Receipt of government grants for property, plant and equipment		39,200	48,597	66,069
Proceeds from disposal of financial assets at fair value through profit or loss		1,485,083	2,651,000	8,846,111
Proceeds from disposal of time deposits		50,000	2,539,448	416,364
Income from disposal of financial assets at fair value through profit or loss		7,953	19,764	35,769
Investment in an associate		(9,500)	-	-
Acquisition of subsidiaries, net of cash	40	(805,699)	-	-
Dividends received from associate		-	-	5,042
Net cash flows (used in)/ generated from investing activities		(4,749,238)	266,009	(3,132,159)

continued

I. HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

		Year ended 31 December		
	Note	2022 RMB'000	2023 RMB'000	2024 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from interest-bearing bank and other borrowings		661,800	564,500	483,000
Repayment of interest-bearing bank and other borrowings		(661,146)	(679,213)	(697,985)
Principal portion of lease payments		(4,414)	(4,746)	(3,713)
Share issue expenses		(36,963)	-	-
Dividends paid		(205,013)	(551,980)	(921,791)
Interest paid for interest-bearing bank and other borrowings		(14,274)	(17,017)	(7,993)
Proceeds from government grants related to loan interest		-	-	7,160
Issue of shares		5,674,556	-	-
Payment of listing expense		-	-	(2,442)
Capital injection from non-controlling equity shareholders		7,222	28,778	16,000
Repurchase of ordinary stocks		(386)	(45,714)	(62,879)
Net cash flows generated from/ (used in) financing activities		5,421,382	(705,392)	(1,190,643)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS				
		2,033,471	1,467,675	(2,298,787)
Cash and cash equivalents at beginning of year		1,024,626	3,057,910	4,527,451
Effect of foreign exchange differences, net		(187)	1,866	(342)
CASH AND CASH EQUIVALENTS AT END OF YEAR				
		3,057,910	4,527,451	2,228,322
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	27	2,356,097	4,527,451	2,228,322
Non-pledged time deposits with original maturity of less than three months when acquired	27	701,813	-	-
Cash and cash equivalents as stated in the statements of cash flows and the statements of financial position		3,057,910	4,527,451	2,228,322

I. HISTORICAL FINANCIAL INFORMATION (continued)

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		
	Notes	2022 RMB'000	2023 RMB'000	2024 RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	15	234,000	215,524	200,970
Right-of-use assets	16(a)	17,714	17,170	15,950
Other intangible assets	18	6,890	8,727	9,585
Other non-current assets	20	4,082	2,790	1,226
Investments in subsidiaries	21	6,144,429	6,447,429	8,861,935
Total non-current assets		6,407,115	6,691,640	9,089,666
CURRENT ASSETS				
Inventories	23	232,868	178,820	190,261
Trade and bills receivables	24	21	2	3
Prepayments, other receivables and other assets	25	12,928	17,015	10,074
Due from subsidiaries	33	2,798,574	2,857,447	204,202
Financial assets at fair value through profit or loss	26	50,109	101,597	1,372,545
Restricted cash and time deposits	27	574,430	202,801	366,904
Cash and cash equivalents	27	134,825	244,571	151,621
Total current assets		3,803,755	3,602,253	2,295,610
CURRENT LIABILITIES				
Trade and bills payable	29	120,625	101,214	94,340
Other payables and accruals	30	821,567	1,001,834	1,794,552
Due to related parties	31	-	260	2,609
Due to subsidiaries	32	10,686	13,421	32,750
Lease liabilities	16(b)	1,205	727	313
Tax payable		-	-	17,256
Dividends payable		-	-	277,527
Total current liabilities		954,083	1,117,456	2,219,347
NET CURRENT ASSETS		2,849,672	2,484,797	76,263
TOTAL ASSETS LESS CURRENT LIABILITIES				
		9,256,787	9,176,437	9,165,929

continued

I. HISTORICAL FINANCIAL INFORMATION (continued)

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY (continued)

		As at 31 December		
	Notes	2022 RMB'000	2023 RMB'000	2024 RMB'000
NON-CURRENT LIABILITIES				
Deferred income	34	28,024	20,935	17,557
Lease liabilities	16(b)	423	829	516
Deferred tax liabilities	22	6,384	40,907	55,895
Other financial liabilities		13,601	6,902	-
Total non-current liabilities		48,432	69,573	73,968
NET ASSETS		9,208,355	9,106,864	9,091,961
EQUITY				
Share capital	36	293,294	293,294	293,294
Treasury shares		(47,053)	(45,714)	(108,593)
Reserves	38(b)	8,962,114	8,859,284	8,907,260
Total equity		9,208,355	9,106,864	9,091,961

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

The Company is a joint stock company with limited liability established in the People's Republic of China (hereinafter referred to as "PRC"). The registered office of the Company is located at No. 2508, Xinyang Road, Haicang District, Xiamen. The Company's A shares have been listed on the Shanghai Stock Exchange since 22 February 2017.

In the opinion of the directors, the controlling shareholder of the Company is Fujian Guoli Minsheng Technology Development Co., Ltd.(福建国力民生科技发展有限公司)

During the Relevant Years, the Company and its subsidiaries (together as the "Group") were mainly involved in the food procession, production and wholesaling.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies. The particulars of principal subsidiaries are set out below:

Name*	Place and date of incorporation/ registration and business	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
无锡华顺民生食品有限公司 (Wuxi Huashun Minsheng Foods Co., Ltd.) (i)	PRC/Mainland China 9 December, 2005	RMB 500,000,000	96.84%	3.16%	Food processing and production
无锡安井食品营销有限公司 (Wuxi Anjoy Foods Marketing Co., Ltd.) (i)	PRC/Mainland China 5 November, 2007	RMB 312,000,000	100.00%	-	Food wholesaling and retailing
泰州安井食品有限公司 (Taizhou Anjoy Foods Co., Ltd.) (i)	PRC/Mainland China 28 March, 2011	RMB 965,000,000	100.00%	-	Food processing and production
香港安井食品有限公司 (Hong Kong Anjoy Foods Limited) (ii)	Hong Kong 24 February, 2012	USD 4,000,000	100.00%	-	Investment
辽宁安井食品有限公司 (Liaoning Anjoy Foods Co., Ltd.) (i)	PRC/Mainland China 23 July, 2013	RMB 635,000,000	100.00%	-	Food processing and production
四川安井食品有限公司 (Sichuan Anjoy Foods Co., Ltd.) (i)	PRC/Mainland China 3 May, 2016	RMB 810,000,000	100.00%	-	Food processing and production
湖北安井食品有限公司 (Hubei Anjoy Foods Co., Ltd.) (i)	PRC/Mainland China 27 November, 2017	RMB 500,000,000	100.00%	-	Food processing and production
河南安井食品有限公司 (Henan Anjoy Foods Co., Ltd.) (i)	PRC/Mainland China 18 October, 2018	RMB 930,000,000	100.00%	-	Food processing and production
广东安井食品有限公司 (Guangdong Anjoy Foods Co., Ltd.) (i)	PRC/Mainland China 26 May, 2020	RMB 766,000,000	100.00%	-	Food processing and production
山东安井食品有限公司 (Shandong Anjoy Foods Co., Ltd.) (i)	PRC/Mainland China 2 April, 2021	RMB 655,000,000	100.00%	-	Food processing and production

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

1. CORPORATE AND GROUP INFORMATION (continued)

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies. The particulars of principal subsidiaries are set out below: (continued)

Name*	Place and date of incorporation/ registration and business	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
湖北安润食品有限公司 (Hubei Anrun Foods Co., Ltd.) (i)	PRC/Mainland China 13 April, 2021	RMB 20,000,000	100.00%	-	Food processing and production
厦门安井冻品先生供应链有限公司 (Xiamen Anjoy Mr. Frozen Supply Chain Co., Ltd.) (i)	PRC/Mainland China 18 November, 2020	RMB 50,000,000	100.00%	-	Food wholesaling and retailing
洪湖市新宏业食品有限公司 (Honghu Xinhongye Food Co., Ltd.) (i)	PRC/Mainland China 25 October, 2017	RMB 80,000,000	90.00%	-	Food processing and production
洪湖市新宏业水产有限公司 (Honghu Xinhongye Aquatic Co., Ltd.) (i)	PRC/Mainland China 4 December, 2017	RMB 2,000,000	-	90.00%	Food processing and production
洪湖市宏业生态农业有限公司 (Honghu Hongye Eco-agriculture Co., Ltd.) (i)	PRC/Mainland China 31 October, 2017	RMB 2,000,000	-	90.00%	Food processing and production
Oriental Food Express Limited (v)	England 10 May, 2011	GBP 1,416	69.99%	-	Food production and retailing
Good News International Trading Europe B.V (v)	Holland 4 January, 2021	EUR 1,000	-	69.99%	Food wholesaling and retailing
Good News International Trading Limited (v)	England 1 February, 2019	GBP 100	-	69.99%	Food wholesaling and retailing
洪湖安井食品有限公司 (Honghu Anjoy Foods Co., Ltd.) (iii)	PRC/Mainland China 15 March, 2022	RMB 670,000,000	90.00%	-	Food processing and production
湖北新柳伍食品集团有限公司 (Hubei New Liuwu Foodstuff Group Co., Ltd.) (i)	PRC/Mainland China 23 July, 2019	RMB 260,000,000	70.00%	-	Food processing and production
潜江市新柳伍食品科技有限公司 (Qianjiang New Liuwu Food Technology Co., Ltd.) (i)	PRC/Mainland China 15 December, 2021	RMB 80,000,000	-	70.00%	Food processing and production
湖北松林生物饲料有限公司 (Hubei Songlin Biological Feed Co., Ltd.) (i)	PRC/Mainland China 4 January, 2022	RMB 5,000,000	-	70.00%	Food processing and production

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

1. CORPORATE AND GROUP INFORMATION (continued)

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies. The particulars of principal subsidiaries are set out below: (continued)

Name*	Place and date of incorporation/ registration and business	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
江西柳伍食品有限公司 (Jiangxi Liuwu Co., Ltd. (iv))	PRC/Mainland China 14 November, 2023	RMB 20,000,000	-	70.00%	Food processing and production
厦门安井电子商务有限公司 (Xiamen Anjoy E-commerce Co., Ltd.) (iv)	PRC/Mainland China 11 January, 2023	RMB 10,000,000	100.00%	-	Food wholesaling and retailing
厦门安井食品工业有限公司 (Xiamen Anjoy Food Industry Co., Ltd.) (iv)	PRC/Mainland China 1 February, 2023	RMB 610,000,000	100.00%	-	Food processing and production

* The English names of the PRC companies above represent management's best efforts in translating the Chinese names of these companies as no English names have been registered.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results during the Relevant Years or formed a substantial portion of the net assets of the Group.

Notes:

- (i) The statutory financial statements of these companies for the years ended 31 December 2022, 2023 and 2024 prepared in accordance with the PRC Generally Accepted Accounting Principles ("PRC GAAP") were audited by BDO China SHU LUN PAN Certified Public Accountants LLP (立信会计师事务所(特殊普通合伙)).
- (ii) The statutory financial statements of this company for the years ended 31 December 2022, 2023 and 2024 prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") were audited by IP YING HO Certified Public Accountants (叶永豪会计师事务所).
- (iii) The statutory financial statements of this company for the years ended 31 December 2023 and 2024 prepared in accordance with the PRC GAAP were audited by BDO China SHU LUN PAN Certified Public Accountants LLP (立信会计师事务所(特殊普通合伙)).
- (iv) No audited statutory financial statements of these companies have been prepared for these companies for the year ended 31 December 2023 as they were established in 2023. The statutory financial statements of this company for the year ended 31 December 2024 prepared in accordance with the PRC GAAP were audited by BDO China SHU LUN PAN Certified Public Accountants LLP (立信会计师事务所(特殊普通合伙)).
- (v) No audited statutory financial statements of these companies have been prepared for these companies as there is no statutory requirement to issue statutory financial statements at its place of incorporation.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all accounting standards and interpretations approved by the International Accounting Standards Board (the "IASB").

All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2024, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information consistently throughout the Relevant Years covered by the Financial Information.

The Historical Financial Information has been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the years ended 31 December 2022, 2023 and 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	<i>Presentation and Disclosure in Financial Statements³</i>
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures³</i>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments²</i>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity²</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture⁴</i>
Amendments to IAS 21	<i>Lack of Exchangeability¹</i>
Annual Improvement to IFRS Accounting Standards— Volume 11	<i>Amendments to IFRS 1, IFRS7, IFRS9, IFRS10 and IAS 7²</i>

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual/reporting periods beginning on or after 1 January 2027

⁴ No mandatory effective date yet determined but available for adoption

Further information about those IFRS Accounting Standards that are expected to be applicable to the Group is described below.

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18. The new standard is not expected to have any impact on the Group's results of operations and financial position but has impact on the presentation and disclosure of the Group's financial statements.

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS Accounting Standards. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19. Some of the Company's subsidiaries are considering the application of IFRS 19 in their specified financial statements.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (continued)

Amendments to IFRS 9 and IFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior years are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (continued)

Annual Improvements to IFRS Accounting Standards – Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying Guidance on implementing IFRS 7), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

IFRS 7 Financial Instruments: Disclosures: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the Guidance on implementing IFRS 7 for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the Guidance on implementing IFRS 7 does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

IFRS 9 Financial Instruments: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

IFRS 10 Consolidated Financial Statements: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

IAS 7 Statement of Cash Flows: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES

Investments in an associate

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investment in an associate is stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its certain of financial assets and equity investments at fair value at the end of each of the Relevant Years. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — based on valuation techniques for which the lowest level input that is significant to the measurement is observable, either directly or indirectly
- Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Years.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statements of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Years as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statements of profit or loss in the period in which it arises.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Category	Principal annual rate
Buildings	3.0%-9.5%
Machinery equipment	9.0%-32.0%
Motor vehicles	18.0%-32.0%
Office equipment	18.0%-32.0%
Other equipment	9.0%-19.2%
Leasehold improvements	20.0%-33.3%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statements of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 2 to 10 years based on the Group's past experiences and different purposes on usages of the software and the authorised period for such uses.

Trademarks and patent rights

Trademarks and patent rights acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Trademarks and patent rights with finite useful lives are stated at their cost less any impairment losses and are amortised on a straight-line basis over their estimated useful lives of 10 years. The Group determines their useful lives with reference to the estimated periods that the Group intends to derive future economic benefits from the use of the assets.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Intangible assets (other than goodwill) (continued)

Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred. When no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Office premises and plant	3-5 years
Leasehold land	50 years
Machine	3 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

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

The Group applies the short-term lease recognition exemption to its short-term leases of warehouses and office premises (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of office equipment that are considered to be of low value.

Lease payments on short-term leases of warehouses as the cost of sales on a straight-line basis over the lease term. Lease payments on short-term leases of office premises and leases of low-value assets are mainly recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

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

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment occurs if there is a change in the terms of the contract that significantly modifies the cash flows.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Derecognition of financial assets (continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets measured at amortised cost (including cash and cash equivalents, restricted cash and time deposits, trade and bills receivables and other receivables). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 60 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach (continued)

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Trade and other payables

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

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statements of profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has the right to defer settlement of the liability for at least 12 months after the end of the reporting period.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statements of profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including short-term bank deposits and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each of the Relevant Years of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statements of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in OCI or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Years, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Years between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except that deferred tax is not recognised for the Pillar Two income taxes.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries and an associate, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and 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 which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Sale of quick frozen foods

Revenue from the sale of home meal and other food related products is recognised at the point in time when control of the asset is transferred to the customer.

Some contracts for the sale of quick frozen foods provide customers with volume rebates, giving rise to variable consideration.

Volume rebates

Retrospective volume rebates may be provided to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognised.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Company operates restricted A share incentive scheme and share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value of restricted A share is determined by an external valuer using the closing price for employees and the Black-Scholes formula for executives respectively. The fair value of share option for employees and executives is determined by an external valuer using the Black-Scholes formula. Since there are no cash settlement alternatives, the Group accounts for the restricted A share incentive scheme and share option scheme as an equity-settled share option scheme, further details of which are given in note 37 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statements of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Foreign currencies

These Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the Historical Financial Information of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests.

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (continued)

Judgement

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the Historical Financial Information:

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has unrecognised deferred tax assets in respect of tax losses as at 31 December 2022, 2023 and 2024 amounting to Nil, RMB535,000 and RMB910,000, respectively. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward. Further details on deferred taxes are disclosed in note 22 to the financial statements.

Estimation uncertainty

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

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill were RMB806,500,000, RMB770,407,000, and RMB739,129,000 as at 31 December 2022, 2023 and 2024. Further details are given in note 17 to the Historical Financial Information.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision matrix is initially based on the Group's historical observed default rates. The Group calibrated the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products, consumer price index, deposit reserve ratio, inflation rate and rate of unemployment) are expected to deteriorate over the next year which can lead to an increased number of defaults in the retail sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (continued)

Estimation uncertainty (continued)

Provision for expected credit losses on trade receivables (continued)

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 24 to the Historical Financial Information.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at 31 December 2022, 2023 and 2024. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate to calculate the present value of those cash flows. The carrying amounts of property, plant and equipment, right-of-use assets, other intangible assets, investments in an associate and other non-current assets are set out in notes 15, 16, 18, 19 and 20 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

The Group manages its businesses as a whole by the most senior executive management for the purposes of resource allocation and performance assessment. The Group's chief operating decision maker is the chief executive officer of the Group who reviews the Group's consolidated results of operations for the purpose of making decisions about resource allocation and performance assessment. Accordingly, no reportable segment information is presented.

Geographical information

Since over 99% of the Group's revenue and operating profits are derived from customers based in Mainland China and over 99% of the Group's identifiable assets and liabilities are in Mainland China, no further geographical information in accordance with IFRS 8 *Operating Segments* is presented.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

4. OPERATING SEGMENT INFORMATION (continued)

Information about major customers

No sales to a single customer accounted for 10% or more of the Group's revenue during the year ended 31 December 2022, 2023 and 2024.

5. REVENUE

An analysis of revenue is as follows:

	Year ended 31 December		
	2022 RMB'000	2023 RMB'000	2024 RMB'000
Revenue from contracts with customers			
Sale of food products	12,105,618	13,964,878	15,029,588
Timing of revenue recognition			
Goods are satisfied at a point in time	12,105,618	13,964,878	15,029,588

The following table shows the amounts of revenue recognised in each of the Relevant Years that were included in the contract liabilities at the beginning of the Relevant Years:

	Year ended 31 December		
	2022 RMB'000	2023 RMB'000	2024 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the year:			
Sale and rebate allowance of food products	504,909	683,328	869,151

Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of food products

The performance obligation is satisfied when control of the food products is transferred to the customers and payment is generally due within 60 days from delivery, except for new customers, where payment in advance is normally required. Some contracts provide customers with volume rebates which gives rise to variable consideration.

The Group has no revenue contract that has an original expected duration of more than one year. Thus, management applied practical expedient under IFRS15 and did not disclose the aggregate amount of the transaction price allocated to the performance obligation that are unsatisfied or partially satisfied as at the end of 31 December 2022 and 2023 and 2024.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

6. OTHER INCOME AND GAINS, NET

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Other income			
Government grants related to			
-income (i)	115,573	125,278	57,040
-assets (ii)	12,700	15,711	17,756
Interest income	88,677	105,424	73,873
Income from sales of scrap, net	12,989	13,635	16,330
Total other income	229,939	260,048	164,999
Gains, net			
Foreign exchange gains, net	-	25	-
Unrealised fair value gains on wealth management products	2,500	9,162	16,676
Compensation from non-controlling shareholder of subsidiary (iii)	-	-	47,115
Gain on disposal of financial assets at fair value through profit or loss	7,738	16,519	26,554
Others	3,089	4,623	6,369
Total gains, net	13,327	30,329	96,714
Total other income and gains, net	243,266	290,377	261,713

(i) The government grants related to income have been received to reward for the Group's contribution to the local economic growth. These grants related to income are recognised in the consolidated statements of profit or loss upon receipt of these rewards and the related conditions associated with the rewards, if any, are met. There are no unfulfilled conditions or other contingencies attaching to these grants.

(ii) The Group has received certain government grants related to the investments in production plants and related to income. The grants related to assets were net off the book value of related assets or recognised in the consolidated statements of profit or loss over the useful lives of relevant assets. Details of these grants related to assets are set out in note 34 to the Historical Financial Information.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

6. OTHER INCOME AND GAINS, NET (continued)

(iii) This gain represents the compensation payable to the Company by non-controlling shareholders of Hubei New Liuwu Foodstuff Group Co.,Ltd due to its failure to meet the cumulative net profit commitments for years 2022, 2023, and 2024 as stipulated in the share transfer agreement signed with the Company in April 2022. Further details are disclosed in note 40 to the financial statements.

7. OTHER EXPENSES

	Year ended 31 December		
	2022 RMB'000	2023 RMB'000	2024 RMB'000
Donations	1,309	485	267
Foreign exchange losses, net	85	-	481
Loss on disposal of items of property, plant and equipment and right-of-use assets	8,021	20,849	5,485
Bank charges	797	788	642
Impairment loss of non-financial assets	1,023	36,093	31,278
Others	112	750	1,533
Total	11,347	58,965	39,686

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

8. PROFIT BEFORE TAX

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

	Notes	Year ended 31 December		
		2022 RMB'000	2023 RMB'000	2024 RMB'000
Cost of goods sold		7,597,894	8,551,308	9,074,548
Depreciation of property, plant and equipment	15	314,442	373,476	451,759
Depreciation of right-of-use assets	16(a)	11,428	12,383	14,479
Interest on lease liabilities	16(c)	226	134	399
Lease payments not included in the measurement of lease liabilities		12,584	14,892	15,387
Amortisation of other intangible assets*	18	28,363	40,008	40,064
Employee benefit expense (including directors', chief executive's and supervisors' remuneration as set out in note 10):				
Wages and salaries		1,236,787	1,396,672	1,538,107
Share-based payment expenses	37	33,460	19,208	100,808
Pension scheme contributions, social welfare and other welfare**		165,898	191,659	226,040
Other employee benefits		73,648	125,177	100,532
Research and development cost***		93,328	94,471	97,214
Listing expense		-	-	271
Impairment losses/(reversal of impairment losses) on financial assets, net		11,457	(4,413)	7,326
Impairment of inventories	23	45,029	29,255	20,927
Impairment of property, plant and equipment		1,023	-	-
Impairment loss on goodwill		-	36,093	31,278
Auditor's remuneration		2,050	2,050	2,050
Loss on disposal of items of property, plant and equipment and right-of-use assets	7	8,021	20,849	5,485
Government grants	6	(128,273)	(140,989)	(74,796)
Foreign exchange differences, net	6/7	85	(25)	481
Bank interest income	6	(88,677)	(105,424)	(73,873)
Finance costs	9	12,376	14,215	1,540
Compensation from non-controlling shareholder of subsidiary	40	-	-	(47,115)

*The amortisation of other intangible assets is included in administrative expenses and selling and distribution expenses in the consolidated statements of profit or loss.

**There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of pension scheme contributions.

***Research and development cost include expenses relating to depreciation of property, plant and equipment, depreciation of right-of-use assets and staff costs, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

9. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Interest on bank and other borrowings	12,150	14,081	1,141
Interest on lease liabilities	226	134	399
Total	12,376	14,215	1,540

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Details of the emoluments paid or payable to the directors and the chief executive of the Company for their services provided to the Group during the year ended 31 December 2022, 2023 and 2024 are as follows:

		Year ended 31 December 2022					
	Notes	Fees	Salaries	Performance-related bonuses	Pension scheme contributions	Equity-settled share-based payment expenses	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chief executive, executive Directors and non-executive directors:							
Chief executive:							
Mr. Mingming Liu	i	-	1,700	660	19	-	2,379
Executive Directors and non-executive directors:							
Mr. Qingmiao Zhang	i	-	1,664	660	19	549	2,892
Mr. Yongzhuan g Bian	iv	-	-	-	-	-	-
Mr. Gaolu Zhang	ii	-	785	650	19	-	1,454
Subtotal		-	4,149	1,970	57	549	6,725

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

Year ended 31 December 2022							
	Notes	Fees RMB'000	Salaries RMB'000	Performance- related bonuses RMB'000	Pension scheme contributions RMB'000	Equity- settled share -based payment expenses RMB'000	Total RMB'000
Independent non-executive directors:							
Mr. Youmei Chen	v	80	-	-	-	-	80
Mr. Junyi Weng	iii	80	-	-	-	-	80
Ms. Dongyun Lin	iii	80	-	-	-	-	80
Subtotal		240	-	-	-	-	240
Supervisor:							
Ms. Zhihua Gu	ii	-	368	144	19	-	531
Mr. Yi Lin	ii	-	119	16	9	-	144
Ms. Yanping Cui	iv	-	305	-	-	-	305
Subtotal		-	792	160	28	-	980
Total		240	4,941	2,130	85	549	7,945
Year ended 31 December 2023							
	Notes	Fees RMB'000	Salaries RMB'000	Performance- related bonuses RMB'000	Pension scheme contributions RMB'000	Equity- settled share -based payment expenses RMB'000	Total RMB'000
Chief executive, executive Directors and non-executive directors:							
Chief executive:							
Mr. Mingming Liu	i	-	2,700	960	-	-	3,660
Executive Directors and non-executive directors:							
Mr. Qingmiao Zhang	i	-	2,700	960	20	9	3,689
Mr. Yongzhuang Bian	iv	-	-	-	-	-	-
Mr. Gaolu Zhang	ii	-	1,780	660	20	-	2,460
Mr. Fan Dai	vi	-	590	-	-	-	590
Mr. Yanan Zheng	vi	-	-	-	-	133	133
Subtotal		-	7,770	2,580	40	142	10,532

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

Year ended 31 December 2023							
	Notes	Fees RMB'000	Salaries RMB'000	Performance- related bonuses RMB'000	Pension scheme contributions RMB'000	Equity- settled share -based payment expenses RMB'000	Total RMB'000
Independent non-executive directors:							
Mr. Youmei Chen	v	40	-	-	-	-	40
Mr. Junyi Weng	iii	40	-	-	-	-	40
Ms. Dongyun Lin	iii	40	-	-	-	-	40
Ms. Mei Zhang	vi	48	-	-	-	-	48
Ms. Bei Zhao	vi	48	-	-	-	-	48
Mr. Yueping Zhang	vi	48	-	-	-	-	48
Subtotal		264	-	-	-	-	264
Supervisor:							
Ms. Zhihua Gu	ii	-	184	144	8	-	336
Mr. Yi Lin	ii	-	65	17	4	-	86
Ms. Yanping Cui	iv	-	153	-	-	-	153
Ms. Runan Zheng	vi	-	101	-	3	-	104
Mr. Guangxi Zhang	vi	-	632	-	-	-	632
Mr. Wei Zhang	vi	-	115	25	7	-	147
Subtotal		-	1,250	186	22	-	1,458
Total		264	9,020	2,766	62	142	12,254

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

Year ended 31 December 2024							
	Notes	Fees RMB'000	Salaries RMB'000	Performance- related bonuses RMB'000	Pension scheme contributions RMB'000	Equity- settled share -based payment expenses RMB'000	Total RMB'000
Chief executive, executive Directors and non-executive directors:							
Chief executive:							
Mr. Mingming Liu	i	-	1,509	2,220	-	-	3,729
Executive Directors and non-executive directors:							
Mr. Qingmiao Zhang	i	-	1,517	2,220	20	-	3,757
Mr. Gaolu Zhang	ii	-	1,006	1,480	20	-	2,506
Mr. Fan Dai	vi	-	332	420	-	-	752
Mr. Yanan Zheng	vi	-	-	-	-	729	729
Mr. Jianlian Huang	viii	-	1,378	960	18	729	3,085
Subtotal		-	5,742	7,300	58	1,458	14,558
Independent non-executive directors:							
Ms. Mei Zhang	vi	100	-	-	-	-	100
Ms. Bei Zhao	vi	100	-	-	-	-	100
Mr. Yueping Zhang	vi	100	-	-	-	-	100
Subtotal		300	-	-	-	-	300
Supervisor:							
Ms. Runan Zheng	vi	-	70	18	3	-	91
Mr. Guangxi Zhang	vi	-	432	420	-	-	852
Mr. Wei Zhang	vi	-	237	25	12	-	274
Ms. Xiaojiao Wang	vii	-	51	12	4	-	67
Subtotal		-	790	475	19	-	1,284
Total		<u>300</u>	<u>6,532</u>	<u>7,775</u>	<u>77</u>	<u>1,458</u>	<u>16,142</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

Notes:

- (i) Mr. Mingming Liu and Mr. Qingmiao Zhang were appointed in February 2011.
- (ii) Mr. Gaolu Zhang, Ms. Zhihua Gu, Mr. Yi Lin were appointed in April 2017. Ms. Zhihua Gu, Mr. Yi Lin retired in May 2023.
- (iii) Mr. Junyi Weng, and Ms. Dongyun Lin were appointed in May 2017 and retired in May 2023.
- (iv) Mr. Yongzhuang Bian and Ms. Yanping Cui were appointed in September 2017. Ms. Yanping Cui retired in May 2023. Mr. Yongzhuang Bian resigned in September 2024.
- (v) Mr. Youmei Chen was appointed in December 2017 and retired in May 2023.
- (vi) Ms. Mei Zhang, Ms. Bei Zhao, Mr. Yueping Zhang, Mr. Yanan Zheng, Mr. Fan Dai, Ms. Runan Zheng, Mr. Guangxi Zhang and Mr. Wei Zhang were appointed in May 2023. Ms. Runan Zheng resigned in May 2024.
- (vii) Ms. Xiaojiao Wang was appointed in May 2024.
- (viii) Mr. Jianlian Huang was appointed in September 2024.

There was no arrangement under which a director, a supervisor or the chief executive waived or agreed to waive any remuneration during the reporting periods.

The fair value of the restricted A shares incentive scheme and share option scheme, which has been recognised in the consolidated statements of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the consolidated statements of profit or loss for each of the Relevant Years are included in the above directors' and chief executive's remuneration disclosures.

11. FIVE HIGHEST PAID EMPLOYEES

The five individuals with the highest emoluments in the Group for the years ended 31 December 2022, 2023 and 2024 include two, two and three directors and a chief executive, respectively, details of whose remuneration are set out in note 10 above. Details of the remuneration for the years ended 31 December 2022, 2023 and 2024 of the remaining two, two and one highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits in kind	2,120	3,219	1,334
Performance-related bonuses	840	1,320	960
Equity-settled share option expense	-	266	729
Pension scheme contributions	37	38	21
Total	2,997	4,843	3,044

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

11. FIVE HIGHEST PAID EMPLOYEES (continued)

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees		
	Year ended 31 December		
	2022	2023	2024
HK\$500,001 to HK\$1,000,000	-	-	-
HK\$1,000,001 to HK\$1,500,000	-	-	-
HK\$1,500,001 to HK\$2,000,000	2	-	-
HK\$2,000,001 to HK\$2,500,000	-	2	-
HK\$2,500,001 to HK\$3,000,000	-	-	-
HK\$3,000,001 to HK\$3,500,000	-	-	1
Total	2	2	1

12. INCOME TAX

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current - PRC			
Charge for the year	308,154	409,069	470,246
Under/(over) provision in prior years	111	(254)	460
Deferred income tax (note 22)	1,042	26,234	3,951
Total	309,307	435,049	474,657

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

PRC corporate income tax

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the EIT rate of the Group's PRC subsidiaries is 25% unless subject to tax exemption set out below.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

12. INCOME TAX (continued)

Pursuant to an announcement [2021] No. 8 “The Announcement on the Implementation and Supporting of Preferential Income Tax Policies for Small-scaled minimal profit enterprise and Individual Industrial and Commercial Households Development” issued by MOF and National Tax Bureau on 7 April 2021, for Small-scaled minimal profit enterprise with an annual taxable income below RMB1,000,000 (RMB1,000,000 included), the taxable income is reduced by 12.5%, and the enterprise income tax is paid at the tax rate of 20%, the Small-scaled minimal profit enterprise with an annual taxable income between RMB1,000,000 and RMB3,000,000 (RMB3,000,000 included) is entitled to a preferential tax treatment with only 50% income taxable at the preferential EIT rate of 20%. Pursuant to an announcement [2023] No. 12 “The Announcement on the Implementation of Preferential Income Tax Policies for Small-scaled minimal profit enterprise and Individual Industrial and Commercial Households” issued by MOF and National Tax Bureau on 2 August 2023, for Small-scaled minimal profit enterprise, the tax relief policy extended to 12 December 2027. That is, for Small-scaled minimal profit enterprise whose annual taxable income does not exceed RMB1,000,000, the taxable income is reduced by 12.5%, and the enterprise income tax is paid at the tax rate of 20%, from 1 January 2022 to 31 December 2024. Certain subsidiaries which meet the criteria of “Small-scaled minimal profit enterprise” are eligible for preferential tax rate of 20%.

Pursuant to an announcement [2020] 560 issued by Sichuan Economic and Information Technology Industry Development and Regulation Bureau, the main business of the Company's subsidiary, Sichuan Anjoy Foods Co., Ltd. is in line with the encouraged industries in the “Guiding Catalogue for Industrial Structure Adjustment (2019 Edition)”, allowing it to enjoy a reduced enterprise income tax rate of 15%.

Pursuant to the Regulations for the Implementation of the Enterprise Income Tax Law of the People's Republic of China, the income from the agricultural products processing projects of the Company's subsidiaries Hubei Anrun Foods Co., Ltd., Honghu Xinhongye Food Co., Ltd., Hubei New Liuwu Foodstuff Group Co., Ltd., and the subsidiary companies Honghu Hongye Eco-agriculture Co., Ltd., Qianjiang New Liuwu Food Technology Co., Ltd., and Hubei Songlin Biological Feed Co., Ltd. are exempted from enterprise income tax.

HK profit tax

No Hong Kong profit tax has been provided for the subsidiary incorporated in Hong Kong as no assessable profits have been generated in Hong Kong during each of the Relevant Years.

UK corporation tax

Before 1 April 2023, Oriental Food Express Limited, the UK corporation tax has been provided at the rate of 19% on the estimated assessable profits arising in UK. From 1 April 2023, the corporation tax main rate for non-ring fence profits increased to 25% for profits above GBP 250,000. A small profits rate of 19% was also applicable to the companies with profits of GBP50,000 or less. Companies with profits between GBP50,000 and GBP 250,000 will pay tax at the main rate, reduced by a marginal relief. Certain subsidiaries of the Group are the qualifying entities under the UK corporation tax rates regime.

The Group is within the scope of the Pillar Two model rules published by the Organization for Economic Co-operation and Development. While Hong Kong is in the process of seeking consultation on the implementation of the global minimum tax and domestic minimum top-up tax, it is expected that the new regime will come into effect for the Group's financial year beginning on January 1, 2025. Of the jurisdictions in which Oriental Food Express Limited operates, UK enacted Pillar Two legislation which is effective and is applicable to the Group for the year beginning on January 1, 2024. The Group has undertaken a preliminary assessment of the Pillar Two tax implications for the jurisdictions in which the Group operates and have enacted Pillar Two legislation. Based on the preliminary assessment and current financials, the Group does not expect to have any material Pillar Two exposure (including current tax) arising in these jurisdictions during the year ended 31 December 2024. The Group has also applied the Amendments to IAS 12, “International Tax Reform—Pillar Two Model Rules”, temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

12. INCOME TAX (continued)

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rates is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Profit before tax	1,426,811	1,936,209	1,988,275
Tax at the PRC EIT rate of 25%	356,703	484,052	497,069
Effect of different tax rate	(8,315)	(13,434)	(14,769)
Adjustments in respect of current tax of previous years	111	(254)	460
Expenses not deductible for tax	5,310	15,710	35,894
Research and development super deduction and disabled individuals super deduction	(13,983)	(13,280)	(14,676)
Income not subject to tax	(30,519)	(38,280)	(29,697)
Tax losses not recognised	-	535	376
Tax charge at the Group's effective rate	309,307	435,049	474,657

13. DIVIDENDS

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Interim – (2023: RMB 0.755 2024: RMB 1.380) per ordinary share	-	221,437	403,144
Interim – (2024: RMB 0.950) per ordinary share	-	-	277,527
Proposed final – (2022: RMB 1.127 2023: RMB 1.775) per ordinary share	330,543	518,647	-

The proposed final dividend for the period is subject to the approval of the Company's shareholders at the annual general meeting.

14. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to owners of the parent, adjusted to reflect the cash dividends distributed to the restricted A shares scheme and the weighted average number of ordinary shares of 282,987,000, 293,118,000, and 292,260,000 outstanding during the years ended 31 December 2022, 2023 and 2024, respectively.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

14. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (continued)

(a) Basic

	Year ended 31 December		
	2022	2023	2024
Profit attributable to owners of the parent (RMB'000)	1,101,030	1,478,067	1,484,831
Less: Cash dividends distributed to the restricted A shares scheme (RMB'000)	(1,313)	-	-
Adjusted profit attributable to ordinary equity owners of the parent, used in the basic earnings per share calculation (RMB'000)	1,099,717	1,478,067	1,484,831
Weighted average number of ordinary shares used in the basic earnings per share calculation ('000)	282,987	293,118	292,260
Basic earnings per share (RMB)	3.89	5.04	5.08

(b) Diluted

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of restricted ordinary shares with a contingent non-market performance condition assumed to have been released upon vesting of all dilutive potential ordinary shares. The Group has excluded the share option scheme from the diluted earnings per share calculation for the years ended 31 December 2023 and 2024 as it has an anti-dilutive effect on the basic earnings per share amounts presented.

	Year ended 31 December		
	2022	2023	2024
Profit attributable to owners of the parent (RMB'000)	1,101,030	1,478,067	1,484,831
Weighted average number of ordinary shares used in the basic earnings per share calculation ('000)	282,987	293,118	292,260
Adjustment for the restricted A shares ('000)	1,519	157	-
Weighted average number of ordinary shares used in the diluted earnings per share calculation('000)	284,506	293,275	292,260
Diluted earnings per share (RMB)	3.87	5.04	5.08

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

15. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings RMB'000	Machinery equipment RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Other equipment RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Total RMB'000
31 December 2022								
At 1 January 2022:								
Cost	1,880,615	1,762,487	35,650	60,414	72,692	315,613	46,802	4,174,273
Accumulated depreciation and impairment	(328,732)	(492,915)	(20,664)	(36,706)	(33,752)	-	(25,933)	(938,702)
Net carrying amount	1,551,883	1,269,572	14,986	23,708	38,940	315,613	20,869	3,235,571
At 1 January 2022, net of accumulated depreciation and impairment	1,551,883	1,269,572	14,986	23,708	38,940	315,613	20,869	3,235,571
Additions	-	182,304	3,908	14,388	7,246	654,952	24,483	887,281
Transfers	147,306	83,565	-	-	1,579	(232,450)	-	-
Acquisition of subsidiaries (note 40)	179,305	136,901	3,985	2,615	683	22,972	-	346,461
Disposals	(810)	(40,533)	(1,117)	(2,043)	(1,608)	-	(11,637)	(57,748)
Depreciation provided during the year	(94,170)	(181,020)	(6,154)	(11,995)	(10,518)	-	(10,585)	(314,442)
Disposals of depreciation	259	26,491	860	1,919	1,471	-	11,637	42,637
Impairment provided during the year	-	(997)	-	(1)	(25)	-	-	(1,023)
Disposals of impairment	-	312	-	1	25	-	-	338
At 31 December 2022, net of accumulated depreciation and impairment	1,783,773	1,476,595	16,468	28,592	37,793	761,087	34,767	4,139,075
At 31 December 2022:								
Cost	2,206,416	2,124,724	42,426	75,374	80,592	761,087	59,648	5,350,267
Accumulated depreciation and impairment	(422,643)	(648,129)	(25,958)	(46,782)	(42,799)	-	(24,881)	(1,211,192)
Net carrying amount	1,783,773	1,476,595	16,468	28,592	37,793	761,087	34,767	4,139,075

As at 31 December 2022, certain of the Group's buildings with an aggregate net carrying amount of approximately RMB78,502,000 were pledged to secure other borrowings granted to the Group (note 28).

As at 31 December 2022, the Group has obtained the property ownership certificates for all buildings except for the buildings with a carrying amount of RMB243,149,000 in which the Group is in the process of obtaining the certificates.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

15. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Buildings RMB'000	Machinery equipment RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Other equipment RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Total RMB'000
31 December 2023								
At 1 January 2023:								
Cost	2,206,416	2,124,724	42,426	75,374	80,592	761,087	59,648	5,350,267
Accumulated depreciation and impairment	(422,643)	(648,129)	(25,958)	(46,782)	(42,799)	-	(24,881)	(1,211,192)
Net carrying amount	1,783,773	1,476,595	16,468	28,592	37,793	761,087	34,767	4,139,075
At 1 January 2023, net of accumulated depreciation and impairment	1,783,773	1,476,595	16,468	28,592	37,793	761,087	34,767	4,139,075
Additions	72	300,965	8,014	19,779	8,039	1,070,258	20,305	1,427,432
Transfers	602,536	161,524	-	2,853	892	(767,805)	-	-
Disposals	(2,110)	(63,477)	(2,270)	(1,769)	(335)	-	(12,742)	(82,703)
Depreciation provided during the year	(116,604)	(215,267)	(6,598)	(14,201)	(9,096)	-	(11,710)	(373,476)
Disposals of depreciation	506	38,531	1,999	1,592	259	-	12,742	55,629
Disposals of impairment	-	568	-	-	-	-	-	568
At 31 December 2023, net of accumulated depreciation and impairment	2,268,173	1,699,439	17,613	36,846	37,552	1,063,540	43,362	5,166,525
At 31 December 2023:								
Cost	2,806,914	2,523,736	48,170	96,237	89,188	1,063,540	67,211	6,694,996
Accumulated depreciation and impairment	(538,741)	(824,297)	(30,557)	(59,391)	(51,636)	-	(23,849)	(1,528,471)
Net carrying amount	2,268,173	1,699,439	17,613	36,846	37,552	1,063,540	43,362	5,166,525

As at 31 December 2023, certain of the Group's buildings with an aggregate net carrying amount of approximately RMB126,918,000 were pledged to secure other borrowings granted to the Group (note 28).

As at 31 December 2023, the Group has obtained the property ownership certificates for all buildings except for the buildings with a carrying amount of RMB166,772,000 in which the Group is in the process of obtaining the certificates.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

15. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Buildings RMB'000	Machinery equipment RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Other equipment RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Total RMB'000
31 December 2024								
At 1 January 2024:								
Cost	2,806,914	2,523,736	48,170	96,237	89,188	1,063,540	67,211	6,694,996
Accumulated depreciation and impairment	(538,741)	(824,297)	(30,557)	(59,391)	(51,636)	-	(23,849)	(1,528,471)
Net carrying amount	2,268,173	1,699,439	17,613	36,846	37,552	1,063,540	43,362	5,166,525
At 1 January 2024, net of accumulated depreciation and impairment	2,268,173	1,699,439	17,613	36,846	37,552	1,063,540	43,362	5,166,525
Additions	-	413,912	5,230	20,368	6,524	202,575	17,385	665,994
Transfers	945,093	119,726	-	2,757	85	(1,067,661)	-	-
Disposals	-	(33,009)	(1,576)	(2,034)	(672)	-	(8,299)	(45,590)
Depreciation provided during the year	(154,497)	(249,540)	(7,073)	(18,049)	(9,561)	-	(13,039)	(451,759)
Disposals of depreciation	-	16,714	1,446	1,768	600	-	8,213	28,741
At 31 December 2024, net of accumulated depreciation and impairment	3,058,769	1,967,242	15,640	41,656	34,528	198,454	47,622	5,363,911
At 31 December 2024:								
Cost	3,752,007	3,024,365	51,824	117,327	95,124	198,454	76,296	7,315,397
Accumulated depreciation and impairment	(693,238)	(1,057,123)	(36,184)	(75,671)	(60,596)	-	(28,674)	(1,951,486)
Net carrying amount	3,058,769	1,967,242	15,640	41,656	34,528	198,454	47,622	5,363,911

As at 31 December 2024, certain of the Group's buildings and motor vehicles with aggregate net carrying amount of approximately RMB125,068,000 were pledged to secure bank and other borrowings granted to the Group, respectively (note 28).

As at 31 December 2024, the Group has obtained the property ownership certificates for all buildings except for the buildings with a carrying amount of RMB401,123,000 in which the Group is in the process of obtaining the certificates.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

15. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Buildings RMB'000	Machinery equipment RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Other equipment RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Total RMB'000
31 December 2022								
At 1 January 2022:								
Cost	190,049	254,388	9,260	12,881	10,245	3,935	317	481,075
Accumulated depreciation and impairment	(79,196)	(130,876)	(6,686)	(9,188)	(7,650)	-	(9)	(233,605)
Net carrying amount	110,853	123,512	2,574	3,693	2,595	3,935	308	247,470
At 1 January 2022, net of accumulated depreciation and impairment	110,853	123,512	2,574	3,693	2,595	3,935	308	247,470
Additions	-	11,987	382	7,135	1,767	197	5,401	26,869
Depreciation provided during the year	(8,195)	(21,660)	(738)	(2,148)	(653)	-	(636)	(34,030)
Disposals	-	(12,881)	(212)	(4,880)	(499)	-	-	(18,472)
Disposals of depreciation	-	10,112	167	1,410	474	-	-	12,163
At 31 December 2022, net of accumulated depreciation and impairment	102,658	111,070	2,173	5,210	3,684	4,132	5,073	234,000
At 31 December 2022:								
Cost	190,049	253,494	9,430	15,136	11,513	4,132	5,718	489,472
Accumulated depreciation and impairment	(87,391)	(142,424)	(7,257)	(9,926)	(7,829)	-	(645)	(255,472)
Net carrying amount	102,658	111,070	2,173	5,210	3,684	4,132	5,073	234,000

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

15. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Buildings RMB'000	Machinery equipment RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Other equipment RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Total RMB'000
31 December 2023								
At 1 January 2023:								
Cost	190,049	253,494	9,430	15,136	11,513	4,132	5,718	489,472
Accumulated depreciation and impairment	(87,391)	(142,424)	(7,257)	(9,926)	(7,829)	-	(645)	(255,472)
Net carrying amount	102,658	111,070	2,173	5,210	3,684	4,132	5,073	234,000
At 1 January 2023, net of accumulated depreciation and impairment								
Additions	102,658	111,070	2,173	5,210	3,684	4,132	5,073	234,000
Depreciation provided during the year	-	9,788	1,801	3,958	3,616	3,180	-	22,343
Disposals	(8,194)	(20,277)	(741)	(2,190)	(849)	-	(1,127)	(33,378)
Disposals of depreciation	-	(12,160)	(932)	(2,474)	(370)	-	-	(15,936)
Transfers	-	6,963	850	335	347	-	-	8,495
	-	5,459	-	-	99	(5,558)	-	-
At 31 December 2023, net of accumulated depreciation and impairment	94,464	100,843	3,151	4,839	6,527	1,754	3,946	215,524
At 31 December 2023:								
Cost	190,049	256,581	10,299	16,620	14,858	1,754	5,718	495,879
Accumulated depreciation and impairment	(95,585)	(155,738)	(7,148)	(11,781)	(8,331)	-	(1,772)	(280,355)
Net carrying amount	94,464	100,843	3,151	4,839	6,527	1,754	3,946	215,524

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

15. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Buildings RMB'000	Machinery equipment RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Other equipment RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Total RMB'000
31 December 2024								
At 1 January 2024:								
Cost	190,049	256,581	10,299	16,620	14,858	1,754	5,718	495,879
Accumulated depreciation and impairment	(95,585)	(155,738)	(7,148)	(11,781)	(8,331)	-	(1,772)	(280,355)
Net carrying amount	94,464	100,843	3,151	4,839	6,527	1,754	3,946	215,524
At 1 January 2024, net of accumulated depreciation and impairment	94,464	100,843	3,151	4,839	6,527	1,754	3,946	215,524
Additions	1,389	13,955	107	4,641	1,766	1,947	370	24,175
Depreciation provided during the year	(9,223)	(16,842)	(950)	(2,551)	(1,670)	-	(1,212)	(32,448)
Disposals	-	(9,505)	-	(3,048)	(201)	-	-	(12,754)
Disposals of depreciation	-	5,828	-	467	178	-	-	6,473
At 31 December 2024, net of accumulated depreciation and impairment	86,630	94,279	2,308	4,348	6,600	3,701	3,104	200,970
At 31 December 2024:								
Cost	191,439	261,032	10,406	18,212	16,423	3,701	6,089	507,302
Accumulated depreciation and impairment	(104,809)	(166,753)	(8,098)	(13,864)	(9,823)	-	(2,985)	(306,332)
Net carrying amount	86,630	94,279	2,308	4,348	6,600	3,701	3,104	200,970

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

16. LEASES

The Group as a lessee

The Group has lease contracts for items of office premises and plant and machine used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of office premises and plant and machine generally have lease terms between 3 and 5 years.

(a) Right-of-use assets

The carrying amounts of right-of-use assets and the movements during the years of 2022, 2023 and 2024 are as follows:

Group	Leasehold land RMB'000	Office premises and plant RMB'000	Machine RMB'000	Total RMB'000
As at 1 January 2022	309,544	9,623	-	319,167
Additions	28,140	-	-	28,140
Acquisition of a subsidiary (note 40)	32,746	-	-	32,746
Depreciation charge	(7,360)	(4,068)	-	(11,428)
As at 31 December 2022 and 1 January 2023	363,070	5,555	-	368,625
Additions	23,096	3,224	-	26,320
Depreciation charge	(8,487)	(3,896)	-	(12,383)
As at 31 December 2023 and 1 January 2024	377,679	4,883	-	382,562
Additions	52,657	40,177	2,473	95,307
Depreciation charge	(10,079)	(3,823)	(577)	(14,479)
Disposal	-	(922)	-	(922)
As at 31 December 2024	420,257	40,315	1,896	462,468

As at 31 December 2022, 2023 and 2024, the Group has respectively obtained the land use right certificates for all leasehold lands except for the leasehold land with a carrying amount of RMB3,724,500, RMB3,648,000 and RMB3,685,000 in which the Group is in the process of obtaining the certificates.

As at 31 December 2022, 2023 and 2024, certain of the Group's leasehold land with an aggregate net carrying amount of approximately RMB45,714,000, RMB44,631,000 and RMB43,547,000 were pledged to secure bank borrowings granted to the Group (note 28).

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

16. LEASES (continued)

(a) Right-of-use assets (continued)

The carrying amounts of right-of-use assets and the movements during the years of 2022, 2023 and 2024 are as follows: (continued)

Company	Leasehold land RMB'000	Office premises and plant RMB'000	Total RMB'000
As at 1 January 2022	16,636	2,878	19,514
Depreciation charge	(500)	(1,300)	(1,800)
As at 31 December 2022 and 1 January 2023	16,136	1,578	17,714
Additions	-	1,208	1,208
Depreciation charge	(500)	(1,252)	(1,752)
As at 31 December 2023 and 1 January 2024	15,636	1,534	17,170
Additions	2,448	-	2,448
Depreciation charge	(2,948)	(720)	(3,668)
As at 31 December 2024	15,136	814	15,950

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the the years of 2022, 2023 and 2024 are as follows:

Group

	As at 31 December		
	2022 RMB'000	2023 RMB'000	2024 RMB'000
At beginning of year	9,192	5,004	3,738
New leases	-	2,805	42,993
Accretion of interest recognised during the year	226	134	399
COVID-19-related rent concessions from lessors	(92)	-	-
Payments	(4,322)	(4,205)	(3,536)
Disposal	-	-	(922)
At end of year	5,004	3,738	42,672
Analysed into:			
Within one year or on demand	3,584	1,563	6,477
In the second year	710	1,197	4,809
In the third to fifth years, inclusive	710	978	5,553
Beyond five years	-	-	25,833
Total	5,004	3,738	42,672

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

16. LEASES (continued)

(b) Lease liabilities (continued)

Company

	As at 31 December		
	2022 RMB'000	2023 RMB'000	2024 RMB'000
At beginning of year	2,916	1,628	1,556
New leases	-	1,207	-
Accretion of interest recognised during the year	79	39	31
Payments	(1,367)	(1,318)	(758)
At end of year	1,628	1,556	829
Analysed into:			
Within one year or on demand	1,205	727	313
In the second year	423	313	516
In the third to fifth years, inclusive	-	516	-
Total	1,628	1,556	829

The maturity analysis of lease liabilities is disclosed in note 48 to the Historical Financial Information.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

Group

	As at 31 December		
	2022 RMB'000	2023 RMB'000	2024 RMB'000
Interest on lease liabilities	226	134	399
Depreciation charge of right-of-use assets	11,428	12,383	14,479
Expense relating to short-term leases	12,534	14,843	15,387
Expense relating to leases of low-value assets	50	49	-
COVID-19-related rent concessions from lessors	(92)	-	-
Total amount recognised in profit or loss	24,146	27,409	30,265

(d) The total cash outflows for leases are disclosed in note 41(c) to the Historical Financial Information.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

17. GOODWILL

	RMB'000
At 1 January 2022	
Cost	462,368
Net carrying amount	462,368
Cost at 1 January 2022, net of accumulated impairment	462,368
Acquisition of a subsidiary (note 40)	344,132
At 31 December 2022	806,500
At 31 December 2022:	
Cost	806,500
Net carrying amount	806,500
Cost at 1 January 2023, net of accumulated impairment	806,500
Impairment during the year	(36,093)
At 31 December 2023	770,407
At 31 December 2023:	
Cost	806,500
Accumulated impairment	(36,093)
Net carrying amount	770,407
Cost at 1 January 2024, net of accumulated impairment	770,407
Impairment during the year	(31,278)
At 31 December 2024	739,129
At 31 December 2024:	
Cost	770,407
Accumulated impairment	(31,278)
Net carrying amount	739,129

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating unit ("CGU") of for impairment testing.

- Wuxi Anjoy Foods Marketing Co., Ltd cash-generating unit;
- Honghu Xinhongye and subsidiaries cash-generating unit (note (i));
- Oriental Food and subsidiaries cash-generating unit (note (ii)) and
- Hubei New Liuwu and subsidiaries cash-generating unit (note (iii)).

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

17. GOODWILL (continued)

Impairment testing of goodwill (continued)

Notes:

- (i) Honghu Xinhongye Food Co., Ltd., Honghu Xinhongye Aquatic Company Co., Ltd. and Honghu Hongye Eco-agriculture Company Co., Ltd. have been identified as Honghu Xinhongye and subsidiaries cash-generating unit. Honghu Xinhongye and subsidiaries cash-generating unit were acquired by Group in August 2021 and became a subsidiary of the Group since then.
- (ii) Oriental Food Express Limited, Good News International Trading Europe B.V, Good News International Trading Limited have been identified as Oriental Food and subsidiaries cash-generating unit. Oriental Food and subsidiaries cash-generating unit were acquired by Group in September 2021 and became a subsidiary of the Group since then.
- (iii) Hubei New Liuwu Foodstuff Group Co., Ltd., Qianjiang New Liuwu Food Technology Co., Ltd., Hubei Songlin Biological Feed Co., Ltd., and Jiangxi Liuwu Co., Ltd. have been identified as Hubei New Liuwu and subsidiaries cash-generating unit. Hubei New Liuwu and subsidiaries cash-generating unit were acquired by Group in August 2022 and became a subsidiary of the Group since then.

Honghu Xinhongye and subsidiaries cash-generating unit

The recoverable amount of Honghu Xinhongye and subsidiaries cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections are 10.20% 10.00% and 9.20% as at 31 December 2022, 2023 and 2024. The growth rate used to extrapolate the cash flows of the foods production and processing unit beyond the five-year period are 0%, 0% and 0% as at 31 December 2022, 2023 and 2024, which is also an estimate of the long-term rate of inflation.

Oriental Food and subsidiaries cash-generating unit

The recoverable amount of Oriental Food and subsidiaries cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections are 14.00%, 13.90% and 14.00% as at 31 December 2022, 2023 and 2024. The growth rate used to extrapolate the cash flows of the foods production and processing unit beyond the five-year period are 0%, 0% and 0% as at 31 December 2022, 2023 and 2024. which is also an estimate of the long-term rate of inflation.

Hubei New Liuwu and subsidiaries cash-generating unit

The recoverable amount of Hubei New Liuwu and subsidiaries cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections are 10.00%, 9.70% and 9.20% as at 31 December 2022, 2023 and 2024. The growth rate used to extrapolate the cash flows of the foods products production and processing unit beyond the five-year period are 0%, 0% and 0% as at 31 December 2022, 2023 and 2024. which is also an estimate of the long-term rate of inflation.

The management made the impairment test of CGUs with the assistance of external valuers.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

17. GOODWILL (continued)

Impairment testing of goodwill (continued)

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	As at 31 December		
	2022 RMB'000	2023 RMB'000	2024 RMB'000
Wuxi Anjoy Foods Marketing Co., Ltd.	1,059	1,059	1,059
Honghu Xinhongye and subsidiaries cash-generating unit	441,352	441,352	421,096
Oriental Food and subsidiaries cash-generating unit	19,957	19,957	19,957
Hubei New Liuwu and subsidiaries cash-generating unit	344,132	308,039	297,017

The carrying amount of Hubei New Liuwu and subsidiaries cash-generating unit was impaired by RMB36,093,000 and RMB11,022,000 during the years ended 31 December 2023 and 2024. Consequently, the carrying amount of goodwill was written down by RMB36,093,000 and RMB11,022,000. The impairment loss recognised was included in "Other expenses" in the consolidated statement of profit or loss. The recoverable amount of the cash-generating unit was RMB308,039,000 and RMB297,017,000 as at 31 December 2023 and 2024. The impairment was attributable to the overall decline in the crayfish industry which led to a decrease in demand and selling prices.

The carrying amount of Honghu Xinhongye and subsidiaries cash-generating unit was impaired by RMB20,256,000 during the year ended 31 December 2024. Consequently, the carrying amount of goodwill was written down by RMB20,256,000. The impairment loss recognised was included in "Other expenses" in the consolidated statement of profit or loss. The recoverable amount of the cash-generating unit was RMB421,096,000 as at 31 December 2024. The impairment was attributable to the overall decline in the crayfish industry which led to a decrease in demand and selling prices.

The Group performs its annual impairment test of goodwill as at 31 December. Assumptions were used in the value in use calculation of CGU as at the end of 31 December 2022, 2023 and 2024. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill of CGU:

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

17. GOODWILL (continued)

Impairment testing of goodwill (continued)

Discount rates — The discount rates used are before tax and reflect specific risks relating to the CGU.

Long-term growth rates — The basis used to determine the value assigned to the long-term growth rates are the forecast price indices during the budget year from where the main business are located.

The values assigned to the key assumptions on market development of the CGU and discount rates are consistent with external information sources.

Sensitivity analysis of goodwill

In the opinion of the directors of the Company, for Honghu Xinhongye and subsidiaries cash-generating unit, a reasonably possible change in the key assumptions of the cash flow projections would cause its carrying amount exceed its recoverable amount as at 31 December 2022 and 2023, respectively. The headroom was RMB443,000,000 as at 31 December 2022. If the budgeted gross profit margin decreased from 11.3% to 9.1%, or the pre-tax discount rate increased from 10.2% to 13.1%, or the average sales growth rate decreased from 4.7% to a negative decreasing trend of 2.9%, an impairment on goodwill would be recognised during the year ended 31 December 2022. The headroom was RMB287,000,000 as at 31 December 2023. If the budgeted gross profit margin decreased from 11.0% to 9.4%, or the pre-tax discount rate increased from 10.0% to 11.9%, or the average sales growth rate decreased from 4.0% to a negative decreasing trend of 1.3%, a further impairment on goodwill would be recognised during the year ended 31 December 2023.

For Oriental Food and subsidiaries cash-generating unit, a reasonably possible change in the key assumptions of the cash flow projections would cause its carrying amount exceed its recoverable amount as at 31 December 2022, 2023 and 2024. The headroom was RMB23,880,000 as at 31 December 2022. If the budgeted gross profit margin decreased from 21.7% to 20.0%, an impairment on goodwill would be recognised during the year ended 31 December 2022. The headroom was RMB10,940,000 as at 31 December 2023. If the budgeted gross profit margin decreased from 19.4% to 18.5%, a further impairment on goodwill would be recognised during the year ended 31 December 2023. The headroom was RMB13,172,000 as at 31 December 2024. If the budgeted gross profit margin decreased from 22.1% to 21.9%, or the pre-tax discount rate increased from 14.0% to 14.5%, a further impairment on goodwill would be recognised during the year ended 31 December 2024.

For Hubei New Liuwu and subsidiaries cash-generating unit, a reasonably possible change in the key assumptions of the cash flow projections would cause its carrying amount exceed its recoverable amount. The headroom was RMB10,730,000 as at 31 December 2022. If the budgeted gross profit margin decreased from 11.5% to 11.4%, or the pre-tax discount rate increased from 10.0% to 10.1%, or the average sales growth rate decreased from 9.3% to 9.1%, an impairment on goodwill would be recognised during the year ended 31 December 2022.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

18. OTHER INTANGIBLE ASSETS

Group

	Software RMB'000	Trademarks RMB'000	Patent rights RMB'000	Total RMB'000
31 December 2022				
At 1 January 2022:				
Cost	18,870	190,901	3,211	212,982
Accumulated amortisation	(13,407)	(8,745)	(315)	(22,467)
Net carrying amount	5,463	182,156	2,896	190,515
Cost at 1 January 2022, net of accumulated amortization	5,463	182,156	2,896	190,515
Additions	5,010	-	-	5,010
Acquisition of subsidiaries	711	167,000	5,000	172,711
Amortisation provided during the year	(3,308)	(24,582)	(473)	(28,363)
At 31 December 2022, net of accumulated amortisation	7,876	324,574	7,423	339,873
At 31 December 2022:				
Cost	24,591	357,901	8,211	390,703
Accumulated amortisation	(16,715)	(33,327)	(788)	(50,830)
Net carrying amount	7,876	324,574	7,423	339,873
31 December 2023				
Cost at 1 January 2023, net of accumulated amortization	7,876	324,574	7,423	339,873
Additions	5,182	-	-	5,182
Amortisation provided during the year	(3,490)	(35,716)	(802)	(40,008)
At 31 December 2023, net of accumulated amortization	9,568	288,858	6,621	305,047
At 31 December 2023:				
Cost	22,602	357,901	8,211	388,714
Accumulated amortisation	(13,034)	(69,043)	(1,590)	(83,667)
Net carrying amount	9,568	288,858	6,621	305,047

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

18. OTHER INTANGIBLE ASSETS (continued)

Group (continued)

	Software RMB'000	Trademarks RMB'000	Patent rights RMB'000	Total RMB'000
31 December 2024				
Cost at 1 January 2024, net of accumulated amortisation	9,568	288,858	6,621	305,047
Additions	4,016	-	-	4,016
Amortisation provided during the year	(3,547)	(35,715)	(802)	(40,064)
At 31 December 2024, net of accumulated amortisation	10,037	253,143	5,819	268,999
At 31 December 2024:				
Cost	26,618	357,901	8,211	392,730
Accumulated amortisation	(16,581)	(104,758)	(2,392)	(123,731)
Net carrying amount	10,037	253,143	5,819	268,999

Company

	Software RMB'000	Trademarks RMB'000	Patent rights RMB'000	Total RMB'000
31 December 2022				
At 1 January 2022:				
Cost	16,864	745	192	17,801
Accumulated amortisation	(12,055)	(745)	(188)	(12,988)
Net carrying amount	4,809	-	4	4,813
Cost at 1 January 2022, net of accumulated amortization	4,809	-	4	4,813
Additions	4,869	-	-	4,869
Amortisation provided during the year	(2,788)	-	(4)	(2,792)
At 31 December 2022, net of accumulated amortisation	6,890	-	-	6,890
At 31 December 2022:				
Cost	21,733	745	192	22,670
Accumulated amortisation	(14,843)	(745)	(192)	(15,780)
Net carrying amount	6,890	-	-	6,890

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

18. OTHER INTANGIBLE ASSETS (continued)

Company (continued)

	Software RMB'000	Trademarks RMB'000	Patent rights RMB'000	Total RMB'000
31 December 2023				
Cost at 1 January 2023, net of accumulated amortization	6,890	-	-	6,890
Additions	4,931	-	-	4,931
Amortisation provided during the year	(3,094)	-	-	(3,094)
At 31 December 2023, net of accumulated amortization	8,727	-	-	8,727
At 31 December 2023: Cost	20,173	745	192	21,110
Accumulated amortisation	(11,446)	(745)	(192)	(12,383)
Net carrying amount	8,727	-	-	8,727
31 December 2024				
Cost at 1 January 2024, net of accumulated amortisation	8,727	-	-	8,727
Additions	4,002	-	-	4,002
Amortisation provided during the year	(3,144)	-	-	(3,144)
At 31 December 2024, net of accumulated amortisation	9,585	-	-	9,585
At 31 December 2024: Cost	24,175	745	192	25,112
Accumulated amortisation	(14,590)	(745)	(192)	(15,527)
Net carrying amount	9,585	-	-	9,585

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

19. INVESTMENT IN AN ASSOCIATE

	As at 31 December		
	2022 RMB'000	2023 RMB'000	2024 RMB'000
Beihai Heyuan Foods Co., Ltd	9,496	15,096	13,764

In November 2022, the Group acquired 19% equity interest in Beihai Heyuan Foods Co., Ltd ("Beihai Heyuan"), a domestic company with principal activity of food production and selling, at a cash consideration of RMB9,500,000. As the voting power of Beihai Heyuan is determined by subscribed capital contribution under its articles of association, the Group has the power to participate in the financial and operating policy decisions and therefore can exercise significant influence over Beihai Heyuan.

The following table illustrates the aggregate financial information of the Group's associate that is not individually material:

	As at 31 December		
	2022 RMB'000	2023 RMB'000	2024 RMB'000
Share of the associate's (loss)/profit for the year	(4)	5,600	3,710
Share of the associate's total comprehensive (loss)/income	(4)	5,600	3,710
Distribution from the associate	-	-	(5,042)
Aggregate carrying amount of the Group's investments in an associate	9,496	15,096	13,764

The Group's trade receivable balances due from the associate are disclosed in note 24 to the financial statements.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

20. OTHER NON-CURRENT ASSETS

Group

	As at 31 December		
	2022 RMB'000	2023 RMB'000	2024 RMB'000
Prepayment for property, plant and equipment	39,832	79,113	18,501
Prepayment for other intangible assets	2,844	-	-
Others	953	952	725
Total	43,629	80,065	19,226

Company

	As at 31 December		
	2022 RMB'000	2023 RMB'000	2024 RMB'000
Prepayment for property, plant and equipment	669	1,967	702
Prepayment for other intangible assets	2,844	-	-
Others	569	823	524
Total	4,082	2,790	1,226

21. INVESTMENTS IN SUBSIDIARIES

Company

	As at 31 December		
	2022 RMB'000	2023 RMB'000	2024 RMB'000
Investments, at cost	6,144,429	6,447,429	8,861,935

The directors assessed the subsidiaries' forecast and were of the opinion that no impairment was needed for the investments in subsidiaries as at 31 December 2022, 2023 and 2024.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

22. DEFERRED TAX

Group

The movements in deferred tax assets during the years ended 31 December 2022, 2023 and 2024 are as follows:

	Losses available for offsetting against future taxable profits RMB'000	Restricted stock RMB'000	Lease liability RMB'000	Impairment of financial assets RMB'000	Deferred income RMB'000	Unrealised profits RMB'000	Accrued expenses RMB'000	Sales rebates RMB'000	Other RMB'000	Total RMB'000
At 1 January 2022	2,202	59,009	1,946	8,908	23,649	27,256	10,387	39,735	2,885	175,977
Deferred tax credited/(charged) to the consolidated statements of profit or loss during the year	9,102	(29,686)	(869)	199	5,153	18,430	(2,814)	10,447	840	10,802
Deferred tax credited to Capital reserve	-	3,014	-	-	-	-	-	-	-	3,014
Acquisition of a subsidiary (note 40)	18	-	-	1,015	2,680	36	-	-	1,675	5,424
Gross deferred tax assets at 31 December 2022	11,322	32,337	1,077	10,122	31,482	45,722	7,573	50,182	5,400	195,217

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

22. DEFERRED TAX (continued)

Group (continued)

The movements in deferred tax assets during the years ended 31 December 2022, 2023 and 2024 are as follows: (continued)

	Losses available for offsetting against future taxable profits RMB'000	Restricted stock RMB'000	Lease liability RMB'000	Impairment of financial assets RMB'000	Deferred income RMB'000	Unrealised profits RMB'000	Accrued expenses RMB'000	Sales rebates RMB'000	Other RMB'000	Total RMB'000
At 1 January 2023	11,322	32,337	1,077	10,122	31,482	45,722	7,573	50,182	5,400	195,217
Deferred tax (charged)/credited to the consolidated statements of profit or loss during the year	(3,449)	(32,196)	(595)	109	(2,363)	10,564	(80)	2,844	168	(24,998)
Deferred tax charged to Capital reserve	-	(141)	-	-	-	-	-	-	-	(141)
Gross deferred tax assets at 31 December 2023	7,873	-	482	10,231	29,119	56,286	7,493	53,026	5,568	170,078

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

22. DEFERRED TAX (continued)

Group (continued)

The movements in deferred tax assets during the years ended 31 December 2022, 2023 and 2024 are as follows: (continued)

	Losses available for offsetting against future taxable profits	Restricted stock	Lease liability	Impairment of financial assets	Deferred income	Unrealised profits	Accrued expenses	Sales rebates	Other	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	7,873	-	482	10,231	29,119	56,286	7,493	53,026	5,568	170,078
Deferred tax (charged)/credited to the consolidated statements of profit or loss during the year	(1,859)	-	7,587	(154)	7,113	(473)	(4,075)	6,962	(2,893)	12,208
Gross deferred tax assets at 31 December 2024	6,014	-	8,069	10,077	36,232	55,813	3,418	59,988	2,675	182,286

As at 31 December 2022, 2023 and 2024, deferred tax assets have not been recognised in respect of tax losses of Nil, RMB10,692,000, RMB18,208,000 arising in Mainland China, respectively, which will expire in one to five years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of the tax losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised. Deferred tax assets have not been recognised in respect of the following items:

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000
Tax losses	-	10,692	18,208
	-	10,692	18,208

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

22. DEFERRED TAX (continued)

Group (continued)

The movements in deferred tax liabilities during the years ended 31 December 2022, 2023 and 2024 are as follows:

	Accelerated tax depreciation RMB'000	Unrealised gains from financial assets at fair value through profit or loss RMB'000	Capitalization of interest on convertible corporate bonds RMB'000	Fair value gain arising from acquisition of subsidiaries RMB'000	Right of use assets RMB'000	Other RMB'000	Total RMB'000
At 1 January 2022	122,175	28,056	5,145	49,451	1,847	527	207,201
Deferred tax charged/(credited) to the consolidated statements of profit or loss during the year	14,839	550	(279)	(6,739)	(859)	4,332	11,844
Acquisition of a subsidiary (note 40)	-	-	-	44,297	-	-	44,297
Gross deferred tax liabilities at 31 December 2022	137,014	28,606	4,866	87,009	988	4,859	263,342
At 1 January 2023	137,014	28,606	4,866	87,009	988	4,859	263,342
Deferred tax charged/(credited) to the consolidated statements of profit or loss during the year	12,400	1,479	(279)	(9,540)	(310)	(2,514)	1,236
Gross deferred tax liabilities at 31 December 2023	149,414	30,085	4,587	77,469	678	2,345	264,578
At 1 January 2024	149,414	30,085	4,587	77,469	678	2,345	264,578
Deferred tax charged/(credited) to the consolidated statements of profit or loss during the year	5,152	13,435	(279)	(9,524)	7,327	48	16,159
Gross deferred tax liabilities at 31 December 2024	154,566	43,520	4,308	67,945	8,005	2,393	280,737

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

22. DEFERRED TAX (continued)

Group (continued)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statements of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December		
	2022 RMB'000	2023 RMB'000	2024 RMB'000
Net deferred tax assets recognised in the consolidated statements of financial position	143,357	154,381	157,030
Net deferred tax liabilities recognised in the consolidated statements of financial position	211,482	248,881	255,481

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

22. DEFERRED TAX (continued)

Company

The movements in deferred tax assets during the years ended 31 December 2022, 2023 and 2024 are as follows:

	Losses available for offsetting against future taxable profits RMB'000	Restricted stock RMB'000	Lease liabilities RMB'000	Impairment of financial assets RMB'000	Deferred income RMB'000	Others RMB'000	Total RMB'000
At 1 January 2022	-	41,638	720	57	6,323	317	49,055
Deferred tax credited / (charged) to the statements of profit or loss during the year	8,932	(21,904)	(326)	(11)	683	18	(12,608)
Deferred tax credited to Capital reserve	-	3,014	-	-	-	-	3,014
Gross deferred tax assets at 31 December 2022	8,932	22,748	394	46	7,006	335	39,461

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

22. DEFERRED TAX (continued)

Company (continued)

The movements in deferred tax assets during the years ended 31 December 2022, 2023 and 2024 are as follows: (continued)

	Losses available for offsetting against future taxable profits RMB'000	Restricted stock RMB'000	Lease liabilities RMB'000	Impairment of financial assets RMB'000	Deferred income RMB'000	Others RMB'000	Total RMB'000
At 1 January 2023	8,932	22,748	394	46	7,006	335	39,461
Deferred tax (charged)/credited to the statements of profit or loss during the year	(8,932)	(22,607)	(5)	(35)	(1,772)	6	(33,345)
Deferred tax charged to Capital reserve	-	(141)	-	-	-	-	(141)
Gross deferred tax assets at 31 December 2023	-	-	389	11	5,234	341	5,975

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

22. DEFERRED TAX (continued)

Company (continued)

The movements in deferred tax assets during the years ended 31 December 2022, 2023 and 2024 are as follows: (continued)

	Losses available for offsetting against future taxable profits RMB'000	Restricted stock RMB'000	Lease liabilities RMB'000	Impairment of financial assets RMB'000	Deferred income RMB'000	Others RMB'000	Total RMB'000
At 1 January 2024	-	-	389	11	5,234	341	5,975
Deferred tax (charged)/credited to the statements of profit or loss during the year	-	-	(182)	-	(844)	(30)	(1,056)
Gross deferred tax assets at 31 December 2024	-	-	207	11	4,390	311	4,919

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

22. DEFERRED TAX (continued)

Company (continued)

The movements in deferred tax liabilities during the years ended 31 December 2022, 2023 and 2024 are as follows:

	Accelerated tax depreciation RMB'000	Unrealised gains from financial assets at fair value through profit or loss RMB'000	Right-of- use assets RMB'000	Others RMB'000	Total RMB'000
At 1 January 2022	12,216	28,056	710	-	40,982
Deferred tax charged /(credited) to the statements of profit or loss during the year	<u>3,442</u>	<u>(4)</u>	<u>(328)</u>	<u>1,753</u>	<u>4,863</u>
Gross deferred tax liabilities at 31 December 2022	<u>15,658</u>	<u>28,052</u>	<u>382</u>	<u>1,753</u>	<u>45,845</u>
At 1 January 2023	15,658	28,052	382	1,753	45,845
Deferred tax charged to the statements of profit or loss during the year	<u>298</u>	<u>372</u>	<u>1</u>	<u>366</u>	<u>1,037</u>
Gross deferred tax liabilities at 31 December 2023	<u>15,956</u>	<u>28,424</u>	<u>383</u>	<u>2,119</u>	<u>46,882</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

22. DEFERRED TAX (continued)

Company (continued)

The movements in deferred tax liabilities during the years ended 31 December 2022, 2023 and 2024 are as follows: (continued)

	Accelerated tax depreciation RMB'000	Unrealised gains from financial assets at fair value through profit or loss RMB'000	Right-of- use assets RMB'000	Others RMB'000	Total RMB'000
At 1 January 2024	15,956	28,424	383	2,119	46,882
Deferred tax charged/(credited) to the statements of profit or loss during the year	<u>1,276</u>	<u>12,737</u>	<u>(180)</u>	<u>99</u>	<u>13,932</u>
Gross deferred tax liabilities at 31 December 2024	<u>17,232</u>	<u>41,161</u>	<u>203</u>	<u>2,218</u>	<u>60,814</u>

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Company for financial reporting purposes:

	As at 31 December		
	2022 RMB'000	2023 RMB'000	2024 RMB'000
Net deferred tax liabilities recognised in the statements of financial position	<u>6,384</u>	<u>40,907</u>	<u>55,895</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

23. INVENTORIES

Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Raw materials	1,007,407	936,086	1,060,604
Work in progress	7,167	3,531	4,480
Semi-finished goods	243,939	292,385	254,668
Finished goods	1,133,514	1,449,414	1,116,365
Goods in transit	789,559	920,699	869,742
Provision for impairment of inventories	(44,750)	(35,410)	(21,221)
Total	3,136,836	3,566,705	3,284,638

For the years ended 31 December 2022, 2023 and 2024, the impairment of inventories recognised in cost of sales amounted to RMB45,029,000, RMB29,255,000 and RMB20,927,000, respectively.

Company

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Raw materials	164,392	88,180	100,527
Work in progress	575	497	568
Semi-finished goods	40,809	39,985	52,708
Finished goods	37	378	851
Goods in transit	27,055	49,780	35,607
Total	232,868	178,820	190,261

24. TRADE AND BILLS RECEIVABLES

Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade receivables	784,461	615,493	671,913
Bills receivable	239	2,723	-
Impairment	(47,703)	(46,132)	(45,786)
Net carrying amount	736,997	572,084	626,127

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

24. TRADE AND BILLS RECEIVABLES (continued)

Group (continued)

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade and bills receivables as at 31 December 2022, 2023 and 2024, based on the invoice date and net of loss allowance, is as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 1 year	736,823	568,908	616,633
1 to 2 years	174	3,176	9,183
2 to 3 years	-	-	311
Total	736,997	572,084	626,127

The movements in the loss allowance for impairment of trade receivables are as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At beginning of year	31,267	47,703	46,132
Impairment loss, net	16,951	(1,008)	6,634
Amount written off as uncollectible	(515)	(563)	(6,980)
At end of year	47,703	46,132	45,786

	As at 31 December 2022			
	Carrying amount		Impairment losses	
	RMB'000	Rate %	RMB'000	Rate %
Provision on a separate basis	6,353	0.81	6,353	100.00
Provision according to credit risk characteristics	778,108	99.19	41,350	5.31
Total	784,461	100.00	47,703	6.08

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

24. TRADE AND BILLS RECEIVABLES (continued)

Group (continued)

As at 31 December 2023				
	Carrying amount		Impairment losses	
	RMB'000	Rate %	RMB'000	Rate %
Provision on a separate basis	16,099	2.62	13,797	85.70
Provision according to credit risk characteristics	<u>599,394</u>	<u>97.38</u>	<u>32,335</u>	<u>5.39</u>
Total	<u><u>615,493</u></u>	<u><u>100.00</u></u>	<u><u>46,132</u></u>	<u><u>7.50</u></u>

As at 31 December 2024				
	Carrying amount		Impairment losses	
	RMB'000	Rate %	RMB'000	Rate %
Provision on a separate basis	9,698	1.44	9,698	100.00
Provision according to credit risk characteristics	<u>662,215</u>	<u>98.56</u>	<u>36,088</u>	<u>5.45</u>
Total	<u><u>671,913</u></u>	<u><u>100.00</u></u>	<u><u>45,786</u></u>	<u><u>6.81</u></u>

An impairment analysis is performed at each reporting date. The Group identifies the receivables that are credit-impaired (but that are not purchased or originated credit-impaired) among the receivables, considering the observable information, such as the debtors being in major financial difficulties, in breach of the contract stipulations or in bankruptcy. The ECL allowance is measured by estimating the cash shortfalls, which are based on the expected payments to the Group. For the years ended 31 December 2022, 2023 and 2024, the Group has recorded ECLs of RMB6,353,000, RMB13,797,000 and RMB9,698,000 for credit impaired trade receivables with a gross carrying amount of RMB6,353,000, RMB16,099,000 and RMB9,698,000, respectively.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. The Group considers the overall characteristics of the shared credit risk and the days past due of the trade receivables to measure the expected credit losses. Majority of the receivables were neither past due nor impaired and relate to diversified customers for whom there was no recent history of default.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

24. TRADE AND BILLS RECEIVABLES (continued)

Group (continued)

The ECLs below incorporate forward-looking information, as there was no material change in the types or credit profiles of the customers and overall risk in the food production and wholesale industry, the expected credit loss rate remained stable during the Track Record Period. Information about the credit risk exposure on the Group's trade receivables that are not credit impaired using a provision matrix as at 31 December 2022, 2023 and 2024 is as follows:

	Current RMB'000	Past due			Total RMB'000
		Within 9 months RMB'000	9 to 21 months RMB'000	Over 21 months RMB'000	
At 31 December 2022					
Expected credit loss rate	5.00%	10.00%	50.00%	100.00%	5.31%
Gross carrying amount	753,225	23,357	345	1,181	778,108
Expected credit losses	<u>37,661</u>	<u>2,336</u>	<u>172</u>	<u>1,181</u>	<u>41,350</u>
At 31 December 2023					
Expected credit loss rate	5.00%	10.00%	50.00%	100.00%	5.39%
Gross carrying amount	583,816	13,630	334	1,614	599,394
Expected credit losses	<u>29,191</u>	<u>1,363</u>	<u>167</u>	<u>1,614</u>	<u>32,335</u>
At 31 December 2024					
Expected credit loss rate	5.00%	10.00%	50.00%	100.00%	5.45%
Gross carrying amount	636,719	22,674	1,675	1,147	662,215
Expected credit losses	<u>31,837</u>	<u>2,267</u>	<u>837</u>	<u>1,147</u>	<u>36,088</u>

Company

	As at 31 December		
	2022 RMB'000	2023 RMB'000	2024 RMB'000
Trade receivables	22	2	3
Impairment	<u>(1)</u>	<u>-</u>	<u>-</u>
Net carrying amount	<u>21</u>	<u>2</u>	<u>3</u>

An ageing analysis of the trade receivables as at 31 December 2022, 2023 and 2024, based on the invoice date and net of loss allowance, is as follows:

	As at 31 December		
	2022 RMB'000	2023 RMB'000	2024 RMB'000
Within 1 month	<u>21</u>	<u>2</u>	<u>3</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

24. TRADE AND BILLS RECEIVABLES (continued)

Company (continued)

The movements in the loss allowance for impairment of trade receivables are as follows:

	As at 31 December 2022 RMB'000	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000
At beginning of year	177	1	-
Impairment loss, net	(176)	(1)	-
At end of year	1	-	-

The impairment as at 31 December 2022, 2023 and 2024 is determined as follows:

	Current RMB'000	Past due			Total RMB'000
		Within 9 months RMB'000	9 to 21 months RMB'000	Over 21 months RMB'000	
At 31 December 2022					
Expected credit loss rate	4.55%	-	-	-	4.55%
Gross carrying amount	22	-	-	-	22
Expected credit losses	1	-	-	-	1
At 31 December 2023					
Expected credit loss rate	-	-	-	-	-
Gross carrying amount	2	-	-	-	2
Expected credit losses	-	-	-	-	-
At 31 December 2024					
Expected credit loss rate	-	-	-	-	-
Gross carrying amount	3	-	-	-	3
Expected credit losses	-	-	-	-	-

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

25. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Prepayments	79,276	70,625	64,891
Deposits	14,163	13,052	8,878
Dividend receivable	-	-	-
Corporate income tax recoverable	3,152	11,850	3,893
Value added tax recoverable	133,499	175,798	248,421
Others	18,194	10,370	16,869
	<u>248,284</u>	<u>281,695</u>	<u>342,952</u>
Impairment	<u>(6,297)</u>	<u>(2,843)</u>	<u>(3,525)</u>
Total	<u>241,987</u>	<u>278,852</u>	<u>339,427</u>

The Group has applied the general approach to providing impairment for ECLs prescribed by IFRS 9, which permits either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition.

An impairment analysis is performed at the end of the reporting year to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Company

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Prepayments	9,329	6,777	6,771
Deposits	90	100	95
Corporate income tax recoverable	2,753	9,387	-
Value added tax recoverable	1	-	-
Others	937	796	3,258
	<u>13,110</u>	<u>17,060</u>	<u>10,124</u>
Impairment	<u>(182)</u>	<u>(45)</u>	<u>(50)</u>
Total	<u>12,928</u>	<u>17,015</u>	<u>10,074</u>

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2022, 2023 and 2024, the loss allowance was assessed to be minimal.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Group

	As at 31 December		
	2022 RMB'000	2023 RMB'000	2024 RMB'000
Wealth management products (i)	672,325	1,033,242	3,274,118
Compensation from non-controlling shareholder of subsidiary (ii)	-	-	47,115
Total	<u>672,325</u>	<u>1,033,242</u>	<u>3,321,233</u>

Company

	As at 31 December		
	2022 RMB'000	2023 RMB'000	2024 RMB'000
Wealth management products (i)	50,109	101,597	1,325,430
Compensation from non-controlling shareholder of subsidiary (ii)	-	-	47,115
Total	<u>50,109</u>	<u>101,597</u>	<u>1,372,545</u>

(i) The Group and the Company entered into a series of wealth management products with banks in Mainland China. The expected rates of return ranged from 0.25% to 4.30% per annum during the years of 2022, 2023 and 2024.

(ii) This financial asset at fair value through profit or loss represents the compensation payable to the Company by non-controlling shareholders of Hubei New Liuwu Foodstuff Group Co., Ltd due to its failure to meet the cumulative net profit commitments for years 2022, 2023, and 2024 as stipulated in the share transfer agreement signed with the Company in April 2022. Further details are disclosed in note 40 to the financial statements.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

27. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND TIME DEPOSITS

Group

	As at 31 December		
	2022 RMB'000	2023 RMB'000	2024 RMB'000
Cash on hand and cash at bank	2,356,097	4,527,451	2,228,322
Short-term bank deposits	701,813	-	-
Cash and cash equivalents	3,057,910	4,527,451	2,228,322
Time deposits with original maturities over three months	2,383,185	422,885	533,511
Restricted cash	62,920	25,126	17,315
Restricted cash and time deposits	2,446,105	448,011	550,826

The cash and cash equivalents and restricted cash and time deposits are denominated in the following currencies:

	As at 31 December		
	2022 RMB'000	2023 RMB'000	2024 RMB'000
Cash and cash equivalents denominated in			
RMB	3,032,935	4,500,269	2,200,315
USD	2,314	36	2,981
HKD	1,634	8,378	1,664
EUR	1,957	4,858	2,547
GBP	19,070	13,910	20,815
Total	3,057,910	4,527,451	2,228,322
Restricted cash and time deposits			
RMB	2,446,105	438,866	550,826
GBP	-	9,145	-
Total	2,446,105	448,011	550,826

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

27. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND TIME DEPOSITS (continued)

Company

	As at 31 December		
	2022 RMB'000	2023 RMB'000	2024 RMB'000
Cash at bank	134,825	244,571	151,621
Cash and cash equivalents	134,825	244,571	151,621
Restricted cash and time deposits	574,430	202,801	366,904

The cash and cash equivalents and restricted cash and time deposits are denominated in the following currencies:

	As at 31 December		
	2022 RMB'000	2023 RMB'000	2024 RMB'000
Cash and cash equivalents denominated in RMB	134,825	244,571	151,621
Total	134,825	244,571	151,621
Restricted cash and time deposits RMB	574,430	202,801	366,904
Total	574,430	202,801	366,904

Cash and cash equivalents earn interest at floating rates based on daily bank deposit rates. The term of the bank deposit is within one year, depending on the cash management of the Group. The bank balances and deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

Restricted cash of RMB62,920,000, RMB25,126,000 and of RMB17,315,000 at 31 December 2022, 2023 and 2024, respectively was reserved for bank acceptance guarantees in accordance with relevant regulations issued by Ministry of Commerce of PRC.

The RMB is not freely convertible into other currencies, however, under the Regulations on the Foreign Exchange Control of the PRC and the Administrative Regulations on Settlements, Sales and Payments in Foreign Exchange, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

28. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group

	As at 31 December							
	2022				2023			
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity
Current								
Bank loans – secured	3.65-4.72	2023	119,128	3.20-3.85	2024	100,105	3.45	2025
Bank loans – unsecured	3.10-4.10	2023	369,870	2.90-3.65	2024	225,259	2.90-3.45	2025
Current portion of long term bank loans – unsecured	1.69	2023	907	1.69	2024	977	1.69	2025
Total			<u>489,905</u>			<u>326,341</u>		<u>112,095</u>
Non-current								
Bank loans – unsecured	1.69	2026	2,266	1.69	2026	1,465	1.69	2026
Total			<u>2,266</u>			<u>1,465</u>		<u>490</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

28. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Group (continued)

The carrying amounts of borrowings are denominated in the following currencies:

	As at 31 December		
	2022 RMB'000	2023 RMB'000	2024 RMB'000
Current			
Bank loans – secured			
RMB	119,128	100,105	70,072
Bank loans – unsecured			
RMB	369,870	225,259	41,043
Current portion of long term bank loans – unsecured			
GBP	907	977	980
Total	489,905	326,341	112,095
Non-current			
Bank loans – unsecured			
GBP	2,266	1,465	490
Total	2,266	1,465	490
As at 31 December			
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Analysed into:			
Bank loans and overdrafts repayable:			
Within one year or on demand	489,905	326,341	112,095
In the second year	907	977	490
In the third to four years, inclusive	907	488	-
Beyond four years	452	-	-
Total	492,171	327,806	112,585

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

28. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Group (continued)

As at 31 December 2022, the Group's secured bank borrowings of RMB119,128,000 were secured by plant and equipment and right-of use assets with the carrying amount of RMB78,502,000 and RMB45,714,000, respectively.

As at 31 December 2023, the Group's secured bank borrowings of RMB23,528,000 were guaranteed by Mr. Liu Zhonghu and the Group's secured bank borrowings of RMB100,105,000 were secured by plant and equipment and right-of use assets with the carrying amount of RMB126,918,000 and RMB44,631,000, respectively.

As at 31 December 2024, the Group's secured bank borrowings of RMB70,072,000 were secured by plant and equipment and right-of use assets with the carrying amount of RMB125,068,000 and RMB43,547,000, respectively.

29. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at 31 December 2022, 2023 and 2024, based on the invoice date, is as follows:

Group

	As at 31 December		
	2022 RMB'000	2023 RMB'000	2024 RMB'000
Within 1 year	1,318,870	1,266,540	1,375,078
Over 1 year	8,431	21,929	4,632
Total	1,327,301	1,288,469	1,379,710

Company

	As at 31 December		
	2022 RMB'000	2023 RMB'000	2024 RMB'000
Within 1 year	119,788	96,003	94,227
Over 1 year	837	5,211	113
Total	120,625	101,214	94,340

Trade payables are non-interest-bearing and normally settled within 60 days.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

30. OTHER PAYABLES AND ACCRUALS

Group

	Notes	As at 31 December		
		2022 RMB'000	2023 RMB'000	2024 RMB'000
Other payables for property, plant, and equipment	(iii)	284,230	507,865	396,872
Contract liabilities	(i)	439,211	629,522	260,138
Sales rebates allowance	(i)	244,981	249,227	280,843
Staff salaries, bonuses and welfare payables		234,491	245,866	247,666
Other tax payables		126,607	145,413	99,187
Other payables-restricted stock repurchase	(iv)	47,053	-	-
Accrued expenses		104,153	90,701	78,690
Deposits		352,631	289,020	278,621
Others	(ii)	99,949	80,698	71,481
Total		1,933,306	2,238,312	1,713,498
Current		1,885,979	2,229,172	1,711,352
Non-current		47,327	9,140	2,146
Total		1,933,306	2,238,312	1,713,498

(i) Details of contract liabilities and sales rebate allowances are as follows:

	As at 1 January	As at 31 December		
	2022 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000
Sales rebate allowances	182,333	244,981	249,227	280,843
Sale of food products	263,456	439,211	629,522	260,138

Contract liabilities include advances from customers for the sale of food products. Sales rebate allowances are provided to certain customers once the quantity of products purchased during the year exceeds a threshold specified in the contract. The increase in contract liabilities in 2023 and 2022 was mainly due to the increase in short-term advances received from customers. The decrease in contract liabilities in 2024 mainly due to the changes in market conditions, the sales policy for this year has been altered, resulting in a decrease in the proportion of advance payments received from customers.

(ii) Other payables are non-interest-bearing and have an average term of three months.

(iii) Other payables for property, plant, and equipment include the unpaid obligations incurred by the Group for the acquisition of assets intended for long-term use. Due to the rapid development of the Group in recent years, the purchase payments for factories and equipment have increased.

(iv) Other payables-restricted stock repurchase include the partial fulfillment of the conditions for the release of the final 30% of the restricted stocks initially granted under the 2019 Restricted Stock Incentive Plan.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

30. OTHER PAYABLES AND ACCRUALS (continued)

Company

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Contract liabilities (i)	649,837	852,161	1,549,028
Other tax payables	97,285	118,459	205,574
Other payables-restricted stock repurchase	47,053	-	-
Staff salaries, bonuses and welfare payables	18,702	19,308	21,611
Other payables for property, plant, and equipment	4,422	2,282	6,504
Deposits	435	405	46
Accrued expenses	1,715	1,252	3,193
Others	15,719	14,869	8,596
Total	835,168	1,008,736	1,794,552
Current	821,567	1,001,834	1,794,552
Non-current	13,601	6,902	-
Total	835,168	1,008,736	1,794,552

(i) Details of contract liabilities are as follows:

	As at 1 January	As at 31 December		
	2022	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Sale of food products	469,034	649,837	852,161	1,549,028

The increase in contract liabilities was mainly due to the increase in short-term advances received from the subsidiary Wuxi Anjoy Foods Marketing Co., Ltd., which played a key wholesaling role in the group.

31. DUE TO RELATED PARTIES - TRADE PAYABLES

An ageing analysis of the trade payables due to related parties as at 31 December 2022, 2023 and 2024, based on the invoice date, is as follows:

Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 1 year	-	7,751	16,449

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

31. DUE TO RELATED PARTIES - TRADE PAYABLES (continued)

Company

	As at 31 December		
	2022 RMB'000	2023 RMB'000	2024 RMB'000
Within 1 year	-	260	2,609

32. DUE TO SUBSIDIARIES

Company-Trade

	As at 31 December		
	2022 RMB'000	2023 RMB'000	2024 RMB'000
Within 1 year	10,686	13,421	32,644

The amounts due to subsidiaries are trade in nature, mainly arising from the purchase of the raw materials and semi-finished goods.

Company- Non-trade

	As at 31 December		
	2022 RMB'000	2023 RMB'000	2024 RMB'000
Within 1 year	-	-	106

The amounts due to subsidiaries are non-trade, mainly arising from the the accounts receivable advanced on behalf of subsidiaries.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

33. DUE FROM SUBSIDIARIES

Company

	As at 31 December		
	2022 RMB'000	2023 RMB'000	2024 RMB'000
Liaoning Anjoy	752,574	493,573	-
Taizhou Anjoy	301,000	301,000	-
Sichuan Anjoy	150,000	150,000	-
Henan Anjoy	680,000	680,000	-
Guangdong Anjoy	266,000	266,000	-
Shandong Anjoy	649,000	680,000	-
New Liuwu	-	286,874	204,202
Total	2,798,574	2,857,447	204,202

The amounts due from related parties are non-trade in nature, unsecured, non-interest-bearing and repayable on demand, except for the amounts due from New Liuwu. The amount due from New Liuwu as at 31 December 2023 was unsecured, interest bearing at 3.85% per annum and with maturity date of 28 February 2024. The amount due from New Liuwu as at 31 December 2024 was unsecured, interest bearing at 2.80% per annum and with maturity date of 31 March 2025.

34. DEFERRED INCOME

Group

	As at 31 December		
	2022 RMB'000	2023 RMB'000	2024 RMB'000
Government grants	118,459	132,121	131,686

Movements in government grants of the Group during the Relevant Years are as follows:

	As at 31 December		
	2022 RMB'000	2023 RMB'000	2024 RMB'000
At beginning of year	99,211	118,459	132,121
Government grants received	49,919	49,122	67,909
Transfers to other income	(12,700)	(15,711)	(17,756)
Offset with property, plant and equipment	(17,971)	(19,749)	(50,588)
Total	118,459	132,121	131,686

The Group received government grants for capital expenditure incurred for property, plant and equipment. The amounts are deferred and amortised over the estimated useful lives of the respective assets. At the same time, the Group has also received some government subsidies related to daily operating activities.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

34. DEFERRED INCOME (continued)

Company

	As at 31 December		
	2022 RMB'000	2023 RMB'000	2024 RMB'000
Government grants	28,024	20,935	17,557

Movements in government grants of the Company during the Relevant Years are as follows:

	As at 31 December		
	2022 RMB'000	2023 RMB'000	2024 RMB'000
At beginning of year	25,292	28,024	20,935
Government grants received	10,184	14,917	11,987
Credited to the consolidated statements of profit or loss during the year	(7,452)	(22,006)	(15,365)
Total	28,024	20,935	17,557

35. OTHER FINANCIAL LIABILITIES

Company

	As at 31 December		
	2022 RMB'000	2023 RMB'000	2024 RMB'000
Other financial liabilities	13,601	6,902	-

Other financial liabilities represented the liability for the acquisition of 30% equity of Anjoy Mr. Frozen, which were held by the minority shareholders Mr. Ni Rutie and Mr. Zhou Jinya.

36. SHARE CAPITAL

Shares

	As at 31 December		
	2022 RMB'000	2023 RMB'000	2024 RMB'000
Issued and fully paid: 293,294,232 shares with nominal value of RMB1.00 each	293,294	293,294	293,294

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

36. SHARE CAPITAL (continued)

A summary of movements in the Company's issued paid-in capital during the Relevant Years is as follows:

Share capital	Notes	Number of shares in issue	Total RMB'000
At 1 January 2022		244,424,360	244,424
Issue of ordinary shares	a	48,884,872	48,885
Repurchase and Forfeiture of restricted A shares	b	(15,000)	(15)
At 31 December 2022 and 1 January 2023		293,294,232	293,294
At 31 December 2023 and 1 January 2024		293,294,232	293,294
At 31 December 2024		293,294,232	293,294

Notes:

- (a) On 10 March 2022, the Company issued 48,884,872 new shares with a nominal value of RMB1.00 each in the non-public offering at an issue price of RMB116.08 per share. The total funds raised amounted to RMB5,674,556,000. After deducting the issuance expenses related to the raised funds totalling RMB39,982,000 (excluding VAT), the actual net funds raised by the Company were RMB5,634,574,000.
- (b) On 18 May 2022, the Company repurchased and forfeited 15,000 shares (with a nominal value of RMB1.00 each) granted to two participants under the Restricted A-share Incentive Schemes who no longer satisfying the incentive conditions, resulting in a repurchase payment of RMB386,000.

37. SHARE-BASED PAYMENT

Restricted A shares incentive schemes

The Group operated share incentive schemes (the "Restricted A share Incentive Schemes") for the purpose of further refining the corporate governance structure of the Group, facilitating the establishment of the restricted incentive mechanism, fully motivating the directors and key personnel of the Group, as well as balancing the interests of the shareholders, the Group and management for the long-term development of the Group.

The Restricted A share incentive schemes 2019 ("Plan I") was approved by the shareholders of the Company. On 13 November 2019, the relevant resolutions were considered and passed at the Company's 31st meeting of the 3rd session of the board of directors, pursuant to which the date of grant for Plan I was set on 13 November 2019. On 13 November 2019 (the date of grant), 6,320,000 restricted A shares were granted to 231 eligible participants of Plan I at an exercise price of RMB26.97 per share. The share incentive participants include executive directors and the members of senior management of the Company and core technical and management personnel of the Company and its subsidiaries.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

37. SHARE-BASED PAYMENT (continued)

Restricted A shares incentive schemes(continued)

On 1 January 2020, two participants forfeited the rights, and a total of 229 participants purchased 6,310,000 shares with the payment of RMB170,181,000. The fair value of restricted shares granted for employees is determined by closing price of RMB59.70 per share at the grant date. The fair value of restricted shares granted for executives is determined by an external valuer using the Black-Scholes formula for executives which is RMB37.41 per share. Since there are no cash settlement alternatives, the Group accounts for the restricted shares granted under Plan I as an equity-settled plan.

The shares granted under Plan I shall be locked up immediately upon grant. The restricted A shares granted to the participants shall be subject to various lock-up periods of 1 year, 2 years and 3 years after the date of registration. The restricted A share held by the participants shall be unlocked in three tranches in the proportions of 40%, 30% and 30% of the total number of the restricted A shares granted upon the expiry of each lock-up period. Where the performance target at company level has been achieved, the participants are only entitled to unlock the restricted A shares upon achieving the benchmarks of "Pass" or above in their performance target for the preceding year according to the Company's administrative measures in respect of the remuneration and performance appraisal.

The Restricted A shares incentive schemes 2020 ("Plan II") was approved by the shareholders of the Company. On 14 July 2020, the relevant resolutions were considered and passed at the Company's 4th meeting of the 4th session of the board of directors, pursuant to which the date of grant for Plan II was set on 14 July 2020.

On 14 July 2020 (the date of grant), pursuant to Plan II, 300,000 restricted shares were granted to 27 eligible participants of the Plan II at an exercise price of RMB66.31 per share. The share incentive participants include executive directors and the members of core marketing, technical and management personnel of the Company and its subsidiaries.

On 4 September 2020, one participant forfeited the rights, a total of 26 participants purchased 298,000 shares with the payment of RMB19,760,000. The fair value of each restricted share is determined by closing price of RMB134.68 per share at the grant date. Since there are no cash settlement alternatives, the Group accounts for the restricted shares granted under Plan II as an equity-settled plan.

The restricted shares granted under Plan II shall be locked up immediately upon grant. The restricted A shares granted to the participants shall be subject to various lock-up periods of 1 year, 2 years after the date of registration. The restricted A share held by the participants shall be unlocked in two tranches in the proportions of 50% and 50% of the total number of the restricted A shares granted upon the expiry of each lock-up period. Where the performance target at company level has been achieved, the participants are only entitled to unlock the restricted A shares upon achieving the benchmarks of reach or above in their performance target for the preceding year according to the Company's administrative measures in respect of the remuneration and performance appraisal.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

37. SHARE-BASED PAYMENT (continued)

Restricted A shares incentive schemes(continued)

The following restricted A shares were outstanding under the Restricted A share Incentive Schemes during the years ended 31 December 2022, 2023 and 2024:

Plan I

	Year ended 31 December 2022		Year ended 31 December 2023		Year ended 31 December 2024	
	Weighted average exercise price RMB per share	Number of restricted A shares '000	Weighted average exercise price RMB per share	Number of restricted A shares '000	Weighted average exercise price RMB per share	Number of restricted A shares '000
At 1 January	26.97	3,786	26.97	1,878	-	-
Forfeited during the year	26.97	(15)	-	-	-	-
Vested during the year	26.97	(1,893)	26.97	(1,878)	-	-
At 31 December	26.97	1,878	-	-	-	-

Plan II

	Year ended 31 December 2022	
	Weighted average exercise price RMB per share	Number of restricted A shares '000
At 1 January	66.31	149
Vested during the year	66.31	(149)
At 31 December	-	-

Share Option Schemes

The Company operates a share option scheme (the "Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

The Share Option Scheme was approved by 2023 second extraordinary general meeting on 13 October 2023. The adjustments of participants, number of options, and exercise price were further approved by the Company's board of directors' and board of supervisors' meeting on 25 October 2023. The share option granted to the participants shall be subject to various lock-up periods of 1 year, 2 years, 3 years after the date of grant. The share option held by the participants shall be unlocked in three tranches in the proportions of 40%, 30% and 30% of the total number of the share option granted upon the expiry of each lock-up period.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

37. SHARE-BASED PAYMENT (continued)

Share Option Schemes(continued)

The total number of share options granted was 11,395,000 shares for 1,458 participants with the exercise price of RMB105.275 per share. On 7 December 2023, two participants forfeited the rights, and a total of 1,456 participants were registered with 11,389,000 share options. The fair value of share option for employees and executives is determined by an external valuer using the Black-Scholes formula. Since there are no cash settlement alternatives, the Group accounts for the Share Option Scheme as an equity-settled share option scheme.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

On 25 October 2024, the Board of Directors of the Company approved the adjustment of the share option scheme price due to the distribution of cash dividends. The grant price for the initial and reserved share option scheme has been adjusted from 105.275 yuan per share to 102.12 yuan per share. The adjustment of the exercise price of the share option scheme granted for the first time under this incentive plan will not have a material impact on the Group's financial condition and operations, nor will it harm the interests of the Company and its shareholders. It will also not affect the continuation of the implementation of this incentive plan.

The following share options were outstanding under the Share Option Scheme during the years ended 31 December 2023 and 2024:

	Note	Year ended 31 December 2023		Year ended 31 December 2024	
		Weighted average exercise price RMB per share	Number of options '000	Weighted average exercise price RMB per share	Number of options '000
At 1 January		-	-	105.275	11,389
Granted during the year		105.275	11,395	-	-
Forfeited during the year		105.275	(6)	105.275	(204)
At the end of the year	a	105.275	<u>11,389</u>	102.120	<u>11,185</u>

Note

(a) Due to the distribution of cash dividends, the grant price for the initial and reserved share option scheme has been adjusted from 105.275 yuan per share to 102.12 yuan per share.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

37. SHARE-BASED PAYMENT (continued)

Share Option Schemes(continued)

The fair value of equity-settled share options granted during the year was estimated as at the date of grant using a Black-Scholes formula, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2023
Historical volatility (%)	12.57%,14.87%,14.66%
Risk-free interest rate (%)	1.50%,2.10%,2.75%
Expected life of options (year)	3
Weighted average share price (RMB per share)	114.90
Weighted average fair value of the options (RMB)	17.01

The Group recognised share-based payment expenses of RMB33,460,000, RMB19,208,000, and RMB100,808,000 in profit or loss for the years ended 31 December 2022, 2023 and 2024, respectively.

38. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statements of changes in equity in the Historical Financial Information.

(i) Statutory reserve

In accordance with the Company Law of the PRC, companies registered in the PRC are required to allocate 10% of the statutory after tax profits to the statutory reserve until the cumulative total of the reserve reaches 50% of the companies registered capital. Subject to approval from the relevant PRC authorities, the statutory reserve may be used to offset any accumulated losses or increase the registered capital of the companies. The statutory reserve is not available for dividend distribution to equity holders of the PRC companies.

(ii) Capital reserve

The capital reserve of the Group included the excess of the consideration received for subscription of the registered capital of the Company and the effect of implementation and unlocking of restricted shares and share option schemes. Details of the movement in capital reserve are set out in the consolidated statements of changes in equity of the Historical Financial Information.

(iii) Exchange fluctuation reserve

The exchange fluctuation reserve is used to record exchange differences arising from the translation of the financial information of entities of which the functional currency is not RMB.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

38. RESERVES (continued)

(b) Company

	Share Capital RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Treasury shares RMB'000	Retained profits RMB'000	Total RMB'000
As at 1 January 2022	244,424	2,424,234	137,066	(104,660)	740,643	3,441,707
Profit for the year	-	-	-	-	255,830	255,830
Issue of shares	48,885	5,625,671	-	-	-	5,674,556
Share issue expenses	-	(39,982)	-	-	-	(39,982)
Equity-settled restricted A shares arrangements	-	24,394	-	-	-	24,394
Vesting of restricted shares	-	-	-	57,221	-	57,221
Forfeiting of restricted shares	(15)	(729)	-	386	-	(358)
Final 2021 dividend	-	-	-	-	(205,013)	(205,013)
Transfer from retained profits	-	-	9,581	-	(9,581)	-
As at 31 December 2022	293,294	8,033,588	146,647	(47,053)	781,879	9,208,355
As at 1 January 2023	293,294	8,033,588	146,647	(47,053)	781,879	9,208,355
Profit for the year	-	-	-	-	430,083	430,083
Vesting of restricted shares	-	-	-	47,053	-	47,053
Share-based payment arrangements	-	19,208	-	-	-	19,208
Repurchase of A-shares	-	-	-	(45,714)	-	(45,714)
Final 2022 dividend	-	-	-	-	(330,543)	(330,543)
2023 interim dividend	-	-	-	-	(221,437)	(221,437)
Others	-	(141)	-	-	-	(141)
As at 31 December 2023	293,294	8,052,655	146,647	(45,714)	659,982	9,106,864

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

38. RESERVES (continued)

(b) Company (continued)

	Share Capital RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Treasury shares RMB'000	Retained profits RMB'000	Total RMB'000
As at 1 January 2024	293,294	8,052,655	146,647	(45,714)	659,982	9,106,864
Profit for the year	-	-	-	-	1,146,486	1,146,486
Share option arrangements	-	100,808	-	-	-	100,808
Repurchase of A-shares	-	-	-	(62,879)	-	(62,879)
Final 2023 dividend	-	-	-	-	(518,647)	(518,647)
2024 interim dividend	-	-	-	-	(680,671)	(680,671)
As at 31 December 2024	293,294	8,153,463	146,647	(108,593)	607,150	9,091,961

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

39. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	As at 31 December		
	2022	2023	2024
Percentage of equity interest held by non-controlling interests:			
Honghu Xinhongye	10%	10%	10%
Hubei New Liuwu	30%	30%	30%

	Year ended 31 December		
	2022 RMB'000	2023 RMB'000	2024 RMB'000
Profit for the year allocated to non-controlling interests:			
Honghu Xinhongye	7,115	6,637	4,251
Hubei New Liuwu	9,010	15,650	24,306

	As at 31 December		
	2022 RMB'000	2023 RMB'000	2024 RMB'000
Accumulated balances of non-controlling interests at the reporting date:			
Honghu Xinhongye	62,886	69,523	73,774
Hubei New Liuwu	137,525	153,175	177,481

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

	Honghu Xinhongye RMB'000	Hubei New Liuwu RMB'000
2022		
Revenue	1,598,538	313,757
Total expenses	1,527,390	283,723
Profit for the year	71,148	30,034
Total comprehensive income for the year	71,148	30,034
Current assets	663,967	627,167
Non-current assets	456,278	618,442
Current liabilities	396,162	733,478
Non-current liabilities	95,221	53,715
Net cash flows used in operating activities	(83,049)	(95,172)
Net cash flows used in investing activities	(62,987)	(94,620)
Net cash flows from financing activities	180,295	156,925
Net increase/(decrease) in cash and cash equivalents	34,259	(32,867)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

39. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations(continued):

	Honghu Xinhongye RMB'000	Hubei New Liuwu RMB'000
2023		
Revenue	1,441,581	1,158,126
Total expenses	1,365,465	1,099,045
Profit for the year	76,116	59,081
Total comprehensive income for the year	<u>76,116</u>	<u>59,081</u>
Current assets	688,985	771,408
Non-current assets	435,277	633,798
Current liabilities	357,016	839,183
Non-current liabilities	<u>62,269</u>	<u>48,525</u>
Net cash flows from/(used in) operating activities	80,960	(124,419)
Net cash flows used in investing activities	(28,068)	(69,510)
Net cash flows (used in)/from in financing activities	<u>(34,282)</u>	<u>183,527</u>
Net increase/(decrease) in cash and cash equivalents	<u>18,610</u>	<u>(10,402)</u>
	Honghu Xinhongye RMB'000	Hubei New Liuwu RMB'000
2024		
Revenue	1,351,807	1,239,071
Total expenses	1,317,002	1,171,504
Profit for the year	34,805	67,567
Total comprehensive income for the year	<u>34,805</u>	<u>67,567</u>
Current assets	534,208	727,256
Non-current assets	395,899	582,669
Current liabilities	(123,861)	(676,722)
Non-current liabilities	<u>(66,464)</u>	<u>(48,138)</u>
Net cash flows from operating activities	297,714	319,015
Net cash flows used in investing activities	(8,879)	(35,035)
Net cash flows used in financing activities	<u>(224,911)</u>	<u>(86,136)</u>
Net increase in cash and cash equivalents	<u>63,924</u>	<u>197,844</u>

40. BUSINESS COMBINATIONS

Hubei New Liuwu and subsidiaries

In April 2022, the Company entered into a share purchase agreement with third parties to acquire 70% equity interests of Hubei New Liuwu and subsidiaries with the consideration of RMB644,000,000. Hubei New Liuwu and subsidiaries are primarily engaged in crayfish farming and processing business. The acquisition was made as part of the Group's strategy to enhance its raw material productions. The acquisition was consummated in August 2022.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

40. BUSINESS COMBINATIONS (continued)

Hubei New Liuwu and subsidiaries (continued)

The fair values of the identifiable assets and liabilities of Hubei New Liuwu and subsidiaries as at the date of acquisition were as follows:

	Notes	Fair value recognised on acquisition RMB'000
Property, plant and equipment	15	346,461
Right-of-use assets	16(a)	32,746
Other intangible assets	18	172,711
Cash and cash equivalents		55,912
Trade receivables		164,713
Inventories		385,063
Prepayments, other receivables and other assets		47,875
Other non-current assets		12,595
Deferred tax assets		5,424
Trade payables		(158,380)
Interest-bearing bank and other borrowings		(80,077)
Other liabilities		(512,363)
Deferred tax liabilities		(44,297)
Total identifiable net assets at fair value		428,383
Non-controlling interests		(128,515)
Goodwill on acquisition		344,132
Total consideration		644,000
Satisfied by cash		644,000

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash consideration	(644,000)
Cash and cash equivalents acquired	55,912
Net outflow of cash and cash equivalents included in cash flows from investing activities	(588,088)

The fair values of the trade receivables as at the date of acquisition amounted to RMB164,713,000. The gross contractual amounts of trade receivables were RMB174,303,000 of which RMB9,590,000 are expected to be uncollectible.

Since the acquisition, Hubei New Liuwu and subsidiaries contributed RMB311,245,000 to the Group's revenue and caused a profit of RMB30,034,000 to the consolidated profit of the Group for the year ended 31 December 2022.

Had the combination taken place at the beginning of 2022, the revenue and the profit of the Group for the year would have been RMB12,968,381,000 and RMB1,153,763,000, respectively.

As part of the purchase agreement, the transferors promised that the net profit of Hubei New Liuwu for the fiscal years of 2022, 2023, and 2024 would not be less than RMB70,000,000, RMB80,000,000 and RMB90,000,000, respectively, and the proportion of non-recurring gains and losses in the corresponding net profit amount for 2022, 2023 and 2024 should not exceed 20% respectively.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

40. BUSINESS COMBINATIONS (continued)

Hubei New Liuwu and subsidiaries (continued)

If Hubei New Liuwu fails to achieve the corresponding performance commitment for a particular fiscal year, and the actual net profit of Hubei New Liuwu for that year is less than 80% (excluding the exact amount) of the corresponding performance commitment amount for that year, then the transferors agreed to compensate the Group at an amount to be calculated based on the performance commitment.

Due to the prolonged downturn of the crayfish market in recent years, the net profit of Hubei New Liuwu for the fiscal years of 2023, and 2024 were less than RMB80,000,000 and RMB90,000,000, respectively. Besides, Hubei New Liuwu failed to meet the cumulative net profit commitments for years 2022, 2023, and 2024 as stipulated in the share transfer agreement signed with the Company in April 2022. Pursuant to the agreement and evaluation results, the non-controlling shareholder of Hubei New Liuwu, Mr. Liu Zhonghu, shall compensate RMB47,115,000 to the Group, comprising performance indemnity of RMB35,229,000 and performance compensation of RMB11,886,000. The Company and the non-controlling shareholder of Hubei New Liuwu had reached consensus to settle the aforesaid performance compensation with 4.4915% interests in Hubei New Liuwu.

41. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transaction

During the years ended 31 December 2022, 2023 and 2024, the Group had non-cash additions to right-of-use assets and lease liabilities of Nil, RMB2,805,000 and RMB42,993,000 respectively, in respect of lease agreements.

(b) Changes in liabilities arising from financing activities

Year ended 31 December 2022

	Bank and other borrowings	Lease liabilities	Other payables - restricted stock repurchase
	RMB'000	RMB'000	RMB'000
At 1 January 2022	411,038	9,192	104,660
Changes from financing cash flows	(13,620)	(4,322)	-
Acquisition of a subsidiary	80,077	-	-
Accretion of interest recognised during the year	14,676	226	-
Vesting of restricted A shares	-	-	(57,221)
COVID-19-related rent concessions from lessors	-	(92)	-
Forfeiting of restricted A shares	-	-	(386)
At 31 December 2022	492,171	5,004	47,053

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

41. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

(b) Changes in liabilities arising from financing activities (continued)

Year ended 31 December 2023

	Bank and other borrowings	Lease liabilities	Other payables - restricted stock repurchase	Dividends Payable
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	492,171	5,004	47,053	-
Changes from financing cash flows	(131,730)	(4,205)	-	(221,437)
Increase arising from non-cash changes	(50,000)	-	-	-
New leases	-	2,805	-	-
Accretion of interest recognised during the year	17,365	134	-	-
Dividends declared	-	-	-	221,437
Vesting of restricted A shares	-	-	(47,053)	-
At 31 December 2023	<u>327,806</u>	<u>3,738</u>	<u>-</u>	<u>-</u>

Year ended 31 December 2024

	Bank and other borrowings	Lease liabilities	Dividends Payable
	RMB'000	RMB'000	RMB'000
At 1 January 2024	327,806	3,738	-
Changes from financing cashflows	(222,978)	(3,536)	(921,791)
New leases	-	42,993	-
Accretion of interest recognised during the year	7,757	399	-
Disposal	-	(922)	-
Dividends declared	-	-	1,199,318
At 31 December 2024	<u>112,585</u>	<u>42,672</u>	<u>277,527</u>

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statements of cash flows is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within operating activities	12,584	14,892	15,387
Within investing activities	28,140	23,096	52,657
Within financing activities	4,322	4,205	3,536
Total	<u>45,046</u>	<u>42,193</u>	<u>71,580</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

42. CONTINGENT LIABILITIES

As at 31 December 2022, 2023 and 2024, neither the Group nor the Company had any significant contingent liabilities.

43. PLEDGE OF ASSETS

Details of the Group's interest-bearing borrowings, which are secured by the assets of the Group, are included in note 28 to the Historical Financial Information.

44. COMMITMENTS

The Group had the following contractual commitments at the end of each of the Relevant Years:

	As at 31 December		
	2022 RMB'000	2023 RMB'000	2024 RMB'000
Contracted, but not provided for purchase of property, plant and equipment	284,230	507,865	396,872

45. RELATED PARTY TRANSACTIONS

The Group had the following material transactions with related parties during the years ended 31 December 2022, 2023 and 2024:

(a) Transactions with related parties:

	Year ended 31 December		
	2022 RMB'000	2023 RMB'000	2024 RMB'000
Sale of goods proceeds			
Beihai Heyuan Foods Co., Ltd.(i)	NA	6,639	8,433
Purchase of goods			
Beihai Heyuan Foods Co., Ltd.(i)	NA	264,472	317,577

(i) Beihai Heyuan has been identified as a related party of the Group since November 2023. Honghu Xinhongye Food Co., Ltd., a subsidiary of the Company held 19% equity of Beihai Heyuan Foods Co., Ltd. since its formation in November 2022 with significant influence. Then, Xiaohuabin (a key management personnel of the Group), the legal person, director and general manager of Honghu Xinhongye Food Co., Ltd which held the rest of 10% equity. Taking a role of chairman of Beihai Heyuan since November 2023.

The sales to the related parties were made according to the published prices and conditions offered to the major customers. The purchases from the related parties were conducted in the ordinary course of business and based on commercial terms mutually agreed by the counterparties.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

45. RELATED PARTY TRANSACTIONS (continued)

(b) Compensation of key management personnel of the Group

Compensation of key management personnel of the Group, which comprises the remuneration of the directors, is disclosed in note 10 and note 11 to the Historical Financial Information.

(c) Outstanding balances with related parties

	Year ended 31 December		
	2022 RMB'000	2023 RMB'000	2024 RMB'000
Trade payables			
Beihai Heyuan Foods Co., Ltd.	NA	7,651	16,349
Other payables			
Beihai Heyuan Foods Co., Ltd.	NA	100	100

Amounts due to a related party were trade in nature, unsecured, interest-free and repayable within 15 days.

46. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at 31 December 2022, 2023 and 2024 are as follows:

31 December 2022

<u>Financial assets</u>	Financial assets at fair value through profit or loss RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	672,325	-	672,325
Trade and bills receivables	-	736,997	736,997
Financial assets included in prepayments, other receivables and other assets	-	26,060	26,060
Restricted cash and time deposits	-	2,446,105	2,446,105
Cash and cash equivalents	-	3,057,910	3,057,910
Total	672,325	6,267,072	6,939,397

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

46. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at 31 December 2022, 2023 and 2024 are as follows: (continued)

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Trade and bills payables	-	1,327,301	1,327,301
Financial liabilities included in other payables and accruals	-	874,415	874,415
Interest-bearing bank and other borrowings	-	492,171	492,171
Total	-	2,693,887	2,693,887

31 December 2023

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss	1,033,242	-	1,033,242
Trade and bills receivables	-	572,084	572,084
Financial assets included in prepayments, other receivables and other assets	-	20,579	20,579
Restricted cash and time deposits	-	448,011	448,011
Cash and cash equivalents	-	4,527,451	4,527,451
Total	1,033,242	5,568,125	6,601,367

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Trade and bills payables	-	1,288,469	1,288,469
Financial liabilities included in other payables and accruals	-	954,591	954,591
Interest-bearing bank and other borrowings	-	327,806	327,806
Due to related parties - trade payables	-	7,751	7,751
Total	-	2,578,617	2,578,617

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

46. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at 31 December 2022, 2023 and 2024 are as follows: (continued)

31 December 2024

Financial assets

	Financial assets at fair value through profit or loss RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	3,321,233	-	3,321,233
Trade and bills receivables	-	626,127	626,127
Financial assets included in prepayments, other receivables and other assets	-	22,222	22,222
Restricted cash and time deposits	-	550,826	550,826
Cash and cash equivalents	-	2,228,322	2,228,322
Total	3,321,233	3,427,497	6,748,730

Financial liabilities

	Financial liabilities at fair value through profit or loss RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade and bills payables	-	1,379,710	1,379,710
Financial liabilities included in other payables and accruals	-	818,762	818,762
Interest-bearing bank and other borrowings	-	112,585	112,585
Due to related parties - trade payables	-	16,449	16,449
Dividends payable	-	277,527	277,527
Total	-	2,605,033	2,605,033

47. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts			Fair values		
	As at 31 December 2022 RMB'000	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 31 December 2022 RMB'000	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000
Financial assets						
Financial assets at fair value through profit or loss	672,325	1,033,242	3,321,233	672,325	1,033,242	3,321,233
Financial liabilities						
Interest-bearing bank loans	2,266	1,465	490	2,172	1,412	471

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

47. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Management has assessed that the fair values of cash and cash equivalents, restricted cash and time deposits, trade receivables, financial assets included in prepayments, other receivables and other assets, current interest-bearing bank borrowings, trade payables, financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

The fair values of the non-current interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at 31 December 2022, 2023 and 2024, were assessed to be insignificant.

The fair values of wealth management products included in financial assets at fair value through profit or loss have been estimated using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The Group's corporate finance team is responsible for determining the policies and procedures for the fair value management of financial instruments. The corporate finance team reports directly to the chief financial officer and the board of directors. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the board of directors for annual financial reporting.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value :

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
As at 31 December 2022				
Financial assets at fair value through profit or loss	-	672,325	-	672,325
As at 31 December 2023				
Financial assets at fair value through profit or loss	-	1,033,242	-	1,033,242
As at 31 December 2024				
Financial assets at fair value through profit or loss	-	3,321,233	-	3,321,233

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

47. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

The movements in fair value measurements within Level 3 during the Relevant Years are as follows:

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000
Other financial liabilities			
At the beginning of year	511	-	-
Purchase of equity rights from non-controlling shareholders	(511)	-	-
At end of year	-	-	-

During the Relevant Years, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

Liabilities for which fair values are disclosed :

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
As at 31 December 2022				
Interest-bearing bank borrowings	-	2,172	-	2,172
As at 31 December 2023				
Interest-bearing bank borrowings	-	1,412	-	1,412
As at 31 December 2024				
Interest-bearing bank borrowings	-	471	-	471

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank and other interest-bearing borrowings, cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, interest rate risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. In addition, the Group has currency exposures from its cash and cash equivalent. The management of the Company consider the Group's exposure to foreign currency risk not significant.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk

The Group's bank balances, other than short-term and long-term bank deposits, expose to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate. The directors of the Company consider the Group's exposure to interest rate risk in respect of bank balances, interest-bearing bank and other borrowings is not significant as most of them are at fixed interest rate.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging as at 31 December 2022, 2023 and 2024.

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2022, 2023 and 2024. The amounts presented are gross carrying amounts for financial assets.

31 December 2022	12-month ECLs	Lifetime ECLs			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade and bills receivables*	239	-	-	784,461	784,700
Financial assets included in prepayments, other receivables and other assets					
-Normal **	31,719	-	-	-	31,719
-Doubtful	-	638	-	-	638
Restricted cash and time deposits					
-Not yet past due	2,446,105	-	-	-	2,446,105
Cash and cash equivalents					
-Not yet past due	3,057,910	-	-	-	3,057,910
Total	5,535,973	638	-	784,461	6,321,072

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

31 December 2023	12-month ECLs	Lifetime ECLs			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade and bills receivables*	2,723	-	-	615,493	618,216
Financial assets included in prepayments, other receivables and other assets					
-Normal **	22,862	-	-	-	22,862
-Doubtful	-	560	-	-	560
Restricted cash and time deposits					
-Not yet past due	448,011	-	-	-	448,011
Cash and cash equivalents					
-Not yet past due	4,527,451	-	-	-	4,527,451
Total	5,001,047	560	-	615,493	5,617,100
31 December 2024	12-month ECLs	Lifetime ECLs			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade and bills receivables*	-	-	-	671,913	671,913
Financial assets included in prepayments, other receivables and other assets					
-Normal **	23,289	-	-	-	23,289
-Doubtful	-	2,458	-	-	2,458
Restricted cash and time deposits					
-Not yet past due	550,826	-	-	-	550,826
Cash and cash equivalents					
-Not yet past due	2,228,322	-	-	-	2,228,322
Total	2,802,437	2,458	-	671,913	3,476,808

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 24 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management of the Group to finance the operations and mitigate the effects of fluctuations of cash flows.

The maturity profile of the Group's financial liabilities as at 31 December 2022, 2023 and 2024, based on the contractual undiscounted payments, is as follows:

	On demand or within one year RMB'000	1 to 2 years RMB'000	2 to 3 years RMB'000	Over 3 years RMB'000	Total RMB'000
31 December 2022					
Lease liabilities	3,682	782	290	434	5,188
Interest-bearing bank loans and other borrowings	497,309	937	922	455	499,623
Trade and bills payables	1,327,301	-	-	-	1,327,301
Financial liabilities included in other payables and accruals	874,287	128	-	-	874,415
Total	2,702,579	1,847	1,212	889	2,706,527
31 December 2023					
Lease liabilities	1,638	1,226	644	350	3,858
Interest-bearing bank loans and other borrowings	331,253	992	490	-	332,735
Trade and bills payables	1,288,469	-	-	-	1,288,469
Financial liabilities included in other payables and accruals	954,591	-	-	-	954,591
Due to related parties - trade payables	7,751	-	-	-	7,751
Total	2,583,702	2,218	1,134	350	2,587,404
31 December 2024					
Lease liabilities	7,745	4,850	2,251	40,026	54,872
Interest-bearing bank loans and other borrowings	113,171	494	-	-	113,665
Trade and bills payables	1,379,710	-	-	-	1,379,710
Financial liabilities included in other payables and accruals	818,762	-	-	-	818,762
Due to related parties - trade payables	16,449	-	-	-	16,449
Total	2,335,837	5,344	2,251	40,026	2,383,458

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise equity holders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to equity holders, return capital to equity holders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2022, 2023 and 2024.

The Group monitors capital using a gearing ratio, which is debt divided by the adjusted capital plus debt. Debt includes interest-bearing borrowings and lease liabilities. Capital includes equity attributable to owners of the parent. The gearing ratios as at 31 December 2022, 2023 and 2024 were as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Interest-bearing borrowings	492,171	327,806	112,585
Lease liabilities	5,004	3,738	42,672
Debt	497,175	331,544	155,257
Equity attributable to owners of the parent	11,679,284	12,628,023	12,952,529
Gearing ratio	4.1%	2.6%	1.2%

49. EVENTS AFTER THE REPORTING PERIODS

- (a) The Company entered into a share purchase agreement on March 12, 2025 to purchase 70% of shares of Jiangsu Ding Wei Tai Food Co., Ltd. ("Ding Wei Tai") from a group of ten selling shareholders of Ding Wei Tai (the "Sellers").

The total consideration for the acquisition is RMB444,500,000, subject to adjustment by applying the P/E ratio of 11.40 in the event that the audited net profits of Ding Wei Tai would be less than RMB55,700,000, which was determined through arms' length negotiations with the Sellers with reference to the valuation of Ding Wei Tai. Upon the completion of the acquisition, Ding Wei Tai will be held as to 70%, 23.09% and 6.91% by our Company, Shanghai Hai Xue Run and Laikar Consulting, respectively, and will become our subsidiary.

The Directors of the Company believe that the acquisition will further complement and improve sales channels and enrich existing product mix, thereby further consolidating the leading position in the quick-frozen food industry in China. The acquisition will also help to expand the business into overseas markets and quick-frozen bakery products segment and strengthen the strategic alliance with companies whose business and growth strategies are complementary to those of the Company. The Directors consider that the terms of the acquisition are on normal commercial terms, fair and reasonable and in the interest of the Company and the shareholders as a whole.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

49. EVENTS AFTER THE REPORTING PERIODS (continued)

- (b) On 29 April 2025, the Company announced the final dividends of RMB296,515,000 for the year ended 31 December 2024.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies comprising the Group in respect of any period subsequent to 31 December 2024.