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REVIEW REPORT ON UNAUDITED INTERIM FINANCIAL INFORMATION TO THE DIRECTORS OF ANJOY FOODS GROUP CO., LTD.

Introduction

We have reviewed the interim financial information set out on pages IA-2 to IA-31, which comprises the condensed consolidated statement of financial position of Anjoy Foods Group Co., Ltd. (the "Company") and its subsidiaries (the "Group") as at 31 March 2025 and the related condensed consolidated statement of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended, and explanatory notes. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") issued by the International Accounting Standards Board. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Certified Public Accountants

Hong Kong

25 June

2025

I. HISTORICAL FINANCIAL INFORMATION

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the three months ended 31 March	
	Notes	2024 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
CONTINUING OPERATIONS			
REVENUE	4	3,722,778	3,581,404
Cost of sales		<u>(2,766,843)</u>	<u>(2,770,230)</u>
Gross profit		955,935	811,174
Other income and gains, net	5	50,575	77,772
Selling and distribution expenses		(279,795)	(242,230)
Administrative expenses		(128,452)	(113,441)
Research and development expenses		(21,687)	(19,102)
Other expenses	6	(1,325)	(913)
Finance costs	7	(2,088)	(2,043)
Reversal of impairment losses on financial assets		2,581	6,891
Share of profit of an associate		<u>1,032</u>	<u>1,405</u>
PROFIT BEFORE TAX	8	576,776	519,513
Income tax expense	9	<u>(135,707)</u>	<u>(126,087)</u>
PROFIT FOR THE PERIOD		<u>441,069</u>	<u>393,426</u>
Profit attributable to:			
Owners of the parent		438,408	394,524
Non-controlling interests		<u>2,661</u>	<u>(1,098)</u>
		<u>441,069</u>	<u>393,426</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic			
- For profit for the period (RMB)	11	<u>1.50</u>	<u>1.35</u>
Diluted			
- For profit for the period (RMB)	11	1.50	1.35

I. HISTORICAL FINANCIAL INFORMATION (continued)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended 31 March	
	2024	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	441,069	393,426
OTHER COMPREHENSIVE (LOSS) / INCOME		
Other comprehensive (loss)/ income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(222)	81
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	440,847	393,507
Total comprehensive income attributable to:		
Owners of the parent	438,253	394,581
Non-controlling interests	2,594	(1,074)
	440,847	393,507

I. HISTORICAL FINANCIAL INFORMATION (continued)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		<u>As at 31 December</u>	<u>As at 31 March</u>
	Notes	2024	2025
		RMB'000	RMB'000
			(Unaudited)
NON-CURRENT ASSETS			
Property, plant and equipment	12	5,363,911	5,376,327
Right-of-use assets		462,468	458,806
Goodwill		739,129	739,129
Other intangible assets		268,999	260,582
Investment in an associate		13,764	10,390
Other non-current assets		19,226	24,815
Deferred tax assets		157,030	150,237
Total non-current assets		<u>7,024,527</u>	<u>7,020,286</u>
CURRENT ASSETS			
Inventories	13	3,284,638	2,801,234
Trade and bills receivables	14	626,127	442,127
Prepayments, other receivables and other assets	15	339,427	324,075
Financial assets at fair value through profit or loss		3,321,233	3,452,489
Restricted cash and time deposits	16	550,826	268,427
Cash and cash equivalents	16	2,228,322	2,508,151
Total current assets		<u>10,350,573</u>	<u>9,796,503</u>
CURRENT LIABILITIES			
Trade and bills payables	17	1,379,710	954,927
Other payables and accruals		1,711,352	1,319,204
Due to related parties - trade payables		16,449	3,254
Interest-bearing bank and other borrowings	18	112,095	275,232
Lease liabilities		6,477	6,887
Tax payables		175,159	150,173
Dividends payable		277,527	-
Total current liabilities		<u>3,678,769</u>	<u>2,709,677</u>
NET CURRENT ASSETS		<u>6,671,804</u>	<u>7,086,826</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>13,696,331</u>	<u>14,107,112</u>

continued

I. HISTORICAL FINANCIAL INFORMATION (continued)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	Notes	As at 31 December 2024 RMB'000	As at 31 March 2025 RMB'000 (Unaudited)
NON-CURRENT LIABILITIES			
Deferred income		131,686	139,175
Interest-bearing bank and other borrowings	18	490	-
Lease liabilities		36,195	35,642
Deferred tax liabilities		255,481	253,388
Other payables and accruals		2,146	2,196
Total non-current liabilities		425,998	430,401
NET ASSETS		13,270,333	13,676,711
EQUITY			
Share capital	19	293,294	293,294
Treasury shares		(108,593)	(108,593)
Reserves		12,767,828	13,175,280
Total equity attributable to the owners of the parent		12,952,529	13,359,981
Non-controlling interests		317,804	316,730
Total equity		13,270,333	13,676,711

I. HISTORICAL FINANCIAL INFORMATION (continued)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Three months ended 31 March 2024 (Unaudited)

	Attributable to owners of the parent							Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000 (note 19)	Capital reserve* RMB'000	Statutory reserve* RMB'000	Exchange fluctuation reserves* RMB'000	Treasury shares RMB'000	Retained earnings* RMB'000	Total RMB'000		
As at 1 January 2024	293,294	8,043,040	147,906	574	(45,714)	4,188,923	12,628,023	272,560	12,900,583
Profit for the period	-	-	-	-	-	438,408	438,408	2,661	441,069
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	-	-	-	(155)	-	-	(155)	(67)	(222)
Total comprehensive income for the period	-	-	-	(155)	-	438,408	438,253	2,594	440,847
Capital injection from non-controlling equity shareholders	-	-	-	-	-	-	-	16,000	16,000
Repurchase of A-shares	-	-	-	-	(54,291)	-	(54,291)	-	(54,291)
Share options arrangements (note 20)	-	28,203	-	-	-	-	28,203	-	28,203
As at 31 March 2024	<u>293,294</u>	<u>8,071,243</u>	<u>147,906</u>	<u>419</u>	<u>(100,005)</u>	<u>4,627,331</u>	<u>13,040,188</u>	<u>291,154</u>	<u>13,331,342</u>

continued

I. HISTORICAL FINANCIAL INFORMATION (continued)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

Three months ended 31 March 2025 (Unaudited)

	Attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Capital reserve*	Statutory reserve*	Exchange fluctuation reserves*	Treasury shares	Retained earnings*		
	RMB'000 (note19)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2025	293,294	8,143,848	147,906	1,638	(108,593)	4,474,436	12,952,529	317,804
Profit for the period	-	-	-	-	-	394,524	394,524	(1,098)
Other comprehensive income for the period:								
Exchange differences on translation of foreign operations	-	-	-	57	-	-	57	24
Total comprehensive income for the period	-	-	-	57	-	394,524	394,581	(1,074)
Share options arrangements (note 20)	-	12,871	-	-	-	-	12,871	-
As at 31 March 2025	293,294	8,156,719	147,906	1,695	(108,593)	4,868,960	13,359,981	316,730

*These reserve accounts comprise the consolidated reserves of RMB13,175,280,000 (as at 31 March 2024: RMB12,846,899,000) in the interim condensed consolidated statement of financial position as at 31 March 2025.

I. HISTORICAL FINANCIAL INFORMATION (continued)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		Three months ended 31 March	
	Notes	2024 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:		576,776	519,513
Adjustments for:			
Depreciation of property, plant and equipment		105,401	127,726
Depreciation of right-of-use assets		3,602	3,841
Amortisation of other intangible assets		9,983	10,080
Interest income	5	(20,353)	(6,980)
Gain on disposal of financial assets at fair value through profit or loss	5	(2,061)	(7,504)
Unrealised fair value gains on financial assets at fair value through profit or loss	5	(4,655)	(10,687)
Loss on disposal of items of property, plant and equipment and right-of-use assets		857	472
Finance costs	7	2,088	2,043
Impairment of inventories	13	10,319	10,052
Reversal of impairment losses on financial assets, net		(2,581)	(6,891)
Share-based payment expenses	20	28,203	12,871
Share of profit and loss of an associate		(1,032)	(1,405)
		<u>706,547</u>	<u>653,131</u>
Decrease in inventories		515,775	478,131
Decrease in trade and bills receivables		67,636	191,078
(Increase)/decrease in prepayments, other receivables and other assets		(59,323)	29,347
Decrease in other non-current assets		4,057	61
Decrease/(Increase) in restricted cash and time deposits		6,573	(1,436)
Decrease in trade and bills payables		(169,493)	(424,783)
Decrease in other payables and accruals		(3,796)	(109,598)
Increase in deferred income		453	57
Decrease in due to related parties - trade		(7,751)	(13,195)
Increase in due from related parties - trade		(755)	-
Cash generated from operations		1,059,923	802,793
Interest received		17,441	5,168
Income tax paid		(149,458)	(148,344)
Net cash flows generated from operating activities		<u>927,906</u>	<u>659,617</u>

continued

I. HISTORICAL FINANCIAL INFORMATION (continued)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	Note	Three months ended 31 March	
		2024	2025
		RMB'000 (Unaudited)	RMB'000 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of items of property, plant and equipment		786	131
Purchase of items of property, plant and equipment		(219,160)	(284,445)
Purchase of other intangible assets		(199)	(2,829)
Purchases of financial assets at fair value through profit or loss		(970,000)	(3,030,000)
Purchases of time deposits		(50,000)	(10,000)
Purchases of right-of-use assets - land use rights		(52,246)	-
Receipt of government grants for property, plant and equipment		19,255	13,009
Proceeds from disposal of financial assets at fair value through profit or loss		770,000	2,902,500
Proceeds from disposal of time deposits		49,853	295,647
Income from disposal of financial assets at fair value through profit or loss		8,080	14,470
Net cash flows used in investing activities		(443,631)	(101,517)

continued

I. HISTORICAL FINANCIAL INFORMATION (continued)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	Note	Three months ended 31 March	
		2024	2025
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from interest-bearing bank and other borrowings		131,000	255,000
Repayment of interest-bearing bank and other borrowings		(230,244)	(242,476)
Principal portion of lease payments		(1,007)	(721)
Payment of listing expense		-	(12,469)
Dividends paid		-	(277,527)
Interest paid for interest-bearing bank and other borrowings		(2,025)	(1,280)
Proceeds from government grants related to loan interest subsidies		-	575
Capital injection from non-controlling equity shareholders		16,000	-
Repurchase of ordinary stocks		(54,291)	-
Net cash flows used in financing activities		<u>(140,567)</u>	<u>(278,898)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		<u>343,708</u>	<u>279,202</u>
Cash and cash equivalents at beginning of period		4,527,451	2,228,322
Effect of foreign exchange differences, net		<u>(248)</u>	<u>627</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD		<u><u>4,870,911</u></u>	<u><u>2,508,151</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		4,870,911	2,458,151
Short-term bank deposits		<u>-</u>	<u>50,000</u>
Cash and cash equivalents as stated in the statement of cash flows and the statement of financial position		<u><u>4,870,911</u></u>	<u><u>2,508,151</u></u>

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 three-month period ended 31 March 2025, the Company and its subsidiaries (together as the "Group") were mainly involved in the food procession, production and wholesaling.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the three-month ended 31 March 2025 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements for the years ended 31 December 2022, 2023 and 2024. The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's consolidated financial statements for the years ended 31 December 2022, 2023 and 2024.

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 this interim condensed consolidated financial information. 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 Statements²</i>
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures²</i>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments³</i>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity³</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
Annual Improvement to IFRS Accounting Standards — Volume 11	<i>Amendments to IFRS 1, IFRS7, IFRS9, IFRS10 and IAS 7¹</i>

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

² Effective for annual/reporting periods beginning on or after 1 January 2027

³ 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 periods 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 9 and IFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of initial application. Earlier application is permitted. The amendments to IFRS 9 and IFRS 7 shall be applied at the same time. 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.

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.

3. 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)

3. 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 three months ended 31 March 2024 and 2025.

4. REVENUE

An analysis of revenue is as follows:

	For the three months ended 31 March	
	2024	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Sale of food products	<u>3,722,778</u>	<u>3,581,404</u>
Timing of revenue recognition		
Goods are satisfied at a point in time	<u>3,722,778</u>	<u>3,581,404</u>

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 of the end of 31 March 2024 and 2025.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

5. OTHER INCOME AND GAINS, NET

	For the three months ended 31 March	
	2024	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other income		
Government grants related to		
-income (i)	13,428	43,192
-assets (ii)	4,092	5,571
Interest income	20,353	6,980
Income from sales of scrap, net	3,439	2,649
Total other income	41,312	58,392
Gains, net		
Foreign exchange gains, net	-	47
Unrealised fair value gains on financial assets at fair value through profit or loss	4,655	10,687
Gain on disposal of financial assets at fair value through profit or loss	2,061	7,504
Others	2,547	1,142
Total gains, net	9,263	19,380
Total other income and gains, net	50,575	77,772

(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 interim condensed consolidated statement 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 interim condensed consolidated statement of profit or loss over the useful lives of relevant assets.

6. OTHER EXPENSE

	For the three months ended 31 March	
	2024	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Donations	-	100
Foreign exchange losses, net	174	-
Loss on disposal of items of property, plant and equipment and right-of-use assets	857	472
Bank charges	159	193
Impairment loss of non-financial assets	-	-
Others	135	148
Total	1,325	913

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

7. FINANCE COST

	For the three months ended 31 March	
	2024 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Interest on bank and other borrowings	2,043	1,721
Interest on lease liabilities	45	322
Total	2,088	2,043

8. PROFIT BEFORE TAX

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

	Notes	For the three months ended 31 March	
		2024 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Cost of goods sold		2,180,336	2,053,802
Depreciation of property, plant and equipment		105,401	127,726
Depreciation of right-of-use assets		3,602	3,841
Interest on lease liabilities		45	322
Lease payments not included in the measurement of lease liabilities		6,170	4,159
Amortisation of other intangible assets*		9,983	10,080
Employee benefit expense (including directors', chief executive's and supervisors' remuneration):			
Wages and salaries		327,038	307,267
Share-based payment expenses		28,203	12,871
Pension scheme contributions, social welfare and other welfare**		49,760	59,458
Other employee benefits		24,463	21,717
Research and development cost***		21,687	19,102
Listing expenses		-	566
Reversal of impairment on financial assets		(2,581)	(6,891)
Impairment of inventories	13	10,319	10,052
Auditor's remuneration		129	316
Loss on disposal of items of property, plant and equipment and right-of-use assets		857	472
Government grants	5	(17,520)	(48,763)
Foreign exchange differences, net	5/6	174	(47)
Bank interest income	5	(20,353)	(6,980)
Finance costs		2,088	2,043

*The amortisation of other intangible assets is included in administrative expenses and selling and distribution expenses in the interim condensed consolidated statement 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.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

8. PROFIT BEFORE TAX (continued)

***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.

9. INCOME TAX

	For the three months ended 31 March	
	2024 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Current - PRC		
Charge for the period	154,182	121,387
Under provision in prior years	390	-
Deferred income tax	(18,865)	4,700
Total	135,707	126,087

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.

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 2024 to 31 March 2025. 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.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

9. INCOME TAX (continued)

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 the period ended 31 March 2024 and 2025.

UK corporation tax

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 three months ended 31 March 2025. The Group has also applied the Amendments to IAS 12, "International Tax Reform—Pillar Two Model Rules", temporary mandatory exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

10. DIVIDENDS

No proposed final dividend and interim dividend were declared during the three months ended 31 March 2024 and 2025.

11. 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 period attributable to owners of the parent and the weighted average number of ordinary shares of 292,264,000 and 292,133,000 outstanding during the three months ended 31 March 2024 and 2025, respectively.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

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

(a) Basic

	For the three months ended 31 March	
	2024 (Unaudited)	2025 (Unaudited)
Profit attributable to owners of the parent (RMB'000)	438,408	394,524
Weighted average number of ordinary shares used in the basic earnings per share calculation ('000)	292,264	292,133
Basic earnings per share (RMB)	1.50	1.35

(b) Diluted

The calculation of the diluted earnings per share amount is based on the profit for the period 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 in issue during the period, as used in the basic earnings per share calculation. No adjustment has been made to the basic earnings per share amounts presented for the periods ended 31 March 2024 and 2025 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

12. PROPERTY, PLANT AND EQUIPMENT

During the three months ended 31 March 2025, the Group acquired assets with a cost of RMB141,915,000 excluding property, plant and equipment acquired through properties under construction (for the three months ended 31 March 2024: RMB146,566,000, excluding property, plant and equipment acquired through properties under construction).

Asset with a net book value of RMB1,773,000 were disposed by the Group during the three months ended 31 March 2025 (for the three months ended 31 March 2024: RMB1,917,000), resulting in a net loss on disposal of RMB472,000 (net loss for the three months ended 31 March 2024: RMB857,000).

13. INVENTORIES

	As at 31 December 2024 RMB'000	As at 31 March 2025 RMB'000 (Unaudited)
Raw materials	1,060,604	1,023,512
Work in progress	4,480	6,385
Semi-finished goods	254,668	303,763
Finished goods	1,116,365	928,883
Goods in transit	869,742	557,915
Provision for impairment of inventories	(21,221)	(19,224)
Total	3,284,638	2,801,234

For the three months ended 31 March 2024 and 2025, the impairment of inventories recognised in cost of sales amounted to RMB10,319,000 and RMB10,052,000, respectively.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

14. TRADE AND BILLS RECEIVABLES

	As at 31 December 2024 RMB'000	As at 31 March 2025 RMB'000 (Unaudited)
Trade receivables	671,913	480,853
Impairment	<u>(45,786)</u>	<u>(38,726)</u>
Net carrying amount	<u>626,127</u>	<u>442,127</u>

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 March 2024 and 2025, based on the invoice date and net of loss allowance, is as follows:

	As at 31 December 2024 RMB'000	As at 31 March 2025 RMB'000 (Unaudited)
Within 1 year	616,633	425,554
1 to 2 years	9,183	16,259
2 to 3 years	<u>311</u>	<u>314</u>
Total	<u>626,127</u>	<u>442,127</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

15. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	As at 31 December 2024 RMB'000	As at 31 March 2025 RMB'000 (Unaudited)
Prepayments	64,891	73,897
Deposits	8,878	8,235
Dividend receivable	-	4,462
Corporate income tax recoverable	3,893	5,864
Value added tax recoverable	248,421	199,023
Others	<u>16,869</u>	<u>36,308</u>
	342,952	327,789
Impairment	<u>(3,525)</u>	<u>(3,714)</u>
Total	<u>339,427</u>	<u>324,075</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 period 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.

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 2024 and 31 March 2025, the loss allowance was assessed to be minimal.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

16. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND TIME DEPOSITS

	As at 31 December 2024 RMB'000	As at 31 March 2025 RMB'000 (Unaudited)
Cash on hand and cash at bank	2,228,322	2,458,151
Short-term bank deposits	-	50,000
Cash and cash equivalents	<u>2,228,322</u>	<u>2,508,151</u>
Time deposits with original maturities over three months	533,511	249,675
Restricted cash	<u>17,315</u>	<u>18,752</u>
Restricted cash and time deposits	<u>550,826</u>	<u>268,427</u>

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

	As at 31 December 2024 RMB'000	As at 31 March 2025 RMB'000 (Unaudited)
Cash and cash equivalents denominated in		
RMB	2,200,315	2,481,511
USD	2,981	1,775
HKD	1,664	1,644
EUR	2,547	2,518
GBP	<u>20,815</u>	<u>20,703</u>
Total	<u>2,228,322</u>	<u>2,508,151</u>
Restricted cash and time deposits		
RMB	550,826	268,427
GBP	<u>-</u>	<u>-</u>
Total	<u>550,826</u>	<u>268,427</u>

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 RMB17,315,000 and of RMB18,752,000 at 31 December 2024 and 31 March 2025, 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)

17. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at 31 March 2024 and 2025, based on the invoice date, is as follows:

	As at 31 December 2024 RMB'000	As at 31 March 2025 RMB'000 (Unaudited)
Within 1 year	1,375,078	950,958
Over 1 year	<u>4,632</u>	<u>3,969</u>
Total	<u>1,379,710</u>	<u>954,927</u>

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

18. INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at 31 December 2024			As at 31 March 2025		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000 (Unaudited)
Current						
Bank loans – secured	3.45	2025	70,072	3.00-3.45	2025-2026	120,113
Bank loans – unsecured	2.90-3.45	2025	41,043	3.00	2026	155,119
Current portion of long term bank loans – unsecured	1.69	2025	<u>980</u>	-	-	<u>-</u>
Total			<u>112,095</u>			<u>275,232</u>
Non-current						
Bank loans – unsecured	1.69	2026	<u>490</u>	-	-	<u>-</u>
Total			<u>490</u>			<u>-</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

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

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

	As at 31 December 2024 RMB'000	As at 31 March 2025 RMB'000
Current		
Bank loans – secured		
RMB	<u>70,072</u>	<u>120,113</u>
Bank loans – unsecured		
RMB	<u>41,043</u>	<u>155,119</u>
Current portion of long term bank loans – unsecured		
GBP	<u>980</u>	<u>-</u>
Total	<u>112,095</u>	<u>275,232</u>
Non-current		
Bank loans – unsecured		
GBP	<u>490</u>	<u>-</u>
	<u>490</u>	<u>-</u>
	As at 31 December 2024 RMB'000	As at 31 March 2025 RMB'000
Analysed into:		
Bank loans and overdrafts repayable:		
Within one year or on demand	112,095	275,232
In the second year	490	-
In the third to four years, inclusive	-	-
Beyond four years	<u>-</u>	<u>-</u>
Total	<u>112,585</u>	<u>275,232</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

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

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.

As at 31 March 2025, the Group's secured bank borrowings of RMB120,113,000 were secured by plant and equipment and right-of use assets with the carrying amount of RMB152,481,000 and RMB 43,230,000, respectively.

19. SHARE CAPITAL

Shares

	As at 31 December 2024 RMB'000	As at 31 March 2025 RMB'000 (Unaudited)
Issued and fully paid:		
293,294,232 shares with nominal value of RMB1.00 each	<u>293,294</u>	<u>293,294</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION(continued)

20. SHARE-BASED PAYMENT

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.

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 RMB 105.275 per share to RMB 102.12 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 three months ended 31 March 2024 and 2025.

	For the three months ended 31 March 2024		For the three months ended 31 March 2025	
	(Unaudited)		(Unaudited)	
	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	105.275	11,185
Forfeited during the period	-	-	102.120	(96)
At the end of the period	105.275	<u>11,389</u>	102.120	<u>11,089</u>

The Group recognised share-based payment expenses of RMB28,203,000 and RMB12,871,000 in profit or loss for the three months ended 31 March 2024 and 2025, respectively.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

21. COMMITMENTS

The Group had the following contractual commitments at the year-end 2024 and three months ended 31 March 2025:

	As at 31 December 2024 RMB'000	As at 31 March 2025 RMB'000 (Unaudited)
Contracted, but not provided for purchase of property, plant and equipment	<u>396,872</u>	<u>272,200</u>

22. RELATED PARTY TRANSACTIONS

The Group had the following material transactions with related parties during the three months ended 31 March 2024 and 2025:

(a) Transactions with related parties:

	For the three months ended 31 March	
	2024 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Sale of goods proceeds		
Beihai Heyuan Foods Co., Ltd.(i)	<u>4,911</u>	<u>3,391</u>
Purchase of goods		
Beihai Heyuan Foods Co., Ltd.(i)	<u>79,294</u>	<u>79,656</u>

(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)

22. RELATED PARTY TRANSACTIONS (continued)

(b) Compensation of key management personnel of the Group

	For the three months ended 31 March 2024 RMB'000 (Unaudited)	For the three months ended 31 March 2025 RMB'000 (Unaudited)
Salaries	1,278	1,730
Performance-related bonuses	6,803	7,719
Pension scheme contributions	15	20
Equity-settled share-based payment expenses	199	79
Total	<u>8,295</u>	<u>9,548</u>

(c) Outstanding balances with related parties

	As at 31 December 2024 RMB'000	As at 31 March 2025 RMB'000 (Unaudited)
Trade payables		
Beihai Heyuan Foods Co., Ltd.	<u>16,349</u>	<u>8,507</u>
Other payables		
Beihai Heyuan Foods Co., Ltd.	<u>100</u>	<u>100</u>
Trade receivables		
Beihai Heyuan Foods Co., Ltd.	<u>-</u>	<u>5,353</u>

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

23. 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 2024 RMB'000	As at 31 March 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000	As at 31 March 2025 RMB'000 (Unaudited)
Financial assets				
Financial assets at fair value through profit or loss	<u>3,321,233</u>	<u>3,452,489</u>	<u>3,321,233</u>	<u>3,452,489</u>
Financial liabilities				
Interest-bearing bank loans	<u>490</u>	<u>-</u>	<u>471</u>	<u>-</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

23. 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 2024 and 31 March 2025, 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 2024				
Financial assets at fair value through profit or loss	-	3,321,233	-	3,321,233
As at 31 March 2025 (Unaudited)				
Financial assets at fair value through profit or loss	-	3,452,489	-	3,452,489

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

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

Fair value hierarchy (continued)

During the reporting period, 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 2024				
Interest-bearing bank borrowings	-	471	-	471
As at 31 March 2025 (Unaudited)				
Interest-bearing bank borrowings	-	-	-	-

24. 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.

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