



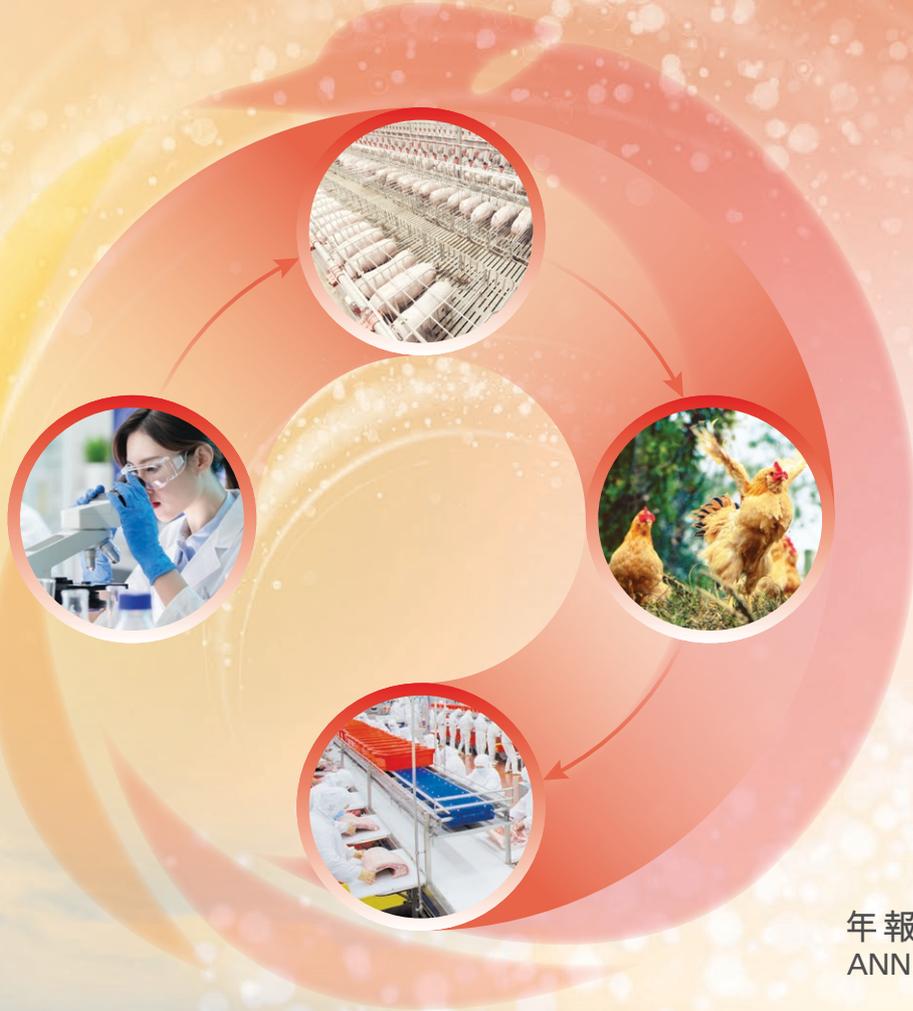
四川德康農牧食品集團股份有限公司

DEKON FOOD AND AGRICULTURE GROUP

(於中華人民共和國註冊成立的股份有限公司)

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

股份代號 STOCK CODE : 2419



年報 **2025**
ANNUAL REPORT



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CORPORATE INFORMATION

LEGAL NAME OF THE COMPANY:

Dekon Food and Agriculture Group

PLACE OF LISTING:

Main Board of the Stock Exchange

STOCK CODE:

2419

COMPANY WEBSITE:

www.dekanggroup.com

DIRECTORS:

Executive Directors:

Mr. Wang Degen (*Chairman*)

Mr. Wang Dehui (*Deputy Chairman*)

Mr. Yao Hailong

Mr. Hu Wei

Mr. Zeng Min

Non-executive Director:

Ms. Liu Shan

Independent Non-executive Directors:

Mr. Chan Yuk Tong

(appointed on 11 February 2026)

Mr. Pan Ying

Mr. Zhu Qing

Mr. Fung Che Wai, Anthony

(resigned on 11 February 2026)

SUPERVISORS:

Ms. Zhu Hui

Ms. Gong Shuang

Ms. Zhou Zhexu

JOINT COMPANY SECRETARIES:

Mr. Zeng Min

Mr. Li Kin Wai

AUTHORISED REPRESENTATIVES:

Mr. Zeng Min

Mr. Li Kin Wai

AUDIT COMMITTEE:

Mr. Chan Yuk Tong

(appointed as Chairman on 11 February 2026)

Mr. Zhu Qing

Ms. Liu Shan

Mr. Fung Che Wai, Anthony

(resigned on 11 February 2026)

REMUNERATION COMMITTEE:

Mr. Pan Ying (*Chairman*)

Mr. Wang Degen

Mr. Chan Yuk Tong

(appointed on 11 February 2026)

Mr. Fung Che Wai, Anthony

(resigned on 11 February 2026)

NOMINATION COMMITTEE:

Mr. Zhu Qing (*Chairman*)

Mr. Pan Ying

Ms. Liu Shan

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC:

Unit 901-909, 9th Floor, Building 2

Chengdu East Aviation Centre, 32 Lingang Road

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PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG:

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33 Hysan Avenue, Causeway Bay

Hong Kong

H SHARE REGISTRAR:

Tricor Investor Services Limited

17/F, Far East Finance Centre

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AUDITOR:

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

HONG KONG LEGAL ADVISER:

Haiwen & Partners LLP
Suites 601-602 & 610-616, 6/F,
One International Finance Centre
1 Harbour View Street
Central
Hong Kong

COMPLIANCE ADVISER:

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

PRINCIPAL BANK:

Bank of China Limited, Pengzhou branch
China Industrial Bank Limited, Chengdu branch
Agricultural Bank of China Limited,
Chengdu Jincheng branch

FINANCIAL HIGHLIGHTS

KEY OPERATING DATA

	For the year ended 31 December			
	2025		2024	
	Sales volume (heads)	Average selling price ⁽²⁾ (RMB)	Sales volume (heads)	Average selling price ⁽²⁾ (RMB)
Sales of pigs				
Market hogs	10,224,443 ⁽¹⁾	1,851	8,544,396	2,193
Breeding pigs	11,022	4,119	19,797	2,696
Market piglets	592,517	355	214,948	385
Sales of poultry	<i>(birds or eggs)</i>		<i>(birds or eggs)</i>	
Yellow-feathered broilers	88,136,896	32.4	88,120,210	36.1
Chicks and eggs	115,472,229	0.6	102,986,977	0.9

KEY FINANCIAL DATA

	2025 RMB'000	2024 RMB'000
Operating income	23,159,024	22,464,030
Profit before income tax	1,422,309	3,269,015
Income tax	(698)	(88)
Net profit	1,421,611	3,268,927
Attributable to:		
Equity shareholders of the Company	1,433,249	3,159,890
Non-controlling interests	(11,638)	109,037
Other comprehensive income	(169)	—
Total comprehensive income	1,421,442	3,268,927
Earnings per share ⁽³⁾		
Basic and diluted (RMB)	3.69	8.13
Dividend per share (RMB)	—	0.90

Notes:

- (1) In 2025, we sold 10,827,982 heads of pigs in total, among which 10,599,814 heads of pigs were sold to external customers, and 228,168 heads were first sold internally to our slaughter houses for processing and then sold to external customers.
- (2) Average selling price represents the revenue for the year divided by the external sales volume of the product category for the respective year.
- (3) The earnings per share represents the profit attributable to the equity shareholders of the Company divided by the weighted average number of ordinary shares for the year.

EVENTS OF THE YEAR

January 2025

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

The Company was listed as one of the first batch of Comprehensive Headquarters Enterprises in Sichuan Province

March 2025

The Company expanded with two new national level animal disease purification zones

April 2025

The Company was honored with the “Newcomer of the Year of Hong Kong Stock Connect (港股通年度新秀)” of the first Golden Wisdom Award, jointly sponsored by Intelligence International (數智國際) and CLS (財聯社)

June 2025

Two subsidiaries of the Company were consecutively recognized as National Key Leading Enterprises in Agricultural Industrialization

The Company invited Dutch experts to conduct a specialized training session on “The Signal of Pigs”

July 2025

The Sichuan Provincial Key Laboratory for Animal Nutrition and Feed Efficient Utilization, jointly established by the Company, Sichuan Agricultural University and other institutions, was officially included in the restructured list of provincial key laboratories

August 2025

The Company was named one of the Top 500 Private Enterprises in China, ranking 294th

Dekon Tönnies, a subsidiary of the Company, obtained the export food production enterprise registration qualification from the Customs Authority

October 2025

The Company was named one of the Top 100 Enterprises in Sichuan Province, ranking 41st; and one of the Top 100 Enterprises in Chengdu in 2025, ranking 25th

December 2025

Dekon Group was approved for the establishment of a National Postdoctoral Research Program and Dekon Industrial Research Institute was also recognized as a National High-Tech Enterprise

The “Hundred Villages and Million Pigs” project of the Company was officially launched

The Company was included in the 2025 Hurun China Food Industry Top 100 List, ranking 44th

The Company was awarded the “Best Hong Kong Stock Connect Companies” and “Best IR Team Award” at the 10th Zhitongcaijing Listed Company Award Ceremony

CHAIRMAN'S STATEMENT

LETTER TO SHAREHOLDERS

— RESPECT THE RULES, ACT DILIGENTLY IN THE PRESENT, AND PLAN FOR THE LONG TERM

Dear Shareholders,

In 2025, as Dekon marks its 13th anniversary (since the establishment of Chongqing Dekon in 2012) and completes its second full year since listing, I would like to take this annual report as an opportunity to sincerely share with our shareholders some reflections on Dekon's development:

I. WE ARE A COMPANY THAT RESPECTS RULES OF HISTORICAL EXPERIENCE

The core contradictions facing Chinese agriculture are twofold: insufficient per capita resources and a low level of specialization in technology. China, with only 9% of the world's arable land, feeds nearly one-fifth of the global population. The only path for agricultural industrialization is to significantly improve efficiency per unit through technological advancement. Professor Lin Yifu (林毅夫), an economist, has pointed out that China's agricultural modernization must leverage the advantages of the combination of labor-intensive and technology-intensive approaches, promote the organic integration of smallholders with modern agricultural development, and maintain a focus on science and technology-driven innovation. This aligns closely with my own thinking. Over twenty years ago, I began exploring this direction, seeking answers, and ultimately committed to the "Farm No. 2" model as the core development strategy for the future.

We also need farmers to truly treat pig farming as a lifelong career — secure, profitable, and reliable — enabling them to become modern farm owners. With nearly 600 million rural residents in China, the income and dignity of farmers are fundamental to the sustainable operation of the entire agricultural system. Dekon follows a strict, unwavering rule: payments to farmers must be made on time upon delivery. For more than a decade, this rule has never been broken. Even during industry downturns, we have never delayed or withheld farmers' payments. This is not just a matter of corporate reputation. It reflects the principle I set when founding the Company in 2005 — to do something real and tangible for the Chinese people. Having been born and raised in the countryside, I deeply understand the hardships of my parents and, even more so, the poverty and struggles of farmers. Farmers are the most vulnerable yet resilient group in society. When they entrust us with their livelihoods, we must never betray that trust. "Uniting with and supporting farmers" is not just a slogan — it is the very reason for Dekon's existence. We aim to help farmers earn a decent income and make pig farming a respectable lifelong profession.

In 2025, the average annual income of settlement entities (i.e., entities engaged in production and operations by a single farmer or a group of farmers) partnering with Dekon reached RMB810,000 per household, maintaining at an industry-leading level. Through their hard work, combined with Dekon's superior breeding stock, technology and management support, they have achieved higher livestock efficiency than the industry average, laying a solid foundation for sustainable development.

The value of an agribusiness is not measured solely by profit, but also by its contribution to the nation's food security strategy. Securing China's "rice bowl" is not just about safeguarding the red line of 1.8 billion mu of arable land, but also about significantly improving resource productivity through technological advancement. China slaughters approximately 700 million pigs annually. If breeding and husbandry technologies can reduce the national average feed-to-meat ratio by just 0.5, roughly 40 million tons of grain could be saved each year. When combined with improvements from breeding enhancements, PSY (piglets per sow per year) increases, and other technological advances, the industry as a whole could save more grain — equivalent to almost 7% of China's annual grain output. In other words, rather than storing grain in the ground, it is far more effective to "store grain in technology".

CHAIRMAN'S STATEMENT

The model we adhere to was developed through going out and trying. In our early years, I led my team across the globe, visiting developed livestock markets in Europe and North America, constantly pondering one question: what kind of company and business model can truly solve the efficiency challenges facing Chinese agriculture? The more we saw, the clearer the answer became. Based on our experiences in Europe, we identified three key areas most worthy of adoption: first, professional farmer training, which teaches pig farming as a specialized skill; second, modern pig housing hardware standards, recognizing that good facilities are the prerequisite for high efficiency; and third, advanced genetic breeding systems, understanding that breeding stock is the core of pig production. To use an analogy: pig housing and hardware are like the highway, the genetic quality of the breeding stock is like the performance of the vehicle, and the farm staff are the drivers. Only when all three work in perfect coordination can we achieve both speed and stability, unlocking the full potential of our operations. I believe that Chinese agriculture and its farmers are by no means less capable than their counterparts in Europe or America. They simply haven't yet found the right approach. As long as we persevere, Chinese agriculture will surely achieve a qualitative leap. This is the fundamental belief that Dekon holds steadfastly to.

Our strategic direction is clear: to be service-oriented and platform-driven. We concentrate on core technologies and service capabilities to empower farmers, collectively driving efficiency gains across the industry. This path differs from the mainstream approach in our sector, requiring a fundamental **shift in mindset** — transitioning from “doing it ourselves” to “enabling others to do it”, and from managing assets to cultivating capabilities. Convinced of this direction, we have committed ourselves wholeheartedly to the journey.

We remain committed to focusing on “technology + management”. We have organized over a thousand participants to date for in-depth study programs in Europe, gradually assimilating the world's most advanced farming practices and integrating them into Dekon's development model. Even during the exploratory phase before the Company was founded, we decided to prioritize strengthening our technical capabilities. We understood that only by pursuing advanced technology could we ensure sustainable development. In 2013, we chartered a flight from Canada to import 868 purebred breeding pigs, marking the true beginning of our journey to establish our own breeding system. Over the past 10 years, Dekon has established nearly 50 training centers across the country, providing training and services to 25,800 technical personnel, with a total of 672,800 participant attendances conducted. In December 2025, the program was further upgraded to the Yibin Training Base model, which can train more than 300 new-generation farmers annually, with no tuition fees required from the farmers; all expenses for food, lodging, and transportation are covered by Dekon. These investments, which outsiders might view as “yielding no returns”, are the source of our competitive advantages today and in the future.

Today, Dekon stands as the only enterprise in China that simultaneously holds two national key leading enterprises in agricultural industrialization and two national core pig breeding farms. Since its establishment in 2014, Dekon has raised approximately RMB1.6 billion in equity financing — making it one of the companies with the lowest financing levels among those with an annual slaughter capacity of 10 million head. However, the returns we have generated rank among the highest in the industry. By 2025, our ROE reached 15.9% and our net operating cash flow stood at RMB2,531 million, placing us among the industry leaders. Looking ahead, we are confident in sustaining this momentum.

CHAIRMAN'S STATEMENT

II. WE ARE AN ENTERPRISE COMMITTED TO PRAGMATIC ACTION IN THE PRESENT

The industry has entered a new stage, shifting from capital-driven growth to one propelled by technology, operational excellence, and core values. However, there remains substantial room for improvement in the overall efficiency of China's hog farming industry. Amid the wide disparities across the sector, we believe complaints about the environment are futile and instead proactively seize the present moment. Opportunities always exist; it simply depends on whether an enterprise is well-run.

I started my business at an early age and have not taken a single cent from my family since college. Earning a modest income is not my ambition. I will only consider deepening my commitment when I am certain to become an enterprise respected within the industry. This original intent behind our corporate positioning drives us, in this new industry stage, to hold ourselves to the highest standards, taking Huawei as our role model, and striving for excellence in both technology and management: **pursuing absolute leadership in technology and achieving perfection in management**. This self-imposed requirement has run through every stage of Dekon's development and is the fundamental prerequisite for us to maintain a competitive position in the era of stock competition.

The No. 2 Farm model represents the core of Dekon's philosophy of **uniting with farmers and supporting their development, and it is also the most resolute yet challenging path we have taken**. It is not simple contract farming: Dekon entrusts farmers with our core asset — breeding sows, allowing them to raise company sows and independently breed piglets. The Company provides unified breeding stock, epidemic prevention, technical support, training, and sales channels. Farmers earn stable income through diligence and a strong sense of responsibility. The two parties form a genuine community of shared interests, unlocking greater efficiency from existing rural production factors — land, labor, and existing pig barns.

This path has not been smooth. When we first promoted the No. 2 Farm, there was little response, and even doubts from within: Could technical standards be maintained if sows were entrusted to farmers? How would risks be controlled? Would management spiral out of control as scale expanded? Guided by our philosophical convictions, we persisted in **transforming mindset** — from “we raise the hogs” to “we teach farmers to raise hogs,” from controlling assets to empowering partners. We firmly believe that uniting with and supporting farmers, along with appropriately scaled operations, represents the most sustainable path for China's agriculture and aligns best with the nation's strategic direction.

Today, we are progressing steadily with “model confidence”. In 2025, sow assets entrusted to farm owners accounted for 30% of the Company's total sow inventory; the full cost of the No. 2 Farm was lower than that of the Company's self-operated farms, with a stable PSY of over 27; the average annual income for settled entities among cooperating households in the No. 2 Farm recorded a notable increase in 2025. This model strongly demonstrates its role in uniting with and supporting farmers. For example, one of our No. 2 Farm owners in Yibin first partnered with Dekon in 2018, starting by jointly investing in raising 100 company sows, funded jointly by 17 farming households. Empowered by the Company's unified breeding stock, technical support, and stable income settlements, they achieved sustained profitability and continued development. By 2025, their sow inventory had reached 300 head, with an annual slaughter capacity exceeding 7,500 head (actual slaughter in 2025 was 6,000 head, currently in a capacity ramp-up phase).

Empowered by the Company's systematic technology, this farm has maintained efficient and stable production levels: average mating farrowing rate above 90%, weaned piglets per litter at 11.94 head, feed conversion ratio at 130 kilograms stable at around 2.5, and average agency feeding fee per household at RMB393. A total of 20 farming households share in the profits through this model. It has become a benchmark for regional pig farming, with particularly outstanding demonstration and driving effects.

CHAIRMAN'S STATEMENT

The continuous deep cultivation and effective implementation of Dekon's No. 2 Farm model and the "Hundred Villages and Million Pigs (百村百萬)" Project are tangibly empowering farmers to increase their income and contributing to rural revitalization, making the agricultural industry more dynamic and providing farming households with greater confidence for development.

The success of No. 2 Farm Model is underpinned by three layers of competitiveness, all of which are indispensable:

First, breeding. The source of breeding is the chip of pig farming. Mastering the commanding heights of breeding is the prerequisite for future efficiency advantages. The growth performance indicators of Dekon's three major breeds (Landrace, Large White, Duroc) are all at the forefront of national core breeding farms. The average total number of piglets born per litter of Z-line sows exceeded 17. During the critical stage from 30 to 100 kilograms, the feed conversion ratio (FCR) of E-line boars averages 1.92, with a daily weight gain of over 1,200 grams, truly realizing that "more of the feed consumed is converted into meat". Behind these indicators are Dekon's continuous investment of several billion yuan in breeding since 2011, more than 360,000 performance measurement records, and cumulative genome measurements for a total of 61,412 heads since 2019. We place immense importance on the assessment and incentives for our breeding department. High-quality "raw materials", a stable team, and sustained technological investment are all indispensable.

Second, training. Over the past decade, Dekon has provided training to 672,800 persons in aggregate. In December 2025, we upgraded our facilities to the Yibin Training Base. Before commencing operations, the farm owner must undergo centralized training for no less than three months. After operations begin, a specialist will visit at least once a month. Additionally, for every 10,000 finishing pigs, one full-time technician will be assigned. Among our farmers, there are former kindergarten teachers, returnees from migrant work, and ordinary farmers who had never set foot in a pig farm before. Through this system, they have grown step by step. Many of them now earn over RMB1,000,000 annually, have built new houses, and no longer need to work away from home. Outsiders see this as pure cost. However, in my view, it is Dekon's most important strategic investment — the trained farmers are the foundation for replicating and promoting the Dekon's model nationwide and the platform's core competitive barrier.

Third, the culture of cooperation and virtuous cycles. Dekon genuinely creates value for farmers, focusing on areas that "ordinary farmers cannot achieve, general enterprises cannot do well, but farmers truly concern". Currently, Our contract farming fees paid to farmers have a clear advantage compared with similar industry models. The Company is actively exploring the upgrade of the traditional linear contract farming relationship into a multi-dimensional value symbiosis ecosystem. Under this new paradigm, the positive cycle of "Class A enterprises + Class A partners" ensures that technological advantages can be truly realized, which is an important factor in Dekon's industrial chain profitability consistently outperforming the industry.

At the foundation of execution lies the spirit of Dekon people. Our team holds itself to very high standards. The manifesto of Dekon speaks from our hearts: "Why do we embrace hardship? To rise as elites in our craft. Why do we endure exhaustion? To leave no room for regret in this fleeting life. We are ordinary people, yet we dare to dream the extraordinary. We are common individuals, yet we act where others hesitate. Don't ask why, strive relentlessly, fight fiercely, triumph decisively. The answer burns within us: we must transcend ourselves and achieve greatness". It is this spirit that supports Dekon's strict execution and continuous iteration in every detail. In 2025, 1,759 employees were promoted, accounting for 15.48%; the turnover rate among middle management was 5.51%, and among senior management, it was 0%. This is not about retaining people with compensation, but with faith and mission. Dekon's total production cost, PSY, ROE, and profit per head are all in the industry's best echelon. These figures are not a matter of luck; they are the result of everyone's solid execution in every single link.

CHAIRMAN'S STATEMENT

In the future, we will establish a strong foothold in Southwest China, radiate across China, and further drive the overall efficiency of the industrial chain. The proportion of pigs slaughtered from Farm No. 2 will continue to rise; the total production costs will keep decreasing; the food segment will focus on the steady advancement of high-quality pork and food safety standards; and the proportion of revenue from platform services will continue to increase. We are confident in delivering on these goals one by one, achieving reasonable returns for society and our shareholders. By seizing current opportunities for efficiency improvement through clear implementation pathways, we will ensure that every target translates into tangible development results.

III. WE ARE AN ENTERPRISE ALWAYS FOCUSING ON THE LONG-TERM VISION

I am accustomed to preparing for things a decade in advance. More than a decade ago, I invested RMB1.5 million to encourage my elder brother, Mr. Wang Dehui, to steadfastly explore and experiment with the direction of “uniting with and supporting farmers”. Subsequently, Dekon was formally established, allowing us to further implement and practice this long-term philosophy. Looking back, every significant strategic initiative undertaken by Dekon has invariably been based on forward planning with a horizon of over ten years.

Three key early moves laid the foundation for today's competitiveness. Starting in 2005, we established the direction of “uniting with and supporting farmers through a service-oriented platform”. Each step deviated from the industry mainstream, but this was the most fundamental mindset shift, laying the strategic foundation for Dekon for the next two decades. During the exploratory phase before the Company was even formally established, we decided to prioritize building strong technological capabilities. In 2013, we chartered a flight to introduce breeding stock from Canada, and by 2016, our core breeding indicators surpassed international levels of the same period. Breeding resources are the “chips” of pig farming, and this forward-looking investment is the core source of our sustained full cost leadership today. In 2015, we began systematically reserving land for development nationwide. When the opportunity presented by African swine fever arrived in 2018, Dekon was the only large-scale farming enterprise with incremental slaughter capacity. When the opportunity came, not a single piece of land was acquired temporarily; everything was ready and prepared. True competitive advantage lies in laying a solid foundation in advance, before others even recognize the threat.

Focusing on the long-term vision means not only knowing when to march forward but also when to stop. In 2020, amidst the extreme fervor in the industry, we firmly applied the brakes, halting all new capital expenditures and introducing the concept of “layoffs upon project commencement”. We did not wish the industry to once again fall into the “involution” predicament dictated by historical patterns, and we were also keenly aware of the nation's desire for the stable development of the pig industry, avoiding drastic fluctuations. Based on this sense of responsibility towards the industry and society, we proactively slowed our development pace. Almost all capital allocation and operational moves were counter-cyclical and implemented more than a year ahead of the industry. This ability to assess the situation, act at the right time, and seize opportunities is another important manifestation of Dekon's long-term focus and has become a key competitive trait of Dekon.

In 2019, we partnered with Tönnies with a ten-year vision to expand into the food segment. Tönnies is the world's second-largest meat processing group and the largest integrated meat company in Germany. Together, we have jointly invested in constructing a comprehensive industrial chain project encompassing pig slaughtering and a meat processing center, benchmarked against high European Union standards. Phase I of the project commenced operations in December 2023, with an annual slaughtering capacity of 2.0 million hogs and the largest online cutting production line in Asia. Currently, capacity utilization is in the ramp-up stage with slight losses, but it is progressing and advancing according to the established plan, with no issues regarding its direction. This is a strategic initiative with a ten-year horizon, and we have sufficient patience.

CHAIRMAN'S STATEMENT

Along this line of thinking, our strategy has become increasingly clear: to capture the two ends of the industry chain while empowering the intermediate segment. At the breeding end, we aim to control the “genetic chip” by mastering core breeding resources; at the food end, we aim to enhance the value of the industrial chain through slaughtering and deep processing; and in the middle farming segment, we empower farmers through a platform model. The synergy among these three segments constitutes the moat of Dekon's long-term competitiveness. From pig farming to the No. 2 family farm model, to slaughtering and food processing, and further to integrated crop-livestock farming, each step of the blueprint we originally envisioned is gradually becoming a reality. Our partner farm Xiyangfeng is currently exploring an integrated crop-livestock model for comprehensive resource utilization — planting economic crops such as citrus while raising pigs, with planting returns significantly exceeding those from pig farming. This is an endeavor aimed at the next twenty years.

At present, the Company is making substantial investments in digitalisation and intelligent technologies and is actively embracing technological change. From whole-genome breeding and digital farm management systems, and from big databases on breeding pig performance to RFID traceability chips at the slaughtering stage, technology is not merely a tool but the core infrastructure underpinning Dekon's platform model. Digitalisation and AI enable us to accurately assess the value of each partner and make the platform's standards quantifiable and replicable. Our investment in this area will continue to be advanced.

CONCLUSION

Pig farming is a demanding industry. It is capital-intensive and subject to significant cyclical fluctuations, and practitioners face real pressures and challenges every day. Yet precisely because of these challenges, the industry has also nurtured a group of people who are truly committed to working diligently and steadily.

Dekon's development to date would not have been possible without the support of the policies of the Party and the State, the trust of local governments and partners at all levels, the dedicated efforts of all our employees over more than a decade, the joint contributions of thousands of partner farmers, and the long-term companionship and trust of our shareholders.

Looking ahead, we will continue to adhere to our positioning as a platform-based and service-oriented enterprise. What we aim to do is help farmers earn more, improve the overall efficiency of the industry, enable consumers to eat safe and high-quality pork, contribute to the national food security strategy, and achieve reasonable returns for our shareholders. This is our mission. Thank you!

Sincerely,

Wang Degen

Chairman of Dekon Food and Agriculture Group

DEFINITIONS

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

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

DEFINITIONS

“Listing Date”	the date on which the dealing in the Shares first commences on the Stock Exchange, being 6 December 2023
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MARA”	the Ministry of Agriculture and Rural Affairs of the People’s Republic of China (中華人民共和國農業農村部)
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules
“Nomination Committee”	the Nomination Committee of the Board
“Prospectus”	the prospectus of the Company dated 27 November 2023 in connection with the Global Offering
“Remuneration Committee”	the Remuneration Committee of the Board
“Reporting Period”	the year ended 31 December 2025
“RMB” or “Renminbi”	the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Share(s)”	shares in the capital of our Company with a nominal value of RMB1.00 each
“Shareholder(s)”	holder(s) of our Shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“Tongchuang Deheng”	Chengdu Tongchuang Deheng Enterprise Management Centre (Limited Partnership) (成都同創德恒企業管理中心(有限合夥)), a limited partnership established under the laws of the PRC on 13 December 2019, the general partner of which is Dinghui Ronghe, which is wholly-owned by Mr. Wang Dehui and an employee shareholding platform of the Company
“Treasury Shares”	has the meaning ascribed to it under the Listing Rules
“Zhongcheng Jinyi”	Chengdu Zhongcheng Jinyi Enterprise Management Centre (Limited Partnership) (成都眾誠金宜企業管理中心(有限合夥)), a limited partnership established under the laws of the PRC on 18 April 2019, the general partner of which is Sichuan Dinghui Ronghe Enterprise Management Co., Ltd. (四川鼎輝榮和企業管理有限公司), which is wholly-owned by Mr. Wang Dehui and an employee shareholding platform of the Company
“CASBE”	China Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People’s Republic of China

GLOSSARY AND TECHNICAL TERMS

“Traditional Family Farms”	namely No. 1 family farm model, which refers to the model operated under our pig segment. Under this model, we provide farms with weaned piglets, feed, vaccines, and veterinary medicines. These farms then raise the weaned piglets into fattened hogs or market-ready piglets and return the pigs to us in exchange for an agreed-upon fee
“New-Type Family Farms”	namely No. 2 family farm model, which refers to the model operated under our pig segment. Under this model, we provide farms with two-way crossbred sows, boar semen, feed, vaccines, and veterinary medicines. These farms raise the breeding sows and produce weaned piglets (which are fattened either on No. 2 Family Farms or at a nearby No. 1 Family Farms) to earn an agreed-upon fee
“Self-operated Farms”	farms operated under the model where our Group build farms and employ labour force to carry out scaled farming, and are responsible for breeding, fattening, farming and other related process
“PED”	porcine epidemic diarrhoea, which causes diarrhoea and vomiting in pigs
“Poultry Farming Base”	farms operated under the model where we build the farms and lease to farm owners for yellow-feathered broiler farming. Farm owners will raise chicks into broilers and return the broilers to us for an agreed fee
“Poultry Family Farms”	farms operated under the model where we provide the farm(s) with chicks, feed, vaccine and veterinary medicine. Such farm(s) will raise those chicks into broilers and return the broilers to us for an agreed fee
“PRRS”	porcine reproductive and respiratory syndrome, a disease that causes a decrease in reproductive performance in breeding animals and respiratory disease in pigs
“PSY”	the number of weaned piglets per sow per year, calculated as the total number of weaned piglets during a specified period divided by the average number of sows during the period

MANAGEMENT DISCUSSION AND ANALYSIS

I. COMPANY PROFILE

Company Introduction

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

Our business consists of three segments, namely pig, poultry and ancillary products, with the pig and poultry segments being our core business. Products of our pig segment mainly include market hogs, breeding pigs, market piglets and boar semen. Products of our poultry segment mainly include yellow-feathered broilers, chicks and eggs. Products of our ancillary products segment mainly include fresh meat, feed ingredients and others. In addition to breeding and farming of pigs and yellow-feathered broilers at our own facilities, in line with the Group's longstanding commitment to supporting and developing agriculture, we continue to strengthen collaboration with farm owners in pig and poultry farming based on our family farm models. Our vertically integrated business model covers the industry value chain from feed production, breeding, multiplication, farming to sales of pigs and yellow-feathered broilers, achieving efficient control over food quality and safety.

During the Reporting Period, there were no significant changes in our principal business.

Segments Introduction

Pig Segment

Our pig products are mainly market hogs, a small number of market piglets, breeding pigs, and boar semen. Our pig farming is conducted under the Traditional Family Farms, New-Type Family Farms (hereinafter referred to collectively as "Family Farms" with Traditional Family Farms) and Self-operated Farm models, and is primarily operated under the Family Farms model. The traditional family farm model is a model under which farm owners fatten our weaned piglets through cooperation; the New-Type Family Farm model is a model under which farm owners are responsible for raising our sows, producing weaned piglets, and fattening; the Self-operated Farm model is a model under which we build farms by ourselves and employ personnel to carry out scaled breeding, fattening and other related processes.

Poultry Segment

The main products of our poultry segment are yellow-feathered broilers, a small quantity of chicks and eggs. For yellow-feathered broiler farming, we adopt the Poultry Family Farm model and Poultry Farming Base model. Poultry Family Farm model is a model under which farm owners provide the land and facilities and raise the yellow-feathered broilers according to our standards, while we centrally provide chicks, feed, medicines and technical support; Poultry Farming Base model is a model under which we build farming facilities by ourselves and introduce farm owners to conduct operations while the farm owners raise the yellow-feathered broilers.

Ancillary Products Segment

Our ancillary products segment consists of pig slaughtering and fresh meat selling, as well as the sale of a small number of feed ingredients and other products. The primary customers of our slaughtered products are butchers in farmers' markets, distributors of school meals, fresh supermarket distributors and food processing factories.

MANAGEMENT DISCUSSION AND ANALYSIS

II. MARKET OVERVIEW

Pig Industry

In 2025, the pig industry was in the stage of bottoming out during the cycle. The market overall presented a high-supply situation. According to data from the National Bureau of Statistics, the total number of slaughtered pigs in 2025 reached 719.73 million, an increase of 17.16 million from 2024, representing a year-on-year growth of 2.4%. At the end of the year, the pig inventory stood at 429.67 million, an increase of 2.24 million from the end of the previous year, representing an increase of 0.5% from the end of the previous year. Among this, the inventory of breeding sows was 39.61 million, a year-on-year decrease of 2.9%, yet it remained at 101.6% of the normal inventory level. Pork consumption remained generally stable, with seasonal fluctuations having a limited effect on price support. Affected by the supply-demand pattern, pig prices fluctuated and trended downward throughout the year, with the industry being in a loss-making state for most of the time. Entities with higher costs accelerated their exit, driving a further increase in industry concentration. At the policy level, the orientation was to guide capacity optimisation and the healthy development of the industry. Against this backdrop, significant differences emerged in cost control capabilities within the industry. Enterprises with ample cash flow and asset-light operations demonstrated greater resilience in adapting to industry cycle fluctuations, laying the foundation for the subsequent adjustments in this cycle.

Yellow-Feathered Broiler Industry

In 2025, the yellow-feathered broiler industry exhibited a growth trajectory of “first suppression and then recovery”. The first half of the year was characterised by weak performance in the end-consumer market, attributable to the macroeconomic environment and a slower-than-anticipated consumption recovery. Coupled with breeding stock capacity remaining at historically high levels, this led to temporary oversupply, keeping prices persistently low and pushing the breeding segment broadly into loss-making territory. From August onwards, prices gradually rebounded, driven by the progress in capacity reduction and an increase in seasonal demand. The market structure continued to evolve, with the development trend of intensification and standardization persisting. Small and medium-sized independent farms continued to exit the market. Leading enterprises further capitalised on their advantages in biosecurity control, breeding efficiency, and cost management. The industry’s “the strong get stronger” dynamic became further entrenched and the market share of leading players is expected to continue expanding.

Slaughtering and Processing Industry

The year 2025 marked a critical period for the transformation and upgrading of the slaughtering and processing industry, with market scale growing steadily. Profitability in the slaughtering segment rebounded to multi-year highs, incentivising leading enterprises to accelerate their capacity expansion. The industry as a whole accelerated its transformation towards larger scale, intelligence, and standardisation. Increasingly stringent environmental protection and food safety policies further raised the barriers to entry, creating a competitive landscape characterised by “coexistence of overall overcapacity and improved capacity utilisation among leading players”.

III. OPERATING RESULTS

In 2025, supported by the four foundational pillars of systems, organisation, talent, and culture, the Group achieved steady operational development amidst cyclical fluctuations in the livestock and poultry breeding industry and intensifying market competition through initiatives including strengthening lean management, achieving core breakthroughs in independent breeding, upgrading disease control management, and pursuing synergistic development via the asset-light operation model. The pig segment demonstrated industry-leading performance in scale, cost, profitability, and cash flow. Notable results were also achieved in empowering farmers and assisting them in increasing income. The poultry segment bottomed out and showed a positive recovery trend, while the slaughtering and food segment expanded steadily with enhanced value creation. The Group's overall risk resilience and capacity for sustainable development were further strengthened, laying a solid foundation for continued high-quality growth and sustaining its momentum in deeply uniting with and supporting farmers, thereby contributing to rural revitalisation.

(I) Pig Segment

During the Reporting Period, the pig segment remained the Group's primary source of revenue and profit, accounting for 81.2% of total revenue and serving as the core growth engine. Annual revenue from pig segment amounted to RMB18,807.49 million, representing a year-on-year increase of 2.9%. Annual hog sales volume reached 10,827.98 thousand heads, representing a year-on-year increase of 23.3%. The average selling price of commercial pigs was RMB13.74 per kilogram, representing a year-on-year decrease of 17.7%, primarily due to the persistently depressed hog market conditions. Despite these challenges, the Company successfully navigated the adverse environment by fully leveraging a series of initiatives, including lean management, the effective translation of breeding achievements, and the operation of its asset-light model, to achieve substantial cost reduction. During the Reporting Period, the fully loaded cost of hogs continued to optimise with profit per head and profitability efficiency remaining industry-leading. Supported by strong cash flow, the Group's ability to navigate cyclical downturns was further enhanced.

1. *Lean Management Achieves Significant Cost Reduction*

Faced with market challenges, the Group has integrated lean management throughout its entire operation chain and established a full-value-chain cost control system covering frontline production to functional back offices. On the production side, by strengthening basic feeding management, improving labor efficiency, and achieving significant improvements in key technical indicators such as PSY (piglets weaned per sow per year) and MSY (market hogs per sow per year), the Group has substantially reduced the cost of weaned piglets and the full cost of fattening. On the management side, the Group has fully implemented a special campaign for refined expense control and imposed rigid budget constraints, achieving systematic reductions in non-productive costs. Driven by the dual engines of "production cost reduction" and "management expense control", the Group successfully achieved significant cost optimization during the industry downturn.

2. *Continuous Strengthening of Core Barriers in Independent Breeding*

Relying on two national core pig breeding farms, the Group has upgraded its whole-genome selective breeding technology. Key production performance indicators of the core herd have steadily improved, with continuous optimization in growth efficiency, feed conversion rate and health level, providing solid germplasm support for breeding cost control and production efficiency improvement at the source. During the Reporting Period, the average total litter size of the Group's independently bred Dekon II maternal line reached 18.5 piglets. The adjusted age of terminal sires at 100kg was within 123 days. The annual efficiency increase per parent sow reached RMB2,000, with an annual feed reduction of 92kg per head. This has significantly lowered breeding costs at the source.

MANAGEMENT DISCUSSION AND ANALYSIS

3. Leading Disease Eradication Management in the Industry

Disease eradication and biosafety control have become important guarantees for the steady operation of the pig sector. During the Reporting Period, all core breeding farms and boar stations of the Group achieved double-negative PRRS eradication, ranking first in the industry in terms of the number of disease-free farms. All core farms and multiplier farms have completed the eradication of pseudorabies and classical swine fever. By eradicating sources of infection and cutting off transmission routes, the Group has safeguarded the health of its pig herds, reducing the incidence of illness and disease. This has significantly lowered disease loss rates, building a solid safety barrier for improving breeding efficiency and achieving significant cost optimization.

4. Sustained Release of Social and Economic Benefits from Uniting with and Supporting Farmers

The Group has continued to deepen the cooperation mechanism of “uniting with and supporting farmers”, empowering farmers with technologies across the entire breeding process, and realizing efficient replication at an appropriate scale with low capital input and high asset turnover. In particular, the Group’s unique No. 2 Farm Model, which “teaches farmers to raise sows”, builds in-depth interest linkage through technology output, joint standard establishment and risk sharing. It is highly consistent with the No. 1 Central Document. During the Reporting Period, the number of farmers cooperating in the No. 2 Farm Model, absolute slaughter volume and average agency feeding fee recorded notable increases, laying a foundation for medium- and long-term large-scale and standardized development.

5. Building a Solid Talent Foundation through the Training System

The Group is dedicated to cultivating new types of agricultural business entities and stimulating the vitality of rural talent, thereby injecting fresh energy into sustainable rural development and building a reserve of key personnel. Through management and technology empowerment, the Group strives to transform traditional farmers into new-type professional farmers equipped with technical and managerial skills. During the Reporting Period, the Group’s farming team conducted specialized training for cooperative farmers, reaching over 82,000 participants. Over the past three years, the cumulative training attendance has exceeded 210,000, effectively improving farmers’ breeding efficiency and reducing breeding risks. Additionally, the Group’s training base for the “Hundred Villages and Million Pigs (百村百萬)” project officially put into operation at the end of the Reporting Period, which has the capacity to cultivate more than 300 new-type farm owners annually. This initiative plays a significant role in increasing farmers’ income and achieving industrial revitalization.

(II) Poultry Segment

During the Reporting Period, the Group’s poultry segment generated revenue of RMB2,929.96 million, representing a year-on-year decrease of 10.6%. Sales volume reached 88,136.9 thousand birds, remaining essentially flat year-on-year. The average selling price was RMB13.66/kg, representing a year-on-year decrease of 12.2%, primarily due to industry supply-demand imbalance and low product prices.

MANAGEMENT DISCUSSION AND ANALYSIS

In response to the industry downturn, the Group proactively sought changes. First, the Group comprehensively strengthened refined operations and upgraded its production management system, strictly controlling losses and expenses at each aspect to achieve significant cost reduction and efficiency improvement. Meanwhile, the Group precisely capitalized on market recovery windows during traditional festivals such as the Mid-Autumn Festival, National Day, and the Spring Festival. Second, the Group flexibly adjusted its product structure. While stabilizing its high-end core business, it developed cost-effective products tailored to mass consumption, accelerated the expansion of diversified sales channels, and adopted an order-driven production model. Third, the Group solidified its quality moat by deepening its core breeding technology and continuously improving premium varieties, so as to ensure the core competitiveness of its products in the high-end market.

Benefiting from the synergistic effects of these multi-faceted measures, the segment's operational performance demonstrated a positive momentum of "quarter-by-quarter improvement", and recorded profit in the fourth quarter, effectively offsetting the pressure from losses in the first three quarters. As a result, the full-year loss narrowed significantly, and the operational resilience was continuously strengthened.

(III) Ancillary Products Segment

During the Reporting Period, revenue from the ancillary products segment amounted to RMB1,421.57 million, representing a year-on-year increase of 55.25%, primarily driven by growth in the slaughtering business. In 2025, the slaughtering volume amounted to 844 thousand heads, representing a year-on-year increase of 93%.

In 2025, the slaughtering business focused on enhancing both operational quality and efficiency. First, it adhered to a production model driven by sales orders, achieving a breakthrough improvement in capacity utilization. Second, it comprehensively implemented lean management, exercising refined control over production costs, labor efficiency, and energy consumption. Through these internal and external efforts, the segment achieved significant loss reduction, with the loss margin continuously narrowing, accelerating its progress towards the breakeven point. Although the slaughtering and fresh food business is still in a strategic investment phase, its strategic value as a key link in the entire industrial chain has begun to increasingly manifest.

MANAGEMENT DISCUSSION AND ANALYSIS

IV. FINANCIAL REVIEW

Since its listing, the Company has been preparing its financial statements and conducting information disclosure in accordance with the International Financial Reporting Standards (“IFRS”), which are generally adopted in Hong Kong. Pursuant to the “Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong” published by the Stock Exchange in December 2010, issuers incorporated in Chinese Mainland and listed in Hong Kong may prepare their financial statements in accordance with the CASBE.

Based on the above policy provisions, and with reference to the common practices of comparable listed companies in the same industry that have adopted the CASBE, considering that the Company primarily conducts its business in Chinese Mainland, and in order to enhance work efficiency, the preparation of the Company’s financial statements has been reviewed and approved at the first extraordinary general meeting of 2026 held on 11 February 2026 to adopt the CASBE and relevant regulations promulgated by the Ministry of Finance of China, commencing from the year ended 31 December 2025.

Due to differences in certain accounting policies and recognition and measurement methods between the CASBE and IFRS, the effects of the transition from IFRS to the CASBE on the Group’s net profit and shareholders’ equity are as follows:

Unit: RMB

	Net profit		Net assets	
	2025	2024	2025	2024
Calculated under the CASBE	1,421,611,522.42	3,268,926,946.79	8,927,611,344.30	7,998,353,054.27
Calculated under the IFRS	531,708,704.81	4,201,707,319.48	8,624,696,328.39	8,585,340,855.96
Differences	889,902,817.61	(932,780,372.69)	302,915,015.91	(586,987,801.69)

The above discrepancies are mainly attributable to the differences between the Chinese Accounting Standards for Business Enterprises and the IFRS in certain accounting treatments, which are primarily related to the fair value measurement of biological assets and the associated accounting treatments. Overall, no material and substantive changes have occurred to the Group’s financial position and results of operations as a result of the change in accounting standards.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

In 2025, our revenue was RMB23,159.0 million, representing an increase of 3.1% as compared with RMB22,464.0 million in 2024. It was mainly attributable to increase in revenue for our pig segment.

Cost of Sales

In 2025, our cost of sales was RMB19,976.5 million, representing an increase of 15.5% as compared with RMB17,292.5 million in 2024. It was mainly attributable to the increase in the sales volume of market hogs and poultry during the year.

Gross Profit Margin

Our overall gross profit margin decreased from 23.0% in 2024 to 13.7% in 2025. It was mainly attributable to a decrease in the average selling price of market hogs from RMB16.70 per kilogram in 2024 to RMB13.74 per kilogram in 2025, representing a decrease of approximately 17.7%, and a decrease in the average selling price of market broilers of approximately 12.2% compared to 2024.

Selling Expenses

In 2025, our selling expenses amounted to RMB103.4 million, representing an increase of 1.9% as compared with RMB101.5 million in 2024. It was mainly attributable to the increase in remuneration for sales staff.

Administrative Expenses

In 2025, our administrative expenses amounted to RMB1,307.9 million, representing an increase of 3.1% as compared with RMB1,268.5 million in 2024. It was mainly attributable to the rise in remuneration for management personnel and the increase in insurance expenses driven by business expansion.

Finance Costs

In 2025, our finance costs amounted to RMB204.6 million, representing a decrease of 45.0% as compared with RMB372.0 million in 2024, mainly due to the reduction in interest expenses on bank loans, resulting from a decrease in total loan amount and a cut in interest rates, and the increase in interest income from bank deposits, driven by a rise in deposit size.

Other Income

In 2025, our other income was RMB101.7 million, representing a decrease of 16.8% as compared with RMB122.3 million in 2024. It was mainly attributable to the recognition of more government grants related to income in 2024.

Profit for the Year

For the reasons above, we recorded a profit of RMB1,421.6 million in 2025, as compared with a profit of RMB3,268.9 million in 2024.

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

Save as disclosed in this report, the Group had neither any other significant investments nor significant acquisitions and disposals of the relevant subsidiaries, associates and joint ventures in 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Major Financial Ratios

The financial ratios of the Group as of 31 December 2025 and 31 December 2024 are set forth below:

	31 December 2025	31 December 2024
Return on equity ⁽¹⁾	15.9%	40.9%
Return on total assets ⁽²⁾	6.1%	14.5%
Current ratio ⁽³⁾	1.4	1.2
Quick ratio ⁽⁴⁾	0.64	0.65
Gearing ratio ⁽⁵⁾	71.0%	87.3%
Debt-to-equity ratio ⁽⁶⁾	22.4%	31.1%
Interest coverage ⁽⁷⁾	8.0	9.8

Notes:

- (1) Equals profit/loss for the year divided by the closing balance of total equity as of the balance sheet date and multiplied by 100%.
- (2) Equals profit/loss for the year divided by the closing balance of total assets as of the balance sheet date and multiplied by 100%.
- (3) Equals current assets divided by current liabilities as of the balance sheet date.
- (4) Equals current assets minus inventories, then divided by current liabilities as of the balance sheet date.
- (5) Equals total interest-bearing borrowings plus lease liabilities, divided by total equity at the balance sheet date and multiplied by 100%.
- (6) Equals net debts divided by total equity as of the balance sheet date and multiplied by 100%. The net debts are defined as the sum of interest-bearing borrowings and lease liabilities net of cash and cash equivalents.
- (7) Equals profit/loss before interest and tax divided by interest.

Analysis on Capital Resources

Liquidity and Capital Resources

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

As of 31 December 2025, our cash and cash equivalents were approximately RMB4,333.5 million (31 December 2024: approximately RMB4,492.0 million). Such decrease in cash and cash equivalents was primarily attributable to the repayment of some loans.

As of 31 December 2025, our current ratio was 1.4 (31 December 2024: 1.2).

As of 31 December 2025, our unused bank facility was RMB5,383.8 million.

MANAGEMENT DISCUSSION AND ANALYSIS

EBITDA and Cash Flow

To supplement our consolidated results prepared and presented in accordance with the CASBE, we have also adopted EBITDA as an additional financial measure, which is neither required by nor presented in accordance with CASBE. We believe that these non-GAAP measures facilitate comparisons of operating performance between periods and among companies by eliminating the potential impact of items that our management does not consider to be indicative of our operating performance, such as the effects of certain non-cash or one-off items and certain investment transactions. The use of these non-GAAP measures limitations as an analytical tool, and one should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under CASBE. In addition, these non-GAAP measures may be defined differently from similar terms used by other companies.

The EBITDA of the Group refers to the aggregate amount of profit/loss for the period, income tax expenses, finance costs and depreciation and amortisation, among which depreciation and amortisation refer to the total amount of depreciation of property, plant and equipment, depreciation of right-of-use assets, and amortisation of intangible assets.

The following table sets out the reconciliation of the non-GAAP measures to the nearest measures prepared in accordance with the CASBE for the years ended 31 December 2025 and 2024:

	For the year ended	
	31 December 2025	31 December 2024
	(RMB in million)	(RMB in million)
Profit for the year	1,421.6	3,268.9
Plus: Income tax expenses	0.7	0.1
Finance costs	204.6	372.0
Less: Depreciation of property, plant and equipment	(619.2)	(614.7)
Depreciation of right-of-use assets	(245.7)	(278.8)
Amortisation of Long-term deferred expense	(14.0)	(11.8)
Amortisation of intangible assets	(7.9)	(6.2)
EBITDA	<u>2,513.7</u>	<u>4,552.5</u>

In 2025, the EBITDA of the Group (non-CASBE measure) amounted to RMB2,513.7 million (2024: RMB4,552.5 million).

The Group primarily funds its working capital through cash generated from operating activities, investing activities and bank borrowings. Our cash requirements are mainly related to production and operating activities, capital expenditures, repayment of liabilities falling due, lease payments, interest payments and dividend distributions.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2025, net cash generated in our operating activities was RMB2,530.7 million (generated during 2024: RMB5,361.8 million). Net cash used in our investing activities was RMB966.9 million (used during 2024: RMB1,557.3 million), including RMB1,752.7 million for the purchase and construction of fixed assets, intangible assets, bearer biological assets, and other long-term assets (2024: RMB935.4 million). Net cash used in our financing activities was RMB1,721.7 million (used during 2024: RMB1,864.8 million). In summary, in 2025, our net decrease in cash and cash equivalents was RMB158.4 million.

Capital Structure

As of 31 December 2025, the total number of issued shares of the Company was 388,875,636 Shares, including 231,287,182 Domestic Shares and 157,588,454 H Shares.

As of 31 December 2025, the Group had bank loans and other loans balance of approximately RMB3,450.6 million (31 December 2024: approximately RMB4,285.9 million). The annual interest rate on bank loans ranged from 2.16% to 3.70% (31 December 2024: from 2.55% to 5.39%). Most of the bank loans were based on variable interest rates.

The interests-bearing borrowings were repayable as follows:

	31 December 2025 (RMB in million)	31 December 2024 (RMB in million)
Within 1 year	856	2,273
1 to 2 years	1,755	519
2 to 5 years	733	1,403
Over 5 years	107	91
Total	<u>3,451</u>	<u>4,286</u>

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

	31 December 2025 (RMB in million)	31 December 2024 (RMB in million)
Fixed-rate borrowings	378	1,517
Variable-rate borrowings	<u>3,073</u>	<u>2,769</u>
Total	<u>3,451</u>	<u>4,286</u>

MANAGEMENT DISCUSSION AND ANALYSIS

As of 31 December, 2025, the Group had net assets of approximately RMB8,927.6 million (31 December 2024: net assets of approximately RMB7,998.4 million). Net debts¹ of the Group amounted to approximately RMB2,002.4 million (31 December 2024: approximately RMB2,488.4 million), while the net debt-to-equity ratio was approximately 22.4% (31 December 2024: approximately 31.1%).

Pledge of Assets

As of 31 December 2025, part of the Group's interest-bearing borrowings was secured by property, plant and equipment with book value of RMB238.5 million (31 December 2024: RMB251.8 million).

Contingent Liabilities

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

Capital Expenditure

Our capital expenditure primarily comprised of expenditures for the construction and upgrades of our production and ancillary facilities. We funded our capital expenditures primarily with borrowings and operating activities. In 2025, the Group's capital expenditure was RMB1,752.7 million (2024: RMB935.4 million). The following table sets forth our capital expenditure for the years indicated:

	2025 (RMB in million)	2024 (RMB in million)
Purchase and construction of fixed assets, intangible assets, productive biological assets and other long-term assets	1,753	935
Total	1,753	935

In 2025, our demand for capital expenditure mainly came from expenses related to the acquisition and self-cultivation of productive biological assets, and project payables arising from the construction of slaughterhouses, feed mills and breeding farms for food business.

Capital Commitment

Capital commitment of the Group is mainly related to the purchase of property, plant and equipment in connection with our production. As of 31 December 2025, capital commitment of the Group was RMB898.6 million (31 December 2024: RMB862.5 million).

Note:

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

MANAGEMENT DISCUSSION AND ANALYSIS

Biological Assets

Biological assets of the Group primarily consist of commodity hogs, commodity chickens, chicken breeders and breeding pigs. The book value of our biological assets was RMB6,899.9 million as of 31 December 2025 and RMB5,870.9 million as of 31 December 2024.

Foreign Exchange Risks

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

Almost all of the Group's operating activities are carried out in the PRC with most of the transactions denominated in RMB. As at 31 December 2025, the Group's bank deposits from the public offer amounted to HK\$207.1 million.

The Group does not hedge against any fluctuation in foreign currencies in 2025.

V. HUMAN RESOURCES AND ORGANIZATIONAL DEVELOPMENT

1. Overview of Employees

As of 31 December 2025, the Group had a total of 11,363 employees (2024: 10,475 employees), most of whom were located in Chinese Mainland. During the Reporting Period, the total number of employees increased by 8.5% year-on-year, primarily due to the expansion of the core business team and the introduction of digital intelligence professionals. We continued to optimize our talent structure by focusing on increasing the proportion of highly skilled professionals and R&D technical personnel to support the collaborative development strategy of the entire industrial chain.

2. Remuneration and Incentive System

The Company implements a performance-oriented comprehensive remuneration strategy, with remuneration levels comprehensively considering job value, individual performance, industry benchmarks and the Company's operational results. Incentive mechanism: An incentive matrix combining short, medium and long-term plans has been established, including an annual profit-sharing plan and an equity incentive plan, ensuring alignment of the core team's long-term interests with the Company's. Governance supervision: The Remuneration Committee regularly reviews the strategic alignment of the remuneration structure and, based on market standards and performance evaluation results, proposes recommendations to the Board regarding the remuneration of Directors and senior management. Compliance assurance: The Company strictly adheres to national labor laws and regulations, contributes to social insurance and housing provident funds for all employees, and provides supplementary commercial insurance to effectively manage labor compliance risks.

Total remuneration: In 2025, the total employee remuneration amounted to approximately RMB1,705.4 million (2024: RMB1,559.2 million).

3. Talent Development and Organizational Effectiveness

In response to industry cycle fluctuations and technological changes, the Company adheres to a dual-wheel drive strategy of “internal cultivation + external talent acquisition”: Talent pipeline development: The Company deepens the “management + professional” dual-channel development mechanism and implements a leadership succession plan to ensure a stable supply of talent for key positions. Practical empowerment: Focusing on business pain points, the Company promotes a “training + combat” integrated development model. In 2025, the cumulative number of participants in employee training sessions exceeded 310,000, significantly enhancing the professional skills and personnel efficiency of frontline teams. Digital and intelligent transformation: The Company introduces specialized AI and systematic management experts to drive the “AI + management” transformation. Through digital tools, the Company has achieved iterative upgrades in management processes, significantly improving organizational decision-making efficiency and responsiveness, thereby providing a solid organizational foundation for the implementation of the Company’s long-term strategy.

VI. SIGNIFICANT RISKS AND UNCERTAINTIES

The results and business operations of the Group are affected by a number of risks and uncertainties directly or indirectly related to the business of the Group. Primary risk factors known to the Group are outlined as follows:

1. Price Volatility Risk

Risk description: The Group’s operating results are highly dependent on the selling prices of pig and poultry products, which are influenced by multiple factors such as supply and demand dynamics, feed costs, macroeconomic conditions and consumption cycles, and therefore exhibit significant cyclical and periodic fluctuations. In 2025, the pig industry was in a volatile downward cycle, with eased supply and demand conditions putting downward pressure on prices. In the poultry industry, the phased release of production capacity resulted in mild price fluctuations and a narrowing of breeding profit margins. If the industry cycle continues to decline in the future, or if market prices of the Group’s products remain depressed, the Group may face risks such as a decline in sales revenue, deterioration in operating results or even losses. In addition, corn and soybean meal, which are key feed raw materials, are subject to significant price fluctuations due to uncontrollable factors such as output levels, weather conditions and volatility in international markets. Such fluctuations may directly affect the profitability of the Group’s breeding operations.

Mitigation measures: to address price volatility, the Group has adopted a multi-dimensional risk management strategy:

Operational efficiency enhancement and financial hedging: the Group continuously improves operational efficiency to lower cost, while moderately utilising financial derivatives to hedge against fluctuations in pig selling prices and raw material prices.

Feed cost control system: the Group has established a comprehensive technical system for feed cost control and implements a value-based raw material procurement strategy. By promoting the use of high-efficiency enzyme preparations, low-protein diet technology, and low-corn/low-soybean meal diet technology, the Group is able to quickly and flexibly adjust its formulation structures and procurement strategies in response to significant increases in raw material prices, thereby effectively mitigating the impact of cost fluctuations on profitability.

MANAGEMENT DISCUSSION AND ANALYSIS

2. Animal Epidemic Risk

Risk description: Animal epidemics represent a major threat to the livestock and poultry breeding industry. Although the Group has established a stringent biosecurity system, the risk of disease outbreaks cannot be completely eliminated. In the hog breeding segment, African swine fever remains sporadic and regionally distributed, while diseases such as porcine reproductive and respiratory syndrome (PRRS), porcine circovirus and porcine epidemic diarrhoea (PED) may also occur occasionally. In the poultry breeding segment, diseases such as highly pathogenic avian influenza and Newcastle disease are characterised by rapid transmission and high mortality rates. If a serious epidemic were to occur at the Group's breeding bases, it could directly lead to a reduction in stock volume and slaughter volumes, resulting in substantial costs associated with disease prevention and control, culling and harmless disposal, and potentially affect product sales due to consumer panic in the market. Although the Group did not incur any material losses due to animal epidemics during the Reporting Period, the sudden and contagious nature of such diseases may still pose potential adverse impacts on the Group's production and operations.

Mitigation measures: The Group has established a comprehensive disease prevention and control barrier:

Physical barriers and site selection standards: We strictly enforce biosecurity protocols for farm site selection. We build a robust physical defense line for epidemic prevention through measures such as optimizing topography and terrain, implementing separation of clean and contaminated roads, and maintaining safe distances.

Differentiated eradication and monitoring: We formulate differentiated eradication plans based on the epidemiological characteristics of different diseases. We implement rigorous immune prevention, pathogenic testing, and antibody monitoring mechanisms. We achieve disease eradication through measures such as weeding out infected animals and through separate breeding of separate herds.

Environmental control and scientific immunisation: We comprehensively upgrade the environmental control equipment of the farm house to stabilise air quality and temperature and humidity in the farm houses and reduce the disease triggers. We formulate scientific immunisation procedures according to different seasonal and regional characteristics and strictly adhere to operation standard to ensure that vaccine immunisation is fully in place.

3. Food Safety Risks

Risk description: Food safety is the lifeline of the food industry and is highly sensitive to regulation and public attention. The Group has an extensive industrial chain, encompassing multiple segments such as breeding, feed, slaughtering, processing, and distribution. Lapses in control at any point can trigger food safety risks. Furthermore, food safety incidents are sudden and highly contagious; even industry-wide negative events or incidents not directly caused by the Group can have a knock-on effect on the Group's reputation and operations. With tightening regulatory standards, heightened consumer awareness, and changes in the public opinion environment, the complexity and uncertainty of food safety compliance management are increasing.

Mitigation measures: The Group has established and continuously improves a whole-chain food safety management system:

Full-Process control: The management system covers key segments including raw material procurement, production processing, storage, and transportation. Regular internal audits and risk assessments are conducted to ensure all business units strictly adhere to unified food safety standards.

MANAGEMENT DISCUSSION AND ANALYSIS

Personnel empowerment and traceability mechanism: We strengthen training and assessment of frontline employees to enhance awareness of standardized operations and emergency response capabilities. We establish a robust product traceability mechanism to ensure rapid identification and effective handling of abnormal situations.

Compliance and collaboration: We actively respond to government regulatory requirements, participate in the formulation of and exchange on industry standards, and continuously enhance overall risk control capabilities and public credibility.

VII. OUTLOOK

I. Directors' Assessment of the Market Environment and the Company's Position

1. Assessment of the Market Environment and Trends

The Board anticipates that in 2026, the pig industry will remain in a phase characterized by both cyclical bottom volatility and structural adjustment.

Cost pressures: Prices of feed, influenced by global supply chains, are expected to remain volatile at high levels, placing extremely high demands on enterprises' procurement coordination and feed formulation technologies. Normalization of animal diseases: The prevention and control of major animal diseases have entered a normalized phase; the robustness of biosecurity systems directly determines an enterprise's viability. Demand segmentation: Consumer demand is exhibiting clear stratification, with the mass market prioritizing cost-effectiveness, while the premium market shows a significantly increased willingness to pay for food safety, meat quality and flavor, and brand premiums.

Against this backdrop, the industry's competitive focus has shifted from simple scale expansion to a deep-seated contest of "cost control capabilities" and "whole-industry-chain coordination efficiency."

2. The Company's Strengths, Resources, and Market Position

Core strengths: The Group possesses an industry-leading proprietary intelligent breeding platform, a mature asset-light model that "uniting with and supporting farmers" and a digital management system covering the entire chain.

Resource endowment: We have accumulated production big data on a ten-million-unit scale, boast an experienced team of technical experts, and have established stable benefit-sharing mechanisms with a broad base of farmers.

Market position: As one of the industry leaders, we are in the top tier for pig production efficiency and cost control, demonstrating the resilience to navigate through market cycles.

3. Constraints, Challenges, and Risks Faced

Despite the aforementioned strengths, the Board is also keenly aware that in its pursuit of high-quality development, the Company still faces risks related to market price fluctuations, major animal diseases, raw material price volatility, and food safety and quality control.

Based on this, the Company's core strategic focus for 2026 is defined as "lean operations and quality-first." We will ensure the Company's stable operation and sustainable development in a complex market environment through measures such as aggressive cost reduction, business model innovation, technological innovation, and ecosystem collaboration.

MANAGEMENT DISCUSSION AND ANALYSIS

II. Business Plans by Segment

(1) Pig Segment: Building Dual Advantages in Cost Leadership and Model Upgrading

The Group will build a technology-driven, lean-operated modern farming system through genetic breeding optimization, refined management, and model innovation, thereby consolidating its leading market position.

1. Production efficiency improvement and cost control

- Breakthrough in reproductive performance: Leveraging our proprietary intelligent breeding platform and genetic health purification program, we plan to elevate the number of piglets born per litter and the number of weaned piglets per litter to new heights. This will effectively reduce production costs at the source.
- Optimization of weaned piglet costs: By strengthening refined management in farrowing houses and significantly improving key indicators such as the weaning survival rate, we aim to reduce the cost per weaned piglet by approximately 15% compared to current levels, further solidifying our profitability foundation.
- Fattening efficiency breakthrough: We will comprehensively promote low-protein diets and dynamic precision feeding technologies, effectively optimising the fattening feed conversion ratio and improving the fattening marketability rate. This will minimise ineffective losses and enhance output profitability.
- Comprehensive cost target: Through the aforementioned extreme cost reduction across the entire chain, coupled with the reduction in feed unit costs achieved via procurement synergies, the Group is committed to controlling the fully loaded cost of hog sales at a level with industry-leading competitiveness. This ensures a sufficient safety margin even and profit potential at the bottom of the cycle.

2. Model leadership and asset-light development

- Deeply engaging in uniting with and supporting farmers: We will deeply practice our social responsibility, intensify the “Hundred Villages and Million Pigs” project, and comprehensively promote the standardised paradigm of “No. 2 Farms”.
- Empowering farmer transformation: Through technological empowerment, we will assist traditional farmers in transitioning into modern professional farmers equipped with technical knowledge and business acumen, achieving simultaneous enhancement of scaled development and standardised operations.
- Asset-light effect: Through the rapid replication of the asset-light model, we will further leverage economies of scale, significantly alleviate capital expenditure, and guide partners towards high-quality development.

3. Digital and intelligent transformation and risk hedging

- Management restructuring: Relying on the construction of smart pig farms and IT system upgrades, we will reshape our management digital intelligence system. This will propel a leap from “experience-driven” to “data decision” in breeding management, enabling precise cost control and real-time early warning across the entire chain.
- Futures-spot linkage: We will flexibly utilise financial derivative instruments such as hog futures to establish a scientific hedging mechanism. This will effectively hedge against the volatility risks of the hog cycle, smooth profit curves, and ensure operational stability.

(2) Poultry Segment: Structural Optimisation and Profit Breakthroughs

The Group will continue to focus on three key directions: “optimising structure, strengthening breeding, and reducing costs while improving quality”. We will adhere to a dual-track approach of low-cost, high-efficiency and high-quality premium.

- Performance indicator challenge: Through precision nutrition and formula optimisation, we will effectively drive down feed costs and significantly enhance cost competitiveness.
- High-value market breakthrough: We will focus on the layout of mid-to-high-end channels to increase market share in high-value products segments. Through product differentiation and value-added services, we will significantly enhance brand premium capacity, effectively offsetting the competitive impact from low-end products in the red-ocean market.
- Lean operations: We will fully implement a process management mechanism. Throughout the year, we plan to implement biosecurity technical transformation measures and improve breeding management standard operating procedures (SOPs). Through “multi-skilled personnel” optimisation, we will significantly reduce period expenses.

(3) Ancillary Products Segment: Whole Industry Chain Closure and Loss Reduction & Efficiency Enhancement

This segment will adhere to the principle of “increasing scale, reducing losses, training the team, and building the system”, accelerating the construction of a closed-loop whole industry chain of “hog breeding — slaughtering — deep processing”.

- With the substantial growth in slaughter volume and breakthrough in sales revenue, we will significantly enhance capacity utilisation.
- With the full commissioning of the 60,000-tonne food deep processing production line in Yibin, we will optimise product portfolios such as “Dezhen” and “Dewei” and increase the proportion of high-margin deep-processed products, thereby fully leveraging the strategic value of the industry chain regulator.

CORPORATE GOVERNANCE REPORT

The Board hereby presents this corporate governance report (the “Corporate Governance Report”) in the Company’s annual report for the year ended 31 December 2025.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining and promoting stringent corporate governance. The principle of the Group’s corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its business and operation are conducted in accordance with applicable laws and regulations, to enhance the transparency of the Board, and to strengthen accountability to all shareholders.

The Group’s corporate governance practices are based on the principles and code provisions prescribed in the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

On 6 October 2025, the Company announced the resignation of Ms. Liu Shan, a non-executive Director. Following Ms. Liu Shan’s resignation, the composition of the Board and certain Board committees of the Company will temporarily fail to fully comply with the requirements of the Listing Rules and the terms of reference of the Audit Committee and Nomination Committee. Specifically, (1) the number of members of the Audit Committee will temporarily fall below the requirement under Rule 5.28 of the Listing Rules; (2) the Nomination Committee will temporarily fail to include a director of a different gender as required under code provision B.3.5 of the CG Code. In light of the above, Ms. Liu Shan will remain as a non-executive Director and the member of each of the Audit Committee and Nomination Committee until a suitable candidate can fill the vacancy. For further details, please refer to the announcement of the Company dated 6 October 2025.

The Group has complied with the code provisions contained in the CG Code during the Reporting Period.

The amendments to the CG Code came into on 1 July 2025 and the requirements under the new CG Code will apply to the corporate governance reports and annual reports of the Company for the financial years commencing on or after 1 July 2025. The Company will continue to review and enhance the corporate governance practices to ensure compliance with the new CG Code and align with the latest developments.

VALUES AND CULTURE

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

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

- satisfactory and sustainable returns to Shareholders;
- that the interests of those who deal with the Company are safeguarded;
- that overall business risk is understood and managed appropriately;
- the delivery of high-quality products and services to the satisfaction of customers; and
- that high standards of business ethics are maintained.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

BOARD OF DIRECTORS

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

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

Board Composition

The following sets out a list of directors of the Company during the Reporting Period and up to the date of this report:

Executive Directors

Mr. Wang Degen (*Chairman of the Board*)

Mr. Wang Dehui (*Vice Chairman*)

Mr. Yao Hailong (*President*)

Mr. Hu Wei

Mr. Zeng Min

Non-executive Director

Ms. Liu Shan

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Independent Non-executive Directors

Mr. Pan Ying

Mr. Zhu Qing

Mr. Chan Yuk Tong (appointed on 11 February 2026)

Mr. Fung Che Wai Anthony (resigned on 11 February 2026)

The biographical information of the Directors as of the date of this report is set out in the section headed “Biographical Details of Directors, Supervisors and Senior Management” on pages 71 to 78 of this annual report. Save as disclosed in this annual report, there is no other relationships (including financial, business, family or other material/relevant relationship(s)) between the Board members and in particular, between the Chairman and the President.

Mr. Chan Yuk Tong has been appointed as an independent non-executive Director with effect from 11 February 2026. He has obtained the legal advice referred to the Rule 3.09D of the Listing Rules on 11 February 2026. He has confirmed that he understood his obligations as a director of the Company.

Board Meetings, General Meeting and Directors' Attendance Records

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

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

During the Reporting Period, the Company held an annual general meeting on 22 April 2025 and an extraordinary general meeting on 29 September 2025. The attendance record of each Director during their respective tenure of office at the meetings of the Company held during the Reporting Period is set out in the table below:

Name of Director	Attendance/Number of Meetings	
	Board Meetings	General Meetings
Executive Directors		
Mr. Wang Degen	5/5	2/2
Mr. Wang Dehui	5/5	2/2
Mr. Yao Hailong	5/5	2/2
Mr. Hu Wei	5/5	2/2
Mr. Zeng Min	5/5	2/2
Non-executive Director		
Ms. Liu Shan	5/5	2/2
Independent Non-executive Directors		
Mr. Pan Ying	5/5	2/2
Mr. Zhu Qing	5/5	2/2
Mr. Chan Yuk Tong (appointed on 11 February 2026)	0/0	0/0
Mr. Fung Che Wai Anthony (resigned on 11 February 2026)	5/5	2/2

Responsibilities, Accountabilities and Contributions of the Board and Management

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

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

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

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

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

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

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

Chairman and President

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

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

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

Independent Non-executive Directors

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

CORPORATE GOVERNANCE REPORT

The Company has received annual written confirmations of independence from each independent non-executive Director in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Board Independence Evaluation

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

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

The Company has established formal and informal channels of communication to ensure that independent views and inputs are available to the Board. Our Articles of Association and the terms of references of various board committee have set out a formal framework to ensure that the independent non-executive Directors remain independent and free to express their views, and their views are systematically considered by the Board. The executive Directors and the Chairman of the Board also engage regularly and directly with the independent non-executive Directors to receive their independent views and inputs in a relation to a wide variety of matters. The implementation and effectiveness of the above mechanisms are reviewed on an annual basis. The Board considers that the Board Independence Evaluation Mechanism has been implemented properly and effectively in the year ended 31 December 2025.

Appointment and Re-election of Directors

Under the Articles of Association, Directors (including non-executive Directors) shall be elected at the general meeting with a term of three years. Each of the current non-executive Directors has been appointed for a term of three years commencing on the following dates:

Directors	Date of First Appointment/Date of Re-appointment
Executive Directors	
Mr. Wang Degen	22 April 2025
Mr. Wang Dehui	22 April 2025
Mr. Yao Hailong	22 April 2025
Mr. Hu Wei	22 April 2025
Mr. Zeng Min	22 April 2025
Non-executive Director	
Ms. Liu Shan	22 April 2025
Independent Non-executive Directors	
Mr. Pan Ying	22 April 2025
Mr. Zhu Qing	22 April 2025
Mr. Chan Yuk Tong (appointed on 11 February 2026)	11 February 2026
Mr. Fung Che Wai, Anthony (resigned on 11 February 2026)	22 April 2025

Note:

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

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

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

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

Continuous Professional Development of Directors

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

Directors	Type of Training ^{Note}
Executive Directors	
Mr. Wang Degen	A, B
Mr. Wang Dehui	A, B
Mr. Yao Hailong	A, B
Mr. Hu Wei	A, B
Mr. Zeng Min	A, B
Non-executive Director	
Ms. Liu Shan	A, B
Independent Non-executive Directors	
Mr. Pan Ying	A, B
Mr. Zhu Qing	A, B
Mr. Chan Yuk Tong (appointed on 11 February 2026)	A, B
Mr. Fung Che Wai Anthony (resigned on 11 February 2026)	A, B

Note:

Types of Training

- A. Attending training sessions, including but not limited to briefings, seminars, conferences and workshops
- B. Reading relevant news alerts, newspapers, journals, magazines and relevant publications

BOARD COMMITTEES

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

Audit Committee

The Audit Committee consists of three members, currently Mr. Chan Yuk Tong, Ms. Liu Shan and Mr. Zhu Qing. The Audit Committee consists of two independent non-executive Directors, namely Mr. Chan Yuk Tong and Mr. Zhu Qing, and one non-executive Director, namely Ms. Liu Shan, and Mr. Chan Yuk Tong is the chairman of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the Corporate Governance Code and the PRC laws. The primary responsibilities of the Audit Committee are (a) to make recommendations on the appointment, re-appointment or removal of the external auditor firm, to approve the remuneration and terms of engagement of the external auditor firm, and to handle any issues relating to the resignation or removal of the external auditor firm; (b) to review and monitor the independence and objectivity of the external auditor firm and the effectiveness of the audit process in accordance with applicable standards; the Committee should discuss the nature and scope of the audit and the reporting obligations with the auditor before the audit commences; (c) to formulate and implement policies on engaging an external auditor firm to provide non-audit services. For the purpose of this provision, an external auditor firm includes any entity that is under the common control, ownership, or management as the company responsible for the audit or any entity that a reasonably informed third party knowing all relevant information would reasonably conclude to be part of the

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external auditor locally or internationally. The Committee shall report and make recommendations to the Board on any matters where action or improvement is needed; (d) to act as the representative between the Company and the external auditor firm and to be responsible for supervising the relationship between the two; (e) to review the financial information of the Company and its disclosure; (f) to monitor the integrity of the Company's financial statements and annual report and accounts, half-year report, and quarterly report (if any), and to review the significant judgements on financial reporting contained in financial statements and financial reports; to supervise the annual audit work, to make judgements on the authenticity, accuracy, and completeness of the information in the audited financial report, and to submit the statements and the report with the views of the Committee to the Board for consideration; and (g) to review and evaluate the Company's financial controls, risk management, and internal audit systems and to discuss the risk management and internal control systems with management so as to ensure that management has established effective internal control systems.

During the Reporting Period, the Audit Committee held three meetings in January, March and August 2025 respectively, and met with the Company's external auditor regarding the review of the Company's financial report and accounts three times. The major work performed by the Audit Committee with respect to the year ended 31 December 2024 included reviewing and recommending the re-appointment of the external auditor, approving the terms of engagement (including the remuneration) of the external auditor and the audit plan, reviewing the unaudited interim report and interim results announcement for the six months ended 30 June 2025, reviewing the audited financial statements and final results announcement for the year ended 31 December 2025, reviewing the work of the Group's audit department and assessing the effectiveness of the Group's systems of risk management, internal control and internal audit. A summary of the attendance records is set out below:

Name of Directors	Attendance/ Number of Meetings
Mr. Chan Yuk Tong (appointed as the chairman of the Audit Committee on 11 February 2026)	0/0
Mr. Zhu Qing	3/3
Ms. Liu Shan	3/3
Mr. Fung Che Wai Anthony (resigned as the chairman of the Audit Committee on 11 February 2026)	3/3

Remuneration Committee

The Remuneration Committee consists of three members, currently Mr. Pan Ying, Mr. Chan Yuk Tong and Mr. Wang Degen. Mr. Pan Ying is the chairman of the Remuneration Committee. The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the Corporate Governance Code and the PRC laws. The primary functions of the Remuneration Committee include:

- reviewing and examining the remuneration policy and structure for Directors and senior management of the Company based on the corporate policies and objectives formulated by the Board, positions, duties, and scope of work of the Directors and senior management, and with reference to the remuneration for similar positions in the same region, in the same industry or offered by competitors, and making recommendations to the Board on the establishment of formal and transparent procedures for developing remuneration policy;
- examining the performance of the Directors and senior management of the Company and conducting annual appraisals of their performance, and, based on such appraisals, coming up with annual remuneration plans and further incentives or punishment plans and submitting those to the Board for consideration, and overseeing the implementation of the aforementioned plans;
- evaluating the remuneration system of the Company and reviewing and overseeing its implementation;

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- making recommendations to the Board on remuneration packages of individual executive Directors and senior management, including non-pecuniary benefits, pension rights and compensation payments (including any compensation payable for loss or termination of office or appointment);
- making recommendations to the Board on the remuneration of non-executive Directors;
- constantly supplementing and amending the remuneration system and structure according to the development of the market and the Company;
- considering salaries paid by comparable companies, time commitment, and responsibilities and employment terms of other positions within the Group;
- reviewing and approving the compensation payable to executive Directors and senior management for any loss or termination of their office or appointment to ensure that it is consistent with the contractual terms; such compensation should be fair and reasonable and not excessive if it is not consistent with the contractual terms;
- reviewing and approving compensation arrangements in relation to dismissal or removal of Directors for misconduct to ensure that such arrangements are consistent with the contractual terms; such compensation should be reasonable and appropriate if it is not consistent with the contractual terms;
- ensuring that no Directors or his/her associate(s) is involved in determining his/her own remuneration;
- reviewing and/or approving the matters relating to the share schemes under Chapter 17 of the Listing Rules;
- explaining to the shareholders about the remuneration of Directors and senior management; and
- other duties as stipulated in the Articles of Association and other matters authorised by the Board.

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

CORPORATE GOVERNANCE REPORT

The remuneration of the senior management of the Company, whose biographical details are included in section headed “Biographical Details of Directors, Supervisors and Senior Management” of this annual report, for the year ended 31 December 2025 falls within the following bands:

Remuneration (HK\$)	Number of Individuals
0–1,000,000	0
1,000,000–2,000,000	1
2,000,000 and above	4

During the Reporting Period, the Remuneration Committee held one meeting in March 2025. A summary of the attendance records is set out below:

Name of Directors	Attendance/ Number of Meetings
Mr. Pan Ying	1/1
Mr. Wang Degen	1/1
Mr. Chan Yuk Tong (appointed as a member of Remuneration Committee on 11 February 2026)	0/0
Mr. Fung Che Wai Anthony (resigned as a member of Remuneration Committee on 11 February 2026)	1/1

Nomination Committee

The Nomination Committee consists of three members, namely Mr. Zhu Qing, Mr. Pan Ying and Ms. Liu Shan. Mr. Zhu Qing is the chairman of the Nomination Committee.

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

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

CORPORATE GOVERNANCE REPORT

- to examine other senior management personnel who are required to be appointed by the Board and make recommendations;
- to assess the independence of the independent non-executive Directors. If a proposed independent non-executive Director is to serve as a director of seven listed companies, the Company should consider appointing another independent non-executive Director as a replacement;
- to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors (in particular, the chairman and the President);
- to support the Company in conducting regular evaluations of the performance of the Board;
- to review and assess annually the time commitment and contribution of each Director to the Board, as well as their ability to discharge duties effectively. This assessment shall take into account the Director's professional qualifications and work experience, current directorships in other companies listed on the Main Board or GEM of the Stock Exchange, other significant external commitments requiring time investment, and other relevant factors or circumstances relating to the Director's character, integrity, independence, and experience; and
- to carry out other duties as stipulated in the Articles of Association and other matters authorised by the Board.

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

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

During the Reporting Period, the Nomination Committee held two meetings in March and April 2025 respectively. A summary of the attendance records is set out below:

Name of Directors	Attendance/ Number of Meetings
Mr. Zhu Qing	2/2
Mr. Pan Ying	2/2
Ms. Liu Shan (appointed as a member of Nomination Committee on 15 August 2025)	0/0
Mr. Wang Dehui (resigned as a member of Nomination Committee on 15 August 2025)	2/2

Details of the remuneration of the Directors, Supervisors and key management of the Company by band are set out in Note XIII. 2 to the consolidated financial statements.

Board of Supervisors

The Board of Supervisors is a supervisory body of the Company which is responsible for the supervision of the Board and its members and senior management so as to prevent them from the misuse of authority and infringement upon lawful rights of the Shareholders, the Company and the Company's employees. The number of members and the composition of the Board of

CORPORATE GOVERNANCE REPORT

Supervisors are in line with the provisions and requirements of the laws, regulations and the Articles of Association. The Board of Supervisors is comprised of three Supervisors, of whom one was an employee representative democratically elected by the employees of the Company.

The biographical information of the Supervisors as of the date of this report is set out in the section headed “Biographical Details of Directors, Supervisors and Senior Management” on pages 71 to 78 of this annual report.

Board Diversity Policy

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

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

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

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

- at least one of the members of the Board shall be female;
- at least one-third of the members of the Board shall be independent non-executive Directors;
- at least one of the independent non-executive Directors shall have obtained appropriate professional qualifications and accounting or related financial management expertise.

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

Gender

Male:	8 Directors
Female:	1 Director

Designation

Executive Directors:	5 Directors
Non-executive Director:	1 Director
Independent Non-executive Directors:	3 Directors

Business Experience

Accounting & Finance:	1 Director
Legal:	1 Director
Experience Related to the Company’s Business:	7 Directors

CORPORATE GOVERNANCE REPORT

The Nomination Committee and the Board are of the view that the current composition of the Board has achieved the objectives set in the Board Diversity Policy. The Nomination Committee will review the Board Diversity Policy annually to ensure its effectiveness.

Gender Diversity

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

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

	Female	Male
Overall workforce	29.34%	70.66%

The Board has set a target of having at least one female member on the Board and considers that the above current gender diversity is satisfactory.

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

During the Reporting Period, the Company revised the Terms of Reference for the Nomination Committee, explicitly stipulating that the Nomination Committee shall have at least one Director of a different gender, in order to further consolidate the foundation of the gender diversity policy of the Board. Meanwhile, in accordance with the newly revised Terms of Reference for the Nomination Committee, Ms. Liu Shan was elected as a member of the Nomination Committee in a timely manner in order to comply with the policy.

Director Nomination Policy

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

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

CORPORATE GOVERNANCE REPORT

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

- (i) the human resources department and the Nomination Committee shall actively communicate with the relevant departments of the Company to assess the Company's demand for new Directors and senior management, and produce materials in writing;
- (ii) the Nomination Committee may extensively seek for candidates for Directors and senior management within the Company, its holding (shareholding) enterprises as well as the job market;
- (iii) the Nomination Committee shall collect and learn the information of the occupation, education background, job title, detailed working experience and all the part-time jobs of the initially proposed candidates, and produce materials in writing;
- (iv) to seek for the nominee's written consent to the nomination, otherwise, he/she shall not be considered as a candidate for Directors and senior management;
- (v) to convene Nomination Committee meetings to review the qualifications of the initially proposed candidates according to the job requirements of directors and senior management;
- (vi) to submit proposals and the relevant materials to the Board in respect of candidates of Directors and senior management within a reasonable period of time prior to the election of new Directors and senior management; and
- (vii) to carry out other follow-up work according to the decision and feedback of the Board.

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

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

During the Reporting Period, The Company received a resignation letter from Ms. Liu Shan, a non-executive director, on 30 September 2025. Ms. Liu Shan has decided to step down from her role as a non-executive director of the third session of the Board as well as a member of both the Audit Committee and the Nomination Committee due to personal work arrangements. As the resignation of Ms. Liu would render the Company unable to comply with certain requirements under the Listing Rules, Ms. Liu Shan will remain as a non-executive Director and the member of the Audit Committee and Nomination Committee respectively until a suitable candidate can fill the vacancy. For details, please refer to the announcement dated 6 October 2025.

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

Corporate Governance Functions

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

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of Directors and senior management;

CORPORATE GOVERNANCE REPORT

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

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

RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

controls, and confirmed that the issuer's accounting, internal audit and financial reporting functions, as well as those relating to the issuer's environmental, social and governance (ESG) performance and reporting, are adequate in terms of resources, staff qualifications and experience, training programs and budget.

In 2025, the Board engaged a professional third-party company to provide professional advice and services to the Group in respect of internal control and risk management.

Whistleblowing Policy

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

Anti-Corruption Policy

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

Disclosure of Inside Information Policy

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

Directors' Responsibility in Respect of the Financial Statements

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

The Directors have prepared the financial statements in accordance with the CASBE issued by the Ministry of Finance of the PRC. Appropriate accounting policies have also been used and applied consistently except the adoption of revised standards, amendments to standards and interpretation.

The financial statements of the Company are prepared on a going concern basis. The Directors are of the view that the financial statements give a true and fair view of the financial position, performance and cash flow of the Group for the year ended 31 December 2025, and the disclosure of other financial information and report therein complies with relevant legal requirements.

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

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AUDITOR'S REMUNERATION

The remuneration paid and payable to the external auditors of the Company for the year ended 31 December 2025 is set out as follows:

Services rendered	Paid/payable RMB'000
Audit services	3,900
of which:	
Audit service for consolidated financial statements	3,600
Audit service for financial statements of subsidiaries	300
Non-audit services	
— Interim results reviewing services	1,900
— ESG report services	120
Total	5,920

JOINT COMPANY SECRETARIES

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

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

For the year ended 31 December 2025, Mr. Zeng and Mr. Li have undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

Convening an Extraordinary General Meeting

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

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

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

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

Putting Forward Proposals at General Meetings

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

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

Except as provided in the preceding paragraph, the convener shall not amend the proposals set out in the notice of the general meeting or put up any new proposals after the issuance of the notice of the general meeting. Proposals which are not specified in the notice of the general meeting or which are not in compliance with the Articles of Association shall not be voted on or resolved at the general meeting.

Putting Forward Enquiries to the Board

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

Contact Details

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

Address: Unit 901-909, 9th Floor, Building 2, Chengdu East Aviation Centre, 32 Lingang Road, Shuangliu District, Chengdu, Sichuan Province, PRC (For the attention of the Board of Directors/Company Secretary)

Telephone: +8602862588239

Email: IR@dekanggroup.com

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

Communication with Shareholders and Investors/Investor Relations

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

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

CORPORATE GOVERNANCE REPORT

Shareholders Communication Policy

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

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

(a) Corporate Communication

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

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

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

(c) Corporate Website

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

(d) Shareholders’ Meetings

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

(e) Shareholders' Enquiries

Enquiries about Shareholdings

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

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

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

(f) Webcast

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

(g) Other Investor Relations Communication Platforms

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

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

Amendments to Constitutional Documents

The Company has amended its Articles of Association to reflect the provisions of the Companies Act on 22 April 2025 and 29 September 2025. Such amendments became effective upon the passing of the relevant special resolution on the annual general meeting held on 22 April 2025 and extraordinary general meeting held on 29 September 2025. For details, please refer to the Company's announcement and circular dated 11 March 2025, 22 April 2025, 15 August 2025 and 29 September 2025, respectively.

Save as disclosed above, no amendments were made to the Articles of Association in the year ended 31 December 2025.

Dividend Policy

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

DIRECTORS' REPORT

The Board of the Company hereby presents its report together with the audited financial statements of the Group for the year ended 31 December 2025 to its Shareholders.

PRINCIPAL BUSINESS

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

RESULTS

The results for the year ended 31 December 2025 are set out in the consolidated income statement on page 92 to 93 of this annual report.

FINAL DIVIDENDS

The Board does not recommend the payment of final dividend for the year ended 31 December 2025 (2024: RMB0.9/share).

ANNUAL GENERAL MEETING

The 2025 annual general meeting (the "AGM") of the Company will be held on Wednesday, 15 April 2026. A notice convening the AGM will be published on the website of the Stock Exchange at (www.hkexnews.hk) and the website of the Company at (www.dekangroup.com) in due course in the manner prescribed by the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 10 April 2026 and Wednesday, 15 April 2026 (both days inclusive), during which period no transfer of Shares will be registered. Shareholders should lodge all completed transfer documents accompanied by the relevant share certificates to the H Share Registrar of the Company at Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for holders of H Shares), or to the Company's registered office, at Unit 901-909, 9th Floor, Building 2, Chengdu East Aviation Centre, 32 Lingang Road, Shuangliu District, Chengdu, Sichuan Province, PRC (for holders of Domestic Shares) no later than 4:30 p.m. Thursday, 9 April 2026 for handling registration procedures. The record date for determining the entitlement to attend and vote at the AGM will be Wednesday, 15 April 2026.

BUSINESS REVIEW

The business review of the Group is set out in the section headed "Management Discussion and Analysis" in this annual report on pages 15 to 31.

ENVIRONMENTAL POLICY AND PERFORMANCE

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

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

For details, please refer to the Group’s Environmental, Social and Governance Report for 2025.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

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

RELATIONSHIP WITH STAKEHOLDERS

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

Employee

As at 31 December 2025, we had 11,363 employees (2024: 10,475 employees), most of whom were based in the PRC. Our success depends on our ability to attract, retain and motivate qualified employees. To this end, as part of our human resource strategy, we are committed to building a competitive talent team. We offer our employees competitive remuneration packages. Employee remuneration packages include salary, bonus and allowance. In accordance with PRC laws and regulations, we participate in social insurance schemes operated by relevant local government authorities and maintain mandatory pension contribution schemes, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance for employees. We also pay housing provident fund contributions for our employees. In addition, we provide continuous education and training courses to our employees to improve their skills and develop their potential. We have also adopted evaluation programmes based under which employees can receive feedback. We promote strong employee relationships by providing various employee benefits and personal development support.

DIRECTORS' REPORT

Customers and Suppliers

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

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

SHARE CAPITAL

As at 31 December 2025, the total number of Shares of the Company was 388,875,636 Shares, comprising 231,287,182 Domestic Shares, representing 59.48% of the issued Shares, and 157,588,454 H Shares, representing 40.52% of the issued Shares.

USE OF PROCEEDS FROM THE LISTING

The Company's H Shares were listed on the Main Board of the Stock Exchange on 6 December 2023. The net proceeds from the Global Offering were approximately HKD952.5 million after deducting underwriting commissions and offering expenses paid or payable. Since the Listing Date and up to 31 December 2025, the Group has utilised approximately HK\$745.6 million of the proceeds for the purposes set forth below:

Purpose	Allocation of net proceeds as stated in the Prospectus		Remaining net proceeds as of 31 December 2024		Revised allocation of net proceeds ⁽²⁾		Net proceeds utilised for the year ended 31 December 2025		Net proceeds utilised as at 31 December 2025		Remaining net proceeds as of 31 December 2025 ⁽¹⁾		Expected timeline for fully utilising net amount ⁽³⁾	
	(%)	(HK\$ million)	(HK\$ million)	(%)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)		
Expanding the existing pigs and yellow-feathered broilers farming business	50.00%	476.3	95.3	40.00%	381	0	381	0 ⁽²⁾	N/A					
Developing the food processing business	15.00%	142.9	0	25.00%	238.2	0	142.9	95.3 ⁽²⁾	by end of 2027					
Investment in the R&D and information technology system	10.00%	95.3	33.3	10.00%	95.3	33.3	95.3	0	by end of 2026					
Strategic investments or potential acquisitions	10.00%	95.3	95.3	10.00%	95.3	0	0	95.3	N/A					
Repaying certain outstanding bank loans	5.00%	47.6	0	5.00%	47.6	0	47.6	0	N/A					
Working capital and general corporate purposes	10.00%	95.3	32.0	10.00%	95.3	15.5	78.8	16.5	N/A					
Total	100.00%	952.5	255.9	100.00%	952.5	48.8	745.6	207.1						

Note:

- (1) Numbers have been subject to rounding. Any discrepancy between the total and the sum of the amounts listed is due to rounding.
- (2) According to the section “Future Plans and Use of Proceeds” in the Prospectus, approximately 50.0% of the net proceeds from the Global Offering were intended to be used over the next three years since Listing to expand the Group’s existing pigs and yellow-feathered broiler farming businesses. Among these, approximately 10.0% of the net proceeds from the Global Offering, or HK\$78.8 million, was originally estimated to be invested in the construction of self-operated pig farms, primarily for land acquisition and other fixed asset investments related to farm development in Southwest China. Based on the final Offer Price of the Global Offering, the amount available from the net proceeds from the Global Offering of the Company for such investment is HK\$95.3 million. The Group has experienced strong growth in its pig and poultry business, particularly through its “Company + Family Farm” model, which has been effectively supported by favourable government policies. The proceeds were originally intended for the construction of pig fattening farm in Chongqing. However, as a result of the local government’s involvement in constructing and leasing the fattening farm to the Group, the need for the originally planned investment in this area has been eliminated. In light of this development, and with the aim of optimizing the use of proceeds and enhancing financial efficiency, on 29 September 2025, the Company resolved to reallocate the unutilised net proceeds of HK\$95.3 million (originally designated for the construction of the pig fattening farm in Chongqing) under the expansion of existing pigs and yellow-feathered broiler farming businesses as at 29 September 2025 to the expansion of the food processing business, for the following specific projects:
 - (a) Construction of a 5,000-tonne cold storage facility and a fresh meat production line, with funding of HK\$39.4 million, expected to be utilised by the end of 2026.
 - (b) Construction of a comprehensive pig slaughtering and processing workshop and cold chain logistics facilities, with funding of HK\$55.9 million, expected to be utilised by the end of 2027.
- (3) Save for the proceeds from the Global Offering that have been utilised and reallocated as described above, the Company expects that the remaining unutilised net proceeds will continue to support the Group’s business development plans and will be utilised gradually in accordance with the previously disclosed purposes and expected timetable. Such proceeds are currently fully deposited in the special fund-raising account opened by the Company.

PRINCIPAL SUBSIDIARIES

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

CAPITAL RESERVE AND SURPLUS RESERVE

Details of movements in the capital reserve and surplus reserve of the Group during the year ended 31 December 2025 are set out in Notes V.29 and V.31 to the financial statements of this report.

RETAINED EARNINGS

As at 31 December 2025, the retained earnings of the Company were RMB723.9 million.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 December 2025 are set out in Notes I.18 and I.24 to the financial statements in this report.

DIRECTORS' REPORT

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2025 are set out in Note VI.10 to the financial statements.

PRE-EMPTIVE RIGHTS

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

TAX RELIEF

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

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

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

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

SECURITIES TRANSACTIONS OF DIRECTORS AND SUPERVISORS

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

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

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

As at 31 December 2025, the interests and short positions of the Directors, Supervisors and chief executives in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning as defined in Part XV of the SFO, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which they were taken or deemed to have under such provisions of the SFO), or to be entered in the register to be kept pursuant to section 352 of the SFO, or otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix C3 to the Listing Rules are as follows:

Name of Directors/Supervisors	Nature of interest	Description of Shares	Number of Shares held ⁽¹⁾	Approximate percentage of shareholding in the relevant Shares (%) ⁽²⁾	Approximate percentage of shareholding in the total share capital of our Company (%) ⁽³⁾
Mr. Wang Degen	Beneficial Owner	Domestic Shares	11,915,198(L)	5.15	3.06
	Interests of a controlled corporations	Domestic Shares	119,400,900(L)	51.62	30.70
		H Shares	11,666,269(L)	7.40	3.00
Mr. Wang Dehui ⁽⁴⁾	Beneficial owner	Domestic Shares	5,957,599(L)	2.58	1.53
	Interests of controlled corporations	Domestic Shares	5,596,242(L)	2.42	1.44
		H Shares	5,596,243(L)	3.55	1.44
Mr. Yao Hailong ⁽⁵⁾⁽⁶⁾	Beneficial owner	Domestic Shares	2,978,799(L)	1.29	0.77
	Interests in the Employee Shareholding Platforms	Domestic Shares	977,879(L)	0.42	0.25
		H Shares	977,879(L)	0.62	0.25
Mr. Hu Wei	Beneficial owner	Domestic Shares	8,936,398(L)	3.86	2.30
Mr. Zeng Min ⁽⁵⁾⁽⁶⁾	Interests in the Employee Shareholding Platforms	Domestic Shares	105,184(L)	0.05	0.03
		H Shares	105,185(L)	0.07	0.03
Ms. Zhu Hui ⁽⁵⁾⁽⁶⁾	Interests in the Employee Shareholding Platforms	Domestic Shares	46,748(L)	0.02	0.01
		H Shares	46,749(L)	0.03	0.01
Ms. Gong Shuang ⁽⁵⁾⁽⁶⁾	Interests in the Employee Shareholding Platforms	Domestic Shares	99,648(L)	0.04	0.03
		H Shares	99,649(L)	0.06	0.03
Ms. Zhou Zhexu ⁽⁵⁾⁽⁶⁾	Interests in the Employee Shareholding Platforms	Domestic Shares	55,360(L)	0.02	0.01
		H Shares	55,361(L)	0.04	0.01

Notes:

- # Numbers have been subject to rounding. Any discrepancy between the total and the sum of the amounts listed is due to rounding.
- (1) The letter "L" denotes the person's long position in our Shares.
 - (2) The calculation is based on the percentage of shareholding in the relevant Shares as at 31 December 2025.
 - (3) The calculation is based on the total number of 388,875,636 Shares in issue as at 31 December 2025.
 - (4) Sichuan Dinghui Ronghe Enterprise Management Co., Ltd. (四川鼎輝榮和企業管理有限公司), which is wholly-owned by Mr. Wang Dehui, is the general partner of the Employee Shareholding Platforms Zhongcheng Jinyi and Tongchuang Deheng, which held 9,469,072 Shares and 1,723,413 Shares, respectively, as at 31 December 2025, and he exercises his voting rights uniformly to exercise the voting rights of the shares of the Company.
 - (5) Mr. Yao Hailong, Mr. Zeng Min, Ms. Zhu Hui, Ms. Gong Shuang, Ms. Zhou Zhexu held economic interest in the Employee Shareholding Platforms, Zhongcheng Jinyi and/or Tongchuang Deheng. They are deemed to be interested in the issued share capital of the Company for the Shares underlying the awards which have been granted to them pursuant to Part XV of the SFO.

DIRECTORS' REPORT

- (6) Pursuant to the completion of the H Share Full Circulation on 13 June 2025, 10,105,379 Domestic Shares, 1,816,412 Domestic Shares, 8,936,398 Domestic Shares, 1,100,000 Domestic Shares, 6,566,080 Domestic Shares, and 1,000,000 Domestic Shares, which represents approximately 84.81%, 15.24%, 100%, 23.84%, 100% and 50.93% of the total Shares held by each of Mr. Peng Benping, Mr. Peng Bengang, Chengdu Jiakun Growing Enterprise Management Centre (Limited Partnership), Mr. Shu Dingming, Suzhou Houqi Equity Investment Centre (Limited Partnership), and Shanghai Xunran Business Consulting Co., Ltd respectively converted to H Shares. The number of Domestic Shares and H Shares underlying the awards is calculated on a pro-rata basis.

Save as disclosed above, as at 31 December 2025, none of the Directors, Supervisors or chief executives or their associates have or are deemed to have any interests and short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning as defined in Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which they were taken or deemed to have under such provisions of the SFO), or pursuant to section 352 of the SFO, required to be entered in the register referred therein, or otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

To the best knowledge of the Company, as of 31 December 2025, the following persons (other than the Directors, Supervisors and chief executive of the Company) had interests or short positions in the Shares or underlying Shares of our Company which are required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or interests or short positions which are required to be entered in the register pursuant to Section 336 of SFO, or, directly or indirectly, be interested in 5% or more of the nominal value of any class of our share capital:

Shareholder	Nature of interest	Description of Shares	Number of Shares held ⁽¹⁾	Approximate percentage of shareholding in the relevant Shares (%) ⁽²⁾	Approximate percentage of shareholding in the total share capital of our Company (%) ⁽³⁾
Dekon Holding ⁽⁴⁾	Beneficial Owner	Domestic Shares	119,400,900(L)	51.62	30.70
		H Shares	11,666,269(L)	7.40	3.00
Ms. Zhang Qiang ⁽⁵⁾	Interest of spouse	Domestic Shares	131,316,098(L)	56.78	33.77
		H Shares	11,666,269(L)	7.40	3.00
Mr. Chen Yuxin	Beneficial Owner	H Shares	44,184,389(L)	28.04	11.36
Ms. Zhao Guiqin ⁽⁶⁾	Interest of spouse	H Shares	44,184,389(L)	28.04	11.36
CEL Maiming (光控麥鳴) ⁽⁷⁾⁽⁹⁾	Beneficial Owner	Domestic Shares	23,412,754(L)	10.12	6.02
CEL Huiling Investment (Shanghai) Limited (光控匯領投資(上海)有限公司) ("CEL Huiling") ⁽⁷⁾	Interest of controlled corporations	Domestic Shares	26,119,521(L)	11.30	6.72
CEL Venture Capital (Shenzhen) Limited ("CEL Shenzhen") ⁽⁷⁾	Interest of controlled corporations	Domestic Shares	33,771,546(L)	14.60	8.68
China Everbright Limited ("CEL") ⁽⁷⁾⁽⁸⁾	Interest of controlled corporations	Domestic Shares	33,771,546(L)	14.60	8.68
Honorich Holdings Limited ("Honorich") ⁽⁸⁾	Interest of controlled corporations	Domestic Shares	33,771,546(L)	14.60	8.68
China Everbright Holdings Company Limited (中國光大集團有限公司) ("CE Hong Kong") ⁽⁸⁾	Interest of controlled corporations	Domestic Shares	33,771,546(L)	14.60	8.68
China Everbright Group Ltd. ("China Everbright Group") ⁽⁸⁾	Interest of controlled corporations	Domestic Shares	33,771,546(L)	14.60	8.68
Central Huijin Investment Ltd. ("Huijin") ⁽⁸⁾	Interest of controlled corporations	Domestic Shares	33,771,546(L)	14.60	8.68

DIRECTORS' REPORT

Shareholder	Nature of interest	Description of Shares	Number of Shares held ⁽¹⁾	Approximate percentage of shareholding in the relevant Shares (%) ⁽²⁾	Approximate percentage of shareholding in the total share capital of our Company (%) ⁽³⁾
Beijing CEL Anya Investment Centre (Limited Partnership) (北京光控安雅投資中心(有限合伙)) (“CEL Anya”) ⁽⁹⁾	Interest of a controlled corporation	Domestic Shares	23,412,754(L)	10.12	6.02
Shanghai CEL Jiaxin Equity Investment Management Limited (上海光控嘉鑫股權投資管理有限公司) (“Shanghai CEL”) ⁽⁹⁾	Interest of a controlled corporation	Domestic Shares	23,412,754(L)	10.12	6.02
CEL Capital Prestige Asset Management Co., Ltd. (首譽光控資產管理有限公司) (“CEL Capital”) ⁽⁹⁾	Investment manager	Domestic Shares	23,412,754(L)	10.12	6.02
Chongqing CEL Equity Investment Management Limited (重慶光控股權投資管理有限公司) (“Chongqing CEL”) ⁽⁹⁾	Interest of a controlled corporation	Domestic Shares	23,412,754(L)	10.12	6.02
Yixing CEL ⁽⁷⁾⁽⁹⁾	Beneficial Owner	Domestic Shares	7,652,025(L)	3.31	1.97
	Interest of a controlled corporation	Domestic Shares	23,412,754(L)	10.12	6.02
Liu Yuanfeng	Beneficial Owner	Domestic Shares	16,879,280(L)	7.30	4.34

Notes:

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

- (1) The letter “L” denotes the person’s long position in our Shares.
- (2) The calculation is based on the percentage of shareholding in Domestic Shares or H Shares respectively as at 31 December 2025.
- (3) The calculation is based on the total number of 388,875,636 Shares in issue as at 31 December 2025.
- (4) Dekon Holding is wholly-owned by Mr. Wang Degen. By virtue of the SFO, Mr. Wang Degen is deemed to be interested in the Shares held by Dekon Holding.
- (5) Ms. Zhang Qiang (張強) is the spouse of Mr. Wang Degen. By virtue of the SFO, Ms. Zhang Qiang (張強) is deemed to be interested in the same number of Shares held by Mr. Wang Degen.
- (6) Ms. Zhao Guiqin (趙桂琴) is the spouse of Mr. Chen Yuxin (陳育新). By virtue of the SFO, Ms. Zhao Guiqin (趙桂琴) is deemed to be interested in the same number of Shares held by Mr. Chen Yuxin (陳育新).
- (7) CEL Huiling is the general partner of CEL Maiming and the general partner of Changzhou Mailun, which held 26,119,521 shares, representing approximately 6.72% of the issued share capital of the Company. CEL Huiling was wholly-owned by CEL Shenzhen, which was in turn wholly-owned by CEL. Yixing CEL, which held 7,652,025 Shares, representing approximately 1.97% of the issued share capital of the Company, was wholly-owned by CEL Shenzhen, which was in turn wholly-owned by CEL. Accordingly, CEL Huiling is deemed to be interested in the Shares held by each of CEL Maiming and Changzhou Mailun, whereas each of CEL Shenzhen and CEL is deemed to be interested in the Shares held by each of CEL Maiming, Yixing CEL and Changzhou Mailun under the SFO.

DIRECTORS' REPORT

- (8) CEL was owned as to approximately 49.38% by Honorich and 0.36% by Everbright Investment & Management Limited, which were in turn wholly-owned by CE Hong Kong. As such, CEL was owned as to approximately 49.74% by CE Hong Kong, which was in turn wholly-owned by China Everbright Group. China Everbright Group was owned as to approximately 63.16% by Huijin, which was indirectly wholly-owned by the State Council of the People's Republic of China. Accordingly, each of CEL, Honorich, CE Hong Kong, China Everbright Group and Huijin is deemed to be interested in the Shares held by each of related controlled corporation under the SFO.
- (9) CEL Anya is a limited partnership holding approximately 40.82% of the limited partnership interest in CEL Maiming. The general partner of CEL Anya is Shanghai CEL, holding approximately 0.02% of the interest. CEL Capital is a special asset management company and a limited partner of CEL Anya, holding approximately 99.98% of its limited partnership interest. Shanghai CEL was wholly-owned by Chongqing CEL, which was in turn wholly-owned by Yixing CEL. Accordingly, each of CEL Anya, CEL Capital, Shanghai CEL, Chongqing CEL and Yixing CEL is deemed to be interested in the Shares held by CEL Maiming under the SFO.

Save as disclosed above, as at 31 December 2025, the Company has not been notified by any persons who have interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES

A share repurchase mandate was approved at the annual general meeting of the Company held on 22 April 2025, and the repurchase announcement was issued on 29 September 2025, proposing to repurchase H shares at a cost of not more than HK\$500 million for the employee stock ownership plans and other purposes.

During the Reporting Period, the Company repurchased a total of 1,628,500 H Shares of the Company in issue on the Stock Exchange through open market transactions at an aggregate consideration of HK\$118,699,865.00 (equivalent to approximately RMB108,110,464.50) (excluding transaction costs), with prices ranging from HK\$67.95 to HK\$76.15 per Share. The total number of H Shares repurchased during the period represented approximately 1.271628% of the H Shares of the Company in issue as at the date of the passing of the share repurchase mandate at the annual general meeting held on 22 April 2025. All Shares repurchased during the Reporting Period are held as treasury shares. The repurchased H Shares will primarily be used for employee stock ownership plans or equity incentives, or for other purposes permitted by laws and administrative regulations. The Board believes that the share repurchases are conducive to the Company's long-term development. On one hand, they serve to better incentivise employees; on the other hand, conducting share repurchases under the current market conditions demonstrates the Company's confidence in its business development and prospects, ultimately benefiting the Company and creating value for shareholders.

Month of repurchase	Number of shares repurchased	Purchase price per share		Total price paid HK\$
		Highest price paid HK\$	Lowest price paid HK\$	
November	797,600	76.15	71.50	59,063,754.90
December	830,900	75.30	67.95	59,636,109.96
Total:	1,628,500			118,699,864.86

Save as disclosed above, during the year ended 31 December 2025, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities. Furthermore, as at 31 December 2025, the Company held 1,628,500 treasury shares. These treasury shares are intended for future potential share award schemes or equity incentive plans, or for cancellation at an appropriate time, subject to market conditions and the Company's capital management strategy. During the year ended 31 December 2025, the Company did not sell any treasury shares.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

As of 31 December 2025, none of the Company, Controlling Shareholders or the companies under the same Controlling Shareholders with the Company was a party to any arrangement to entitle the Company's Directors, Supervisors and senior management or their respective minor children to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

ISSUANCE OF DEBENTURES

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

CONTINUING CONNECTED TRANSACTIONS

Connected Persons

As of 31 December 2025, the following entities with whom the Company has entered into certain transactions in our ordinary and usual business are our connected persons:

1. *Tequ Husbandry*

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

2. *Sichuan Neijiang Wanqian Feed Co., Ltd. (四川省內江萬千飼料有限公司) ("Neijiang Wanqian")*

As mentioned above, Huaxi Hope is wholly-owned by Mr. Chen Yuxin, one of our substantial shareholders, and his spouse Ms. Zhao Guiqin. Neijiang Wanqian is owned as to 50% by Huaxi Hope and 50% by Ms. Zhao Guiqin, respectively. Accordingly, Neijiang Wanqian is an associate of Mr. Chen Yuxin and therefore a connected person of the Company.

DIRECTORS' REPORT

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

Guang'an Wanqian is owned as to 90% by Neijiang Wanqian and 10% by Huaxi Hope. Guang'an Wanqian is ultimately owned by Mr. Chen Yuxin, our substantial shareholder, and his spouse, and thus it is an associate of Mr. Chen Yuxin and a connected person of the Company.

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

Guigang Wanqian is wholly owned by Chengdu Huaxi Hope Agriculture Science and Technology Institute Co., Ltd (成都華西希望農業科學技術研究所有限公司) ("Huaxi Hope Institute"), which in turn is wholly owned by Huaxi Hope Investment Holdings Co., Ltd (華西希望投資控股有限公司) ("Huaxi Hope Investment"). Huaxi Hope Investment is owned as to 99.83% by Huaxi Hope and 0.17% by Ms. Zhao Guiqin, respectively. As mentioned above, Huaxi Hope is wholly-owned by Mr. Chen Yuxin, one of our substantial shareholders, and his spouse Ms. Zhao Guiqin. Therefore, under the Listing Rules, Guigang Wanqian constitutes an associate of Mr. Chen Yuxin and thus a connected person of the Company.

5. *Xichang Wanqian Feed Co., Ltd. (西昌萬千飼料有限責任公司) ("Xichang Wanqian")*

Xichang Wanqian is wholly owned by Huaxi Hope Institute, which in turn is wholly owned by Huaxi Hope Investment. Huaxi Hope Investment is owned as to 99.83% by Huaxi Hope and 0.17% by Ms. Zhao Guiqin, respectively. As mentioned above, Huaxi Hope is wholly owned by Mr. Chen Yuxin, one of our substantial shareholders, and his spouse Ms. Zhao Guiqin. Therefore, under the Listing Rules, Xichang Wanqian constitutes an associate of Mr. Chen Yuxin and thus a connected person of the Company.

6. *Chengdu Xinjin Hope Feedstuff Factory (成都市新津希望飼料廠) ("Xinjin Hope")*

Xinjin Hope is owned as to 24.39% by Huaxi Hope Institute and 75.61% by relatives of Mr. Chen, respectively. Huaxi Hope Institute is wholly owned by Huaxi Hope Investment. Huaxi Hope Investment is owned as to 99.83% by Huaxi Hope and 0.17% by Ms. Zhao Guiqin, respectively. As mentioned above, Huaxi Hope is wholly owned by Mr. Chen Yuxin, one of our substantial shareholders, and his spouse Ms. Zhao Guiqin. Therefore, under the Listing Rules, Xinjin Hope constitutes an associate of Mr. Chen Yuxin and thus a connected person of the Company.

Continuing Connected Framework Agreements

1. *Tequ Feed Supply Framework Agreement*

The Company entered into a feed supply framework agreement with Tequ Husbandry (the "Tequ Feed Supply Framework Agreement") on 3 September 2023. Pursuant to the Tequ Feed Supply Framework Agreement, Tequ Husbandry and/or its subsidiaries will sell feed to our Group. The Tequ Feed Supply Framework Agreement has a term commencing from the Listing Date to 31 December 2025, renewable for a term of three years upon mutual consent of all parties to the agreement and subject to compliance with the Company with the requirements under the Listing Rules and other applicable laws and regulations. The purchase price payable by our Group to Tequ Husbandry and/or its subsidiaries under the Tequ Feed Supply Framework Agreement will be determined (i) based on arm's length negotiations between Tequ Husbandry or its subsidiaries and our Group, and (ii) with reference to the market price for the same products that the Group purchases from Independent Third Parties in similar quantities in the open market. For details, please refer to the section headed "Connected Transactions" in the Prospectus. With the business development and growth of the Group and based on estimates of prevailing demand and operating conditions, the Company expected that the transaction amounts of the transactions under the Tequ Feed Supply Framework Agreement for the year ending 31 December 2025 would exceed the existing annual caps. Accordingly, on 15 August 2025 (after trading hours), the Company and Tequ Husbandry entered into Supplemental Tequ Feed Supply Framework Agreement, pursuant to which the parties agreed to (i) an amendment of

Original Annual Cap to RMB2,190 million for the year ending 31 December 2025 and (ii) the renewal of the term of Tequ Feed Supply Framework Agreement for up to the year ending 31 December 2026 in compliance with the Listing Rules. An Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders on the Supplemental Tequ Feed Supply Framework Agreement. For details, please refer to the Company's Prospectus and announcement dated 15 August 2025.

2. *Guang'an Wanqian Feed Supply Framework Agreement*

The Company entered into a feed supply framework agreement with Guang'an Wanqian (the "Guang'an Wanqian Feed Supply Framework Agreement") on 13 September 2023, pursuant to which Guang'an Wanqian will sell feed to the Group. The Guang'an Wanqian Feed Supply Framework Agreement has a term commencing from the Listing Date to 31 December 2025, renewable for a term of three years upon mutual consent of all parties to the agreement and subject to compliance with the Company with the requirements under the Listing Rules and other applicable laws and regulations. The purchase price payable by the Group to Guang'an Wanqian under the Guang'an Wanqian Feed Supply Framework Agreement will be determined based on (i) arm's length negotiations between Guang'an Wanqian and the Group, and (ii) with reference to the market price for the same products that the Group purchases from Independent Third Parties in similar quantities in the open market. For details, please refer to the section headed "Connected Transactions" in the Prospectus. On 15 August 2025 (after trading hours), the Company and Guang'an Wanqian agreed to terminate the Guang'an Wanqian Feed Supply Framework Agreement. For details, please refer to the Company's prospectus and announcement dated 9 December 2024 and 15 August 2025, respectively.

3. *Guigang Wanqian Feed Supply Framework Agreement*

The Company entered into a feed supply framework agreement with Guigang Wanqian (the "Guigang Wanqian Feed Supply Framework Agreement") on 3 September 2023, pursuant to which Guigang Wanqian will sell feed to the Group. The Guigang Wanqian Feed Supply Framework Agreement has a term commencing from the Listing Date to 31 December 2025, renewable for a term of three years upon mutual consent of all parties to the agreement and subject to compliance with the Company with the requirements under the Listing Rules and other applicable laws and regulations. The purchase price payable by the Group to Guigang Wanqian under the Guigang Wanqian Feed Supply Framework Agreement will be determined (i) based on arm's length negotiations between Guigang Wanqian and the Group, and (ii) with reference to the market price for the same products that the Group purchases from Independent Third Parties in similar quantities in the open market. For details, please refer to the section headed "Connected Transactions" in the Prospectus. On 9 December 2024, the Company entered into a supplementary agreement with Guigang Wanqian to amend the annual caps of the above-mentioned continuing connected transactions for the years ending 31 December 2024 and 2025. On 15 August 2025 (after trading hours), the Company and Guigang Wanqian agreed to terminate the Guigang Wanqian Feed Supply Framework Agreement and the relevant supplementary agreement. For details, please refer to the Company's prospectus and announcement dated 9 December 2024 and 15 August 2025, respectively.

4. *Neijiang Wanqian Feed Supply Framework Agreement*

On 9 December 2024, the Company entered into a feed supply framework agreement with Neijiang Wanqian (the "Neijiang Wanqian Feed Supply Framework Agreement"), pursuant to which the Company agreed to purchase and Neijiang Wanqian agreed to sell feed to the Company, with a term from 1 January 2025 to 31 December 2025. The pricing principle for the sale and purchase of feed under the Neijiang Wanqian Feed Supply Framework Agreement are determined (i) based on arm's length negotiations between the contracting parties taking into account factors including the costs of raw materials and transportation, and (ii) with reference to the market price for the equivalent products that the Group purchases from Independent Third Parties in similar quantities in the open market, and provided that it shall in principle not be higher than

price offered by Independent Third Parties to our Group. On 15 August 2025 (after trading hours), the Company and Neijiang Wanqian agreed to terminate the Neijiang Wanqian Feed Supply Framework Agreement. For details, please refer to the Company's announcements dated 9 December 2024 and 15 August 2025 respectively.

5. Xichang Wanqian Feed Supply Framework Agreement

On 9 December 2024, the Company entered into a Feed Supply Framework Agreement with Xichang Wanqian (the 'Xichang Wanqian Feed Supply Framework Agreement', together with the Guang'an Wanqian Feed Supply Framework Agreement, the Guigang Wanqian Feed Supply Framework Agreement and the Neijiang Wanqian Feed Supply Framework Agreement, collectively referred to as the 'Wanqian Feed Supply Framework Agreements'), pursuant to which the Company agreed to purchase and Xichang Wanqian agreed to sell feed to the Company, with the term commencing on 1 January 2025 and ending on 31 December 2025. The pricing principle for the sale and purchase of feed shall be determined based on (i) arm's length negotiation between parties taking into account factors including the costs of raw materials and transportation, and (ii) reference to the market price for equivalent products of similar quantities purchased by our Group from Independent Third Parties in the open market, and provided that it shall in principle not be higher than price offered by Independent Third Parties to our Group. On 15 August 2025 (after trading hours), the Company and Xichang Wanqian agreed to terminate the Xichang Wanqian Feed Supply Framework Agreement. For further details, please refer to the Company's announcements dated 9 December 2024 and 15 August 2025, respectively.

6. Huaxi Hope Feed Supply Framework Agreement

As the Company expects that the transaction amounts of the transactions under the Wanqian Feed Supply Framework Agreements for the year ending 31 December 2025 will exceed the existing annual caps, the Company has entered into the 2025 Huaxi Hope Feed Supply Framework Agreement with Huaxi Hope on 15 August 2025 (after trading hours), in replacement of the Wanqian Feed Supply Framework Agreements which is terminated on the same date, pursuant to which the Group agreed to purchase and Huaxi Hope agreed to sell feeds to the Group, for a period from the Effective Date (i.e. 15 August 2025) to 31 December 2026 in compliance with the Listing Rules. Upon the commencement of the Huaxi Hope Feed Supply Framework Agreement, all transactions conducted under the Wanqian Feed Supply Framework Agreement from 1 January 2025 shall be classified as transactions conducted under the Huaxi Hope Feed Supply Framework Agreement. The purchase price payable by the Group to Huaxi Hope under the Huaxi Hope Feed Supply Framework Agreement shall be determined (i) based on arm's length negotiations between Huaxi Hope, its subsidiaries or controlled entities and the Group, and (ii) reference to the market price for equivalent products of similar quantities purchased by our Group from Independent Third Parties in the open market.

7. Xinjin Hope Feed Supply Framework Agreement

On 9 December 2024, the Company entered into a Feed Supply Framework Agreement with Xinjin Hope (the 'Xinjin Feed Supply Framework'), pursuant to which the Company agreed to purchase feed from Xinjin Hope, with the term commencing on 1 January 2025 and ending on 31 December 2025. The pricing principle for the sale and purchase of feed shall be determined based on (i) arm's length negotiation between parties taking into account factors including the costs of raw materials and transportation, and (ii) reference to the market price for equivalent products of similar quantities purchased by our Group from Independent Third Parties in the open market, and provided that it shall in principle not be higher than price offered by Independent Third Parties to our Group. Furthermore, pursuant to the Listing Rules, on 15 August 2025 (after trading hours), the Company entered into a supplemental agreement with Xinjin Hope, revising the annual cap under the Xinjin Hope Feed Supply Framework Agreement for the year ending 31 December 2025 and extending the Xinjin Hope Feed Supply Framework Agreement for one additional year to the year ending 31 December 2026. For further details, please refer to the Company's announcements dated 9 December 2024 and 15 August 2025, respectively.

DIRECTORS' REPORT

The following table sets forth the respective annual caps and actual amounts for the continuing connected transactions of the Company for the year ended 31 December 2025:

	Annual Cap for the year ended 31 December 2025 (RMB million)	Actual transaction amount for the year ended 31 December 2025 (RMB million)
1. Tequ Feed Supply Framework Agreement	2,190.0	1,352.4
2. Xinjin Hope Feed Supply Framework Agreement	75.0	58.8
3. Huaxi Hope Feed Supply Framework Agreement	753.0	405.2

Note:

1. As mentioned above, on 15 August 2025 (after trading hours), the Company terminated the Wanqian Feed Supply Framework Agreements and entered into the Huaxi Hope Feed Supply Framework Agreement with Huaxi Hope. Upon the effectiveness of the Huaxi Hope Feed Supply Framework Agreement, all transactions conducted under the Wanqian Feed Supply Framework Agreements from 1 January 2025 onwards will be classified as transactions under the Huaxi Hope Feed Supply Framework Agreement. For the year ended 31 December 2025, the actual transaction amount under the Huaxi Hope Feed Supply Framework Agreement includes the total transaction amount from 1 January to 31 December 2025, among which the transactions during the period from 1 January to 15 August are a reclassification of the transaction amount under the Wanqian Feed Supply Framework Agreements.

Annual Review of Continuing Connected Transactions

For the year ended 31 December 2025, the independent non-executive Directors have reviewed and confirmed that the above continuing connected transactions have been entered into:

- (1) in the ordinary and usual course of our Group's business;
- (2) on normal commercial terms or better; and
- (3) in compliance with fair and reasonable terms regulating various agreements of the above continuing connected transactions and in the interest of the Company and the Shareholders of our Company as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Company's auditor was engaged by the Board to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions of the Group.

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

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

DIRECTORS' REPORT

- (3) nothing has come to their attention that causes them to believe that the transactions were not conducted, in all material respects, in accordance with the terms of the agreement; and
- (4) nothing has come to their attention that causes them to believe that the values of continuing connected transactions entered between the Group and its connected persons which were subject to annual caps have exceeded their respective annual caps.

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

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

Save as disclosed in Note X to the financial statements, the section headed "Service Contracts of Directors and Supervisors" and "Connected Transactions" in this annual report, none of the Directors, Supervisors or their related entities of the Company has any material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries is a party, and which subsisted at the end of the year or at any time during the year ended 31 December 2025.

CONTRACT OF SIGNIFICANCE

Save as disclosed in this annual report, no contract of significance was entered into between the Company, or one of its subsidiary companies, and a controlling Shareholder or any of its subsidiaries during the year ended 31 December 2025.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 December 2025 between the Company and a person other than a Director or Supervisor or any person engaged in the full-time employment of the Company.

EQUITY-LINKED AGREEMENT

No equity-linked agreement was entered into by the Group or existed during the year ended 31 December 2025.

DIRECTORS' PERMITTED INDEMNITY PROVISION

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

RELATED PARTY TRANSACTIONS

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

EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

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

Details of the emoluments of Directors, Supervisors and the five highest paid individuals for the year ended 31 December 2025 are set out in Note XIII.2 to the consolidated financial statements.

EMPLOYEE INCENTIVE SCHEME

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

As at 31 December 2025, Zhongcheng Jinyi and Tongchuang Deheng were the Shareholders of the Company with 9,469,072 Shares and 1,723,413 Shares, representing approximately 2.44% and 0.44% of the issued share capital of the Company, respectively. Given the underlying Shares under the Employee Incentive Scheme had already been issued, there will not be any dilution effect to the issued Shares upon the vesting of the Shares under the Employee Incentive Scheme. All participants of the Employee Incentive Scheme have completed the payment of the price of the underlying shares and have been registered as the limited partners of Zhongcheng Jinyi or Tongchuang Deheng.

Set out below is the details of interests in the Employee Shareholding Platforms as at 31 December 2025:

- Zhongcheng Jinyi: Zhongcheng Jinyi is a limited partnership established under the laws of the PRC on 18 April 2019, the general partner of which is Sichuan Dinghui Ronghe Enterprise Management Co., Ltd. (四川鼎輝榮和企業管理有限公司) ("Dinghui Ronghe"), which is wholly-owned by Mr. Wang Dehui. Zhongcheng Jinyi is held by (i) Mr. Wang Dehui, Mr. Yao Hailong and Mr. Zeng Min, our executive Directors, as to 10.30%, 18.19% and 2.22%, respectively, (ii) Ms. Zhu Hui, Ms. Gong Shuang and Ms. Zhou Zhexu, our Supervisors, as to 0.99%, 2.10% and 1.17%, respectively, (iii) Mr. Wu Chengli and Mr. Jiang Yongjun, our senior management members, as to 4.96% and 2.64%, respectively, and (iv) Dinghui Ronghe as to 0.01%. The remaining 57.41% economic interests in Zhongcheng Jinyi are held by 28 employees of the Group.
- Tongchuang Deheng: Tongchuang Deheng is a limited partnership established under the laws of the PRC on 13 December 2019, the general partner of which is Dinghui Ronghe, which is wholly-owned by Mr. Wang Dehui. Tongchuang Deheng is held by (i) Mr. Wang Dehui, our executive Director, as to 24.03%, (ii) Mr. Yao Hailong, our executive Directors, as to 13.55%, and (iii) Dinghui Ronghe as to 0.02%. The remaining 62.40% economic interests in Tongchuang Deheng are held by 28 employees of the Group.

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

DIRECTORS' REPORT

CHARITABLE DONATIONS

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

SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD

H Share Full Circulation

On 19 December 2024, the Company submitted an application to the CSRC in respect of the conversion of certain of its Domestic Shares into H shares, and the Company received a filing notice issued by the CSRC in respect of the conversion of no more than 29,524,269 Domestic Shares (representing approximately 7.59% of the total issued share capital of the Company) on 9 May 2025. On 23 May 2025, the Stock Exchange granted approval for the listing of and permission to deal in such H Shares. On 13 June 2025, the conversion of relevant Domestic Shares into H Shares was completed, and listing of such Shares on the Stock Exchange officially commenced on 16 June 2025. On 10 November 2025, the Company submitted another application to the CSRC in respect of the conversion of another batch of Domestic Shares into H shares. This batch of conversion is still subject to approvals from the CSRC, the Stock Exchange and other regulatory authorities. The exact number of shares and the listing arrangements have not been finalised. The Company will make further announcements in accordance with the Listing Rules upon completion of the relevant approval procedures. For details, please refer to the Company's announcements dated 20 December 2024, 16 May 2025, 26 May 2025, 13 June 2025 and 10 November 2025.

For the period from 1 January 2026 to the approval date of the consolidated financial statements by the Board of Directors on 20 March 2026, there were no significant events that occurred in the Group.

MINIMUM PUBLIC FLOAT

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

Pursuant to the completion of the H Share Full Circulation on 13 June 2025, and based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirmed that the Company has maintained the aforementioned minimum public float required by the Stock Exchange since the Listing Date and as of the date of this annual report.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining the highest standard of corporate governance practices. Information on the corporate governance practices adopted by the Company and details of the compliance by the Company with the CG Code are set out in the Corporate Governance Report on pages 32 to 51 of this report.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

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

INDEPENDENT DIRECTORS' REVIEW ON CONFLICTS OF INTEREST

Save as disclosed in the subsection headed "Continuing Connected Transactions" in this annual report, during the Reporting Period, no other matters were proposed for the independent non-executive Directors' review on potential conflicts of interest between the Group and the controlling Shareholder.

AUDIT COMMITTEE

The Audit Committee has reviewed together with the management and the Board the accounting principles and policies adopted by the Company, the audited annual results and the financial statements of the Group for the year ended 31 December 2025. The Audit Committee also recommended and submitted the annual results and the financial statements for the year ended 31 December 2025 to the Board for approval.

AUDITOR

The consolidated financial statements of the Group for the years ended 31 December 2023 and 31 December 2024 have been audited by KPMG in accordance with International Financial Reporting Standards.

As the Group has adopted the CASBE for the preparation of its financial reports starting from the financial statements for the year ended 31 December 2025, in response to the change in accounting standards and with the approval of the extraordinary general meeting of the Company held on 11 February 2026, KPMG Huazhen LLP ("KPMG Huazhen") has been appointed as the auditor of the Group for the year ended 31 December 2025, with a term until the conclusion of the 2025 annual general meeting of the Company.

The financial statements of the Group for the year ended 31 December 2025 have been audited by KPMG Huazhen. They will retire at the forthcoming annual general meeting and, being eligible, offer themselves for reappointment. A resolution will be proposed at the forthcoming annual general meeting to re-appoint KPMG Huazhen as the auditor of the Company.

Save as disclosed above, the board of directors of the Company confirms that there have been no other changes of auditors during the past three years.

DIRECTORS' REPORT

MEMBERS OF THE BOARD

The Directors for the year ended 31 December 2025 and up to the date of this report were:

Executive Director:

Mr. Wang Degen (王德根) (*Chairman*)

Mr. Wang Dehui (王德輝)

Mr. Yao Hailong (姚海龍) (*President*)

Mr. Hu Wei (胡偉)

Mr. Zeng Min (曾民)

Non-executive Director:

Ms. Liu Shan (劉珊)

Independent Non-executive Directors:

Mr. Pan Ying (潘鷹)

Mr. Zhu Qing (朱慶)

Mr. Fung Che Wai, Anthony (馮志偉) (resigned on 11 February 2026)

Mr. Chan Yuk Tong (陳育棠) (appointed on 11 February 2026)

By order of the Board

Wang Degen

Chairman of the Board and Executive Director

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

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

Executive Directors

Mr. WANG Degen (王德根), aged 55, is a chairman and an executive Director. From the establishment of the Company to November 2019, he served as a Director of the Company. He resigned as a Director of the Company in November 2019 and was re-appointed as our Director in December 2021. He was appointed as chairman of the Company on 22 April 2025 and is primarily responsible for the overall business strategy and operations of our Group, convening and presiding over the general meeting, leading the Board, convening and presiding over the meetings of the Board, and reporting to the general meetings.

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

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

Mr. Wang Degen has extensive experience in the breeding and livestock feed industry and has won numerous awards. Mr. Wang has served as the president of National Swine Industry Association of the China Animal Agriculture Association from September 2017 to December 2022, and was re-elected in August 2023. He served as the vice president of the China Meat Association since December 2015, and the executive vice president of the General Association of Sichuan Entrepreneurs (四川省川商總會) since March 2020. He was the vice-chairman of the Thirteenth Committee of the Sichuan Youth Federation from December 2014 to December 2019. Mr. Wang Degen was awarded the Top Ten Persons of the Year 2014 of China Innovation (2014創新中國十大年度人物) in January 2015, the Excellent Entrepreneurial Talent of Sichuan Province by the Sichuan Provincial Committee of the Communist Party of China and the Sichuan Provincial People's Government in August 2003, and the "Top Ten Outstanding CEOs" in husbandry and feed industry in China by the China Feed Economy Professional Committee (中國飼料經濟專業委員會) in December 2012.

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

Mr. WANG Dehui (王德輝), aged 63, is the vice chairman of the Board and an executive Director. He was appointed as our Director and vice chairman of the Board in March 2019 and April 2025, respectively. He is primarily responsible for assisting the chairman in the overall business strategy and operations of our Group.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Wang Dehui was one of the initial shareholders of the Company. He held or has held management roles in various companies in which the Company holds interests. From November 2011 to June 2014, he served as the general manager of Chongqing Dekon Agriculture and Animal Husbandry (Group) Co., Ltd. (重慶德康農牧(集團)有限公司), a subsidiary of the Company (which became a subsidiary of the Company in 2014). From July 2014 to April 2019, he served as the district general manager of the eastern Sichuan district of the Company.

Before joining the Company in 2011, he was a teacher at Guangxian Primary School (廣賢完全小學) in Hechuan District, Chongqing from September 1980 to July 1983. He was a teacher at Qiantang Middle School (錢塘中學), Hechuan District, Chongqing from September 1995 to July 2003. He served as the general manager of Chongqing Dekon from July 2003 to November 2011.

Since March 2019, Mr. Wang Dehui has also served as an executive director and the general manager of Sichuan Dinghui Ronghe Enterprise Management Co., Ltd. (四川鼎輝榮和企業管理有限公司), which is wholly-owned by Mr. Wang Dehui and is the general partner of our Employee Shareholding Platforms.

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

Mr. YAO Hailong (姚海龍) (“Mr. Yao”), aged 56, is an executive Director and president. He was appointed as a Director of the Company in November 2019. Mr. Yao is responsible for the overall management and operation of our Group.

Mr. Yao joined the Group in September 2011. He serves or has served as director, supervisor and senior management in various companies in which the Company holds interests. From March 2013 to December 2019, he successively served as the vice president of the Company and the president of the pig business department. He has served as a supervisor of Xifeng Dekon Poultry Farming Co., Ltd. (息烽德康家禽養殖有限公司), a subsidiary of the Company, since December 2008, a supervisor of Chengdu Dekon Chicken Breeding Co., Ltd. (成都德康雞業有限公司), a subsidiary of the Company, since September 2014, a director of Teweibi Hope (Sichuan) Food Co., Ltd. (特威比希望(四川)食品有限公司), a subsidiary of the Company, since April 2015, a director of Jilin Dekon Investment Co., Ltd. (吉林德康投資有限公司), a subsidiary of the Company, since July 2016, a supervisor of Peng'an Dekon Breeding Stock Production Co., Ltd. (蓬安德康種豬繁育有限公司), a subsidiary of the Company, and a director of Sihong Dekon Farming and Technology Co., Ltd. (泗洪德康農牧科技有限公司), since December 2020, a director of Jiangsu Dekon Animal Husbandry Technology Co., Ltd. (江蘇德康農牧科技有限公司), a subsidiary of the Company, since December 2020, a director of Sichuan Dekon-Tönnies Premium Food Co., Ltd. (四川德康通內斯食品有限公司), a subsidiary of the Company, since March 2021, and the chairman and legal representative of Henan Huikang Hechuang Breeding Co., Ltd. (河南匯康合創養殖有限公司) since 11 December 2025. Mr. Yao has been the legal representative of the Company since 28 April 2025.

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

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

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. HU Wei (胡偉) (“Mr. Hu”), aged 56, is an executive Director and vice president. He was appointed as a Director of the Company in March 2019. Mr. Hu is responsible for the food business and live hog sales of our Group.

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

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

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

Mr. ZENG Min (曾民) (“Mr. Zeng”), aged 42, is an executive Director and secretary to the Board. He was appointed as the Director of the Company in December 2022, which became effective on 6 December 2023.

Mr. Zeng is mainly responsible for the management of the Board office work, and execution of key projects of the Group. Mr. Zeng joined the Group in October 2017. From October 2017 to March 2019, he served as assistant to the Chairman of the Board and head of the president’s office of the Group. From March 2019 to July 2019, he served as secretary to the Board and head of the president’s office of the Group. From July 2019 to July 2020, he served as secretary to the Board of the Group and the district general manager in western Sichuan Province. From January 2022 to February 2025, He served as the general manager of the president’s office. Since July 2020, he has been serving as secretary to the Board of Dekon Group. Mr. Zeng currently holds directorships in two companies in which the Company owns equity interest. From November 2018, he has been serving as a director of Chengdu Dekon Animal Health Technology Service Co., Ltd. (成都德康動物健康技術服務有限公司), a subsidiary of the Company. From March 2021, he has been serving as a director of Sichuan Dekon-Tönnies Premium Food Co., Ltd. (四川德康通內斯食品有限公司), a subsidiary of the Company.

Before joining the Group, Mr. Zeng worked at the Department of Commerce of Sichuan Province (四川省商務廳) from September 2011 to February 2016. From February 2016 to October 2017, he served as the deputy head of the management department of Sichuan Tequ Investment Group Limited (四川特驅投資集團有限公司).

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

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Non-executive Director

Ms. LIU Shan (劉珊) (“Ms. Liu”), aged 43, is a non-executive Director. She was appointed as our Director in March 2017 and was re-appointed in March 2019. Ms. Liu is responsible for financial supervision and providing advice to the Board.

Ms. Liu worked at Deloitte Touche Tohmatsu Certified Public Accountants LLP (德勤華永會計師事務所) from July 2004 to October 2006 with last position as a consultant of tax and business consulting department, Ernst & Young Hua Ming LLP Shanghai Branch (安永華明會計師事務所上海分所) from November 2006 to May 2008 as a senior auditor, and Deloitte & Touche Financial Advisory Services Limited (德勤諮詢(上海)有限公司) from May 2008 to January 2011 with last position as a manager of financial consulting department. She worked at China Everbright Limited from May 2012 to September 2025 with last position as managing Director of the consumer fund department. Ms. Liu was a director of Sichuan Hope Education Industry Group Co., Ltd. (四川希望教育產業集團有限公司) from September 2016 to January 2024, a director of Horgos Tequ Mayflower Information Technology Co., Ltd. (霍爾果斯特驅五月花信息科技有限公司) from January 2018 to January 2024, a director of Nanyang Muyuan Maiming Industry Development Co., Ltd. (南陽市牧原麥鳴產業發展有限公司) from January 2020 to April 2023, and a director of Xi'an Tequ Mayflower Information Technology Co., Ltd. (西安特驅五月花信息科技有限公司) from June 2021 to January 2024. She has been a director of Bigger (Beijing) Education Technology Co., Ltd. (北格(北京)教育科技有限公司) since May 2021, a director of Jiu Duorouduo Food Group Co., Ltd. (九多肉多食品集團有限公司) since September 2021, and a non-independent director of Sichuan Zigong Conveying Machine Group Co., Ltd. (四川省自貢運輸機械集團股份有限公司) since 29 December 2025.

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

Ms. Liu tendered her resignation on 6 October 2025. For details, please refer to the “Corporate Governance Report” of this annual report.

Independent Non-executive Directors

Mr. PAN Ying (潘鷹) (“Mr. Pan”), aged 53, is an independent non-executive Director. He was appointed as a Director of the Company in December 2022, which became effective on 6 December 2023. He is primarily responsible for supervising and providing independent advice to the Board.

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

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

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. ZHU Qing (朱慶) (“Mr. Zhu”), aged 66, is an independent non-executive Director. He was appointed as a Director of the Company in December 2022, which became effective on 6 December 2023. He is primarily responsible for supervising and providing independent advice to the Board.

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

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

Mr. Chan Yuk Tong (陳育棠) (“Mr. Chan”), aged 63, is an independent non-executive Director. He was appointed as a Director of the Company in February 2026, which became effective on 11 February 2026. He is primarily responsible for supervising and providing independence advice to the Board.

Mr. Chen currently serves as a director of Ascenda Cachet CPA Limited (天健德揚會計師事務所有限公司). Mr. Chen previously held positions including manager and head of the audit department at Ernst & Young, director at G2000 (Apparel) Limited, and Deputy Head (Finance Department) of Dongfeng Motor Group Company Limited (東風汽車集團股份有限公司). Mr. Chen has also served as an independent non-executive director for several listed companies, including: Xinhua Winshare Publishing and Media Co., Ltd. (新華文軒出版傳媒股份有限公司) listed in Hong Kong and Shanghai (stock code: 00811 and 601811), Anhui Conch Cement Company Limited (安徽海螺水泥股份有限公司) listed in Shanghai and Hong Kong (stock code: 00914 and 600585), FDG Electric Vehicles Limited (五龍電動車(集團)有限公司) (stock code: 00729, which was wound up and whose listing status was cancelled by the Stock Exchange), Great Wall Motor Company Limited (長城汽車股份有限公司) (stock code: 02333 and 601633), and BYD Electronic (International) Company Limited (比亞迪電子(國際)有限公司) (a company listed on the Stock Exchange, stock code: 00285).

Mr. Chen received a Bachelor of Commerce from the University of Newcastle, Australia, and a Master of Business Administration degree from the Chinese University of Hong Kong. He is currently He is a qualified fellow of the Hong Kong Institute of Certified Public Accountants (FCPA (Practising)) and a member of CPA Australia.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

SUPERVISORS

Ms. ZHU Hui (朱惠) (“Ms. Zhu”), aged 47, is the chairlady of our Board of Supervisors. She joined the Group in September 2017, and currently serves as the president of the Training Institute of the Company. She was re-elected as the chairman of our Supervisory Committee in April 2025. Ms. Zhu is responsible for leading and presiding over the Board of Supervisors.

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

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

Ms. GONG Shuang (龔爽) (“Ms. Gong”), aged 43, is our Supervisor. She joined the Group in June 2017, has since been serving as the director of human resources of the Company, and was appointed as our Supervisor in March 2019. Ms. Gong is responsible for coordinating human resources and related work of the Company, and performing the relevant duties as a shareholder representative Supervisor.

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

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

Ms. ZHOU Zhexu (周哲旭) (formerly known as Zhou Jie (周潔)) (“Ms. Zhou”), aged 49, is our Supervisor. She joined the Group in 2014, and was appointed as our employee representative Supervisor in March 2019. Ms. Zhou is responsible for exercising rights and performing duties as a Supervisor on behalf of employees.

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

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

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

SENIOR MANAGEMENT

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

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

Mr. ZENG Min (曾民), aged 42, is one of our executive Directors and our secretary to the Board. He joined the Group in October 2017 and is mainly responsible for the management of the Board office and the Group’s administrative work, and execution of key projects of the Group. Please refer to the section above headed “— Board of Directors” for his biographical details.

Mr. WU Chengli (吳成利) (“Mr. Wu”), aged 55, is our vice president, mainly responsible for engineering, equipment maintenance, safety and environmental protection, and the promotion of renewable energy and carbon exchange related work of our Group.

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

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

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

Mr. JIANG Yongjun (蔣勇君) (“Mr. Jiang”), aged 47, is our Chief Financial Officer and our vice president. He joined the Group in February 2016 and is mainly responsible for the financial work of our Group and participates in major decisions on operation and investments.

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

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

For the year ended 31 December 2025, there were no other changes to the information which are required to be disclosed and have been disclosed by the Directors, Supervisors and senior management pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules, save as disclosed above.

REPORT OF THE BOARD OF SUPERVISORS

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

COMPOSITION OF THE BOARD OF SUPERVISORS

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

MEMBERS OF THE BOARD OF SUPERVISORS

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

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

MEETING OF THE BOARD OF SUPERVISORS

During the Reporting Period, the Board of Supervisors had held three meetings. The attendance of the Supervisors of the Company at the meetings of the Board of Supervisors during the Reporting Period is listed below:

Supervisors	Number of meetings attended ⁽¹⁾ / Number of attendance required
Ms. Zhu Hui	3/3
Ms. Gong Shuang	3/3
Ms. Zhou Zhexu	3/3

Note:

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

WORK OF THE BOARD OF SUPERVISORS DURING THE REPORTING PERIOD

During the Reporting Period, the Board of Supervisors diligently performed its duties of supervision pursuant to applicable laws and regulations and the Articles of Association. The Board of Supervisors continued to improve the quality and efficiency of supervision and earnestly safeguarded the interests of the Shareholders and the Company as a whole.

REPORT OF THE BOARD OF SUPERVISORS

Supervision on Operation

The Board of Supervisors supervised the operation of the Company in accordance with the laws and regulations, the implementation of the Company's decision-making procedures, internal control system and the performance of duties by the Directors and senior management in accordance with the laws and regulations, and the production, operation and management of the Company and other major matters. The Board of Supervisors is of the view that the Company operates in accordance with the relevant laws and regulations and the Articles of Association, the decision-making procedures are legal and there are no irregularities in its operation, the Directors and senior management of the Company can perform their duties faithfully and diligently in accordance with the relevant laws and regulations and the Articles of Association, and no acts detrimental to the interests of the Company and its Shareholders have been found.

Supervision on Finance

The Board of Supervisors inspected and supervised the financial situation of the Company in 2025 and reviewed the financial information such as financial report, business report and profit distribution plan to be submitted to the Shareholders' meeting by the Board of Directors, and the Board of Supervisors was of the opinion that the Company conducted financial management in accordance with the requirements of relevant laws and regulations, its financial system was sound and effectively implemented, its capital was in good condition, and it could effectively prevent operational risks.

WORK PLAN FOR 2026

In 2026, the Board of Supervisors will continue to faithfully and diligently perform its duties to implement effective supervision on the Company, Directors and senior management, closely monitor the operation and management of the Company, pay attention to any significant development of the Company, and faithfully safeguard the interests of the Shareholders and the Company as a whole.

By order of the Board of Supervisors

Zhu Hui

Chairlady of the Board of Supervisors

INDEPENDENT AUDITOR'S REPORT



The Board of Directors of Dekon Food and Agriculture Group:

I. OPINION

We have audited the accompanying financial statements of Dekon Food and Agriculture Group (“Dekon”) set out on pages 85 to 183, which comprise the consolidated and company balance sheets as at 31 December 2025, the consolidated and company income statements, the consolidated and company’s cash flow statements, the consolidated and company’s statements of changes in shareholders’ equity for the year then ended, and notes to the financial statements.

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

II. BASIS FOR OPINION

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

III. KEY AUDIT MATTERS

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

INDEPENDENT AUDITOR'S REPORT

Revenue recognition

Refer to the accounting policies described in Note III.(18) and Note V.33 to the financial statements.

The Key Audit Matter

In 2025, Dekon's revenue was RMB23,159,023,899.39, which was mainly derived from the revenue from sales of pigs, poultry and ancillary products.

Dekon recognises revenue when the customers obtain control of the related goods which is the point at which the control of the products are transferred to the customers according to the terms of sales agreements entered into between the Group and its customers.

We identified the recognition of revenue as a key audit matter because revenue is one of the key performance indicators of Dekon and therefore there is an inherent risk of manipulation of the timing and amount of revenue recognition by management to meet targets or expectations.

How the matter was addressed in our audit

Our audit procedures in relation to revenue recognition included the following:

- understanding and evaluating the design and operating effectiveness of key internal controls over financial report in relation to revenue recognition;
- inspecting the primary contract terms related to the transfer of control of products within selected sales contracts or orders to evaluate whether the revenue recognition policies of Dekon comply with the requirements of the Accounting Standards for Business Enterprises;
- obtaining external confirmation of transaction amounts for the year directly with customers;
- comparing revenue recognised during the year, on a sample basis, with relevant underlying documents, which included sales orders, notes or sales delivery notes which contained evidence of acknowledgement of the customer's receipt of products;
- assessing, on a sample basis, whether specific revenue transactions recorded before and after the end of the financial reporting period had been recognised in the appropriate financial period by inspecting the sales weight notes or sales delivery notes which contained evidence of acknowledgement of the customer's receipt of products; and
- inspecting underlying documents for manual journal entries relating to revenue which were recorded during the financial reporting period and which met other specific risk-based criteria.

INDEPENDENT AUDITOR'S REPORT

Impairment of biological assets

Refer to the accounting policies set out in Note III.(4) and Note III.(7) and Note V.7 and Note V.12 to the financial statements.

The Key Audit Matter

At 31 December 2025, the biological assets of Dekon comprised of consumable biological assets and productive biological assets, with a total carrying amount of RMB6,899,870,240.05, which represented 29% of the Group's total assets.

Dekon regularly carries out an examination on biological assets. If there is clear evidence that the net realisable value of a consumable biological asset or the recoverable amount of a productive biological asset is lower than its carrying amount due to reasons such as natural disasters, pest-outbreaks, diseases or changes in market conditions, impairment losses in respect of that biological asset is recognised and charged to profit or loss for the current period. The impairment amount is the difference between the carrying amount and the net realisable value or the recoverable amount.

We identified the impairment of biological assets as a key audit matter because the market prices of biological assets are significantly influenced by cyclical fluctuations and animal diseases, significant management judgement are required in determining the net realisable value or recoverable amount of a biological asset, as well as the significance of biological assets to the financial statements.

How the matter was addressed in our audit

Our audit procedures to assess the impairment of biological assets mainly include the following:

- understanding and evaluating the design and operating effectiveness of key internal controls over financial reporting in relation to the impairment of biological assets;
- evaluating whether Dekon's policies for the impairment of consumable biological assets and productive biological assets comply with the requirements of the Accounting Standards for Business Enterprises;
- observing, on a sample basis, the physical count of biological assets to inspect the stock quantities of biological assets at the end of reporting period and observe the status of biological assets;
- evaluating the key assumptions used in management's estimate of net realisable value or recoverable amount of biological assets, including estimated selling prices, unit costs, selling expenses, etc.;
- checking the mathematical accuracy of calculations of impairment provision for biological assets based on Dekon's accounting policies for impairment of consumable biological assets and productive biological assets and the related assumptions and data used.

INDEPENDENT AUDITOR'S REPORT

IV. OTHER INFORMATION

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon as part of our engagement to audit the consolidated financial statements. We have performed an assurance engagement on the disclosed continuing connected transactions that form part of the other information and provided a separate assurance practitioner's conclusion thereon that is included within the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the financial statements, the management is responsible for assessing Dekon's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Dekon or to cease operations, or have no realistic alternative but to do so.

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

VI. CERTIFIED PUBLIC ACCOUNTANTS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT

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

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Dekon's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Dekon to cease to continue as a going concern.
- (5) Evaluate the overall presentation (including disclosure), structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within Dekon to express an audit opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Huazhen LLP

Certified Public Accountants in China

Beijing, China

Guo Chengzhuan (郭成專) (Engagement Partner)

Guan Yufeng (關玉鋒)

20 March 2026

CONSOLIDATED BALANCE SHEETS

	Note	2025	2024
Assets			
Current assets:			
Cash at bank and on hand	V.1	4,589,389,894.60	4,727,221,757.59
Financial assets held for trading	V.2	151,208,630.14	741,647,837.75
Derivative financial assets	V.3	51,970,039.34	94,950,800.00
Trade receivables	V.4	44,019,055.29	11,420,800.66
Prepayments	V.5	234,391,549.69	77,626,312.01
Other receivables	V.6	158,672,749.88	129,337,691.75
Inventories	V.7	6,178,111,170.60	5,448,264,795.56
Other current assets	V.8	120,533,401.47	83,529,831.02
Total current assets		11,528,296,491.01	11,313,999,826.34
Non-current assets:			
Long-term equity investments	V.9	33,303,813.83	10,219,410.00
Fixed assets	V.10	7,047,533,438.27	6,791,229,999.62
Construction in progress	V.11	632,184,957.67	614,693,027.10
Productive biological assets	V.12	1,484,116,469.79	1,172,733,103.33
Right-of-use assets	V.13	2,240,615,346.05	2,182,092,760.63
Intangible assets	V.14	282,022,348.35	273,300,665.18
Goodwill	V.15	14,729,743.72	14,729,743.72
Long-term deferred expense	V.16	63,580,813.83	62,647,700.30
Deferred tax assets		18,967.40	3,947.20
Other non-current assets	V.17	128,074,640.13	33,408,936.27
Total non-current assets		11,926,180,539.04	11,155,059,293.35
Total assets		23,454,477,030.05	22,469,059,119.69

CONSOLIDATED BALANCE SHEETS

	Note	2025	2024
Liabilities and shareholders' equity			
Current liabilities:			
Short-term borrowings	V.18	480,000,000.00	1,099,208,325.00
Derivative financial liabilities	V.3	23,442,923.01	22,933,605.53
Trade payables	V.19	2,507,237,897.07	1,944,826,361.47
Contract liabilities	V.20	105,034,041.70	83,966,177.28
Employee benefits payable	V.21	347,541,521.89	382,554,985.30
Taxes payable	IV.(4)	11,210,979.23	10,265,498.17
Other payables	V.23	4,370,889,026.20	4,221,172,934.36
Non-current liabilities due within one year	V.22	503,822,772.11	1,298,418,068.57
Total current liabilities		8,349,179,161.21	9,063,345,955.68
Non-current liabilities:			
Long-term borrowings	V.24	2,585,692,361.13	1,893,927,910.51
Lease liabilities	V.25	2,757,096,229.15	2,569,441,411.31
Long-term payables	V.26	9,376,579.27	119,390,053.32
Deferred income	V.27	825,521,354.99	824,600,734.60
Total non-current liabilities		6,177,686,524.54	5,407,360,109.74
Total liabilities		14,526,865,685.75	14,470,706,065.42

CONSOLIDATED BALANCE SHEETS

	Note	2025	2024
Shareholders' equity:			
Share capital	V.28	388,875,636.00	388,875,636.00
Capital reserve	V.29	2,245,986,442.45	2,245,558,795.97
Less: Treasury shares	V.30	108,110,464.50	—
Other comprehensive income		(169,302.68)	—
Surplus reserve	V.31	162,910,245.33	162,910,245.33
Retained earnings		<u>6,165,280,077.84</u>	<u>5,082,018,795.22</u>
Total equity attributable to shareholders of the Company		8,854,772,634.44	7,879,363,472.52
Non-controlling interests		<u>72,838,709.86</u>	<u>118,989,581.75</u>
Total shareholders' equity		<u>8,927,611,344.30</u>	<u>7,998,353,054.27</u>
Total liabilities and shareholders' equity		<u>23,454,477,030.05</u>	<u>22,469,059,119.69</u>

Mr. YAO Hailong
(姚海龍)

Legal representative
(Signature or seal)

Mr. JIANG Yongjun
(蔣勇君)

Principal in charge of accounting
(Signature or seal)

Chen Yanru
(陳彥如)

Head of accounting department (Company Seal)
(Signature or seal)

BALANCE SHEETS OF THE PARENT COMPANY

	Note	2025	2024
Assets			
Current assets			
Cash at bank and on hand	XIV.1	3,617,753,978.78	3,523,772,073.95
Financial assets held for trading	XIV.2	151,208,630.14	711,322,410.96
Derivative financial assets	XIV.3	50,783,879.34	94,950,800.00
Prepayments		490,585.06	2,301,385.06
Other receivables	XIV.4	6,251,442,235.04	4,628,734,944.86
Inventories		1,329,865.57	1,147,926.84
Other current assets		11,966.33	31,329.69
Total current assets		10,073,021,140.26	8,962,260,871.36
Non-current assets			
Long-term equity investments	XIV.5	711,120,132.71	664,100,589.51
Fixed assets		15,009,530.73	6,343,074.32
Construction in progress		24,497,942.69	14,352,027.97
Right-of-use assets		24,576,715.30	3,568,872.45
Intangible assets		6,289,558.06	5,884,730.22
Other non-current assets	XIV.6	266,499,242.88	1,346,354,709.26
Total non-current assets		1,047,993,122.37	2,040,604,003.73
Total assets		11,121,014,262.63	11,002,864,875.09

BALANCE SHEETS OF THE PARENT COMPANY

	Note	2025	2024
Liabilities and shareholders' equity			
Current liabilities			
Short-term borrowings	XIV.7	450,000,000.00	999,208,325.00
Derivative financial liabilities	XIV.3	17,150,484.96	22,164,892.33
Bills payable		300,000.00	—
Employee benefits payable		60,797,726.93	61,041,206.73
Taxes payable	XIV.8	1,192,157.12	1,034,368.25
Other payables	XIV.9	5,459,459,126.02	5,072,305,139.79
Non-current liabilities due within one year		<u>73,307,754.97</u>	<u>291,571,166.37</u>
Total current liabilities		<u>6,062,207,250.00</u>	<u>6,447,325,098.47</u>
Non-current liabilities			
Long-term borrowings	XIV.10	2,039,860,000.00	1,032,500,000.00
Lease liabilities		19,201,223.52	1,960,979.33
Deferred income		<u>19,089,097.69</u>	<u>10,972,894.62</u>
Total non-current liabilities		<u>2,078,150,321.21</u>	<u>1,045,433,873.95</u>
Total liabilities		<u>8,140,357,571.21</u>	<u>7,492,758,972.42</u>

BALANCE SHEETS OF THE PARENT COMPANY

	Note	2025	2024
Shareholders' equity			
Share capital	V.28	388,875,636.00	388,875,636.00
Capital reserve	V.29	1,813,108,231.26	1,813,108,231.26
Less: Treasury shares	V.30	108,110,464.50	—
Surplus reserve	V.31	162,910,245.33	162,910,245.33
Retained earnings		723,873,043.33	1,145,211,790.08
Total shareholders' equity		<u>2,980,656,691.42</u>	<u>3,510,105,902.67</u>
Total liabilities and shareholders' equity		<u>11,121,014,262.63</u>	<u>11,002,864,875.09</u>

YAO Hailong
(姚海龍)

Legal representative
(Signature or seal)

JIANG Yongjun
(蔣勇君)

Principal in charge of accounting
(Signature or seal)

CHEN Yanru
(陳彥如)

Head of accounting department (Company Seal)
(Signature or seal)

CONSOLIDATED INCOME STATEMENT

	Note	2025	2024
Revenue	V.33	23,159,023,899.39	22,464,030,444.32
Less: Cost of sales	V.33	19,976,478,805.93	17,292,457,846.75
Taxes and surcharges	V.34	38,979,443.06	31,464,309.88
Selling expense	V.35	103,384,930.54	101,454,961.37
Administrative expenses	V.36	1,307,907,424.55	1,268,488,595.51
Research and development expenses	V.37	277,215,161.25	275,331,422.26
Finance costs	V.38	204,635,011.55	371,989,602.40
Add: Other income	V.39	101,657,004.41	122,255,416.93
Investment income	V.40	192,101,800.75	109,941,639.29
Losses from changes in fair value	V.41	(47,089,018.35)	(6,621,904.77)
Credit impairment reversal/(losses)	V.42	4,604,266.08	(12,357,413.06)
Asset impairment losses	V.43	(33,940,099.58)	(1,994,190.26)
Gains from asset disposals		533,477.04	431,723.67
Operating profit		1,468,290,552.86	3,334,498,977.95
Add: Non-operating income	V.44	9,716,146.33	13,500,598.28
Less: Non-operating expenses	V.44	55,697,260.00	78,984,341.16
Profit before income tax		1,422,309,439.19	3,269,015,235.07
Less: Income tax expenses	V.45	697,916.77	88,288.28
Net profit		1,421,611,522.42	3,268,926,946.79

CONSOLIDATED INCOME STATEMENT

	Note	2025	2024
Classified by ownership:			
(1) Net profit attributable to shareholders of the company		1,433,249,355.02	3,159,889,896.08
(2) Net (loss)/profit attributable to non-controlling interests		(11,637,832.60)	109,037,050.71
Other comprehensive income, net of tax			
(1) Other comprehensive income attributable to shareholders of the company, net of tax		(169,302.68)	—
1. Other comprehensive income to be reclassified to profit or loss		(169,302.68)	—
(1) Exchange differences on translation of foreign currency financial statements		(169,302.68)	—
(2) Other comprehensive income attributable to non-controlling interests, net of tax		—	—
Total comprehensive income		<u>1,421,442,219.74</u>	<u>3,268,926,946.79</u>
(1) Total comprehensive income attributable to shareholders of the company		1,433,080,052.34	3,159,889,896.08
(2) Total comprehensive income attributable to non-controlling interests		(11,637,832.60)	109,037,050.71
Earnings per share:			
(1) Basic earnings per share	V.46	3.69	8.13
(2) Diluted earnings per share	V.46	3.69	8.13

INCOME STATEMENT OF THE PARENT COMPANY

	Note	2025	2024
Revenue	XIV.11	22,205,439.43	30,347,128.13
Less: Cost of sales	XIV.11	3,927,676.41	23,611,835.53
Taxes and surcharges		426,362.48	1,102,763.06
Selling expenses		3,813,800.52	2,316,237.14
Administrative expenses	XIV.12	276,342,697.18	254,579,073.39
Research and development expenses	XIV.13	57,232,623.20	78,287,061.62
Net finance income	XIV.14	(122,832,636.31)	(96,646,506.90)
Add: Other income		9,020,915.34	7,234,738.75
Investment income	XIV.15	212,919,774.47	512,716,127.74
Losses from changes in fair value	XIV.16	(48,344,152.95)	(5,716,333.83)
Credit impairment losses	XIV.17	(47,355,370.56)	(4,610,123.59)
Gains from asset disposals		—	781,871.34
Operating (loss)/profit		(70,463,917.75)	277,502,944.70
Add: Non-operating income		1,034,764.09	359,638.02
Less: Non-operating expenses		1,921,520.69	101,880.66
(Loss)/profit before income tax		(71,350,674.35)	277,760,702.06
Less: Income tax expenses		—	—
Net (loss)/profit		(71,350,674.35)	277,760,702.06
Total comprehensive income		(71,350,674.35)	277,760,702.06

CONSOLIDATED CASH FLOW STATEMENT

	Note	2025	2024
Cash flow from operating activities:			
Cash received from sales of goods and rendering of services		23,796,895,577.93	23,020,784,261.49
Cash received relating to other operating activities		<u>213,997,496.66</u>	<u>1,192,748,442.32</u>
Subtotal of cash inflows from operating activities		<u>24,010,893,074.59</u>	<u>24,213,532,703.81</u>
Cash paid for goods and services		19,084,871,806.95	16,849,263,737.01
Cash paid to and on behalf of employees		1,735,308,138.23	1,433,185,910.04
Cash paid for various types of taxes		44,732,096.63	38,974,507.21
Cash paid relating to other operating activities		<u>615,309,563.95</u>	<u>530,305,979.84</u>
Sub-total of cash outflows from operating activities		<u>21,480,221,605.76</u>	<u>18,851,730,134.10</u>
Net cash flow generated from operating activities	V.47	<u>2,530,671,468.83</u>	<u>5,361,802,569.71</u>

CONSOLIDATED CASH FLOW STATEMENT

	Note	2025	2024
Cash flows from investing activities:			
Cash received from disposal of investments		4,596,840,267.40	6,285,064,477.47
Cash received from return on investments		201,167,396.92	109,955,558.94
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		30,020,031.59	9,061,255.09
Sub-total of cash inflows from investing activities		4,828,027,695.91	6,404,081,291.50
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		1,752,741,082.75	935,394,692.92
Cash paid for acquisition of investments		4,042,150,000.00	7,026,000,000.00
Sub-total of cash outflows from investing activities		5,794,891,082.75	7,961,394,692.92
Net cash flows used in investing activities		(966,863,386.84)	(1,557,313,401.42)

CONSOLIDATED CASH FLOW STATEMENT

	Note	2025	2024
Cash flows from financing activities:			
Cash received from absorption of investments		10,300,000.00	547,000,000.00
Including: cash received from absorption of investments from non-controlling interests by subsidiaries		10,300,000.00	547,000,000.00
Cash received from borrowings		6,197,206,415.99	5,560,201,007.42
Sub-total of cash inflows from financing activities		6,207,506,415.99	6,107,201,007.42
Cash paid for debt repayments		7,032,521,341.00	7,373,382,621.49
Cash paid for distribution of dividends and profits or payment of interest		503,591,746.10	233,839,285.78
Including: profits paid to non-controlling interests for distribution of dividends or profits by subsidiaries		42,000,000.00	—
Cash paid relating to other financing activities		393,044,704.93	364,806,479.15
Sub-total of cash outflows from financing activities		7,929,157,792.03	7,972,028,386.42
Net cash flows used in financing activities		(1,721,651,376.04)	(1,864,827,379.00)
Effect of changes in exchange rate on cash and cash equivalents		(569,491.26)	7,460,724.44
Net (decrease)/increase in cash and cash equivalents	V.47	(158,412,785.31)	1,947,122,513.73
Add: Balance of cash and cash equivalents at the beginning of the year	V.47	4,491,952,037.92	2,544,829,524.19
Balance of Cash and cash equivalents at the end of the year	V.47	4,333,539,252.61	4,491,952,037.92

CASH FLOW STATEMENT OF THE PARENT COMPANY

	Note	2025	2024
Cash flow from operating activities:			
Cash received from sales of goods and rendering of services		28,465,330.28	38,029,555.31
Cash received relating to other operating activities		<u>2,093,033,329.67</u>	<u>3,288,861,515.10</u>
Subtotal of cash inflows from operating activities		<u>2,121,498,659.95</u>	<u>3,326,891,070.41</u>
Cash paid for goods and services		72,416,294.66	139,267,654.34
Cash paid to and on behalf of employees		221,685,869.34	152,672,288.98
Cash paid for various types of taxes		3,418,591.60	6,322,928.27
Cash paid for relating to other operating activities		<u>2,032,277,546.12</u>	<u>20,057,009.82</u>
Sub-total of cash outflows from operating activities		<u>2,329,798,301.72</u>	<u>318,319,881.41</u>
Net cash flow (used in)/generated from operating activities	XIV.18	<u>(208,299,641.77)</u>	<u>3,008,571,189.00</u>

CASH FLOW STATEMENT OF THE PARENT COMPANY

	Note	2025	2024
Cash flows from investing activities:			
Cash received from disposal of investments		4,560,922,141.16	6,065,270,970.88
Cash received from return on investments		213,725,129.02	121,860,463.83
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		—	3,650,119.41
Sub-total of cash inflows from investing activities		<u>4,774,647,270.18</u>	<u>6,190,781,554.12</u>
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets			
Cash paid for acquisition of investments		25,753,127.20	13,042,302.44
Net cash paid for acquisition of subsidiaries and other business units		4,010,000,000.00	6,980,000,000.00
		<u>47,824,897.75</u>	<u>101,610,000.00</u>
Sub-total of cash outflows from investing activities		<u>4,083,578,024.95</u>	<u>7,094,652,302.44</u>
Net cash flows generated from/(used in) investing activities		<u>691,069,245.23</u>	<u>(903,870,748.32)</u>

CASH FLOW STATEMENT OF THE PARENT COMPANY

	Note	2025	2024
Cash flows from financing activities:			
Cash received from borrowings		6,055,999,820.00	4,168,208,325.00
Sub-total of cash inflows from financing activities		<u>6,055,999,820.00</u>	<u>4,168,208,325.00</u>
Cash paid for debt repayments		5,819,297,033.00	4,964,851,229.38
Cash paid for distribution of dividends and profits or payment of interest		411,098,928.98	123,521,333.81
Cash paid relating to other financing activities		<u>114,413,260.49</u>	<u>2,847,856.41</u>
Sub-total of cash outflows from financing activities		<u>6,344,809,222.47</u>	<u>5,091,220,419.60</u>
Net cash flows used in financing activities		<u>(288,809,402.47)</u>	<u>(923,012,094.60)</u>
Effect of changes in exchange rate on cash and cash equivalents		<u>(402,858.03)</u>	<u>7,460,724.44</u>
Net increase in cash and cash equivalents	XIV.18	193,557,342.96	1,189,149,070.52
Add: Balance of cash and cash equivalents at the beginning of the year	XIV.18	<u>3,306,229,504.14</u>	<u>2,117,080,433.62</u>
Balance of cash and cash equivalents at the end of the year	XIV.18	<u>3,499,786,847.10</u>	<u>3,306,229,504.14</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to shareholders of the parent company						Non-controlling interests	Total shareholders' equity	
		Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Retained earnings			Sub-total
Balance at										
1 January 2025		388,875,636.00	2,245,558,795.97	—	—	162,910,245.33	5,082,018,795.22	7,879,363,472.52	118,989,581.75	7,998,353,054.27
Increase/(decrease) for the year										
1. Total comprehensive income		—	—	—	(169,302.68)	—	1,433,249,355.02	1,433,080,052.34	(11,637,832.60)	1,421,442,219.74
2. Shareholders' contributions and decrease of capital										
— Capital contribution by shareholders		—	—	—	—	—	—	—	10,300,000.00	10,300,000.00
— Purchase of own shares	V.30	—	—	108,110,464.50	—	—	—	(108,110,464.50)	—	(108,110,464.50)
— Acquisition of non-controlling interest		—	427,646.48	—	—	—	—	427,646.48	(2,813,039.29)	(2,385,392.81)
3. Profit distribution										
— Distribution to shareholders	V.32	—	—	—	—	—	(349,988,072.40)	(349,988,072.40)	(42,000,000.00)	(391,988,072.40)
Subtotal of items 1 to 3 above		—	427,646.48	108,110,464.50	(169,302.68)	—	1,083,261,282.62	975,409,161.92	(46,150,871.89)	929,258,290.03
Balance at 31 December 2025		388,875,636.00	2,245,986,442.45	108,110,464.50	(169,302.68)	162,910,245.33	6,165,280,077.84	8,854,772,634.44	72,838,709.86	8,927,611,344.30

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to shareholders of the parent company							Non-controlling interests	Total shareholders' equity
		Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Retained earnings	Sub-total		
Balance at										
1 January 2024		388,875,636.00	1,821,087,380.44	—	—	135,134,175.12	1,949,904,969.35	4,295,002,160.91	(94,147,983.74)	4,200,854,177.17
Increase/(decrease) for the year										
1. Total comprehensive income		—	—	—	—	—	3,159,889,896.08	3,159,889,896.08	109,037,050.71	3,268,926,946.79
2. Shareholders' contributions and decrease of capital										
— Capital contribution by shareholders		—	422,117,864.38	—	—	—	—	422,117,864.38	124,882,135.62	547,000,000.00
— Others		—	2,353,551.15	—	—	—	—	2,353,551.15	(20,781,620.84)	(18,428,069.69)
3. Profit distribution										
— Appropriation to surplus reserve		—	—	—	—	27,776,070.21	(27,776,070.21)	—	—	—
Subtotal of items										
1 to 3 above		—	424,471,415.53	—	—	27,776,070.21	3,132,113,825.87	3,584,361,311.61	213,137,565.49	3,797,498,877.10
Balance at										
31 December 2024		388,875,636.00	2,245,558,795.97	—	—	162,910,245.33	5,082,018,795.22	7,879,363,472.52	118,989,581.75	7,998,353,054.27

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE PARENT COMPANY

	Share capital	Capital reserve	Less: Treasury shares	Surplus reserve	Retained earnings	Total shareholders' equity
Balance at 1 January 2025	388,875,636.00	1,813,108,231.26	—	162,910,245.33	1,145,211,790.08	3,510,105,902.67
Increase/(decrease) for the year						
1. Total comprehensive income	—	—	—	—	(71,350,674.35)	(71,350,674.35)
2. Shareholders' contributions and decrease of capital						
— Purchase of own shares	—	—	108,110,464.50	—	—	(108,110,464.50)
3. Profit distribution						
— Distribution to shareholders	—	—	—	—	(349,988,072.40)	(349,988,072.40)
Subtotal of items 1 to 3 above	—	—	108,110,464.50	—	(421,338,746.75)	(529,449,211.25)
Balance at 31 December 2025	388,875,636.00	1,813,108,231.26	108,110,464.50	162,910,245.33	723,873,043.33	2,980,656,691.42

	Share capital	Capital reserve	Surplus reserve	Retained earnings	Total shareholders' equity
Balance at 1 January 2024	388,875,636.00	1,813,108,231.26	135,134,175.12	895,227,158.23	3,232,345,200.61
Increase/(decrease) for the year					
1. Total comprehensive income	—	—	—	277,760,702.06	277,760,702.06
2. Profit distribution					
— Appropriation to surplus reserve	—	—	27,776,070.21	(27,776,070.21)	—
Subtotal of items 1 to 2 above	—	—	27,776,070.21	249,984,631.85	277,760,702.06
Balance at 31 December 2024	388,875,636.00	1,813,108,231.26	162,910,245.33	1,145,211,790.08	3,510,105,902.67

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

I. BASIC INFORMATION OF THE COMPANY

四川德康農牧食品集團股份有限公司 (Dekon Food and Agriculture Group) (the “Company”) is a joint stock company established in Chengdu, Sichuan Province, with its headquarters located in Chengdu, Sichuan Province. The Company’s parent company and ultimate holding company is 四川德康控股集團有限公司 (Sichuan Dekon Holding Group Co., Ltd.), and its ultimate actual controller is Mr. Wang Degen.

The Company and its subsidiaries (the “Group”) are principally engaged in the breeding and sale of market hogs, breeding pigs, market piglets and boar semen; breeding and sale of yellow-feathered broilers, chicks and eggs; and providing ancillary products such as fresh meat, ingredients and others.

The financial statements were approved by the Company’s management on 20 March 2026.

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Company prepared its financial statements on a going concern basis.

(1) Statement of Compliance with ASBE

These financial statements comply with the requirements of ASBE issued by the Ministry of Finance of the People’s Republic of China (“MOF”). These financial statements present truly and completely the consolidated financial position and financial position of the Company as at 31 December 2025, and the consolidated operating results and operating results and the consolidated cash flows and cash flows of the Company for the year then ended.

In addition, certain matters set out in these financial statements have been disclosed in accordance with requirements of the Companies Ordinance of Hong Kong, which also comply with the applicable disclosure requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(2) Accounting Year

The accounting year of the Group begins on 1 January and ends on 31 December of a calendar year.

(3) Functional currency and presentation currency

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

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(1) Business combinations and consolidated financial statements

A transaction or matter constitutes a business combination when the Group obtains control over one or more entities (or a group of assets or net assets). Business combination is classified as either business combinations under common control or business combinations not under common control.

For a transaction not under common control, when the acquirer determines whether acquired group of assets constitute a business, it may consider whether to apply the simplified assessment method, namely the “concentration test”. If the concentration test is met, a group of assets is determined not to be a business. If the concentration test is not met, assessment shall be performed according to the criteria of a business.

When a group of assets or net assets the Group acquired does not constitute a business, acquisition costs should be allocated to each identifiable assets and liabilities at their acquisition-date fair values. It is not required to apply the accounting of business combination described as below.

(a) Business combinations under common control

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

(b) Business combinations not under common control

A business combination not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the business combination. Where the aggregate of the acquisition-date fair value of assets transferred (including the acquirer’s previously held equity interest in the acquiree at the acquisition date), liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree, exceeds the acquirer’s interest in the acquisition-date fair value of the acquiree’s identifiable net assets, the difference is recognized as goodwill after taking into account deferred tax impact. In case of the aggregate in negative, the difference is recognized in profit or loss for the current period. All direct costs attributable to business combinations incurred by the Group are recognized in profit or loss for the current period. The acquiree’s identifiable asset, liabilities and contingent liabilities, if the recognition criteria are met, are recognized by the Group at their acquisition-date fair value. The acquisition date is the date on which the acquirer obtains control of the acquiree.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — *continued*

(1) Business combinations and consolidated financial statements — *continued*

(c) Consolidated financial statements

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

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

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

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

A change in non-controlling interests that does not result in the loss of control over the subsidiary is accounted for as an equity transaction

When the Group loses control over a subsidiary, any resulting disposal gains or losses are recognised as investment income for the current period.

(2) Foreign currency translation

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

Monetary items denominated in foreign currencies are translated at the spot exchange rate at the balance sheet date. The resulting exchange differences are generally recognised in profit or loss, unless they arise from the re-translation of the principal and interest of specific borrowings for the acquisition and construction of qualifying asset (see note III.(20)). Non-monetary items that are measured at historical cost in foreign currencies are translated to RMB using the exchange rate at the transaction date.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — *continued*

(2) Foreign currency translation — *continued*

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

(3) Cash and cash equivalents

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

(4) Inventories

(a) *Classification of Inventories*

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

(b) *Method of costing for inventory acquisition and distribution*

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

Consumable biological assets include piglets, nursery pigs, growers, commodity chickens, eggs, chicks and others.

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

The cost of piglets, eggs, chicks includes the depreciation expenses, feeding cost and the feeding cost of piglets and chicks themselves. The cost of nursery pigs includes the cost of piglets and the feeding cost consumed at the nursing period. The cost of growers and commodity chickens includes the cost of nursery pigs and chicks and the feeding cost consumed at the finishing period.

The cost of consumable biological assets shall, at the time of harvest or sale, be carried forward at its book value by the weighted average method. The cost of consumable biological assets shall be carried forward by batch method.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES —

continued

(4) Inventories — *continued*

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

At the balance sheet date, inventories are carried at the lower of cost and net realisable value. Any excess of the cost over the net realisable value of inventories is recognised as a provision for inventories, and is recognised in profit or loss. The net realisable value of materials held for production is measured based on the net realisable value of the finished goods in which they will be incorporated. If there is clear evidence that the net realisable value of a consumable biological asset is lower than its carrying amount due to reasons such as natural disasters, pest-outbreaks, diseases or changes in market conditions, a provision for decline in value in respect of that biological asset shall be recognised and charged to profit or loss for the current period. Provisions for inventories are usually assessed by each item. When the circumstances that previously caused inventories to be written down below cost no longer exist, the amount of the write-down shall be reversed. The reversal shall be limited to the amount originally provided for the decline in value of inventories. The amount of the reversal is included in profit or loss for the current period.

(5) Long-term equity investments

(a) *Investments in subsidiaries*

In the individual financial statements of the Company, the investment cost of long-term equity investments in subsidiaries is initially measured in accordance with the following principles:

- For a long-term equity investment in subsidiaries obtained through a business combination involving enterprises under common control, the Company recognises the initial investment cost at the Company's share of the carrying amount of the acquiree's equity interest in the consolidated financial statements of the ultimate controlling party at the combination date. Any difference between the initial investment cost of the long-term equity investment and the carrying amount of the consideration paid is adjusted against the capital premium under the capital reserve. If the capital premium under the capital reserve is insufficient to absorb the reduction, the excess is reduced successively against surplus reserve and retained earnings.
- For a long-term equity investment in subsidiaries obtained through a business combination not involving enterprises under common control, the Company recognises the initial investment cost of such investment at the aggregate of the fair value of assets transferred, liabilities incurred or assumed, and equity securities issued by the Company, in exchange for control of the acquiree as at the acquisition date.
- For a long-term equity investment in subsidiaries obtained other than through a business combination, the initial investment cost is recognised at the actual purchase price paid at the time of initial recognition.

In the individual financial statements, the Company measures its long-term equity investments in subsidiaries subsequently using the cost method. The Company recognises investment income for the period based on its share of cash dividends or profits declared and distributed by the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — *continued*

(5) Long-term equity investments — *continued*

(b) *Investments in joint ventures and associates*

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

For a long-term equity investment acquired through cash payment, the Group recognises the initial investment cost at the purchase price actually paid.

An investment in joint ventures and associates is accounted for using the equity method for subsequent measurement, unless the investment is classified as held for sale.

After acquiring the investment in joint ventures and associates, the Group recognises its share of the investee's net profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the long-term equity investment accordingly. Once the investee declares and distributes profits or cash dividends, the carrying amount of the long-term equity investment is reduced by the amount attributable to the Group.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the associates and joint ventures when applying the equity method. Unrealised losses resulting from internal transactions shall be fully recognized if there is evidence indicating that such losses are attributable to the impairment of the related assets.

For net losses incurred by a joint venture or associate, the Group reduces the carrying amount of the long-term equity investment and other long-term interests that in substance forms part of the Group's net investment in the joint venture or associate to zero, except to the extent that the Group has an obligation to assume additional losses. If the joint venture or associate subsequently reports net profits, the Group resumes recognising its share of those profits only after its share of the profits has fully covered the share of losses not recognised.

(6) *Fixed assets and construction in progress*

The initial cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The initial cost of self-constructed assets includes the cost of construction materials, direct labour, capitalised borrowing costs (see Note III.(20)), and other necessary costs directly attributable to bringing the asset to working condition for its intended use.

Construction in progress is transferred to fixed assets when the asset is ready for its intended use. No depreciation is provided against construction in progress.

When an enterprise sells products or by-products produced before a fixed asset is available for its intended use, the proceeds and related cost are accounted for in accordance with CAS 14 — Revenue and CAS 1 — Inventories respectively, and recognised in profit or loss for the current period.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — *continued*

(6) Fixed assets and construction in progress — *continued*

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

The cost of fixed assets less residual value and accumulated impairment losses is depreciated using the straight-line method over their useful lives, unless the fixed asset is classified as held for sale. The useful lives, residual value rates and depreciation rates adopted for respective classes of fixed assets are as follows:

	Useful life	Residual value rate	Depreciation rate
Plants and buildings	20–40 years	5%	2.38%–4.75%
Machinery	10–15 years	3%	6.47%–9.70%
Transportation	3–5 years	3%	19.40%–32.33%
Other fixed assets	3–5 years	1%–3%	19.40%–33.00%

Useful lives, estimated net residual values and depreciation methods of fixed assets are reviewed at least each year end.

(7) Biological Assets

The biological assets of the Group comprise consumable biological assets and productive biological assets.

Consumable biological assets include piglets, nursery pigs, fattening pigs, commercial chickens, eggs, chicken breeders and others. Consumable biological assets are recognised in inventories (see Note III.(4)).

Productive biological assets include breeding boars, breeding sows, gilts, studs), immature and mature breeding chickens, etc.

Productive biological assets shall be initially measured at cost. The cost of externally acquired productive biological assets comprises the purchase price, relevant taxes and duties, transportation costs, insurance premiums and other expenditures directly attributable to the acquisition of such assets. For self-bred productive biological assets, their cost includes feed costs, labour costs, allocated depreciation of fixed assets, depreciation of mature productive biological assets and other allocated indirect expenses incurred prior to their attainment of the predetermined production and operating purposes.

Subsequent expenses such as feed costs, labour costs and depreciation expenses in respect of mature productive biological assets are accumulated and included in the costs of piglets and eggs.

The Group provides depreciation on productive biological assets in accordance with the relevant regulations. The useful lives and estimated residual values are determined based on the nature of productive biological assets, their actual usage and the expected manner of realisation of the related economic benefits. At the end of the year, the useful lives, estimated residual values and depreciation methods of productive biological assets are reviewed. Any differences from the previous estimates are accounted for as changes in accounting estimates and adjusted accordingly.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — *continued*

(7) *Biological Assets — continued*

The depreciation of productive biological assets other than breeding pigs is calculated using the units-of-production method. Depreciation for breeding pigs is calculated using the straight-line method. The estimated useful lives and estimated residual values of the Group's mature breeding pigs are presented below:

	Useful life	Estimated residual value rate
Mature breeding pigs	2.5 years	30%

The Group reviews its productive biological assets at the end of the year. If there is conclusive evidence that the recoverable amount of productive biological assets is lower than their carrying amount due to natural disasters, diseases, insect pests, animal epidemics, changes in market demand or other reasons, an impairment provision for productive biological assets is recognised for the difference between the recoverable amount and the carrying amount.

Once an impairment provision for productive biological assets has been recognised, it shall not be reversed subsequently.

When productive biological assets are reclassified for a different use, their carrying amount at the time of reclassification is recognised as the cost of transfer.

(8) *Leases*

At the inception of a contract, the Group assesses 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 one or more identified assets for a period of time in exchange for consideration.

For a contract that contains more than one separate lease component, the lessee and the lessor separate lease components and account for each lease component as a lease separately. For a contract that contains lease and non-lease components, the lessee and the lessor separate lease components from non-lease components.

(a) *As a lessee for the Group*

The Group recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is depreciated using the straight-line method by the Group. If the lessee is reasonably certain to exercise a purchase option by the end of the lease term, the right-of-use asset is depreciated over the remaining useful lives of the underlying asset. Otherwise, the lease asset is depreciated over the earlier of the period of the lease term or the useful life of the lease asset.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, using the interest rate implicit in the lease as the discount rate. If the interest rate implicit in the lease is not readily determinable, the Group's incremental borrowing rate is used as the discount rate.

A constant periodic rate is used to calculate the interest on the lease liability in each period during the lease term with a corresponding charge to profit or loss or included in the cost of assets where appropriate. Variable lease payments not included in the measurement of the lease liability are charged to profit or loss or included in the cost of assets where appropriate as incurred.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — *continued*

(8) Leases — *continued*

(a) *As a lessee for the Group — continued*

Under the following circumstances after the commencement date, the Group re-measures lease liabilities based on the present value of revised lease payments:

- there is a change in the amounts expected to be payable under a residual value guarantee;
- there is a change in an index or a rate used to determine those payments;
- there is a change in the assessment of whether the Group will exercise a purchase, extension or termination option, or there is a change in the exercise of the extension or termination option from original assessment.

When the lease liability is re-measured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero and the further reduction of lease liability shall be made.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less, and low value assets. The Group recognises the lease payments associated with these leases in profit or loss or as the cost of the assets where appropriate using the straight-line method over the lease term.

(9) Intangible assets

For intangible asset with finite useful life, the cost of intangible assets less residual value and impairment losses is amortised on a straight-line basis over the estimated useful lives, unless the intangible asset is classified as held for sale. The amortisation period for each intangible asset is as follows:

	<u>Amortisation period</u>
Software license	3 to 10 years
Land use rights	Amortized based on the use life of the license

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

Expenditure on an internal research and development project is classified into expenditure on the research phase and expenditure on the development phase. Expenditure on the research phase is recognised in profit or loss when incurred. Expenditure on the development phase is capitalised if development costs can be measured reliably, the product or process is technically and commercially feasible, and the Group intends to and has sufficient resources to complete the development.

For the sales of products or by-products produced during the research and development process, the group shall conduct accounting treatment for the relevant income and costs in accordance with the Accounting Standards for Business Enterprises No. 14 — Revenue, Accounting Standards for Business Enterprises No. 1 — Inventory, and include in the current profit and loss.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — *continued*

(10) Goodwill

The initial cost of goodwill represents the excess of cost of acquisition over the acquirer's interest in the fair value of the identifiable net assets of the acquiree under the business combination not involving enterprises under common control.

Goodwill is not amortised by the Group and is stated in the balance sheet at cost less accumulated impairment losses (see Note III.(13)(b)).

(11) Long-term deferred expenses

The Group recognises all expenses incurred with a benefit period of more than one year as Long-term deferred expenses.

Long-term deferred expenses are amortised within the expected benefit period. The amortisation period for each item is as follows:

	<u>Amortisation period</u>
Leased asset improvement expenses	3 to 10 years

(12) Financial instruments

Financial instruments include cash at bank and on hand, investments in equity securities other than those classified as long-term equity investments (see Note III. (5)), receivables, financial assets held for trading, derivative financial instruments, payables, borrowings and paid-in capital.

(a) *Recognition and initial measurement of financial assets and financial liabilities*

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

A financial asset or financial liability is measured initially at fair value. For financial assets or financial liabilities measured at fair value through profit or loss, any related transaction costs are charged to profit or loss directly; for other categories of financial assets or financial liabilities, any related transaction costs are included in their initial costs. For trade receivables that do not contain a significant financing component or for which the financing component in the contract within 1 year is not considered, the Group initially measured them at the transaction price determined in accordance with the accounting policy as set out in Note III. (18).

(b) *Classification and subsequent measurement of financial assets*

(i) *Classification of financial assets*

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

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

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — *continued*

(12) Financial instruments — *continued*

(b) *Classification and subsequent measurement of financial assets — continued*

(i) *Classification of financial assets — continued*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

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

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

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

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

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

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

The Group assesses the contractual cash flow characteristics of its financial assets to determine whether the contractual cash flows generated by the relevant financial assets on specified dates are solely payments of principal and interest on the principal amount outstanding. For this purpose, principal is defined as the fair value of the financial asset upon initial recognition. Interest is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period, and for other basic lending risks, costs, and profit margins. Furthermore, the Group assesses contractual terms that could change the timing or amount of contractual cash flows from a financial asset to determine whether they satisfy the aforementioned requirements for contractual cash flow characteristics.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — *continued*

(12) Financial instruments — *continued*

(b) Classification and subsequent measurement of financial assets — *continued*

(ii) The subsequent measurement of financial assets

— Financial assets at fair value through profit or loss

Since initial recognition, such financial assets are subsequently measured at fair value, with gains or losses arising therefrom (including interest and dividend income) recognised in profit or loss, unless the financial asset is part of a hedging relationship.

— Financial assets at amortised cost

Since initial recognition, such financial assets are measured at amortised cost using the effective interest method. Gains or losses arising from financial assets measured at amortised cost that are not part of a hedging relationship are recognised in profit or loss when the asset is derecognised, upon amortisation using the effective interest method, or when an impairment loss is recognised.

— Investment in debt at fair value through other comprehensive income

Since initial recognition, such financial assets are subsequently measured at fair value. Interest calculated using the effective interest method, impairment losses or gains, and foreign exchange gains and losses are recognised in profit or loss. Other gains or losses are recognised in other comprehensive income. Upon derecognition, the cumulative gains or losses previously recognised in other comprehensive income are reclassified from other comprehensive income to profit or loss.

— Investment in equity instrument at fair value through other comprehensive income

Since initial recognition, such financial assets are subsequently measured at fair value. Dividend income is recognised in profit or loss, while other gains or losses are recognised in other comprehensive income. Upon derecognition, the cumulative gains or losses previously recognised in other comprehensive income are reclassified from other comprehensive income to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — *continued*

(12) Financial instruments — *continued*

(c) *Classification and subsequent measurement of financial liabilities*

The Group classifies the financial liabilities as either financial liabilities at fair value through profit or loss, financial guarantee liabilities, and financial liabilities measured at amortised cost.

— Financial liabilities at fair value through profit or loss

This category of financial liabilities includes financial liabilities held for trading (comprising derivatives classified as financial liabilities) and financial liabilities designated to be measured at fair value through profit or loss.

Since initial recognition, such financial liabilities are subsequently measured at fair value. Gains or losses arising therefrom are recognised in profit or loss, except for those related to hedge accounting.

— Financial liabilities at amortised cost

Since initial recognition, such financial liabilities are subsequently measured at amortised cost using the effective interest method.

(d) *Offsetting*

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

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

(e) *Derecognition of financial assets and financial liabilities*

The Group derecognises a financial asset when, and only when:

- The contractual rights to receive the cash flows from the financial asset expire;
- It transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another party;
- It transfers the financial asset, but does not transfer nor retain substantially all the risks and rewards of ownership of the financial asset, and has not retained control of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — *continued*

(12) Financial instruments — *continued*

(e) *Derecognition of financial assets and financial liabilities — continued*

When a transfer of a financial asset qualifies for derecognition in its entirety, the difference between the following two amounts is recognised in profit or loss:

- The carrying amount of the transferred financial asset at the date of derecognition;
- The consideration received from the transfer, plus any cumulative gain or loss that had been recognised in other comprehensive income (for investment in debt at fair value through other comprehensive income) corresponding to the derecognised portion.

The Group derecognises a financial liability (or part of a financial liability) when, and only when, the current obligation specified in the contract is discharged.

(13) Provision for impairment of asset

Impairment of assets other than those covered in Note III. (4) is dealt with in accordance with the following principles:

(a) *Impairment of financial instruments*

The Group accounts for impairment and recognises loss allowances for the following items based on expected credit losses:

- Financial assets measured at amortised cost.

Measurement of ECLs

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

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

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

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

For accounts receivable, the Group is always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on our historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — *continued*

(13) Provision for impairment of asset — *continued*

(a) *Impairment of financial instruments — continued*

Measurement of ECLs — continued

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

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

Financial Instruments that have Low Credit Risk

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

Significant Increases in Credit Risk

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — *continued*

(13) Provision for impairment of asset — *continued*

(a) *Impairment of financial instruments — continued*

Credit-impaired Financial Assets

At each balance sheet date, the Group assess whether financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

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

Presentation of Allowance for ECL

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This generally occurs when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

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

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — *continued*

(13) Provision for impairment of asset — *continued*

(b) *Impairment of other assets*

At each balance sheet date, the Group reviews the following assets for any indication of impairment based on internal and external sources of information:

- fixed assets
- construction in progress
- productive biological assets
- right-of-use assets
- intangible assets
- goodwill
- long-term deferred expense
- long-term equity investments, etc.

If any indication exists, the recoverable amount of the asset is estimated by impairment testing. In addition, the Group estimates the recoverable amounts of goodwill at each year-end, irrespective of whether there is any indication of impairment. Goodwill is allocated to each asset group or set of asset groups, which is expected to benefit from the synergies of the combination for the purpose of impairment testing.

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

The recoverable amount of an asset (or asset group, set of asset groups) is the higher of its fair value (see Note III. (14)) less costs to sell and its present value of expected future cash flows.

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

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — *continued*

(13) Provision for impairment of asset — *continued*

(b) *Impairment of other assets — continued*

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

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

(14) Fair value measurement

The Group measures fair value as follows:

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

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

(15) Employee benefits

(a) *Short-term employee benefits*

Employee wages or salaries, bonuses, social security contributions such as medical insurance and work injury insurance and housing fund, measured at the amount incurred or accrued at the applicable benchmarks and rates, are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

(b) *Post-employment benefits — defined contribution plans*

Pursuant to the relevant laws and regulations of the PRC, the Group participated in a defined contribution basic pension insurance plan in the social insurance system established and managed by government organisations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions payable are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — *continued*

(15) Employee benefits — *continued*

(c) Termination benefits

When the Group terminates the employment with employees before the employment contracts expire, or provides compensation under an offer to encourage employees to accept voluntary redundancy, a provision is recognised with a corresponding expense in profit or loss at the earlier of the following dates:

- When the Group cannot unilaterally withdraw the offer of termination benefits because of an employee termination plan or a curtailment proposal;
- When the Group has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

(16) Income tax

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or items recognised directly in equity (including other comprehensive income).

Current tax is the expected tax payable calculated at the applicable tax rate on taxable income for the year, plus any adjustment to tax payable in respect of previous years.

At the balance sheet date, current tax assets and liabilities are offset only if the Group has a legally enforceable right to set them off and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and deferred tax liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include the deductible losses and tax credits carried forward to subsequent periods. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is not recognized for temporary differences arising from the initial recognition of assets or liabilities in a single transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or deductible loss), and the initial recognition of the assets and liabilities does not result in taxable temporary differences and deductible temporary differences in equal amounts. Deferred tax is also not recognized for temporary differences arising from the initial recognition of goodwill.

At the balance sheet date, deferred tax is measured based on the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amounts of the assets and liabilities, using tax rates enacted at the balance sheet date that are expected to be applied in the period when the asset is recovered or the liability is settled.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date, and is reduced to the extent that it is no longer probable that the related tax benefits will be utilized. Such reductions are reversed to the extent that it becomes probable that sufficient taxable profits will be available.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — *continued*

(16) Income tax — *continued*

At the balance sheet date, deferred tax assets and deferred tax liabilities are offset if all of the following conditions are met:

- the taxable entity has a legally enforceable right to offset current tax liabilities and assets;
- Deferred income tax assets and deferred income tax liabilities are related to the income tax which are imposed on the same taxpayer by the same tax collection authority or on different taxpayers, but, in each important future period in connection with the reverse of deferred income tax assets and liabilities, the involved taxpayer intends to balance income tax assets and liabilities for the current period with net settlement at the time of obtaining assets and discharging liabilities, deferred income tax assets and deferred income tax liabilities shall be presented based on the net amount after offset.

(17) Estimated liabilities

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made on the amount of the obligation. When the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows.

(18) Revenue recognition

Revenue arises in the course of the Group's ordinary activities, and increases in economic benefits in the form of inflows that result in an increase in equity, other than those relating to contributions from equity participants.

The Group recognizes revenue when it satisfies a performance obligation under a contract, which occurs when the customer obtains control of the promised goods or services.

Where the contract contains two or more performance obligations, the Group will allocate the transaction price to each individual performance obligation based on the relative proportion of the individual selling price of the goods or services promised by each individual performance obligation on the contract commencement date. Meanwhile, the Group measures the income according to the transaction price allocated to each individual performance obligation.

The transaction price is the amount of consideration that the Group expects to receive for the transfer of goods or services to customers, excluding amounts collected on behalf of third parties. The Group determines the transaction price at an amount that does not exceed the accumulatively recognised income that is highly unlikely to have a major reversal when the relevant uncertainty is eliminated.

If the Group meets one of the following conditions, it shall perform the performance obligation within a certain period; otherwise, it shall perform the performance obligation at a certain time point:

- The customer obtains and consumes the economic benefits brought by the performance of the Group while the Group is performing the obligation;
- The customer is able to control the goods under construction in the Group's performance process;
- The goods produced by the Group during the performance of the contract have irreplaceable uses, and the Group has the right to receive payments for the portion of the performance that has been completed to date.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — *continued*

(18) Revenue recognition — *continued*

The Group shall present any unconditional (i.e. if only the passage of time is required) rights to consideration from the customer separately as a receivable. A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or the amount is due) from the customer.

The specific accounting policies related to the Group's principal revenue-generating activities are described as follows:

— Sales of pigs and poultry: The sale of breeding products is typically conducted on a customer pick-up basis. Revenue is recognized based on the weight documented on the weighbridge ticket and the price per unit as agreed in the contract, after the goods are weighed and delivered to the customer in accordance with the contract terms, and once the customer has obtained control of the relevant goods.

(19) Government grant

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value.

Government grants received in relation to assets are recorded as deferred income and are credited to other income or non-operating income on a reasonable and systematic basis over the useful life of the related asset. Government grants received in relation to revenue are recorded as deferred income when they are used as compensation for the expenses or losses of the Group in future periods, and are credited to other income or non-operating income in the period in which the related costs, expenses or losses are recognized; otherwise, they are credited directly to other income or non-operating income.

(20) Borrowing costs

Borrowing costs incurred directly attributable to the acquisition, construction of a qualifying asset are capitalized as part of the cost of the asset. Other borrowing costs are recognized as financial expenses in the income statement when incurred.

During the capitalization period, the amount of interest (including amortization of any discount or premium on borrowing) to be capitalized in each accounting period is determined as follows:

- Where funds are borrowed specifically for the acquisition, construction of a qualifying asset, the amount of interest to be capitalized is the interest expense calculated using effective interest rates during the period less any interest income earned from depositing the borrowed funds or any investment income on the temporary investment of those funds before being used on the asset.
- Where funds are borrowed generally and used for the acquisition, construction or production of a qualifying asset, the amount of interest to be capitalized on such borrowings is determined by applying a capitalization rate to the weighted average of the excess amounts of cumulative expenditures on the asset over the above amounts of specific borrowings. The capitalization rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

— *continued*

(21) Dividend distribution

Dividend or profit distributions proposed in the profit appropriation plan, which will be approved after the balance sheet date, are not recognized as a liability at the balance sheet date but are disclosed in the notes separately.

(22) Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties.

(23) Segment reporting

Reportable segments are identified based on the structure of the Group's internal organization, management requirements and internal reporting system. Two or more operating segments may be aggregated into a single operating segment if the segments have the similar economic characteristics and are same or similar in respect of the nature of each segment's products and services, the nature of production processes, the types or classes of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Reportable segments are identified based on operating segment taking into consideration of the materiality principle.

In preparing segment reports, the Group measures the revenue from inter-segment transactions based on the actual transaction price. The accounting policies adopted for the preparation of segment reports are consistent with those adopted for the preparation of the Group's financial statements.

(24) Significant accounting estimates and judgements

The preparation of financial statements requires the Group's management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. The key assumptions and uncertainties underlying the estimates are continually evaluated by the Group's management and the effects of changes in accounting estimates are recognized in the period in which the changes occur and in future periods.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

IV. TAXATION

(1) Main type of taxes and corresponding tax rates

Type of tax	Tax basis
Value added tax	Output VAT is calculated at 13%, 9%, 6%, 5%, 3% and 1% of product sales and taxable services revenue according to taxation laws. The remaining balance of output VAT, after subtracting the deductible input VAT of the period, is VAT payable
City maintenance and construction tax	Based on 7%, 5% and 1% of the VAT effectively paid
Education surcharges	Based on 3% of the VAT effectively paid
Local education surcharges	Based on 2% of the VAT effectively paid

(2) Income tax

The Company is subject to statutory tax rate of 25% during the year (2024: 25%).

Except for the subsidiaries listed below, the income tax rate for the remaining subsidiaries of the Company for the current year is 25% (2024: 25%).

Notes to disclosure of enterprises with different enterprise income tax rates:

Taxpayer	Note	Income tax rate
Dekon International Development Co., Ltd. (德康國際發展有限公司)	(1)	16.5%

Note:

- (1) During the Reporting Period, Dekon International Development Co., Ltd. (德康國際發展有限公司) is subject to income tax rate of 16.50% under the relevant laws and regulations of Hong Kong.

Pursuant to the Enterprise Income Tax Law of the PRC and the Implementation Regulations for the Enterprise Income Tax Law of the PRC, income of the Company and its subsidiaries derived from livestock husbandry and poultry farming, as well as hog slaughtering, were exempted from enterprise income tax.

(3) Preferential tax treatments of VAT

Pursuant to the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例》) amended and adopted by the 34th executive meeting of the State Council on 5 November 2008, the self-produced agricultural products sold by the Company and its subsidiaries are exempted from VAT. Pursuant to the Announcement of the State Administration of Taxation on Issues Concerning Value-Added Tax for Taxpayers Adopting the “Company + Farmer” Business Model to Sell Livestock and Poultry (《國家稅務總局關於納稅人採取“公司+農戶”經營模式銷售畜禽有關增值稅問題的公告》) (Announcement No. 8 of 2013 of the State Administration of Taxation) which came into effect on 1 April 2013, the Company and its subsidiaries adopt the “company + farmer” business model to engage in livestock and poultry breeding. That is, the Company and its subsidiaries sign a consignment breeding contract with farmers, providing them with livestock and poultry seedlings, feed, veterinary drugs, vaccines, etc. (the ownership belongs to the Company). After farmers raise the livestock and poultry seedlings until they are finished products, these products will be delivered to the Company and its subsidiaries for recovery. The Company and its subsidiaries then use the recovered finished livestock and poultry for sale.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

IV. TAXATION — *continued*

(3) Preferential tax treatments of VAT — *continued*

Under the aforementioned business model, when the company and its subsidiaries recover and resell livestock and poultry, it falls under the category of agricultural producers selling self-produced agricultural products, which shall be exempt from value-added tax in accordance with the relevant provisions of the Provisional Regulations of the People's Republic of China on Value-Added Tax. Meanwhile, when the poultry and egg products produced and sold by the company and its subsidiaries fall within the scope of self-produced and self-marketed agricultural products, they can enjoy the preferential value-added tax exemption.

According to the provisions of the Notice of the Ministry of Finance and the State Administration of Taxation on the Exemption of Value-Added Tax for Feed Products (Caishui [2001] No. 121) (《財政部、國家稅務總局關於飼料產品免徵增值稅問題的通知》(財稅 [2001] 121號)), the company and its subsidiaries are exempt from value-added tax when selling qualified feed and premix products.

(4) Taxes payable

	The Group	
	2025	2024
Income tax payable	780,269.82	687,395.34
Value-added tax payable	412,404.74	637,208.26
Education surcharge	5,413.11	13,290.39
Local educational surcharge	3,443.62	8,846.64
Urban maintenance and construction tax	11,111.94	27,094.28
Stamp duty	3,872,401.10	3,442,290.54
Land use tax	367,545.79	295,920.40
Individual income tax payable	4,866,120.67	4,171,999.42
Other taxes	892,268.44	981,452.90
Total	11,210,979.23	10,265,498.17

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

1 Cash at bank and on hand

	The Group	
	2025	2024
Bank deposits	1,245,513,090.67	2,882,012,021.99
Other cash and cash equivalents	<u>3,343,876,803.93</u>	<u>1,845,209,735.60</u>
Total	<u>4,589,389,894.60</u>	<u>4,727,221,757.59</u>

The Group's other cash and cash equivalents as at the end of year mainly include large-denomination certificate of deposit which can be withdrawn or transferred and various types of deposits, etc.

Breakdown of restricted cash and cash equivalents in other cash and cash equivalents are as follows:

	The Group	
	2025	2024
Options and futures deposits, land reclamation deposits and facility agricultural land filing deposits, etc.	<u>255,850,641.99</u>	<u>235,269,719.67</u>

2 Financial assets held for trading

	The Group	
	2025	2024
Financial assets measured at fair value through profit or loss	151,208,630.14	741,647,837.75
Including: wealth management products	151,208,630.14	741,407,479.45
equity instrument investments	<u>—</u>	<u>240,358.30</u>
Total	<u>151,208,630.14</u>	<u>741,647,837.75</u>

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS — *continued*

3 Derivative financial assets/(debts)

	The Group	
	2025	2024
Derivative financial assets:		
Futures contracts	50,887,440.00	94,950,800.00
Options contracts	1,082,599.34	—
Total	<u>51,970,039.34</u>	<u>94,950,800.00</u>
Derivative financial debts:		
Futures contracts	(15,823,720.00)	(494,900.00)
Options contracts	(7,619,203.01)	(22,438,705.53)
Total	<u>(23,442,923.01)</u>	<u>(22,933,605.53)</u>

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

4 Trade receivables

(1) *The analysis of trade receivables by customer is as follows:*

	The Group	
	2025	2024
Receivables from related companies	3,504,954.78	—
Receivables from third-party companies	41,241,759.24	11,715,382.04
Subtotal	<u>44,746,714.02</u>	<u>11,715,382.04</u>
Less: Provision for bad debts	727,658.73	294,581.38
Total	<u>44,019,055.29</u>	<u>11,420,800.66</u>

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS — *continued*

4 Trade receivables — *continued*

(2) *The analysis of trade receivables by ageing is as follows:*

	The Group	
	2025	2024
Within 1 year (including 1 year)	43,523,282.41	10,546,004.50
1 to 2 years (including 2 years)	221,515.31	779,075.81
2 to 3 years (including 3 years)	764,747.23	241,727.07
Over 3 years	237,169.07	148,574.66
Subtotal	<u>44,746,714.02</u>	<u>11,715,382.04</u>
Less: Provision for bad debts	<u>727,658.73</u>	<u>294,581.38</u>
Total	<u><u>44,019,055.29</u></u>	<u><u>11,420,800.66</u></u>

The ageing of trade receivables is calculated from the recognition date.

(3) *Assessment on expected credit losses of trade receivables:*

The Group has always measured the provision for impairment of trade receivables based on the amount equivalent to the expected credit loss during the entire lifetime and their expected credit loss are calculated based on the comparison table of ageing and expected credit loss rate. In accordance with the Group's historical experience, there is no significant difference in the losses of different customer segments. Therefore, the Group does not further distinguish different customer groups when calculating the provision for impairment in accordance with ageing information.

(4) *The movements of bad debt provision are as follows:*

	The Group	
	2025	2024
Opening balance	294,581.38	7,752.38
Provision for the year	433,077.35	286,829.00
Reversal for the year	<u>—</u>	<u>—</u>
Closing balance	<u><u>727,658.73</u></u>	<u><u>294,581.38</u></u>

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS — *continued*

5 Prepayments

(1) *The analysis of prepayments by segment is as follows:*

	Group	
	2025	2024
Advances to suppliers	162,246,931.10	44,372,584.23
Other expenses	72,144,618.59	33,253,727.78
Total	234,391,549.69	77,626,312.01

(2) *The analysis of prepayments by ageing is as follows:*

	Group	
	2025	2024
Within 1 year (including 1 year)	227,005,567.87	72,281,706.40
Over 1 year	7,385,981.82	5,344,605.61
Total	234,391,549.69	77,626,312.01

The ageing of prepayments is calculated from the recognition date.

6 Other receivables

	Note	Group	
		2025	2024
Interest receivable		71,404,609.46	17,718,157.24
Other	(1)	87,268,140.42	111,619,534.51
Total		158,672,749.88	129,337,691.75

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS — *continued*

6 Other receivables — *continued*

(1) Others

(a) *The analysis by receivables counterparties is as follows:*

	Group	
	2025	2024
Receivables from related companies	19,936.00	10,000.00
Receivables from third-party companies	150,737,360.05	180,136,033.57
Subtotal	150,757,296.05	180,146,033.57
Less: Provision for bad debts	63,489,155.63	68,526,499.06
Total	87,268,140.42	111,619,534.51

(b) *The analysis by ageing is as follows:*

	Group	
	2025	2024
Within 1 year (including 1 year)	80,100,392.78	90,574,948.24
Over 1 year	70,656,903.27	89,571,085.33
Subtotal	150,757,296.05	180,146,033.57
Less: Provision for bad debts	63,489,155.63	68,526,499.06
Total	87,268,140.42	111,619,534.51

The ageing of other receivables is calculated from the recognition date.

(c) *The movements of bad debt provision are as follows:*

	Group	
	2025	2024
Opening balance	68,526,499.06	56,455,915.00
(Reversal)/provision for the year	(5,037,343.43)	12,070,584.06
Closing balance	63,489,155.63	68,526,499.06

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS — *continued*

7 Inventories

(1) *The Group's analysis by inventory category is as follows:*

	The Group	
	2025	2024
Consumptive biological assets	5,436,974,669.26	4,698,200,263.72
Raw materials	624,219,927.10	636,939,305.00
Inventory goods	69,200,535.36	31,434,203.51
Turnover materials and low value consumables	76,773,613.33	83,685,213.59
Subtotal	<u>6,207,168,745.05</u>	<u>5,450,258,985.82</u>
Less: Provision for impairment of inventories	<u>29,057,574.45</u>	<u>1,994,190.26</u>
Total	<u><u>6,178,111,170.60</u></u>	<u><u>5,448,264,795.56</u></u>

The analysis of provision for impairment of the Group's inventories is as follows:

	Balance as at		The Group		Balance as at 31 December 2025
	1 January 2025	Provision for the year	Decrease in the year	Write-off	
			Reversal	Write-off	
Inventory goods	1,994,190.26	12,719,200.58	—	6,876,715.39	7,836,675.45
Consumptive biological assets	—	<u>21,220,899.00</u>	—	—	<u>21,220,899.00</u>
Total	<u>1,994,190.26</u>	<u>33,940,099.58</u>	<u>—</u>	<u>6,876,715.39</u>	<u>29,057,574.45</u>

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS — *continued*

8 Other current assets

	The Group	
	2025	2024
Deductible input tax	120,533,401.47	83,529,831.02

9 Long-term equity investments

	The Group	
	2025	2024
Investments in associated companies	33,303,813.83	10,219,410.00

10 Fixed assets

	The Group				Total
	Buildings	Machinery and equipment	Motor vehicles	Other fixed assets	
Cost					
Balance as at 1 January 2025	5,774,168,780.64	2,717,537,970.04	88,202,512.87	571,851,247.86	9,151,760,511.41
Addition during the year	77,300,000.00	44,057,643.98	9,816,988.33	20,419,295.36	151,593,927.67
Transfer from construction in progress	461,318,826.74	298,966,560.09	10,781,870.33	58,117,408.58	829,184,665.74
Decrease during the year	(81,093,140.06)	(28,732,852.84)	(5,385,746.24)	(21,997,226.99)	(137,208,966.13)
Balance as at 31 December 2025	6,231,694,467.32	3,031,829,321.27	103,415,625.29	628,390,724.81	9,995,330,138.69
Less: Accumulated depreciation					
Balance as at 1 January 2025	931,971,592.63	1,009,820,998.75	61,481,330.66	357,256,589.75	2,360,530,511.79
Provision for the year	247,431,111.77	281,187,072.04	11,003,658.69	79,550,874.89	619,172,717.39
Write-off of depreciation	(7,667,976.80)	(13,280,305.75)	(5,047,894.33)	(5,910,351.88)	(31,906,528.76)
Balance as at 31 December 2025	1,171,734,727.60	1,277,727,765.04	67,437,095.02	430,897,112.76	2,947,796,700.42
Carrying amount					
31 December 2025	5,059,959,739.72	1,754,101,556.23	35,978,530.27	197,493,612.05	7,047,533,438.27
1 January 2025	4,842,197,188.01	1,707,716,971.29	26,721,182.21	214,594,658.11	6,791,229,999.62

As of 31 December 2025, the balance of secured borrowings of the Company and its subsidiaries amounted to RMB212,252,944.09 in aggregate. Such borrowings were primarily secured by buildings and machinery and equipment as collateral. The aggregate carrying amount of the pledged assets was RMB238,511,984.34.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS — *continued*

11 Construction in progress

	Note	The Group	
		2025	2024
Construction in progress	(1)	632,184,957.67	614,693,027.10

(1) Construction in progress

	The Group
Cost	
Balance as at 1 January 2025	614,693,027.10
Addition during the year	855,735,278.42
Transfer to fixed assets during the year	(829,184,665.74)
Transfer to intangible assets during the year	(7,371,482.11)
Decrease during the year	(1,687,200.00)
Balance as at 31 December 2025	632,184,957.67
Carrying amount	
31 December 2025	632,184,957.67

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS — *continued*

12 Bearer biological assets

The Group

	Breeding pigs	Chicken breeders	Total
Cost			
Balance as at 1 January 2025	1,559,716,745.56	91,718,298.20	1,651,435,043.76
Increase amount for the year			
— Outsourcing	58,919,303.19	649,191.90	59,568,495.09
— Self-breeding	1,255,367,603.29	133,761,268.60	1,389,128,871.89
Decrease amount for the year			
— Disposal	(1,060,023,147.12)	(115,177,552.88)	(1,175,200,700.00)
— Others	(108,545,161.59)	(7,452,034.75)	(115,997,196.34)
Balance as at 31 December 2025	<u>1,705,435,343.33</u>	<u>103,499,171.07</u>	<u>1,808,934,514.40</u>
Less: Accumulated depreciation			
Balance as at 1 January 2025	458,388,273.55	20,313,666.88	478,701,940.43
Provision for the year	397,979,308.99	57,198,155.94	455,177,464.93
Write-off of depreciation	(550,306,614.96)	(58,754,745.79)	(609,061,360.75)
Balance as at 31 December 2025	<u>306,060,967.58</u>	<u>18,757,077.03</u>	<u>324,818,044.61</u>
Carrying amount			
31 December 2025	<u><u>1,399,374,375.75</u></u>	<u><u>84,742,094.04</u></u>	<u><u>1,484,116,469.79</u></u>
1 January 2025	<u><u>1,101,328,472.01</u></u>	<u><u>71,404,631.32</u></u>	<u><u>1,172,733,103.33</u></u>

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS — *continued*

13 Right-of-use assets

The Group's lease arrangements as a lessee are set out below:

The Group

	Buildings and and land	Machinery and equipment	Total
Original carrying amount			
Balance as at 1 January 2025	2,368,731,637.79	739,252,677.08	3,107,984,314.87
Addition during the year	419,695,427.00	14,070,931.01	433,766,358.01
Decrease during the year	(286,975,096.00)	(18,940,570.01)	(305,915,666.01)
Balance as at 31 December 2025	<u>2,501,451,968.79</u>	<u>734,383,038.08</u>	<u>3,235,835,006.87</u>
Less: Accumulated depreciation			
Balance as at 1 January 2025	644,144,180.32	281,747,373.92	925,891,554.24
Addition during the year	186,691,225.38	59,005,740.31	245,696,965.69
Decrease during the year	(164,969,593.57)	(11,399,265.54)	(176,368,859.11)
Balance as at 31 December 2025	<u>665,865,812.13</u>	<u>329,353,848.69</u>	<u>995,219,660.82</u>
Carrying amount			
31 December 2025	<u><u>1,835,586,156.66</u></u>	<u><u>405,029,189.39</u></u>	<u><u>2,240,615,346.05</u></u>
1 January 2025	<u><u>1,724,587,457.47</u></u>	<u><u>457,505,303.16</u></u>	<u><u>2,182,092,760.63</u></u>

For details of the Group's lease arrangements, please refer to Note V. 48.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS — *continued*

14 Intangible assets

The Group

	Software license	Land use rights	Total
Original carrying amount			
Balance as at 1 January 2025	10,553,954.32	286,059,845.52	296,613,799.84
Purchase during the year	331,845.55	8,951,225.25	9,283,070.80
Transfer from construction in progress during the year	2,173,542.61	5,197,939.50	7,371,482.11
Decrease amount for the year	(1,369,471.55)	—	(1,369,471.55)
Balance as at 31 December 2025	11,689,870.93	300,209,010.27	311,898,881.20
Less: Accumulated amortization			
Balance as at 1 January 2025	4,526,972.82	18,786,161.84	23,313,134.66
Increase amount for the year	2,116,416.16	5,816,453.58	7,932,869.74
Decrease amount for the year	(1,369,471.55)	—	(1,369,471.55)
Balance as at 31 December 2025	5,273,917.43	24,602,615.42	29,876,532.85
Carrying amount			
31 December 2025	6,415,953.50	275,606,394.85	282,022,348.35
1 January 2025	6,026,981.50	267,273,683.68	273,300,665.18

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS — *continued*

15 Goodwill

	The Group	
	2025	2024
Carrying amount	14,729,743.72	14,729,743.72

In 2015, the Group acquired a 50.56% equity interest in Guangdong Zhiwei Agricultural Technology Co., Ltd. (廣東智威農業科技股份有限公司) (“Guangdong Zhiwei”) at a total consideration of RMB80,808,000.00. The excess of the acquisition cost over the Group’s proportionate share of the fair value of Guangdong Zhiwei’s identifiable assets and liabilities, amounting to RMB14,729,743.72, was recognized as goodwill related to Guangdong Zhiwei.

16 Long-term deferred expenditures

	The Group	
	2025	2024
Improvement costs of leased fixed asset	63,580,813.83	62,647,700.30

17 Other non-current assets

	The Group	
	2025	2024
Amounts due from farmers	83,877,667.80	—
Prepayments for engineering equipment	21,695,465.00	—
Prepayments for land transferring fees	19,637,067.40	29,825,085.34
Others	2,864,439.93	3,583,850.93
Total	128,074,640.13	33,408,936.27

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS — *continued*

18 Short-term borrowings

	The Group	
	2025	2024
Credit borrowings	480,000,000.00	1,099,208,325.00

As at the end of the year, the Group had no overdue and unpaid short-term borrowings.

19 Trade Payables

(1) *Trade payables are presented by nature as follows:*

	The Group	
	2025	2024
Purchase payments	1,329,957,864.77	1,061,747,587.45
Farming fees	1,165,309,292.17	866,797,402.50
Others	11,970,740.13	16,281,371.52
Total	2,507,237,897.07	1,944,826,361.47

(2) *Trade payables are presented by age as follows:*

	The Group	
	2025	2024
Within 1 year (including 1 year)	2,481,287,994.03	1,923,575,067.26
1 to 2 years (including 2 years)	12,454,715.57	12,137,521.49
2 to 3 years (including 3 years)	6,616,824.18	3,363,235.70
Over 3 years	6,878,363.29	5,750,537.02
Total	2,507,237,897.07	1,944,826,361.47

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS — *continued*

20 Contract liabilities

	The Group	
	2025	2024
Advance receipts from goods	105,034,041.70	83,966,177.28

21 Employee benefits payable

	Notes	The Group	
		2025	2024
Short-term remuneration	(1)	347,429,135.40	382,442,959.69
Post-employment benefits — Defined contribution scheme	(2)	112,386.49	112,025.61
Total		347,541,521.89	382,554,985.30

(1) Short-term remuneration

	The Group			
	Balance as at 1 January 2025	Incurred during the year	Paid during the year	Balance as at 31 December 2025
Salaries, bonuses, allowances and subsidies	365,757,686.05	1,405,992,360.34	1,439,342,232.38	332,407,814.01
Employee welfare expenses	1,358,410.92	77,039,005.02	77,156,039.43	1,241,376.51
Social insurance expenses	32,794.29	60,190,592.07	60,154,062.44	69,323.92
— Medical insurance	29,224.14	53,412,161.85	53,397,874.70	43,511.29
— Work-related injury insurance	3,570.15	5,663,984.63	5,645,794.49	21,760.29
— Maternity insurance	—	1,114,445.59	1,110,393.25	4,052.34
Housing provident fund	18,471.00	26,776,594.96	26,786,535.96	8,530.00
Trade union fees and employee education expenses	15,275,554.57	27,919,921.77	29,495,368.06	13,700,108.28
Other short-term remuneration	42.86	853,566.83	851,627.01	1,982.68
Total	382,442,959.69	1,598,772,040.99	1,633,785,865.28	347,429,135.40

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS — *continued*

21 Employee benefits payable — *continued*

(2) *Post-employment benefits — Defined contribution scheme*

	The Group			Balance as at 31 December 2025
	Balance as at 1 January 2025	Incurred during the year	Paid during the year	
Basic pension insurance	108,914.43	102,256,552.22	102,256,660.31	108,806.34
Unemployment insurance	3,111.18	4,384,034.32	4,383,565.35	3,580.15
Total	112,025.61	106,640,586.54	106,640,225.66	112,386.49

22 Non-current liabilities due within one year

	Notes	The Group	
		2025	2024
Long-term borrowings due within one year	24	310,167,150.72	1,023,620,607.63
Lease liabilities due within one year	25	128,299,291.47	125,037,011.35
Long-term payables due within one year	26	65,356,329.92	149,760,449.59
Total		503,822,772.11	1,298,418,068.57

23 Other payables

	The Group	
	2025	2024
Interest payables	5,342,257.34	5,250,254.91
Deposits from farmers	3,966,498,005.26	3,741,457,085.39
Others	399,048,763.60	474,465,594.06
Total	4,370,889,026.20	4,221,172,934.36

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS — *continued*

24 Long-term borrowings

	The Group	
	2025	2024
Credit borrowings	2,683,606,567.76	2,679,682,590.09
Mortgaged borrowings	212,252,944.09	237,865,928.05
Less: Long-term borrowings due within one year	<u>310,167,150.72</u>	<u>1,023,620,607.63</u>
Total	<u>2,585,692,361.13</u>	<u>1,893,927,910.51</u>

The analysis of long-term borrowings based on maturity date is as follows:

	The Group	
	2025	2024
Within 1 year (including 1 year)	310,167,150.72	1,023,620,607.63
1 to 2 years (including 2 years)	1,745,795,312.08	418,647,012.36
2 to 5 years (including 5 years)	732,652,494.62	1,384,331,529.73
Over 5 years	<u>107,244,554.43</u>	<u>90,949,368.42</u>
Total	<u>2,895,859,511.85</u>	<u>2,917,548,518.14</u>

25 Lease liabilities

	The Group	
	2025	2024
Long-term lease liabilities	2,885,395,520.62	2,694,478,422.66
Less: Lease liabilities due within one year	<u>128,299,291.47</u>	<u>125,037,011.35</u>
Total	<u>2,757,096,229.15</u>	<u>2,569,441,411.31</u>

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS — *continued*

25 Lease liabilities — *continued*

The analysis of lease liabilities based on maturity date is as follows:

	The Group	
	2025	2024
Within 1 year (including 1 year)	128,299,291.47	125,037,011.35
1 to 2 years (including 2 years)	116,421,395.70	103,674,172.40
2 to 5 years (including 5 years)	304,803,230.24	259,456,493.36
Over 5 years	<u>2,335,871,603.21</u>	<u>2,206,310,745.55</u>
Total	<u><u>2,885,395,520.62</u></u>	<u><u>2,694,478,422.66</u></u>

For details of the lease arrangements of the Group, please refer to Note V. 48.

26 Long-term payables

	The Group	
	2025	2024
Sale and leaseback with financing nature	74,732,909.19	269,150,502.91
Less: Long-term payables due within one year	<u>65,356,329.92</u>	<u>149,760,449.59</u>
Total	<u><u>9,376,579.27</u></u>	<u><u>119,390,053.32</u></u>

The analysis of Long-term payables based on maturity date is as follows:

	The Group	
	2025	2024
Within 1 year (including 1 year)	65,356,329.92	149,760,449.59
1 to 2 years (including 2 years)	9,376,579.27	100,272,804.99
2 to 5 years (including 5 years)	<u>—</u>	<u>19,117,248.33</u>
Total	<u><u>74,732,909.19</u></u>	<u><u>269,150,502.91</u></u>

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS — *continued*

27 Deferred income

	The Group	
	2025	2024
Government grants	825,521,354.99	824,600,734.60

28 Share capital

	The Group	
	2025	2024
Total number of shares	388,875,636	388,875,636

Holders of ordinary shares are entitled to receive dividends as and when declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the net assets of the Company.

29 Capital reserve

	The Group			Balance as at 31 December 2025
	Balance as at 1 January 2025	Increase during the year	Decrease during the year	
Share premium	2,245,558,795.97	427,646.48	—	2,245,986,442.45

Other capital reserve include an increase of RMB427,646.48 in capital reserve resulting from the purchase of minority shareholders' equity interests.

30 Treasury shares

	The Group			Balance as at 31 December 2025
	Balance as at 1 January 2025	Increase during the year	Decrease during the year	
Repurchased shares (H Shares)	—	108,110,464.50	—	108,110,464.50

During the year, the Group repurchased a total of 1,628,500 shares outstanding at market prices for future use in employee share incentive schemes.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS — *continued*

31 Surplus reserves

	The Group			Balance as at 31 December 2025
	Balance as at 1 January 2025	Increase during the year	Decrease during the year	
Statutory surplus reserves	162,910,245.33	—	—	162,910,245.33

- (1) Pursuant to the Company Law of the People's Republic of China, the PRC subsidiaries of the Group are required to transfer 10% of their after-tax profits calculated in accordance with the Accounting Law of the People's Republic of China to statutory surplus reserves until such reserves reach 50% of the registered capital. Such transfer must be made prior to the distribution of dividends to shareholders.
- (2) Statutory surplus reserves can be used to offset prior years' losses (if any) and converted into share capital by issuing new shares to shareholders in proportion to their existing shareholdings or increasing the par value of the existing shares held by them, provided that the remaining balance after such issuance shall not be less than 25% of the registered capital.

32 Profit distribution and retained earnings at the end of the year

(1) Distribution of cash profits to investors

(a) Distribution of cash profits during the year

On 22 April 2025, the shareholders approved at the annual general meeting of the Company a total dividend of RMB349,988,072.40 for the year ended 31 December 2024, equivalent to RMB0.9 per share (2024: RMB0 per share).

33 Operating revenue and operating costs

Item	2025		2024	
	Revenue	Cost	Revenue	Cost
Principal business	23,114,598,559.57	19,963,964,310.98	22,437,479,948.11	17,278,821,029.32
Other business	44,425,339.82	12,514,494.95	26,550,496.21	13,636,817.43
Total	23,159,023,899.39	19,976,478,805.93	22,464,030,444.32	17,292,457,846.75
Including: Revenue arising from contracts	23,159,023,899.39	19,976,478,805.93	22,464,030,444.32	17,292,457,846.75

(1) By timing of transfer of goods

Item	2025	2024
Revenue recognized at a point in time	23,159,023,899.39	22,464,030,444.32

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS — *continued*

34 Taxes and surcharges

	The Group	
	2025	2024
Stamp duty	19,451,049.03	16,334,939.53
Real estate tax	9,254,817.87	5,599,216.90
Land use tax	7,117,841.63	7,284,642.45
Environmental protection tax	1,212,647.47	787,271.55
Urban maintenance and construction tax	335,381.54	569,688.30
Resource tax	190,065.92	3,482.42
Education surcharges	154,894.59	253,547.25
Local education surcharges	103,329.47	169,094.67
Vehicle and vessel use tax	21,017.41	12,705.57
Others	1,138,398.13	449,721.24
	<u>38,979,443.06</u>	<u>31,464,309.88</u>
Total	<u>38,979,443.06</u>	<u>31,464,309.88</u>

35 Selling expenses

	The Group	
	2025	2024
Employee compensation	50,794,407.20	48,190,983.29
Transportation and packaging expenses	29,527,906.03	33,969,466.66
Vehicle expenses	8,060,585.60	7,702,354.81
Advertising expenses	6,943,116.51	3,442,458.61
External labour costs	1,366,743.31	2,450,720.50
Depreciation expenses	807,057.39	551,407.09
Others	5,885,114.50	5,147,570.41
	<u>103,384,930.54</u>	<u>101,454,961.37</u>
Total	<u>103,384,930.54</u>	<u>101,454,961.37</u>

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS — *continued*

36 Management fees

	The Group	
	2025	2024
Employee compensation	566,968,719.05	519,020,764.70
Insurance premiums	378,261,816.91	342,317,383.76
Depreciation and amortisation	118,590,447.46	142,420,026.82
Material costs	63,004,649.01	66,010,493.25
Agency service fees	30,545,885.12	46,574,034.21
Vehicle expenses	24,919,675.06	26,647,755.39
Travel expenses	23,018,620.36	21,177,589.30
External labour costs	17,353,223.31	19,176,726.21
Office expenses	13,906,608.87	11,525,787.92
Others	71,337,779.40	73,618,033.95
Total	1,307,907,424.55	1,268,488,595.51

The Group's audit fees for the consolidated financial statements in 2025 amounted to RMB3,600,000.00 (2024: RMB3,600,000.00), with fees for the interim review, audit of subsidiaries' financial statements, and ESG advisory services in 2025 amounting to RMB2,320,000.00 (2024: RMB2,020,000.00).

37 Research and development expenses

	The Group	
	2025	2024
R&D material inputs	159,101,071.16	194,622,568.63
Employee compensation	62,670,877.31	41,201,476.98
Depreciation and amortization	35,117,189.19	26,434,361.91
Utility expenses	6,463,997.43	2,381,426.88
Testing expenses	5,885,843.45	2,773,129.69
Others expenses	7,976,182.71	7,918,458.17
Total	277,215,161.25	275,331,422.26

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS — *continued*

38 Financial costs

	The Group	
	2025	2024
Interest expense on borrowings	111,695,675.80	232,751,019.11
Interest expense on lease liabilities	169,246,394.47	189,055,060.14
Less: Interest expense capitalised	<u>3,179,229.36</u>	<u>20,382,585.37</u>
Net interest expense	277,762,840.91	401,423,493.88
Interest income	(81,402,906.53)	(38,609,623.59)
Net exchange losses/(gains)	12,300.53	(7,460,724.44)
Other finance costs	<u>8,262,776.64</u>	<u>16,636,456.55</u>
Total	<u><u>204,635,011.55</u></u>	<u><u>371,989,602.40</u></u>

The capitalization rate used by the Group during the year to determine the amount of borrowing costs eligible for capitalization ranged from 2.16% to 3.00% (2024: 3.90% to 4.79%).

39 Other income

	The Group	
	2025	2024
Government grants	<u><u>101,657,004.41</u></u>	<u><u>122,255,416.93</u></u>

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS — *continued*

40 Investment income

	The Group	
	2025	2024
Loss on long-term equity investments accounted for using the equity method	(9,065,596.17)	(934,869.38)
Gain on disposal of long-term equity investments	—	920,949.73
Investment income from wealth management products	10,966,328.36	11,115,444.38
Gain on disposal of derivative financial assets	190,201,068.56	98,840,114.56
Total	<u>192,101,800.75</u>	<u>109,941,639.29</u>

41 Losses from changes in fair value

	The Group	
	2025	2024
Financial assets held for trading	(968,271.84)	(982,878.74)
Derivative financial instruments	48,057,290.19	7,604,783.51
Total	<u>47,089,018.35</u>	<u>6,621,904.77</u>

42 Credit impairment (reversal)/losses

	The Group	
	2025	2024
Trade receivables	433,077.35	286,829.00
Other receivables	(5,037,343.43)	12,070,584.06
Total	<u>(4,604,266.08)</u>	<u>12,357,413.06</u>

43 Asset impairment losses

	The Group	
	2025	2024
Write-down of inventories	33,940,099.58	1,994,190.26

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS — *continued*

44 Non-operating income and expenses

(1) *Non-operating income*

	The Group	
	2025	2024
Penalty income	4,228,960.41	4,497,884.39
Government grants	1,898,496.02	2,508,838.42
Unpayable payments	1,146,433.39	4,057,208.20
Others	2,442,256.51	2,436,667.27
Total	9,716,146.33	13,500,598.28

(2) *Non-operating expenses*

	The Group	
	2025	2024
Losses from the damage and scrapping of non-current assets	36,711,707.90	62,270,934.45
External donation	10,557,854.46	10,607,662.97
Others	8,427,697.64	6,105,743.74
Total	55,697,260.00	78,984,341.16

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS — *continued*

45 Income tax expenses

(1) *The components of income tax expenses for the year*

	The Group	
	2025	2024
Income tax for the year	712,936.97	77,938.04
Changes in deferred income tax	(15,020.20)	10,350.24
Total	<u>697,916.77</u>	<u>88,288.28</u>

(2) *Reconciliation between income tax expenses and accounting profits is as follows:*

	The Group	
	2025	2024
Profits before tax	1,422,309,439.19	3,269,015,235.07
Expected income tax calculated at tax rate of 25%	355,577,359.80	817,253,808.77
Expenses not deductible for tax purposes	3,292,770.13	6,347,818.49
Effect of utilisation of deductible tax losses for which no deferred tax asset was recognized in previous periods	(555,895.53)	(10,277,933.77)
Effect of deductible temporary differences or deductible tax losses for which no deferred tax asset was recognized during the year	55,759,770.87	37,028,115.86
Losses from agriculture, forestry, animal husbandry and fishery projects	106,134,829.01	37,987,756.61
Tax exemption on income from agriculture, forestry, animal husbandry and fishery projects	(519,510,917.51)	(888,251,277.68)
Income tax expenses for the year	<u>697,916.77</u>	<u>88,288.28</u>

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS — *continued*

46 The calculations of basic and diluted earnings per share

(1) *Basic earnings per share*

The basic earnings per share is calculated by dividing the consolidated net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding of the Company:

	2025	2024
Consolidated net profit attributable to ordinary shareholders of the Company	1,433,249,355.02	3,159,889,896.08
Weighted average number of ordinary shares outstanding of the Company	388,750,223.00	388,875,636.00
Basic earnings per share (RMB/per share)	3.69	8.13

The weighted average number of ordinary shares is calculated as follows:

	2025	2024
Number of ordinary shares outstanding at the beginning of the year	388,875,636.00	388,875,636.00
Effect of shares repurchased (Note V. 30)	(125,413.00)	—
Weighted average number of ordinary shares outstanding at the end of the year	<u>388,750,223.00</u>	<u>388,875,636.00</u>

(2) *Diluted earnings per share*

For the year ended 31 December 2025, the Group had no potential ordinary shares with dilutive effect, therefore diluted earnings per share is the same as basic earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS — *continued*

47 Supplementary information on the statement of cash flows

(1) *Net profit adjusted to cash flows from operating activities:*

	The Group	
	2025	2024
Net profit	1,421,611,522.42	3,268,926,946.79
Add: Asset impairment losses	33,940,099.58	1,994,190.26
Credit impairment (reversal)/losses	(4,604,266.08)	12,357,413.06
Depreciation of fixed assets	619,172,717.39	614,686,148.09
Depreciation of productive biological assets	455,177,464.93	480,714,570.43
Amortisation of intangible assets	7,932,869.74	6,206,319.09
Amortisation of long-term deferred expenses	13,972,488.95	11,782,092.21
Depreciation of right-of-use assets	245,696,965.69	278,803,789.24
Amortisation of deferred income	(65,492,615.29)	(78,529,153.42)
Gains from disposal of fixed assets, intangible assets and other long-term assets	(533,477.04)	(431,723.67)
Losses on scrapping of non-current assets	36,711,707.90	62,270,934.45
Losses from changes in fair value	47,089,018.35	6,621,904.77
Financial costs	277,205,650.18	401,423,493.88
Investment income	(192,101,800.75)	(109,941,639.29)
(Increase)/decrease in deferred tax assets	(15,020.20)	10,350.24
Increase in inventories	(756,909,759.23)	(618,747,761.11)
Increase in deferred income	66,413,235.68	105,569,696.68
(Increase)/decrease in restricted monetary funds	(20,580,922.32)	264,524,569.71
(Increase)/decrease in operating receivables	(334,896,128.60)	133,548,278.89
Increase in operating payables	687,188,941.66	540,733,707.53
Others	(6,307,224.13)	(20,721,558.12)
Net cash flows generated from operating activities	<u>2,530,671,468.83</u>	<u>5,361,802,569.71</u>

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS — *continued*

47 Supplementary information on the statement of cash flows — *continued*

(2) *Net movements in cash and cash equivalents:*

	The Group	
	2025	2024
Balance of cash and cash equivalents at the end of the year	4,333,539,252.61	4,491,952,037.92
Less: Balance of cash and cash equivalents at the beginning of the year	<u>4,491,952,037.92</u>	<u>2,544,829,524.19</u>
Net (decrease)/increase in cash and cash equivalents	<u>(158,412,785.31)</u>	<u>1,947,122,513.73</u>

(3) *An analysis of cash and cash equivalents held by the Group is as follows:*

	The Group	
	2025	2024
(a) Monetary funds		
— Bank deposits readily available for payment	1,245,513,090.67	2,882,012,021.99
— Other monetary funds readily available for payment	3,088,026,161.94	1,609,940,015.93
— Use of restricted monetary funds	<u>255,850,641.99</u>	<u>235,269,719.67</u>
(b) Closing balance of monetary funds and cash equivalents	4,589,389,894.60	4,727,221,757.59
Less: use of restricted monetary funds	<u>255,850,641.99</u>	<u>235,269,719.67</u>
(c) Closing balance of cash and cash equivalents balances readily realizable	<u>4,333,539,252.61</u>	<u>4,491,952,037.92</u>

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS — continued

48 Lease

(1) The Group as lessee

Item	2025	2024
Short-term lease expenses applied the practical expedient	12,992,906.97	12,399,570.13

(a) Short-term leases or leases of low-value assets

The Group also leases vehicles, refrigeration equipment, etc. for periods of less than one year. These leases are short-term leases or leases of low-value assets. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

VI. CHANGES TO THE SCOPE OF CONSOLIDATION

In 2025, there are 33 new subsidiaries, including Sichuan Denong Food Co., Ltd. (四川德農食品有限公司), Nong'an Dekangxin Agriculture and Animal Husbandry Co., Ltd. (農安縣德康鑫農牧有限公司), Qu County Deyu Pig Farming Co., Ltd. (渠縣德育生豬養殖有限公司), Dazhou Deyu Breeding Pig Technology Co., Ltd. (達州市德育種豬繁育科技有限公司), Chongqing Qianjiang Dekon Breeding Technology Co., Ltd. (重慶黔江德康養殖技術有限公司), Ningnan County Dekon Agriculture and Animal Husbandry Technology Co., Ltd. (寧南縣德康農牧科技有限公司), Yibin Xuzhou District Dejingkang Animal Husbandry Technology Co., Ltd. (宜賓敘州區德旌康畜牧科技有限公司), Jiangnan Deyoukang Animal Husbandry Technology Co., Ltd. (江安德育康畜牧科技有限公司), Mianning Dekon Xingwang Pig Farming Co., Ltd. (冕寧德康興旺生豬養殖有限公司), Gongxian Deyoukang Animal Husbandry Technology Co., Ltd. (珙縣德育康畜牧科技有限公司), Changning County Dexinkang Animal Husbandry Technology Co., Ltd. (長寧縣德信康畜牧科技有限公司), Renshou Deyuxing Breeding Pig Technology Co., Ltd. (仁壽德育興種豬繁育科技有限公司), Xiushan Dexinkang Pig Breeding Co., Ltd. (秀山德鑫康生豬養殖有限公司), Yinjiang Dekon Agriculture Co., Ltd. (印江德康農牧有限公司), Tongren Dekang Agriculture Co., Ltd. (銅仁德康農牧有限公司), Huishui Deyu Breeding Pig Technology Co., Ltd. (惠水德育種豬科技有限公司), Anshun Deyu Breeding Pig Technology Co., Ltd. (安順德育種豬科技有限公司), Kaiyang Dekon Agriculture Co., Ltd. (開陽德康農牧有限公司), Eshan Dexinkang Pig Breeding Co., Ltd. (峨山德鑫康生豬養殖有限公司), Jinzhai Dekangxing Pig Breeding Co., Ltd. (金寨德康興生豬養殖有限公司), Yancheng Dekon Animal Husbandry Co., Ltd. (鹽城德康畜牧有限公司), Henan Huikang Hechuang Breeding Co., Ltd. (河南匯康合創養殖有限公司), Pingnan Dekon Animal Husbandry Technology Co., Ltd. (平南德康畜牧科技有限公司), Hubei Province Dekang He'an Agriculture and Animal Husbandry Co., Ltd. (湖北省德康禾安農牧有限公司), Wuhan Dekang Agriculture Co., Ltd. (武漢市德康農牧有限公司), Hainan Desheng Xinkang Investment Co., Ltd. (海南德盛鑫康投資有限公司), Chengdu Deyan Business Management Co., Ltd. (成都德衍商業管理有限公司), Suining Dekon Modern Agriculture Development Co., Ltd. (遂寧德康現代農業發展有限公司), Hainan Xindekang Food Co., Ltd. (海南鑫德康食品有限公司), Guangdong Ainong Animal Husbandry Service Co., Ltd. (廣東艾農畜牧服務有限公司), Dayi Dekon Agriculture Technology Co., Ltd. (大邑德康農牧科技有限公司), Wusheng County Dekon Agriculture and Animal Husbandry Technology Co., Ltd. (大邑德康農牧科技有限公司), Wusheng County Dekon Agriculture and Animal Husbandry Technology Co., Ltd. (武勝縣德康農牧科技有限公司), Dekon International Development Limited. Cancellation of 4 subsidiaries: Yulin Dekon Poultry Breeding Co., Ltd. (玉林德康家禽養殖有限公司), Xifeng Dekon Agricultural Science and Technology Co., Ltd. (息烽德康農業科技有限公司), Danling County Dekang Agriculture and Animal Husbandry Co., Ltd. (丹棱縣德康農牧有限公司) and Qingshen Dekon Agriculture and Animal Husbandry Co., Ltd. (青神德康農牧有限公司).

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

VII. INTERESTS IN OTHER ENTITIES

1 Interests in significant subsidiaries

(1) Composition of enterprise groups

Name of company	Place of registration and business	Kind of legal entity	Registered capital	Nature of business	Group's effective interest		
					Group's effective interest	Held by the Company	Held by subsidiaries
Chengdu Dekon Animal Husbandry Technology Co., Ltd. 成都德康畜牧科技有限公司	PRC	Limited liability company	140,000,000	Holding company	100%	100%	—
Chengdu Dekon Animal Health Technology Service Co., Ltd. 成都德康動物健康技術服務有限公司	PRC	Limited liability company	50,000,000	Trading	100%	100%	—
Renshou Dekon Agriculture and Animal Husbandry Co., Ltd. 仁壽德康農牧有限公司	PRC	Limited liability company	100,000,000	Pig breeding	100%	—	100%
Zigong Dekon Animal Husbandry Technology Co., Ltd. 自貢德康農牧科技有限公司	PRC	Limited liability company	64,500,000	Pig breeding	100%	—	100%
Chongqing Hechuan Dekon Pig Farming Co., Ltd. 重慶市合川區德康生豬養殖有限公司	PRC	Limited liability company	20,000,000	Pig breeding	100%	—	100%
Xishui Dekon Agriculture and Animal Husbandry Co., Ltd. 習水德康農牧有限公司	PRC	Limited liability company	20,000,000	Pig breeding	100%	—	100%
Suqian Dekon Agriculture and Animal Husbandry Co., Ltd. 宿遷德康農牧有限公司	PRC	Limited liability company	20,000,000	Pig breeding	100%	—	100%
Guizhou Deyu Gene Technology Co., Ltd. 貴州德育基因科技有限公司	PRC	Limited liability company	233,253,900	Holding company	86%	—	86%
Yibin Dekon Food Co., Ltd. 宜賓德康食品有限公司	PRC	Limited liability company	240,000,000	Food processing	100%	—	100%
Horqin Right Front Banner Dekon Agriculture and Animal Husbandry Co., Ltd. 科爾沁右翼前旗德康農牧有限公司	PRC	Limited liability company	50,000,000	Pig breeding	70%	—	100%

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

VII. INTERESTS IN OTHER ENTITIES — *continued*

1 Interests in significant subsidiaries — *continued*

(1) Composition of enterprise groups — *continued*

Name of company	Place of registration and business	Kind of legal entity	Registered capital	Nature of business	Group's effective interest		
					Group's effective interest	Held by the Company	Held by subsidiaries
Sihong Dekon Farming and Technology Co., Ltd. 泗洪德康農牧科技有限公司	PRC	Limited liability company	185,000,000	Pig breeding	65%	—	100%
Chengdu Dekon Chicken Breeding Co., Ltd. 成都德康雞業有限公司	PRC	Limited liability company	72,000,000	Holding company	100%	100%	—
Anshun Dekon Agriculture and Animal Husbandry Co., Ltd. 安順德康農牧有限公司	PRC	Limited liability company	192,000,000	Pig breeding	100%	—	100%
Chongqing Wanzhou Dekon Agriculture and Animal Husbandry Technology Co., Ltd. 重慶萬州德康農牧科技有限公司	PRC	Limited liability company	30,000,000	Pig breeding	76%	—	76%
Sichuan Dekon-Tönnies Premium Food Co., Ltd. 四川德康通內斯食品有限公司	PRC	Limited liability company	148,500,000	Food processing	50%	50%	—
Songtao Dekon Agriculture and Animal Husbandry Co., Ltd. 松桃德康農牧有限公司	PRC	Limited liability company	10,000,000	Pig breeding	100%	—	100%
Kaiping Jinjiwang Poultry Co., Ltd. 開平金雞王禽業有限公司	PRC	Limited liability company	6,000,000	Yellow-feathered broiler farming	92%	—	100%
Chengdu Dekon Xin Gene Technology Co., Ltd. 成都德康芯基因科技有限公司	PRC	Limited liability company	100,000,000	Holding company	100%	100%	—

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

VII. INTERESTS IN OTHER ENTITIES — *continued*

2 Interests in associates

(1) *Details of associates are as follows:*

Name of enterprise	Place of registration and business	Registered capital	Business nature	Group's effective interest		
				Group's effective interest	Held by the Company	Held by subsidiaries
associates						
Jilin Jinlongfeng Agriculture and Animal Husbandry Technology Co., Ltd. 吉林金隆豐農牧科技有限公司	PRC	100,000,000	Pig farming	20.0%	—	20.0%
Wangmo County Hongyoukang Breeding Pig Co., Ltd. 望謨縣紅優康種豬育種有限公司	PRC	30,000,000	Pig farming	20.0%	—	20.0%
Quanzhou Kangyuan Food Co., Ltd 泉州康源食品有限公司	PRC	50,000,000	Food process	35.0%	35.0%	—
Yala Derong (Guangdong) Agricultural Investment Co., Ltd. 雅拉德榮(廣東)農業投資有限公司	PRC	100,000,000	Beef cattle breeding	19.9%	—	19.9%

(2) *Summarised financial information of immaterial associates is as follows:*

	2025	2024
Associates:		
Aggregate carrying amount of investments	33,303,813.83	10,219,410.00
Aggregate amount of share of		
— Net loss	(9,065,596.17)	(934,869.38)
— Other comprehensive income	(9,065,596.17)	(934,869.38)

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS

The Group is exposed to various risks associated with financial instruments in its ordinary course of activities, which primarily include:

- Credit risk
- Liquidity risk
- Interest rate risk
- Currency risk

The following sections primarily discuss the exposures to the aforementioned risks and their causes, as well as any changes during the year, the risk management objectives, policies and procedures, and the methods used to measure the risks, along with any changes during the year.

The Group's objective in undertaking risk management is to achieve an appropriate balance between risk and return, aiming to minimize the adverse effects of financial risks on the Group's financial performance. Based on this risk management objective, the Group has established risk management policies to identify and analyze the risks it faces, set appropriate risk tolerance levels, and design corresponding internal control procedures to monitor the Group's risk levels. The Group regularly reviews these risk management policies and the related internal control systems to adapt to changes in market conditions or the Group's operational activities.

1 Credit risk

Credit risk refers to the risk that one party to a financial instrument cannot perform its obligations, causing the other party to suffer financial losses. The credit risk of the Group mainly comes from trade and other receivables. Management will continue to monitor these credit risk exposures.

The Group's cash and cash equivalents other than cash are mainly deposited in financial institutions with good credibility. Management believes that there is no significant credit risk, and it is expected that there will be no losses to the Group caused by the counterparty's default.

The Group's maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

(1) Trade receivables

The Group's exposure to credit is influenced mainly by the individual characteristics of each customer rather than the industry or country/region in which the customers operate. Therefore, significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As of the balance sheet date, 31% (2024: 66%) of total accounts receivable were due from the Group's five largest customers.

Please refer to the disclosures in Note V, 4 for specific information regarding accounts receivable.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS — *continued*

1 Credit risk — *continued*

(2) Derivative instruments

The Group enters into derivative contracts with counterparties, such as banks and financial institutions, which are required to have good credit ratings and with whom the Group has entered into netting arrangements. Given the satisfactory credit ratings of these counterparties, the Group's management does not anticipate any default by the counterparties in fulfilling their obligations.

2 Liquidity Risk

Liquidity risk refers to the risk that an enterprise will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group is responsible for its own and its subsidiaries' cash management, which includes investing surplus cash in short-term investments and raising loans to cover expected cash demands (approval from the Board of the Company is required if the borrowing exceeds certain pre-set authorization limits). The Group's policy is to regularly monitor its short-term and long-term liquidity requirements and its compliance with loan agreement covenants, to ensure that it maintains sufficient cash reserves and readily realizable marketable securities, while also securing adequate committed standby funding from major financial institutions to meet short-term and longer-term liquidity needs.

The following table sets out the remaining contractual maturities of the Group's financial liabilities at the balance sheet date, which are based on undiscounted contractual cash flows (including interest payments computed using contractual interest rates, or if floating rate, the current rate at 31 December) and the earliest date the Group is required to pay:

The Group

	2025 Contractual undiscounted cash outflow					Total	Carrying amount in the balance sheet
	Within 1 year (inclusive) or on demand	More than 1 year but less than 2 years (inclusive)	More than 2 years but less than 5 years (inclusive)	More than 5 years			
Short-term borrowings	486,848,909.59	—	—	—	486,848,909.59	480,000,000.00	
Long-term borrowings	81,596,021.59	1,811,526,129.27	766,052,803.83	109,076,865.18	2,768,251,819.87	2,585,692,361.13	
Long-term payables	—	9,510,120.20	—	—	9,510,120.20	9,376,579.27	
Lease liabilities	—	265,992,407.11	777,278,699.47	2,684,541,728.66	3,727,812,835.24	2,757,096,229.15	
Non-current liabilities within one year	657,130,110.57	—	—	—	657,130,110.57	503,822,772.11	
Trade payables	2,507,237,897.07	—	—	—	2,507,237,897.07	2,507,237,897.07	
Other payables	4,370,889,026.20	—	—	—	4,370,889,026.20	4,370,889,026.20	
Derivative financial liabilities	23,442,923.01	—	—	—	23,442,923.01	23,442,923.01	
Total	8,127,144,888.03	2,087,028,656.58	1,543,331,503.30	2,793,618,593.84	14,551,123,641.75	13,237,557,787.94	

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS — *continued*

2 Liquidity Risk — *continued*

The Group

	2024 Contractual undiscounted cash outflow					Total	Carrying amount in the balance sheet
	Within 1 year (inclusive) or on demand	More than 1 year but less than 2 years (inclusive)	More than 2 years but less than 5 years (inclusive)	More than 5 years			
Short-term borrowings	1,103,894,109.40	—	—	—	1,103,894,109.40	1,099,208,325.00	
Long-term borrowings	—	472,200,366.16	1,443,008,646.79	93,961,671.37	2,009,170,684.32	1,893,927,910.51	
Long-term payables	—	105,204,636.08	19,901,753.20	—	125,106,389.28	119,390,053.32	
Lease liabilities	—	251,543,432.69	717,481,914.03	2,627,999,970.62	3,597,025,317.34	2,569,441,411.31	
Non-current liabilities within one year	1,539,728,113.87	—	—	—	1,539,728,113.87	1,298,418,068.57	
Trade payables	1,944,826,361.47	—	—	—	1,944,826,361.47	1,944,826,361.47	
Other payables	4,221,172,934.36	—	—	—	4,221,172,934.36	4,221,172,934.36	
Derivative financial liabilities	22,933,605.53	—	—	—	22,933,605.53	22,933,605.53	
Total	8,832,555,124.63	828,948,434.93	2,180,392,314.02	2,721,961,641.99	14,563,857,515.57	13,169,318,670.07	

3 Interest Rate Risk

The Group's interest-bearing financial instruments with fixed interest rates expose the Group to fair value interest rate risk, while those with floating interest rates expose the Group to cash flow interest rate risk. The Group determines the proportion of fixed-rate and floating-rate instruments based on market conditions, and maintains an appropriate mix of fixed and floating rate instruments through regular review and monitoring. The Group does not use derivative financial instruments to hedge interest rate risk.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS — *continued*

3 Interest Rate Risk — *continued*

(1) *The interest-bearing financial instruments held by the Group as at 31 December are as follows:*

	2025		2024	
	Effective rate	Amount	Effective rate	Amount
Fixed-rate financial instruments				
Lease liabilities	3.75%–4.78%	2,885,395,520.62	4.78%	2,694,478,422.66
Bank borrowings	2.40%–3.50%	266,000,000.00	2.94%–4.85%	775,323,913.00
Other borrowings	1.40%–2.55%	<u>112,000,000.00</u>	1.94%–6.50%	<u>741,234,987.43</u>
Total		<u>3,263,395,520.62</u>		<u>4,211,037,323.09</u>
Floating-rate financial instruments				
Bank borrowings	2.16%–3.70%	2,997,859,511.85	2.55%–5.39%	2,605,132,930.14
Long-term payables	3.70%–4.75%	<u>74,732,909.19</u>	4.40%–4.75%	<u>164,215,215.48</u>
Total		<u>3,072,592,421.04</u>		<u>2,769,348,145.62</u>

(2) *Sensitivity analysis*

As at 31 December 2025, an increase/decrease of 100 basis points in interest rates, with all other variables held constant, would decrease/increase the shareholders' equity and net profit of the Group by RMB30,725,924.21 (2024: RMB27,693,481.46) and RMB30,725,924.21 (2024: RMB27,693,481.46), respectively.

The sensitivity analysis above indicates the instantaneous change in the net profit and shareholders' equity that would arise assuming that the change in interest rates had occurred at the balance sheet date and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the balance sheet date. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the balance sheet date, the impact on the net profit and shareholders' equity is estimated as an annualized impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for the previous year.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS — *continued*

4 Foreign exchange risk

In respect of cash and bank balances, accounts receivable and payable, short-term borrowings and other assets and liabilities denominated in foreign currencies other than the functional currency, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

(1) As at 31 December, the Group's exposure to currency risk arising from recognized assets or liabilities denominated in foreign currencies is presented in the following tables. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate at the balance sheet date. The translation differences of foreign currency financial statements are not included.

The Group

	2025		2024	
	USD Projects	HKD Projects	USD Projects	HKD Projects
Cash at bank and on hand	10,300,259.30	630,969.66	5,407,586.40	44,977.78
Gross balance sheet exposure	10,300,259.30	630,969.66	5,407,586.40	44,977.78

(2) *The followings are the exchange rates for Renminbi against foreign currencies applicable to the Group:*

	Average exchange rate		Reporting date mid-spot rate	
	2025	2024	2025	2024
USD	7.0288	7.1884	7.1086	7.1356
HKD	0.9032	0.9260	0.9146	0.9161

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS — *continued*

4 Foreign exchange risk — *continued*

(3) *Sensitivity analysis*

Assuming all other risk variables remained constant, a 1% strengthening of the Renminbi against the US dollar and the HK dollar at 31 December would result in a decrease in the Group's shareholders' equity and net profit, the effects of which are set out below. Such effects are translated into Renminbi at the spot exchange rate as at the balance sheet date.

	Shareholders' equity and net profit	
	2025	2024
USD	77,251.94	40,556.90
HKD	19,605.60	337.33
Total	96,857.54	40,894.23

A 1% weakening of the Renminbi against the US dollar, the euro and HK dollar at 31 December would have had the equal but opposite effect on the shareholders' equity and net profit to the amounts shown above, on the basis that all other variables remained constant.

The sensitivity analysis above assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group or the Company that are exposed to foreign currency risk at the balance sheet date. The analysis above excludes the translation differences of foreign currency financial statements. The analysis is performed on the same basis using identical methods for previous year.

IX. FAIR VALUE DISCLOSURE

1 Assets and liabilities measured at fair value

The following table presents the fair value information and the hierarchy of fair value measurement at the end of the Reporting Period, of the Group's assets and liabilities which are measured at fair value at each balance sheet date on a recurring and non-recurring basis. The level in which the result of fair value measurement is categorized is determined by the lowest level input that is significant to the entire fair value measurement. The three levels of input are defined as follows:

Level 1 inputs:	unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities;
Level 2 inputs:	inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities;
Level 3 inputs:	inputs that are unobservable for underlying assets or liabilities.

The fair value of derivative financial instruments is determined by quoted prices in active markets, so it falls into Level 1 of the fair value hierarchy. The fair value measurement of RMB wealth management products and unlisted equity investment fall into level 3 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

IX. FAIR VALUE DISCLOSURE — *continued*

1 Assets and liabilities measured at fair value — *continued*

The Group

	Note	31 December 2025			Total
		Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
Recurring fair value measurement					
Assets					
Financial assets held for trading	V.2	—	—	151,208,630.14	151,208,630.14
Including: wealth management products		—	—	151,208,630.14	151,208,630.14
Derivative financial assets	V.3	51,970,039.34	—	—	51,970,039.34
Total assets at recurring fair value measurement		51,970,039.34	—	151,208,630.14	203,178,669.48
Liabilities					
Derivative financial liabilities	V.3	(23,442,923.01)	—	—	(23,442,923.01)
Total liabilities at recurring fair value measurement		(23,442,923.01)	—	—	(23,442,923.01)

	Note	31 December 2024			Total
		Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
Recurring fair value measurement					
Assets					
Financial assets held for trading	V.2	—	—	741,647,837.75	741,647,837.75
Including: wealth management products		—	—	741,407,479.45	741,407,479.45
equity instrument investments		—	—	240,358.30	240,358.30
Derivative financial assets	V.3	94,950,800.00	—	—	94,950,800.00
Total assets at recurring fair value measurement		94,950,800.00	—	741,647,837.75	836,598,637.75
Liabilities					
Derivative financial liabilities	V.3	(22,933,605.53)	—	—	(22,933,605.53)
Total liabilities at recurring fair value measurement		(22,933,605.53)	—	—	(22,933,605.53)

In 2025, there were no transfers between the levels for assets and liabilities which are measured at fair value on a recurring basis.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

IX. FAIR VALUE DISCLOSURE — *continued*

1 Assets and liabilities measured at fair value — *continued*

(1) Level 3 fair value measurements

A dedicated team led by the Finance Manager is responsible for valuing assets and liabilities measured at level 3 fair value, both on a recurring and non-recurring basis. This team reports directly to the Chief Financial Officer. The team prepares an analysis of changes in fair value measurements at the mid-year and year-end, which is reviewed and approved by the Chief Financial Officer. At the mid-year and year-end, the team discusses the valuation process and results with the Chief Financial Officer.

The fair value of RMB wealth management products is determined by calculating based on the discounted cash flow method. The main level 3 inputs used by the Group for RMB wealth management products are the expected rates of return. At 31 December 2025, if the expected rate of return of the investment in RMB wealth management products held by the Group had been one percentage point higher/lower, the Group's profit for the year and retained profits would have been RMB1,512,086.30 higher/lower.

In 2025, there were no changes to the valuation techniques used to determine the fair value of the assets and liabilities measured at level 3 fair value on a recurring basis.

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Information regarding the Company's parent company is as follows:

Name of Parent Company	Place of Registration	Nature of Business	Registered Capital	Percentage of Shares Held in the Company	Percentage of Voting Rights in the Company
Sichuan Dekon Holding Group Co., Ltd.	Sichuan Province, China	Investment, Asset Management	RMB169.30 million	33.7%	33.7%

At 31 December 2025, the directors of the Group consider the immediate holding company and ultimate controlling party of the Group to be Sichuan Dekon Holding Group Co., Ltd. and Mr. Wang Degen, respectively. Sichuan Dekon Holding Group Co., Ltd. does not produce financial statements available for public use.

2 For information regarding the Company's major subsidiaries, see Note VII.1.

3 Transactions between the Group and the Company and key management personnel

Remuneration of the Group's key management personnel refers to payments made to the Company's directors and supervisors; for details, see Note XIII.2.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS — *continued*

4 Transactions between the Group and the Company and related parties other than key management personnel:

(1) The amounts of transactions with related parties are as follows:

	The Group	
	2025	2024
Sales of goods	37,687,639.86	13,467,420.31
Purchase of goods	1,852,691,033.28	934,955,904.02
Repayment of borrowings	12,000,000.00	1,190,000.00

The transactions with related parties described above were conducted on normal commercial terms or in accordance with the relevant agreements.

(2) The balances of transactions with related parties as of December 31 are as follows:

	The Group	
	2025	2024
Trade receivables	3,504,954.78	—
Trade payables	125,900,331.79	15,795,283.41
Other payables	—	14,000,000.00

(3) Related parties involved in the transactions described in 4(1) and (2) and their relationship with the Group

Company name	Relationship with the Group
Wang Degen	Ultimate controlling party
Zhang Qiang	Spouse of the ultimate controlling party
Sichuan Dekon Holding Group Co., Ltd.	A company controlled by the ultimate controlling party
Sichuan Tequ Investment Group Limited (四川特驅投資集團有限公司)	A company controlled by the ultimate controlling party
Sichuan Puhua Agricultural Technology Development Limited (四川普華農業科技發展有限公司)	A company controlled by the spouse of the ultimate controlling party
Baoding Wanqian Feed Co., Ltd. (保定萬千飼料有限公司)	A subsidiary of Sichuan Tequ
Suzhou Wanqian Feed Co., Ltd. (宿州萬千飼料有限公司)	A subsidiary of Sichuan Tequ
Chengdu Tequ Agriculture and Animal Husbandry Technology Co., Ltd. (成都特驅農牧科技有限公司)	A subsidiary of Sichuan Tequ
Nanchong Tequ Tequ Feed Co., Ltd. (南充特驅飼料有限公司)	A subsidiary of Sichuan Tequ
Chongqing Tequ Feed Co., Ltd. (重慶特驅飼料有限公司)	A subsidiary of Sichuan Tequ
Chongqing Shengbo Feed Co., Ltd. (重慶生搏飼料有限公司)	A subsidiary of Sichuan Tequ
Chongqing Rongchang District Tequ Feed Co., Ltd. (重慶市榮昌區特驅飼料有限公司)	A subsidiary of Sichuan Tequ
Guiyang Tequ Hope Agriculture and Husbandry Co., Ltd. (貴陽特驅希望農業科技有限公司)	A subsidiary of Sichuan Tequ
Chengdu Bond Technology Co., Ltd. (成都邦得科技有限公司)	A subsidiary of Sichuan Tequ
Yibin Tequ Feed Co., Ltd. (宜賓特驅飼料有限公司)	A subsidiary of Sichuan Tequ

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS — *continued*

4 Transactions between the Group and the Company and related parties other than key management personnel: — *continued*

(3) *Related parties involved in the transactions described in 4(1) and (2) and their relationship with the Group — continued*

Company name	Relationship with the Group
Xinjin Bond Technology Co., Ltd. (新津邦得科技有限公司)	A subsidiary of Sichuan Tequ
Kunming Tequ Feed Co., Ltd. (昆明特驅飼料有限公司)	A subsidiary of Sichuan Tequ
Guanghan Tequ Agriculture and Animal Husbandry Technology Co., Ltd. (廣漢特驅農牧科技有限公司)	A subsidiary of Sichuan Tequ
Deyang Tequ Feed Co., Ltd. (德陽特驅飼料有限公司)	A subsidiary of Sichuan Tequ
Zhanjiang Tequ Feed Co., Ltd. (湛江特驅飼料有限公司)	A subsidiary of Sichuan Tequ
Leshan Tequ Feed Co., Ltd. (樂山特驅飼料有限公司)	A subsidiary of Sichuan Tequ
Zhumadian Tequ Feed Co., Ltd. (駐馬店特驅飼料有限公司)	A subsidiary of Sichuan Tequ
Zhaodong Tequ Feed Co., Ltd. (肇東特驅飼料有限公司)	A subsidiary of Sichuan Tequ
Sichuan Tequ Feed Co., Ltd. (四川特驅農牧科技集團有限公司)	A subsidiary of Sichuan Tequ
Chengdu Chuannongniu Technology Co., Ltd. (成都川農牛科技有限公司)	A subsidiary of Sichuan Tequ
Sichuan Lvkepuhua Trading Co., Ltd. (四川綠科普華商貿有限公司)	A subsidiary of Sichuan Tequ
Chongqing Lvke Xianggang Logistics Co., Ltd. (重慶綠科祥港物流有限公司)	A subsidiary of Sichuan Tequ
Chongqing JinTianTequ Feed Co., Ltd. (重慶今天特驅飼料有限公司)	A subsidiary of Sichuan Tequ
Soping Tequ Feed Co., Ltd. (四平特驅飼料有限公司)	A subsidiary of Sichuan Tequ
Xishui Xianyuan Honggu Tea Tree Tea Industry Co., Ltd. (習水仙源紅古茶樹茶業有限公司)	A subsidiary of Sichuan Tequ
Beijing Tequxiwang Feed Co., Ltd. (北京特驅希望飼料有限公司)	A subsidiary of Sichuan Tequ
Sichuan Wanqian Feed Co., Ltd. (四川省內江萬千飼料有限公司)	A company controlled by a shareholder
Xichang Wanqian Feed Co., Ltd. (西昌萬千飼料有限責任公司)	A company controlled by a shareholder
Guigang Wanqian Feed Co., Ltd. (貴港市萬千飼料有限責任公司)	A company controlled by a shareholder
Guang'an Wanqian Group Co., Ltd. (廣安萬千集團有限公司)	A company controlled by a shareholder
Chengdu Jiayuan International Hotel Co., Ltd. (成都家園國際酒店有限公司)	A company controlled by a shareholder
Sichuan Zhenghu Wisdom Technology Co., Ltd. (四川正狐智慧科技有限公司)	Associates of the ultimate controlling party
Jilin Huixin Tiancheng Investment Co., Ltd. (吉林匯鑫天成投資有限公司)	Non-controlling shareholders of the subsidiary
Wangmo County Hongyoukang Breeding Pig Farm Co., Ltd. (望謨縣紅優康種豬育種有限公司)	Associated company
Da'an Jinlongfeng Agriculture and Animal Husbandry Co., Ltd. (大安市金隆豐農牧有限公司)	Subsidiary of an associated company
Chengdu Xinjin Hope Feed Mill (成都市新津希望飼料廠)	A company controlled by a shareholder and his/her close family members

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS — *continued*

5 Information on the Group's joint ventures and associates:

The Group has no joint ventures; for information on associates, please refer to Note VII.2.

XI. CAPITAL MANAGEMENT

The major objective of the Group's capital management is to ensure the Group's continuing operation, and provide the shareholders with continuous return by establishing a price of products and service that matches the risk level so as to obtain financing at reasonable cost.

The Group defines "capital" as shareholders' equity. The Group's capital excludes balances of related party transactions.

The Group reviews and manages its capital structure on a regular basis, aiming to achieve most ideal capital structure and return to shareholders. The factors that the Group takes into consideration include: the Group's future capital demand, capital efficiency, actual and expected profitability, expected cash flows, expected capital expenditures and etc. If the economic conditions change and affect the Group, the Group will adjust the capital structure.

Neither the Company nor any of the Company's subsidiaries are subject to external mandatory capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

XII. COMMITMENTS

As at 31 December, the Group had the following capital commitments:

	The Group	
	2025	2024
Total	898,565,997.75	862,470,347.57

XIII. OTHER SIGNIFICANT EVENTS

1 Segment reporting

The Group has three reporting segments, namely sales of pigs, sales of poultry, and sales of ancillary products. Each reporting segment is a separate business division that offers different products and services. As each segment requires different technologies and market strategies, it needs to be managed separately

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

(1) Information of profit or loss, assets and liabilities of reporting segments

In order to evaluate the performance of each segment and allocate resources, the management of the Group will regularly review the revenue and operating results attributable to each segment. The preparation of such information is based on the followings:

Revenue and costs are recognized based on the sales revenue achieved by each segment and the costs allocated to each reportable segment. The profit of each reporting segment is measured using gross profit as the indicator. Intersegment transactions are priced with reference to the prices of similar products sold to external customers.

The Group's other operating profit or loss (such as administrative expenses and selling expenses), as well as related assets and liabilities, are not accounted for at the individual segment level. Therefore, no information on segment assets or segment liabilities, or on capital expenditure, interest income, or interest expenses is disclosed.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

XIII. OTHER SIGNIFICANT EVENTS — *continued*

1 Segment reporting — *continued*

(1) Information of profit or loss, assets and liabilities of reporting segments — *continued*

The segment performance of the Group for the years ended 31 December 2025 and 2024 is as follows:

	2025			Total
	Sales of pigs	Sales of poultry	Sales of ancillary products	
Revenue from external customers	18,807,494,310.70	2,929,959,042.17	1,421,570,546.52	23,159,023,899.39
Inter-segment revenue	381,226,868.31	240,314.12	5,410,804,465.02	5,792,271,647.45
Reportable segment revenue	19,188,721,179.01	2,930,199,356.29	6,832,375,011.54	28,951,295,546.84
Reportable segment gross profit	3,114,104,523.88	(9,884,710.30)	29,378,635.72	3,133,598,449.30

	2024			Total
	Sales of pigs	Sales of poultry	Sales of ancillary products	
Revenue from external customers	18,272,546,645.81	3,275,812,762.77	915,671,035.74	22,464,030,444.32
Inter-segment revenue	621,005,942.65	104,397.76	5,136,332,766.06	5,757,443,106.47
Reportable segment revenue	18,893,552,588.46	3,275,917,160.53	6,052,003,801.80	28,221,473,550.79
Reportable segment gross profit	5,002,346,995.84	333,781,266.03	(35,523,054.59)	5,300,605,207.28

(2) Geographic information

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

(3) Major customers

Revenue from each individual customer of the Group is below 10% of the Group's total revenue in 2025 and 2024.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

XIII. OTHER SIGNIFICANT EVENTS — *continued*

2 Directors' emoluments

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

Name	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Discretionary bonuses	Total of 2025
Executive directors					
Wang Dehui	—	1,950,841.50	—	660,000.00	2,610,841.50
Yao Hailong	—	2,765,829.74	44,040.96	660,000.00	3,469,870.70
Hu Wei	—	1,893,609.01	44,040.96	660,000.00	2,597,649.97
Wang Degen	—	4,620,112.74	60,532.56	660,000.00	5,340,645.30
Zeng Min	—	1,021,273.74	44,040.96	300,000.00	1,365,314.70
Non-executive Directors					
Liu Shan	—	—	—	—	—
Independent non-executive directors					
Feng Zhiwei	120,000.00	—	—	—	120,000.00
Pan Ying	120,000.00	—	—	—	120,000.00
Zhu Qing	120,000.00	—	—	—	120,000.00
Supervisors					
Zhu Hui	—	524,069.06	44,040.96	144,000.00	712,110.02
Gong Shuang	—	793,161.74	44,040.96	300,000.00	1,137,202.70
Zhou Zhexu	—	579,017.74	44,040.96	144,000.00	767,058.70
Total	360,000.00	14,147,915.27	324,778.32	3,528,000.00	18,360,693.59

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

XIII. OTHER SIGNIFICANT EVENTS — *continued*

2 Directors' emoluments — *continued*

Name	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Discretionary bonuses	Total of 2024
Executive directors					
Wang Dehui	—	905,642.01	—	300,000.00	1,205,642.01
Yao Hailong	—	1,021,530.40	43,305.60	420,000.00	1,484,836.00
Hu Wei	—	1,127,934.40	43,305.60	180,000.00	1,351,240.00
Wang Degen	—	1,359,018.40	43,305.60	660,000.00	2,062,324.00
Zeng Min	—	573,683.40	43,305.60	144,000.00	760,989.00
Non-executive Directors					
Liu Shan	—	—	—	—	—
Independent non- executive directors					
Feng Zhiwei	120,000.00	—	—	—	120,000.00
Pan Ying	120,000.00	—	—	—	120,000.00
Zhu Qing	120,000.00	—	—	—	120,000.00
Supervisors					
Zhu Hui	—	350,823.26	43,305.60	26,748.00	420,876.86
Gong Shuang	—	494,481.40	43,305.60	144,000.00	681,787.00
Zhou Zhexu	—	415,497.40	43,305.60	78,581.00	537,384.00
Total	360,000.00	6,248,610.67	303,139.20	1,953,329.00	8,865,078.87

During the years ended 31 December 2025 and 2024, no emoluments were paid by the Group to the directors or supervisors or the 5 individuals with highest emoluments as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which any of them waived or agreed to waive any remuneration during the year.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

XIII. OTHER SIGNIFICANT EVENTS — *continued*

3 Individuals with highest emoluments

Of the five individuals with the highest emoluments, three (2024: two) are directors, whose emoluments are disclosed in Note 13.2. The aggregate of the emoluments in respect of the remaining individuals are as follows:

	2025	2024
Salaries and other emoluments	4,295,076.04	5,183,699.30
Discretionary bonuses	1,320,000.00	1,300,000.00
Retirement scheme contributions	88,081.92	129,916.80
Total	<u>5,703,157.96</u>	<u>6,613,616.10</u>

The emoluments of the above-mentioned two (2024: three) highest paid individuals are within the following bands:

	2025	2024
HKD1,500,001–HKD2,000,000	—	2
HKD2,500,001–HKD3,000,000	1	—
HKD3,000,001–HKD3,500,000	1	1

XIV. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

1 Cash at bank and on hand

	The Company	
	2025	2024
Bank deposits	896,239,495.11	1,717,409,991.79
Other cash and cash equivalents	2,721,514,483.67	1,806,362,082.16
Total	<u>3,617,753,978.78</u>	<u>3,523,772,073.95</u>

2 Financial assets held for trading

	The Company	
	2025	2024
Financial assets at fair value through profit or loss	151,208,630.14	711,322,410.96
Included: Wealth management products	151,208,630.14	711,322,410.96
Total	<u>151,208,630.14</u>	<u>711,322,410.96</u>

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

XIV. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

— *continued*

3 Derivative financial assets/(liabilities)

	The Company	
	2025	2024
Derivative financial assets:		
Futures contracts	49,701,280.00	94,950,800.00
Options contracts	1,082,599.34	—
Total	<u>50,783,879.34</u>	<u>94,950,800.00</u>
Derivative financial liabilities:		
Futures contracts	(15,610,320.00)	(54,400.00)
Options contracts	(1,540,164.96)	(22,110,492.33)
Total	<u>(17,150,484.96)</u>	<u>(22,164,892.33)</u>

The Company manages the future price risk in live hog and soybean meal by entering into live hog and soybean meal future contracts and live hog options contracts. These futures and options contracts are measured at fair value.

4 Other receivables

	Notes	The Company	
		2025	2024
Interest receivable		64,503,963.75	17,683,891.25
Dividends receivable		—	400,000,000.00
Others	(1)	6,186,938,271.29	4,211,051,053.61
Total		<u>6,251,442,235.04</u>	<u>4,628,734,944.86</u>

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

XIV. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

— *continued*

4 Other receivables — *continued*

(1) Others

(a) Analysed by customer category:

	The Company	
	2025	2024
Receivables from related companies	6,184,144,514.08	4,204,561,643.60
Receivables from third-party companies	3,467,952.15	8,582,566.61
Subtotal	6,187,612,466.23	4,213,144,210.21
Less: Provision for bad debts	674,194.94	2,093,156.60
Total	6,186,938,271.29	4,211,051,053.61

(b) Analysed by ageing:

	The Company	
	2025	2024
Within 1 year (inclusive)	6,170,079,565.72	4,205,267,849.89
Over 1 year	17,532,900.51	7,876,360.32
Subtotal	6,187,612,466.23	4,213,144,210.21
Less: Provision for bad debts	674,194.94	2,093,156.60
Total	6,186,938,271.29	4,211,051,053.61

The ageing of other receivables is calculated from the date they are recognised.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

XIV. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

— *continued*

4 Other receivables — *continued*

(2) *Movements in provision for bad debts are as follows:*

	The Company	
	2025	2024
Balance at beginning of the year	2,093,156.60	914,114.19
Provision for the year	47,355,370.56	4,610,123.59
Write-off for the year	(48,774,332.22)	(3,431,081.18)
Balance at end of the year	<u>674,194.94</u>	<u>2,093,156.60</u>

5 Long-term equity investments

	The Company	
	2025	2024
Investments in subsidiaries	695,434,897.45	659,859,999.70
Investments in associates	<u>15,685,235.26</u>	<u>4,240,589.81</u>
Total	<u>711,120,132.71</u>	<u>664,100,589.51</u>

6 Other non-current assets

	The Company	
	2025	2024
Other non-current assets	<u>266,499,242.88</u>	<u>1,346,354,709.26</u>

7 Short-term borrowings

	The Company	
	2025	2024
Credit loans	<u>450,000,000.00</u>	<u>999,208,325.00</u>

As at the end of the current year, the Group had no short-term borrowings that were overdue and not repaid.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

XIV. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

— *continued*

8 Taxes payable

	The Company	
	2025	2024
Individual income tax payable	1,192,157.12	1,034,368.25

9 Other payables

	The Company	
	2025	2024
Payables to related parties	5,380,655,348.82	4,984,032,361.07
Interest payable	2,006,191.68	1,282,784.73
Others	76,797,585.52	86,989,993.99
Total	5,459,459,126.02	5,072,305,139.79

10 Long-term borrowings

	The Company	
	2025	2024
Credit borrowings	2,108,500,000.00	1,322,588,888.00
Less: Long-term borrowings due within one year	68,640,000.00	290,088,888.00
Total	2,039,860,000.00	1,032,500,000.00

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

XIV. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

— continued

11 Operating revenue and operating costs

Item	2025		2024	
	Revenue	Cost	Revenue	Cost
Principal operations	3,633,206.15	3,619,186.91	24,276,596.70	23,401,893.21
Other operations	18,572,233.28	308,489.50	6,070,531.43	209,942.32
Total	22,205,439.43	3,927,676.41	30,347,128.13	23,611,835.53
Including: Revenue from contracts	22,205,439.43	3,927,676.41	30,347,128.13	23,611,835.53

(1) Classified by timing of transfer of goods

Item	2025	2024
Revenue recognized at a point in time	22,205,439.43	30,347,128.13

12 Administrative expenses

	The Company	
	2025	2024
Employee benefits	208,535,830.24	179,616,442.73
Intermediary service fees	21,981,156.74	36,938,167.97
Travel expenses	15,521,898.85	15,549,699.69
Office expenses	11,004,241.90	5,940,858.21
Depreciation and amortization	9,279,918.82	5,455,432.84
Vehicle expenses	1,464,286.30	2,400,737.86
Outsourced labor costs	1,192,178.18	1,520,655.23
Material costs	299,387.08	—
Insurance expenses	215,917.22	328,555.04
Others	6,847,881.85	6,828,523.82
Total	276,342,697.18	254,579,073.39

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

XIV. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

— *continued*

13 Research and development (R&D) expenses

	The Company	
	2025	2024
R&D material inputs	40,084,925.66	68,323,838.64
Employee benefits	13,962,707.30	7,419,388.56
Inspection expenses	3,154,793.6	1,998,827.40
Depreciation and amortization	—	85,922.81
Other expenditures	30,196.64	459,084.21
Total	<u>57,232,623.20</u>	<u>78,287,061.62</u>

14 Net finance income

	The Company	
	2025	2024
Interest expenses on borrowings and payables	61,834,263.53	113,521,072.01
Interest expenses on lease liabilities	722,119.16	306,808.46
Interest expenses	62,556,382.69	113,827,880.47
Interest income on deposits and receivables	(189,587,929.17)	(214,885,915.28)
Net foreign exchange loss/(gain)	94,947.98	(7,460,724.44)
Other finance costs	4,103,962.19	11,872,252.35
Total	<u>(122,832,636.31)</u>	<u>(96,646,506.90)</u>

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

XIV. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

— *continued*

15 Investment income

	The Company	
	2025	2024
Long-term equity investment loss accounted for under the equity method	(805,354.55)	(913,689.57)
Long-term equity investment income accounted for under the cost method	—	400,000,000.00
Investment income from wealth management products	10,966,328.36	11,097,225.21
Investment income from disposal of derivative financial assets	202,758,800.66	102,532,592.10
Total	212,919,774.47	512,716,127.74

16 Loss from changes in fair value

	The Company	
	2025	2024
Financial assets held for trading	1,208,630.14	1,322,410.96
Derivative financial instruments	(49,552,783.09)	(7,038,744.79)
Total	(48,344,152.95)	(5,716,333.83)

17 Credit Impairment Losses

	The Company	
	2025	2024
Other receivables	47,355,370.56	4,610,123.59

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

XIV. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

— *continued*

18 Supplementary information on the statement of cash flows

(a) *Net (loss)/profit adjusted to cash flows from operating activities:*

	The Company	
	2025	2024
Net (loss)/profit	(71,350,674.35)	277,760,702.06
Add: Credit impairment losses	47,355,370.56	4,610,123.59
Non-operating expenses	1,687,200.00	785.24
Depreciation of fixed assets	2,975,740.48	1,884,743.01
Amortisation of intangible assets	2,100,560.32	983,144.64
Depreciation of right-of-use assets	4,998,554.77	2,673,468.00
Amortisation of deferred income	(9,020,915.34)	(7,234,738.75)
Gains from disposal of fixed assets, intangible assets and other long-term assets	—	(781,871.34)
Losses from changes in fair value	48,344,152.95	5,716,333.83
Financial costs	62,248,472.64	113,827,880.47
Investment income	(212,919,774.47)	(512,716,127.74)
(Increase)/decrease in inventories	(181,938.73)	765,354.53
Increase in deferred income	17,137,118.41	7,644,088.93
Decrease in restricted cash	99,575,438.13	263,009,618.94
(Increase)/decrease in operating receivables	(588,377,615.00)	1,136,823,775.74
Increase in operating payables	386,725,809.83	1,721,064,632.29
Others	402,858.03	(7,460,724.44)
Net cash flows (used in)/generated from operating activities	<u>(208,299,641.77)</u>	<u>3,008,571,189.00</u>

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RMB)

XIV. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

— *continued*

18 Supplementary information on the statement of cash flows — *continued*

(b) *Net movements in cash and cash equivalents:*

	The Company	
	2025	2024
Balance of cash and cash equivalents at the end of the year	3,499,786,847.10	3,306,229,504.14
Less: Balance of cash and cash equivalents at the beginning of the year	<u>3,306,229,504.14</u>	<u>2,117,080,433.62</u>
Net increase in cash and cash equivalents	<u>193,557,342.96</u>	<u>1,189,149,070.52</u>

(c) *An analysis of cash and cash equivalents held by the Company is as follows:*

	The Company	
	2025	2024
(i) Monetary funds		
— Bank deposits readily available for payment	896,239,495.11	1,717,409,991.79
— Other monetary funds readily available for payment	2,603,547,351.99	1,588,819,512.35
— Use of restricted monetary funds	<u>117,967,131.68</u>	<u>217,542,569.81</u>
(ii) Closing balance of monetary funds and cash equivalents	3,617,753,978.78	3,523,772,073.95
Less: Use of restricted monetary funds	<u>117,967,131.68</u>	<u>217,542,569.81</u>
(iii) Closing balance of cash and cash equivalents readily realizable	<u>3,499,786,847.10</u>	<u>3,306,229,504.14</u>

FINANCIAL SUMMARY

On 11 February 2026, upon consideration and approval at the 2026 first extraordinary general meeting of the Company, the Group prepares its overseas financial statements in accordance with CASBE commencing from the year ended 31 December 2025, and has restated its 2024 consolidated financial statements in accordance with CASBE. A summary of the published results and assets and liabilities of the Group for each of the five financial years is set out below. The consolidated financial statements of the Group for the years from 2021 to 2023, which remain prepared under International Financial Reporting Standards, have not been adjusted:

	For the year ended 31 December				
	China Accounting Standards			IFRS	
	2025	2024	2023	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	23,159,024	22,464,030	16,155,412	15,037,027	9,901,566
Cost	19,976,479	17,292,458	16,035,739	12,968,848	9,137,465
Profit/(loss) before taxation	1,422,309	3,269,015	(1,991,781)	910,435	(3,170,672)
Income tax	(698)	(88)	(355)	(680)	(1,986)
Profit/(loss) for the year	1,421,611	3,268,927	(1,992,136)	909,755	(3,172,658)
Attributable to:					
Equity shareholders of the Company	1,433,249	3,159,890	(1,775,126)	992,866	(2,997,303)
Non-controlling interests	(11,638)	109,037	(217,010)	(83,111)	(175,355)
Net profit before fair value adjustments	N/A	N/A	(1,278,520)	604,960	(419,154)

	As at 31 December				
	China Accounting Standards			IFRS	
	2025	2024	2023	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	23,454,477	22,469,059	18,934,232	19,300,457	15,771,408
Total liabilities	14,526,866	14,470,706	15,079,169	14,236,655	11,638,642
Total equity	8,927,611	7,998,353	3,855,063	5,063,802	4,132,766
Attributable to:					
Equity shareholders of the Company	8,854,773	7,879,363	3,951,608	4,969,637	3,972,888
Non-controlling interests	72,838	118,990	(96,545)	94,165	159,878
	8,927,611	7,998,353	3,855,063	5,063,802	4,132,766



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