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Application Proof of

MUYUAN FOODS CO., LTD.*

牧原食品股份有限公司

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

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MUYUAN FOODS CO., LTD.* 牧原食品股份有限公司

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

[REDACTED]

Number of [REDACTED] under the : [REDACTED] H Shares (subject to the
[REDACTED] [REDACTED])
Number of Hong Kong [REDACTED] : [REDACTED] H Shares (subject to
reallocation)
Number of International [REDACTED] : [REDACTED] H Shares (subject to
[REDACTED] and the [REDACTED])
Maximum [REDACTED] : HK\$[REDACTED] per H Share, plus
brokerage of 1.0%, SFC transaction
levy of 0.0027%, Hong Kong Stock
Exchange trading fee of 0.00565% and
AFRC transaction levy of 0.00015%
(payable in full on [REDACTED] in
Hong Kong dollars and subject to
refund)
Nominal value : RMB1.00 per H Share
[REDACTED] : [REDACTED]

Joint Sponsors, [REDACTED]

Morgan Stanley



CITIC SECURITIES

Goldman Sachs 高盛

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SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document before you decide to [REDACTED] in the [REDACTED].

There are risks associated with any [REDACTED]. Some of the particular risks in [REDACTED] in the [REDACTED] are set out in the section headed “Risk Factors.” You should read that section carefully before you decide to [REDACTED] in the [REDACTED].

OVERVIEW

Who We Are

We are a technology-driven global leading pork company, pioneering smart hog farming. With over 30 years of deep-rooted expertise, we have become a global leader in the hog farming industry adopting a vertically-integrated business model spanning the entire hog value chain, including hog breeding, hog farming, feed production, slaughtering and meat production. According to Frost & Sullivan, since 2021, we have ranked first globally in the hog farming industry in terms of production capacity and sales volume of hogs for four consecutive years. Our global market share, measured by sales volume of hogs, increased from 2.6% in 2021 to 5.6% in 2024, exceeding the total of the players ranked second to fourth in 2024. While continuing to solidify our leadership in the hog farming industry, since 2019, we have strategically entered the hog slaughtering and processing industry to enhance our integrated business model. According to Frost & Sullivan, we ranked fifth globally and first in China in the hog slaughtering and processing industry in terms of slaughter volume in 2024, and our slaughtering and meat product business reported the highest revenue CAGR from 2021 to 2024 among large-scale hog slaughtering and processing companies in China.

Our Technology and Innovation

Technology is the cornerstone of our business. As a pioneer in smart hog farming, we have consistently rolled out new technologies in biosecurity, odor control, environmentally sustainable operations and cost management, tackling industry pain points, enhancing operational efficiency, optimizing cost structures, and generating lasting social value.

- In 2000, we initiated R&D into optimized soybean meal feed formulations, aimed at lowering production costs and mitigating supply chain risks.
- In 2002, we pioneered the two-breed rotational cross system, establishing our independent breeding system.
- In 2008, we applied the integrated crop-livestock system in our operations, advancing environmental sustainability and resource efficiency.
- In 2011, we initiated digitalization in our operations, improving management efficiency.

SUMMARY

- In 2012, we launched disease elimination initiatives leveraging proprietary R&D and technological innovation, developing biosecurity solutions to continuously enhance production performance.
- In 2013, we established our pathology laboratories to strengthen diagnostic capabilities, enabling efficient and accurate disease detection.
- In 2017, we fully completed the digitalization in our operations, continually enhancing management efficiency.
- In 2019, we comprehensively upgraded our biosecurity management, equipping all hog houses with our proprietary environment control system, which incorporates air-filtration, sterilization, separate ventilation and deodorization features.
- In 2019, we comprehensively upgraded our smart operating systems, including the feeding system, hog house environment control system, and hog health management system, setting industry benchmarks for smart hog farming.
- In 2021, we established a platform dedicated to big data-related research and development, accelerating our smart hog farming innovations.
- In 2021, we shared our optimized soybean meal feed formulations with the industry, which were endorsed by the MARA as a strategic move to address the key challenges in the hog farming industry, including soybean meal reliance and nitrogen emission.
- In 2024, we commercialized ammonia reduction and deodorization solutions for livestock farming, which were promoted by the PRC Ministry of Ecology and Environment.

Through our proprietary innovations, we have solidified our leadership within the industry while delivering exceptional financial performance.

From 2014 to 2024, we achieved industry-leading revenue growth with a CAGR of 48.7%, the highest among the top ten global listed pork companies by sales volume. Leveraging our industry-leading technologies and cost-management capabilities, we have achieved robust profitability. During the same period, our net profit increased at a CAGR of 72.7% and our average annual net profit margin reached 19.0%. Notably, we are the only company to sustain an average annual net profit margin of above 15.0% from 2014 to 2024 among the top ten global listed pork companies by sales volume. From 2014 to 2024, our EBITDA (non-CASBE measure) also increased at a CAGR of 60.0%, with an average EBITDA margin (non-CASBE measure) of 31.0%, significantly outperforming other large-scale listed companies in China’s hog farming industry.

SUMMARY

In addition to superior growth in revenue and profit, we have consistently maintained a robust cash flow position. Our continued and long-term investments in capital have gradually transferred to strong cash flow generation capability. From 2022 to 2024, our accumulated net cash inflow from operating activities was 1.6 times of our accumulated capital expenditure (which represents payment for acquisition of fix assets, intangible assets and other long-term assets), and in 2024 alone, our net cash inflow from operating activities was 3.0 times of our capital expenditure. Our strong profitability and optimized asset utilization have enabled industry-leading returns with an average ROE per annum of 22.5% from 2014 to 2024, significantly outperforming our listed peers in China. We value the long-term trust of our shareholders and have consistently returned capital to shareholders through dividends. The aggregate dividends our Company declared attributable to the years ended December 31, 2022, 2023 and 2024 were RMB11.6 billion.

Our Growth Opportunities

The global hog farming industry presents significant growth opportunities, which we are uniquely positioned to capture with our advanced technologies, cost management advantages, ESG excellence and our vertically-integrated business model. According to Frost & Sullivan, global pork consumption has been increasing steadily at a CAGR of 4.9% from 95.2 million tons in 2020 to 115.3 million tons in 2024. China has long been the world’s largest pork consuming country, while, according to Frost & Sullivan, the per capita consumption of main source of animal protein in China was 69.4 kg in 2024, far below that of 102.0 kg per capita in the United States. Additionally, the proportion of chilled fresh pork in China out of total pork consumption is still relatively low compared to that in developed countries, indicating huge market potential. As such, these dynamics indicate the long-term growth of China’s overall meat consumption with product upgrades.

Additionally, in certain countries and regions, such as Vietnam, the Philippines and Thailand in Southeast Asia, per capita pork consumption has increased steadily in line with continuous economic development and the improvement per capita disposable income. The global hog farming industry remains highly fragmented, with the top five hog farming companies in the world by sales volume accounting for a market share of 11.8% in 2024, leaving significant opportunities for market consolidation. We are actively expanding into overseas markets to capitalize on these opportunities. Leveraging our proven technological expertise and innovative solutions, we aim to empower the global hog farming industry by establishing a globally interconnected hog farming ecosystem. For example, in 2024, we entered into a strategic partnership with BAF Vietnam Agriculture, covering areas of hog house design, biosecurity management, odor control solutions and smart hog farming equipment, so as to optimize its hog farming efficiency and ensure environmentally responsible operations, marking our initial efforts of global expansion.

SUMMARY

OUR COMPETITIVE STRENGTHS

We believe the following strengths have driven our success and enable us to seize market opportunities and achieve sustainable growth:

- Global industry leader with fully integrated operations
- Proprietary end-to-end R&D capabilities
- High-growth slaughtering and meat product business
- ESG pioneer in sustainable hog farming
- Visionary leadership and strong corporate governance

See “Business — Our Competitive Strengths.”

OUR STRATEGIES

We drive the development of our business through the following strategies:

- Pioneering technology innovation across the value chain
- Strategic global expansion and market diversification
- Optimizing our vertically-integrated business model
- Building collaborative hog farming ecosystems
- Developing world-class talent and organizational advancement

See “Business — Our Strategies.”

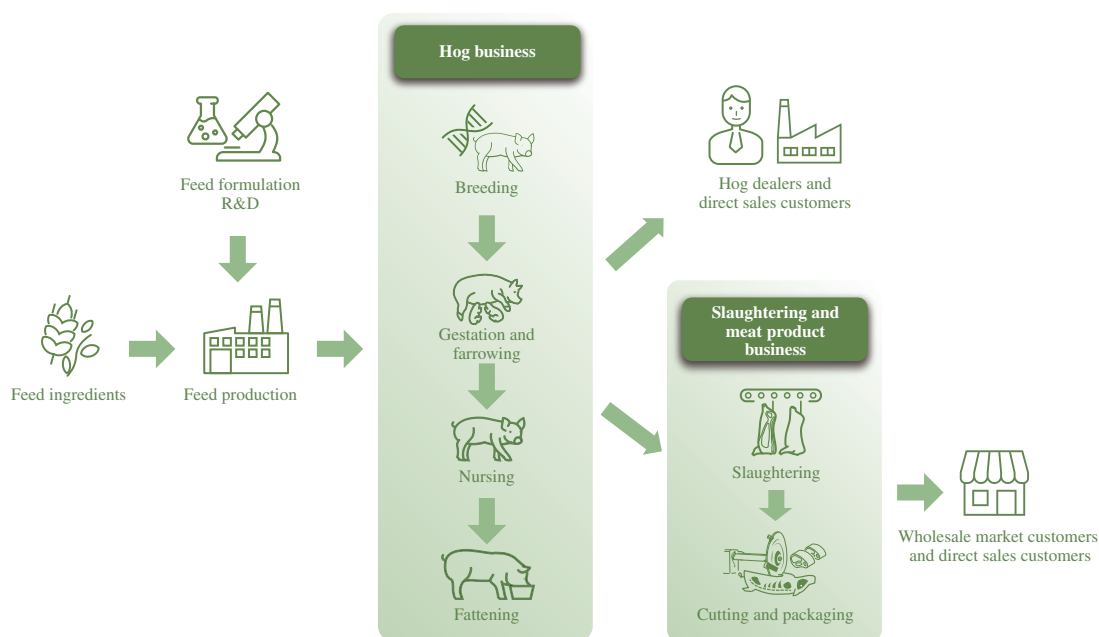
BUSINESS MODEL AND PRODUCTS

We operate through two main business segments, namely: (i) our hog business, where we farm and sell finished hogs, piglets and breeding hogs; and (ii) our slaughtering and meat product business, which includes hog slaughtering and the sale of carcasses, pork cuts and by-products. Our major products include hogs, namely finished hogs, piglets and breeding hogs, as well as fresh and frozen meat products.

With over 30 years’ experience, we adopt a vertically-integrated business model that spans the entire upstream and downstream of our industry, including hog breeding, hog farming, feed production, slaughtering and sales of hogs and meat products. Through our self-operated hog business and slaughtering and meat product business, we are able to maintain full transparency, quality control and traceability over the entire production process, which in turn allows us to ensure food safety and provide quality hogs and meat products to our customers.

SUMMARY

The chart below illustrates our vertically-integrated business model:



The following table sets forth a breakdown of our revenue by business segment, in absolute amounts and as percentages of our total revenue, for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
<i>(RMB in millions, except percentages)</i>						
Hog business	119,744.0	95.9	108,224.3	97.6	136,229.3	98.7
— Finished hogs	115,896.5	92.8	106,975.5	96.5	131,306.7	95.2
— Piglets	2,860.1	2.3	705.6	0.6	3,080.0	2.2
— Breeding hogs	987.4	0.8	543.2	0.5	1,842.6	1.3
Slaughtering and meat product business	14,718.1	11.8	21,862.3	19.7	24,273.6	17.6
Inter-segment elimination ⁽¹⁾	(15,634.2)	(12.5)	(22,793.0)	(20.5)	(24,435.8)	(17.7)
Subtotal	118,827.9	95.2	107,293.6	96.8	136,067.1	98.6
Others ⁽²⁾	5,998.3	4.8	3,567.1	3.2	1,879.8	1.4
Total	124,826.2	100.0	110,860.7	100.0	137,946.9	100.0

Notes:

(1) The amounts of inter-segment elimination during the Track Record Period indicated the elimination of revenue arising from the intra-group sales transactions between the hog business and the slaughtering and meat product business. In accordance with relevant PRC tax laws and regulations, the revenue from our hog business is exempt from VAT, whilst our slaughtering and meat product business is entitled to input VAT in relation to its procurement of hogs. As such, the corresponding operating costs in relation to our slaughtering and meat product business are recorded based on the sales amount of these intra-group transactions after deducting input VAT.

(2) Others mainly include revenue from feed ingredients trading and other operating activities.

SUMMARY

The following table sets forth key operational metrics of our key products for the years indicated during the Track Record Period:

	Year ended December 31,		
	2022	2023	2024
Sales of hogs (<i>thousand heads</i>)	61,201	63,816	71,602
– Finished hogs ⁽¹⁾	55,296	62,267	65,477
– Piglets	5,558	1,367	5,659
– Breeding hogs	346	181	465
Sales of meat products (<i>thousand tons</i>) .	757	1,405	1,416

Note:

- (1) The sales of finished hogs include the internal sales of finished hogs to our slaughtering and meat product business, which amounted to 7,368 thousand heads, 13,266 thousand heads and 12,565 thousand heads, respectively, in 2022, 2023 and 2024.

Hog Business

With over 30 years’ expertise in the hog industry, we have established comprehensive operations that encompasses hog breeding, hog farming, feed production and the sale of hogs. Our main products under this business include finished hogs, piglets and breeding hogs. Leveraging advanced technologies and smart equipment applied in every aspect of our hog business, we are able to mass produce hogs with improving genetic traits and good health. According to Frost & Sullivan, since 2021, we have ranked first globally in the hog farming industry in terms of production capacity and sales volume of hogs for four consecutive years. Our global market share, measured by sales volume of hogs, increased from 2.6% in 2021 to 5.6% in 2024, exceeding the total of the players ranked second to fourth in 2024. In 2024, we had the largest hog production capacity worldwide with 81.0 million heads, according to the same source.

We sell finished hogs as our main product under our hog business. In 2022, 2023 and 2024, the revenue from the sales of finished hogs (before inter-segment elimination) accounted for 92.8%, 96.5% and 95.2% of the total revenue, respectively. In addition, we sell piglets and breeding hogs. We dynamically adjust the proportion of sales of piglets and finished hogs to optimize our profitability, primarily considering market demand, market prices, and our operational and production plans. During the Track Record Period, the average selling prices of our hogs (excluding tax) were approximately RMB1,956.6 per head, RMB1,695.9 per head and RMB1,902.6 per head, respectively.

SUMMARY



Piglets



Finished Hogs



Breeding Hogs

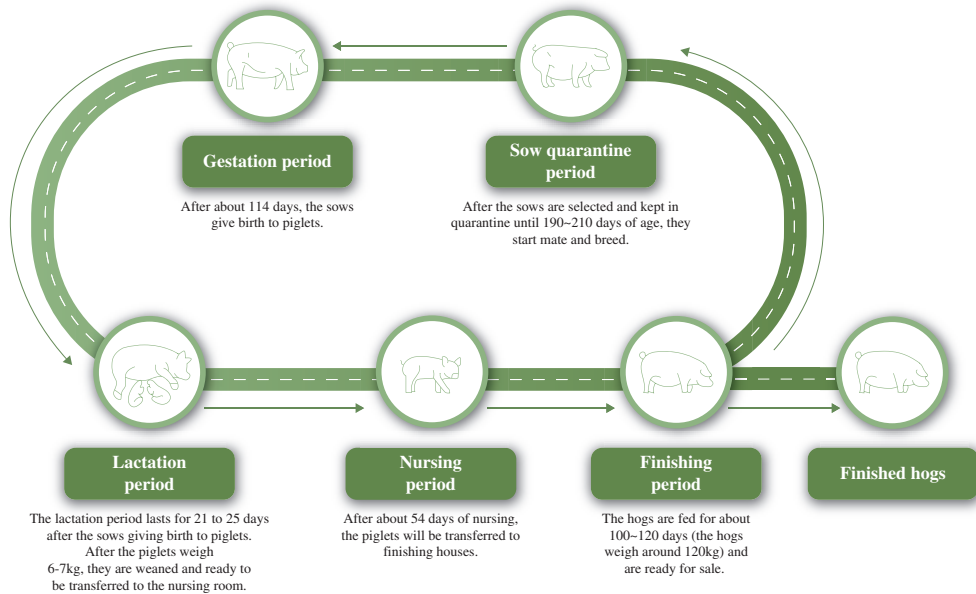
We have established an extensive network of hog farms. As of December 31, 2024, we operated over 1,000 hog farms across 23 provinces in China. The following table sets forth our annual hog production capacity, sales volume and utilization rate for the years indicated during the Track Record Period:

	Year ended December 31,		
	2022	2023	2024
Production capacity (thousand heads) . .	74,300	79,990	81,010
Sales volume (thousand heads)	61,201	63,816	71,602
Utilization rate ⁽¹⁾ (%)	86.0	85.9	89.5

Note:

(1) Since it takes at least 12 months from the introduction of immature breeding hogs to hogs becoming ready for sale, the production capacity at the end of the current year generally corresponds to the output of the next year, rather than the current year’s output. Therefore, we calculate the utilization rate by dividing a given year’s sales volume by the previous year’s end capacity. The hog production capacity as of December 31, 2021 was 71,170 thousand heads.

Our hog farming operation covers the entire life cycle of hogs from breeding, gestation, lactation, nursing and finishing. The following chart illustrates the typical life cycle of hogs:

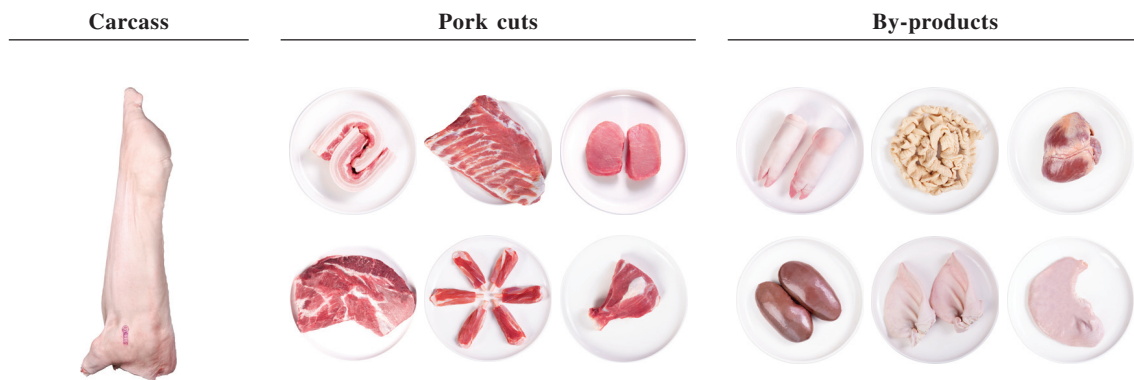


See “Business — Hog Business.”

SUMMARY

Slaughtering and Meat Product Business

Our slaughtering and meat product business includes hog slaughtering and sales of fresh and frozen meat products. Our meat products can be further divided into three main categories, namely, carcasses, pork cuts and by-products. According to Frost & Sullivan, we ranked fifth globally and first in China in hog slaughtering and processing industry in terms of slaughter volume in 2024. We made such achievement within a short period since we initially started the business in 2019 with our lead over the second-ranked company continuing to grow. In addition, we recorded the highest revenue CAGR from 2022 to 2024 among large-scale Chinese hog slaughtering and processing companies.



During the Track Record Period, the average selling prices (excluding tax) of our meat products were approximately RMB19.4 per kg, RMB15.6 per kg and RMB17.1 per kg, respectively. The shelf life of our meat products is mainly seven days for fresh meat products (stored at 0~4°C) and 18 months for frozen meat products (stored at -18°C).

As of December 31, 2024, we had established ten slaughtering plants across seven provinces in China. The following table sets forth the designed production capacity, actual slaughter volume and utilization rate of our slaughtering plants for the years indicated during the Track Record Period:

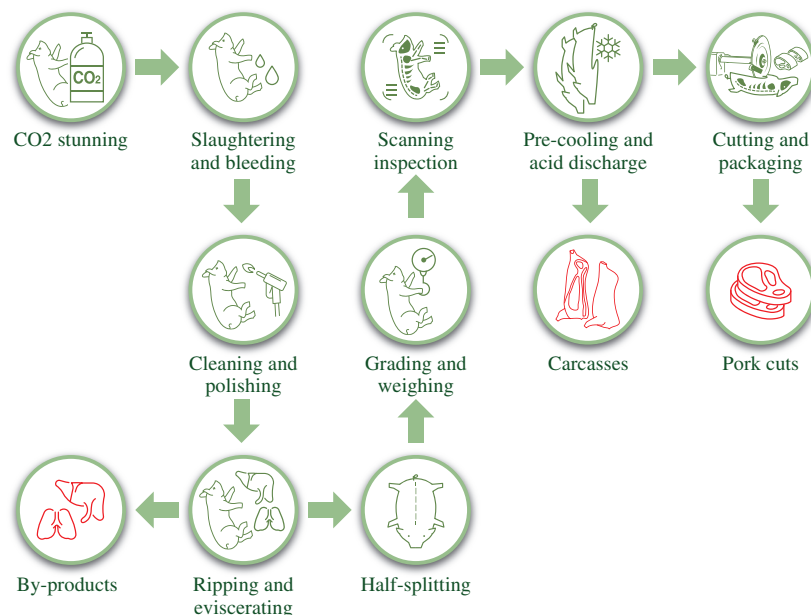
	Year ended December 31,		
	2022	2023	2024
Designed production capacity ⁽¹⁾			
(thousand heads)	29,000	29,000	29,000
Slaughter volume ⁽¹⁾ (thousand heads) . .	7,362	13,260	12,524
Utilization rate ⁽²⁾ (%)	25.4	45.7	43.2

Notes:

- (1) Since that our slaughtering plants measure their production capacity and slaughter volume by the heads of hogs slaughtered, and that the weight of hogs varies over time, the slaughter volume (in head) may not always align with the sales volume (in kilogram) for the same period.
- (2) Utilization rate is calculated by dividing the slaughter volume by the designed production capacity for the same year. According to Frost & Sullivan, the average utilization rate of China's large-scale slaughtering plants was around 30% from 2022 to 2024.

SUMMARY

The slaughtering process mainly comprises the following steps:



See “Business — Slaughtering and Meat Product Business.”

OUR CUSTOMERS

We have established a comprehensive and regionally integrated sales network to cover key markets across China, enabling us to efficiently connect production with market demand. In our hog business, customers for our finished hogs are mainly hog dealers as well as slaughtering plants. We also sell piglets and breeding hogs primarily to hog farming enterprises and individual hog farmers. In our slaughtering and meat product business, we primarily sell our meat products to wholesale market customers, and also sell our meat products to direct sales customers, including retailers, restaurants, canteens and food processors.

During the Track Record Period, the majority of our customers were based in the PRC. Revenue from our five largest customers for each period of the Track Record Period amounted to RMB10.1 billion, RMB10.7 billion and RMB12.4 billion, respectively, representing 8.1%, 9.7% and 9.0% of our total revenue, respectively. Revenue from our largest customer in each year during the Track Record Period amounted to RMB3.4 billion, RMB3.4 billion and RMB5.2 billion, respectively, representing 2.7%, 3.0% and 3.8% of our total revenue, respectively.

During the Track Record Period and as of the Latest Practicable Date, none of our Directors, their respective associates or shareholders (who owned or to the knowledge of Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest customers for each period of the Track Record Period, save that, as of the Latest Practicable Date, we held 40% interest in a subsidiary of one of our top five customers for each period of the Track Record Period, with the remaining interest held by an Independent Third Party.

See “Business — Sales Network.”

SUMMARY

OUR SUPPLIERS

During the Track Record Period, our raw materials mainly included (i) feed ingredients, (ii) veterinary medicines and vaccines and (iii) miscellaneous consumption materials. We adopt a centralized procurement strategy.

Purchases from our five largest suppliers for each period of the Track Record Period amounted to RMB16.2 billion, RMB12.4 billion and RMB12.2 billion in 2022, 2023 and 2024, respectively, representing 15.9%, 11.7% and 12.6% of our total purchases, respectively. Purchases from our largest supplier in each year during the Track Record Period amounted to RMB4.5 billion, RMB3.6 billion and RMB3.1 billion, respectively, representing 4.4%, 3.4% and 3.2% of our total purchases, respectively.

During the Track Record Period and as of the Latest Practicable Date, save for Muyuan Group who was among our five largest suppliers for each period of the Track Record Period, none of our Directors, their associates or any of our shareholders (who owned or to the knowledge of the Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers for each period of the Track Record Period.

See “Business — Supplier Management” and “Connected Transactions — Partially-exempt Continuing Connected Transaction.”

FOOD SAFETY MANAGEMENT AND QUALITY CONTROL

We value food safety and have implemented stringent quality control standards in compliance with applicable laws and regulations, and national and industrial standards relating to food production and sales. We have established the “7+1+1” food safety management and quality control system to manage and monitor the entire production chain and lifecycle of our products.

See “Business — Food Safety Management and Quality Control.”

COMPETITION

We mainly compete with hog farming companies and hog slaughtering companies in China. According to Frost & Sullivan, the entry barriers of China’s hog farming industry are mainly capital barrier, management barrier, technology barrier and ESG barrier. Since 2021, we have ranked first globally in the hog farming industry in terms of production capacity and sales volume of hogs for four consecutive years. In addition, we ranked fifth globally and first in China in the hog slaughtering and processing industry in terms of slaughter volume in 2024. See “Industry Overview.”

SUMMARY

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from historical financial information during the Track Record Period, extracted from the Accountants’ Report as set out in Appendix I to this document. The summary financial data set forth below should be read together with, and is qualified in its entirety by reference to, our financial statements in this document, including the related notes. Our consolidated financial information was prepared in accordance with CASBE.

Summary of Consolidated Income Statement

The following table sets forth a summary of our consolidated income statement for the years indicated:

	Year ended December 31,		
	2022	2023	2024
	<i>(RMB in million)</i>		
Revenue	124,826.2	110,860.7	137,946.9
Operating costs	(102,987.1)	(107,414.8)	(111,666.5)
Gross profit	21,839.1	3,445.9	26,280.4
Taxes and surcharges	(185.3)	(189.5)	(223.2)
Selling and distribution expenses	(758.7)	(982.6)	(1,095.7)
General and administrative expenses	(4,201.4)	(3,876.3)	(3,331.7)
Research and development expenses	(1,142.4)	(1,657.7)	(1,747.2)
Financial expenses	(2,907.7)	(3,054.1)	(2,975.4)
Other income	2,188.6	2,805.6	3,010.4
Investment income/(losses)	46.9	(6.4)	99.6
Gains from changes in fair value	—	—	0.1
Credit (losses)/reversal	(23.1)	(4.2)	0.3
Impairment losses	—	(202.5)	(12.9)
(Losses)/gains from asset disposals	(2.3)	(10.1)	5.8
Operating profit/(loss)	14,853.7	(3,731.9)	20,010.5
Non-operating income	376.9	157.2	84.4
Non-operating expenses	(300.6)	(595.4)	(1,198.5)
Profit/(loss) before income tax	14,930.0	(4,170.1)	18,896.4
Income tax credits	3.4	2.2	28.6
Net profit/(loss)	14,933.4	(4,167.9)	18,925.0

SUMMARY

Non-CASBE Financial Measure

To supplement our consolidated financial statements, we also use EBITDA (*non-CASBE measure*) in evaluating our operating results, which is not required by or presented in accordance with CASBE as an additional financial measure to supplement our historical financial information as set forth in the Accountants’ Report in Appendix I to this document. We believe that the non-CASBE measure provides useful information to investors and others in understanding and evaluating our results of operations in the same manner as they help our management. However, our presentation of EBITDA (*non-CASBE measure*) may not be comparable to similarly titled measures presented by other companies. The use of such non-CASBE measures have limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under CASBE.

We define EBITDA (*non-CASBE measure*) as net profit/(loss) adjusted by adding back (i) income tax credits, (ii) interest expenses and (iii) depreciation and amortization. The following table reconciles our EBITDA (*non-CASBE measure*) presented to the most directly comparable financial measures calculated and presented in accordance with CASBE, which is net profit/(loss):

	Year ended December 31,		
	2022	2023	2024
<i>(RMB in millions, except for percentages)</i>			
Reconciliation of net profit/(loss)			
to EBITDA (<i>non-CASBE measure</i>)			
Net profit/(loss)	14,933.4	(4,167.9)	18,925.0
Add:			
— <i>Income tax credits</i>	(3.4)	(2.2)	(28.6)
— <i>Interest expenses</i>	2,889.9	3,239.4	3,177.5
— <i>Depreciation and amortization</i>	12,131.7	13,534.7	15,108.9
EBITDA (<i>non-CASBE measure</i>)	29,951.6	12,604.0	37,182.8
EBITDA margin (<i>non-CASBE</i>			
measure) (%)	24.0	11.4	27.0

SUMMARY

Selected Items of Consolidated Balance Sheet

The following table sets forth selected information from our summary consolidated balance sheet as of the dates indicated, which has been extracted from our Accountants’ Report included in Appendix I to this document:

	As of December 31,		
	2022	2023	2024
	<i>(RMB in millions)</i>		
Total current assets	62,578.3	63,582.8	61,318.6
Total non-current assets	130,369.3	131,821.8	126,330.1
Total assets	192,947.6	195,404.6	187,648.7
Total current liabilities	78,167.1	94,659.0	85,476.5
Total non-current liabilities	26,710.1	26,708.9	24,636.0
Total liabilities	104,877.2	121,367.9	110,112.5
Net current liabilities	(15,588.8)	(31,076.2)	(24,157.9)
NET ASSETS	88,070.4	74,036.7	77,536.2
Shareholders’ equity			
Share capital	5,472.3	5,465.4	5,462.8
Other equity instruments	1,017.2	1,017.2	1,017.2
Less: Treasury shares	2,084.4	2,818.9	3,000.0
Capital reserve	17,631.3	17,691.6	13,729.4
Other comprehensive income	3.1	(4.7)	(33.6)
Surplus reserve	1,956.0	2,198.0	2,584.6
Retained earnings	47,787.9	39,279.5	52,271.4
Total equity attributable to shareholders of the Company	71,783.4	62,828.1	72,031.8
Non-controlling interests	16,287.0	11,208.6	5,504.4
Total shareholders’ equity	88,070.4	74,036.7	77,536.2

Our net current liabilities increased by 99.3% from RMB15,588.8 million as of December 31, 2022 to RMB31,076.2 million as of December 31, 2023, primarily due to (i) an increase in short-term loans of RMB17,763.6 million, and (ii) an increase in other payables of RMB2,781.2 million, partially offset by an increase in inventories of RMB3,679.1 million.

Our net current liabilities decreased by 22.3% from RMB31,076.2 million as of December 31, 2023 to RMB24,157.9 million as of December 31, 2024, primarily due to (i) a decrease in accounts payable of RMB5,470.0 million, and (ii) a decrease in other payables of RMB2,744.2 million, partially offset by a decrease in cash at bank and on hand of RMB2,477.5 million.

Our net assets decreased by 15.9% from RMB88,070.4 million as of December 31, 2022 to RMB74,036.7 million as of December 31, 2023, primarily due to a decrease in retained earnings of RMB8,508.4 million and a decrease in non-controlling interests of RMB5,078.4 million.

Our net assets increased by 4.7% from RMB74,036.7 million as of December 31, 2023 to RMB77,536.2 million as of December 31, 2024, primarily due to an increase in retained earnings of RMB12,991.9 million, partially offset by a decrease in non-controlling interests of RMB5,704.2 million and a decrease in capital reserve of RMB3,962.2 million.

SUMMARY

Summary of the Consolidated Cash Flow Statement

The following table sets forth a summary of our cash flows for the years indicated:

	Year ended December 31,		
	2022	2023	2024
	<i>(RMB in millions)</i>		
Net cash inflow from operating activities	23,010.6	9,892.8	37,543.1
Net cash outflow from investing activities	(15,928.7)	(17,218.8)	(13,246.2)
Net cash inflow/(outflow) from financing activities	2,420.5	3,199.0	(25,228.7)
Effect of foreign exchange rate change on cash and cash equivalents	0.6	(6.9)	—
Net increase/(decrease) in cash and cash equivalents	9,503.0	(4,133.9)	(931.8)
Cash and cash equivalents at the beginning of year	8,407.3	17,910.3	13,776.4
Cash and cash equivalents at the end of year	17,910.3	13,776.4	12,844.6

Liquidity and Capital Resources

We have historically funded our cash requirements principally from proceeds from our business operations, bank borrowings, debentures and capital contribution from shareholders. After the [REDACTED], we intend to finance our future capital requirements through cash generated from our business operations, bank borrowings and the net [REDACTED] from the [REDACTED]. We do not anticipate any changes to the availability of financing to fund our operations in the future.

Key Financial Ratios

The following table sets forth our key financial ratios for the years indicated:

	As of/For the Year ended December 31,		
	2022	2023	2024
Gross profit margin (%) ⁽¹⁾	17.5	3.1	19.1
Net profit/(loss) margin (%) ⁽²⁾	12.0	(3.8)	13.7
EBITDA margin (non-CASBE measure) (%) ⁽³⁾	24.0	11.4	27.0
Current ratio ⁽⁴⁾	0.8	0.7	0.7
Gearing ratio (%) ⁽⁵⁾	54.4	62.1	58.7
Return on assets (%) ⁽⁶⁾	8.1	(2.1)	9.9
Return on equity (%) ⁽⁷⁾	19.1	(5.1)	25.0
Operating cash flow ratio (%) ⁽⁸⁾	18.4	8.9	27.2

See “Financial Information — Key Financial Ratios” for calculation of the above financial ratios.

SUMMARY

Biological Assets and Valuation

Pursuant to the Chapter 4.10 under the Guide for New Listing Applicants published by the Stock Exchange, the following table sets forth the fair value of our biological assets as measured by the Valuer as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	(RMB in millions)		
Consumable biological assets			
– Suckling piglets	4,009.8	4,340.9	4,302.6
– Piglets under nursing period	6,828.8	6,186.2	7,149.1
– Hogs under finishing period	24,231.8	21,397.0	29,024.2
Subtotal	35,070.4	31,924.1	40,475.8
Productive biological assets⁽¹⁾	11,774.0	12,085.0	14,274.8
Total	46,844.5	44,009.0	54,750.6

Note:

- (1) Productive biological assets include immature breeding hogs and mature breeding hogs. Mature breeding hogs are reproductive sows and boars.

The fair value of our biological assets decreased by 6.1% from RMB46,844.5 million as of December 31, 2022 to RMB44,009.0 million as of December 31, 2023, primarily due to a decrease in market selling prices of hogs. The fair value of our biological assets increased by 24.4% from RMB44,009.0 million as of December 31, 2023 to RMB54,750.6 million as of December 31, 2024, primarily due to an increase in market selling prices of hogs.

USE OF [REDACTED]

Assuming an [REDACTED] of [REDACTED] per [REDACTED] (being the mid-point of the stated range of the [REDACTED] between [REDACTED] and [REDACTED] per [REDACTED]), we estimate that we will receive net [REDACTED] of approximately [REDACTED] from the [REDACTED] after deducting the [REDACTED], fees and other estimated [REDACTED] in connection with the [REDACTED] and assuming that the [REDACTED] is not exercised or [REDACTED] if the [REDACTED] is exercised in full. In line with our strategies, we intend to use our [REDACTED] from the [REDACTED] for the following purposes:

- Approximately [REDACTED] of the net [REDACTED] or approximately [REDACTED] will be used for developing our business footprints globally;
- Approximately [REDACTED] of the net [REDACTED] or approximately [REDACTED] will be used for R&D investments over the next three years to consolidate our competitive advantages in breeding, smart farming, nutrition management, and biosecurity; and

SUMMARY

- Approximately [REDACTED] of the net [REDACTED] or approximately [REDACTED] will be used for working capital and general corporate purposes.

See “Future Plans and Use of [REDACTED].”

RISK FACTORS

Our operations and the [REDACTED] involve certain risks and uncertainties, including (i) risks relating to our business and industry, (ii) risks relating to the local laws and regulations of the jurisdictions where we conduct business and (iii) risks relating to the [REDACTED], which are set out in the section headed “Risk Factors” in this document. You should read that section in its entirety carefully before you decide to [REDACTED] in the [REDACTED]. Some of the major risks we face include, but are not limited to: (i) our operating results are substantially affected by the market selling prices of hogs and meat products; (ii) increases in the cost of raw materials used in our operations, especially feed ingredients, may lead to declines in our margins and operating results; (iii) the outbreak of contagious animal diseases among hogs and the adverse publicity associated with these can significantly affect our production, the demand for our products and our business operations; (iv) any perceived or real food safety or health issues related to our hogs, meat products, operations or the food industry generally could adversely affect our reputation, our ability to sell products and our financial performance, as well as subject us to liability claims and regulatory actions; (v) we operate in a highly competitive industry and may face increased competition. New competitors who enter the market could have an adverse impact on our businesses and prospects; and (vi) we incurred net losses in the past.

THE CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, our Controlling Shareholders, comprising Mr. Qin Yinglin, Ms. Qian Ying and Muyuan Group, collectively held approximately 54.91% of our total share capital and 55.87% of our voting rights. Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and excluding A Shares issuable upon the conversion of the outstanding Convertible Bonds), the Controlling Shareholders will continue to hold in aggregate approximately [REDACTED] of our total share capital and control [REDACTED] of our voting rights. Therefore, they will remain as our Controlling Shareholders immediately after the [REDACTED].

OUR LISTING ON THE SHENZHEN STOCK EXCHANGE AND REASONS FOR THE [REDACTED] ON THE STOCK EXCHANGE

As of the Latest Practicable Date, our Directors confirmed that we had no instances of material non-compliance with the rules of the Shenzhen Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects and, to the best knowledge of our Directors having made all reasonable inquiries, there was no material matter that should be brought to the investors’ attention in relation to our compliance record on the Shenzhen Stock Exchange. As advised by our PRC Legal Adviser, during the Track Record Period and

SUMMARY

up to the Latest Practicable Date, we have not been subject to any material administrative penalties or regulatory measures imposed by the CSRC, Shenzhen Stock Exchange or PRC securities regulatory authorities. Based on the independent due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors’ attention that would cause them to disagree with our Directors’ confirmation with regard to the compliance records of the Company on the Shenzhen Stock Exchange.

DIVIDENDS AND DIVIDEND POLICY

In October 2024, our Shareholder Return Plan for 2024-2026 was adopted. Pursuant to this plan, under the premise of ensuring our sustainable operation and long-term development, if we are profitable in the current year and the accumulated undistributed profits are positive, the profit distributed by us in cash each year for the years ended December 31, 2024, 2025 and 2026 should not be less than 40% of the distributable profits realized in the current year.

Our Company declared dividends of RMB4,003.1 million, nil and RMB7,587.8 million, attributable to the years ended December 31, 2022, 2023 and 2024, respectively. Any declaration and payment, as well as the amount of dividends, will be subject to our Articles of Association and the relevant PRC laws. We currently do not have any fixed dividend pay-out ratio. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution.

[REDACTED]

[REDACTED] represent professional fees, [REDACTED] and other fees incurred in connection with the [REDACTED]. We estimate that our [REDACTED] will be approximately [REDACTED] (assuming an [REDACTED] of [REDACTED] per [REDACTED] (being the mid-point of the [REDACTED]) and no exercise of the [REDACTED]), representing [REDACTED] of the gross [REDACTED] (based on the mid-point of our [REDACTED] for the [REDACTED] and assuming that the [REDACTED] Option is not exercised) of the [REDACTED]. We expect our [REDACTED] approximately [REDACTED], of which approximately [REDACTED] is expected to be recognized in the consolidated income statement as general and administrative expenses and approximately [REDACTED] is expected to be recognized as a deduction in equity directly upon the [REDACTED]. Our Directors do not expect such expenses to materially impact our results of operations in 2025. By nature, our [REDACTED] are composed of (i) [REDACTED] of approximately [REDACTED] million and (ii) [REDACTED] related expenses of approximately [REDACTED], which consist of fees and expenses of legal advisors and Reporting Accountants of approximately [REDACTED] million and other fees and expenses of approximately [REDACTED].

SUMMARY

[REDACTED]

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

We have maintained stable business operations and development since December 31, 2024. We experienced sales growth in the three months ended March 31, 2025, compared to the same period in 2024.

In the four months ended April 30, 2025, the sales volume of our hogs reached approximately 30.8 million heads, comprising approximately 25.0 million finished hogs, 5.6 million piglets and 0.2 million breeding hogs. During the same period, our slaughter volume reached approximately 7.2 million heads.

Our Directors have confirmed that up to the [date of this document], there has been no material adverse change in our financial or trading position or prospects since December 31, 2024, being the end date of the periods reported in Appendix I to this document and there is no event since December 31, 2024 that would materially affect the information as set out in the Accountants’ Report in Appendix I to this document.

DEFINITIONS

In this document, unless the context otherwise requires, the following terms and expressions shall have the meanings set out below.

“A Share(s)”	ordinary shares issued by our Company, with a nominal value of RMB1.00 each, which are listed on the Shenzhen Stock Exchange and traded in Renminbi
“affiliate(s)”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	Accounting and Financial Reporting Council
“Articles of Association” or “Articles”	the articles of association of our Company, conditionally adopted on May 16, 2025 with effect from the [REDACTED], and as amended from time to time, a summary of which is set out in Appendix V to this document
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Board
“BAF Vietnam Agriculture”	BAF Vietnam Agriculture Joint Stock Company, a public company incorporated in Vietnam in 2017, primarily engaging in livestock farming and animal feed production
“Board” or “Board of Directors”	the board of Directors of the Company
“Board of Supervisors”	the board of Supervisors of the Company
“Business Day”	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“CAC”	the Cyberspace Administration of China (中華人民共和國國家互聯網信息辦公室)
“CASBE”	China Accounting Standards for Business Enterprises

[REDACTED]

DEFINITIONS

“CGCC”	China General Chamber of Commerce (中國商業聯合會)
“China” or “the PRC”	the People’s Republic of China, excluding Hong Kong Special Administrative Region, Macau Special Administration and Taiwan region, except where the content or context requires otherwise
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules
“CNCIC”	China National Commercial Information Center (中華全國商業信息中心)
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	Muyuan Foods Co., Ltd. (牧原食品股份有限公司), a joint stock company with limited liability established in the PRC on July 13, 2000, the A Shares of which have been listed on the Shenzhen Stock Exchange (002714.SZ)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“connected transaction(s)”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Qin Yinglin, Ms. Qian Ying and Muyuan Group
“Convertible Bonds”	the convertible bonds issued by our Company and listed on the Shenzhen Stock Exchange on September 10, 2021 under the code “127045”
“core connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of our Company

DEFINITIONS

“EIT”	enterprise income tax
“EIT Law”	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》)
“ESG”	Environmental, Social and Governance
“Extreme Conditions”	the occurrence of “extreme conditions” as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
“Frost & Sullivan Report”	the industry report prepared by Frost & Sullivan, which we commissioned Frost & Sullivan to prepare in relation to our industry
	[REDACTED]
“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.
“General Rules of HKSCC”	General Rules of HKSCC published by the Stock Exchange and as amended from time to time
	[REDACTED]
“Group”, “our Group”, “our”, “we”, or “us”	our Company and its subsidiaries, or any one of them as the context may require, and where the context requires, in respect of the period before our Company became the holding company of any of its present subsidiaries, such present subsidiaries of our Company, the businesses carried on by such subsidiaries and (as the case may be) their predecessors
“Guide”	the Guide for New Listing Applicants published by the Stock Exchange (as amended, supplemented or otherwise modified from time to time)

DEFINITIONS

“H Share(s)”

overseas [REDACTED] foreign ordinary [REDACTED] in the [REDACTED] capital of our Company with a nominal value of RMB1.00 each, which are to be [REDACTED] for and [REDACTED] in Hong Kong dollars and to be [REDACTED] on the Hong Kong Stock Exchange

[REDACTED]

“Hong Kong” or “HK”

the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Hong Kong dollars” or “HK\$” Hong Kong dollars and cents respectively, the lawful currency of Hong Kong

[REDACTED]

“Hong Kong Stock Exchange” or
“Stock Exchange” The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited

[REDACTED]

“Hurun Top 100 Restaurant
Brands in China” an annual ranking that highlights the top 100 most valuable and influential restaurant brands in China, as assessed by the Hurun Research Institute

“Independent Third Party(ies)” any person(s) or entity(ies) who is not a connected person of the Company within the meaning of the Listing Rules

[REDACTED]

DEFINITIONS

[REDACTED]

“Latest Practicable Date”	May 20, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication
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[REDACTED]

“Listing Rules” or “Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
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“Macau”	the Macau Special Administrative Region of the People’s Republic of China
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DEFINITIONS

“Main Board”	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operates in parallel with the GEM of the Hong Kong Stock Exchange
“Major Subsidiary” or “Major Subsidiaries”	39 subsidiaries of the Company through which we mainly operated our business as of the Latest Practicable Date
“MARA”	Ministry of Agriculture and Rural Affairs of the PRC (中華人民共和國農業農村部)
“MOF”	Ministry of Finance of the PRC (中華人民共和國財政部)
“MOFCOM”	Ministry of Commerce of the PRC (中華人民共和國商務部)
“Muyuan Group”	Muyuan Industrial Group Co., Ltd. (牧原實業集團有限公司), one of our Controlling Shareholders
“Muyuan Group Connected Persons”	Muyuan Group, together with its subsidiaries and associates, excluding our Group
“NDRC”	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“Nomination Committee”	the nomination committee of the Board

[REDACTED]

DEFINITIONS

[REDACTED]

“Overseas Listing Trial Measures”	The Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) promulgated by the CSRC on February 17, 2023 and became effective on March 31, 2023
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC Company Law”	the Company Law of the People’s Republic of China (中華人民共和國公司法) as amended, supplemented or otherwise modified from time to time
“PRC Government”	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
“PRC Legal Adviser”	Fangda Partners, the PRC legal adviser to our Company

[REDACTED]

“QIBs”	a qualified institutional buyer within the meaning of Rule 144A
“Regulation S”	Regulation S under the U.S. Securities Act

DEFINITIONS

“Relevant Persons”	the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of their or the Company’s respective directors, officers, employees, partners, agents, advisers and any other parties involved in the [REDACTED]
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Board
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Rule 144A”	Rule 144A under the U.S. Securities Act
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)
“SAMR”	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
“SAT”	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“Securities and Futures Commission” or “SFC”	the Securities and Futures Commission of Hong Kong
“Securities Law”	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, including both A Shares and H Shares
“Shareholder(s)”	holder(s) of the Share(s) [REDACTED]
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Supervisor(s)”	member(s) of the Board of Supervisors
“Track Record Period”	the financial years ended December 31, 2022, 2023 and 2024
“U.S. dollars”, “US\$” or “USD”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	the U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder

[REDACTED]

“United States”, “USA” or “U.S.”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
“Valuer” or “JLL”	Jones Lang LaSalle Corporate Appraisal and Advisory Limited, our biological asset valuer and an Independent Third Party
“VAT”	value-added tax
“WAFI”	World AgriFood Innovation Conference, a global agricultural event

In this document, the terms “associate”, “close associate”, “connected person”, “core connected person”, “connected transaction”, and “substantial shareholder” shall have the meanings given to such terms in the Hong Kong Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this document have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

For ease of reference, the names of PRC laws and regulations, governmental authorities, institutions, nature persons or other entities (including our subsidiaries) have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations of certain technical terms used in this document in connection with our Company and our business. Such terminology and meanings may not correspond to standard industry meanings or usages of those terms.

“3D”	three-dimensional
“5G”	the 5th generation mobile network, a new global wireless standard after 1G, 2G, 3G, and 4G networks
“5R”	reduce, reuse, recycle, remanufacture and redesign
“AGV”	automated guided vehicle
“amino acid”	the building blocks of proteins
“B-ultrasound”	a type of medical imaging technique that uses high-frequency sound waves to create real-time images of the body’s internal structures, particularly useful in monitoring fetal development
“BLUP”	best linear unbiased prediction, a statistical method that uses performance and pedigree data to assess and predict an animal’s genetic potential by separating genetic effects from environmental influences, for genetic performance evaluation
“boar”	intact adult male pig(s) for mating purpose
“breeding hog”	pig(s) that are primarily used for breeding, including sows and boars
“°C”	degrees Celsius
“CAGR”	compound annual growth rate
“carcass”	the body of the slaughtered pig after bleeding, evisceration and chilling
“China GAP certification”	a certification for good agricultural practices in hog farming and other agricultural sectors

GLOSSARY OF TECHNICAL TERMS

“CMA certification”	certification from the China National Certification and Accreditation Administration, which is required for hog farming and pork processing facilities in China
“CNAS”	China National Accreditation Service for Conformity Assessment
“CO ₂ ”	carbon dioxide
“CO ₂ e”	carbon dioxide equivalent
“CRM”	customer relationship management, a strategic process that organizations use to manage, analyze, and improve their interactions with customers
“daily weight gain”	the amount of weight gains of hogs per day
“estrus cycle”	the recurring period of sexual receptivity and fertility in female mammals, including pigs
“farrow”	to give birth to a litter of piglets
“finished hog”	pig(s) with heavy weight (normally around 120 kg) and generally ready for sale
“FSSC 22000”	a food safety management system certification scheme that helps companies demonstrate their ability to make safe products
“gestation”	the period of time between conception and birth
“GFA”	gross floor area
“GFSI”	Global Food Safety Initiative, a collaboration of food safety experts that sets standards for food safety certification schemes
“GHG”	greenhouse gas, emissions produced by hog farming and pork processing activities that contribute to climate change
“GW”	gigawatt, a unit of measurement for the electrical power capacity used in hog farming and pork processing facilities

GLOSSARY OF TECHNICAL TERMS

“GWh”	gigawatt hour, the quantity of energy produced or consumed by a piece of equipment with power of one gigawatt for one hour
“HACCP”	hazard analysis and critical control points, a food safety management system used in hog farming and pork processing to identify and control potential hazards
“hog”	pig(s) used for slaughter, processing and sale
“HSE system certification”	health, safety and environment management system certification, an international standard that establishes a framework for organizations to effectively manage and continuously improve their health, safety and environmental performance
“hydrogen sulfide”	a highly toxic and flammable gas that can be produced in manure storage facilities on pig farms
“ID”	identity
“IoT”	Internet of Things, physical objects with sensors, processing ability, software, and other technologies that connect and exchange data with other devices and systems over the Internet or other communications networks
“IP”	intellectual property
“ISO9001”	an international standard for quality management systems that helps organizations meet customer and regulatory requirements
“IUCN Ia-VI”	the international union for conservation of nature’s classification system for protected areas, ranging from strict nature reserves (Ia) to protected landscapes (VI)
“kWh”	kilowatt-hour
“lactation”	the process of producing and secreting milk by the mammary glands of a female mammal, such as a sow

GLOSSARY OF TECHNICAL TERMS

“LEAP”	livestock environmental assessment and performance, a framework developed by the Food and Agriculture Organization of the United Nations to assess the environmental performance of livestock supply chains
“LSEG Data & Analytics”	London Stock Exchange Group Data & Analytics, a global provider of financial market data and infrastructure
“MAP”	modified atmosphere packaging, the practice of modifying the composition of the internal atmosphere of a package in order to improve the shelf life
“mu”	a traditional Chinese unit of area measurement, equivalent to approximately 666.67 square meters
“MW”	megawatt
“OECD”	the Organization for Economic Cooperation and Development, a unique forum where the governments of 38 democracies with market-based economies collaborate to develop policy standards to promote sustainable economic growth
“palletizing”	the process of arranging and stacking products or goods onto a pallet for efficient storage and transportation
“PDA”	personal digital assistant, a handheld computing device that can be used for a variety of tasks, such as data collection and management
“PED”	porcine epidemic diarrhea, a condition caused by the porcine epidemic diarrhea virus that leads to severe gastrointestinal disease in pigs
“Porcine Reproductive and Respiratory Syndrome”, or “PRRS”	a viral disease that affects domestic pigs, causing reproductive problems and respiratory issues
“pork cuts”	piece of meat separated from carcass during butchering
“PSY”	piglets weaned per sow per year
“purebred”	bred from parents of the same breed

GLOSSARY OF TECHNICAL TERMS

“R&D”	research and development
“RGV”	reach stacker, a type of forklift used for handling and stacking containers in logistics and transportation applications
“ROE”	return on equity
“reproductive sow”	adult female pig(s) used for breeding offspring, which normally have been mated naturally or inseminated artificially
“SSAP” or “Soy Sustainability Assurance Protocol”	a certified aggregate approach audited by third parties that verifies sustainable soybean production at a national scale in the U.S.
“suckling piglet”	young piglet between birth and weaning
“tce”	ton of coal equivalent, a unit of energy defined as the amount of energy released by burning one ton of coal
“three-breed production system”	a production system that uses three different breeds of pigs to take advantage of hybrid vigor and produce finished hogs
“TNFD”	Taskforce on Nature-related Financial Disclosures, a framework that helps organizations assess and disclose their dependencies and impacts on nature
“total unit cost”	the total costs and expenses per kilogram (live weight equivalent) incurred in hog farming, including operating costs, as well as selling and distribution expenses, general and administrative expenses, research and development expenses and financial expenses
“two-breed rotational cross system”	a crossbreeding system, under which two breeds are mated and the resulting female offspring are kept as replacements and mated to one of the breeds, and in following generations, females are bred to the opposite breed of their sire
“two-breed sow”	sows used in the two-breed rotational cross
“weaner”	a young pig that has been weaned from the sow

GLOSSARY OF TECHNICAL TERMS

“WMS”	warehouse management system, a set of policies and processes intended to organize the work of a warehouse or distribution center, and ensure that such a facility can operate efficiently and meet its objectives
“μm”	micrometer

FORWARD-LOOKING STATEMENTS

We have included in this document forward-looking statements. Statements that are not historical facts, including statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

This document contains certain forward-looking statements relating to our Company, our subsidiaries and consolidated affiliated entities that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words “aim”, “anticipate”, “believe”, “could”, “expect”, “going forward”, “intend”, “may”, “ought to”, “plan”, “project”, “seek”, “should”, “will”, “would” and the negative of these words and other similar expressions, as they relate to our Group or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks, uncertainties and other factors facing our Group which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- changes in the macro environment, regional and global economy, as well as industry trends related to our operations;
- our ability to successfully implement our business plans, strategies, objectives and goals;
- our ability to obtain adequate capital resources to fund future development plans;
- our ability to control costs, as well as to achieve and maintain operational efficiency;
- changes in our customers’ demands and expectations;
- changes in the competitive landscape of the industries where we operate;
- our ability to protect our reputation and brand image, as well as trademarks, technologies, knowhow, patents and other intellectual property rights;
- changes in local economic and political conditions and changes in compliance with international laws and regulations in the countries and regions where we operate; and
- developments in technology and our ability to successfully keep up with technological advancement.

RISK FACTORS

You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an [REDACTED] in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition and operating results. In any such case, the market price of our H Shares could decline and you may lose all or part of your [REDACTED].

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section headed “Forward-Looking Statements” in this document.

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business and industry; (ii) risks relating to the local laws and regulations of the jurisdictions where we conduct business; and (iii) risks relating to the [REDACTED].

Additional risks and uncertainties that are presently not known to us or not expressed or implied below or that we currently deem immaterial could also harm our business, financial condition and operating results. You should consider our business and prospects in light of the challenges we face, including those discussed in this section.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our operating results are substantially affected by the market selling prices of hogs and meat products.

Our operating results are significantly affected by the market selling prices of hogs and meat products, which are determined by constantly changing market forces of supply and demand as well as other factors, over which we have little or no control. These factors include:

- macroeconomic conditions;
- dynamics of supply and demand in the relevant markets;
- competition;
- animal diseases;
- government regulations and actions, particularly regarding government intervention in the market selling prices of hogs and meat products, and environmental protection; and
- standardization of operations and development of technologies.

RISK FACTORS

Our profitability is dependent on the market selling prices of hogs and meat products. If the market selling prices go down, or any unexpected supervening event occurs in the market that alters the market condition in an unfavorable direction, our ability to generate sales revenue may be materially and adversely affected and we may be unable to remain profitable. Unfavorable pricing can lead to potentially low profit margins or even loss-making situations. Moreover, any delay, inactivity or omission in response to market changes may result in inappropriate or undesirable management decisions which may, in turn, materially and adversely affect our revenue and operating results.

Increases in the cost of raw materials used in our operations, especially feed ingredients, may lead to declines in our margins and operating results.

Any fluctuations in the prices of raw materials may have a significant impact on both our cost structure and our operating results. Our raw materials mainly include feed ingredients, such as corn, wheat and soybean meal. The purchase prices of raw materials are determined by continually changing market forces of supply and demand as well as other factors, over which we have limited or no control. These factors include:

- macroeconomic conditions;
- dynamics of supply and demand in the relevant markets;
- weather conditions, and the supply of feed ingredients;
- international relationships and geopolitical tensions, as well as government regulations and actions, including import restrictions and tariffs; and
- transportation and storage costs.

Raw materials have experienced volatility in selling prices due to various factors, such as policies and dynamics of supply and demand in the relevant markets. See “Industry Overview — China’s Hog Farming Industry — Cost of Hog Farming and Hog Feed in China.” We will continue to be exposed to price volatility in raw materials in the future, and any significant and unforeseeable increase in the prices of raw materials will elevate our operating costs and have an adverse impact on the profitability of our business. There can be no assurance that we will be able to pass on to our customers all or part of any increased costs from time to time, in a timely manner or at all, which could have a material adverse effect on our business, operating results and financial condition.

RISK FACTORS

The outbreak of contagious animal diseases among hogs and the adverse publicity associated with these could significantly affect our production, the demand for our products and our business operations.

We are exposed to risks relating to our ability to maintain hog health and control animal diseases. Many countries have encountered animal diseases. As there might not be effective vaccines available on the market, any occurrence of animal diseases might adversely impact our operational production. The outbreak of such diseases will reduce the number of hogs produced, slow the hog finishing process, hamper the growth of hogs to finishing size, cause expensive medication and vaccination costs, require the quarantine or compulsory disposal of infected hogs and, in extreme cases, disposal of large numbers of hogs and temporary suspension of our business operations in the affected facilities, any of which could adversely affect our production or our ability to sell products. Adverse publicity concerning any animal disease or health issues could also cause customers to lose confidence in the safety and quality of meat products. There can be no assurance that there will be no outbreaks of animal diseases in the future. If we experience any outbreaks of animal diseases or any adverse publicity associated, our business, results of operations and financial condition may be adversely and materially affected.

Any perceived or real food safety or health issues related to our hogs, meat products, operations or the food industry generally could adversely affect our reputation, our ability to sell products and our financial performance, as well as subject us to liability claims and regulatory actions.

Our meat products are produced from self-produced finished hogs. We also purchase feed ingredients such as corn, wheat and soybean meal. Therefore, we are subject to risks affecting the food industry generally, including risks posed by the following:

- food spoilage;
- food contamination;
- contamination of feed ingredients;
- consumer product liability claims; and
- the expense associated with purchasing and the possible unavailability of product liability insurance.

RISK FACTORS

If our feed ingredients or our products are found to be spoiled or contaminated, or reported to be associated with any such incidents, our reputation, business, financial condition, operating results and prospects could be materially and adversely affected.

There can be no assurance that contamination of our feed ingredients or products will not occur during the transportation, production, distribution and sales processes due to reasons unknown to us or beyond our control. Furthermore, meat products are susceptible to contamination by disease-producing organisms or pathogens which are generally found in the environment. One or more of such organisms or pathogens could be present in pork products produced from our finished hogs as a result of food processing. These organisms and pathogens can also be introduced to final products as a result of improper handling during transportation, in the further processing or at the consumer level.

Any food safety issues can also subject us to product liability claims, adverse publicity and government scrutiny, investigation or intervention, resulting in increased costs, and any of these events could have a material adverse effect on our reputation, business, financial condition, operating results and prospects.

We operate in a highly competitive industry and may face increased competition. New competitors who enter the market could have an adverse impact on our businesses and prospects.

Both the hog farming industry and the hog slaughtering and processing industry in China are highly fragmented. We face intense competition in terms of safety and quality, costs, price and distribution. We face increasing competition from local, national and foreign peers. Competitors may develop products of a comparable or superior quality to ours, increase cost competitiveness by improving the operating model, or adapt more quickly than we do to meet the evolving consumer preferences or market trends.

The consolidation among industry participants may produce stronger competitors as well as competitors more specialised in particular segments and geographic markets. Furthermore, our competitors in the hog slaughtering and processing industry may form alliances to achieve scales of operations or sales networks that would make it more difficult for us to compete. To expand market share or enter into new markets, some of our competitors may use aggressive pricing strategies, greater incentives and subsidies for customers. We may not be able to compete effectively with our current or potential competitors, and our inability to compete successfully against our competitors could result in loss of market share or reduced profit margins, both of which could adversely impact our operating results.

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We incurred net losses in the past.

In 2023, we recorded a net loss of RMB4,167.9 million due to an overall decrease in selling prices. See “Financial Information — Consolidated Income Statement.” We may not be able to continually maintain profitability in the future. We believe that our future revenue growth will depend on, among other factors, our ability to manage price fluctuations of products and raw materials, maintain effective control over operating costs and expenses, enhance product quality, adapt to competitive market conditions and regulatory changes, secure sufficient capital for business expansion, retain qualified personnel and maintain robust internal control systems. We may also incur unforeseen expenses, or encounter difficulties, complications or delays in deriving revenue or achieving profitability. A failure to address any of these risks and uncertainties could impact our business and financial performance as well as our operating results.

We had net current liabilities in the past, which can expose us to liquidity risk, and such positions may recur if our profitability deteriorates in the future.

We had net current liabilities of RMB15,588.8 million, RMB31,076.2 million and RMB24,157.9 million as of December 31, 2022, 2023 and 2024, respectively, which were mainly short-term loans and accounts payables. Such positions can expose us to the risk of shortfalls in liquidity. Any difficulty or failure to meet our liquidity needs as and when needed can have a material adverse effect on our business, financial condition, results of operations and prospects. The positions of net current liabilities may recur if our profitability deteriorates in the future.

We have significant productive biological assets, which may depreciate faster than expected, and consumable biological assets, which may incur impairment losses.

As of December 31, 2022, 2023 and 2024, the carrying amount of our productive biological assets was RMB7,334.8 million, RMB9,315.1 million and RMB9,355.1 million, respectively. Our productive biological assets presented at cost less accumulated depreciation and impairment provision. See “Financial Information — Material Accounting Policy Information — Biological Assets.” The productive biological assets may depreciate faster than expected. Our financial performance and operating results could be negatively impacted as a result.

In addition, we conduct impairment assessments for our consumable biological assets in accordance with applicable accounting standards. As of December 31, 2022, 2023 and 2024, the carrying amount of our consumable biological assets was RMB28,498.2 million, RMB32,809.3 million and RMB33,068.5 million, respectively. These assets are susceptible to value fluctuations due to factors beyond our control including, but not limited to, changes in the market selling price of hogs, the occurrence of diseases or health issues, natural disasters and changes in regulatory requirements affecting the hog industry. Any significant adverse changes in these factors could result in a substantial impairment of our consumable biological assets, necessitating the recognition of impairment losses that could materially and adversely affect our financial performance and operating results.

RISK FACTORS

The execution of our investment, maintenance or upgrades related to production facilities, equipment, technologies and other operational aspects may not always be carried out successfully.

We continually maintain our existing production facilities and aim to optimize our production capacity by upgrading existing equipment and facilities, purchasing new facilities and improving production techniques. As our business grows, we may need to expand our production capacity through various measures, including constructing new production facilities and expanding existing ones.

We anticipate that we will continually make efforts to upgrade our production facilities. If these upgrade plans are not successfully implemented, it could have an adverse impact on our business growth. Our new production facilities may not commence production on time and our upgrade plans may not be successful. Several factors may delay our plans and increase our costs, including: (i) a failure to obtain regulatory approvals, permits or licenses from the relevant government authorities in a timely manner; (ii) a shortage, late delivery or increased prices of building materials and production equipment, as well as various other factors affecting construction progress, resulting in a delay in the construction of the new production facilities; and (iii) technological changes, capacity expansion or other changes to our plans for new production facilities necessitated by changes in market conditions.

Furthermore, if market demand declines in the future, or if the upgrade plans do not generate the expected returns on investment, our financial condition may be adversely affected.

Changes in our relationships with customers, or in the trade terms with these customers, may reduce our sales and profit.

Our customers in our hog business are mainly hog dealers, slaughtering plants, hog farming enterprises and individual hog farmers, while our customers in the slaughtering and meat product business mainly include wholesale market customers, retailers, restaurants, canteens and food processors. Any one of the following events could cause fluctuations or reductions in our revenue and might have an adverse effect on our financial condition and operational results:

- reductions in, delays or cancellations of orders from one or more of our customers;
- a failure to maintain relationships with our existing customers;
- a failure to establish relationships with new customers on favorable terms;
- an inability to timely identify and appoint additional or replacement customers upon the loss of one or more of our customers; and
- any breach of sales contracts by our customers.

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There is no assurance that we will be able, in the future, to renew our sales agreements with our customers on terms no less favorable than those existing, or at all. Our business could suffer significant setbacks in sales and operating income if our customers’ business plans or markets change significantly, or if we lose one or more of our major customers. To the extent that we provide concessions or trade terms that are more favorable to our customers, our sales margins may be reduced. There is no assurance that we will be able to maintain stable and long-term relationships with all our customers.

Expansion into new geographic markets and the establishment of new sales channels, in which we have limited operating experience and reputation, may present operating and marketing challenges that are different from those we currently face in our existing markets and sales channels. New markets and sales channels may have different competitive dynamics, consumer preferences and discretionary spending patterns compared with our existing markets and sales channels. Consumers in new markets and sales channels are likely to be unfamiliar with our products and we may need to build awareness in the relevant markets and establish sales channels by increasing investment in marketing activities. As a result, any product we introduce in new markets may be more expensive in terms of production and distribution, and takes longer to reach expected sales and profit levels than in our existing markets which, in turn, could affect the viability of these new operations and our overall profitability.

We rely on our own production facilities for our business operations. Any unexpected damages to production facilities may cause interruptions to our operations at various levels.

Our hog farms and slaughtering plants across China are likely to be subject to the impact of catastrophic incidents, such as fires, earthquakes, snowstorms, floods or other natural disasters. If such catastrophic incidents occur in the proximity of our production facilities the infrastructure, fixed assets and equipment of the production facilities may be damaged and the production process may be interrupted to a varying extent, which may further lead to significant economic losses and restoration expenses. The destruction of hog farms may also cause illness or death to the hogs, which may materially and adversely affect our sales revenues and operating results. There can be no assurance that we will be fully insured or otherwise compensated for such incidents. Any failure to take adequate steps to mitigate the potential impact of unforeseeable incidents, or to effectively respond to such incidents if they occur, could adversely affect our business, financial condition and operating results.

We may be unable to effectively manage our inventory levels.

Our inventories primarily comprise consumable biological assets, feed ingredients and finished goods. We adopt stringent inventory control and maintain appropriate levels of inventory. We periodically review our inventory levels for slow-moving inventory, obsolescence or declines in market value. We manage our inventory levels principally based on anticipated demand. Customer demand, however, can be affected by numerous uncertainties, including market conditions, the outbreak of diseases, regulatory approvals and other factors beyond our control. Our inventories increased from RMB38,251.7 million as of December 31,

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2022 to RMB41,930.8 million as of December 31, 2023, and further increased to RMB41,969.8 million as of December 31, 2024. If we fail to manage our inventory levels effectively we may be subject to a higher risk of inventory obsolescence, a decline in the value of inventories and potential inventory write-downs. Procuring additional inventory may also require us to commit substantial working capital, which would prevent us from using this capital for other purposes. Any of the foregoing may materially and adversely affect our operating results and financial condition.

We plan to expand our presence in overseas markets and thus bear the risks associated with operations in those overseas markets.

We plan to expand our international presence and participating in R&D collaborations in overseas markets. Development and expansion in overseas markets, along with our R&D efforts, have been part of our long-term strategy. Our operations in overseas markets are subject to certain risks relating to specific regions, including:

- economic and political conditions;
- different tax rates as well as different import and export licensing requirements;
- fluctuations in foreign currency exchange rates;
- costs associated with understanding local market trends;
- difficulties and costs associated with obtaining or maintaining intellectual property rights in different regions;
- difficulties and costs associated with complying with, and enforcing remedies under, a wide variety of complex domestic and international laws, treaties and regulations; and
- changes in international trade policies and regulations, including economic sanctions, export controls, import restrictions and the imposition of tariffs and other trade barriers.

We face risks relating to fluctuations in the market selling prices of substitute products.

Fluctuations in the market selling prices of substitutes for our products, especially decreases in the market selling prices of substitute protein products (such as beef and chicken), may affect the market selling prices of pork products. As a result of any decrease in the market selling prices of substitute protein products, consumers may purchase less pork and opt for the substitute products to satisfy their daily demand for protein. This may further lead to unforeseeable consequences such as permanent changes in consumer taste and preferences that are not beneficial to us. However, we have limited or no control at all over the market conditions, competitive landscape and regulatory regime of the industries in which our

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substitute products operate. Although we are able to adjust our selling prices in response to decreases in the market selling prices of substitute products, our profit margin may shrink accordingly due to pressure from substitute products. This would, in turn, have a material adverse impact on our business, financial condition, operating results and prospects.

We rely on our suppliers for feed ingredients and other raw materials. Suppliers may fail to deliver as required in terms of time, cost, quality and quantity.

A stable supply of feed ingredients that meet our standards is crucial to our operations. Most of the feed ingredients we purchased were from selected suppliers during the Track Record Period. We expect to continue to procure feed ingredients from our suppliers. We also rely on suppliers for other raw materials such as medicines and farming facilities. There can be no assurance that we will be able to source feed ingredients and other raw materials that can meet our requirements in terms of reasonable prices or terms or at all. In the event that our supply of feed ingredients and other raw materials is interrupted, our business, financial condition, operating results and prospects may be materially and adversely affected.

When we procure feed ingredients and other raw materials from overseas suppliers, the transaction amounts may be denominated in foreign currency instead of Renminbi. Accordingly, we are exposed to foreign exchange rate risk. See “Risk Factors — Risks Relating to the Local Laws and Regulations of the Jurisdictions Where We Conduct Business — Policies and regulations regarding foreign currency conversion may impact our foreign exchange transactions.”

ESG matters impact our business and reputations

We are subject to environmental protection laws and regulations as well as the complex and evolving ESG requirements, which require us to devote substantial time and resources for compliance and could adversely affect our business and financial performance.

Our business is subject to extensive and increasingly stringent environmental protection laws and regulations. There is an increasing focus on corporate responsibility and a number of regulations and requirements on ESG performance pose reputational, regulatory and other risks to us. We believe that it is our responsibility to devote substantial time and resources to develop technology and products designed to reduce our carbon footprint and maintain environmentally friendly business operations. The process of developing new production technologies and enhancing existing production technologies to mitigate climate change is often complex, costly and uncertain, and we may pursue strategies or make investments that do not prove to be commercially successful in the time frames expected, or at all. Moreover, not all of our competitors may seek to establish climate or other ESG targets and goals, or at a level comparable to ours, which could adversely affect our competitiveness in the relevant market.

In particular, stringent PRC environmental protection laws and regulations require us to adopt measures to effectively control and properly dispose dead hogs, manure, waste gases, wastewater, noise and other environmental waste materials. There is no assurance that we will

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not be challenged or penalized for our non-compliance with environmental protection laws and regulations as the interpretations and requirements of the competent authorities may vary in the future. We have invested substantial resources into environmental protection measures, including manure treatment, waste water and waste gas processing, and soil improvement projects to comply with environmental protection laws. In addition, new environmental issues could arise and lead to currently unanticipated investigations, assessments or costs.

Compliance with these ESG requirements and relevant environmental protection laws and regulations requires additional investments of resources, and failure to comply could subject us to, among other things, legal liability, fines, suspension of production, a loss of licenses to operate certain facilities and other sanctions, interruptions to operations, securities litigation and a general loss of investor confidence, any one of which could have a material adverse impact on our business and financial performance. If we are unable to satisfy such new criteria or are unable to respond or perceived to be inadequately responding to sustainability concerns, investors may conclude that our policies with respect to corporate responsibility are inadequate and choose to invest in our competitors. We risk damage to our brand and our reputation in the event that our corporate responsibility procedures or standards do not meet the standards set by various third parties. In addition, in the event that we communicate certain initiatives and goals regarding ESG matters, we could fail, or be perceived to fail, in our achievement of such initiatives or goals, or we could be criticized for the scope of such initiatives or goals. Any of these circumstances could cause negative publicity, and our business operations could be adversely impacted.

We are subject to risks associated with animal welfare.

We take a variety of measures to improve animal welfare. For example, we provide hogs with a comfortable environment, sufficient space, professional and timely care and smart management measures to maintain their good health and energy. We also adopt CO₂ stun technology to alleviate the pain experienced by hogs before the slaughtering process. However, animal activists and other third-party groups may make claims and/or bring lawsuits against us for our hog treatment measures, and there are no assurances as to the outcome of future claims and lawsuits that could be brought against us. In addition, the associated negative publicity could adversely affect our reputation and operating results.

We are subject to risks associated with managing future growth as well as maintaining and expanding our operations.

Our future growth may depend on improving our production capacity and efficiency, improving our technologies, introducing new products, maintaining our existing sales and distribution network, and extending our sales network to new sales channels. Our ability to achieve growth will be subject to a range of factors, including:

- exercising effective quality control and maintaining high-quality standards;

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- strengthening our existing relationships with customers and expanding our sales network;
- improving our breeding technology;
- enhancing our research and development capabilities;
- recruiting, training and retaining qualified personnel;
- controlling our operating costs and improving operational efficiency;
- prioritizing our operational, financial and management controls and systems in an efficient and effective manner;
- acquiring or renting land parcels of suitable size and location for our operation; and
- managing our supply chain.

Additionally, our expansion plans and business growth could strain our managerial, operational and financial resources. Our ability to manage future growth will depend on our ability to continue to implement and improve our operational, financial and management systems on a timely basis and to expand, train, motivate and manage our workforce. There is no guarantee that our personnel, systems, procedures and controls will be adequate to support our future growth. A failure to effectively manage our expansion may lead to increased costs and reduced profitability and may adversely affect our growth prospects. As we expand our operations, we may encounter regulatory, commercial and other difficulties that may also increase our operating costs.

Our success depends on our ability to retain our core management team and other key personnel.

Our future business performance and prospects depend significantly on our key management team, in particular our senior management as they are in charge of the overall planning, development and execution of our business and operations. If any of our Directors and/or any members of senior management were to terminate their services or employment we may be unable to find suitable replacements in a timely manner, at acceptable cost, or at all. In addition, competition for qualified personnel in China is intense and the availability of suitable candidates may be limited. A failure to attract and retain key personnel could materially and adversely affect our operating results and business prospects.

RISK FACTORS

Failures or security breaches of our information technology systems could disrupt our operations and negatively impact our business.

We use information technology systems to monitor our production processes, increase efficiencies in our rearing operations and inventory management, as well as manage and analyze our operations and financial information. Our smart systems and devices have been applied to all aspects of hog farming. For example, we have established an IoT-and-Cloud system to achieve data interconnection of the feeding, environmental control, inspection, raw material sterilization, cleaning production and electric power systems of the facility. We also use information technology to process financial information for internal reporting purposes and to comply with regulatory, legal and tax requirements. In addition, we rely on information technology for electronic communications with our facilities, personnel, customers and suppliers. Our information technology systems may be vulnerable to various threats, including the unauthorized disclosure of information, the unapproved alteration of data, cyber attacks, electrical disruptions, system configuration errors and telecommunication malfunctions. Although we have implemented protection and back-up schemes for our information technology systems, these may not be sufficient. Any serious system failure or system malfunction could negatively affect our operations, financial condition and reputation. Any unauthorized disclosure of information could compromise our trade secrets, confidential information and customer information, which could adversely affect our operating results, financial condition and reputation.

We may not be able to adequately protect our intellectual property and know-how, which could materially and adversely affect our business.

Our current intellectual property rights, including our patents, copyrights and trademarks, provide adequate protections to our business and are necessary for our operations. However, there can be no assurance that our intellectual property applications will be approved by the relevant governmental authorities, that our intellectual property rights will adequately protect our business in the future, that we will be able to detect breaches or infringements of our intellectual property rights, that our intellectual property rights will not be challenged by third parties or found to be invalid or unenforceable, or that our intellectual property rights will be effective in preventing third parties from utilizing similar business models, processes or brand names to offer similar products that may or may not infringe our existing patents or other intellectual property rights.

We may also be subject to disputes, claims or litigation involving our intellectual property rights or third-party intellectual property rights and there may be claims that we infringe third-party intellectual property rights. Any of these could disrupt our business and divert our management's attention from the operations. The costs associated with these types of disputes, claims or litigation may be substantial and could have a material adverse effect on our reputation, business, financial condition, operating results and prospects.

RISK FACTORS

Personal injuries, damage to property or fatal accidents may occur in our production facilities.

We use machinery and equipment in our production processes, such as slaughtering and cutting equipment, that are potentially dangerous and may cause industrial accidents and personal injuries to our employees. In addition, our employees may violate safety measures or other related rules and regulations, which may cause industrial accidents. During the Track Record Period, we were not aware of any accidents at our production facilities resulting in fatalities or injuries that would have had a material impact on our operations.

Any significant accidents could interrupt production and result in personal injuries, damages to property, fatal accidents and legal and regulatory liabilities. In addition, potential industrial accidents leading to significant property loss or personal injuries may subject us to claims and legal proceedings, and we may be liable for medical expenses and other payments to employees and their families as well as fines or penalties. As a result, our reputation, business, operating results and financial condition may be materially and adversely affected.

We are subject to various risks relating to Third-Party Payment Arrangements.

In 2022, 2023 and 2024, certain customers (the “**Relevant Customers**”) settled payments with us through accounts belonging to parties other than the contractual counterparties (the “**Third-Party Payment Arrangements**”). Relevant Customers during the Track Record Period primarily consisted of customers of our hog business and our slaughtering and meat product business in the form of individuals, individual industrial and commercial households, sole proprietorship enterprises, public institutions and corporate entities. To the best of our knowledge, the designated third-party payors primarily consisted of persons affiliated with the Relevant Customers, such as legal representatives, shareholders, relatives (of the owners, shareholders or controllers), or affiliated entities of the Relevant Customers. In 2022, 2023 and 2024, the aggregate amount the Relevant Customers settled under the Third-Party Payment Arrangements was RMB32.3 million, RMB47.2 million and RMB211.5 million, respectively, which accounted for 0.026%, 0.043% and 0.153% of our total revenue, respectively, in the same years. We have terminated all Third-Party Payment Arrangements as of the Latest Practicable Date. During the Track Record Period, no individual Relevant Customer had made a material contribution to our revenue. See “Business — Sales Network — Third-party Payment.”

We are subject to risks related to such Third-Party Payment Arrangements, including: (i) potential claims from third-party payors for the return of funds, as they were not contractually obligated to us, and possible claims from liquidators of third-party payors; and (ii) potential money laundering risks, as we have limited knowledge about the source and purpose of the funds used by the third-party payors. In the event of any claims or legal actions, whether civil or criminal, initiated against us by third-party payors or their liquidators regarding Third-Party Payments, or for violation or non-compliance with laws and regulations, we would need to allocate significant financial and managerial resources to defend ourselves. We may need to return the payments for the products we sold which could adversely affect our business, prospects, financial condition, operating results and cash flows.

RISK FACTORS

We sell hogs to hog dealers and meat products to wholesale market customers, over whom we have limited control.

We sell hogs to hog dealers under our hog business, and meat products to wholesale market customers under our slaughtering and meat product business, who then resell our products to the downstream of the industry. In 2022, 2023 and 2024, our revenue to hog dealers accounted for 48.6%, 41.5% and 41.4% of the total revenue from our hog business (before intersegment elimination), respectively. Our revenue to wholesale market customers accounted for 72.2%, 69.9% and 68.5% of the total revenue from our slaughtering and meat product business (before intersegment elimination), in 2022, 2023 and 2024, respectively,. See "Business — Sales Network." Any one of the following events could cause fluctuations or declines in our revenue and could have an adverse effect on our financial condition and operating results:

- reductions, delays or cancellations of orders from one or more of our hog dealers and/or wholesale market customers;
- the quality of after-sales service provided by our hog dealers and/or wholesale market customers, which could harm our reputation;
- a failure to renew agreements and maintain relationships with our existing hog dealers and/or wholesale market customers; and
- any breach of agreements by our hog dealers and/or wholesale market customers.

Our relationships with hog dealers and/or wholesale market customers are characterized as seller and buyer relationships that do not grant us control over their operations, inventories or resales. We cannot assure you that we will not lose any of our hog dealers and/or wholesale market customers to our competitors, which may result in reductions in the coverage of our sales network or in our sales volume. In addition, there can be no assurance that we will be successful in detecting any non-compliance by our hog dealers and/or wholesale market customers with the provisions of our agreements. Non-compliance by our hog dealers and/or wholesale market customers could, among other things, negatively affect our reputation, the demand for our products and our relationships with other customers. Overall, any significant disruption in sales to our hog dealers and/or wholesale market customers, including as a result of the inability or unwillingness of these customers to continue purchasing our products, or their failure to properly manage their business, could materially and adversely affect our business, operating results, financial condition and cash flows.

RISK FACTORS

We are exposed to the risk of litigation, claims and disputes, which may cause us to pay significant damages and incur other costs.

We are currently not involved in any litigation or legal proceedings that we believe could have a material adverse effect on our financial condition. However, we may, at times, be involved in litigation or legal proceedings during the ordinary course of business operations, or related to, among other things, product or other types of liability, labor disputes or contract disputes.

Substantial liability arising from a lawsuit judgment or a significant regulatory action against us or a disruption in our business arising from adverse adjudications in proceedings against the Directors, officers or employees could have a material adverse effect on our business, financial condition and operating results. If we become involved in any litigation or other legal proceedings in the future, the outcome of such proceedings could be uncertain and could result in settlements or results that could adversely affect our financial condition. Moreover, even if we ultimately prevail in the litigation, regulatory action or investigation, such proceedings could result in us incurring additional costs and significantly harm our reputation, as well as take up a significant amount of time and attention of our management, diverting their focus from the operations of our Company, which could materially affect our business, financial condition and operating results.

Any failure to secure or renewal of the current leases on our properties on commercially acceptable terms or at all, as well as any claim or dispute related to the title of the properties leased by us, could adversely affect our growth prospects and business condition.

We entered into lease agreements with third-party landlords for properties essential to our operations. There is no assurance that we can obtain renewals of all the lease agreements upon expiry on at least the same terms or at all. In case of any non-renewal or termination or discharge of our lease agreements, we may have to shut down our properties or consider relocating the relevant properties to another site depending on our business needs from time to time. In such events, we could incur relocation costs, which could, in turn, result in a financial strain on our operations and the diversion of management resources.

Furthermore, due to the acceleration of urbanization in the PRC in recent years, there may be fewer properties planned for farming purposes that are available for lease by us. The prescribed use of land may also be changed in accordance with local policies. Therefore, if we are unable to seek proper properties for production, our growth prospects may be materially and adversely affected.

RISK FACTORS

We may face risks relating to labor relations, labor disputes, labor shortages and increases in labor costs.

Our success depends on our ability to hire, train, retain and motivate our employees. Any deterioration in labor relations with our employees could lead to labor disputes, which may disrupt our production and operations, adversely affecting our business and financial performance. Despite our efforts to provide a safe working environment to avoid occupational injuries, we may still face liability claims, negative publicity and government investigations or interventions related to workplace safety or employee injuries. Such incidents could result in a deterioration of our labor relations with employees and damage our reputation. Additionally, with the growth of the economy, average wages of our employees are expected to increase. Any significant increase in labor costs could adversely affect our profitability, business and financial performance.

Companies operating in the PRC have to participate in various employee benefit plans required by the government, including certain social insurance, housing provident funds and other welfare-oriented payment obligations. The requirement and implementation of employee benefit plans may vary in line with the differing levels of economic development in different locations in the PRC, while the relevant government authorities may examine whether an employer has made adequate payments of the requisite employee benefit payments. Those employers who fail to make adequate payments as required may be subject to late payment fees, fines and/or other penalties. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material administrative penalty imposed by the relevant regulatory authorities regarding PRC social insurance and housing provident funds. There is no assurance, however, that new laws and regulations or stricter interpretation or enforcement of existing laws and regulations will not result in additional costs to our employee benefit plans, which may adversely affect our operating results and financial condition.

We may not have adequate insurance coverage.

We have maintained certain insurance coverage through external insurers during the Track Record Period, see the “Business — Insurance.” However, our insurance policies may not provide adequate coverage for all the risks connected with our business operations. If we were to incur substantial losses and liabilities that are not covered by our insurance policies, we may be required to bear our losses to the extent that our insurance coverage is insufficient. As a result, we could suffer significant costs, which could have a material and adverse effect on our business, operating results and financial condition.

RISK FACTORS

The preferential tax treatment, grants and economic incentives that we currently enjoy may be altered or terminated, which could have an adverse effect on our business, financial position, operating results and prospects.

Pursuant to the EIT Law and the related implementation rules, our PRC subsidiaries that engage in livestock rearing are exempt from corporate income tax on income derived from such business. According to the EIT Law and the related implementation rules and the Circular of the Ministry of Finance and the State Tax Administration on Releasing the Primary Processing Ranges of Agricultural Products Entitled to Referential Policies on Enterprise Income Tax (Trial Implementation) (Cai Shui [2008] No. 149), our PRC subsidiaries that carry out primary processing of agricultural products (such as the hog slaughtering business) are exempt from corporate income tax on income derived from that business. In addition, according to the relevant regulations, the production and sale of hogs by our Company and our PRC subsidiaries are considered as self-produced agricultural products, and the sales of eligible feed and premixed products can enjoy a preferential VAT exemption policy. During the Track Record Period, we received grants. See “Financial Information — Description of Major Components of our Results of Operations — Other Income” and “Financial Information — Description of Major Components of our Results of Operations — Non-Operating Income.” Certain grants were non-recurring in nature, we may not record such gains in the future.

There can be no assurance that the preferential tax treatment, grants and economic incentives we enjoy will not be altered or terminated. Any alteration or termination of our current preferential tax treatment, grants or economic incentives could have a material adverse effect on our business, financial condition, operating results and prospects.

We may require additional funding to finance our operations, which may not be available on terms acceptable to us or at all. Our level of indebtedness and the terms of our indebtedness could adversely affect our business and liquidity position.

We currently fund our operations principally with proceeds from our business operations and bank and other borrowings. As of April 30, 2025, we had outstanding indebtedness of RMB84,442.6 million, which primarily comprised short-term and long-term loans, short-term and long-term debentures payable, lease liabilities, long-term payables and non-current liabilities due within one year. This indebtedness could have consequences for our business and operations including, but not limited to:

- requiring us to dedicate a portion of our cash flow from operations to payments of principal and interest on our indebtedness, thereby reducing the availability of our cash flow for other purposes;

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- restricting our ability to obtain financing, refinance our indebtedness, or obtain share capital or debt financing on commercially attractive terms; or
- reducing our flexibility to respond to changing business conditions and thereby increasing our vulnerability to economic downturns.

If we fail to renew our existing bank borrowings or raise additional funding through future debt or equity offerings as needed, our ability to implement our business strategy may be impaired, which could adversely affect our growth prospects and operating results. Furthermore, a small portion of our loan agreements may contain requirements on certain financial ratios and continuing reporting obligations. Given that our financial performance may be impacted by cyclical fluctuations in the hog and slaughtering and meat product industries, there can be no assurance that we would not experience difficulties repaying the outstanding loan amounts as they come due. Any failure to comply with the covenants of our financing agreements or to obtain financing for our business could have a material adverse effect on our business, financial condition, operating results and prospects.

Any future occurrence of force majeure events, natural disasters, wars or outbreaks of contagious disease may materially and adversely affect our business, financial condition and operating results.

Natural and man-made disasters and other force majeure events that are beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the areas or situations affected. An occurrence or recurrence of any such event could result in disruptions to our operations, which could adversely affect our business, financial condition, operating results and prospects.

Our business operations could be disrupted if any of our employees is suspected of contracting any contagious disease, since it could require our offices or facilities to be closed for disinfection or other remedial measures, which would adversely delay or disrupt our production schedule, and we may experience raw material shortages or price surges if the operations of any of our suppliers are disrupted by contagious disease.

Moreover, natural disasters, including earthquakes, floods, landslides and droughts, could result in deaths, significant economic losses and extensive damage to factories, power lines and other properties, as well as blackouts, transportation and communications disruptions and other losses in the affected areas. Any future natural disasters, public health and public security hazards may, among other things, materially and adversely affect or disrupt our operations. Furthermore, such natural disasters, public health and public security hazards may severely restrict the level of economic activity in affected areas which may, in turn, materially and adversely affect our business, operating results and prospects.

RISK FACTORS

If any fraud, bribery or other misconduct is committed by our employees, suppliers, customers or other third parties, we may be subject to economic losses and reputational damages.

We may face fraud, bribery or other misconduct committed by employees, suppliers, customers or other third parties, which could lead to financial losses and penalties from government authorities. Although we have designed internal control procedures to monitor operations and ensure overall compliance, these procedures may not be able to promptly identify all instances of non-compliance, suspicious transactions, fraud, corruption, bribery or other misconduct, or prevent or stop such occurrences. Our risk management systems and internal control capabilities are limited by the information and risk management tools and technologies available to us. Our ability to implement and maintain strict internal controls may be affected by the continual expansion of our business scale. Any misconduct by third parties that harms our interests could result in negative publicity, damage our reputation and lead to litigation and other legal proceedings, as well as administrative or criminal penalties, thereby adversely affecting our business and financial performance.

RISKS RELATING TO THE LOCAL LAWS AND REGULATIONS OF THE JURISDICTIONS WHERE WE CONDUCT BUSINESS

We may need to devote additional efforts and resources to ensure our compliance with relevant laws or regulations, including current or new laws and governmental regulations relating to our industry, and to obtain or maintain required government permits, licenses and approvals for our business or renewals thereof in a timely manner.

Our business is subject to various compliance and operational requirements under applicable laws and regulations. Complying with laws, rules and regulations may require investments of various related resources, and any material non-compliance may expose us to liability or penalty. In case of any material non-compliance, we may have to incur significant expenses and divert substantial management time to rectifying such non-compliance incidents. We may also experience adverse publicity arising from such non-compliance with government regulations that could negatively impact our reputation.

In addition, some of these approvals, permits, licenses and certificates are subject to periodic renewal and reassessment by the relevant authorities. While we undertake to apply for the renewal and reassessment of these approvals, permits, licenses and certificates when required by applicable laws and regulations, we cannot guarantee that we will be able to successfully maintain or renew existing permits, licenses or any other regulatory approvals or obtain permits, licenses or other approvals needed for the operation of our business in the future on a timely basis. If we fail to obtain the necessary renewals or otherwise fail to maintain all approvals, licenses, permits and certificates required to carry out our business at any time, our business could be severely disrupted, which could have a material adverse effect on our business, financial condition and operating results. We cannot assure you that the government authorities with jurisdiction over our business activities will not revoke or significantly alter our licenses, permits or approvals or that our licenses, permits or approvals will not be challenged, revoked or not renewed in the future.

RISK FACTORS

Changes to the existing regulatory regime relating to the sectors where we operate our business may limit our ability to provide product offerings, thereby materially and adversely affecting our business, financial condition and results of operations.

The operations of our business are subject to various laws, rules and regulations at the regional and national levels of the hog farming industry and slaughtering industry in China, see “Regulatory Overview.” New laws, rules or regulations and revisions to any existing laws, rules and regulations can impose additional compliance costs and reduce our revenue, and require us to change our operations to ensure compliance or otherwise change our business. We may need to devote additional efforts and resources to ensure our compliance with relevant laws, rules and regulations due to changes in any applicable laws, rules and regulations that might be beyond our control.

In addition, new laws, rules and regulations relevant to our businesses may be introduced in the future, or the current applicable regulations may otherwise be amended or replaced, requiring us to conduct business with additional oversight and regulatory compliance. There can be no assurance that we can adapt to the evolving regulatory environment swiftly enough or in a cost-efficient manner, failure of which may adversely affect our operations and lead to substantial compliance costs. Meanwhile, we may need to implement changes in our facilities, equipment, personnel or services to comply with the latest laws and regulations, and such may increase our capital expenditures and operating expenses, thereby adversely affecting our business, financial condition and results of operations.

A failure to comply with PRC property-related laws and regulations regarding certain of our owned buildings and leased buildings may adversely affect our business.

According to applicable PRC administrative regulations, both the lessor and the lessee of a lease agreement are required to file the lease agreement with the relevant government authorities within 30 days of its execution. As of the Latest Practicable Date, we had not filed our lease agreements for certain leased buildings with the local housing administration authorities as required under PRC laws and regulations. As advised by our PRC Legal Adviser, if we and the landlords fail to register these lease agreements as required by the relevant competent authorities, we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each unregistered lease agreement.

As of the Latest Practicable Date, there were defects in some of our leased buildings. As of the same date, the ownership certificates or other similar proof for 16 of our Company’s and Major Subsidiaries’ leased buildings had not been provided to us by the relevant lessors. Therefore, these lessors may not be entitled to lease the relevant buildings to us. In case any such lease is terminated and we are required to relocate, we may face the risk of not being able to continue using the buildings and the risk of relocation.

Furthermore, as of the Latest Practicable Date, our Company and Major Subsidiaries had not obtained the building ownership certificate for eight of our owned properties in Liaoning, Inner Mongolia, Henan and Anhui Provinces, China. As advised by the PRC Legal Adviser, we

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may face the risk of: (i) being requested to cease the use of the relevant buildings on those properties; and (ii) paying penalties for the violation of relevant laws and regulations. See “Business — Properties — Defects in our Owned Buildings.”

If we are challenged by third parties or governmental authorities regarding any of the circumstances stated above, we may be subject to fines and be forced to relocate, which could adversely affect our operating results and financial condition.

Policies and regulations regarding foreign currency conversion may impact our foreign exchange transactions.

The conversion of RMB into foreign currencies should be in compliance with relevant laws and regulations. We receive substantially all of our revenue in RMB, and undertake certain transactions denominated in foreign currencies. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions can be made in foreign currencies without prior approval of the SAFE by complying with certain procedural requirements. However, the laws, regulations and governmental policies regarding currency conversion are generally complex and developing. If we cannot obtain sufficient foreign currencies to satisfy our foreign currency demands via the foreign exchange regulation system, we may not be able to pay dividends in foreign currencies to our Shareholders. Foreign exchange transactions under our capital account are subject to the relevant foreign exchange regulations and policies and may need approval from the SAFE or its local branches. These regulations could affect our ability to obtain foreign exchange through equity financing, or to obtain foreign exchange for capital expenditures.

Certain judgments obtained against us by our Shareholders may be difficult to enforce.

We are a company incorporated under the laws of the PRC, and nearly all of our assets and subsidiaries are located in the PRC. The majority of our Directors, Supervisors and senior management reside within the PRC. Judgments rendered by Hong Kong courts may be recognized and enforced in the PRC if the requirements set forth by the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) are met. Nonetheless, it may be difficult for you to effect service of process within Hong Kong upon us or these persons, or to bring an action in Hong Kong against us or against these individuals in the event that you believe that your rights have been infringed under the applicable securities laws or other laws.

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Although we will be subject to the Listing Rules and the Codes on Takeovers and Mergers and Share Repurchases of Hong Kong upon the [REDACTED] of our Shares on the Stock Exchange, the holders of the Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. The Listing Rules and the Codes on Takeovers and Mergers and Share Repurchases of Hong Kong do not have the force of law in Hong Kong.

RISKS RELATING TO THE [REDACTED]

We will be concurrently subject to listing and regulatory requirements of mainland China and Hong Kong.

As we are listed on the Shenzhen Stock Exchange and will be [REDACTED] on the [REDACTED] in Hong Kong, we will be required to comply with the [REDACTED] rules (where applicable) and other regulatory regimes of both jurisdictions, unless an exemption is available or a waiver has been obtained. Accordingly, we may incur additional costs and resources in continuously complying with all sets of [REDACTED] rules in the two jurisdictions.

The characteristics of the A share and H share markets may differ.

Our A Shares are listed and traded on the Shenzhen Stock Exchange. Following the [REDACTED], our A Shares will continue to be traded on the Shenzhen Stock Exchange and our H Shares will be [REDACTED] on the Hong Kong Stock Exchange. Under current laws and regulations of mainland China, without approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no trading or settlement between the H Share and A Share markets. The H Share and A Share markets have different trading characteristics with divergent trading volume, liquidity and investor bases, as well as different levels of retail and institutional investor participation. As a result, the [REDACTED] performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the price of our H Shares, and vice versa. Due to the different characteristics of the H Share and A Share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when evaluating your [REDACTED] decision regarding our H Shares.

There has been no prior public market for our H Shares and an active [REDACTED] market for our H Shares may not develop or be sustained.

Prior to the [REDACTED], there was no public market for our H Shares. We cannot assure you that a public market for our H Shares with adequate liquidity and [REDACTED] volume will develop and be maintained following completion of the [REDACTED]. In addition, the [REDACTED] of our H Shares is expected to be fixed by agreement between the [REDACTED] (for themselves and on behalf of the [REDACTED]) and us, and may not be

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an indication of the market price of our H Shares following completion of the [REDACTED]. If an active public market for our H Shares does not develop following completion of the [REDACTED], the market price and liquidity of our H Shares may be materially and adversely affected.

The price and trading volume of our H Shares may be volatile, which could lead to substantial losses for [REDACTED].

The price and trading volume of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions for securities in Hong Kong and elsewhere in the world. The Hong Kong Stock Exchange and other securities markets have, from time to time, experienced significant price and trading volume volatility that are not related to the operating performance of any particular company. The business and performance and the market price of the shares of other companies engaging in similar business may also affect the price and trading volume of our Shares. In addition to market and industry factors, the price and trading volume of our Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory developments, relationships with our suppliers, movements or activities of key personnel, or actions taken by competitors. Moreover, the shares of other companies listed on the Hong Kong Stock Exchange have experienced price volatility in the past and the price of our H Shares may change even though this is not directly related to our performance.

Future sales or perceived sales of substantial amounts of our H Shares in the public market could have a material adverse effect on the prevailing market price of our H Shares and our ability to raise additional capital in the future, or may result in the dilution of your shareholding.

The [REDACTED] of our H Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate could be negatively impacted as a result of future sales of substantial amounts of our H Shares or other securities relating to our H Shares in the public market, especially by our Directors, executive officers and Controlling Shareholders, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. In addition, our Shareholders may experience dilution in their holdings if we issue more securities in the future. Furthermore, we may issue Shares pursuant to any existing or future share option incentive schemes, which would further dilute our Shareholders' interests in our Company. New shares or share-linked securities issued by us may also confer rights and privileges that take priority over those conferred by our H Shares. Certain amounts of the Shares controlled by our Controlling Shareholders are subject to certain [REDACTED] periods beginning on the date on which our Shares are globally [REDACTED] on the Hong Kong Stock Exchange. While we currently are not aware of any intention of such persons to dispose of substantial amounts of their Shares after the expiry of the [REDACTED] periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future. Market sales of Shares by such Shareholders and the availability of these Shares for future sale may have a negative impact on the market price of our Shares. In addition, while

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[REDACTED] subscribing shares in the [REDACTED] are not subject to any restrictions on the disposal of the H Shares they subscribed, they may have existing arrangements or agreements to dispose of part or all of the H Shares they hold immediately or within a certain period following completion of the [REDACTED] for legal and regulatory, business and market, or other reasons. Such disposal may occur within a short period or at any time or period after the [REDACTED]. Any sale of the H Shares subscribed by such [REDACTED] pursuant to such arrangement or agreement could adversely affect the market price of our H Shares, while any sizeable sale could have a material adverse effect on the market price of our H Shares and could cause substantial volatility in the [REDACTED] volume of our H Shares.

The interests of our Controlling Shareholders may not be aligned with the interests of our other Shareholders.

Immediately following completion of the [REDACTED] and assuming the [REDACTED] is not exercised and excluding A Shares issuable upon the conversion of the outstanding Convertible Bonds, our Controlling Shareholders will hold approximately [REDACTED] of the issued share capital of our Company. This concentration of ownership may discourage, delay or prevent a change in control of our Company, which could deprive other Shareholders of an opportunity to receive a premium for their Shares in the course of a sale of our Company and might reduce the price of our H Shares. The aforementioned potential events may occur even if they are opposed by our other Shareholders. In addition, the interests of our Controlling Shareholders may differ from the interests of our other Shareholders. It is possible that our Controlling Shareholders may exercise their substantial influence over us and cause us to enter into transactions or take, or fail to take, actions or make decisions that conflict with the best interests of our other Shareholders.

Our historical dividends may not be indicative of our future dividend policy and there can be no assurance whether and when we will pay dividends in the future.

We protect our Shareholders’ interests by ensuring a consistent dividend policy. However, there is no assurance that dividends of any amount will be declared or distributed by us in any year in the future. Under the applicable laws and regulations of mainland China, the payment of dividends may be subject to certain limitations. The declaration, payment and amount of any future dividends are subject to the discretion of our Directors, after taking into account various factors including, but not limited to, our operating results, financial condition, cash flows, capital expenditure requirements, market conditions, our strategic plans and prospects for business development, regulatory restrictions on the payment of dividends and other factors as our Directors may deem relevant, and subject to approval at the general meeting. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the applicable laws and regulations of mainland China. See “Financial Information — Dividends and Dividend Policy.” No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our historical dividends should not be taken as indicative of our dividend policy in the future.

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Under the existing foreign exchange regulations of mainland China, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural provisions. However, approval from or registration with competent government authorities is required where RMB is to be converted into foreign currency and remitted out of mainland China to pay capital expenditure, such as the repayment of loans denominated in foreign currencies. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our H Shares Shareholders.

You should not place any reliance on any information released by us in connection with the listing of our A Shares on the Shenzhen Stock Exchange.

As our A Shares are listed on the Shenzhen Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in mainland China. As a result, from time to time, we publicly release information relating to us on the Shenzhen Stock Exchange or other media outlets designated by the CSRC. However, the information announced by us in connection with our A Shares listing is based on the regulatory requirements of the securities authorities, industry standards and market practices in mainland China, which are different from those applicable to the [REDACTED]. The presentation of financial and operational information for the Track Record Period disclosed on the Shenzhen Stock Exchange or other media outlets may not be directly comparable to the financial and operational information contained in this document. As a result, prospective [REDACTED] in our H Shares should be reminded that, in making their [REDACTED] decisions as to whether to [REDACTED] our H Shares, they should rely only on the financial, operating and other information included in this document. By applying to [REDACTED] our H Shares in the [REDACTED], you will be deemed to have agreed that you will not rely on any information other than that contained in this document and any formal announcements made by us in Hong Kong with respect to the [REDACTED].

Forward-looking statements contained in this document are subject to risks and uncertainties.

This document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, growth opportunities for existing operations, plans and objectives of management, certain [REDACTED] information and other matters. The words “aim,” “anticipate,” “believe,” “could,” “predict,” “potential,” “continue,” “expect,” “intend,” “may,” “might,” “plan,” “seek,” “will,” “would,” “should” and the negatives of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements, including those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are estimates reflecting the best judgment of our Directors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Consequently, these forward-looking

RISK FACTORS

statements should be considered in light of various important factors, including those set out in this section. Accordingly, such statements are not a guarantee of future performance and [REDACTED] should not place undue reliance on them.

Certain facts, forecasts and other statistics in this document are derived from various publicly available official sources and independent third-party sources, including industry expert reports.

This document, particularly the section entitled “Industry Overview”, contains information and statistics relating to the industries we operate in, as well as other economic data. Such information and statistics are derived from third-party reports, either commissioned by us or that are publicly accessible, and other publicly available sources. We believe that the sources of the information are appropriate and we have taken reasonable care in extracting and reproducing such information. However, the information derived from official government sources has not been independently verified by us, any of the Joint Sponsors, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], or any of their respective affiliates or advisors, and no representation is given as to its accuracy. Collection methods of such information may be ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics being inaccurate or not comparable to statistics produced for other economies. In all cases, our [REDACTED] should consider carefully how much weight or importance should be attached to, or placed on, such facts or statistics.

You should read the entire document carefully and only rely on the information included in this document to make your [REDACTED] decision. We strongly caution you not to rely on any information contained in press articles or other media coverage regarding us, our Shares or the [REDACTED].

We strongly caution our [REDACTED] not to rely on any information contained in press articles or other media regarding us, our Shares or the [REDACTED]. Prior to the publication of this document, there may be press and media coverage regarding the [REDACTED] and us. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it and our [REDACTED] should not rely on such information.

RISK FACTORS

We are a mainland China enterprise and are subject to mainland China tax on our global income, and any gains on the sales of H Shares and dividends on the H Shares may be subject to mainland China income taxes.

Under the PRC EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between mainland China and a non-mainland China investor's jurisdiction of residence that provides for a different income tax arrangement, mainland China withholding tax at the rate of 10% is normally applicable to dividends from mainland China sources payable to investors that are non-mainland China resident enterprises that do not have an establishment or place of business in mainland China, or that have an establishment or place of business in mainland China but the relevant income is not effectively connected with such establishment or place of business. Any gains realized on the transfer of Shares by such investors are subject to a 10% mainland China income tax rate if such gains are regarded as income from sources within mainland China unless a treaty or similar arrangement provides otherwise.

Under the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within mainland China paid to foreign individual investors who are not mainland China residents are generally subject to a 20% mainland China withholding tax rate, while gains from mainland China sources realized by such investors on the transfer of shares are generally subject to a 20% mainland China income tax rate, in each case, subject to any reduction or exemption under applicable tax treaties and laws in mainland China. Pursuant to the Notice on the Issues Concerning Individual Income Tax Collection and Management after the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348) (國稅函[2011]348號) dated June 28, 2011, issued by the SAT, dividends paid to non-mainland China resident individual holders of H Shares are generally subject to the individual income tax of mainland China at a withholding tax rate of 10%. This depends on whether there are tax arrangements between the jurisdictions where the individual holders reside, as well as the tax arrangements between mainland China and Hong Kong. Non-mainland China resident individual holders who reside in jurisdictions that have not entered into tax treaties with mainland China are subject to a 20% withholding tax on dividends received from us.

If mainland China income tax is imposed on gains realized from the transfer of our H Shares or on dividends paid to our non-mainland China resident investors, the value of your [REDACTED] in our H Shares may be affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with mainland China may not qualify for benefits under such tax treaties or arrangements.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the [REDACTED], we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

Rules	Subject matter
Rules 3.28 and 8.17	Appointment of joint company secretaries
Rules 8.12 and 19A.15	Management presence in Hong Kong
Paragraphs 26 of Appendix D1A to the Listing Rules	Particulars of any alterations in the capital of any member of the Group
Rule 14A.105	Continuing connected transactions

[REDACTED]

APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rule 8.17 of the Listing Rules, we must appoint a company secretary who satisfies the requirements under Rule 3.28 of the Listing Rules. According to Rule 3.28 of the Listing Rules, we must appoint as our company secretary an individual, who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Pursuant to Note 1 to Rule 3.28 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (a) a member of The Hong Kong Chartered Governance Institute;
- (b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); or
- (c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In addition, pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing “relevant experience”, the Stock Exchange will consider the individual’s:

- (a) length of employment with the issuer and other issuers and the roles he or she played;
- (b) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;
- (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (d) professional qualifications in other jurisdictions.

We have appointed Mr. QIN Jun, our Secretary to the Board as one of our joint company secretaries (the “**Joint Company Secretaries**”, each a “**Joint Company Secretary**”). As he has extensive experience in information disclosure and corporate governance but presently does not possess any of the qualifications required under Rules 3.28 and 8.17 of the Listing Rules, we have appointed Ms. LEUNG Wing Han Sharon (“**Ms. Leung**”) of Tricor Services Limited to provide assistance to Mr. Qin Jun. Ms. Leung is a Chartered Secretary, Chartered Governance Professional, and a fellow member of both the Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, and therefore meets the qualification requirements under Note 1 to Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules.

Mr. Qin Jun and Ms. Leung will be jointly discharging the duties and responsibilities of a company secretary. Ms. Leung will be assisting Mr. Qin Jun in gaining the relevant experience required under Rules 3.28 and 8.17 of the Listing Rules. Also, Mr. Qin Jun will be assisted by (1) the compliance adviser of our Company for a period commencing on the [REDACTED] and ending on the date on which we comply with Rule 13.46 of the Listing Rules, particularly in relation to Hong Kong corporate governance practice and compliance matters; and (2) the Hong Kong legal adviser of our Company, on matters regarding our Company’s ongoing compliance with the Listing Rules and the applicable Hong Kong laws and regulations. In addition, Mr. Qin Jun will endeavor to attend relevant trainings and familiarize himself with the Listing Rules and duties required of a company secretary of an [REDACTED] on the Stock Exchange. We have applied to the Stock Exchange for[, and the Stock Exchange has granted,] a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Mr. Qin Jun may be appointed as a Joint Company Secretary of our Company.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

Pursuant to Chapter 3.10 of the Guide, the waiver will be for a fixed period of time (the “**Waiver Period**”) and on the following conditions: (1) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 and is appointed as a Joint Company Secretary throughout the Waiver Period; and (2) the waiver will be revoked if there are material breaches of the Listing Rules by the [REDACTED]. The waiver is valid for an initial period of three years on the condition that Ms. Leung will work closely with, and provide assistance to, Mr. Qin Jun in the discharge of his duties as a company secretary and in gaining the relevant experience as required under Rule 3.28 of the Listing Rules and to become familiar with the requirements of the Listing Rules and other applicable Hong Kong laws and regulations.

Our Company will further ensure that Mr. Qin Jun has access to the relevant training and support that would enhance his understanding of the Listing Rules and the duties of a company secretary of an [REDACTED] on the Stock Exchange, and to receive updates on the latest changes to the applicable Hong Kong laws and regulations and the Listing Rules. Before the end of the Waiver Period, the Company will demonstrate and seek the Stock Exchange’s confirmation that Mr. Qin Jun, having had the benefits of Ms. Leung’s assistance during the Waiver Period, has attained the relevant experience under Note 2 to Rule 3.28 of the Listing Rules and is capable of discharging the functions of a company secretary so that a further waiver would not be necessary.

For further information regarding the qualifications of Mr. Qin Jun and Ms. Leung, see “Directors, Supervisors and Senior Management” in this document.

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of the executive Directors must be ordinarily resident in Hong Kong. Pursuant to Rule 19A.15 of the Listing Rules, the requirement in Rule 8.12 may be waived having regard to, among other considerations, the arrangements for maintaining regular communication with the Stock Exchange.

Since most of the business operations of our Group are managed and conducted outside of Hong Kong, and most of the executive Directors ordinarily reside outside Hong Kong, our Company considers that it would be practically difficult and commercially unreasonable and undesirable for our Company to arrange for two executive Directors to be ordinarily resident in Hong Kong, either by means of relocation of existing executive Directors or appointment of additional executive Directors. Therefore, our Company does not, and does not contemplate that in the foreseeable future that we will, have sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

Accordingly, pursuant to Rule 19A.15 of the Listing Rules, we have applied to the Stock Exchange for[, and the Stock Exchange has granted,] a waiver from strict compliance with Rule 8.12 and Rule 19A.15 of the Listing Rules subject to the following conditions. We will ensure that there is an effective channel of communication between us and the Stock Exchange by way of the following arrangements:

- (a) **Authorized representatives:** we have appointed Mr. Cao Zhinian (“**Mr. Cao**”) and Ms. Leung as the authorized representatives (the “**Authorized Representatives**”) for the purpose of Rule 3.05 of the Listing Rules. The Authorized Representatives will act as our principal channel of communication with the Stock Exchange and would be readily contactable by phone, facsimile and email to deal promptly with enquiries from the Stock Exchange. Accordingly, the Authorized Representatives will be able to meet with the relevant members of the Stock Exchange to discuss any matters in relation to our Company within a reasonable period of time. We will also inform the Stock Exchange promptly in respect of any change in the Authorized Representatives. For more information about our Authorized Representatives, see “Directors, Supervisors and Parties Involved in the [REDACTED]” in this document;
- (b) **Directors:** each of our Authorized Representatives has means to contact all members of our Board (including our Independent Non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact the members of our Board for any matters. In the event that any Director expects to travel or otherwise be out of office, he/she will provide a contactable phone number of him/her to the Authorized Representatives. Pursuant to Rule 3.20 of the Listing Rules, each of our Directors shall provide their telephone number, mobile phone number, facsimile number (if available), email address (if available), residential address and correspondence address to the Stock Exchange. To the best of our knowledge and information, each Director who does not ordinarily reside in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period upon request of the Stock Exchange;
- (c) **Compliance adviser:** we have appointed Somerley Capital Limited as our compliance adviser (the “**Compliance Adviser**”) upon [REDACTED] pursuant to Rules 3A.19 and 19A.05 of the Listing Rules for a period commencing on the [REDACTED] and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED]. The Compliance Adviser will have access at all times to our Authorized Representatives, the Directors, the Supervisors and other senior management and can act as the additional channel of communication with the Stock Exchange and answer enquiries from the Stock Exchange. The contact details of the Compliance Adviser have been provided to the Stock Exchange. We will also inform the Stock Exchange promptly in respect of any change in the Compliance Adviser; and

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (d) **Hong Kong legal adviser:** we will retain a Hong Kong legal adviser to advise us on the on-going compliance requirements, any amendment or supplement to and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong after the [REDACTED].

PARTICULARS OF ANY ALTERATIONS IN THE CAPITAL OF ANY MEMBER OF THE GROUP

Paragraph 26 of Appendix D1A to the Listing Rules requires this document to include the particulars of any alterations in the capital of any member of our Group within the two years immediately preceding the issue of this document.

Our Company had more than 300 subsidiaries as of the Latest Practicable Date. Our Company believes that it would be unduly burdensome to disclose the required information in respect of all of its subsidiaries as our Company would have to incur additional costs and devote additional resources in compiling and verifying the relevant information for such disclosure, which would not be material or meaningful to investors. The non-disclosure of such information will not prejudice the interests of investors.

Our Company has identified 41 subsidiaries primarily responsible for the Track Record Period results of the Group as its major subsidiaries during the Track Record Period. During the Track Record Period, we deregistered two of them (Nanyang Muyuan Poor Area Animal Livestock Husbandry Industry Development Co., Ltd. (南陽市牧原貧困地區畜牧業發展有限公司) and Nanyang Muyuan Swine Supply Guarantee Support Co., Ltd. (南陽市牧原生豬供應保障有限公司)) due to intra-Group restructuring to reduce subsidiary levels within our Group and optimize our Group’s resource allocation to improve overall operation efficiency. By way of illustration, as of December 31, 2022, 2023 and 2024, the total assets of the 41 subsidiaries and our Company in aggregate (before intra-group eliminations) represent 92.5%, 81.0% and 87.3% of our total assets and for each of the financial years ended December 31, 2022, 2023 and 2024, the aggregate revenue of these 41 subsidiaries and our Company (before intra-group eliminations) represents 86.7%, 84.9% and 75.5% of our total revenue; and the aggregate net profit or loss of these 41 subsidiaries and our Company (before intra-group eliminations) represent 64.3% and 58.6% of the Group’s net profit for each of the financial years ended December 31, 2022 and 2024 and 82.8% of the net loss for the financial year ended December 31, 2023, of our Group. None of the other subsidiaries of our Company individually contributed to 5% or more of our total revenue, net profit or loss during each year in the Track Record Period, or total assets as of December 31, 2022, 2023 or 2024, or hold any material assets, intellectual property rights, proprietary technologies, licenses or permits of the Group, or has a significant impact on the Company’s business operations and future development strategies based on the Company’s comprehensive assessment of the Company’s business composition and principal business. All of the other subsidiaries are relatively insignificant to the overall results of our Group. As of the Latest Practicable Date, we mainly operated our business through 39 Major Subsidiaries. See “History, Development and Corporate Structure — Our Major Subsidiaries” for information of our major subsidiaries as of the Latest Practicable Date.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

We have disclosed the particulars of the changes in share capital of our Company and the major subsidiaries in the sections headed “Appendix VI. Statutory and General Information — 1. Further Information about Our Company — B. Changes in Share Capital of Our Company” and “— C. Changes in Share Capital of our Major Subsidiaries.”

We have applied to the Stock Exchange for[, and the Stock Exchange has granted,] a waiver from strict compliance with the requirements under paragraph 26 of Appendix D1A to the Listing Rules. in respect of disclosing the particulars of any alteration in the capital of any member of our Group within the two years immediately preceding the issue of this document.

CONTINUING CONNECTED TRANSACTIONS

We have entered into, and expect to continue certain transactions that will constitute partially-exempt continuing connected transactions of our Company under the Listing Rules upon [REDACTED] as described in the section headed “Connected Transactions” in this document. Our Directors consider that strict compliance with the applicable requirement under the Listing Rules would be impractical, unduly burdensome and would impose unnecessary administrative costs on our Company. Accordingly, we have applied to the Stock Exchange for[, and the Stock Exchange has granted,] a waiver from strict compliance with the applicable requirements under Chapter 14A of the Listing Rules upon [REDACTED] in respect of such partially-exempt continuing connected transactions. For further details, see “Connected Transactions” in this document.

[REDACTED]

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

[REDACTED]

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

[REDACTED]

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Executive Directors

Name	Address	Nationality
Mr. QIN Yinglin (秦英林)	Room 2201, Unit 1, Sky Villa No. 4969, Xincheng West Road Wolong District, Nanyang Henan Province PRC	Chinese
Mr. CAO Zhinian (曹治年)	Room 2202, Unit 1, Sky Villa No. 4969, Xincheng West Road Wolong District, Nanyang Henan Province PRC	Chinese
Ms. YANG Ruihua (楊瑞華)	Room 2202, Unit 1, Sky Villa No. 4969, Xincheng West Road Wolong District, Nanyang Henan Province PRC	Chinese

Non-executive Director

Name	Address	Nationality
Ms. QIAN Ying (錢瑛)	Room 2201, Unit 1, Sky Villa No. 4969, Xincheng West Road Wolong District, Nanyang Henan Province PRC	Chinese

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE [REDACTED]

Independent non-executive Directors

Name	Address	Nationality
Mr. CHOW Ming Sang (周明笙)	20/F, Tsui Yiu Court Lai Chi Ling Road, Kwai Chung Kowloon, Hong Kong	Chinese (Hong Kong)
Mr. YAN Lei (閻磊)	Building 5 Phase 1, Azure Coast No. 1-1, Huaming Road Nanshan District, Shenzhen Guangdong Province PRC	Chinese
Mr. FENG Genfu (馮根福)	Unit 1, South Building 18 No. 105, Cuihua Road Yanta District, Xi'an Shaanxi Province PRC	Chinese

SUPERVISORS

Name	Address	Nationality
Mr. SU Danglin (蘇黨林)	Room 1301, Unit 2, Sky Villa No. 4969, Xinchun West Road Wolong District, Nanyang Henan Province PRC	Chinese
Mr. LI Fuqiang (李付強)	Room 1801, Unit 1, Sky Villa No. 4969, Xinchun West Road Wolong District, Nanyang Henan Province PRC	Chinese
Ms. LU Xiangli (魯香莉)	Room 1802, Unit B Building 2, Elite Residence No. 4969, Xinchun West Road Wolong District, Nanyang Henan Province PRC	Chinese

For further details, see “Directors, Supervisors and Senior Management” in this document.

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors

Morgan Stanley Asia Limited

46/F, International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

CITIC Securities (Hong Kong) Limited

18/F, One Pacific Place
88 Queensway
Hong Kong

Goldman Sachs (Asia) L.L.C.

68/F, Cheung Kong Center
2 Queen’s Road Central
Hong Kong

[REDACTED]

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE [REDACTED]

[REDACTED]

Legal Advisers to our Company

As to Hong Kong and U.S. laws:

Clifford Chance

27/F, Jardine House

One Connaught Place

Central

Hong Kong

As to PRC laws:

Fangda Partners

24/F, HKRI Centre Two

HKRI Taikoo Hui

288 Shi Men Yi Road

Shanghai

PRC

**Legal Advisers to the Joint Sponsors and
the [REDACTED]**

As to Hong Kong and U.S. laws:

Kirkland & Ellis

26/F, Gloucester Tower

The Landmark

15 Queen's Road Central

Hong Kong

As to PRC laws:

King & Wood Mallesons

18/F, East Tower

World Financial Center

1 Dongsanhuan Zhonglu

Chaoyang District

Beijing, PRC

Auditor and Reporting Accountants

KPMG Huazhen LLP

*Public Interest Entity Auditor recognized in
accordance with the Accounting and
Financial Reporting Council Ordinance*

8th Floor, KPMG Tower

Oriental Plaza

1 East Chang An Avenue

Beijing, PRC

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE [REDACTED]

Industry Consultant

**Frost & Sullivan (Beijing)
Inc., Shanghai Branch Co.**
Room 2504, Wheelock Square
1717 West Nanjing Road
Jing'an District
Shanghai, PRC

Independent Biological Assets Valuer

**Jones Lang LaSalle Corporate Appraisal
and Advisory Limited**
7/F, One Taikoo Place
979 King's Road
Hong Kong

Compliance Adviser

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

[REDACTED]

CORPORATE INFORMATION

Registered Office in the PRC	Shuitian Village, Guanzhang Town Neixiang County, Nanyang Henan Province PRC
Principal Place of Business in the PRC	Longsheng Industrial Park Wolong District, Nanyang Henan Province PRC
Principal Place of Business in Hong Kong	Room 1920, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Company’s Website	<u>www.muyuanfoods.com</u> <i>(The information contained in this website does not form part of this document)</i>
Joint Company Secretaries	Mr. QIN Jun Longsheng Industrial Park Wolong District, Nanyang Henan Province PRC Ms. LEUNG Wing Han Sharon <i>(FCG, HKFCG)</i> Room 1920, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Authorized Representatives	Mr. CAO Zhinian Longsheng Industrial Park Wolong District, Nanyang Henan Province PRC

CORPORATE INFORMATION

	Ms. LEUNG Wing Han Sharon (FCG, HKFCG) Room 1920, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Audit Committee	Mr. CHOW Ming Sang (<i>Chairman</i>) Ms. QIAN Ying Mr. YAN Lei
Nomination Committee	Mr. FENG Genfu (<i>Chairman</i>) Ms. QIAN Ying Mr. YAN Lei
Remuneration and Appraisal Committee	Mr. YAN Lei (<i>Chairman</i>) Mr. CAO Zhinian Mr. FENG Genfu
Strategy Committee	Mr. QIN Yinglin (<i>Chairman</i>) Ms. YANG Ruihua Mr. CHOW Ming Sang
Sustainable Development Committee	Mr. QIN Yinglin (<i>Chairman</i>) Mr. FENG Genfu Mr. CHOW Ming Sang

[REDACTED]

Principal Banks	Agricultural Bank of China Co., Ltd., Neixiang Sub-branch No. 192, West Section of County Government Road Chengguan Town, Neixiang County, Nanyang Henan Province PRC
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CORPORATE INFORMATION

Bank of China Co., Ltd. Neixiang

Sub-branch

Northeast corner of the intersection of Beida
Street and County Government Road
Neixiang County, Nanyang
Henan Province
PRC

Bank of Communications Co., Ltd.

Nanyang Branch

Zhongtai International Building
Intersection of Dushan Avenue and
Zhangheng Road
Nanyang
Henan Province
PRC

China CITIC Bank Co., Ltd.,

Nanyang Branch

No. 109, Zhongzhou Middle Road
Wolong District, Nanyang
Henan Province
PRC

China Merchants Bank Co., Ltd.,

Nanyang Branch

Intersection of Dushan Avenue and
Xinchen Road (under Xincheng
International Building)
Wolong District, Nanyang
Henan Province
PRC

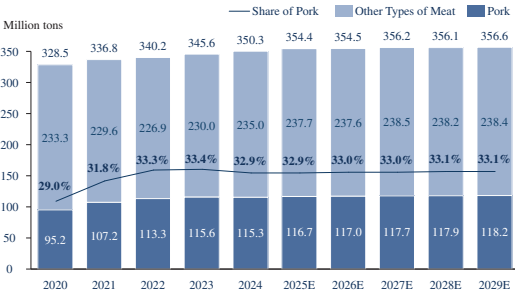
INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this document were extracted from the Frost & Sullivan Report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the [REDACTED]. The information from official government sources has not been independently verified by us, the Joint Sponsors, [REDACTED], any of their respective directors and advisers or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy.

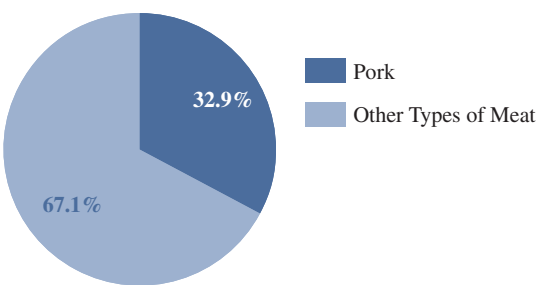
OVERVIEW OF GLOBAL PORK CONSUMPTION

Global meat consumption has been on an upward trend for decades, driven by population growth, rising incomes in developing countries, and changing dietary preferences. Pork is the most widely-consumed meat globally. Global pork consumption grew at a CAGR of 4.9% from 2020 to 2024, reaching 115.3 million tons in 2024 and accounting for 32.9% of global meat consumption. Pork is one of the main sources of animal protein, providing significant nutritional benefits, serving as a rich source of essential vitamins, and minerals like zinc and iron, supporting muscle growth and overall health. Its versatility in preparation makes it a popular ingredient in various cuisines worldwide.

Meat Consumption and Proportion of Pork Consumption, Global, 2020-2029E



Breakdown of Meat Consumption, Global, 2024



Source: Frost & Sullivan

INDUSTRY OVERVIEW

Global Pork Consumption by Countries

Top Five Countries by Pork Consumption, Global, 2024

Indicator	Unit	China	USA	Russia	Vietnam	Brazil
Total Pork Consumption	Million Tons	58.2	10.0	3.9	3.7	3.0
Per Capita Pork Consumption	Kg	41.3	29.4	26.9	36.9	14.2
Per Capita Meat Consumption	Kg	69.4	102.0	83.0	60.6	130.3
Pork's Share of Meat Consumption	%	59.5%	28.8%	32.4%	61.0%	10.9%

Source: Frost & Sullivan

In 2024, China’s per capita meat consumption (69.4 kg) remained lower than that of developed countries such as the United States (102.0 kg). With the steady rise in per capita disposable income and consumption levels — particularly among China’s vast rural population — the nation’s overall meat consumption is expected to sustain long-term growth. China is the largest pork consumption country worldwide, followed by USA, Russia, Vietnam and Brazil. Notably, pork accounts for 59.5% of China’s per capita meat consumption in 2024, far exceeding the global average of 32.9%, reflecting the deep-rooted dietary preferences and cultural traditions of Chinese consumers, for whom pork has long been the main source of animal protein. As such, pork consumption in China is projected to remain high and stable.

Among the top five pork consumption countries, per capita meat consumption in China and Vietnam, is lower than that of Brazil, US and Russia. While Vietnam, the Philippines and Thailand rank among the world’s largest pork consumption countries due to their large populations and dietary preferences, their per capita meat consumption remains relatively low compared to developed nations, highlighting significant growth potential as these economies develop. For instance, in 2024, Thailand’s per capita pork consumption stands at 13.1 kg with total meat consumption at 27.4 kg, while the Philippines records 13.9 kg of pork and 33.8 kg of total meat per capita, both of which are below those of developed countries. This gap suggests ample room for expansion, particularly as rising incomes, urbanization, and evolving consumer preferences drive higher demand for protein-rich diets. With economic growth and improved living standards, per capita pork and overall meat consumption in these developing markets are expected to steadily increase, creating substantial opportunities for producers, exporters, and investors targeting these emerging regions.

INDUSTRY OVERVIEW

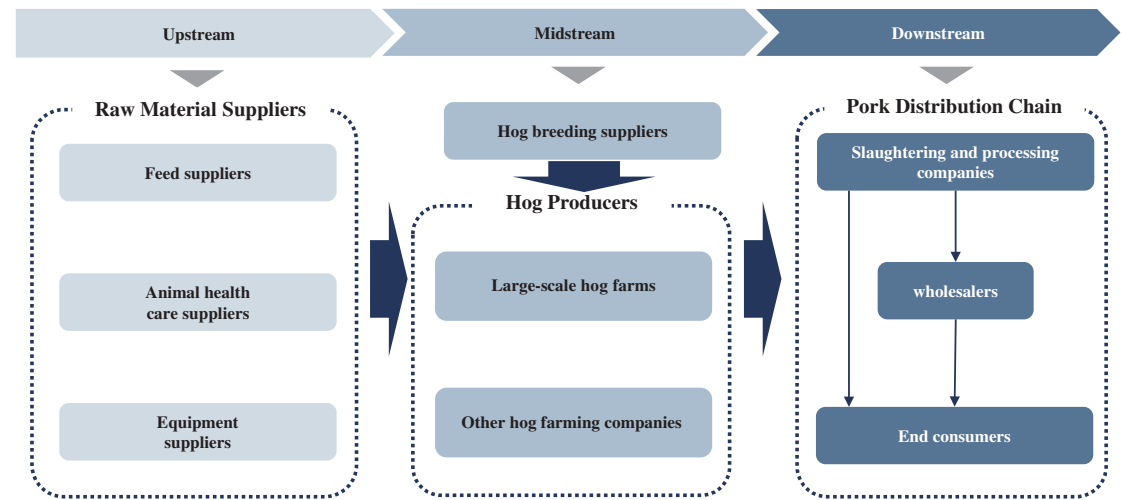
CHINA’S HOG FARMING INDUSTRY

Hogs that are primarily sold in China include (i) breeding hogs, including reproductive boars and sows; (ii) piglets, i.e., young pigs after weaning; and (iii) finished hogs mainly for pork production. Hog farming is the process of breeding and raising piglets into finished hogs.

Value Chain of China’s Hog Farming Industry

The value chain of the hog farming industry in China mainly includes raw material suppliers, hog farming companies and pork suppliers. Depending on their business models, hog farming companies may play one or more roles along the value chain.

Value Chain of China’s Hog Farming Industry



Source: Frost & Sullivan

INDUSTRY OVERVIEW

Mainstream Hog Farming Models in China

The mainstream hog farming models in China can be further divided into the company farming model and the contract farming model. Under the company farming model, companies establish and operate their own farming bases, and employ staff to manage the entire hog farming process, including breeding, finishing, and disease prevention. This model enables companies to maintain higher levels of control, operational efficiency, and cost-effectiveness. In particular, it facilitates the development of a standardized and advanced biosecurity system, ensuring stable supply and quality of hogs. By contrast, the contract farming model involves companies signing agreements with individual farmers, providing piglets, feed, vaccines, and technical guidelines. While the model requires relatively low capital investment and is easier to scale up, it depends heavily on the cooperative capabilities between farmers and the managing company. This leads to weaker control over animal disease prevention and farming practices, often resulting in inconsistency in quality.

Comparison of Mainstream Hog Farming Models in China

	Company Farming Model	Contract Farming Model
Definition	<ul style="list-style-type: none">Company builds farming bases and employs staff to carry out large-scale farming, covering breeding, finishing and other related activities.	<ul style="list-style-type: none">Company contracts with farmers and provides piglets, feed and vaccines, among others, while farmers raises hogs as required by hog farming companies. The finished hogs are uniformly retrieved and sold by the company.
Advantages	<ul style="list-style-type: none">Company farming model increases control, efficiency, and lowers costs.Typically possesses a well-established technical system for animal disease prevention and control.	<ul style="list-style-type: none">Relatively low capital requirements.Easy to scale up.
Disadvantages	<ul style="list-style-type: none">Relatively high capital requirements.	<ul style="list-style-type: none">Requiring scientific and accurate cooperative model between farmers and hog farming companies.Relatively low animal diseases prevention and control capability.

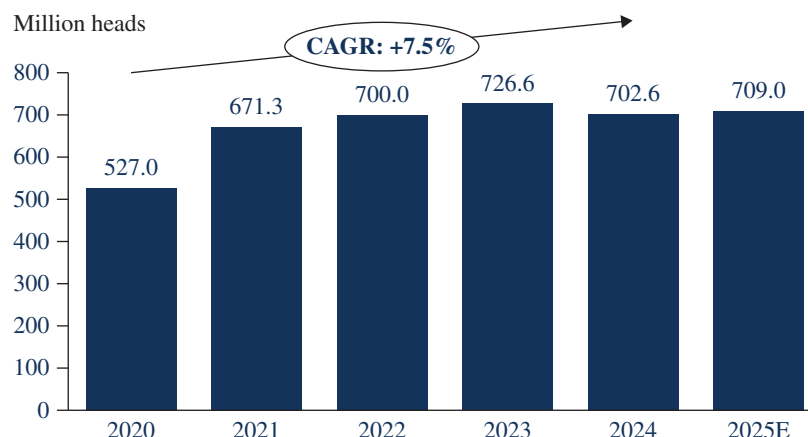
Source: Frost & Sullivan

Hog Production Capacity and Sales Volume in China

China’s hog farming industry experienced a slight decline in the production capacity, with the number of reproductive sows decreased from 41.6 million heads in 2020 to 40.8 million heads in 2024. Hog sales volume is a key indicator for China’s hog farming industry. After recovery from the animal disease outbreak, hog sales volume rebounded from 527.0 million heads in 2020 to 702.6 million heads in 2024, representing a CAGR of 7.5 %. In the future, government control over the reproductive sow scale, the increasing market share of large-scale hog farms and continued technological upgrades are expected to keep production capacity broadly stable. China’s hog sales volume is projected to reach approximately 709.0 million heads in 2025.

INDUSTRY OVERVIEW

Sales Volume of Hogs, China, 2020-2025E



Source: MARA, Frost & Sullivan

Continuous Industry Consolidation in China’s Hog Farming Industry

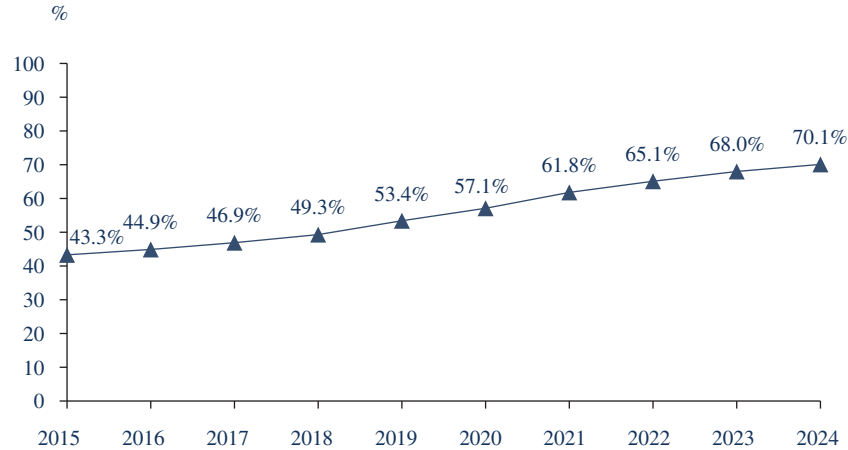
The China hog farming industry is experiencing rapid structural change towards industrialization and standardization.

As one of the most notable trends in China’s hog farming industry, over the past decade China’s hog farming industry has shifted toward large-scale farming, which refers to farming enterprises with sales volume per year of more than 500 hogs: in 2015, the penetration rate of large-scale hog farming was merely 43.3%, and it reached 70.1% in 2024. Industrialization has brought standardization and stability to the hog farming industry, effectively reducing price volatility. As the industry becomes more consolidated with large-scale, professionally managed operations replacing small-scale hog farms, production processes become more standardized with production volume being more predictable. This structural shift stabilizes the market by mitigating the traditional boom-bust cycles in market selling prices of hogs. Although China’s large-scale hog farms penetration rate has been increasing, there remains a significant gap compared to developed countries, indicating substantial room for future development. For example, the penetration rate of large-scale hog farms in the United States reached 90% in 2024.

Moreover, as the penetration of large-scale hog farms increases, leading companies are steadily capturing a larger market share. For instance, the top twenty hog producers contributed 30.6% of total hog sales volume in the PRC in 2024, comparing to that of 14.5% in 2020. This trend is expected to continue due to their technological superiority and adaptability to industry changes. With economies of scale, they are able to spread fixed costs over a greater sales volume, negotiate favorable deals with suppliers and buyers, and ultimately enhance their profitability, ensuring long-term competitiveness in the hog farming industry.

INDUSTRY OVERVIEW

Penetration Rate of Large-scale Hog Farms*, China, 2015-2024



Source: Frost & Sullivan

*Note** Penetration rate of large-scale hog farms refers to the market share (by hog sales volume) of hog farming companies with sales volume per year of more than 500 hogs.

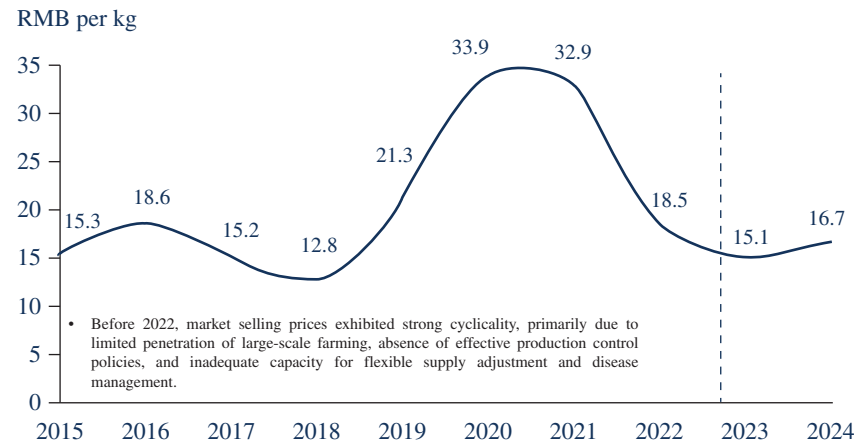
Market Selling Prices of Hogs in China

Over the past ten years, China’s market selling prices of hogs have historically been cyclical due to supply-demand dynamics, policy interventions, and feed cost volatility. The decline in market selling prices of hogs from 2016 to 2018 was primarily due to the expansion of hog farming companies across the sector. The outbreak of animal diseases in 2018 significantly disrupted the production activities of the hog industry, which caused a sharp decline in production and a subsequent shortage of pork supply, leading to a significant increase in market selling prices surging to RMB33.9 per kg in 2020. However, with the rapid recovery of China’s hog production capacity in 2022, China’s hog prices declined accordingly. In 2023, increased hog supply contributed to further average price declines to RMB15.1 per kg.

Looking ahead, China’s average market selling prices of hogs are expected to follow a more stable pattern, driven by the trend of scaled-up farming, rational capacity management and an industry-wide focus on cost efficiency.

INDUSTRY OVERVIEW

Average Market Selling Prices of Hogs, China, 2015–2024



Source: MARA, Frost & Sullivan

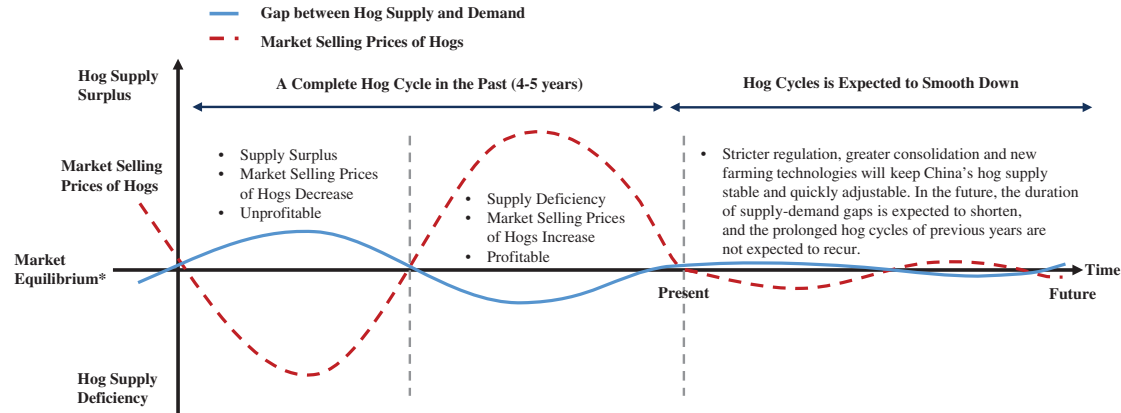
Hog Cycle in China

The hog cycle refers to the cyclical fluctuations in industry hog selling prices driven by changes in supply and demand. Because of Chinese dietary habits, China’s pork demand has been relatively stable, so fluctuations in hog supply are currently the primary factor of market selling price changes of finished hogs. Hog supply is influenced by factors such as disease outbreaks and production capacity. Prior to 2022, a full cycle in China lasted about four to five years. In a typical cycle, high market selling prices encourage producers to expand breeding hogs, boosting supply. Once the market becomes saturated, market selling prices drop, producers reduce capacity, and the next up-cycle begins. In short, market selling prices of hogs move mainly with the supply-demand dynamics.

In recent years, tighter industry regulation has reduced volatility in China’s hog industry. In March 2024, the MARA issued a national policy guideline setting the target for the inventory of breeding sows at approximately 39 million heads. This policy is designed to underpin sustainable growth in the industry by stabilizing production and keeping market selling prices within a reasonable range. As a result, hog price fluctuations have narrowed over the past two years, and the gap between supply and demand is expected to remain modest. The prolonged and highly volatile hog cycles observed historically are expected to stabilize in the future.

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Past and Future Outlook of the Hog Cycle



Source: MARA, Frost & Sullivan

*Note: Market equilibrium refers to the balance between supply and demand.

Market Trends and Drivers of Hog Farming Industry in China

- Industrial Value Chain Integration and Extension.** With national policies encouraging the relocation of hog slaughtering plants to major hog-farming regions, there is a clear trend of leading industry enterprises integrating upstream and downstream operations. These companies are actively extending their operations into upstream feed production and hog breeding, as well as downstream slaughtering operations, while progressively establishing fully integrated industrial chains. This trend not only integrates operations but also improves resource allocation efficiency, cost control capabilities, and product traceability, thus driving the industry towards a more coordinated and sustainable development model.
- Standardization and Smart Hog Farming.** To address consumers' concerns on food safety, the hog industry is rapidly standardizing production processes. Enterprises now adhere strictly to food safety regulations across the entire value chain, from feed sourcing to slaughtering. Meanwhile, scientific and smart hog farming practices, advanced nutrition and veterinary knowledge, along with IoT and smart technologies boost productivity, enhance animal health, and ensure pork quality, driving the industry towards further standardization, intelligence, and sustainability.
- Promoting Sustainable Operations to Reduce Carbon Emission.** Climate change is a universal problem that human society is faced with. Leading market players in China's hog farming industry have consistently formed business strategies that focus on environmental protection, researching and developing new environmentally friendly technologies and practices. For example, multi-storey hog houses offer significant environmental advantages, such as the wide adoption of sterilization and deodorization systems that effectively reduce the spread of pollutants and pathogens, minimizing the environmental impact of the farming process. In addition, leading companies are actively pursuing innovations like optimized soybean meal feed formulation, hog houses with fossil fuel-free heating, and waste utilization systems. It is expected that more hog producers will strive to promote the sustainable development and enhance the ESG performance of the hog industry.

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- **Stable and Vast Consumption and Evolving Preference.** China is the world’s largest pork consumption country. As living standards rise and dietary habits evolve, demand for animal protein continues to grow, with pork remaining the main sources of animal protein for Chinese consumers. Overall pork consumption is expected to steadily increase in the coming years.

Entry Barrier of China’s Hog Farming Industry

- **Capital Barrier.** The large-scale hog farming model, which is increasingly adopted worldwide, differs significantly from traditional small-scale operations, particularly in terms of capital intensity. Large-scale hog producers typically possess strong financial capabilities to invest in advanced infrastructure, such as standardized facilities, automatic feeding systems, and integrated environmental protection mechanisms that support ecological farming practices. As a result, enterprises with sufficient financial strength are able to scale up hog farming operations.
- **Management Barrier.** The high quality hog farming process requires a standardized set of technological procedures and operational protocols. In China, small-scale hog farmers who lack access to professional technical personnel often struggle to maximize production efficiency and profitability. As such, only large-scale hog farming enterprises with the superior breeding capability, disease prevention and control systems, cost management capabilities can fully realize the economic potential of the hog farming industry. Currently, management capabilities remain one of the most significant barriers for enterprises entering China’s hog farming industry.
- **Technology Barrier.** The hog farming industry is globally recognized as technology-intensive. Advanced breeding technologies and breeding tools are important for hog farming companies to ensure mass production of hogs with consistency, adaptability, and high productivity. In parallel, they must upgrade in-house systems to standardize the breeding process and manage biosecurity risks. Global leaders have developed proprietary technologies, processes, and operational know-how that are difficult for new entrants to replicate, creating high barriers to entry the industry.
- **ESG Barrier.** China’s hog farming industry faces escalating environmental barriers driven by stringent regulatory compliance, including mandatory investments in pollution control infrastructure (e.g. biogas digesters, real-time emission monitoring) and land-use restrictions near ecologically sensitive zones. High compliance costs disproportionately burden smaller players. Leading enterprises mitigate these challenges through better funding capabilities and proprietary technologies, sustaining compliant and eco-efficient operations and leading to consolidation of market dominance among R&D-intensive and capital rich companies with advanced environmental solutions.

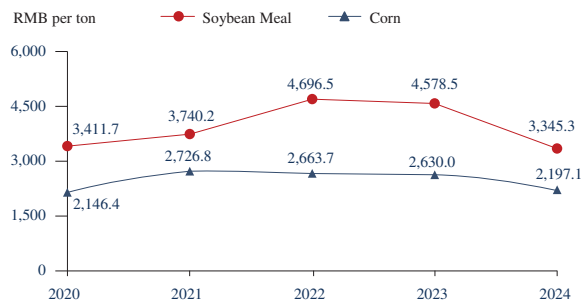
INDUSTRY OVERVIEW

Cost of Hog Farming and Hog Feed in China

In the hog farming industry, hog feed is the largest cost component, accounting for approximately 70% of total costs. This high proportion reflects its crucial influence on the profitability and operating costs of hog farming. In 2020, the average market price of hog feed was RMB2.7 per kg in China, which increased to RMB3.3 per kg in 2021 and peaked at RMB3.6 per kg in 2022, according to NDRC. However, the price began to decline, dropping to RMB3.5 per kg in 2023 and further to RMB3.2 per kg in 2024.

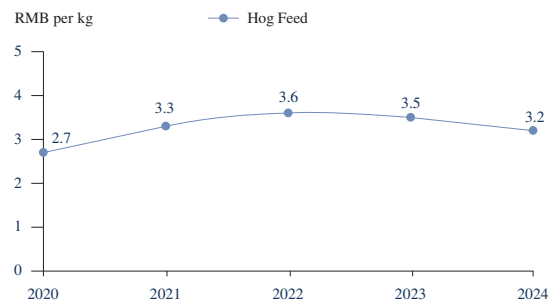
Hog feed is primarily composed of corn, soybean meal and other ingredients. These key commodities play a crucial role in determining the market price of hog feed, as their price movements have a direct impact on production costs. The average market price of corn was RMB2,146.4 per ton in 2020 in China. It increased to RMB2,726.8 per ton in 2021. There were some fluctuations in the following years, with prices of RMB2,663.7 per ton in 2022 and RMB2,630.0 per ton in 2023, before falling to RMB2,197.1 per ton in 2024. For soybean meal, the price changes are more pronounced. Starting from RMB3,411.7 per ton in 2020, it increased to RMB3,740.2 per ton in 2021 and further to RMB4,696.5 per ton in 2022. In 2023, the price decreased slightly to RMB4,578.5 per ton and further decreased to RMB3,345.3 per ton in 2024. The decline in raw material prices is one of the key factors contributing to the decrease in hog feed prices in 2023 and 2024.

Average Market Price of Corn and Soybean Meal, China, 2020-2024



Source: MARA, Frost & Sullivan

Average Market Price of Hog Feed, China, 2020-2024



Source: NDRC

OVERVIEW OF CHINA’S HOG SLAUGHTERING AND PROCESSING INDUSTRY

The hog slaughtering and processing industry plays a vital role in the downstream segment of the hog farming industry value chain. China’s hog slaughtering and processing value chain mainly comprises three segments: upstream farming, mid-stream slaughtering and processing, and downstream distribution to various consumer groups. The mid-stream slaughtering and processing refers to slaughtering hogs and processing them into pork products for sale. Modern hog slaughtering companies equipped with cutting, cold-chain and packaging capabilities mainly distribute their products through sales channels such as wholesale markets, supermarkets, food processors and restaurant chains. The mid-stream slaughtering and processing is crucial for enhancing the efficiency of the entire industry and for ensuring food safety.

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Downstream distribution channels are primarily operated through direct sales and distribution models, delivering hog products to wholesale market, supermarkets, restaurants, food processing companies, and e-commerce retailers, among others. Ultimately, pork products are bought by end consumers in the form of hot meat, chilled fresh meat, or frozen meat. Currently, hot meat dominates the market in China. However, compared with other categories, chilled fresh meat offers significant advantages in terms of safety, nutrition and shelf life. As a result, market share of chilled fresh meat is expected to steadily increase in the coming years.

The customer structure of China’s hog slaughtering and processing industry is primarily distribution channel-driven. Whether the demand comes from supermarkets, restaurants, food processing companies, or e-commerce retailers, etc. the majority is ultimately fulfilled through distribution channels. Looking ahead, as the penetration rate of large-scale slaughtering companies continues to increase, and leading companies further expand their direct sales channels, the proportion of direct procurement from customers, such as food processors, supermarkets, restaurant chains, and e-commerce retailers, is expected to rise.

In terms of product structure, key products of China’s hog slaughtering and processing industry primarily consists of carcasses and pork cuts. Carcasses refer to the pork obtained after the hog is slaughtered, dehaired, eviscerated, and the head and trotters removed, with the carcasses then split longitudinally along the spine into two halves. Pork cuts refer to further processing of the carcass into specific parts, such as belly cuts and bone-in portions, according to customer requirements. In terms of product types, China’s hog slaughtering and processing industry is still dominated by carcasses, which accounted for over 80% of total output in 2024, while pork and other cuts makes up approximately 20%. This product structure is largely shaped by the country’s downstream distribution system, where a significant portion of pork is sold through traditional wholesale markets. These markets typically receive carcasses directly from hog slaughtering companies and perform further processing on-site to serve consumers’ demand.

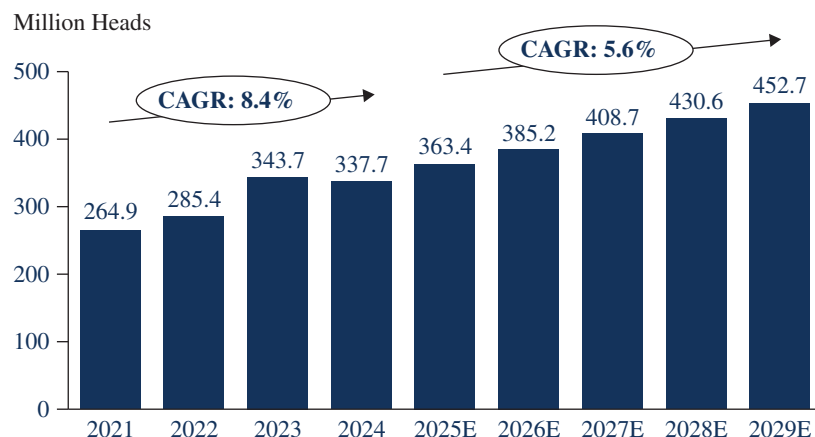
Looking ahead, the proportion of pork cuts is expected to increase gradually. It is also expected that there will be increasing purchase directly from modern retail channels, whose product offerings are mainly driven by consumer preferences, as there is rising demand for pre-packaged and processed pork products. Moreover, as direct procurement by food processors and restaurant chains expands, driven by supply chain modernization, the industry is likely to shift toward a higher share of pork cuts in the product mix.

Slaughter Volume in China

In terms of hogs slaughtered by large-scale hog slaughtering companies in China, from 2021 to 2024, the slaughter volume grew steadily from 264.9 million heads in 2021 to 337.7 million heads in 2024. Looking ahead, With the further penetration of large-scale slaughtering companies, the slaughter volume is projected to grow gradually from 363.4 million heads in 2025 to 452.7 million heads in 2029, representing a CAGR of 5.6% from 2025 to 2029.

INDUSTRY OVERVIEW

Number of Hogs Slaughtered by Large-scale Hog Slaughtering Companies*, China, 2021-2029E



Source: MARA, National Bureau of Statistics, Frost & Sullivan

*Note** Number of hogs slaughtered by large-scale hog slaughtering companies refers to hog slaughtering companies with annual slaughter volume that exceeds 20,000 heads. Number starts from 2021 due to abnormal market conditions in 2020 affected by animal diseases.

Future Trends of China’s Hog Slaughtering and Processing Industry

- Industry Consolidation:** In recent years, China has promoted the standardization and centralization of the slaughtering industry through policies encouraging industry consolidation. The 2021 “Swine Slaughter Management Regulations” support large-scale, standardized operations. Under those favorable policies, the share of hogs slaughtered by large-scale slaughtering companies has been rising from 39.5% in 2021 to 48.1% in 2024. Rising barriers in environmental, food safety, and quarantine standards have accelerated the exit of small workshops, boosting market concentration and favoring large enterprises. As a result, industry resources are increasingly concentrated at a few leading players, enhancing overall efficiency and regulatory advancement.
- Sales Channel Transformation:** The sales channels within China’s hog slaughtering and processing industry are undergoing a structural transformation. Traditionally reliant on wholesale markets and intermediaries, the industry is increasingly shifting toward direct supply to large-scale supermarkets, chain restaurants, and food processing enterprises. These downstream clients place greater emphasis on product standardization, timely delivery, and stringent food safety standards. Leading slaughtering enterprises, equipped with integrated production facilities and cold chain logistics systems, are well-positioned to meet these requirements, thereby reducing reliance on intermediary distribution, contributing to a comprehensive reshaping of the industry’s sales landscape.

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- **Product upgrades:** Amid rising consumer expectations and tighter food safety standards, China’s hog slaughtering and processing industry is accelerating its shift from carcass sales to more refined offerings such as pork cuts and packaged meat. This transition is upgrading product portfolios with additional value-added categories. By offering both large and small packaged products tailored to the needs of supermarkets, chain restaurants, and food processors, companies are improving supply chain efficiency. Meanwhile, the Healthy China Initiative (2019–2030) supports the broader adoption of chilled fresh meat, product refinement, and brand-building, further driving upgrades on the product side. Together, policy support and market demand are positioning product upgrades as a core lever for industry competitiveness.

COMPETITIVE LANDSCAPE OF GLOBAL AND CHINA’S PORK INDUSTRY

Since the mid-2010s, many major hog-producing countries around the world have implemented increasingly stringent environmental regulations and policies aimed at curbing pollution and promoting sustainable livestock farming practices. These measures have driven a global shift toward standardization and industrial-scale hog farming. As a result, the number of individual hog farmers and small-scale hog farmers has declined significantly, while leading enterprises in various regions have rapidly expanded their production capacities and gained larger market shares. Despite this trend, the global hog farming industry remains highly fragmented, leaving ample opportunity for environmentally sustainable and technology-driven companies to further consolidate the market.

In 2024, the global hog farming industry was led by a few dominant players, with increasing market concentration driven by large-scale production and integrated supply chains. The Company not only leads the industry in hog sales volume, but also stands out across multiple financial and operational metrics globally. In 2024, it was the largest pork company globally in terms of hog sales volume, reproductive sow inventory, and hog feed production volume.

Ranking of the Global and China’s Pork Industry

In 2024, the competitive landscape of global hog farming companies was represented by a relatively concentrated structure, with the top five players capturing a substantial portion of the market share. The Company ranked first globally in terms of hog sales volume, commanding the market with an impressive sales volume of 71.6 million hogs.

Besides, over the past five years, the hog sales volume of the Company increased by 53.5 million heads, which ranked first globally. The production capacity increase of the Company also ranked first globally.

INDUSTRY OVERVIEW

Ranking of Hog Farming Companies (by Hog Sales Volume), Global, 2024

Ranking	Company	Hog Sales Volume (Million)	Market Share (%)
1	The Company	71.6	5.6%
2	Company A	30.2	2.4%
3	Company B	17.8	1.4%
4	Company C	16.5	1.3%
5	Company D	14.6	1.1%
Top 5		150.7	11.8%

Source: Frost & Sullivan

In 2024, in terms of slaughter volume, the Company has secured the 5th position globally and the first in China.

Ranking of Hog Slaughtering Companies (by Total Slaughter Volume), China, 2024

Ranking	Company	Slaughter Volume (Million)	Market Share (%)
1	The Company	12.5	3.7%
2	Company D	10.3	3.0%
3	Company E	5.3	1.6%
4	Company F	4.0	1.2%
5	Company G	3.0	0.9%
Top 5		35.1	10.4%

Source: Frost & Sullivan

Notes:

- Company A, headquartered in Guangdong Province, China and established in 1983, is a comprehensive enterprise integrating livestock and poultry breeding, slaughtering, processing, and distribution, forming a complete industry chain from breeding to food distribution.
- Company B, headquartered in Jiangxi Province, China and established in 1998, is a leading agribusiness enterprise specializing in animal feed and hog farming, with extended operations in meat processing, animal health, and grain trade.

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3. Company C, headquartered in Sichuan Province, China and established in 1998, operates across four main sectors: feed, white feather poultry, hog farming, and food, with a fully integrated agricultural and animal husbandry industry chain covering feed, breeding, farming, slaughtering, food deep processing, and downstream sales channels and branding.
4. Company D, established in 1958 and based in Hong Kong, China, operates across multiple regions and focuses on three main sectors: meat products, fresh pork, and hog farming, with meat products as its primary business.
5. Company E, headquartered in Shandong Province and established in 2003, is a Chinese food enterprise engaged in pork processing, integrated slaughtering, and prepared meat products, with operations in fresh food distribution and cold chain logistics.
6. Company F, headquartered in Bangkok, Thailand and established in 1921, operates across eight business lines: agro-industry and food, retail and distribution, media and telecommunications, e-commerce and digital, property development, automotive and industrial products, pharmaceuticals, and finance and investment.
7. Company G, headquartered in Beijing and established in 2019, is a large state-owned meat processing enterprise integrating hog breeding, breeding pig sales, hog slaughtering, cold meat processing, cooked meat products production, frozen storage, grease processing, logistics and distribution, and chain sales.

Source of Information:

We commissioned Frost & Sullivan to conduct market research on the pork industry and prepare the Frost & Sullivan Report. Frost & Sullivan is an independent global consulting firm founded in 1961 in New York that offers industry research and market strategies. We have contracted to pay RMB350,000 to Frost & Sullivan for compiling the Frost & Sullivan Report.

In preparing the Frost & Sullivan Report, Frost & Sullivan conducted detailed primary research which involved discussing the status of the industry with certain leading industry participants and conducting interviews with relevant parties. Frost & Sullivan also conducted secondary research which involved reviewing company reports, independent research reports and data based on its own research database. Frost & Sullivan obtained the figures for the estimated total market size from historical data analysis plotted against macroeconomic data as well as considered the above-mentioned industry key drivers. Its market engineering forecasting methodology integrates several forecasting techniques with the market engineering measurement-based system and relies on the expertise of the analyst team in integrating the critical market elements investigated during the research phase of the project. These elements primarily include expert-opinion forecasting methodology, integration of market drivers and restraints, integration with the market challenges, integration of the market engineering measurement trends and integration of econometric variables.

The Frost & Sullivan Report is compiled based on the following assumptions: (i) the social, economic and political environment of the globe and the PRC is likely to remain stable in the forecast period; and (ii) related industry key drivers are likely to drive the market in the forecast period.

REGULATORY OVERVIEW

All of our business operations in the PRC are subject to extensive supervision and regulation by the PRC government. The following is a summary of the key PRC laws, rules and regulations applicable to our existing business and operations.

LAWS AND REGULATIONS ON LARGE-SCALE LIVESTOCK AND POULTRY RAISING AND BREEDING

Record Filing of Livestock and Poultry Farms

Pursuant to the provisions of the Animal Husbandry Law of PRC (《中華人民共和國畜牧法》) (the “**Animal Husbandry Law**”) promulgated by the Standing Committee of the National People’s Congress (the “NPCSC”) on December 29, 2005, last amended on October 30, 2022 and implemented on March 1, 2023, the entity establishing a livestock and poultry farm shall file the name, address of the farm, species of livestock and poultry as well as the scale of breeding with the competent department of agriculture and rural affairs of the people’s government at the county level where the farm is located, and obtain labels and codes for the livestock and poultry. To establish a livestock and poultry farm, an entity should meet the following conditions:

- (1) To have production premises and supporting facilities commensurate with its farming scale;
- (2) To have animal husbandry and veterinary technicians in its service;
- (3) To meet the conditions for epidemic prevention, as provided for by laws and administrative regulations and the provisions of the competent department of agriculture and rural affairs of the State Council;
- (4) To have facilities and equipment suitable for the innocuous treatment and resource utilization of livestock and poultry manure; and
- (5) To meet other conditions provided for by laws and administrative regulations.

Production and Operation of Breeding Livestock and Poultry

According to the Animal Husbandry Law, an entity or individual engaged in the production and operation of breeding livestock and poultry or in the commercial production of young livestock and poultry shall obtain a license for the production and operation of breeding livestock and poultry (種畜禽生產經營許可證). To apply for the license for production and operation of breeding livestock and poultry, an applicant shall meet the following conditions:

- (1) The breeding livestock and poultry for production and operation must be of the species and the supporting lines that have gone through the verification or identification by the National Commission for Livestock and Poultry Genetic Resources, or the species and supporting lines introduced from abroad upon approval;

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- (2) To have animal husbandry and veterinary technicians commensurate with the scale of production and operation;
- (3) To have the breeding facilities and equipment commensurate with the scale of the production and operation;
- (4) To meet the conditions of epidemic prevention for the breeding livestock and poultry, as provided for by laws and administrative regulations and the provisions of the competent department of agriculture and rural affairs of the State Council;
- (5) To have comprehensive systems for quality control and breeding record-keeping; and
- (6) To meet other conditions as provided for by laws and administrative regulations.

It is prohibited for any entity or individual to engage in the production or operation of breeding livestock and poultry, or in the commercial production of young livestock and poultry, without a license for the production and operation of breeding livestock and poultry, or in violation of the provisions relevant to such license. It is also prohibited to forge, alter, transfer or lease the license for production and operation of breeding livestock and poultry. Anyone, in violation of the abovementioned provisions, may be subject to administrative penalties, including fines, confiscation of illegal income, orders to cease illegal activities. For serious violations, the license for production and operation of breeding livestock and poultry shall be revoked concurrently.

LAWS AND REGULATIONS ON HOG SLAUGHTERING

Pursuant to the Regulations on the Administration of Hog Slaughtering (《生豬屠宰管理條例》), which was last amended by the State Council on June 25, 2021 and became effective on August 1, 2021, the PRC government implements a system that requires hogs to be slaughtered by designated hog slaughtering plants (houses) and quarantined in a centralized manner. The hog products produced and operated by entities and individuals engaged in the sales of hog products and the production and processing of meat products, catering service operators and centralized dining entities must be hog products qualified by quarantine and meat quality inspection at designated hog slaughtering plants (houses). A designated hog slaughtering plant (house) shall meet the following conditions:

- (1) To have a source of water supply that is commensurate with the operation scale of the slaughter and meets the standards for water quality set by the government;
- (2) To have stand-by slaughter rooms, slaughter rooms, emergency slaughter rooms, hog slaughter equipment and means of transportation which conform to the requirements prescribed by the government;
- (3) To have the technical staff for hog slaughter who have obtained health certificates;

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- (4) To have qualified veterinary sanitation inspectors;
- (5) To have inspection equipment and sterilization facilities that conform to the requirements prescribed by the government, and the facilities for pollution prevention and control that conform to the environmental protection requirements;
- (6) To have the facilities for innocuous treatment of diseased hogs and hog products or entrustment agreement for innocuous treatment; and
- (7) To obtain a certificate for animal epidemic prevention conditions (動物防疫條件合格證) in accordance with the law.

A designated hog slaughtering plant (house) is required to establish a stringent management system on the inspection of meat product quality. Inspection of meat product quality shall be conducted in accordance with the meat quality inspection procedures for hog slaughtering, and must be carried out simultaneously with hog slaughtering, and the inspection results must be recorded truthfully. The records of inspection results must be retained for at least two years. Hog products of a designated hog slaughtering plant (house) shall not leave the plant (house) before they have undergone the inspection process or if they fail such inspection.

LAWS AND REGULATIONS ON ANIMAL EPIDEMIC PREVENTION

General Provisions on Animal Epidemic Prevention

Pursuant to the provisions of the Animal Epidemic Prevention Law of the PRC (《中華人民共和國動物防疫法》), which was last amended by the NPCSC on January 22, 2021 and became effective on May 1, 2021, to operate an animal farm, animal isolation site, animal slaughtering and processing place, as well as a innocuous treatment facility of animals and animal products shall apply to the competent agricultural and rural authorities of the local government at or above the county level for a certificate for animal epidemic prevention conditions (動物防疫條件合格證). Animal farms, animal isolation sites, animal slaughtering and processing places and innocuous treatment facilities of animals and animal products shall comply with the following provisions:

- (1) The facilities are located at a distance from public places, such as residential areas, sources of drinking water, schools and hospitals as prescribed by the competent department of agriculture and rural affairs of the State Council;
- (2) The enclosure and isolation of the production and operation area and the engineering design and relevant processes shall meet the requirements for animal epidemic prevention;

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- (3) There shall be sewage and waste treatment facilities commensurate with their scale, the facilities and equipment for the innocuous treatment or refrigeration of animals dead of diseases and diseased animal products, and the facilities and equipment for cleaning and disinfection;
- (4) There shall be licensed veterinarians or technicians for animal epidemic prevention commensurate with the scale;
- (5) There should be comprehensive animal prevention systems including those relating to isolation and disinfection, purchase and sales records and routine inspection;
- (6) Other conditions for animal epidemic prevention as prescribed by the competent department of agriculture and rural affairs of the State Council shall be met.

In addition to meeting the conditions prescribed in the preceding provisions, a innocuous treatment facility of animals and animal products shall be equipped with pathogen detection equipment, detection capability, and special transportation vehicles in compliance with the requirements for animal epidemic prevention.

Before slaughtering, selling or transporting animals, or selling or transporting animal products, the owner shall apply for quarantine to the local animal health supervision agency in accordance with the regulations of the competent department of agriculture and rural affairs of the State Council. After receiving the quarantine application, the animal health supervision agency shall promptly appoint an official veterinarian to carry out quarantine on animals and animal products; if the quarantine is qualified, a quarantine certificate shall be issued and a quarantine mark shall be affixed. The official veterinarian who implements quarantine shall sign or stamp the quarantine certificate and quarantine mark and shall be responsible for the quarantine conclusion. Licensed veterinarians or animal epidemic prevention technicians in animal farms and slaughterhouses shall assist official veterinarians in implementing quarantine.

Pursuant to the Measures for the Examination of Animal Epidemic Prevention Conditions (2022) (《動物防疫條件審查辦法(2022)》) promulgated by the MARA on September 7, 2022 and implemented on December 1, 2022, where an animal farm, animal isolation site, animal slaughtering and processing place, as well as a place where animals and animal products are given innocuous treatment is to be established, a site selection request shall be submitted to the competent department of agriculture and rural affairs of the local people's government at the county level. After obtaining the certificate for animal epidemic prevention conditions, if the premises address or business scope is changed, the entity shall apply anew for the certificate and surrender the original certificate, which shall be revoked by the original issuing authority. Any alteration of the layout, facilities, equipment or systems that may cause changes in the conditions for animal epidemic prevention shall be reported to the original certificate-issuing authority 30 days in advance. In case of any changes in the name of the entity or its legal representative (responsible person), such certificate for animal epidemic prevention conditions shall be applied for modifying within 15 days after the change. The certificate holder shall, by

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the end of March each year, report the status of animal epidemic prevention and the implementation of the epidemic prevention systems of the previous year to the competent department of agriculture and rural affairs of the local people's government at the county level.

Pursuant to the Measures for Administration of Animal Quarantine (《動物檢疫管理辦法》) promulgated by the MARA on September 7, 2022 and implemented on December 1, 2022, if animals or animal products are sold or transported, the owner must apply for quarantine to the local animal health supervision agency three days in advance; if the animals are slaughtered, the quarantine must be reported to the local animal health supervision agency six hours in advance; if the animals are slaughtered urgently, the report can be made at any time. Animals entering slaughtering and processing places must be accompanied by animal quarantine certificates and have livestock and poultry identification labels that comply with regulations. Slaughtering and processing sites should strictly implement systems such as animal entry inspection and registration, and inspections of animals waiting to be slaughtered, and check the animal quarantine certificates and livestock and poultry identification of animals entering the site for slaughter. If any animals are found to be infected or suspected of being infected, the owners should immediately report to the local agricultural and rural authorities or animal disease prevention and control agencies.

Prevention and Control of African Swine Fever

The prevention and control of African Swine Fever are mainly governed by the Animal Epidemic Prevention Law of the PRC, the Regulations on the Administration of Slaughtering of Hogs, the Measures for Administration of Animal Quarantine, the Regulations on Handling Major Animal Epidemic Emergencies (《重大動物疫情應急條例》), which was last amended by the State Council on October 7, 2017 and implemented on the same date, and the National Plan for Handling Major Animal Epidemic Emergencies (《國家突發重大動物疫情應急預案》), which was issued by the State Council on February 27, 2006 and implemented on the same date.

According to the Regulations on Handling Major Animal Epidemic Emergencies, if relevant entities and individuals engaged in animal raising, slaughtering, processing, transportation and operation activities discover that animals have become ill or died in groups, they should immediately report to the local county (city) animal epidemic prevention and control supervision agency and cooperate with follow-up investigation and treatment.

Pursuant to the requirements of the Opinions of the General Office of the State Council on Strengthening Prevention and Control of African Swine Fever (Guo Ban Fa [2019] No. 31 (《國務院辦公廳關於加強非洲豬瘟防控工作的意見》(國辦發[2019]31號)) issued by the General Office of the State Council on June 22, 2019 and implemented on the same date, local governments are responsible for implementing measures to strengthen the prevention and control of African Swine Fever. This document encourages the promotion of standardized large-scale farming of hogs and gradual reduction of the proportion of free-range farming, and urges the implementation of farming management systems such as closed farming and all-in-all-out farming, so as to improve the level of biosecurity protection in hog farming sites

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(households); provides guidance for hog farming sites (households) to effectively implement measures such as cleaning and disinfection, innocuous treatment, etc., and strictly control the access of vehicles and personnel to the premises; urges hog farming sites (households) to report on epidemics in a strict and standardized manner, handle epidemics properly and prevent the spread of epidemics; requires the implementation of the slaughterhouse (farm) self-inspection system, supervises and guides hog slaughtering plants (houses) to implement various prevention and control measures, supervises and guides hog slaughtering plants (houses) to strictly fulfill their main responsibilities for animal epidemic prevention and hog product quality and safety, resolutely prevents dead hogs and uninspected or unqualified hogs from entering the slaughterhouse (farm), and implements innocuous treatment of dead hogs. It encourages the establishment of standardized production systems and continued efforts to create high-quality and standardized demonstration farms. It calls for the refining of policies for facility agricultural land and ensures land supply for the construction of relevant supporting facilities for large-scale hog farming sites (households), and supports hog farming enterprises’ development throughout the whole industry chain in provincial or regional jurisdictions.

The Notice of the MARA on the Circulation of the Plan on Prevention and Control of African Swine Fever and other Major Animal Diseases by Region (Trial Implementation) (Nong Mu Fa [2021] No. 12) (《農業農村部關於印發<非洲豬瘟等重大動物疫病分區防控工作方案(試行)>的通知》) (農牧發[2021]12號)) (issued by the MARA on April 16, 2021 and implemented on the same date) divided China into five regions to carry out prevention and control by region. The notice calls for the regulation of hog transport, pursuant to which, in principle, hogs other than breeding hogs, piglets and hogs in areas and subareas free from African Swine Fever and other major animal diseases shall not be transported outside the region, so as to promote the shift from “hog transport” to “pork transport”. It also calls for the phased improvement and implementation of the “point-to-point” cross-district and cross-province transport policy, which allows “point-to-point” transport of qualified hogs between regions, where necessary.

LAWS AND REGULATIONS ON THE FOOD INDUSTRY

Food Safety

Pursuant to the Food Safety Law of the PRC (2021 Amendment) (《中華人民共和國食品安全法(2021修正)》) (the “**Food Safety Law**”) which was promulgated by the NPCSC on February 28, 2009, last amended on April 29, 2021 and became effective on the same day, and the Implementing Regulations for the Food Safety Law of the PRC (2019 Amendment) (《中華人民共和國食品安全法實施條例(2019修訂)》) which was promulgated by the State Council on July 20, 2009, last amended on October 11, 2019 and implemented on December 1, 2019: (1) any entity engaging in food production, food sales and catering services shall obtain the relevant license. However, no permit is required for the sale of edible agricultural products or only pre-packed food; (2) food production and operation shall comply with food-safety standards and certain other requirements. Food producers shall not purchase or use raw food materials, food additives or food related products which do not meet food-safety standards; (3) each food producer or operator shall establish and implement a personnel health management

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system. Each worker who engages in food production or operation is required to take a physical examination each year and obtain health certificate prior to working; (4) food producers shall check the licenses and the product qualification certificate of their suppliers before purchasing raw food materials, food additives and food-related products from them. Each food production enterprise shall establish a procurement check record system and a food ex-factory check record system and ensure the records are authentic, and the records and vouchers shall be kept for at least six months after the expiration of the shelf life of the products; if there is no explicit shelf life, they shall be kept for no less than two years; and (5) the packages of pre-packed food shall bear labels. The labels shall state matters including the name, specifications, net content, date of production, list of ingredients or components, producer's name, address and contact information, shelf life, product standard code, storage conditions, the general name of the food additives used in the national standards, the food production license number, and other items as required by laws, regulations or food safety standards.

The PRC has established a food recall system. When a food producer finds that the food produced by it does not comply with food safety standards or there is any evidence that it may be harmful to human health, it shall immediately stop production, recall the food on the market, notify the relevant producers, traders and consumers, and record the recall and notification. When a food trader finds that the food traded by it has the situations specified above, it shall immediately stop trading such food, notify the relevant producers, traders and consumers, and record the cessation of trading and the notification. Food producers and traders shall take measures (including but not limited to harmless disposal and destruction) for the recalled food, and report the food recall and handling to the local food safety supervision and administration department of the people's government at the county level. Where the food producers or traders fail to recall or stop producing or trading the food under Article 63 of the Food Safety Law, the food safety supervision and administration department of the people's government at or above the county level shall order them to recall or stop trading.

In the event of any breach of the Food Safety Law, relevant authorities may confiscate any illegal gains and food illegally produced or traded, issue warnings and impose rectification orders and monetary penalties up to 30 times the value of the illegal products, as well as revoke the relevant license and impose criminal liability in severe cases.

Food Production and Food Operation Licensing

According to the Administrative Measures for Food Operation Licensing and Filing (《食品經營許可和備案管理辦法》) promulgated by the SAMR on June 15, 2023 and implemented on December 1, 2023 and the Measures for the Administration of Food Production Licensing (《食品生產許可管理辦法》) last amended on January 2, 2020 and implemented on March 1, 2020, those engaged in food production activities within the territory of the PRC shall obtain a food production license, and those engaged in food sales and catering service activities within the territory of the PRC shall obtain a food operation license according to law. The food production license and food operation license are valid for five years.

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For those who engage in food operation activities without obtaining a food operation license or engage in food production activities without obtaining a food production license, the local market supervision and administration department at or above the county level shall impose penalties in accordance with the relevant provisions of the Food Safety Law. That is, the food safety supervision and administration department of the people’s government at or above the county level shall confiscate the illegal gains or the food illegally produced and operated, and also impose a fine.

LAWS AND REGULATIONS ON PRODUCT QUALITY

General Provisions on Product Quality

The Product Quality Law of the PRC (《中華人民共和國產品質量法》) (the “**Product Quality Law**”) promulgated by the NPCSC on February 22, 1993, last amended on December 29, 2018 and implemented on the same date is the principal law governing the supervision and administration of product quality and applies to all product production and selling activities within the territory of the PRC.

According to the Product Quality Law, producers are liable for the quality of products they produce, and sellers must take reasonable actions to ensure the quality of the products they sell.

The producers shall be liable to compensate for any bodily harm or damage to property (other than the defective product itself) (the “**property of others**”) caused by the defective products of the producer unless the producer is able to prove that: (1) it has not circulated the product; (2) the defect did not exist at the time when the product was circulated; or (3) the state of scientific or technological knowledge at the time when the product was circulated was not sufficient for the detection of the existence of the defect.

The seller will be liable to compensate for any bodily harm or damage to the property of others caused by the defective products it sold if such defect is attributable to the seller. A person who is harmed or whose property is damaged by the defective product may claim such loss against the producer or the seller.

Any producer or seller that produces or sells products not up to the relevant national or industry standards for ensuring personal health and safety and property security shall be ordered to suspend production and sale with illegally produced or sold products confiscated, and be imposed a fine with any illegal gains confiscated. Where the case is serious, the business license shall be revoked. Where a criminal offense is constituted, the offenders will be pursued for criminal liabilities.

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The Civil Code of the PRC (《中華人民共和國民法典》), promulgated by the National People’s Congress (the “NPC”) on May 28, 2020 and implemented on January 1, 2021, stipulates that producers shall bear tort liability for damage caused to others by their defective products. If the defective products are identified after they have been put into circulation, the producers or the sellers shall take remedial measures including the cessation of sales, issuance of a warning, recall of products in a timely manner. The producers or the sellers shall also bear tort liability if they fail to take remedial measures in a timely manner or have not made effective efforts to take remedial measures, thus causing more damages. In the event of a recall, the producer or seller shall bear the necessary expenses so incurred by the tort victim. The Food Safety Law further stipulates that in the event that a producer produces food that does not meet the food safety standards or a trader knowingly markets food that does not meet the food safety standards, in addition to demanding compensation for losses, the consumer may also demand compensation from the producer or trader of 10 times the price or three times the losses; If the amount of additional compensation is less than RMB1,000, it shall be RMB1,000.

Law on Quality and Safety of Agricultural Products

The Law on Quality and Safety of Agricultural Products of the PRC (2022 Revision) (《中華人民共和國農產品質量安全法(2022修訂)》) (the “**Agricultural Products Safety Law**”), which was last amended by the NPCSC on September 2, 2022 and came into effect on January 1, 2023, governs the supervision and administration of the quality and safety of agricultural products, namely plants, animals, microorganisms and other products obtained in the course of agricultural activities. The Agricultural Products Safety Law regulates agricultural products in the following aspects to ensure that they meet the requirements necessary to protect people’s health and safety, including: (1) the quality and safety standards of agricultural products; (2) the production premises of agricultural products; (3) the production of agricultural products; and (4) the sales of agricultural products.

According to the Agricultural Products Safety Law, agricultural product producers shall use agricultural inputs such as pesticides, veterinary drugs, fertilizers, and agricultural films in a scientific and reasonable manner to avoid contaminating production premises of agricultural products. The agricultural product producers and operators shall also ensure that the preservatives, additives and other chemicals used in the process of packaging, preservation, storage and transportation of agricultural products shall be in conformity with the relevant mandatory national standards and other provisions on the quality and safety of agricultural products.

Product Liabilities

Producers and sellers of defective products in the PRC may incur liability for losses and injuries caused by such products. According to the Law on the Protection of Consumer Rights and Interests of the PRC (《中華人民共和國消費者權益保護法》), which was promulgated on October 31, 1993 by the NPCSC and last amended on October 25, 2013 and came into effect on March 15, 2014, consumers or other victims of losses and damages caused by defective products can claim compensation from the seller or from the producer.

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According to the above-mentioned laws and regulations, producers and sellers are required to ensure that products which they produce and sell meet the requirements for safeguarding human health and ensuring human and property safety. Failing to do so will lead to a range of penalties, including the suspension of production and sale, confiscation of the products and illegal gains, imposition of fines, revocation of business licenses, and/or even criminal liabilities. In addition, if the products cause personal injuries or other form of torts, the producers and sellers of the products may be subject to tort liability.

LAWS AND REGULATIONS ON FEED PRODUCTION AND PROCESSING

Grain Procurement

According to the Administrative Regulation of Grain Circulation (《糧食流通管理條例》) which was issued by the State Council on May 26, 2004 and last amended on February 15, 2021 and came into effect on April 15, 2021, enterprises engaged in grain procurement shall file its name, address, responsible person, storage facilities and other information with the grain and reserve administrative department of the people’s government at the county level in the place of procurement for record, and shall promptly update the filing if the filing information changes. All operators engaged in grain procurement, sales, storage and processing, as well as feed and industrial grain enterprises, shall establish grain operation ledgers and report basic data and relevant information on grain procurement, sales, and storage to the local grain and reserve administrative department of the people’s government at the county level. The retention period of the grain operation ledgers shall be not less than three years.

Feed Production

According to the Regulations on Administration of Feed and Feed Additives (《飼料和飼料添加劑管理條例》), which were promulgated by the State Council on May 29, 1999, last amended on March 1, 2017 and implemented on the same date, and the Administrative Measures for Production Licensing of Feed and Feed Additives (《飼料和飼料添加劑生產許可管理辦法》), which were issued by the MARA on May 2, 2012, last amended on January 7, 2022 and implemented on the same date, feed production enterprises must comply with feed industry development plans and industrial policies and meet the following conditions:

- (1) Having plant buildings, equipment and warehousing facilities accommodating the feed and feed additive production;
- (2) Having full-time technical staff to accommodate the feed and feed additive production;
- (3) Having necessary product quality testing bodies, staff and facilities and quality control systems;

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- (4) Having a production environment that meets the national safety and health requirements;
- (5) Having in place pollution prevention and control measures that meet the national environmental protection requirements; and
- (6) Other conditions specified in the administration standards for feed and feed additives quality safety formulated by the competent administrative department of agriculture under the State Council.

Enterprises are required to obtain a production license before operating a feed production business. In addition, enterprises are required to maintain the requisite conditions to produce feeds and follow relevant rules relating to feed production. Violation of these rules or failing to obtain production license could lead to a range of penalties, including confiscation of the products, instruments and illegal gains, imposition of fines or even revocation of the production licenses.

LAWS AND REGULATIONS ON THE PRODUCTION AND OPERATION OF VETERINARY DRUGS

The Regulations on the Administration of Veterinary Drugs (2020 Revision) (《獸藥管理條例(2020修訂)》), which were last amended and implemented by the State Council on March 27, 2020, mainly stipulates relevant administrative licensing, supervision and management regarding veterinary drug production enterprises, veterinary drug business enterprises, veterinary medical entities, approval of new veterinary drugs, and the management of import and export of veterinary drugs.

LAWS AND REGULATIONS ON IMPORT AND EXPORT

Recordation of Customs Declaration Entities

According to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》), which was promulgated by the NPCSC on May 12, 1994 and last amended and came into effect on December 30, 2022, from December 30, 2022, foreign trade operators engaged in the import and export of goods or technologies are no longer required to go through the recordation procedures with the foreign trade department of the State Council or the institutions authorized by it.

According to the Customs Law of the PRC (《中華人民共和國海關法》), which was last amended and implemented by the NPCSC on April 29, 2021, the General Administration of Customs of the PRC (the “GACC”) is the entry and exit customs supervision and administration authority of the PRC. It supervises the transportation vehicles, goods, luggage, postal articles and other articles entering and leaving the country, collects customs duties and other taxes and fees, prevents and counters smuggling. Consignees or consignors of imported and exported goods and customs declaration enterprises shall go through customs declaration recordation procedures with the competent customs in accordance with the law.

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According to the Provisions on the Administration of Recordation of Customs Declaration Entities of the PRC (《中華人民共和國海關報關單位備案管理規定》) promulgated by the GACC on November 19, 2021 and came into effect on January 1, 2022, consignees or consignors of imported and exported goods and customs declaration enterprises applying for recordation shall obtain market entity qualification.

Compulsory Inspection

According to the Law on Import and Export Commodity Inspection of the PRC (《中華人民共和國進出口商品檢驗法》) last amended and implemented by the NPCSC on April 29, 2021, and the Implementation Regulations for the Law on Import and Export Commodity Inspection of the PRC (《中華人民共和國進出口商品檢驗法實施條例》) last amended by the State Council on March 29, 2022 and came into effect on May 1, 2022, the GACC is responsible for formulating and adjusting the catalogue of import and export commodities that must undergo compulsory inspection. According to this catalogue, the import and export of hogs and pork must undergo compulsory inspection.

Inspection and Quarantine of Imported and Exported Grain

According to the Measures for Supervision and Administration of Inspection and Quarantine of Imported and Exported Grain (《進出境糧食檢驗檢疫監督管理辦法》) last amended and implemented by the GACC on November 23, 2018, consignees or consignors of imported and exported grain, as well as the production, processing, storage, and transportation enterprises, shall engage in production and business activities in accordance with the law, establish and implement a grain quality and safety control system and an epidemic prevention and control system, and be responsible for the quality and safety of imported and exported grain. The imported grain shall be processed and used in the designated facilities with proper quarantine and treatment capabilities. Without effective pest control treatment or processing, the imported grain shall not directly enter the market circulation field.

Export License

According to the Regulations on the Administration over Import and Export of Goods of the PRC (《中華人民共和國貨物進出口管理條例》), which were promulgated by the State Council on March 10, 2024 and became effective on May 1, 2024, the PRC implements a unified management system for the import and export of goods. and enforces export license administration on goods that are subject to export restrictions. According to the Catalogue of Goods Subject to Export License Administration (2025) (《出口許可證管理貨物目錄(2025年)》) issued by the Ministry of Commerce of the PRC (the "MOFCOM") and the GACC, hogs and pork are subject to such licensing requirements.

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Food Export Record-Filing

According to Administrative Measures for the Safety of Import and Export Food of the PRC (《中華人民共和國進出口食品安全管理辦法》), which were promulgated by the GACC on April 12, 2021 and became effective on January 1, 2022, manufacturers of food for export are subject to record-filing requirements. The GACC is responsible for the nationwide administration of record-filing by manufacturers of food for export. Manufacturers of food for export shall file with the customs at the place of their domicile, and the filing procedures and requirements shall be formulated by the GACC. Export food manufacturers and operators who fail to comply with the relevant regulations may be imposed on a range of penalties, including warnings, fines or even criminal charges.

Qualification of Live Hog Feeding Farms for Hong Kong and Macau

Pursuant to the Administrative Measures for the Inspection and Quarantine of Edible Terrestrial Animals for Hong Kong and Macau (《供港澳食用陸生動物檢驗檢疫管理辦法》), which was promulgated by the GACC on January 22, 2024 and became effective on March 1, 2024, the customs authorities implement a registration-based management system for breeding farms supplying edible terrestrial animals to Hong Kong and Macao. Registration is conducted on a per-breeding-farm basis, with one certificate issued per farm, and registration numbers shall be exclusively used for their designated farms. Breeding farms that fail to register are prohibited from supplying edible terrestrial animals to the Hong Kong and Macao Special Administrative Regions of China. Violations of these regulations will result in warnings or fines.

Registration of Farms Supplying Raw Materials for Export Food

According to the Food Safety Management Measures for Import and Export of the PRC (《中華人民共和國進出口食品安全管理辦法》), planting and breeding farms producing raw materials for export food shall register with the local customs authorities. The GACC publishes a unified list of registered raw material planting and breeding farms, with registration procedures and requirements established by the GACC. Furthermore, under the Announcement on the Catalogue of Export Food Raw Material Varieties Subject to Registration Management (《關於公佈實施備案管理出口食品原料品種目錄的公告》), pork is listed as a raw material requiring registration for export purposes.

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LAWS AND REGULATIONS ON ENVIRONMENTAL PROTECTION

General Provisions for Environmental Protection

The main laws and regulations related to environmental protection that are applicable to the Company include the Environmental Protection Law of the PRC (2014 Amendment) (《中華人民共和國環境保護法(2014修訂)》) (last amended by the NPCSC on April 24, 2014 and effective on January 1, 2015), the Atmospheric Pollution Prevention and Control Law of the PRC (2018 Amendment) (《中華人民共和國大氣污染防治法(2018修正)》) (last amended by the NPCSC and came into effect on October 26, 2018), the Water Pollution Prevention and Control Law of the PRC (2017 Revision) (《中華人民共和國水污染防治法》(2017修正)) (last amended by the NPCSC on June 27, 2017 and effective on January 1, 2018), the Law of the PRC on Noise Pollution Prevention and Control (《中華人民共和國噪聲污染防治法》) (promulgated by the NPCSC on December 24, 2021 and implemented on June 5, 2022), the Law of the PRC on the Prevention and Control of Environment Pollution Caused by Solid Wastes (2020 Revision) (《中華人民共和國固體廢物污染環境防治法》(2020修訂)) (last revised by the NPCSC on April 29, 2020 and effective on September 1, 2020), etc. These laws and regulations stipulate the prevention, control and supervision of air pollution, water pollution, noise pollution and solid waste pollution, so as to protect and improve the environment, safeguard public health and promote sustainable economic and social development.

Environmental Protection of Construction Projects

In accordance with the Law on Environmental Impact Assessment of the PRC (《中華人民共和國環境影響評價法》), which was promulgated by the NPCSC on October 28, 2002 and implemented on September 1, 2003, and last amended and implemented on December 29, 2018, the Chinese government implements an environmental impact assessment system for construction projects. Based on the appraisals of the environmental impacts of construction projects according to the seriousness of the impacts, the construction entities shall work out the report of environmental impacts, the report form of environmental impacts or the registration form of environmental impacts to explain relevant environmental impacts. Where the environmental impact assessment document of a construction project fails to undergo the examination of the approval department in accordance with the law or is disapproved after examination, the construction entity shall not commence construction.

The Regulations on the Prevention and Control of Pollution from Large-scale Farming of Livestock and Poultry (《畜禽規模養殖污染防治條例》), which was issued by the State Council on November 11, 2013 and implemented on January 1, 2014, provides that the construction, reconstruction and expansion of livestock and poultry farming sites and clusters shall comply with the development plans for the animal husbandry industry and plans for pollution prevention and control in livestock and poultry farming, meet the requirements of animal epidemic prevention, and undertake environmental impact assessment. Large-scale livestock and poultry farming sites and clusters that may cause significant impact on the environment shall prepare an environmental impact report; other livestock and poultry farming

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sites and clusters shall fill out an environmental impact registration form. At the same time, livestock and poultry farming sites and clusters shall, according to the breeding scale and the needs of pollution prevention and control, build corresponding comprehensive utilization and innocuous treatment facilities.

Pursuant to the Classified Management Catalogue of Environmental Impact Assessments for Construction Projects (《建設項目環境影響評價分類管理名錄》), the livestock and poultry farming sites and clusters shall prepare environmental impact reports or fill out environmental impact registration forms, under which, (1) for large-scale livestock and poultry farming with an annual output of 5,000 hogs (or the equivalent scale for other livestock and poultry species) and above / large-scale livestock and poultry farming with 2,500 hogs in stock (or the equivalent scale for other livestock and poultry species) and above with no output, large-scale livestock and poultry farming involving environmentally sensitive areas (referring to national parks, nature reserves, scenic spots, world cultural and natural heritage sites, special protection marine areas, drinking water source protection areas; areas whose main functions are residential, medical and health care, culture and education, scientific research, administrative offices, etc., as well as heritage conservation entities), environmental impact reports should be prepared; (2) livestock and poultry farms and breeding areas of other scales (except those below large-scale) shall fill out environmental impact registration forms.

Pursuant to the Regulations on the Administration of Environmental Protection of Construction Projects (2017 revision) (《建設項目環境保護管理條例》(2017修訂)), which was promulgated by the State Council on November 29, 1998, last amended on July 16, 2017 and effective on October 1, 2017, the supporting environmental protection facilities for a construction project must be designed, constructed and put into operation simultaneously with the major construction works of the construction project. Upon the completion of the project, the construction entity shall conduct an acceptance of supporting environmental protection facilities and prepare an acceptance inspection report. The construction project can only be put into production or use after passing the acceptance.

Pollutant Discharge Permit and Waste Disposal

The Regulations on the Prevention and Control of Pollution from Large-scale Farming of Livestock and Poultry provides that the state encourages and supports the comprehensive utilization of waste from the farming of livestock and poultry by way of returning manure to the field, producing biogas and organic fertilisers, etc. For diseased livestock and poultry farming wastes including disease-infected livestock and poultry and their excrement, products made from disease-infected livestock and poultry, and carcasses of livestock and poultry dead of diseases or unknown causes, shall be treated in accordance with the relevant laws, regulations and the requirements of the competent departments of agriculture and animal husbandry of the State Council, through innocuous treatments such as deep burial, chemical treatment, and incineration, and no arbitrary treatment shall be allowed.

REGULATORY OVERVIEW

The Environmental Protection Law of the PRC, the Water Pollution Prevention and Control Law of the PRC (2017 revision), and the Atmospheric Pollution Prevention and Control Law of the PRC (2018 Amendment) have all stipulated that livestock and poultry farming sites and clusters shall carry out scientific disposal, comprehensive utilization or innocuous treatment of the excrement, wastewater and carcasses of livestock and poultry.

Pursuant to the Administrative Measures for Pollutant Discharge Licensing (《排污許可管理辦法》), which was promulgated by the PRC Ministry of Ecology and Environment (the “MEE”) on April 1, 2024 and taking effect on July 1, 2024, enterprises, public institutions and other producers and operators that are subject to pollutant discharge permit administration shall apply for a pollutant discharge permit and discharge pollutants in accordance with the requirements of the pollutant discharge permit. Any enterprise that fails to obtain a pollutant discharge permit shall not discharge pollutants.

According to the Catalogue for Classified Administration List of Pollutant Discharge Permits for Stationary Pollution Sources (2019 Version) (《固定污染源排污許可分類管理名錄(2019年版)》), which was promulgated by the PRC Ministry of Ecology and Environment on December 20, 2019 and took effect on the same date, based on factors such as the amount of pollutants generated and discharged, and the degree of impact on the environment, focused management, streamlined management, and registration management of pollution discharge permits are implemented. Pollutant-discharging entities subject to discharge registration are not required to apply for a pollutant discharge permit, but should fill in a pollutant discharge registration form on the National Pollutant Discharge Permit Administration Information Platform. Large-scale livestock and poultry farming sites and clusters without sewage outfalls, and livestock and poultry farming sites and clusters below large-scale with sewage outfalls shall be subject to discharge registration, which means that they are only required to fill in the pollutant discharge registration form on the National Pollutant Discharge Permit Administration Information Platform.

The Regulations on Pollutant Discharge Permit Administration (《排污許可管理條例》) issued by the State Council on January 24, 2021 and implemented on March 1, 2021, further enhance the pollutant discharge administration. Pollutant-discharging entities shall practice focused and streamlined management pursuant to the amount of pollutants generated and discharged and the degree of impact on the environment. The review, decision and information disclosure of pollutant discharge permit shall be handled through the National Pollutant Discharge Permit Administration Information Platform. The pollutant discharge permit is valid for 5 years and the discharging entities should apply for renewal of the pollutant discharge permit 60 days before its expiry.

REGULATORY OVERVIEW

LAWS AND REGULATIONS ON PRODUCTION SAFETY

Production Safety

Pursuant to the Production Safety Law of the PRC (《中華人民共和國安全生產法》), which was promulgated by the NPCSC on June 29, 2002, last amended on June 10, 2021, and took effect on September 1, 2021, any entity whose production safety conditions do not meet the requirements shall not engage in production and business operation activities. Production and business operation entities shall educate and train employees on production safety to ensure that employees have the necessary production safety knowledge, are familiar with the relevant laws and regulations and rules on production safety and safety operation procedures, master the safety operation skills of their own posts, understand emergency measures, and know the rights and obligations regarding production safety. Employees who fail to pass the education and training on production safety shall not be allowed to work. The safety facilities of a new construction, reconstruction or expansion project shall be designed, constructed and put into use simultaneously with the main body of the project. Investment in safety facilities shall be included in the budget of the construction project.

Fire Prevention

According to the Fire Prevention Law of the PRC (《中華人民共和國消防法》) (the “**Fire Prevention Law**”), which was promulgated by the NPCSC on April 29, 1998 and last amended with effect from April 29, 2021, design and construction of the fire control facilities for a construction work shall comply with the national fire control technical standards. The developer, designer, constructors and project supervisor of a construction project shall be responsible for the quality of the design and construction of the fire control facilities for the construction work according to the relevant laws.

According to the Fire Prevention Law and the Interim Provisions on Design Inspection and Acceptance of Fire Protection of Construction Works (《建設工程消防設計審查驗收管理暫行規定》) (the “**Interim Provisions on Fire Protection**”), which was promulgated by the MOHURD on April 1, 2020, last amended on August 21, 2023 with effect from October 30, 2023, a special construction work as stipulated in the Interim Provisions on Fire Protection shall be subject to fire protection design review before the construction of such work is commenced and shall be subject to fire protection inspection before such work is put into use. Construction works other than a special construction work shall be subject to fire protection inspection filing, and the competent administrative authority in charge of the examination and acceptance of fire protection design shall conduct spot inspections. If a construction work fails to pass the spot inspection, the use of such construction shall cease, and rectification actions must be taken with a view to applying for a re-inspection.

REGULATORY OVERVIEW

LAWS AND REGULATIONS ON WATER RESOURCES

Pursuant to the Water Law of the PRC (《中華人民共和國水法》) promulgated by the NPCSC on January 21, 1988 and last amended on July 2, 2016, the Regulations on Administration of the License for Water Drawing and the Levy of Water Resource Fees (《取水許可和水資源費徵收管理條例》) promulgated by the State Council on February 21, 2006 and revised on March 1, 2017 and the Measures for the Administration of Water Drawing Licensing (《取水許可管理辦法》) promulgated by the Ministry of Water Resources on April 9, 2008 and last amended on December 22, 2017, except under the special circumstances where a Water-Drawing License is not required, any entity or individual using water drawing engineering structures or facilities to directly draw water resources from rivers, lakes or underground must apply to the water administrative department for a water drawing license and pay water resources fees. The water drawing entity or individual shall draw water according to the approved annual water drawing plan. For the water drawing exceeding the plan or quota, water resource fees shall be charged progressively on the excessive part. The valid term of water drawing license shall generally be 5 years, and shall not exceed 10 years. If, at expiry of the valid term, the license certificate needs to be renewed, the water drawing entity or individual shall file an application to the original approval authority 45 days prior to the expiry of the valid term.

Non-compliance with the above regulations on water use may result in administrative penalties including fines, rectification and revocation of water drawing license.

LAWS AND REGULATIONS ON LAND USE

According to the Land Administration Law of the PRC (《中華人民共和國土地管理法》), which was issued by the NPCSC on June 25, 1986 and implemented on January 1, 1987, and last amended on August 26, 2019 and implemented on January 1, 2020, land in China is classified into agricultural land, construction land and unused land. Land in urban areas is owned by the state; land in rural areas and suburban areas is owned collectively by the peasants, except for those which belong to the state under the law. Homestead and reserved land and hilly land reserved for private use are collectively owned by peasants. Land collectively owned by peasants which belongs to village peasants collectively in accordance with the law shall be operated and managed by the village collective economic organization or village committee.

REGULATORY OVERVIEW

USE OF STATE-OWNED LAND

Pursuant to the Land Administration Law of the PRC and the Implementing Regulations for the Land Administration Law of the PRC (《中華人民共和國土地管理法實施條例》), which were last amended by the State Council on July 2, 2021 and implemented on September 1, 2021, and the Provisional Regulations of the PRC Concerning the Grant and Transfer of the Right to Use State Land in Urban Areas (《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》), which was issued by the State Council on May 19, 1990 and implemented on the same date, and was last amended on November 29, 2020 and implemented on the same date, except for the allocation of state-owned land use rights within the scope prescribed by law, the State implements a paid-use system for state-owned land in accordance with the law. The methods of compensated use of state-owned land mainly include transfer of state-owned land use rights, leasing of state-owned land, and using state-owned land use rights as a way of capital contribution or investment in exchange for equity. Transfer of land use rights can be conducted by means of agreement, tender, and auction. Transfer of land use rights requires the signing of a land use right transfer contract and payment of land premium.

Contracting of Collectively Owned Land

Pursuant to the Rural Land Contracting Law of the PRC (《中華人民共和國農村土地承包法》), which was issued by the NPCSC on August 29, 2002 and implemented on March 1, 2003, and last amended on December 29, 2018 and implemented on January 1, 2019, and the Organic Law of Villagers' Committees of the PRC (《中華人民共和國村民委員會組織法》), which was approved by the NPCSC on 4 November 1998 and implemented on the same date, and last amended on December 29, 2018 and implemented on the same date, the State implements a rural land contracting management system. Project establishment and contracting plans involving the village's land contracting management plan and the village collective economic project can be conducted only upon approval by the villagers' meeting after deliberation.

Rural land contracting takes the form of household contracting within the rural collective economic organization. For rural lands such as barren mountains, barren ditches, barren hills, and barren swamplands that are not suitable for household contracting, such lands can be contracted through tenders, auctions, and public negotiations, and on a *pari passu* basis, members of the collective economic organization shall have right of first refusal to contracting rural lands through the above-mentioned channels. Pursuant to the Regulations on the Prevention and Control of Pollution from Large-scale Farming of Livestock and Poultry, the State encourages the use of abandoned land and unused land such as barren mountains, barren ditches, barren hills and barren swamplands to carry out large-scale and standardized livestock and poultry breeding. Land for livestock and poultry breeding shall be managed as agricultural land, and the land for production facilities and necessary pollution prevention and control and other auxiliary facilities shall be designated in accordance with relevant regulations of the State.

REGULATORY OVERVIEW

The awarding party may contract out the rural land to entities or individuals other than the collective economic organization with prior consent of more than two-thirds of the members of the collective economic organization or more than two-thirds of the villager representatives and shall report the contracting to and obtain approval from the people’s government at the township level.

A written contract shall be signed by the awarding party and the contractor. The contracting period is 30 years for arable land, 30 to 50 years for grassland, and 30 to 70 years for woodland.

Circulation of Land Operation Rights

Pursuant to the Rural Land Contracting Law of the PRC, the contractor can independently decide to circulate the land operation rights to others through leasing (subcontracting), exchange for shares or by other means in accordance with the law, provided that the transfer shall be filed with the awarding party. The circulation of land operation rights shall follow the following principles: (1) it shall be lawful, voluntary, and compensated, and no organization or individual may force or hinder the circulation of the land operation rights; (2) the nature of land ownership and the agricultural use of land shall not be changed, and the comprehensive agricultural production capacity and agricultural ecosystem concerned shall not be impaired; (3) the circulation period shall not exceed the remaining period of the contract period; (4) the transferee must have the ability or qualifications for agricultural operations; (5) on a pari passu basis, members of the collective economic organization shall have right of first refusal.

Pursuant to the Measures for the Administration of Circulation of Rural Land Operation Right (《農村土地經營權流轉管理辦法》), which was issued by the MARA on January 26, 2021 and implemented on March 1, 2021, when effecting circulation of land operation rights, the contractor shall negotiate with the transferee, sign a written circulation contract on agreed terms, and shall file with the awarding party. After the expiration of the circulation period, the transferee has the right to first renew the contract on a pari passu basis. The transferee is prohibited from changing the agricultural use of the land.

Where the contractor voluntarily entrusts the awarding party, intermediary organization or others to circulate its land operation rights, the contractor shall issue a letter of trust for the circulation which shall specify the entrusted matter, authority and term and be signed or affixed with official chop by the trustor and the trustee. The transferee of the circulation of land operation rights shall be organisations and individuals with agricultural operation capabilities or qualifications. Under the following circumstances, the contractor can unilaterally terminate the land operation right circulation contract, and if the contractor fails to terminate the contract within a reasonable period, the awarding party has the right to terminate the land operation right circulation contract: (1) unauthorised change of the agricultural use of the land; (2) farmland being deserted and left desolate for more than two consecutive years; (3) serious damage being caused to the land or being inflicted on the ecosystem of the land; and (4) other serious breaches of contract.

REGULATORY OVERVIEW

Administration of Agricultural Facility Land

Pursuant to the Notice of the General Office of the Ministry of Natural Resources on Issues Concerning the Guarantee of Land for Hog Farming (Zi Ran Zi Dian Fa [2019] No. 39) (《自然資源部辦公廳關於保障生豬養殖用地有關問題的通知》(自然資電發[2019]39號)), which was issued by the Ministry of Natural Resources on September 4, 2019 and implemented on the same date, land for hog farming is regarded as agricultural facility land and shall be managed as agricultural land, and is not subject to the approval procedures for construction land. The scale of the land used for production facilities such as hog farming pens, passageways in the sites and green isolation belts shall be determined according to the scale of farming; the scale of supporting facilities have been increased and the 15-mu upper limit has been cancelled to satisfy the demand for facility land including that for waste treatment in hog farming.

Forest Rights and Forest Land Use

Pursuant to the Forest Law of the PRC, which was last amended by the NPCSC on December 28, 2019 and came into effect on July 1, 2020, and the Implementing Regulations for the Forest Law of the PRC (《中華人民共和國森林法實施條例》), which was last amended and implemented by the State Council on March 19, 2018, the ownership and the right of use of forest land and forest and forest trees thereon shall be registered and recorded by the immovable property registration agency in a unified manner, and the certificates shall also be issued. Anyone who violates the provisions of this regulation and infringes upon the lawful rights and interests of owners or users of forests, trees or forest land shall bear the responsibility for infringement of rights and interests in accordance with the law.

Pursuant to the Notice of the Office of the State Forestry and Grassland Administration on Issues Related to the Use of Forest Land in Hog Farming (Ban Zi Zi [2019] No. 163) (《國家林業和草原局辦公室關於生豬養殖使用林地有關問題的通知》(辦資字[2019]163號)), where land appropriate to the forestation in the plan for the protection and utilization of forest land to be used for hog farming, the farming enterprise (household) may sign a lease contract with the rural collective economic organization, forest land contractor or business unit, and file them with the competent forestry and grassland department at the county level, and such land appropriate to the forestation shall be used according to the principle of not changing the usage of the forest land and not occupying the forest land quota. After the hog farming activities finish, farming enterprises (households) should restore forestry production conditions in a timely manner.

REGULATORY OVERVIEW

LAWS AND REGULATIONS ON INTELLECTUAL PROPERTY RIGHTS

Trademark

Trademarks are protected by the Trademark Law of the PRC (《中華人民共和國商標法》), which was promulgated by the NPCSC on August 23, 1982, last amended on April 23, 2019 and came into effect on November 1, 2019, and the Implementing Regulations for Trademark Law of the PRC (《中華人民共和國商標法實施條例》), which was promulgated by the State Council on August 3, 2002, last amended on 29 April 2014 and came into effect on May 1, 2014. The Trademark Office of the China National Intellectual Property Administration is in charge of trademark registration and grants registered trademarks a validity term of 10 years which may be renewed for consecutive 10-year periods upon application by the owner of the registered trademark.

Patent

Patent is protected by the Patent Law of the PRC (《中華人民共和國專利法》), which was promulgated by the NPCSC on March 12, 1984, last amended on October 17, 2020 and came into effect on June 1, 2021, and the Detailed Regulations on Implementing the Patent Law of the PRC (《中華人民共和國專利法實施細則》), which was promulgated by the State Council on June 15, 2001, last amended on 11 December 2023 and came into effect on January 20, 2024, the Patent Office of China National Intellectual Property Administration is responsible for the patent work nationwide, and its counterparts at provincial level are responsible for the administration of patents within their respective administrative regions. An invention or utility model for which a patent is granted shall be novel, inventive and practically applicable. The protection period is 20 years for an invention patent, 10 years for a utility model patent, and 15 years for a design patent, commencing from their respective application dates. Any entity or individual that intends to use a patent of another party shall enter into a licensing agreement with the patent owner and pay patent royalties to the patent owner. Any use of a patent without the permission of the patent owner constitutes an infringement of the patent right.

Copyright Law

Pursuant to the Copyright Law of the PRC (《中華人民共和國著作權法》), which was promulgated by the NPCSC on September 7, 1990, last amended on November 11, 2020, and came into effect on June 1, 2021 and the Regulations for the Implementation of the Copyright Law of the PRC (《中華人民共和國著作權法實施條例》) which was promulgated by the State Council on August 2, 2002, last amended on January 30, 2013 and came into effect on March 1, 2013, works of Chinese citizens, legal entities or unincorporated organizations, whether published or not, shall enjoy copyright.

Pursuant to the Computer Software Protection Regulations (《計算機軟件保護條例》), which was last amended by the State Council on January 30, 2013 and came into effect on March 1, 2013, works of Chinese citizens, legal entities or other organizations, whether published or not, shall enjoy the copyright of the software developed by them in accordance with the Computer Software Protection Regulations. Software copyright arises from the date of completion of software development. The software copyright of a legal person or other organization shall be protected for a period of 50 years, ending on December 31, of the 50th year after the first publication of the software.

REGULATORY OVERVIEW

Domain Names

In accordance with the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》), which was promulgated by the Ministry of Industry and Information Technology on August 24, 2017 and came into effect on November 1, 2017, the Ministry of Industry and Information Technology is responsible for supervision and administration of domain name services in the PRC. Communication administrative bureaus at provincial levels shall conduct supervision and administration of the domain name services within their respective administrative jurisdictions. Domain name registration services shall, in principle, be subject to the principle of "first apply, first register". A domain name registrar shall, in the process of providing domain name registration services, ask the applicant for which the registration is made to provide authentic, accurate and complete identity information on the holder of the domain name and other domain name registration related information.

REGULATIONS ON LABOR PROTECTION AND SOCIAL INSURANCE

General Labor Contract Rules

Pursuant to the Labor Law of the PRC (《中華人民共和國勞動法》), which was promulgated by the NPCSC on July 5, 1994, last amended on December 29, 2018 and came into effect on the same date, the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), which was promulgated by the NPCSC on June 29, 2007, last amended on December 28, 2012 and came into effect on July 1, 2013, and the Regulations on Implementing the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》), which were promulgated by the State Council on September 18, 2008 and came into effect on the same date, a written labor contract shall be entered into to establish a labor relationship between an employer and his or her employee. Wages may not be lower than the local standards of minimum wages. Employer shall establish their respective system of occupational safety and sanitation, implement the rules and standards issued or imposed by the State from time to time, provide education regarding occupational safety and sanitation to their employees, provide their employees with labor safety and sanitation conditions and necessary articles of labor protection supplies conforming to the provisions of the State, and provide regular health examination for employees engaged in work involving occupational hazards.

Social Security and Housing Provident Fund

Pursuant to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), which was promulgated on October 28, 2010, latest amended on December 29, 2018 and came into effect on the same date, the employers shall register for social insurance at a local social insurance agency and pay social insurance premiums for workers, including basic endowment insurance premiums, basic medical insurance premiums, work-related injury insurance premiums, unemployment insurance premiums and maternity insurance premiums. The employers who fail to promptly contribute social security premiums in full amount shall be ordered by the social security premium collection agency to make or supplement contributions within a stipulated period, and shall be subject to a late payment fine computed from the due date at the rate of 0.05% per day; where payment is not made within the stipulated period, the relevant administrative authorities shall impose a fine ranging from one to three times the amount of the amount in arrears.

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Pursuant to the Regulations on Management of Housing Provident Fund (《住房公積金管理條例》) (2019 Revision), which was issued by the State Council on April 3, 1999 and last amended on March 24, 2019, the employers shall go through the housing provident fund contribution registration with the housing provident fund management center, and apply for the establishment of housing provident fund account for employees. The proportion of employee and employer's housing provident fund shall not be less than 5% of the employee's monthly average salary in the previous year. If an employer fails to pay or underpays the housing provident fund by the due date, the housing provident fund management center shall order it to pay within the time limit; if still failed within the time limit, it may apply to the people's court for enforcement.

On July 20, 2018, the General Office of the Communist Party of China and the General Office of the PRC State Council jointly issued the Reform Plan of the State Tax and Local Tax Collection Administration System (《國稅地稅徵管體制改革方案》), under which, starting from January 1, 2019, tax authorities are responsible for the collection of social insurance contributions in China. Pursuant to the Notice on Conducting the Relevant Work Concerning the Administration of Collection of Social Insurance Premiums in a Steady, Orderly and Effective Manner (《關於穩妥有序做好社會保險費徵管有關工作的通知》), which was issued by the SAT in September 2018 and the Urgent Notice on Implementing the Spirit of the Executive Meeting of the PRC State Council in Stabilizing the Collection of Social Security Contributions (《關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》), which was issued by the General Office of the Ministry of Human Resources and Social Security in September 2018, the local authorities are strictly prohibited to organize a centralized collection of historical fees and charges owed by enterprises on its own. The Notice on Implementing Measures to Further Support and Serve the Development of Private Economy (《關於實施進一步支持和服務民營經濟發展若干措施的通知》), which was issued by the SAT in November 2018, reiterates that the local authorities are strictly prohibited to organize a centralized collection of arrears of payers including private enterprises in the previous years on its own. The Notice on Issuing the Comprehensive Plan for the Reduction of Social Insurance Premium Rate (《關於印發降低社會保險費率綜合方案的通知》), which was promulgated by the General Office of the PRC State Council in April 2019, generally reduces the social insurance contribution burden of enterprises, underlines that the duties for collection of social insurances premium paid by the enterprises in any province shall not be transferred to tax authorities until the condition of the province is mature, and re-emphasizes that local authorities shall not conduct a centralized collection of historical fees and charges owed by enterprises on its own.

REGULATORY OVERVIEW

REGULATIONS ON COMPANY ESTABLISHMENT AND FOREIGN INVESTMENT

The establishment, operation and management of corporate entities in China are governed by the Company Law of the PRC (《中華人民共和國公司法》) (the “**Company Law**”), which was promulgated by the NPCSC in December 1993 and further amended in December 1999, August 2004, October 2005, December 2013, October 2018 and December 2023, respectively. The Company Law is also applicable to foreign-invested joint stock limited companies.

Investment activities in the PRC by foreign investors are governed by the Provisions on Guiding Foreign Investment Direction (《指導外商投資方向規定》), which was promulgated by the State Council in February 2002 and came into effect in April 2002, the Special Administrative Measures for the Access of Foreign Investment (Negative List) (2024 Version) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the “**Negative List**”), which was promulgated by the MOFCOM and the National Development and Reform Commission of the PRC (the “**NDRC**”) in September 2024 and came into effect on November 1, 2024, and the Catalogue of Industries for Encouraged Foreign Investment (2022 Version) (《鼓勵外商投資產業目錄(2022年版)》) (the “**Encouraged Catalogue**”), which was promulgated by MOFCOM and the NDRC in October 2022 and came into effect in January 2023. The Provisions on Guiding Foreign Investment Direction divides foreign investment projects into four categories, namely “encouraged,” “permitted,” “restricted” and “prohibited” categories. The Encouraged Catalogue lists the foreign investment projects of the encouraged category, while the Negative List sets out the foreign investment projects of the restricted and prohibited categories, and foreign investment projects which fall outside the encouraged, restricted and prohibited categories belong to the permitted category. The Negative List sets out the restrictive measures in a unified manner, such as the requirements on shareholding percentages and corporate governance, for the access of foreign investments, and the industries that are prohibited from receiving foreign investment. The Negative List covers 11 industries, and any field not falling under the Negative List shall be administered under the principle of equal treatment to domestic and foreign investment.

The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the “**FIL**”), was promulgated by the NPC in March 2019 and came into effect on January 1, 2020. The Law on Wholly Foreign-owned Enterprises of the PRC (《中華人民共和國外資企業法》), the Law on Sino-foreign Equity Joint Ventures of the PRC (《中華人民共和國中外合資經營企業法》) and the Law on Sino-foreign Cooperative Joint Ventures of the PRC (《中華人民共和國中外合作經營企業法》) were repealed upon the FIL coming into effect. The investment activities of foreign natural persons, enterprises or other organizations (collectively, the “**foreign investors**”) directly or indirectly within the territory of China shall comply with and be governed by the FIL. Such activities include establishments by foreign investors of foreign invested enterprises in China alone or jointly with other investors; acquisitions by foreign investors of shares, equity, property shares, or other similar interests of Chinese domestic enterprises; investments by foreign investors in new construction projects in China alone or jointly with other investors; and other forms of investment prescribed by laws, administrative regulations or the State Council.

REGULATORY OVERVIEW

While strengthening investment promotion and protection, the FIL further regulates foreign investment management and proposes the establishment of a foreign investment information reporting system that replaces the original foreign investment enterprise approval and filing system of the MOFCOM. The foreign investment information reporting is applicable to the Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》) jointly developed by the MOFCOM and the SAMR, which came into effect on January 1, 2020. Since January 1, 2020, for foreign investors carrying out investment activities directly or indirectly in China, the foreign investors or foreign-invested enterprises shall submit investment information to the relevant commerce administrative authorities in accordance with the Measures on Reporting of Foreign Investment Information.

On December 19, 2020, the NDRC and MOFCOM promulgated the Measures on the Security Review of Foreign Investment (《外商投資安全審查辦法》), which came into effect in January 18, 2021, setting forth provisions concerning the security review mechanism on foreign investment, including the types of investments subject to review, the scopes of review and procedures to review, among others.

REGULATIONS ON FOREIGN EXCHANGE AND DIVIDEND DISTRIBUTION

Foreign Exchange Control

The Regulations for the Foreign Exchange Administration of the PRC (《中華人民共和國外匯管理條例》), which were promulgated by the PRC State Council in January 1996 and amended in January 1997 and August 2008, established the regulatory framework of the administration on foreign currency exchange in China. Under the Regulations for the Foreign Exchange Administration of the PRC, payments of current account items, such as trade, services, benefits or current transfer-related transactions in foreign currencies, in foreign currency may be proceeded without prior approval from the State Administration of Foreign Exchange of the PRC (the “SAFE”) as long as certain procedural requirements are complied with. By contrast, approval from, or registration with, appropriate administrative authorities is required where RMB is to be converted into foreign currency and remitted out of China for items under the capital account such as repayment of foreign currency denominated loans or foreign currency is to be remitted into China under the capital account, such as a capital increase or foreign currency loans extended by an offshore entity to an entity in China.

The Provisions on the Administration of Foreign Exchange in Domestic Direct Investments by Foreign Investors (《外國投資者境內直接投資外匯管理規定》), which were promulgated by SAFE in May 2013 and amended in October 2018 and December 2019, regulate and clarify the foreign exchange administration in foreign investors’ direct investments, and provide that the administration by SAFE or its local branches over direct investment by foreign investors in China shall be conducted by way of registration and banks shall process foreign exchange business relating to the direct investment in China based on the information recorded with the SAFE and its branches.

REGULATORY OVERVIEW

According to the Circular of the State Administration of Foreign Exchange on Further Improving and Adjusting the Foreign Exchange Policies on Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》) and its appendix promulgated in November 2012 and amended in May 2015, October 2018 and December 2019 by the SAFE, the foreign exchange procedures are further simplified: (1) the opening of and payment into foreign exchange accounts under direct investment are no longer subject to approval by the SAFE; (2) reinvestment with legal income of foreign investors in China is no longer subject to approval by SAFE; (3) the procedures for capital verification and confirmation that foreign-invested enterprises need to go through are simplified; (4) purchase and external payment of foreign exchange under direct investment are no longer subject to approval by SAFE; (5) domestic transfer of foreign exchange under direct investment is no longer subject to approval by SAFE; and (6) the administration over the settlement of foreign exchange capital of foreign-invested enterprises is improved. The SAFE issued the Circular on Further Simplifying and Improving Foreign Exchange Administration Policies in Respect of Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) in February 2015 which was further amended in December 2019, prescribed that the eligible banks instead of the SAFE can directly handle foreign exchange registrations under foreign direct investment and outbound investment while the SAFE and its branches indirectly supervise the foreign exchange registration under foreign direct investment through the bank. On April 3, 2024, the SAFE promulgated the Guidelines for the Foreign Exchange Business under the Capital Accounts (2024 Version) (《資本項目外匯業務指引(2024年版)》), which became effective on May 6, 2024, setting out the guidelines for the foreign exchange business under the capital accounts.

According to the Circular on the Reform of the Management Method for the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《關於改革外商投資企業外匯資本金結匯管理方式的通知》) issued by the SAFE in March 2015 and amended in December 2019 and March 2023, and the Circular of the State Administration of Foreign Exchange on the Reform and Standardization of the Management Policy of the Settlement of Capital Projects (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) issued and implemented by the SAFE on June 9, 2016 and revised in December 2023, discretionary settlement of foreign exchange receipts under capital accounts refers to the case in which the foreign exchange receipts under capital accounts (including foreign exchange capital, foreign debts, and repatriated funds raised through overseas listing) subject to discretionary settlement as expressly prescribed in the relevant policies may be settled with banks according to the actual need of domestic institutions for business operations. The tentative percentage of discretionary settlement of foreign exchange receipts under the capital account of domestic institutions is 100%, subject to the adjustment of the SAFE in due time based on international revenue and expenditure situations. The Notice of the State Administration of Foreign Exchange on Further Deepening Reforms to Promote the Convenience of Cross-border Trade and Investment (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》) promulgated and implemented by the SAFE on December 4, 2023 further facilitates the payment and use of funds raised by foreign-invested enterprises in their overseas listings. The asset realization account of capital accounts to the settlement account of capital accounts was restructured. The foreign exchange funds raised by domestic enterprises through overseas listing may be directly remitted to the settlement account of capital accounts. Funds in the settlement account of capital accounts may be settled and used at discretion.

REGULATORY OVERVIEW

According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (《關於優化外匯管理支持涉外業務發展的通知》) issued by the SAFE in April 2020, eligible enterprises are allowed to make domestic payments by using their funds received by way of capital contribution, foreign debts and overseas listing, with no need to provide the evidentiary materials concerning authenticity of such payment item by item to banks in advance, provided that their capital use shall be authentic and compliant, and conform with the prevailing administrative regulations on the use of income under capital accounts. The bank concerned shall conduct ex post spot check and the local branches of the SAFE shall strengthen monitoring analysis and interim and ex post regulation in accordance with the relevant requirements.

On April 28, 2013, the SAFE issued the Administrative Measures for Registration of Foreign Debts (《外債登記管理辦法》), which came into effect on May 13, 2013, and revised some of its contents in accordance with the Circular of the State Administration of Foreign Exchange on the Repeal and Amendment of Relevant Normative Documents Regarding the Reform of the Registered Capital Registration System (《國家外匯管理局關於廢止和修改涉及註冊資本登記制度改革相關規範性文件的通知》). The Administrative Measures for Registration of Foreign Debts stipulates that the debtor shall register or report the information on the signing of contract, withdrawal, repayment and settlement and sale of foreign exchange for foreign debts with and to the competent authority pursuant to the required method.

According to the Notice of the State Administration of Foreign Exchange on Relevant Issue Concerning the Administration of Foreign Exchange for Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) issued by the SAFE on December 26, 2014, the domestic companies shall register the overseas listing with the foreign exchange control bureau located at its registered address in 15 working days after the completion of the overseas listing and issuance. The funds raised by the domestic companies through overseas listing may be repatriated to China or deposited overseas, provided that the intended use of the fund shall be consistent with the contents of the offering documents and other public disclosure documents.

Dividend Distribution

According to the Company Law, the company shall allocate ten percent of profits to the statutory reserve fund of the company when distributing its after-tax profits. Allocation to the company's statutory reserve fund may be waived once the cumulative amount of statutory reserve fund is 50% or more of the company's registered capital. Where the statutory reserve fund of the company is not sufficient to cover the company's loss for the previous year, the profits for the current year shall be used to cover such loss before allocation is made to the statutory reserve fund pursuant to the previous paragraph. After allocation to the statutory reserve fund has been made from the after-tax profits of the company, allocation may be made to discretionary reserve fund if a resolution is adopted at the general meeting. The remaining after-tax profits of the company after making up losses and providing for reserve fund shall be distributed by a joint stock company in accordance with the proportion of shares held by the shareholders, unless otherwise provided in the company's articles of association.

REGULATORY OVERVIEW

The SAFE issued the Notice on Improving the Check of Authenticity and Compliance to Further Promote Foreign Exchange Administration Reform (《關於進一步推進外匯管理改革完善真實合規性審核的通知》) in January 2017, which stipulates several capital control measures with respect to outbound remittance of profits from domestic entities to offshore entities, including the following: (1) under the principle of genuine transaction, banks shall check board resolutions regarding profit distribution, the original version of tax filing records and audited financial statements for any remittance of profits of more than (excluding) USD50,000; and (2) domestic entities shall hold income to account for previous years’ losses before remitting the profits. Moreover, domestic entities shall make detailed explanations of sources of capital and utilization arrangements, and provide board resolutions, contracts and other authenticity proof when completing the registration and outward remittance procedures in connection with an outbound investment.

REGULATIONS ON INFORMATION SECURITY AND DATA PROTECTION

Personal Information Protection

According to the Civil Code, the information of an individual shall be protected by the law. Any organization or individual that needs to obtain personal information of others shall obtain such information legally and ensure the safety of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase or sell, provide or publish personal information of others. In addition, the processing of personal information shall follow the principles of lawfulness, appropriateness and necessity.

The Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) (the “**Personal Information Protection Law**”) promulgated by the NPCSC on August 20, 2021 and implemented on November 1, 2021, requires that the processing of personal information should have a clear and reasonable purpose and should be limited to the minimum scope necessary to achieve the processing purpose, adopt a method that has the least impact on personal rights and interests, and shall not process personal information that is not related to the processing purpose.

The Interpretations of the Supreme People’s Court and the Supreme People’s Procuratorate on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Citizens’ Personal Information (《最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》) were promulgated on May 8, 2017 and became effective on June 1, 2017. The interpretations clarify several concepts regarding the crime of “infringement of citizens’ personal information” stipulated by Article 253A of the Criminal Law of the PRC (《中華人民共和國刑法》), including “citizens’ personal information”, “violation of relevant national provisions”, “provision of citizens’ personal information” and “illegally obtaining any citizen’s personal information by other methods”. In addition, the interpretations specify the standards for determining “serious circumstances” and “extraordinary serious circumstances” of this crime.

REGULATORY OVERVIEW

Information Security and Censorship

On June 10, 2021, the NPCSC promulgated the Data Security Law of the PRC (中華人民共和國數據安全法) (the “**Data Security Law**”), which came into effects on September 1, 2021. The Data Security Law sets forth the regulatory framework and the responsibilities of the relevant administrative authorities in regulating data security. It provides that the central national security leadership organ shall establish a national data security work liaison system, which shall coordinate the relevant authorities to formulate the catalogues of key data, and the special measures that shall be taken to protect the security of the key data.

On November 7, 2016, the NPCSC promulgated the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) (the “**Cybersecurity Law**”), which became effect on June 1, 2017, pursuant to which any network operator shall fulfill their obligations to ensure the security of the network when conducting business and providing services. Those who provide services through networks shall take technical measures and other necessary measures in accordance with laws, administrative regulations and compulsory national requirements to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities committed on the network, and maintain the integrity, confidentiality, and availability of network data. The network operators shall neither collect the personal information irrelevant to the services provided by them nor collect or use the personal information in violation of the provisions of any law or the agreement between both parties. Personal information and important data collected and generated by operators of critical information infrastructures within the PRC should be stored within the PRC. The purchase of network products and services that may affect national security shall be subject to national cyber security review.

On July 30, 2021, the PRC State Council promulgated the Regulations on the Protection of the Security of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》), which became effective on September 1, 2021. According to the Regulations on the Protection of the Security of Critical Information Infrastructure, a “critical information infrastructure” refers to an important network facility and information system in important industries such as, among others, public communications and information services, as well as other important network facilities and information systems that may seriously endanger national security, the national economy, the people’s livelihood, or the public interests in the event of damage, loss of function, or data leakage.

On December 28, 2021, the Cyberspace Administration of China (the “**CAC**”) and other twelve administration authorities jointly promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》), which came into effect on February 15, 2022. According to the Measures for Cybersecurity Review, when the purchase of network products and services by a critical information infrastructures operator or the data processing activities conducted by a network platform operator affect or may affect national security, a cybersecurity review shall be conducted pursuant to the Measures for Cybersecurity Review. In addition, an application for cybersecurity review shall be made by an issuer who is a network platform operator holding personal information of more than one million users before such issuer applies to list its securities abroad. The relevant competent authorities may initiate cybersecurity review if such competent authorities determine that the issuer’s network products or services, or data processing activities affect or may affect national security.

REGULATORY OVERVIEW

On July 7, 2022, the CAC promulgated the Cross-border Data Transfer Security Assessment Measures (《數據出境安全評估辦法》), which became effective on September 1, 2022. The Cross-border Data Transfer Security Assessment Measures provide that, a data processor shall apply to competent authorities for security assessment prior to transferring any data abroad if the transfer involves (1) the data processors transferring important data abroad; (2) a critical information infrastructure operator or a personal information processor that has processed personal information of more than one million people, transferring personal information abroad; (3) a data processor who has provided personal information of 100,000 individuals or sensitive personal information of 10,000 individuals abroad, in each case as calculated cumulatively, since January 1 of the last year, transferring personal information abroad; and (4) other circumstances where the security assessment of data cross-border transfer is required as prescribed by the CAC. In addition, on February 22, 2023, the Provisions on the Prescribed Agreement on Cross-border Data Transfer of Personal Information (《個人信息出境標準合同辦法》) (the “**Provisions on Prescribed Agreement**”) was promulgated by the CAC, which took effect on June 1, 2023. The Provisions on Prescribed Agreement attach the prescribed template for cross-border data transfer agreement that could be used as an available option to satisfy the condition for cross-border transfer of personal information under Article 38 of the Personal Information Protection Law.

According to the Regulations on Promoting and Regulating Cross-Border Data Flows (《促進和規範數據跨境流動規定》) which was issued by CAC and effective on March 22, 2024, a data handler that is not a critical information infrastructure operator, will be exempted from declaring for security assessment for outbound data transfer, signing a standard contract with overseas recipient or passing the personal protection certification, if such data handler accumulatively transfers overseas ordinary personal information of less than 100,000 individuals since the January 1 of the current year.

In September 2024, the State Council released the Network Data Security Management Regulation (《網絡數據安全管理條例》), which shall come into force on January 1, 2025. The Network Data Security Management Regulation is not only the first at the administrative regulation level specifically for network data security, but it also serves as a comprehensive implementing regulation for the compliance requirements set out by the Cybersecurity Law, Data Security Law, and Personal Information Protection Law. The Network Data Security Management Regulation introduces several key obligations, including requiring network data handlers to specify the purpose and method of personal information processing, as well as the types of personal information involved, before any personal information is handled. It also clarifies definitions for important data, outlines the obligations of those handling important data, establishes broader contractual requirements for data sharing between data handlers, and introduces a new exemption for regulatory obligations regarding cross-border data transfers.

REGULATORY OVERVIEW

MAJOR TAXATION OF OUR COMPANY IN THE PRC

Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) promulgated by the NPC on March 16, 2007, and lastly amended by NPCSC and effective on December 29, 2018 and the Implementing Regulations for the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) promulgated by the State Council on December 6, 2007 and lastly amended on December 6, 2024 and effective on January 20, 2025, enterprises are divided into resident enterprises and non-resident enterprises. Chinese resident enterprises are required to pay enterprise income tax at a rate of 25%. Enterprises engaged in the breeding of livestock and poultry and the primary processing of agricultural products are exempt from enterprise income tax. Enterprises that qualify as “high-tech enterprises” enjoy a reduced enterprise income tax rate of 15%.

Value-added tax

According to the Interim Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》) which was promulgated by the State Council on December 13, 1993, lastly amended and implemented on November 19, 2017, the Notice on Adjusting Value-added Tax Rates (《財政部、國家稅務總局關於調整增值稅稅率的通知》) which was promulgated by the MOF and the SAT on April 4, 2018, and became effective as of May 1, 2018, and Announcement on Relevant Policies for Deepening Value-added Tax (the “VAT”) Reform (《關於深化增值稅改革有關政策的公告》) which was promulgated by the MOF, the SAT and the GACC on March 20, 2019 and became effective on April 1, 2019, as a general taxpayer, the company is subject to VAT rates of 13%, 9%, 6% and 0% depending on its business. Among them, the self-produced agricultural products sold by agricultural producers are exempt from VAT.

According to the Notice relating to the Exemption of Value-Added Tax on Feedstock Products (《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》) which was issued by the MOF and the SAT on July 12, 2001 and implemented on August 1, 2001, single bulk feed, mixed feed, compound feed, compound premix and concentrated feed products are exempt from value-added tax.

On December 25, 2024, the NPCSC promulgated the Value-added Tax Law of the PRC (《中華人民共和國增值稅法》), which will take effect on January 1, 2026, with the simultaneous repeal of the Interim Regulations on Value-added Tax of the PRC.

REGULATORY OVERVIEW

Real Estate Tax

Pursuant to the Interim Regulations on Real Estate Tax of the PRC (《中華人民共和國房產稅暫行條例》) promulgated by the State Council on September 15, 1986 and lastly amended on January 8, 2011, real estate tax will be levied in cities, county towns, designated townships and industrial and mining areas, which is payable by the title owner of the property. The real estate tax will be calculated on the residual value of the property at a rate of 1.2%, or on the rental income from the property at a rate of 12%.

Pursuant to the Decision of the NPCSC on Authorizing the State Council to Launch a Pilot Reform of Real Estate Tax in Certain Regions (《全國人民代表大會常務委員會關於授權國務院在部分地區開展房地產稅改革試點工作的決定》) (hereinafter referred to as the “**Decision on the Pilot Reform of Real Estate Tax**”) promulgated by the NPCSC on October 23, 2021 and became effective on the same date, the State Council is authorized to pilot real estate tax reforms in certain regions. Real estate tax shall be levied on all types of residential and non-residential property in pilot areas, excluding lawfully owned rural homesteads and houses built on them. Taxpayers of the real estate tax are the holders of land-use rights and house owners. Non-residential property shall be governed by Interim Regulations of the PRC on Real Estate Tax and Interim Regulations of the PRC on Urban and Town Land Use Tax (《中華人民共和國城鎮土地使用稅暫行條例》). The period for the Decision on Pilot Reform of Property Tax will be five years from the date on which the State Council promulgates pilot measures.

Urban Maintenance and Construction Tax

According to the Urban Maintenance and Construction Tax Law of the PRC (《中華人民共和國城市維護建設稅法》) which was promulgated by the NPCSC on August 11, 2020 and came into effect on September 1, 2021, all units and individuals that pay VAT and consumption tax are all taxpayers who pay taxes on urban maintenance and construction. They shall pay the urban maintenance and construction tax according to the regulations. The computation of urban maintenance and construction tax shall be based on the amount of VAT and consumption tax actually paid by taxpayers. The urban maintenance and construction tax shall be calculated based on the amount of VAT refunded after deducting the residual tax refund at the end of the period as required. If the location of the taxpayer is in the urban area, the tax rate of urban maintenance and construction shall be 7%; if the location of the taxpayer is in the county or town, the tax rate of urban maintenance and construction shall be 5%; if the location of the taxpayer is not in the urban area, the county or town, the tax rate of urban maintenance and construction shall be 1%.

REGULATORY OVERVIEW

LAWS AND REGULATIONS ON ANTI-UNFAIR COMPETITION

According to the Anti-unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) (the “**Anti-unfair Competition Law**”), lastly amended by the NPCSC on April 23, 2019 and effective on the same day, operators shall comply with the principle of voluntariness, equality, impartiality, integrity and abide by laws and business ethics in production and business activities. Under the Anti-unfair Competition Law, unfair competition refers to the circumstance that an operator disrupts the market competition order and damages the legitimate rights and interests of other operators or consumers in violation of the provisions of the Anti-unfair Competition Law in the production and operating activities. Operators who violate the provisions of Anti-unfair Competition Law shall bear corresponding civil, administrative or criminal responsibilities depending on the specific circumstances.

According to the Anti-Monopoly Law of the PRC (《中華人民共和國反壟斷法》) (the “**Anti-Monopoly Law**”), lastly amended by NPCSC on June 24, 2022, the Anti-Monopoly Law applies to the monopolistic practices in domestic economic activities in the PRC as well as the monopolistic practices outside the PRC which have exclusion or restriction effects on domestic market competitions. The monopolistic practices under the Anti-Monopoly Law include any monopoly agreement reached by any operators, abuse of market-dominating position by any operators and any concentration of operators which has eliminated or limited or may eliminate or limit the market competition. The anti-monopoly law enforcement agencies designated by the State Council are responsible for enforcement of the Anti-Monopoly Law in accordance with the provisions of the Anti-Monopoly Law. The anti-monopoly law enforcement agencies of the State Council may, according to the needs of their work, authorize the corresponding agencies of the people’s governments of provinces, autonomous regions, and municipalities to be responsible for enforcement of the Anti-Monopoly Law. Operators who violate the provisions of the Anti-Monopoly Law may be subject to fines, confiscation of illegal gains, or order to cease illegal activities by the anti-monopoly law enforcement agencies.

LAWS AND REGULATIONS RELATED TO OVERSEAS LISTING

Overseas Securities Offering and Listing by Domestic Enterprises

On February 17, 2023, the China Securities Regulatory Commission (the “**CSRC**”) released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) and five supporting guidelines (together, the “**Trial Measures**”), which came into effect on March 31, 2023. If a domestic company seeks to offer and list overseas securities, the issuer shall file with the CSRC in accordance with the Trial Measures.

REGULATORY OVERVIEW

The Trial Measures, comprehensively improve and reform the regulatory regime for overseas offering and listing of PRC domestic companies’ securities, and regulate both direct and indirect overseas offering and listing of PRC domestic companies’ securities by adopting a filing-based regulatory regime. The Trial Measures provide that no overseas offering and listing shall be made under any of the following circumstances: (1) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (2) the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (3) the PRC domestic company intending to make the securities offering and listing, or its controlling shareholder and the actual controller, have committed corruption, bribery, embezzlement, misappropriation of property or crimes undermining the order of the socialist market economy during the latest three years; (4) the PRC domestic company intending to make the securities offering and listing is currently under investigations for suspicion of criminal offenses or major violations of laws and regulations, and no conclusion has yet been made thereof; or (5) there are material ownership disputes over equity held by the PRC domestic company’s controlling shareholder or by other shareholders that are controlled by the controlling shareholder and/or actual controller.

According to the Trial Measures, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to fulfil the filing procedure with the CSRC within three working days after submitting the listing application documents to the overseas supervisory authorities, and report relevant information. In addition, subsequent securities offerings of an issuer in the same overseas market where it has previously offered and listed securities or subsequent securities offerings and listings of an issuer in other overseas markets than where it has offered and listed shall fulfil the filing procedure with the CSRC under the Trial Measures. In the event of the occurrence of any of the following material events, the issuer shall make a detailed report to the CSRC within three working days after the occurrence and public announcement of the relevant event: (1) change in controlling rights; (2) being subject to investigation, punishment or other measures by overseas securities regulatory authorities or the relevant authorities; (3) changing listing status or changing the listing board; (4) voluntary or compulsory termination of listing. Besides, if any material change in the principal business and operation of the issuer after its overseas offering and listing makes the issuer no longer within the scope of record-filing, the issuer shall submit a special report and a legal opinion issued by a PRC domestic law firm to the CSRC within three working days after the occurrence of the relevant change to provide an explanation of the relevant situation.

REGULATORY OVERVIEW

CSRC Requirements on Confidentiality and Archives Administration for Overseas Offering and Listing

On February 24, 2023, the CSRC, MOF, National Administration of State Secrets Protection and National Archives Administration jointly promulgated the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the “**Archives Administration Provisions**”), which took effect on March 31, 2023. According to the Archives Administration Provisions, the domestic company shall establish a solid confidentiality and archives administration system. If a domestic company decides to disclose any documents or materials containing state secrets, work secrets of state authorities or any information that may be detrimental to national security or public interest once leaked, proper governmental approval procedures should be followed. After obtaining the government clearance, the domestic company disclosing such information, as one party, and the securities companies and securities services providers receiving such information, as the other party, shall also enter into non-disclosure agreements, setting forth the confidentiality obligations of the securities companies and securities services providers. When providing the above information to the securities companies and securities services providers retained by it, the domestic company are also required to issue a written statement outlining its compliance with the relevant regulatory requirements and procedures.

If the domestic company provides accounting archives or copies thereof to any other entities or persons (such as securities companies, securities services providers and overseas regulators), it shall follow the relevant procedures in accordance with relevant national regulations. Any violation of the above regulations may subject the domestic company to regulatory penalties under the Safeguarding State Secrets Law of the PRC (《中華人民共和國保守國家秘密法》) and the Archives Law of the PRC (《中華人民共和國檔案法》) and even criminal liabilities to the extent applicable.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

The history of our Company can be traced back to 1995 when Mr. Qin Yinglin established Neixiang County Mashan Hog Farm (內鄉縣馬山養豬場). On July 13, 2000, our Company, then was Neixiang County Muyuan Breeding Co., Ltd. (內鄉縣牧園養殖有限公司, “**Muyuan Breeding**”), was founded by Mr. Qin Yinglin and Mr. Qian Yunpeng. Since then, we have developed and grown into a global leading pork company with over 30 years of deep-rooted expertise in the hog farming industry.

Since January 28, 2014, our Company has been listed on the Shenzhen Stock Exchange under the stock code 002714. As of the Latest Practicable Date, we had a total of 5,462,768,373 A Shares in issue, of which approximately 54.91% was held by Mr. Qin Yinglin, Ms. Qian Ying and Muyuan Group, our Controlling Shareholders.

KEY DEVELOPMENT MILESTONES

The following table sets out a summary of our Group’s key development milestones:

Year	Milestone
1995	Neixiang County Mashan Hog Farm was established. Our initial hog farm took shape, with over 200 sows and more than 2,000 piglets.
2000	Muyuan Breeding was established.
2002	The sales volume of our hogs reached 22 thousand heads and we pioneered the two-breed rotational cross system.
2008	The sales volume of our hogs reached 220 thousand heads and we applied the integrated “crop-livestock cycle” system in our operations.
2010	We became one of the “Export Food and Agricultural Product Quality and Safety Demonstration Zones” in Henan Province.
2013	The sales volume of our hogs reached one million heads and we were honored as “Outstanding Leading Enterprise in Agricultural Industry of Henan Province.”

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Year	Milestone
2014	Our A Shares were listed on the Shenzhen Stock Exchange (stock code: 002714).
2018	The sales volume of our hogs reached 11 million heads and our stock was included in Shenzhen 100 Index.
2019	We expanded our business to the hog slaughtering and processing industry.
2021	We established a platform dedicated to big data-related research and development, accelerating our smart hog farming innovations.
	The sales volume of our hogs reached 40 million heads, ranking first in the global hog farming industry.
2024	We commercialized ammonia reduction and deodorization solutions for livestock farming, which were promoted by the PRC Ministry of Ecology and Environment.

OUR MAJOR SUBSIDIARIES

As of the Latest Practicable Date, we conducted our business operations through more than 300 subsidiaries. The following table sets forth the principal activities and the date and place of incorporation/establishment in respect of each of our Major Subsidiaries as of the Latest Practicable Date:

No.	Name of major subsidiary	Date of establishment	Place of establishment	Principal activities
1. . . .	Nanyang Wolong Muyuan Breeding Co., Ltd. (南陽市卧龍牧原養殖有限公司)	December 30, 2010	PRC	Livestock and poultry breeding
2. . . .	Dengzhou Muyuan Breeding Co., Ltd. (鄧州市牧原養殖有限公司)	December 30, 2010	PRC	Livestock and poultry breeding
3. . . .	Hubei Zhongxiang Muyuan Breeding Co., Ltd. (湖北鐘祥牧原養殖有限公司)	September 24, 2012	PRC	Livestock and poultry breeding
4. . . .	Tanghe Muyuan Livestock Husbandry Co., Ltd. (唐河牧原農牧有限公司)	April 17, 2014	PRC	Livestock and poultry breeding

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

No.	Name of major subsidiary	Date of establishment	Place of establishment	Principal activities
5. . . .	Fugou Muyuan Livestock Husbandry Co., Ltd. (扶溝牧原農牧有限公司)	April 22, 2014	PRC	Livestock and poultry breeding
6. . . .	Huaxian Muyuan Livestock Husbandry Co., Ltd. (滑縣牧原農牧有限公司)	September 3, 2014	PRC	Livestock and poultry breeding
7. . . .	Zhengyang Muyuan Livestock Husbandry Co., Ltd. (正陽牧原農牧有限公司)	November 21, 2014	PRC	Livestock and poultry breeding
8. . . .	Taikang Muyuan Livestock Husbandry Co., Ltd. (太康牧原農牧有限公司)	December 25, 2015	PRC	Livestock and poultry breeding
9. . . .	Inner Mongolia Kailu Muyuan Livestock Husbandry Co., Ltd. (內蒙古開魯牧原農牧有限公司)	July 26, 2016	PRC	Livestock and poultry breeding
10. . .	Laohekou Muyuan Livestock Husbandry Co., Ltd. (老河口牧原農牧有限公司)	September 6, 2016	PRC	Livestock and poultry breeding
11. . .	Anhui Yingshang Muyuan Livestock Husbandry Co., Ltd. (安徽潁上牧原農牧有限公司)	September 9, 2016	PRC	Livestock and poultry breeding
12. . .	Henan Muyuan Grain Trade Co., Ltd. (河南牧原糧食貿易有限公司)	July 21, 2017	PRC	Grain purchase and trade
13. . .	Muyuan Meat Co., Ltd. (牧原肉食品有限公司)	March 6, 2019	PRC	Slaughter processing
14. . .	Fugou Muhua Animal Husbandry Industry Development Co., Ltd. (扶溝牧華畜牧產業發展有限公司)	December 31, 2019	PRC	Livestock and poultry breeding

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

No.	Name of major subsidiary	Date of establishment	Place of establishment	Principal activities
15. . .	Nanjing Jiangning Muyuan Livestock Husbandry Co., Ltd. (南京市江寧牧原農牧有限公司)	May 7, 2020	PRC	Livestock and poultry breeding
16. . .	Qixian Muyuan Livestock Husbandry Co., Ltd. (杞縣牧原農牧有限公司)	November 20, 2014	PRC	Livestock and poultry breeding
17. . .	Sheqi Muyuan Livestock Husbandry Co., Ltd. (社旗牧原農牧有限公司)	July 24, 2015	PRC	Livestock and poultry breeding
18. . .	Shangshui Muyuan Livestock Husbandry Co., Ltd. (商水牧原農牧有限公司)	December 25, 2015	PRC	Livestock and poultry breeding
19. . .	Liaoning Tieling Muyuan Livestock Husbandry Co., Ltd. (遼寧鐵嶺牧原農牧有限公司)	September 5, 2016	PRC	Livestock and poultry breeding
20. . .	Ningling Muyuan Livestock Husbandry Co., Ltd. (寧陵牧原農牧有限公司)	February 16, 2017	PRC	Livestock and poultry breeding
21. . .	Mengcheng Muyuan Livestock Husbandry Co., Ltd. (蒙城牧原農牧有限公司)	April 28, 2017	PRC	Livestock and poultry breeding
22. . .	Xiping Muyuan Livestock Husbandry Co., Ltd. (西平牧原農牧有限公司)	May 15, 2017	PRC	Livestock and poultry breeding
23. . .	Anhui Fengtai Muyuan Livestock Husbandry Co., Ltd. (安徽鳳台牧原農牧有限公司)	June 1, 2017	PRC	Livestock and poultry breeding
24. . .	Shandong Dongming Muyuan Livestock Husbandry Co., Ltd. (山東東明牧原農牧有限公司)	June 5, 2017	PRC	Livestock and poultry breeding
25. . .	Shangcai Muyuan Livestock Husbandry Co., Ltd. (上蔡牧原農牧有限公司)	June 6, 2017	PRC	Livestock and poultry breeding

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

No.	Name of major subsidiary	Date of establishment	Place of establishment	Principal activities
26. . .	Anhui Suixi Muyuan Livestock Husbandry Co., Ltd. (安徽濉溪牧原農牧有限公司)	June 12, 2017	PRC	Livestock and poultry breeding
27. . .	Luyi Muyuan Livestock Husbandry Co., Ltd. (鹿邑牧原農牧有限公司)	September 12, 2017	PRC	Livestock and poultry breeding
28. . .	Zhengyang Muyuan Meat Co., Ltd. (正陽牧原肉食品有限公司)	May 21, 2019	PRC	Slaughter processing
29. . .	Shangshui Muyuan Meat Co., Ltd. (商水縣牧原肉食品有限公司)	October 11, 2019	PRC	Slaughter processing
30. . .	Nanyang Muhua Animal Husbandry Industry Development Co., Ltd. (南陽市牧華畜牧產業發展有限公司)	November 26, 2019	PRC	Livestock and poultry breeding
31. . .	Shandong Muhua Animal Husbandry Industry Development Co., Ltd. (山東省牧華畜牧業產業發展有限公司) ^{Note}	November 25, 2019	PRC	Livestock and poultry breeding
32. . .	Huaxian Muhua Animal Husbandry Industry Development Co., Ltd. (滑縣牧華畜牧產業發展有限公司)	December 10, 2019	PRC	Livestock and poultry breeding
33. . .	Huaibei Muhua Animal Husbandry Industry Development Co., Ltd. (淮北市牧華畜牧業產業發展有限公司) ^{Note}	December 10, 2019	PRC	Livestock and poultry breeding
34. . .	Ningling Muhua Animal Husbandry Industry Development Co., Ltd. (寧陵牧華畜牧產業發展有限公司)	December 31, 2019	PRC	Livestock and poultry breeding
35. . .	Neixiang Muyuan Modern Agricultural Complex Co., Ltd. (內鄉縣牧原現代農業綜合體有限公司)	March 30, 2020	PRC	Livestock and poultry breeding

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

No.	Name of major subsidiary	Date of establishment	Place of establishment	Principal activities
36. . .	Ningling Muyuan Meat Co., Ltd. (寧陵縣牧原肉食品有限公司)	April 30, 2020	PRC	Slaughter processing
37. . .	Neihuang Muyuan Livestock Husbandry Co., Ltd. (內黃縣牧原農牧有限公司)	May 15, 2020	PRC	Livestock and poultry breeding
38. . .	Yingshang Muyuan Meat Co., Ltd. (潁上牧原肉食品有限公司)	June 18, 2020	PRC	Slaughter processing
39. . .	Henan Muyuan Hog Breeding Co., Ltd. (河南牧原種豬育種有限公司)	January 22, 2021	PRC	Livestock and poultry breeding

Note: Due to intra-Group restructuring to reduce subsidiary levels within our Group and optimize our Group’s resource allocation to improve overall operation efficiency, we are in the process of reorganizing and deregistering Shandong Muhua Animal Husbandry Industry Development Co., Ltd. (山東省牧華畜牧業產業發展有限公司) and Huaibei Muhua Animal Husbandry Industry Development Co., Ltd. (淮北市牧華畜牧業產業發展有限公司).

The Company held entire or majority equity interests in the above Major Subsidiaries throughout the Track Record Period.

See “Appendix VI. Statutory and General Information — 1. Further Information about Our Company — C. Changes in Share Capital of our Major Subsidiaries” for more details on share capital changes of the Major Subsidiaries.

MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

Our Founder and Early Development

Muyuan Breeding was founded on July 13, 2000 in Neixiang County, Nanyang City, Henan Province as a limited liability company jointly invested by Mr. Qin Yinglin and Mr. Qian Yunpeng. Mr. Qian Yunpeng is the older brother of Ms. Qian Ying, and thus is a connected person to the Company. The Company was renamed Henan Neixiang Muyuan Breeding Co., Ltd. (河南省內鄉縣牧原養殖有限公司) on May 13, 2002.

The initial registered capital of RMB9.8 million was contributed by Mr. Qin Yinglin (94.9%) through the assets of Neixiang County Mashan Hog Farm (內鄉縣馬山養豬場) and Mr. Qian Yunpeng (5.1%) through in-kind contributions.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Our Company underwent several capital increases, including a capital increase to RMB10.2 million after Mr. Qin Yinglin’s cash injection of RMB400,000 in March 2003, and a capital increase to RMB25.8 million through undistributed profit conversion in December 2005.

In December 2005, Mr. Qian Yunpeng transferred 2.96% of the equity interest held by him in our Company to Mr. Qin Yinglin, resulting in Mr. Qin Yinglin holding 98.06% and Mr. Qian Yunpeng holding 1.94% equity interest in our Company as of December 19, 2005.

In September 2009, Muyuan Group and Mr. Qian Yunpeng injected RMB9,021,705.43 and RMB178,294.57, respectively, into the capital of our Company, to increase our registered capital to RMB35 million. As of September 29, 2009, Mr. Qin Yinglin, Muyuan Group and Mr. Qian Yunpeng held 72.29%, 25.77% and 1.94% equity interest in our Company, respectively.

Conversion into Joint Stock Limited Company

In October 2009, 25 individuals altogether injected RMB11.45 million into our Company, increasing our total registered capital to RMB36,683,823.53, and subsequently on December 28, 2009, after approval by the then shareholders, we were restructured into a joint-stock company, Henan Muyuan Foods Co., Ltd. (河南省牧原食品股份公司), which was subsequently renamed to our current name, Muyuan Foods Co., Ltd. (牧原食品股份有限公司) on February 4, 2010. Following this conversion, we became a joint-stock company with RMB200 million registered capital. As of December 28, 2009, the shareholding structure of our Company was as below:

Name of Shareholder ⁽¹⁾	Number of Shares	Percentage of Shareholding (%)
Qin Yinglin (秦英林)	137,935,458	68.97
Muyuan Group	49,186,287	24.59
Qian Ying (錢瑛)	4,008,819	2.00
Qian Yunpeng (錢運鵬)	3,698,058	1.85
Yang Ruihua (楊瑞華)	481,059	0.24
Cao Zhinian (曹治年)	481,059	0.24
Su Danglin (蘇黨林)	481,059	0.24
Li Fuqiang (李付強)	481,059	0.24
Qin Yingfan (秦英凡)	320,706	0.16
Qin Yingze (秦英澤)	280,617	0.14
Xue Yuzhen (薛玉振)	160,353	0.08
Qian Xiaopeng (錢小鵬)	160,353	0.08
Xu Yumei (徐玉梅)	80,176	0.04
Qin Yinghui (秦英會)	80,176	0.04
Qin Yinghe (秦英荷)	80,176	0.04
Other 13 individual Independent Third Parties.	2,084,585	1.04
Total	200,000,000	100.00

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Note 1: Yang Ruihua is an Executive Director and the spouse of Cao Zhinian; Cao Zhinian is an Executive Director and a cousin of Qian Ying, a Non-executive Director; Su Danglin and Li Fuqiang are Supervisors; Qin Yingfan was the brother of Qin Yinglin; Qin Yingze is the brother of Qin Yinglin; Xue Yuzhen is the spouse of the sister of Qian Ying; Qian Xiaopeng is the brother of Qian Ying; Xu Yumei is a cousin of Qin Yinglin; Qin Yinghui was the brother of Qin Yinglin; and Qin Yinghe is the sister of Qin Yinglin. The shares held by Qin Yingfan were then divided and inherited by his spouse Xu Qinrong, his son Qin Pei and his daughter Qin Shaonan on May 27, 2010, holding 0.11%, 0.03% and 0.03% respectively, and all of them are connected persons to the Company.

The Company was converted into and changed its business registration to a foreign-funded enterprise on December 13, 2010 due to the strategic investment by International Finance Corporation (“IFC”, an Independent Third Party), which acquired a 5.66% stake for USD9.8 million, increasing the registered capital of the Company to RMB212 million. Upon completion of the capital injection described above, our Company’s shareholding structure was as follows:

Name of Shareholder	Number of Shares	Percentage of Shareholding (%)
Qin Yinglin (秦英林)	137,935,458	65.06
Muyuan Group	49,186,287	23.20
IFC	12,000,000	5.66
Qian Ying (錢瑛)	4,008,819	1.89
Qian Yunpeng (錢運鵬)	3,698,058	1.74
Yang Ruihua (楊瑞華)	481,059	0.23
Cao Zhinian (曹治年)	481,059	0.23
Su Danglin (蘇黨林)	481,059	0.23
Li Fuqiang (李付強)	481,059	0.23
Qin Yingze (秦英澤)	280,617	0.13
Xu Qinrong (徐勤榮)	213,804	0.10
Xue Yuzhen (薛玉振)	160,353	0.08
Qian Xiaopeng (錢小鵬)	160,353	0.08
Xu Yumei (徐玉梅)	80,176	0.04
Qin Yinghui (秦英會)	80,176	0.04
Qin Yinghe (秦英荷)	80,176	0.04
Qin Pei (秦沛)	53,451	0.03
Qin Shaonan (秦少楠)	53,451	0.03
Other 13 individual Independent Third Parties	2,084,585	0.98
Total	212,000,000	100.00

Listing on the Shenzhen Stock Exchange

As approved by the CSRC, our A Shares were listed on the Shenzhen Stock Exchange under the stock code 002714 on January 28, 2014 (the “**A-Shares Listing**”). In the A-Shares Listing, we issued an aggregate of 30,000,000 A Shares and then existing shareholders sold 30,500,000 Shares, together accounting for 25.00% of our Company’s then issued shares of 242,000,000 immediately following the A-Shares Listing.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

The shareholding structure of our Company immediately after the A-Shares Listing was as follows:

Name of Shareholder	Number of Shares	Percentage of Shareholding (%)
Qin Yinglin (秦英林)	118,090,970	48.80
Muyuan Group	42,109,958	17.40
IFC	10,273,585	4.25
Qian Ying (錢瑛)	3,432,079	1.42
Qian Yunpeng (錢運鵬)	3,166,026	1.31
Yang Ruihua (楊瑞華)	411,850	0.17
Cao Zhinian (曹治年)	411,850	0.17
Su Danglin (蘇黨林)	411,850	0.17
Li Fuqiang (李付強)	411,850	0.17
Qin Yingze (秦英澤)	240,246	0.10
Xu Qinrong (徐勤榮)	183,045	0.08
Xue Yuzhen (薛玉振)	137,283	0.06
Qian Xiaopeng (錢小鵬)	137,283	0.06
Xu Yumei (徐玉梅)	68,641	0.03
Qin Yinghui (秦英會)	68,641	0.03
Qin Yinghe (秦英荷)	68,641	0.03
Qin Pei (秦沛)	45,761	0.02
Qin Shaonan (秦少楠)	45,761	0.02
Other 13 individual Independent Third Parties. . . .	1,784,680	0.74
Public shares	60,500,000	25.00
Total	242,000,000	100.00

Other Major Shareholding Changes

Non-public Offerings of A Shares

In 2015, following the approval of our shareholders and the relevant regulatory authority, we were approved for a non-public offering of A Shares. In December 2015, we issued 32,873,109 A Shares to three qualified subscribers, namely Mr. Qin Yinglin, Ms. Qian Ying, and the first employee stock ownership plan of our Company, subscribing for 9,861,933, 657,462 and 22,353,714 A Shares, respectively. After the completion of this non-public offering, our total issued Shares increased to 516,873,109 A Shares. The lock-up period for the A Shares held by this plan was from December 2015 to December 2018. As of the Latest Practicable Date, all A Shares subscribed by the first employee stock ownership plan had been sold on the A Share market and the plan has been terminated.

In 2017, following the approval of our shareholders and the relevant regulatory authority, we were approved for a non-public offering of A Shares. In April 2017, we issued 124,717,239 A Shares to two qualified subscribers, namely Muyuan Group and the second employee stock

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ownership plan of our Company, subscribing for 84,182,177 and 40,535,062 A Shares, respectively. After the completion of this private placement, our total issued Shares increased to 1,158,463,457 A Shares. For details of our second employee stock ownership plan, see “Appendix VI. Statutory and General Information — 4. Our Incentive Plan.”

In 2019, following the approval of our shareholders and the relevant regulatory authority, we were approved for a non-public offering of A Shares. In August 2019, we issued 76,663,600 A Shares to three qualified subscribers, namely Henan Hongbao Group Co., Ltd. (河南鴻寶集團有限公司), Beixin Ruifeng Fund Management Co., Ltd. (北信瑞豐基金管理有限公司) and Sinosafe Asset Management Co., Ltd. (華安財保資產管理有限責任公司), all of whom are Independent Third Parties, subscribing for 7,666,360, 61,330,880 and 7,666,360 A Shares, respectively. After the completion of this non-public offering, our total issued Shares increased to 2,161,897,822 A Shares.

We adopted two restricted share plans in 2019 and 2022 to establish and improve our Group’s long-term incentive (the “**2019 Restricted Shares Incentive Plan**” and “**2022 Restricted Shares Incentive Plan**”, and together, the “**Restricted Shares Incentive Plans**”).

Under the 2019 Restricted Shares Incentive Plan, 42,710,500 and 11,840,900 restricted A Shares were granted to 909 and 984 grantees including connected persons of the Company in two tranches, in November 2019 and November 2020, respectively. Following the completion of the registration of the restricted A Shares granted under the 2019 Restricted Shares Incentive Plan, our total issued Shares increased to 3,759,330,297 A Shares. Under the 2022 Restricted Shares Incentive Plan, 59,685,191 restricted A Shares were granted to 5,577 grantees including connected persons of the Company in March 2022. Following the completion of the registration of the restricted A Shares granted under the 2022 Restricted Shares Incentive Plan, our total issued Shares increased to 5,322,072,890 A Shares.

As of the Latest Practicable Date, there was no outstanding restricted A Shares granted under the Restricted Shares Incentive Plans and the restricted A Shares granted pursuant to the Restricted Shares Incentive Plans have all been released from the restriction period and have become A Shares without restrictive conditions of sale.

In 2022, following the approval of our shareholders and the relevant regulatory authority, we were approved for a non-public offering of new A Shares. In November 2022, we issued 150,112,584 A Shares to Muyuan Group. After the completion of this private placement, our total issued Shares increased to 5,472,282,839 A Shares.

Issuance of Convertible Bonds

On February 7, 2021, the Company obtained approval from the CSRC for the public issuance of the Convertible Bonds, which were listed on the Shenzhen Stock Exchange under the code “127045” on September 10, 2021. Existing holders of ordinary A Shares as at the close of market on August 13, 2021 were given the preferential right to subscribe for the Convertible Bonds, such that 84.36% of the principal amount of the Convertible Bonds was issued to

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existing holders of ordinary A Shares. The remaining principal amount of the Convertible Bonds was issued to public subscribers subscribing through the Shenzhen Stock Exchange’s online system or underwritten by the underwriters.

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

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

For details of the conversion to A Shares since February 21, 2022, see “Statutory and General Information — 1. Further Information About Our Company — B. Changes in Share Capital of Our Company.”

As of the Latest Practicable Date, the aggregate principal amount underlying the outstanding Convertible Bonds was RMB9,543,156,300. Assuming a Conversion Price of RMB45.74 per A Share, which was the prevailing Conversion Price as of the Latest Practicable Date, the aggregate number of the A Shares may be issued upon conversion of the outstanding Convertible Bonds would be approximately 208,639,184 A Shares, representing 3.82% of the issued share capital of our Company.

Upon full conversion of the outstanding Convertible Bonds assuming an aggregate principal amount of RMB9,543,156,300 immediately following the [REDACTED] at a Conversion Price of RMB45.74 per A Share (assuming the [REDACTED] is not exercised), the aggregate number of the A Shares may be issued upon conversion of the outstanding Convertible Bonds would be approximately 208,639,184 A Shares, representing [REDACTED] of the issued share capital of our Company.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

To the best knowledge and belief of the Company, as of the Latest Practicable Date, holders of Convertible Bonds who are also core connected persons of the Company as defined under the Listing Rules includes Mr. Qin Yinglin, Muyuan Group, Ms. Qian Ying, Mr. Cao Zhinian and Ms. Yang Ruihua, holding principal amount underlying the outstanding Convertible Bonds of RMB669,127,000, RMB985,592,900, RMB116,935,900, RMB22,464,900, and RMB24,852,400, respectively. Assuming a Conversion Price of RMB45.74 per A Share, which is the prevailing Conversion Price as of the Latest Practicable Date, the number of the A Shares may be issued upon conversion of the outstanding Convertible Bonds held by Mr. Qin Yinglin, Muyuan Group, Ms. Qian Ying, Mr. Cao Zhinian and Ms. Yang Ruihua would be approximately 14,628,924 A Shares, 21,547,724 A Shares, 2,556,534 A Shares, 491,143 A Shares, and 543,340 A Shares, respectively, representing [REDACTED], [REDACTED], [REDACTED], [REDACTED], and [REDACTED] of the issued share capital of our Company immediately following the [REDACTED] (assuming the [REDACTED] is not exercised).

Issuance of Preference A Shares in 2017

On May 25, 2017, the shareholders’ general meeting considered and approved the resolution on the non-public offering of Preference A Shares of our Company. CSRC reviewed and approved the non-public offering of Preference A Shares of our Company on October 30, 2017. On February 6, 2018, our Company issued 24,759,300 preference A Shares at the subscription price of RMB100 per preference share (the “**Preference A Shares**”), with an aggregated subscription price of RMB2,475,930,000, and the Preference A Shares were listed on the Shenzhen Stock Exchange with the abbreviation and stock code of “MYGF Pref Shares 01” and “140006” (牧原優01).

Under the resolutions dated December 12, 2022, the Board of Directors of our Company approved the redemption of 24,759,300 Preference A Shares issued with a par value of RMB100 per Preference A Share. All Preference A Shares were redeemed and delisted on December 29, 2022.

Employee Stock-ownership Plans and Restricted Share Schemes

Since our A Share listing in 2014, there have been several instances of share capital changes of our Company as a result of the repurchase and/or issuance of A Shares and cancellation of restricted A Shares by our Company for employee incentive purposes. See the Restricted Shares Incentive Plans and our first and second employee stock ownership plans under “— Non-public Offerings of A Shares”.

In August 2017, following the approval of our shareholders, we purchased on A Share market a total of 26,692,421 A Shares for our third employee stock ownership plan. Due to the equity distribution in July 2018, we issued eight A Shares for every ten Shares held via capital reserve conversion. As a result, the total A Shares held by our third employee stock ownership plan increased to 48,046,358. The lock-up period for the A Shares held by this plan was from August 2017 to August 2018. As of the Latest Practicable Date, all A Shares subscribed by the third employee stock ownership plan had been sold on the A Share market and the plan has been terminated.

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For details changes in share capital of our Company within the two years immediately preceding the [date of this document], see “Appendix VI. Statutory and General Information — 1. Further Information about Our Company — B. Changes in Share Capital of Our Company.”

MAJOR ACQUISITIONS AND DISPOSALS

We had not carried out any major acquisitions, disposals or mergers during the Track Record Period and up to the Latest Practicable Date.

OUR LISTING ON THE SHENZHEN STOCK EXCHANGE AND REASONS FOR THE [REDACTED] ON THE STOCK EXCHANGE

As of the Latest Practicable Date, our Directors confirmed that we had no instances of material non-compliance with the rules of the Shenzhen Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects and, to the best knowledge of our Directors having made all reasonable inquiries, there was no material matter that should be brought to the investors’ attention in relation to our compliance record on the Shenzhen Stock Exchange. As advised by our PRC Legal Adviser, during the Track Record Period and up to the Latest Practicable Date, we have not been subject to any material administrative penalties or regulatory measures imposed by the CSRC, Shenzhen Stock Exchange or PRC securities regulatory authorities. Based on the independent due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors’ attention that would cause them to disagree with our Directors’ confirmation with regard to the compliance records of the Company on the Shenzhen Stock Exchange.

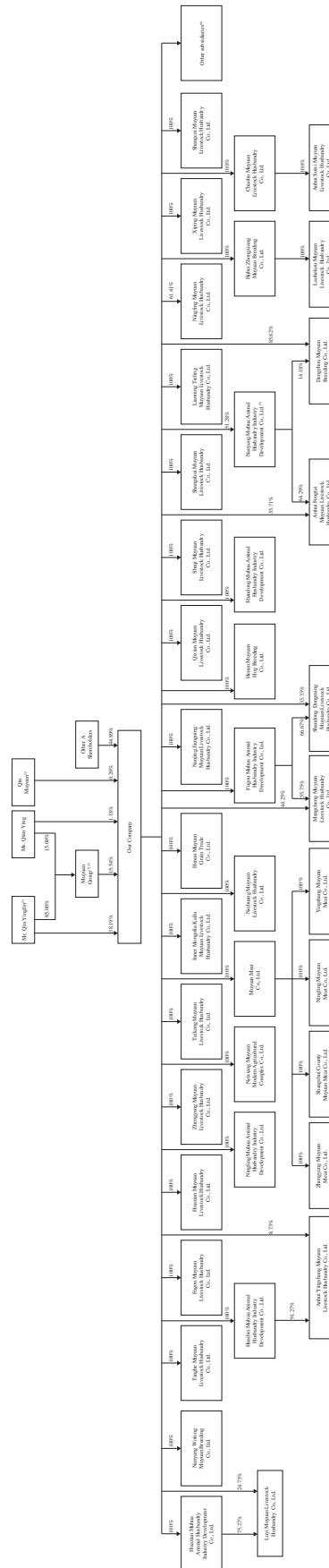
We believe the [REDACTED] on the Hong Kong Stock Exchange will help us advance our internationalisation strategy and establish a global capital operation platform. See “Business — Our Strategies” and “Future Plans and Use of [REDACTED].”

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OUR SHAREHOLDING AND CORPORATE STRUCTURE

Shareholding and Corporate Structure Immediately Before the [REDACTED]

The following chart depicts a simplified shareholding and beneficial ownership structure of our Group immediately prior to the completion of the **[REDACTED]** (excluding A Shares issuable upon the conversion of the outstanding Convertible Bonds and assuming no changes are made to the issued share capital of our Company between the Latest Practicable Date and **[REDACTED]**):



HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

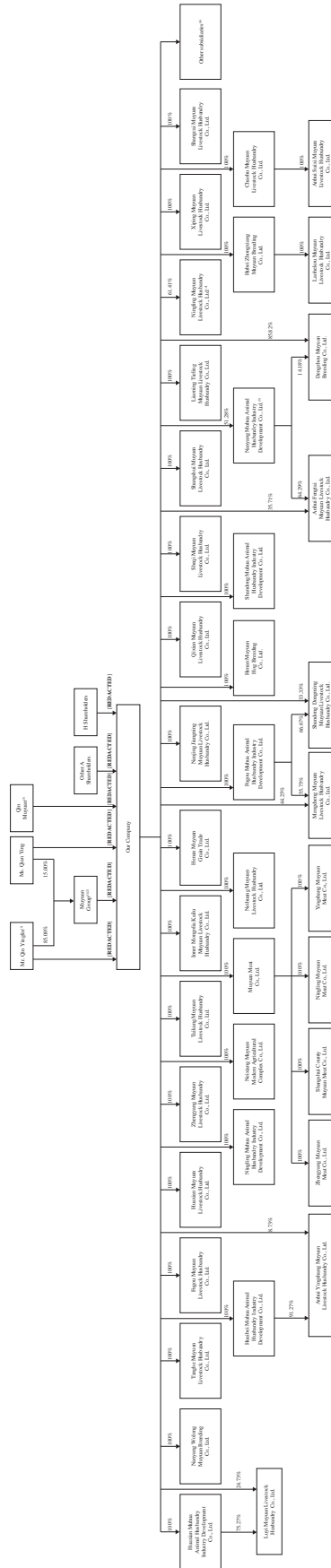
Notes:

- (1) On December 13, 2017 and December 19, 2017, Mr. Qin Yinglin and Muyuan Group entered into a voting rights entrustment agreement and its supplementary agreement (collectively, the “**Agreements**”). Under the Agreements, Mr. Qin Yinglin entrusted to Muyuan Group all shareholder voting rights, director nomination rights, and other shareholder rights (excluding dividend rights and other shareholder property rights) attached to 448,667,502 A Shares (representing 1,922,091,579 A Shares as of the Latest Practicable Date) held by him.
- (2) 0.25% of the share interest held by Muyuan Group was held through a trust plan with Muyuan Group being the trustor and beneficiary and Shaanxi International Trust Co., Ltd. (陝西省國際信託股份有限公司) being trustee.
- (3) Qin Muyuan is the son of Mr. Qin Yinglin and Ms. Qian Ying.
- (4) As of the Latest Practicable Date, the remaining 38.59% interest in Ningling Muyuan Livestock Husbandry Co., Ltd. was held by ABC Financial Asset Investment Co., Ltd. (農銀金融資產投資有限公司), an Independent Third Party.
- (5) As of the Latest Practicable Date, the remaining 48.72% share interest in Nanyang Muhua Animal Husbandry Industry Development Co., Ltd. was held by Huaneng Guicheng Trust Corp., Ltd. (華能貴誠信託有限公司), an Independent Third Party.
- (6) As of the Latest Practicable Date, other subsidiaries included, in aggregate, 276 subsidiaries.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Shareholding and Corporate Structure upon Completion of the [REDACTED]

The following chart depicts the shareholding and beneficial ownership structure of our Group immediately following the completion of the [REDACTED], assuming that the [REDACTED] is not exercised, excluding A Shares issuable upon the conversion of the outstanding Convertible Bonds and that no changes are made to the issued share capital of the Company between the Latest Practicable Date and [REDACTED]:



Note: See “— Shareholding and Corporate Structure Immediately Before the [REDACTED].”

BUSINESS

OVERVIEW

Who We Are

We are a technology-driven global leading pork company, pioneering smart hog farming. With over 30 years of deep-rooted expertise, we have become a global leader in the hog farming industry adopting a vertically-integrated business model spanning the entire hog value chain, including hog breeding, hog farming, feed production, slaughtering and meat production. According to Frost & Sullivan, since 2021, we have ranked first globally in the hog farming industry in terms of production capacity and sales volume of hogs for four consecutive years. Our global market share, measured by sales volume of hogs, increased from 2.6% in 2021 to 5.6% in 2024, exceeding the total of the players ranked second to fourth in 2024. While continuing to solidify our leadership in the hog farming industry, since 2019, we have strategically entered the hog slaughtering and processing industry to enhance our integrated business model. According to Frost & Sullivan, we ranked fifth globally and first in China in the hog slaughtering and processing industry in terms of slaughter volume in 2024, and our slaughtering and meat product business reported the highest revenue CAGR from 2021 to 2024 among large-scale hog slaughtering and processing companies in China.

Our Technology and Innovation

Technology is the cornerstone of our business. As a pioneer in smart hog farming, we have consistently rolled out new technologies in biosecurity, odor control, environmentally sustainable operations and cost management, tackling industry pain points, enhancing operational efficiency, optimizing cost structures, and generating lasting social value.

- In 2000, we initiated R&D into optimized soybean meal feed formulations, aimed at lowering production costs and mitigating supply chain risks.
- In 2002, we pioneered the two-breed rotational cross system, establishing our independent breeding system.
- In 2008, we applied the integrated crop-livestock system in our operations, advancing environmental sustainability and resource efficiency.
- In 2011, we initiated digitalization in our operations, improving management efficiency.
- In 2012, we launched disease elimination initiatives leveraging proprietary R&D and technological innovation, developing biosecurity solutions to continuously enhance production performance.

BUSINESS

- In 2013, we established our pathology laboratories to strengthen diagnostic capabilities, enabling efficient and accurate disease detection.
- In 2017, we fully completed the digitalization in our operations, continually enhancing management efficiency.
- In 2019, we comprehensively upgraded our biosecurity management, equipping all hog houses with our proprietary environment control system, which incorporates air-filtration, sterilization, separate ventilation and deodorization features.
- In 2019, we comprehensively upgraded our smart operating systems, including the feeding system, hog house environment control system, and hog health management system, setting industry benchmarks for smart hog farming.
- In 2021, we established a platform dedicated to big data-related research and development, accelerating our smart hog farming innovations.
- In 2021, we shared our optimized soybean meal feed formulations with the industry, which were endorsed by the MARA as a strategic move to address the key challenges in the hog farming industry, including soybean meal reliance and nitrogen emission.
- In 2024, we commercialized ammonia reduction and deodorization solutions for livestock farming, which were promoted by the PRC Ministry of Ecology and Environment.

Through our proprietary innovations, we have solidified our leadership within the industry while delivering exceptional financial performance.

From 2014 to 2024, we achieved industry-leading revenue growth with a CAGR of 48.7%, the highest among the top ten global listed pork companies by sales volume. Leveraging our industry-leading technologies and cost-management capabilities, we have achieved robust profitability. During the same period, our net profit increased at a CAGR of 72.7% and our average annual net profit margin reached 19.0%. Notably, we are the only company to sustain an average annual net profit margin of above 15.0% from 2014 to 2024 among the top ten global listed pork companies by sales volume. From 2014 to 2024, our EBITDA (non-CASBE measure) also increased at a CAGR of 60.0%, with an average EBITDA margin (non-CASBE measure) of 31.0%, significantly outperforming other large-scale listed companies in China’s hog farming industry.

BUSINESS

In addition to superior growth in revenue and profit, we have consistently maintained a robust cash flow position. Our continued and long-term investments in capital have gradually transferred to strong cash flow generation capability. From 2022 to 2024, our accumulated net cash inflow from operating activities was 1.6 times of our accumulated capital expenditure (which represents payment for acquisition of fix assets, intangible assets and other long-term assets), and in 2024 alone, our net cash inflow from operating activities was 3.0 times of our capital expenditure. Our strong profitability and optimized asset utilization have enabled industry-leading returns with an average ROE per annum of 22.5% from 2014 to 2024, significantly outperforming our listed peers in China. We value the long-term trust of our shareholders and have consistently returned capital to shareholders through dividends. The aggregate dividends our Company declared attributable to the years ended December 31, 2022, 2023 and 2024 were RMB11.6 billion.

Our Growth Opportunities

The global hog farming industry presents significant growth opportunities, which we are uniquely positioned to capture with our advanced technologies, cost management advantages, ESG excellence and our vertically-integrated business model. According to Frost & Sullivan, global pork consumption has been increasing steadily at a CAGR of 4.9% from 95.2 million tons in 2020 to 115.3 million tons in 2024. China has long been the world’s largest pork consuming country, while, according to Frost & Sullivan, the per capita consumption of main source of animal protein in China was 69.4 kg in 2024, far below that of 102.0 kg per capita in the United States. Additionally, the proportion of chilled fresh pork in China out of total pork consumption is still relatively low compared to that in developed countries, indicating huge market potential. As such, these dynamics indicate the long-term growth of China’s overall meat consumption with product upgrades.

Additionally, in certain countries and regions, such as Vietnam, the Philippines and Thailand in Southeast Asia, per capita pork consumption has increased steadily in line with continuous economic development and the improvement per capita disposable income. The global hog farming industry remains highly fragmented, with the top five hog farming companies in the world by sales volume accounting for a market share of 11.8% in 2024, leaving significant opportunities for market consolidation. We are actively expanding into overseas markets to capitalize on these opportunities. Leveraging our proven technological expertise and innovative solutions, we aim to empower the global hog farming industry by establishing a globally interconnected hog farming ecosystem. For example, in 2024, we entered into a strategic partnership with BAF Vietnam Agriculture, covering areas of hog house design, biosecurity management, odor control solutions and smart hog farming equipment, so as to optimize its hog farming efficiency and ensure environmentally responsible operations, marking our initial efforts of global expansion.

BUSINESS

OUR COMPETITIVE STRENGTHS

We believe the following strengths have driven our success and enabled us to seize market opportunities and achieve sustainable growth:

Global Industry Leader with Fully Integrated Operations

As world’s largest pork company, we operate a vertically-integrated business model spanning the entire industry value chain, covering hog breeding, hog farming, feed production, slaughtering and production of meat products. Our vertically-integrated business model allows us to allocate resources efficiently. Our proven technologies have efficiently addressed critical industry-wide challenges, and we benefit from such seamless collaboration throughout upstream and downstream operations, maximizing our operational efficiencies. We have established a fully traceable and highly replicable operating system while ensuring food safety and optimizing cost management, thereby strengthening our undisputed market leadership position. With a consumer-centric approach, and leveraging our insights gained from slaughtering and meat product business, we continually improve our hog breeding and hog farming practices to deliver high-quality pork to millions of households across China.

We have established our global market leadership position with our two core business segments, namely hog business, and slaughtering and meat product business. According to Frost & Sullivan, since 2021, we have ranked first globally in the hog farming industry in terms of production capacity and sales volume of hogs for four consecutive years. Our global market share, measured by sales volume of hogs, increased from 2.6% in 2021 to 5.6% in 2024, exceeding the total of the players ranked second to fourth in 2024. According to Frost & Sullivan, we ranked the fifth globally and the first in China in hog slaughtering and processing industry in terms of slaughter volume in 2024. We made such achievement within a short period since we initially started the business in 2019 with our lead over the second-ranked company continuing to grow.

While attaining industry-leading scale and market leadership, we have sustained rapid growth. From 2014 to 2024, we achieved industry-leading revenue growth with a CAGR of 48.7%, the highest among the top ten global listed pork companies by sales volume. Our commitment to high-quality growth has driven robust and sustainable profitability. During this same period, our net profit increased at a CAGR of 72.7% and our average annual net profit margin reached 19.0%. Notably, we are the only one of the top ten global listed pork companies, measured by sales volume, that sustains an average annual net profit margin of above 15.0% from 2014 to 2024, while maintaining an industry-leading growth rate.

Benefiting from our vertically-integrated business model, proven technological expertise and management capabilities, we have successfully achieved a balance among scale, growth and profitability.

BUSINESS

Proprietary End-to-End R&D Capabilities

With over 30 years of in-depth industry expertise, we have possess proprietary end-to-end R&D capabilities across the full value chain to enhance operational efficiency, improve cost management capabilities and deliver long-lasting social value.

Hog breeding

According to Frost & Sullivan, a majority of breeding hogs used in commercial hog farming in China are imported from overseas. In stark contrast, we have spent three decades forming a fully self-established breeding system. Our proprietary data-driven genetic selection platform, including breeding hog health management system and tagging and recording genetic data system, enables us to continually improve the quality of our breeding hogs. In the four months ended April 30, 2025, our average PSY reached approximately 28, significantly outperforming the industry average.

Precision feeding system and optimized feed formulation

Since 2000, ahead of industry for at least ten years, we started the R&D of optimized soybean meal feed formulations, allowing us to reduce the proportion of soybean meal used in feed production while maintaining sufficient nutrition for hog health. The optimized soybean meal feed formulations are able to decrease the feed costs and lower the nitrogen emissions. According to Frost & Sullivan, in 2024, soybean meal accounted for approximately 10-17% of feed ingredients in the commonly seen feed formulations in the industry, compared to 7.3% in ours. Our smart feeding system enables accurate evaluation and use of feed ingredients through adjusting the feed formulations based on the hogs’ age and weight on a daily basis. Our automatic feeding facilities minimize manual intervention and improve feeding and production efficiency. In the meantime, our feed ingredient pricing monitoring system dynamically adjusts the proportion of feed ingredients based on their selling price changes, thus allowing us to effectively control our feed costs.

Hog health management

China’s hog industry, characterized by high densities of hog farming operations and frequent animal transportation, requires rigorous disease prevention measures to safeguard production efficiency. As such, we have developed and implemented our “Skynet Project” — a comprehensive disease prevention and control system grounded in extensive research into the causes of hog diseases. This initiative focuses on identifying and addressing the viruses, bacteria and parasites that lead to illnesses in hogs. By integrating advanced environmental control systems, biosecurity protocols and immunization management practices, we aim to significantly reduce disease throughout the whole hog farming process.

BUSINESS

In terms of our proprietary hog house design, our self-developed air filtration system is able to effectively block aerosol particles of 0.3 microns or larger. Additionally, our ventilation system provides isolated air environments for each zone, preventing cross-contamination in the event of disease outbreaks. Furthermore, our advanced sterilization and deodorization technologies have achieved over 99.9% effectiveness in pathogen elimination, dust removal and odor control. We have also established a fully traceable digital biosecurity system that monitors the entire disease prevention processes covering testing, diagnose, intervention and treatment. Our smart hog health management system enables real-time monitoring of hog health conditions, thus providing the diagnostic results within six hours after collecting samples. This integrated approach ensures complete traceability of hog health issues and enables immediate responses to potential disease outbreaks.

Smart hog farming

Our hog farming operations integrate smart equipment, IoT technologies and big data-driven analytics solutions. Equipped with a range of sensors, our hog farming operations generate various real-time indicators on environment and hog health conditions. Our smart hog farming system tracks critical health indicators of hogs, which enables timely disease detection and targeted treatment interventions, and significantly minimizes human contact with hogs. Furthermore, our smart hog farming operations significantly minimize human contact with hogs, reducing the risk of disease transmission while enhancing overall hog health and operational efficiency.

With our industry-leading technological capabilities, we have achieved outstanding hog growth performance. In the four months ended April 30, 2025, our hogs under finishing period recorded an average daily weight gain of 816g, surpassing the industry average. During the Track Record Period, our aggregate sales volume of finished hogs increased from 6.4 million tons in 2022 to 8.0 million tons in 2024, whereas the the average weight of our finished hogs increased from 116.4kg in 2022 to 122.8kg in 2024, and in the four months ended April 30, 2025, the average weight of our finished hogs further increased to 125.6kg. Our smart hog farming operations have also optimized operational efficiency. By digitalizing our decades of hog farming expertise through smart solutions, our annual average total unit cost, which is the total costs and expenses per kilogram (live weight equivalent) incurred in hog farming, including operating costs, as well as selling and distribution expenses, general and administrative expenses, research and development expenses and financial expenses, has maintained the lowest among large-scale hog farming companies in China in each year from 2019 to 2024, and it further decreased to RMB12.65/kg for the four months ended April 30, 2025, significantly outperforming the industry average.

End-to-end R&D in the hog farming industry requires deep insights and commercial thinking across the entire industry value chain, thereby creating exceptionally high entry barriers. As of December 31, 2024, we have a R&D team of over 6,000 employees, and we have recorded R&D expenses with an aggregate amount of RMB4.5 billion during the Track Record Period. According to Frost & Sullivan, we ranked first in terms of the amount of R&D expenses in 2024 in the hog industry in China. As of the Latest Practicable Date, we had over 1,700 patents. Our end-to-end R&D capabilities across the whole value chain, creating formidable technology barriers in critical areas.

BUSINESS

High-Growth Slaughtering and Meat Product Business

We ventured into the hog slaughtering and processing industry in 2019 as part of our vertical integration, enabling flexibility for resource allocation, and maximizing business synergy. Leveraging our insights gained from slaughtering and meat product business, we stay attuned to consumers’ diverse needs across different regions in China. Our consumer-centric approach improves our hog breeding and hog farming practices, allowing us to deliver regionally tailored hogs and meat products, meeting evolving consumer demands. Our vertically-integrated business model supports our end-to-end traceability system, guaranteeing the quality, food safety and cost-effectiveness of our products. In addition, by strategically locating our slaughtering plants in close proximity to hog farms, we are able to enhance cost management.

Guided by a consumer-centric approach and proactive product R&D through advanced techniques, we have been able to maintain the freshness of our meat products, optimizing pork visual appeal and ensuring product quality. To deepen our understanding of consumer needs, we established a professional tasting team and conducted numerous tasting events. By gathering and analyzing consumer feedback, we continually improve our hog breeding practices to produce hogs and meat products that meet specific market demands in different regions. For example, we introduced skinless, bone-in meat products specifically designed for barbecue catering businesses, which have been successfully replicated in various sales channels.

We have established an extensive and deeply penetrated sales network across China, the world’s largest consumer market of pork, which brings our products to millions of households. In light of consumers’ higher expectations for food safety and traceability, our vertically-integrated business model and rigorous supply chain control confer a distinct competitive edge. Leveraging our vertically-integrated business model, consumer-centric product R&D approach, and large-scale, industrialized and smart production capabilities, our slaughtering and meat product business has built up a customer base of around 20,000 customers within five years since our inception in 2019. Specifically, during the Track Record Period, our slaughtering and meat products business has achieved extensive market penetration, accumulatively supplying 21 of the 2024 Hurun Top 100 Restaurant Brands in China and 22 of the annual top 100 retailers recognized by CGCC and CNCIC, and maintaining full coverage across all major delivery platforms. Our penetration into these sales channels has promoted the sales of our pork-cut products, enhancing our profitability.

We are the fastest growing company with the highest revenue CAGR from 2021 to 2024 among large-scale hog slaughtering and processing companies in China. According to Frost & Sullivan, in 2024, we recorded a slaughter volume of 12.5 million heads, ranking first in terms of slaughter volume in China’s hog slaughtering and processing industry. The hog slaughtering and processing industry is undergoing rapid consolidation, driven by tightening environmental regulations and rising consumer demand for high-quality products. We are well positioned to capitalize on the industry trend and expand our market leadership through our competitiveness in vertically-integrated operations, our diversified product portfolio and our extensive sales network.

BUSINESS

ESG Pioneer in Sustainable Hog Farming

According to the LSEG (London Stock Exchange Group) ESG scores as of the Latest Practicable Date, we ranked among the top 20% of the 496 food and tobacco companies on the list of LSEG Data & Analytics, scored 98 out of 100 for management and 88 out of 100 for emissions. Notably, we are the only hog farming company among the top 100 companies on the list of LSEG Data & Analytics.

We are implementing comprehensive strategies to reduce emissions. Pioneering in adopting renewable energy in China’s hog farming industry, we commenced to use solar power systems as early as in 2018. Additionally, our proprietary hog houses with fossil fuel-free heating reduce greenhouse gas emissions. Our ammonia reduction and deodorization solutions used in our hog farming operations enable us to significantly reduce ammonia emissions. Furthermore, our proprietary optimized soybean meal feed formulations allows us to significantly reduce nitrogen emissions.

Driven by our dedication to generating lasting social value and contributing to the sustainable development of the industry, we champion the integrated crop-livestock system, and we provided fertilizers for approximately 4.7 million mu of farmland in 2024, generating around RMB1.4 billion in economic benefits for farmers. As an industry leader, we actively promote industry-wide advancement through technology sharing. For example, in 2021, we introduced our optimized soybean meal feed formulations to the industry to further support the participants in China’s hog farming industry to decrease the reliance on soybean meal. Additionally, we have commercialized solutions for ammonia reduction and deodorization used in livestock farming to transform forward the hog farming industry.

We have established a comprehensive animal welfare system that integrates internationally recognized humane farming practices across our operations. To ensure rigorous implementation, we partner with independent audit institutions to provide specialized employee training and conduct regular welfare assessments. We continuously enhance ESG practices and actively share best practices to accelerate the hog farming industry’s green transformation.

BUSINESS

Visionary Leadership and Strong Corporate Governance

With over 30 years in the hog farming industry, our founders, Mr. Qin Yinglin and Ms. Qian Ying, have been contributing to the development of modern hog farming. Mr. Qin Yinglin is widely recognized as the innovator in China’s hog farming industry, while Ms. Qian Ying stands as an expert in hog farming and animal disease prevention. We have a stable core management team and we are actively training the next generation of leaders to ensure we have talented executives ready to meet future challenges. With unwavering determination and a forward-thinking, innovative mindset, our visionary management team drives us through ongoing transformation and progress, reinforcing our leadership position.

We are committed to maximizing the value for our employees, driving internal value and excelling external value. We emphasize employee training and career advancement, ensuring our employees achieve their career goals while driving our sustainable growth. Our ‘Help & Guide’ mentorship program pairs new joiners with experienced seniors, delivering comprehensive training to strengthen our employee’s competitive edge. Through hands-on and tailored guidance, the program ensures technical proficiency and operational excellence at every level. We actively foster global perspectives by sponsoring employees’ participation into international industry conferences and promoting cross-border knowledge exchange, keeping our practices and innovations at the forefront of the global industry. In 2024, we invested RMB720 million in employee training, delivering an average of 37 days of training per employee with 100% coverage. This commitment has strengthened our employees’ sense of belonging and fostered their growth in tandem with our Company’s progress. We acknowledge the importance of our employees, and we have launched a number of employee equity incentive plans, engaging over 8,000 employees.

We are the “producer of high-quality pork and promoter of social progress”. With the emphasis on a corporate culture of openness and sharing, we have a cohesive team with unified values and mission. Our vision is to serve people with wholesome pork for their enjoyment in an abundant life and make the Company respectable. It drives us to assume the mission of “producing safe and healthy pork products for the public and advancing healthy industry development”. Through innovative technologies and sustainable farming practices, we advance industry standards and environmental stewardship. Our corporate culture champions social value and personal value at the same time, ensuring employees achieve individual goals while also making meaningful contributions to society. This foundation of excellent corporate value and sustainable leadership positions us for enduring success.

BUSINESS

OUR STRATEGIES

We drive the development of our business through the following strategies:

Pioneering Technology Innovation Across the Value Chain

We are committed to advancing our R&D activities at the forefront of the industry, with a focus on increasing investments in R&D of smart solutions to elevate productivity. Our R&D efforts will focus on applying digitalization and advanced technologies along the hog farming industry value chain, establishing a hog farming ecosystem connecting agricultural planting, feed production, hog breeding, hog farming, slaughtering and meat product processing, smart equipment and synthetic biology. Specifically, our key R&D areas are as listed below:

- Upgrading our hog breeding capabilities and improving the quality of our breeding hogs with advanced genetic selection technology;
- Enhancing our hog health management capabilities with smart equipment and advanced technologies;
- Further enhancing automation in the slaughtering processing with smart tools;
- Establishing a closed-loop management system powered by data-driven decision-making tools;
- Advancing R&D efforts in the area of feed ingredient alternatives through collaborations with academic institutions; and
- Increasing investments in ESG innovations, including water-saving technologies, manure/urine recycling schemes and renewable energy applications.

BUSINESS

Strategic Global Expansion and Market Diversification

We plan to gradually expand our business globally, deploying our advanced technologies and smart hog farming equipment as entry points in key overseas markets with high pork consumption volume. We plan to gradually establish localized R&D centers and production bases in the high-potential markets, enhancing our competitiveness globally. We will diversify our supply chain layout globally while collaborating with international hog breeding specialists to enhance our breeding capabilities and commercialize our breeding technologies worldwide. We plan to adapt our expansion plans into various local markets through targeted mergers and acquisitions and/or joint ventures, exporting our innovative hog farming solutions. We aim to integrate resources and technologies worldwide, incorporating best practices into our operations and enhancing our cost management capabilities.

Optimizing Our Vertically-Integrated Business Model

We plan to expand our business presence in the downstream of the industry value chain. We will continue to optimize the operational efficiency and production utilization of our slaughtering plants and strengthen the profitability of our slaughtering and meat product business. In addition, we aim to achieve higher slaughtering self-sufficiency rates leveraging the quality supply from our hog business. We also plan to expand and diversify our sales channels for meat products, such as supermarkets, chain restaurants and food processors, aligning our planned production capacity with the market demand. Through production facility upgrades and targeted R&D, we will further diversify our meat product portfolio, such as customized meat products and value-added pork-cut products. Leveraging our integrated business model and adopting a consumer-centric approach, we aim to lead the evolution of meat products and capture opportunities in the hog slaughtering and processing industry.

Building Collaborative Hog Farming Ecosystems

Leveraging our industry-leading expertise in hog breeding, feed formulation, biosecurity, odor control solutions and environmentally sustainable operations, we are building a collaborative ecosystem by empowering local hog farmers. Through this collaborative hog farming ecosystem, we capitalize on emerging opportunities from industrial integration. For instance, by leveraging our premium reserves of high-quality piglets and breeding hogs, we aim to expand our piglet sales to local hog farmers. Additionally, we plan to introduce both technical know-hows and operational best practices to farmers, and we have commercialized our solutions for ammonia reduction and deodorization used in the livestock farming to such collaborative farming ecosystem. We believe such an innovative cooperation model foster mutual value creation by enhancing productivity, sustainability and profitability across the hog farming ecosystem.

BUSINESS

Developing World-Class Talent and Organizational Advancement

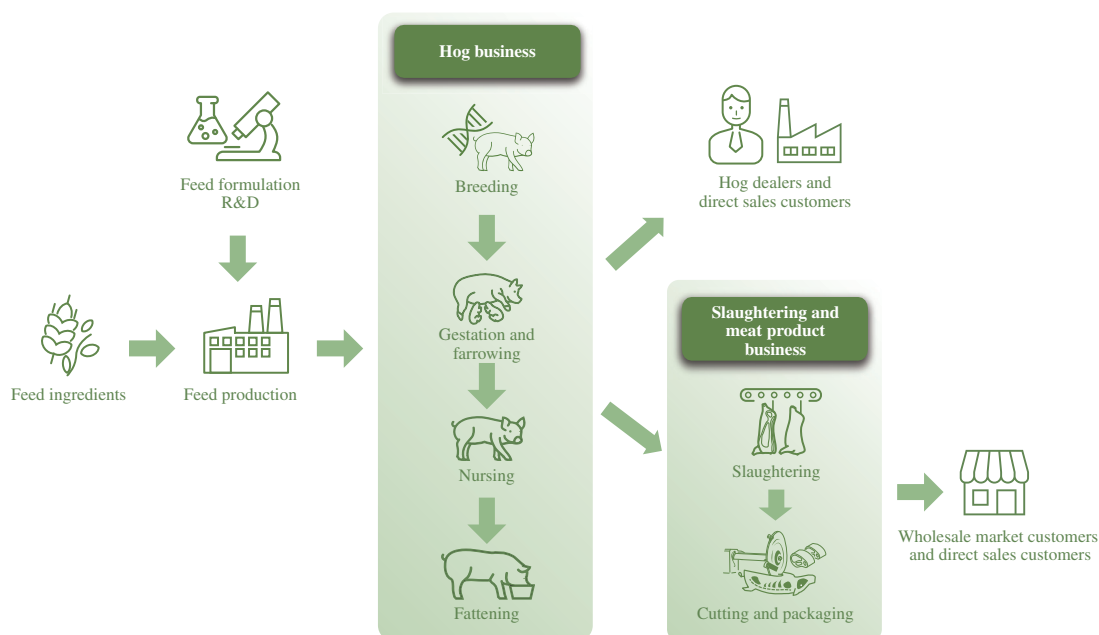
Guided by our “people-oriented” management philosophy, we remain committed to building up our talent pipeline through internal promotions. With proper compensation systems and multi-tiered employee training schemes, we have been particularly focusing on the investment on our young and high-potential leaders, ensuring seamless transition of leadership to the next generation. With the goal of building structured leadership pipelines, we promote our international recruitment, strengthening our global competitiveness. By fostering a value-driven corporate culture, we will enhance employee engagement, enabling us to attract, retain and develop world-class talent.

BUSINESS MODEL AND PRODUCTS

We operate through two main business segments, namely: (i) our hog business, where we farm and sell finished hogs, piglets and breeding hogs; and (ii) our slaughtering and meat product business, which includes hog slaughtering and the sale of carcasses, pork cuts and by-products. Our major products include hogs, namely finished hogs, piglets and breeding hogs, as well as fresh and frozen meat products.

With over 30 years’ experience, we adopt a vertically-integrated business model that spans the entire upstream and downstream of our industry, including hog breeding, hog farming, feed production, slaughtering and sales of hogs and meat products. Through our self-operated hog business and slaughtering and meat product business, we are able to maintain full transparency, quality control and traceability over the entire production process, which in turn allows us to ensure food safety and provide quality hogs and meat products to our customers.

The chart below illustrates our vertically-integrated business model:



BUSINESS

Hog Business

Our hog business includes feed production, hog breeding, hog farming, and the sale of finished hogs, piglets and breeding hogs. According to Frost & Sullivan, since 2021, we have ranked first globally in the hog farming industry in terms of production capacity and sales volume of hogs for four consecutive years. Our global market share, measured by sales volume of hogs, increased from 2.6% in 2021 to 5.6% in 2024, exceeding the total of the players ranked second to fourth in 2024. In 2024, we had the largest hog production capacity worldwide with 81.0 million heads, according to the same source.

We sell finished hogs as our main product under our hog business. In 2022, 2023 and 2024, the revenue from the sales of finished hogs (before inter-segment elimination) accounted for 92.8%, 96.5% and 95.2% of the total revenue, respectively. Finished hogs generally reach a weight of around 120kg when they are ready for sale. In addition, we sell piglets and breeding hogs. We dynamically adjust the proportion of sales of piglets and finished hogs to optimize our profitability, primarily considering market demand, market prices, and our operational and production plans.



Piglets



Finished Hogs

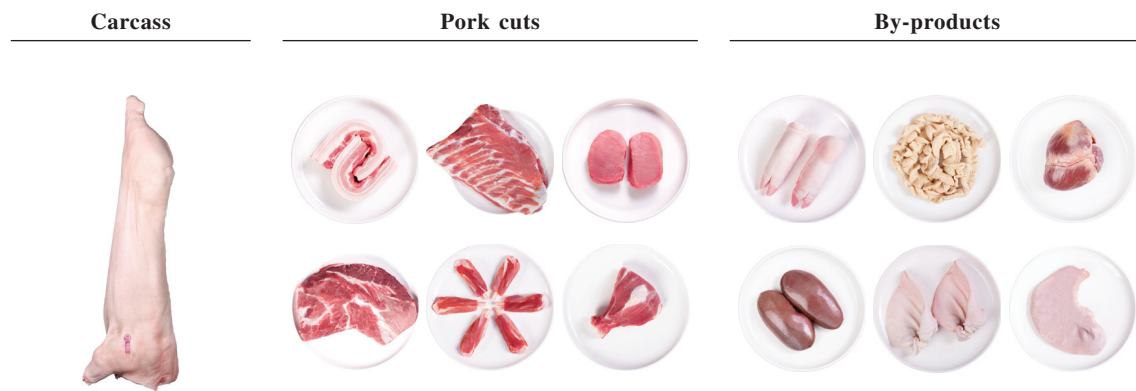


Breeding Hogs

Slaughtering and Meat Product Business

Our slaughtering and meat product business includes hog slaughtering and sales of fresh and frozen meat products. Our meat products can be further divided into three main categories, namely, carcasses, pork cuts and by-products. According to Frost & Sullivan, we ranked fifth globally and first in China in hog slaughtering and processing industry in terms of slaughter volume in 2024. We made such achievement within a short period since we initially started the business in 2019 with our lead over the second-ranked company continuing to grow. In addition, we recorded the highest revenue CAGR from 2022 to 2024 among large-scale Chinese hog slaughtering and processing companies.

BUSINESS



Key Metrics

The following table sets forth a breakdown of our revenue by business segment, in absolute amounts and as percentages of our total revenue, for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
<i>(RMB in millions, except percentages)</i>						
Hog business	119,744.0	95.9	108,224.3	97.6	136,229.3	98.7
— Finished hogs	115,896.5	92.8	106,975.5	96.5	131,306.7	95.2
— Piglets	2,860.1	2.3	705.6	0.6	3,080.0	2.2
— Breeding hogs	987.4	0.8	543.2	0.5	1,842.6	1.3
Slaughtering and meat product business	14,718.1	11.8	21,862.3	19.7	24,273.6	17.6
Inter-segment elimination ⁽¹⁾ . .	(15,634.2)	(12.5)	(22,793.0)	(20.5)	(24,435.8)	(17.7)
Subtotal	118,827.9	95.2	107,293.6	96.8	136,067.1	98.6
Others ⁽²⁾	5,998.3	4.8	3,567.1	3.2	1,879.8	1.4
Total	124,826.2	100.0	110,860.7	100.0	137,946.9	100.0

Notes:

- (1) The amounts of inter-segment elimination during the Track Record Period indicated the elimination of revenue arising from the intra-group sales transactions between the hog business and the slaughtering and meat product business. In accordance with relevant PRC tax laws and regulations, the revenue from our hog business is exempt from VAT, whilst our slaughtering and meat product business is entitled to input VAT in relation to its procurement of hogs. As such, the corresponding operating costs in relation to our slaughtering and meat product business are recorded based on the sales amount of these intra-group transactions after deducting input VAT.
- (2) Others mainly include revenue from feed ingredients trading and other operating activities.

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The following table sets forth key operational metrics of our key products for the years indicated during the Track Record Period:

	Year ended December 31,		
	2022	2023	2024
Sales of hogs (<i>thousand heads</i>)	61,201	63,816	71,602
– Finished hogs ⁽¹⁾	55,296	62,267	65,477
– Piglets	5,558	1,367	5,659
– Breeding hogs	346	181	465
Sales of meat products (<i>thousand tons</i>) .	757	1,405	1,416

Note:

- (1) The sales of finished hogs include the internal sales of finished hogs to our slaughtering and meat product business, which amounted to 7,368 thousand heads, 13,266 thousand heads and 12,565 thousand heads, respectively, in 2022, 2023 and 2024.

HOG BUSINESS

With over 30 years’ expertise in the hog industry, we have established comprehensive operations that encompasses hog breeding, hog farming, feed production and the sale of hogs. Our main products under this business include finished hogs, piglets and breeding hogs. Leveraging advanced technologies and smart equipment applied in every aspect of our hog business, we are able to mass produce hogs with improving genetic traits and good health. In 2022, 2023 and 2024, we sold approximately 61.2 million, 63.8 million and 71.6 million heads of hogs, respectively. Our revenue from the hog business (before inter-segment elimination) amounted to RMB119,744.0 million, RMB108,224.3 million and RMB136,229.3 million in 2022, 2023 and 2024, respectively, accounting for 95.9%, 97.6% and 98.7% of the total revenue for each year. During the Track Record Period, the average selling prices of our hogs (excluding tax) were approximately RMB1,956.6 per head, RMB1,695.9 per head and RMB1,902.6 per head, respectively.

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Hog Farms

We have established an extensive network of hog farms. As of December 31, 2024, we operated over 1,000 hog farms across 23 provinces in China. As of the Latest Practicable Date, we had a supreme breeding platform under construction in Zhengzhou, with over 100 thousand reproductive sows, which is expected to commence full operations in 2026. We strategically locate our hog farms by considering multiple factors including local raw materials availability, water resources, environmental conditions, sales network accessibility, and regulatory requirements.

To optimize productivity and hog quality, we raise our hogs in the hog houses that are specifically designed by considering optimal temperature, humidity and ventilation standards for different growth periods while ensuring animal welfare. Additionally, our hog houses are equipped with effective disease prevention mechanisms and proprietary smart systems to ensure hog well-being and improve operational efficiency. For instance, we generally equip our hog houses with a four-stage air filtration system: the first stage filter blocks objects such as flies and willow catkins; the second stage filter effectively captures floating, visible dust in the air; the third stage filter effectively intercepts particles above 5 μ m, and the fourth stage filter blocks particles above 0.3 μ m in the air. The four-stage air filtration system efficiently removes viruses and bacteria by filtering the aerosols containing particles of smaller molecules such as viruses of porcine epidemic diarrhea, Porcine Reproductive and Respiratory Syndrome (PRRS) and African Swine Fever. Additionally, our hog houses are equipped with precision ventilation systems, which ensure that filtered air is distributed evenly throughout all areas of the hog houses. These systems are designed to eliminate risks of cross-contamination between different units, enabling us to significantly reduce disease-related losses and improve operational efficiency. We conduct regular maintenance and timely upgrades of our hog farms to ensure efficient operations and a healthy environment for hogs. For details of other advanced technologies and smart equipment utilized in our hog houses, see “— Smart Hog Farming” and “— Case Study: Neixiang Muyuan Pork Industry Complex.”

As a testament to our advanced hog farming practice, a number of our hog farms have received prestigious recognitions such as “National Core Breeding Farm for Hogs (國家生豬核心育種場)” and “Standardized Hog Farming Demonstration Farm (生豬標準化示範場)” issued by the MARA. Additionally, some of our hog farms have been accredited with China GAP certification.

BUSINESS

The following table sets forth our hog production capacity, sales volume and utilization rate for the years indicated during the Track Record Period:

	Year ended December 31,		
	2022	2023	2024
Production capacity (<i>thousand heads</i>) . .	74,300	79,990	81,010
Sales volume (<i>thousand heads</i>)	61,201	63,816	71,602
Utilization rate ⁽¹⁾ (%)	86.0	85.9	89.5

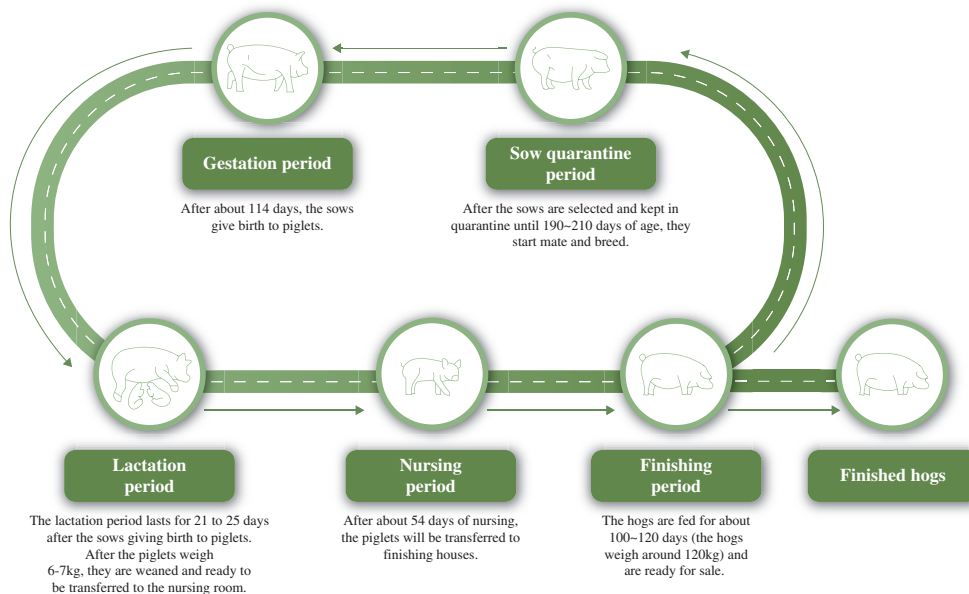
Note:

- (1) Since it takes at least 12 months from the introduction of immature breeding hogs to hogs becoming ready for sale, the production capacity at the end of the current year generally corresponds to the output of the next year, rather than the current year’s output. Therefore, we calculate the utilization rate by dividing a given year’s sales volume by the previous year’s end capacity. The hog production capacity as of December 31, 2021 was 71,170 thousand heads.

Hog Farming Process

Our hog farming operation covers the entire life cycle of hogs from breeding, gestation, lactation, nursing and finishing. Our integrated business model enables us to ensure biosecurity, reduce the risk of disease outbreaks and optimize hog health management.

The following chart illustrates the typical life cycle of hogs:



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The following table sets forth the volume of our biological assets as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	(thousand heads)		
Consumable biological assets			
Suckling piglets	5,406	4,884	5,696
Piglets under nursing period	11,179	12,200	13,636
Hogs under finishing period	16,055	18,353	23,091
Subtotal	32,639	35,436	42,423
Productive biological assets	3,769	4,703	5,062
Total	36,408	40,139	47,485

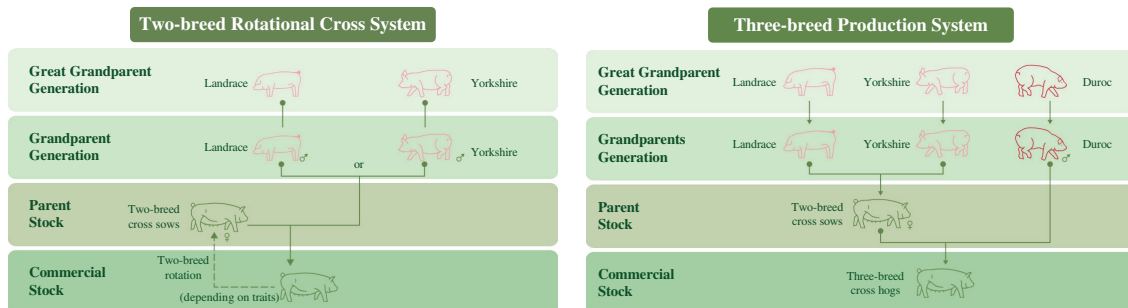
Breeding

Leveraging our competitiveness in our breeding and production systems, breeding nucleus herd selection mechanism and breeding technologies, we have built a breeding hog population that stands out for its improving genetic traits, high consistency, adaptability and strong economic performance. We focus on catering to the needs of customers by prioritizing key traits in hog production such as meat quality, carcass traits, reproductive performance and growth efficiency. These objectives and our efforts in breeding provide a solid foundation for our large-scale hog production.

Our Breeding and Production Systems

We have maintained the two-breed rotational cross system for over 20 years, which is designed to maintain the traits across generations through controlled crossbreeding. Additionally, we also apply the three-breed production system based on our operational plans and market demands. Both systems enables us to produce robust and high-quality hogs on a sustainable basis.

The following diagrams illustrates the breeding process for our breeding and production systems:



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In particular, under the two-breed rotational cross system, we select reproductive sows with high litter size and lean meat rates from the two-breed sows we have produced. This approach allows each generation of sows to keep their crossbreeding advantages, especially the traits with low heritability, such as stronger fertility and better adaptability. As such, the two-breed sows could either become reproductive sows or be raised as finished hogs, which helps us to reduce the production cost of reproductive sows by supplementing the reproductive sows with our own supply. Leveraging our two-breed rotational cross system, we have been able to maintain the supply of reproductive sows needed for production capacity growth, significantly increasing our piglet sales and reducing the risks of disease transmission during the introduction of external breeding hogs. On the other hand, we may adopt the three-breed production system in response to market demand. Benefiting from such flexibility, we have maintained rapid business growth over the past few years.

Our Breeding Nucleus Herd

We apply a strict selection mechanism for our breeding nucleus herd, comprising purebred Yorkshire, purebred Landrace and Duroc, focusing primarily on their reproductive performance, growth rate, carcass traits and meat quality. Our veterinary team is responsible for examining the breeding hogs to ensure that they meet health standards for breeding. Our breeding hogs have a depreciation period of 30 months. In particular, we consider a series of factors when replacing a reproductive sow, including its estrus cycle, number of miscarriages, delivery numbers, the mortality rate of suckling piglets or weaners and genetic issues.

Breeding Technologies

Over the years, leveraging the vast hog performance data from our farming operations, we run our breeding system in a highly efficient and precise manner, assessing and documenting the production capability and characteristics of each breeding hog. In addition, we have adopted the latest technologies and scientific and statistical tools to continuously identify top-performing hogs. Through cutting-edge breeding methods, we incorporate those top-performing hogs into our core and multiplier herds, driving efficient genetic selection. For example, we use B-ultrasound testers to measure the loin eye area, which helps us to determine the lean meat percentage and the intramuscular fat content of each breeding hog. We also apply the BLUP approach, a statistical method that uses performance and pedigree data to assess and predict an animal’s genetic potential by separating genetic effects from environmental influences, for genetic performance evaluation. By leveraging these techniques and scientific and statistical tools, we are able to consistently enhance the reproductive performance of our breeding nucleus herd, improve breeding efficiency and ultimately meet market demand for high-quality meat products.

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Gestation and Lactation

The gestation period for sows typically lasts around 114 days. Pregnant sows are transferred to farrowing stalls to prepare for farrowing. After 21 to 25 days of birth, newborn piglets are weaned and transported to nursing hog houses.

Nursing

Piglets are transferred to and kept in the nursing hog houses for around 54 days. We divide the nursing hog houses into small units with an all-in, all-out production model, where piglets from the same batch are kept and transferred together from gestation to the finishing houses. This model facilitates our quality tracking system, minimizing bio-risk during the transfer process.

We keep track of the conditions of the piglets under nursing period and provide them with health supplements and vaccines regularly. As piglets are more susceptible to diseases during the nursing period, we meticulously design our nursing hog houses to ensure their well-being. For example, we have implemented a number of advanced systems that integrate big data tools, IoT technology, smart equipment and smart solutions. With these advanced technologies, we are able to collect data from over 2.3 million connected devices and process over one billion data on a daily basis. This approach helps us realize the 24/7 monitoring of hog health, which further enables us to respond swiftly to potential hog health issues. See “— Smart Hog Farming.”

Finishing

The hogs under finishing period typically stay at finishing hog houses for approximately 100 to 120 days, where they grow to around 120kg and become ready for sale. We have upgraded the layout of our finishing houses to incorporate a zoned management approach, which allows us to minimize cross-contamination risks.

Our advanced hog houses are designed to provide hogs with clean, comfortable and healthy living environment, which ensures their welfare while reducing our labor costs and improving productivity. For instance, our finishing houses are equipped with our smart feeding system, which automatically load, mix and deliver feed to the finishing houses. Connected to multiple feeding points in each hog houses, the delivery pipes automatically supply feed in pre-determined amounts. We also employ high-temperature sterilization of feed, sealed pipe-chain transport systems, ultrafiltration for water disinfection and automated inspection and alarm systems to achieve comprehensive monitoring of hog health. These automated and smart feeding facilities save labor costs, reduce waste and improve our operational efficiency. We closely monitor, analyze and acquire real-time data on the feed quality, feeding conditions and hog growth performance to maintain a precise supply of quality feed. During the Track

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Record Period, our average total unit cost decreased from RMB15.72/kg in 2022 to RMB14.94/kg in 2023, and further to RMB14.01/kg in 2024, and RMB12.65/kg for the four months ended April 30, 2025, significantly outperforming the industry average, according to Frost & Sullivan.

Feed Production

We have established our own feed production factories and developed feed formulations tailored to the needs of hogs at different growth periods. During the Track Record Period, our feed production volume reached 20.4 million tons, 23.2 million tons and 25.3 million tons, respectively. According to Frost & Sullivan, we were among the top three feed producers in terms of the production volume in China in 2024. During the Track Record Period, the feed we produced was primarily for internal use in hog farming.

Since 2000, we have led the industry in developing and using optimized soybean meal feed formulations, which are able to improve utilization efficiency of feed ingredients and optimize cost structure, while maintaining sufficient nutrition supply for hogs of different growth periods. According to Frost & Sullivan, in 2024, soybean meal accounted for approximately 10-17% of feed ingredients for the commonly seen feed formulations in the industry, compared to 7.3% in our optimized soybean meal feed formulations. This strategic innovation has delivered consistent cost saving benefits: our feed cost per head of finished hogs decreased from RMB1,088 in 2022 to RMB994 in 2024, reinforcing our feeding efficiency and overall profitability.

To ensure the supply of all essential nutrients and energy in adequate proportions in the feed, we formulate the diets in a period-specific manner, setting precise nutritional standards according to hog growth periods and hog types on a daily basis. Through the adoption of (i) a factor analysis approach where we break down the total nutritional requirements of hogs by needs under various physiological processes such as maintenance, growth, reproduction and lactation, and (ii) mathematical models, we adjust the proportions of feed ingredients on a daily basis and develop formulations for hogs at different growth period in a precise manner.

We have realized automatic production of the whole process in feed processing. Following the procurement of the feed ingredients, they are transported from the warehouse to the feed production area to be puffed, grounded and mixed based on the feed formulation. Additionally, additives such as amino acids, minerals and vitamins are added to meet nutritional requirements. All feed produced is sterilized through a high-temperature sterilization process with the temperature being monitored, analyzed, and processed in real time to ensure effective sterilization. After being sterilized, feed is cooled through three-stage filtered cooling air before being transported to centralized hog farms.

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Hog Health Management

Hog health is an important factor that determines hog growth rates, survival rates and pork quality. We had a professional veterinarian team who are responsible for formulating the response plans for disease prevention, sanitation, disinfection, quarantine and deworming of the hog farms. We have professionals regularly test the antibody level of our hogs, formulate reasonable immunization procedures and regularly assess the health status of the hogs at different stages. Through partnerships with academic institutions and global experts, we continually adopt and implement the latest technologies and practices to enhance our hog health management.

We have developed the “SkyNet Project,” a comprehensive disease prevention and control system grounded in extensive research into the causes of hog diseases. This initiative focuses on identifying and addressing the viruses, bacteria and parasites that lead to illnesses in hogs. By integrating advanced environmental control systems, biosecurity protocols and immunization management practices, we aim to significantly reduce disease throughout the whole hog farming process. Additionally, we utilize big data tools, IoT technology and smart equipment to comprehensively support the implementation of our “SkyNet Project”. For example, our smart equipment track indicators such as coughing rates and feed consumption, while IoT-supported systems enable remote control of ventilation, feeding, and medication to ensure timely and effective health management. Through those aforementioned hog health management measures, we have achieved industry-leading survival rates among large-scale hog farms, with our PSY reaching around 28 and the average daily weight gain of our hogs under finishing period reaching approximately 816g, in the four months ended April 30, 2025, according to Frost & Sullivan. Specifically, our hog health management is primarily supported by the following systems:

- *Comprehensive biosecurity management system:* We implement an advanced biosecurity management system that includes air filtration, exhaust sterilization, precise ventilation, and zoned management. This creates an isolated biosecurity island between hog houses, production units, and zones. By monitoring 15 key risk points such as personnel, vehicles, and materials in real time, we ensure comprehensive disease prevention and control. For breeding and cross-farm transfers, we use fully sealed vehicles with air filtration to prevent disease transmission during transport. In addition, we have established hygiene facilities at critical entry and terminal points of our operations.
- *Advanced inspection system:* Our hog health inspection system ensures traceability by managing sampling, testing, and results in real time and enables real-time monitoring of health indicators such as body temperature and coughing. We operate a “central + satellite laboratory” model to deliver diagnostic results within six hours after samples are taken. Farm staff can access this system to monitor hog health and take measures if necessary, enabling early detection, diagnosis, and intervention.

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- *Unmanned transport system:* We have gradually implemented our unmanned transport system at some of our hog farms to enhance operational efficiency and biosecurity management. Our unmanned transport system uses driverless vehicles for disinfection, material delivery, hog transfer, and disposal, reducing the possibility of potential pollution.

Smart Hog Farming

We strongly value the R&D on smart hog farming, and have prioritized technological innovation as the cornerstone of our development. We have accumulated extensive expertise and experience since our inception, and our R&D team has continually advanced and refined our technologies, equipment and design capabilities.

Leveraging big data tools, technology and smart equipment, we have gradually digitalized the whole process of hog farming by developing key technologies for hog farming, hog house environment control, and hog health management. Various smart systems have been applied to each process of hog farming, improving our management efficiency and strengthening our competitive advantages in the industry. Some of our key achievements in smart hog farming are set forth as below, which are connected to each other supported by our self-developed algorithms.

Smart Feeding System

Our smart feeding system is designed to collect data in relation to feed intake and water consumption and is able to optimize the hog feeding process, allowing for real-time monitoring and precise management of feeding. In addition, our smart feeding system automatically adjusts the amount of feed based on the hogs’ age and weight, ensuring they receive the precise nutrition while optimizing cost structure. Meanwhile, this system provides real-time feedback to our feed production staff, enabling dynamic adjustments to feed production and further ensures balanced feed formulation and the well-being of hogs. We also apply automatic facilities to feed production such as sampling of raw grain, weighing, and automatic hydraulic rear dump trucks to realize full automation, reducing manual labor and improving production safety. As such, our feeding process has been automated and standardized, which ensures consistency and accuracy.

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Smart Hog House Environment Control System

Leveraging IoT technology, our smart hog house environment control system is designed to monitor the whole hog farming process on a real-time basis and seamlessly control production equipment, such as the sprinklers, sliding windows, fans and heating lamps. For example, it can intelligently change the configuration of the hog house ventilation system to adjust airflow suitable for hogs of different growth periods. Additionally, we have widely used various unmanned vehicles in our hog farming operations featuring driverless disinfection, material delivery, hog transfer and harmless treatment, ensuring biosecurity by limiting human movement and ensuring standardized operations through automated processes.

Smart Hog Health Management System

We prioritize the health of our hogs through the integration of advanced technologies and innovative practices. Our smart hog health management system ensures animal welfare and enhances disease prevention throughout all hog farming processes. Specifically, our inspection system operates 24/7 and is designed to conduct hog health monitoring. Equipped with advanced sensors for visible light, infrared, sound and gas monitoring, the system collects data in relation to hog house conditions and hog health conditions. For example, we use infrared cameras to monitor the body temperature of the hogs, fisheye cameras to count the number of hogs, and visible light sensors to identify the lying position, coat color, and skin tone of the hogs. These data are processed through our self-trained algorithm based on our own data to generate real-time hog health indicators, issue early warnings, enhancing smart decision-making in our operations. We also use smart sound sensing devices to monitor and analyze hog vocalizations to detect abnormal health conditions, such as coughing and sneezing. Our smart hog health management system is able to provide smart diagnoses in real time, provide alerts to staff for potential health issues and track recovery progress after treatment. Additionally, our smart feeding system also transfers feeding data to the smart hog health management system to detect health concerns, enabling prompt isolation and treatment. Together, these innovations allow us to provide end-to-end health management, ensuring efficient operation.

Hog Farming IoT-and-Cloud System

We have established an IoT-and-Cloud system to interconnect data flows among the feeding, environmental control, inspection, raw material sterilization, cleaning production, and electric power systems of the hog farms, creating a cloud-based system managing multiple operation sectors. Our collected data from hog houses relating to hog farming are uploaded to the IoT-and-Cloud system for centralized data processing. Our staff can adjust the environmental parameters such as temperature, humidity and light in hog houses through mobile devices and computers. Our system manages over 2.3 million devices and collects over one billion data thereof relating to hog farming every day to support our daily hog farming.

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Specifically, our IoT-and-Cloud system primarily contains modules such as environmental control, feeding management, auto inspection, veterinary service and biosecurity management. In addition, it features power and water management that helps us optimize electricity use and water consumption.

Case Study: Neixiang Muyuan Pork Industry Complex

Our Neixiang Muyuan Pork Industry Complex (the “**Neixiang Complex**”), a project that integrates feed production, hog farming and slaughtering and meat product production, started operations in 2020. The Neixiang Complex has 21 multi-storey hog houses with a hog production capacity of 2.1 million heads per year. It also has an feed production factory with an annual production capacity of 720,000 tons of feed. In 2024, our Neixiang Complex was selected as the “National Smart Agriculture Development Model Case” by the MARA.



In the Neixiang Complex, we have replaced the traditional single-story hog farms with multi-storey hog houses in order to improve operational efficiency and land use efficiency, promote manure and waste recycling and ensure biosecurity. Each building is equivalent to a traditional hog farm with the annual hog production capacity of approximately 100,000 heads. The first to third floors are finishing houses. The fourth floor is a nursing hog houses. The fifth to sixth floors are the pregnancy and lactation houses, providing space for over 4,000 reproductive sows.




We are committed to creating a healthy environment to improve hog health, while optimizing cost structure. Our advanced cost management serves as the basis for our rapid business expansion. Centralized hog farming allows us to enhance health management and animal disease prevention. Our latest and innovative equipment in relation to production management, feed supply, hog health management and manure treatment are applied in the hog houses, improving production efficiency and ensuring hog health.

BUSINESS

SLAUGHTERING AND MEAT PRODUCT BUSINESS

We started our slaughtering and meat product business in 2019. We offer meat products which primarily include carcasses, pork cuts and by-products. Our slaughtering and meat product business benefits from a reliable supply of our self-produced finished hogs. We standardize the production processes to ensure consistency of quality of our meat products. In 2022, 2023 and 2024, we sold 757 thousand tons, 1,405 thousand tons and 1,416 thousand tons of meat products, respectively. According to Frost & Sullivan, we ranked fifth globally and first in China in the hog slaughtering and processing industry in terms of slaughter volume in 2024. The revenue from our slaughtering and meat product business (before inter-segment elimination) amounted to RMB14.7 billion, RMB21.9 billion and RMB24.3 billion in 2022, 2023 and 2024, respectively, accounting for 11.8%, 19.7% and 17.6% of the total revenue for each year respectively.

The table below sets forth details of our key meat products:

Products	Picture	Details
Carcass		After slaughtering, the carcasses are processed by removing the head, hooves, internal organs and other parts. Carcasses usually account for 70% to 75% of the total hog weight.
Pork cuts		Based on customer demand, we further process carcasses into various cuts, including pork belly, ordinary ribs, tenderloin, collar meat, pork drumsticks and blade bone, among others.
By-products		We also process and sell pork by-products to meet customer demand, which mainly include pig feet, chitterlings, pig hearts, pig kidneys, pig ears and pig tripes, among others.

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During the Track Record Period, the average selling prices (excluding tax) of our meat products were approximately RMB19.4 per kg, RMB15.6 per kg and RMB17.1 per kg, respectively. The shelf life of our meat products is mainly seven days for fresh meat products (stored at 0~4°C) and 18 months for frozen meat products (stored at -18°C).

Slaughtering Plants

As of December 31, 2024, we had established ten slaughtering plants across seven provinces in China, all of which have obtained ISO9001 certification. As of December 31, 2024, we had one new slaughtering plant in Huaxian, Henan Province under construction with a total designed production capacity of 2,000 thousand heads per year, which is expected to put into operation in 2026. We conduct regular maintenance and timely upgrades of our slaughtering and processing facilities to ensure operational efficiency, food safety and compliance with industry standards.

The following table sets forth the designed production capacity, actual slaughter volume and utilization rate of our slaughtering plants for the years indicated:

	Year ended December 31,		
	2022	2023	2024
Designed production capacity ⁽¹⁾			
(thousand heads)	29,000	29,000	29,000
Slaughter volume ⁽¹⁾ (thousand heads) . .	7,362	13,260	12,524
Utilization rate ⁽²⁾ (%)	25.4	45.7	43.2

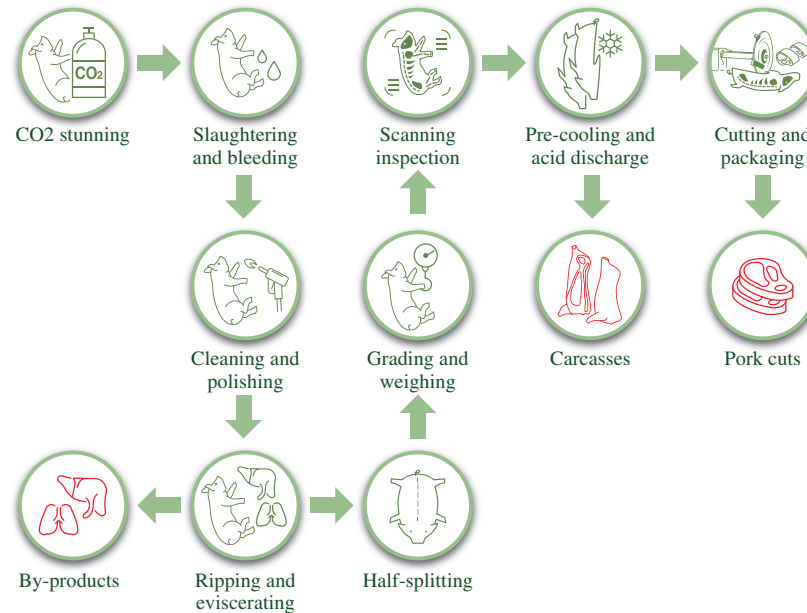
Notes:

- (1) Since that our slaughtering plants measure their production capacity and slaughter volume by the heads of hogs slaughtered, and that the weight of hogs varies over time, the slaughter volume (in head) may not always align with the sales volume (in kilogram) for the same period.
- (2) Utilization rate is calculated by dividing the slaughter volume by the designed production capacity for the same year. According to Frost & Sullivan, the average utilization rate of China’s large-scale slaughtering plants was around 30% from 2022 to 2024.

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Slaughtering Process

The slaughtering process mainly comprises the following steps:



- **Lairage:** We allow hogs to rest quietly with sufficient space and time in the slaughterhouse, which is equipped with an air deodorization and ventilation system and a sprinkler system. Hogs can rest well to relieve the stress caused by the transportation process.
- **Stunning:** We use a CO₂ stunning system in our humane slaughter process. The high concentration of CO₂ renders the hogs unconscious. This process effectively relieves the hogs' pain, reduces their stress and improves animal welfare and pork quality.
- **Ripping:** We use automatic ripping robots which utilize 3D imaging technology to determine the ripping path. Industrial multi-axis robot arms are used for precise ripping. The robot sterilizes the cutting head after each rip to avoid cross-contamination. Compared with traditional manual ripping techniques, automated ripping robots offer a high degree of precision, avoiding damage to the carcass and reducing reliance on skilled workers.
- **Half-splitting:** We use an automatic half-splitting robot, which moves laterally at the same speed as the carcass transport line, and maintains the accuracy of half-splitting. Compared with the manual half-segmentation method, the automatic half-segmentation robot can improve productivity and reduce labor intensity. At the same time, our semi-splitting technology can improve the quality of meat products by avoiding meat and bone froth during processing, as well as black bones on the cutting surface due to high temperatures.

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- ***Pre-cooling and acid discharging:*** We use a multistage process of pre-cooling and acid discharging to quickly lower the carcass temperature. This procedure helps to reduce the growth rate of microorganisms, extend shelf life, maintain freshness and improve the quality of meat products. Our fully automatic acid discharging warehouse can realize the automatic entry and exit of carcasses to reduce staff contact with products, thereby reducing bacterial contamination, improving product hygiene and safety, and reducing labor. During the pre-cooling phase, muscle proteins are degraded normally, muscles are softened and acidity is reduced, which greatly improves the tenderness and taste of the meat.
- ***Cutting and packaging:*** We process carcasses into pork cuts to meet diverse customer needs. We maintain strict control over temperature, humidity and air quality to ensure product quality and hygiene, thereby extending shelf life. For certain pork cuts, we use modified atmosphere packaging (MAP) technology (using 80% oxygen and 20% carbon dioxide) to inhibit microbial growth and oxidation.

Automated and Smart Slaughtering

We have introduced advanced meat processing lines to achieve automation in hog slaughtering. All of our slaughtering plants apply the ISO9001 quality management system and some of our slaughtering plants meet China HACCP management system standards. Additionally our standardized slaughtering processes are equipped with various inspection equipment, combined with 3D imaging recognition technology, to enhance the quality control and food safety. In addition, we apply various systems to effectively reduce our labor costs, improve our employees’ working environment and boost production efficiency.

- ***ERP system.*** Our ERP system mainly consists of five modules, namely sales management, financial management, production planning, cost accounting, and procurement and inventory management. Our advanced smart tools enable comprehensive monitoring of our entire operational workflow, encompassing order management, procurement, production execution, warehousing, logistics, customer delivery and after-sales service. These tools also automatically generate detailed operating data analyses, thereby enhancing the decision-making capabilities of our management team.

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- ***Automatic pre-cooling warehouse.*** Our automated pre-cooling warehouse keeps the pre-cooling area at a temperature of 0~4°C using a cold air system to quickly cool and stabilize the temperature of meat products. Compared with traditional pre-cooling warehouses, we have connected the processing area to the pre-cooling warehouse with a fully automated conveyor line. By integrating our WMS system with RGV and AGV, we have automated the entire process of pre-cooling, handling and storing the meat products. RGV and AGV work together to prevent temperature changes from manual handling, protect employees from long exposure to cold temperatures, and reduce potential food safety issues.
- ***Smart logistics system.*** Our smart logistics system manages the freezing and delivery of fresh meat products after they have been slaughtered and cut. Products shipped on the same day are organized according to delivery routes and customer requirements, using a direct distribution room, waiting warehouse, and order binding method. The workshop management system collaborates with the delivery centre, following preplanned routes to oversee distribution and scheduling. This process ensures efficient product collection and loading, guided by tools such as palletizing and PDAs. The logistics system encompasses all aspects of on-site logistics, including managing product allocation, adjusting customer orders, handling vehicle assembly and disassembly, scheduling the vertical warehouse system, controlling the flow of incoming products, issuing and managing outbound plans, and overseeing product collection and loading in the distribution room.

SALES NETWORK

We are committed to delivering safe and quality products to consumers while building long-term trust and loyalty. To strengthen our market presence, we employ diversified strategies aimed at enhancing the influence and popularity of our products. These strategies are tailored to meet the needs of various customer segments and support our broader sales efforts. We have established a comprehensive and regionally integrated sales network to cover key markets across China, enabling us to efficiently connect production with market demand. Our sales network and marketing initiatives are integrated to create a seamless connection between production, promotion and distribution, ensuring efficient delivery of products to our customers.

Hog Business

We have dedicated sales teams for the sales of finished hogs, piglets and breeding hogs. The sales teams are responsible for formulating sales plans in light of our production plans, as well as implementation of the sales plans. As of December 31, 2024, we had a sales team under our hog business consisting of over 5,300 staff in China.

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Customers for our finished hogs are mainly hog dealers as well as slaughtering plants. We also sell piglets and breeding hogs primarily to hog farming enterprises and individual hog farmers. The table below sets forth the breakdown of the revenue from our hog business (before intersegment elimination) by type of customer for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
<i>(RMB in millions, except for percentages)</i>						
Hog dealers	58,145.5	48.6	44,950.7	41.5	56,430.1	41.4
Direct sales customers ⁽¹⁾ .	61,598.5	51.4	63,273.6	58.5	79,799.2	58.6
Total	119,744.0	100.0	108,224.3	100.0	136,229.3	100.0

Note:

- (1) Direct sales customers represent our customers under hog business other than hog dealers, namely slaughtering plants for the sales of finished hogs, and hog farming enterprises and individual hog farmers for the sales of piglets and breeding hogs.

With regard to the sales of our finished hogs, for both hog dealers and our direct sales customers, sales are conducted through our self-operated sales app and the pricing is usually determined by way of bidding. Our customers need to register on our system as users and enter into framework sale and purchase agreements with us, and they can submit their bidding prices and the purchase quantity of finished hogs on the sales app within a certain time limit. The system will automatically confirm sales orders by considering the bidding prices, the hog supplies in each region and customer demand in each region. The sales order with a customer takes effect immediately once the order is confirmed by the system, and the final transaction price is determined by the bidding price entered by our customers. Our selling price of finished hogs was generally consistent with the market selling prices during the Track Record Period. For the sales of piglets and breeding hogs, we form our pricing strategies taking into account the prevailing market selling prices, our costs and market conditions.

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Our relationships with our customers, including both hog dealers and our direct sales customers, are characterized as seller and buyer relationships, and we typically enter into framework sale and purchase agreements with those customers for sales of our hogs and confirm sales details in separate sales orders. The salient terms of the framework agreements generally include the following:

<i>Duration</i>	Generally one year.
<i>Deposit</i>	We typically require our customers to pay a deposit.
<i>Minimum purchase commitment</i>	We generally do not set any minimum purchase requirements.
<i>Payment terms</i>	We typically require advance payment for the hogs.
<i>Delivery</i>	Our customers are generally responsible for arranging deliveries and bears the risks. Their vehicles must meet our requirements, otherwise, we may refuse to load our hogs without any liability.
<i>Exchange or return</i>	We typically do not allow exchange or return of hogs after hogs are weighed for delivery.
<i>Termination</i>	We may terminate the contract if there is a breach of material terms by our customers.

In terms of our direct sales customers, they primarily consist of slaughtering plants for the sales of finished hogs, and hog farming enterprises, individual hog farmers for the sale of piglets and breeding hogs. In terms of the hog dealers who purchase finished hogs from us, they are generally self-employed intermediaries and to the best of our knowledge, they generally resell our products to third-party slaughtering plants.

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The following table sets forth the changes in the number of our hog dealers as of the dates indicated:

	As of December 31,		
	2022	2023	2024
Number of hog dealers at the beginning of the year	1,871	2,326	1,802
Number of new hog dealers joined in the year	1,132	573	1,439
Number of hog dealers ceased to distribute our hogs in the year ⁽¹⁾	677	1,097	502
Number of hog dealers at the end of the year	2,326	1,802	2,739

Note:

- (1) The number of hog dealers ceased to distribute our hogs in the year includes those who did not purchase from us during the prescribed year but returned to us for the purchase of hogs in subsequent years. If revenue was generated in the prior year but not in the current year, they are considered as part of the decrease.

According to Frost & Sullivan, selling hogs to hog dealers is a common practice among hog farming companies in China, mainly because (i) hog dealers are key participants in the downstream of the industry with extensive distribution channels and, (ii) compared to other downstream participants such as slaughterhouses, hog dealers offer greater flexibility in sales timing, location and quantity while typically not requiring credit terms. The hog dealers primarily comprise self-employed intermediaries operating between farming enterprises and slaughterhouses or individual butchers. Apart from a small portion of large-scale hog dealers, most of hog dealers’ transactions in the hog farming industry in China are characterized by small-scale, fragmented and high turnover. Given their typically small purchase volume and lack of consistent procurement pattern, this customer group demonstrated volatility to some extent, and there were substantial fluctuations in the number of our hog dealers during the Track Record Period. According to Frost & Sullivan, such fluctuations are in line with the industry trends. In particular, the number of hog dealers we cooperated with fluctuated in 2023 primarily due to the overall downturn in the hog farming industry.

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Our relationships with hog dealers are characterized as seller and buyer relationships, which do not grant us control over their operations or inventories. We recognize the revenue at the point when the finished hogs are weighed immediately prior to loading for delivery, and the ownership and risk of the finished hogs are transferred to hog dealers, who assume the transportation risks. As we sell finished hog to hog dealers outright, we do not have a policy on the geographical distribution of our hog dealers, and we do not impose restrictions on the resell price or the distribution channels, which is in line with the industry norm in China, according to Frost & Sullivan. We have no relationship with and have no control over the customers of hog dealers.

Under animal quarantine regulations of PRC, hogs shall only be transported to the designated destinations as specified on the relevant quarantine certificates once the quarantine inspection has been completed and the quarantine certificates have been obtained. Additionally, we generally require full upfront payment of the contract price before delivering finished hogs to them and generally not allowing returns of hogs sold to them. Furthermore, it is not commercially rationale for hog dealers to take in products more than actual demands due to the transparent hog prices and the high cost to transport and keep hogs. Based on the above, we believe there is no channel-stuffing risk with the distribution through our hog deals.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our hog dealers were Independent Third Parties. To the best of our knowledge and based on publicly available information, as of the Latest Practicable Date, there was no employment, financing or family relationship between our hog dealers and us.

Slaughtering and Meat Product Business

We have established sales teams and service stations nationwide to expand the sales network of various channels of our slaughtering and meat product business and provide after-sales services for local customers. As of December 31, 2024, we deployed over 70 sales service branches covering 20 provinces nationwide, consisting of over 600 sales staff under our slaughtering and meat product business.

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We primarily sell our meat products to wholesale market customers, and sell our meat products to direct sales customers, including retailers, restaurants, canteens and food processors. The table below sets forth the breakdown of the revenue from our slaughtering and meat product business (before inter-segment elimination) by type of customer for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
<i>RMB in millions, except for percentages</i>						
Wholesale market customers ⁽¹⁾	10,629.8	72.2	15,287.2	69.9	16,633.7	68.5
Direct sales customers	4,088.3	27.8	6,575.1	30.1	7,639.9	31.5
Total	14,718.1	100.0	21,862.3	100.0	24,273.6	100.0

Note:

- (1) Wholesale market customers represent local markets selling agro products, involving purchases of goods in bulk.

For our slaughtering and meat product business, with the support of the CRM system and our Muyuan Fresh mini program, we digitalized our sales management from the perspective of customer accounts management, payments and procurements. Upon opening a customer account, we sign a framework sale and purchase agreement with the customer, who will be allowed to subsequently place orders with us, track orders, arrange logistics and provide feedback via our Muyuan Fresh mini program. For sales orders requiring longer stocking periods or involving larger purchase volume, we generally enter into separate procurement agreements with those customers. The selling price of our meat products is mainly determined by market selling prices, while also considering our costs and any customization needs of our customers.

Wholesale Market Customers

We sell our meat products to a number of wholesale market customers to deepen our penetration of traditional sales channels and to promote our sales of meat products, who typically resell our meat products to hypermarkets, supermarkets, restaurants or canteens, and food processors. According to Frost & Sullivan, it is an industry norm for slaughtering enterprises in China to distribute meat products through distributors due to the fragmentation in the market.

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The following table sets forth the changes in the number of our wholesale market customers as the dates indicated:

	As of December 31,		
	2022	2023	2024
Number of wholesale market customers at the beginning of the year	2,352	5,470	5,254
Number of new wholesale market customers joined in the year	<u>3,247</u>	<u>1,982</u>	<u>2,037</u>
Number of wholesale market customers ceased to distribute our products in the year	<u>129</u>	<u>2,198</u>	<u>1,445</u>
Number of wholesale market customers at the end of the year	5,470	5,254	5,846

In 2022, 2023 and 2024, the number of new wholesale market customers joined were 3,247, 1,982 and 2,037, and the number of wholesale market customers ceased to distribute our products were 129, 2,198 and 1,445, respectively. There was a significant increase in the numbers of wholesale market customers in 2022 mainly because we were at early stage of business development. In 2023 and 2024, we were still focusing on expanding and customer base. There were increases in the numbers of wholesale market customers who ceased to distribute our products in 2023 and 2024 primarily because we have been refining our sales network so as to optimize our sales.

Our relationships with our wholesale market customers are characterized as seller and buyer relationships, as they acquire ownership of the products we deliver to them. They provide further sales, distribution and after-sales service of meat products to their downstream customers. We typically enter into framework sale and purchase agreements with those customers for sales of our meat products and confirm sales details in separate sales orders, the salient terms of the framework agreements generally include the following:

<i>Duration</i>	Generally one year.
<i>Minimum purchase commitment</i>	Wholesale market customers are not subject to mandatory sales targets or minimum purchase volume.
<i>Designated distribution regions and/or channels</i>	Wholesale market customers are not subject to restrictions on distribution regions and/or channels.
<i>Payment terms</i>	We typically require full payment before delivering our products to wholesale market customers.

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- Delivery*** Customers may choose either pick-up or delivery arranged by us. If we arrange transportation, we assume the risk, responsibility and cost of any damage until the goods reach the agreed location, after which the responsibility transfers to the customer. If customers handle transportation, they must arrange vehicles to collect the goods and bear all risks and expenses once the products are loaded, and their vehicles must meet the requirements specified in the sales contracts; otherwise, we may refuse to load our products without any liability.
- Exchange and return*** Customers may request to exchange or return our meat products for product defects within certain period (generally 30 days for frozen meat products and three days for fresh meat products).
- Termination*** If the customer breaches certain material terms, we may terminate the agreement.

We generally do not monitor or restrict the operations or resales of our wholesale market customers. Specifically, we generally do not have a policy on the geographical distribution of our wholesale market customers or impose restrictions on the reselling price, which is in line with the industry norm in China, according to Frost & Sullivan. We have no relationship with and have no control over any of the customers of our wholesale market customers. As such, in addition to the perishable nature of meat products, we believe there is no channel-stuffing risk with the distribution through wholesale market customers.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our wholesale market customers were Independent Third Parties. To the best of our knowledge and based on publicly available information, as of the Latest Practicable Date, there was no employment, financing or family relationship between our wholesale market customers and us.

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Direct Sales Customers

Our direct sales customers mainly consist of retailers, restaurants, canteens and food processors. Our relationships with our direct sales customers for the sale of meat products are characterized as seller and buyer relationships, and we typically enter into framework sale and purchase agreements with those customers and confirm sales details in separate sales orders. The salient terms of the framework agreements generally include the following:

<i>Duration</i>	Generally, one year.
<i>Minimum purchase commitment</i>	Customers are not subject to mandatory sales targets or minimum purchase volume.
<i>Payment terms</i>	We typically require full payment before delivering our products to our customers, and we may grant certain credit periods to certain customers by considering their credit profile.
<i>Delivery</i>	Customers may choose either pick-up or delivery arranged by us. If we arrange transportation, we assume the risk, responsibility and cost of any damage until the goods reach the agreed location, after which the responsibility transfers to the customer. If customers handle transportation, they must arrange vehicles to collect the goods and bear all risks and expenses once the products are loaded, and their vehicles must meet the requirements specified in the sales contracts; otherwise, we may refuse to load our products without any liability.
<i>Exchange and return</i>	Customers may request to exchange or return our meat products for product defects that can not be immediately verified upon delivery within certain period (generally 30 days for frozen meat products and three days for fresh meat products).
<i>Termination</i>	If the customer breaches certain material terms, we may terminate the agreement.

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Major Customers

During the Track Record Period, the majority of our customers were based in the PRC. Revenue from our five largest customers for each period of the Track Record Period amounted to RMB10.1 billion, RMB10.7 billion and RMB12.4 billion, respectively, representing 8.1%, 9.7% and 9.0% of our total revenue, respectively. Revenue from our largest customer in each year during the Track Record Period amounted to RMB3.4 billion, RMB3.4 billion and RMB5.2 billion, respectively, representing 2.7%, 3.0% and 3.8% of our total revenue, respectively.

During the Track Record Period and as of the Latest Practicable Date, none of our Directors, their respective associates or shareholders (who owned or to the knowledge of Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest customers for each period of the Track Record Period, save that, as of the Latest Practicable Date we held 40% interest in a subsidiary of one of our top five customers for each period of the Track Record Period, with the remaining interest held by an Independent Third Party.

Third-party Payment

Background of Third-Party Payment Arrangements

During the Track Record Period, certain customers (individually or collectively, the “**Relevant Customers**”) settled payments with us through accounts belonging to parties other than the contractual counterparties under the corresponding sales and purchase agreements (the “**Third-Party Payment Arrangements**”). The Relevant Customers during the Track Record Period primarily consisted of customers under both of our hog business and our slaughtering and meat product business in the form of individuals, individual industrial and commercial households, sole proprietorship enterprises, public institutions and corporate entities. To the best of our knowledge, the designated third-party payors primarily consisted of persons affiliated with the Relevant Customers, such as legal representatives, shareholders, relatives (of the owners, shareholders or controllers), or affiliated entities of the Relevant Customers.

In 2022, 2023 and 2024, the number of the Relevant Customers was 142, 330 and 1,185, respectively. The aggregate amount they settled under the Third-Party Payment Arrangements was RMB32.3 million, RMB47.2 million and RMB211.5 million, respectively, which accounted for 0.026%, 0.043% and 0.153% of our total revenue, respectively, in the same years. No individual Relevant Customer had made a material contribution to our revenue during the Track Record Period.

During the Track Record Period, we implemented internal control measures to monitor and manage the Third-Party Payment Arrangements. We typically required all of the Relevant Customers and their designated third-party payors to provide us with written letters of undertaking (the “**Undertaking Letters**”) prior to making payments under the Third-Party Payment Arrangements, which generally specified that the designated third-party payor was

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allowed to settle payments with us on behalf of the Relevant Customers through the pre-agreed accounts of the designated third-party payors involved and all the activities of such pre-agreed accounts shall constitute activities of the Relevant Customers for which the Relevant Customers assume responsibilities. To verify the authenticity of Third-Party Payment Arrangements, staff of our finance department were authorized only to recognize payments from designated third-party payors of the Relevant Customers, and our business staff were permitted only to deliver our products to the Relevant Customers on the condition that the information of the designated third-party payors matches that in the corresponding Undertaking Letters. Based on the above, our Directors believe that the Third-Party Payment Arrangements during the Track Record Period, to the best of our knowledge, have been recorded completely and accurately in our accounting books and records in all material respects.

During the Track Record Period, we did not provide any discount, commission, rebate or other benefits to any of the Relevant Customers or the designated third-party payors to facilitate or incentivize the Third-Party Payment Arrangements. During the Track Record Period, all Third-Party Payment Arrangements were initiated by Relevant Customers, not by us, and the relevant payments were generally settled via bank payments. To the best of our knowledge, during the Track Record Period, the relevant payments were based on bona fide underlying transactions and valid contractual relationships. The pricing and payment terms we provided to the Relevant Customers were in line with those provided to customers not involved in the Third-Party Payment Arrangements. To the best of our knowledge, we were not the subject of any investigations, enquiries, penalties or surcharges as a result of our involvement in the Third-Party Payment Arrangements during the Track Record Period and up to the Latest Practicable Date. In addition, we had not encountered any refund requests, actual or pending dispute or disagreement due to Third-Party Payment Arrangements or any material claims against us in relation to the Third-Party Payment Arrangements during the Track Record Period and up to the Latest Practicable Date.

Reasons for Third-Party Payment Arrangements

According to Frost & Sullivan, it is a common commercial practice for market players in the consumer sector in China to settle their payments to suppliers through third-party payors for convenience and flexibility. Based on the representations of the Relevant Customers and to our best knowledge, the main reason the Relevant Customers used Third-Party Payment Arrangements was that they were unable to use their bank accounts to pay us before certain timepoint pursuant to our agreements due to the daily transfer limits imposed by their banks.

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Legal Consequences of Third-Party Payment Arrangements

Based on the facts that (i) all of the Relevant Customers and their designated third-party payors had provided duly executed Undertaking Letters; (ii) all Third-Party Payment Arrangements were based on bona fide underlying transactions and valid contractual relationships, (iii) we have no record of being accused or investigated for money laundering related to the Third-party Payment Arrangements, (iv) there were no instances of breaches of PRC laws and regulations or tax-related administrative penalties in relation to our Group's activities under the Third-Party Payment Arrangements during the Track Record Period and up to the Latest Practicable Date, (v) according to the credit reference reports and the compliance letters issued by the competent government authorities, no administrative penalties were imposed by tax management authorities for violation of tax laws, regulations and rules due to our Third-Party Payment Arrangements during the Track Record Period, our PRC Legal Adviser is of the view that:

- (i) our Third-Party Payment Arrangements during the Track Record Period and up to the Latest Practicable Date were not in breach or contravention of mandatory requirements of the Civil Code of the PRC;
- (ii) since all of the Relevant Customers and their designated third-party payors had provided duly executed Undertaking Letters, the risks were remote for our Group to be found obligated to return funds to Relevant Customers or their designated third-party payors by virtue only of the funds being paid under the Third-Party Payment Arrangements, because upon the execution of the Undertaking Letters the designated third-party payors shall fulfill its payment obligation to us and, once they make payments to us, they become contractually obligated under the agreements with respect to such payments;
- (iii) since all Third-Party Payment Arrangements were based on bona fide underlying transactions and valid contractual relationships, and the Relevant Customers and their designated third-party payors had provided duly executed Undertaking Letters, the risks were remote for our Group to be found receiving unjust enrichment by virtue only of the funds being paid under the Third-Party Payment Arrangements; and
- (iv) based on public search, the confirmation of our Company, and to the best of our PRC Legal Adviser's knowledge, our Group has no record of being accused or investigated for money laundering related to third-party payment arrangements and, as such, the risk of our activities under the Third-Party Payment Arrangements being deemed as constituting the crime of money laundering under Article 191 of the Criminal Law of the PRC (《中華人民共和國刑法》) for the purpose of covering up or concealing the source and nature of proceeds or gains is remote.

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During the Track Record Period, and up to the Latest Practicable Date, to the best knowledge of our Directors and based on publicly available information, all other Relevant Customers and the designated third-party payors who settled payments under the Third-Party Payment Arrangements were Independent Third Parties.

Rectification of Third-Party Payment Arrangements and the Implication

To safeguard our interest against risks associated with Third-Party Payment Arrangements, since early April 2025, we have significantly enhanced and implemented various internal control measures (collectively, the “**Rectification Measures**”) in order to rectify Third-Party Payment Arrangements. Our efforts to rectify the Third-Party Payment Arrangements include, among other things:

- (i) we have initiated the implementation of series of rectification measures regarding third-party payment and relevant enhanced internal control measures and informed our employees of the relevant details of those measures;
- (ii) we require all other customers to make relevant payment directly from the accounts of such customers who are parties to the relevant sales and purchase agreements;
- (iii) if not directly from the accounts of the customers, we require the relevant customers and their designated third-party payors to enter into tripartite agreements with us (as an attachment to the relevant sale and purchase agreement), so as to clearly specify the contractual payment obligations of relevant parties thereof; and
- (iv) to prevent fraud or money laundering activities and ensure the accuracy and completeness of our accounting books and records, we consistently maintain our know your customer’ procedures to gain a comprehensive understanding of our customers, and perform verification of payment details against our records to confirm payments are made in accordance with the agreements and/or the undertaking letters. If any abnormalities are detected, we will promptly liaise with such customers for verification and correction.

We regularly check the effectiveness of the Rectification Measures and promptly address any abnormalities. Based on the review of the implementation of the Rectification Measures, our Directors are of the view that such measures are effective and adequate in identifying the sources of funds from the Relevant Customers, ensuring the accuracy and completeness of our accounting books and records and preventing risks associated with Third-Party Payment Arrangements, including money laundering risks, tax evasion risks or other risks relating to violation of applicable laws and regulations. We will continue to monitor the effectiveness of these measures.

As of the Latest Practicable Date, we have fully implemented the Rectification Measures and have terminated all Third-Party Payment Arrangements.

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Our Directors consider that the rectification of the Third-Party Payment Arrangements and the implementation of the Rectification Measures did not have, nor will have, any material adverse effect on the Group, taking into account the relationship with our customers, business operation and financial performance, as (i) all of the Relevant Customers had cooperated with our Rectification Measures; (ii) we continued to generate positive net cash from our operating activities before and after the rectification of Third-party Payment Arrangement (early April 2025); and (iii) Third-Party Payment Arrangements accounted for an insignificant proportion of the total payments we received from all customers during the Trade Record Period.

SUPPLIER MANAGEMENT

Supplier Selection and Management

During the Track Record Period, our raw materials mainly included (i) feed ingredients, (ii) veterinary medicines and vaccines and (iii) miscellaneous consumption materials. We adopt a centralized procurement strategy. The majority of our suppliers were located in China during the Track Record Period. We have entered into strategic cooperation framework agreements with important partners, with terms ranging from six months to one year. Our supply agreements with general suppliers last for six to 12 months. The credit term typically ranges from 15 to 180 days.

We have established rigorous processes for supplier selection, evaluation and management to ensure all suppliers meet our quality and performance standards. In the selection stage, we have established strict screening procedures to select qualified suppliers for raw materials. Our quality control department, veterinary department and procurement department cooperate to pre-screen candidates based on product quality, production capacity, delivery capability, reliability, systems for quality control and traceability, and market reputation. Before admitting new suppliers, we review their qualifications, including HSE system certification, quality management system certification, emission permits, and energy management system certification, among others. For suppliers that satisfy our admission standards, we require them to complete integrity tests and enter into a variety of documents including supplier codes of conduct, supply agreements, integrity and honesty agreements, biosafety commitments, environmental protection commitments and supplier relationship disclosure statements. We have built close partnerships with leading merchants to diversify our sourcing channels, which helps to secure a steady supply of raw materials and reduce supply chain risks. We generally procure raw materials from suppliers through non-exclusive supply contracts to avoid overreliance on certain suppliers.

In particular, we primarily procure feed ingredients, such as corn, wheat, grain mixtures and soybean meal, as well as other supplements, including vitamins and minerals, to produce feed. By strategically focusing our procurement efforts on key grain-producing regions, we are exploring direct procurement models that eliminate unnecessary intermediaries between grain producers and us, with a view to capitalize on our presence in these regions to improve quality control of feed ingredients, streamline the supply chain and optimize procurement cost structure.

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All new suppliers must sign an anti-corruption agreement, which explicitly prohibits bribery, the transfer of improper benefits and other unethical practices. We also manage and monitor the performance of our suppliers by providing them with training on topics covering anti-corruption, biosafety, supply chain finance, logistics visualization and other areas to promote mutual growth. In 2024, we empowered over 8,000 suppliers through training. We evaluate the suppliers’ performance annually.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant shortage of raw materials supplies, and the raw materials provided by our suppliers did not have any significant quality issues.

Pricing Management

We have adopted comprehensive measures to tackle price fluctuations in raw materials. We use multiple measures to ensure that we obtain favorable prices for raw materials, mainly including (i) pricing through bidding — our suppliers compete for our orders through a bidding process and we select the winning bid based on their bidding price and other factors, and (ii) pricing through negotiation — based on our procurement plan and price estimate of raw materials, we enter into procurement orders with our suppliers to confirm the contract price for each batch of supply.

Major Suppliers

Purchases from our five largest suppliers for each period of the Track Record Period amounted to RMB16.2 billion, RMB12.4 billion and RMB12.2 billion in 2022, 2023 and 2024, respectively, representing 15.9%, 11.7% and 12.6% of our total purchases, respectively. Purchases from our largest supplier in each year during the Track Record Period amounted to RMB4.5 billion, RMB3.6 billion and RMB3.1 billion, respectively, representing 4.4%, 3.4% and 3.2% of our total purchases, respectively.

During the Track Record Period and as of the Latest Practicable Date, save for Muyuan Group who was among our five largest suppliers for each period of the Track Record Period, none of our Directors, their associates or any of our shareholders (who owned or to the knowledge of the Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers for each period of the Track Record Period. See “Connected Transactions — Partially-exempt Continuing Connected Transaction”.

Customer and Supplier Overlapping

Our largest customer in 2022 and 2024 and one of our top five customers in 2023 (the “**Customer X**”), was also among our top five suppliers in 2022. Company X is a group primarily engaged in hog slaughtering, food processing and manufacturing, and the sales of grains and vaccines for livestock in China. We mainly procured feed ingredients and veterinary vaccines from the subsidiaries of Customer X and sold hogs and meat products to different subsidiaries of Customer X during the Track Record Period. According to Frost & Sullivan, it

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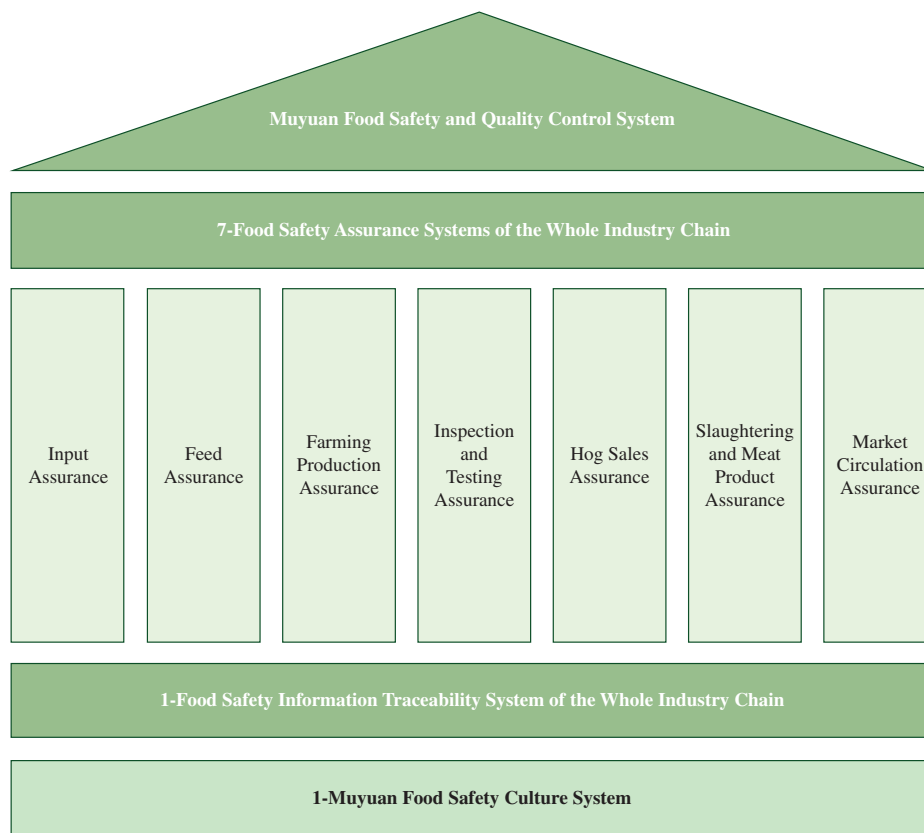
is common that leading enterprises in the pork industry operate across multiple segments across the entire value chain, and it is a norm in the pork industry that upstream and downstream enterprises along the value chain, such as feed manufacturers and breeding and farming enterprises, transact with each other as suppliers and customers. The revenue from sales to Company X in 2022, 2023 and 2024 was RMB3.4 billion, RMB3.2 billion and RMB5.2 billion, respectively, accounting for 2.7%, 2.9% and 3.8% of our total revenue for the respective periods. The purchase amount attributable to procurement from Company X in 2022, 2023 and 2024 was RMB2.0 billion, RMB0.3 billion and RMB0.3 billion, respectively, accounting for 2.0%, 0.3% and 0.3% of our total purchase amount for the respective periods. Negotiations of the terms of our sales to and purchases from Company X were conducted on an individual basis and the sales and purchases were neither inter-connected nor inter-conditional with each other. Our Directors confirmed that all of our sales to and purchases from Company X were conducted in the ordinary course of business under normal commercial terms and on an arm’s-length basis, and Company X is an Independent Third Party. Our Directors affirm that the prices of transactions with Company X are comparable to those of similar transactions conducted with other customers and suppliers of our Group.

FOOD SAFETY MANAGEMENT AND QUALITY CONTROL

We value food safety and have implemented stringent quality control standards in compliance with applicable laws and regulations, and national and industrial standards relating to food production and sales. We operate an integrated business model along the industry chain, with comprehensive production standards and well-established production management systems to keep each production period on track and under control. At the same time, we continually optimize our management system, which covers all key aspects of our operations, including financial management, human resources management, office automation, production management and food safety traceability management. This optimization has enabled a streamlined, efficient and integrated management model.

We have established the “7+1+1” food safety management and quality control system to manage and monitor the entire production chain and lifecycle of our products. The “7” comprehensive food safety assurance systems cover the entire process, including feed production, farming production, inspection and testing, hog sales, slaughtering and meat products, and market circulation. The first “1” represents our comprehensive food safety information traceability system involving full digital food safety and quality management, including smart procurement systems, feed management systems, production management platforms, the Hongxin testing system, slaughter management systems and sales management systems. This ensures precise data collection from the source to the terminal, and smart platform management from farm to table, using digitalization to guarantee food safety and quality. The second “1” refers to our food safety culture system, which aims to enhance employee awareness and behavior. During the Track Record Period and up to the Latest Practicable Date, we did not receive any material complaints from customers in connection with product quality or food safety, and did not have any material product recalls or returns, major complaints or product liability claims.

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“7” Food Safety Assurance Systems

(i) *Input Assurance*

We have established a comprehensive quality control system that covers product quality control, veterinary services, hog nutrition and raw material procurement. This system primarily targets the management of suppliers, pre-use testing, and routine sampling of veterinary drugs and vaccines to ensure their quality and safety meet our standards. Specifically, we have set internal standards for product selection. Our quality control team tests and seals samples for record before procurement. Our quality control team and supplier management team conduct random inspections of our suppliers’ products during their production process from time to time through independent third-party testing institutions. We determine which quality control measures to implement based on the risk level of different product categories and customers’ feedback regarding product quality. We also require our suppliers to provide quality guarantees that their products are in compliance with our internal quality control standards for specific products, and that they shall be responsible for contract breaches in the event that they fail to meet such quality standards.

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(ii) Feed Assurance

We monitor and manage raw material suppliers, incoming inspections, processing procedures, and finished product inspections to ensure feed quality. We adopt strict screening procedures to select qualified suppliers for raw materials. See “— Supplier Management — Supplier Selection and Management.” We set safety and quality standards on raw materials for suppliers, which are consistent with or higher than national standards. Before a supplier can supply key raw materials to us, our procurement and quality control departments conduct an independent sample test on the raw materials to ensure compliance with the applicable animal quarantine and food safety laws, such as the level of mycotoxin in grains, and with our internal quality standards. Suppliers are required to provide us with quality certifications or testing reports for each batch of key raw materials. In addition, we conduct regular quality tests on the raw materials procured and require those suppliers that deliver unsatisfactory products to take appropriate measures promptly.

As of the Latest Practicable Date, almost all feed used in our hog farming operations was produced by our own facilities. We purchase feed ingredients in accordance with our self-developed formulations. We have implemented the FSSC 22000 food safety management system for some of our feed production factories. We have adopted high-temperature sterilization processes, automatic feed delivery, and no human contact to reduce the risk of contamination and maintain product safety and quality. In addition, we regularly test the levels of veterinary drug residue, pesticide residue and heavy metals in raw materials, water and feed to ensure compliance with the applicable laws and regulations.

(iii) Farming Production Assurance

We have obtained the FSSC 22000 food safety management system certification recognized by the GFSI for some of our feed production factories for the feed production process, and the China GAP Certification for the hog farming process. We strictly monitor drug residue indicators, manage diseases and supervise operational practice. We continually upgrade our biosecurity prevention system and standardize our internal audit system for farming to enhance quality and safety. We have developed a healthcare program for hogs, and maintain their health through smart environmental control systems, smart feeding systems, and ultra-filtered water, among other measures. Our veterinarians implement our health monitoring plan, take regular samples for testing, and implement measures to proactively prevent diseases based on the testing results. Sick and weak hogs are separated, and our veterinarians develop and implement treatment plans based on drug sensitivity tests, leveraging their profound knowledge and experience of disease treatment.

BUSINESS

(iv) Inspection and Testing Assurance

We possess a range of advantageous testing projects focused on food and agricultural product testing. To ensure food safety, we have established Hongxin Testing for comprehensive testing and verification based on product standards. Hongxin Testing encompasses veterinary drug residues, disease diagnosis related to veterinary drugs, nutritional analysis, environmental monitoring, water sources, feed, and the entire process from hog farming to the production of slaughtered meat. It has obtained CMA certification and CNAS recognition. We can provide testing services for livestock products, animal feed, veterinary disinfectants, fruits, vegetables and beverages, among others. Additionally, we offer comprehensive food safety testing and verification, covering everything from raw materials to finished products.

(v) Hog Sales Assurance

We ensure the quality of our hog sales primarily through delivery quality management, market product quality research, and customer service. Our pre-sale inspections strictly adhere to our “Muyuan Finished Hog Sales Standards.” In addition, we enforce a quality audit responsibility policy and enhance our “Product Recall Control Procedure” and “Non-conforming Product Simulated Recall Drill Plan” to ensure the production healthy products. To obtain national approval for the sale of hogs, we are required to complete the mandatory inspection and quarantine of hogs in accordance with the legal requirements, which provides food safety assurance for our downstream customers.

(vi) Slaughtering and Meat Product Assurance

All of our production facilities operate within a standardized model. The quality control team integrates production management goals, with a focus on food safety, into the standard operating procedures on our production lines. Additionally, customer demands for our products, such as criteria for product appearance, are also incorporated into these standard operating procedures. We conduct strict compliance management, inspection and quarantine, hygiene management, and product standard acceptance throughout each slaughtering period and processing period.

During the slaughtering process, we evaluate and grade the quality of the hogs and upload the relevant data to our system. Such data is reverted to the hog farming department to identify issues and make improvements. We take samples of the hogs after slaughtering and use X-ray machines and metal detectors to identify foreign metal objects mixed in the farming and slaughtering process, preventing unqualified hogs from entering the food chain.

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The quality control team regularly conducts inspections on production lines at each of our production facilities. We also implement hygiene inspections on our equipment and facilities as well as inspection procedures during the slaughtering process to ensure the safety of our products and compliance with applicable laws and regulations. These procedures include but are not limited to: (i) cleaning and sterilization processes for facilities, equipment, and tools in both production facilities and the vehicles used for product delivery; (ii) periodic checks and inspections of production facilities by quality control staff; and (iii) inspections of staff clothing and personal hygiene.

(vii) Market Circulation Assurance

We manage quality and safety through market research, pre-sale testing, logistics and transportation, market sampling, and end-customer service. We ensure food safety throughout the market circulation process and provide high-quality products to our customers.

“1” Food Safety Information Traceability System

We have established a comprehensive food safety and quality big data traceability system, including smart procurement systems, feed management systems, production management platforms, Hongxin testing system, slaughter management systems and sales management systems, covering the entire value chain, from hog raising through to meat product production and sales of hogs and meat products. Such system facilitates the traceability of any particular batch of our meat products down to when the hogs were slaughtered, their feeding units, feed and animal welfare information. It manages the entire process from farm to table, ensuring the entire industry chain is transparent, controllable and traceable, thereby guaranteeing food safety and quality.

“1” Food Safety Culture System

To increase employee awareness of food safety and ensure our employees can meet our safety and quality requirements, we provide food safety training through online courses, social media platforms, food safety manuals, banners and bulletin boards, as well as food safety certification activities for all our employees. We aim to improve our employees’ awareness and knowledge of food safety through food safety training sessions at regional, subsidiary and farm levels. We provide continuous food safety training to our testing staff.

BUSINESS

SUSTAINABILITY AND SOCIAL RESPONSIBILITY

Environment, Social, and Governance (ESG)

The wave of intelligent transformation and the transition toward green and low-carbon development have unlocked new growth opportunities avenues for enterprises. Since our inception, we have adhered to the core values of “*Creating Value, Serving Society, Upright Integrity Internally and Externally, and Advancing Social Progress*,” while remaining committed to the vision of “*Providing Safe Pork for a Healthy and Abundant Life*.” We will continue to drive innovation in technology, products and operational mechanisms, pursue green development, and deepen farmers’ engagement to promote high-quality growth in the industry. At present, we are continuously scaling up our systematic initiatives in the following key ESG areas:

Environment

- Promoted GHG emission reduction and low-carbon energy substitution through integrated crop-livestock systems, optimized soybean meal feed formulations, hog house with fossil fuel-free heating and ammonia reduction and deodorization, as well as adopted new energy technologies such as photovoltaic power generation and biogas utilization;
- Built an integrated system of green farming and environmental treatment to achieve 100% resource utilization of manure, while ensuring an odor-free and non-disturbing environment;
- Advanced a water-use strategy focused on “waste reduction, process upgrading and recycling,” continuously optimizing the entire process of water intake, usage, and wastewater recovery;
- Strictly complied with ecological red lines and protected area management regulations, systematically identified ecological risks based on the TNFD framework, and promoting the coordinated development of land-saving farming and ecological protection.

Social

- Improved the full-process food safety control system, achieving full-chain traceability from feed to slaughter to ensure product safety;
- Attached great importance to employees’ career development, health, and safety, built an equal and inclusive working environment, and enhanced employee well-being;
- Established a sustainable supply chain management system, achieving 100% training coverage for core suppliers, and promoted green transformation and full-chain transparent management;
- Drove rural revitalization through farmer-industry partnerships, agricultural benefit programs, and community-based sustainable development initiatives supported by public welfare efforts.

BUSINESS

ESG Governance

ESG Management and Objectives

We regard ESG as a key strategy for driving stable long-term growth. We have established a comprehensive sustainability governance framework to ensure effective strategy implementation, continuously enhance our overall ESG performance, and achieve collaborative, win-win outcomes with all stakeholders.

Based on ESG-related regulatory requirements and industry best practices, we have built a three-tier ESG governance structure that integrates the decision-making, management and execution levels:

- (i) *Decision-making Level:* The Board of Directors serves as the highest governing body for ESG matters, participating in the formulation of our ESG strategies and objectives and oversight. The Board’s Sustainability Committee, composed of both independent and non-independent directors, is responsible for supervising the implementation of ESG strategies and making major decisions. The Board Audit Committee is responsible for supervising anti-corruption and anti-commercial bribery measures, as well as conducting risk screening and audit work.
- (ii) *Management Level:* To ensure the effective implementation of the ESG strategy, an ESG Office has been established under the Sustainability Committee. Our ESG Office consists of dedicated personnel and key issue leaders from various departments who are responsible for executing ESG-related tasks, and driving the continuous improvement of ESG governance.
- (iii) *Execution Level:* Comprising subsidiaries and various departments, this level is responsible for implementing the company’s ESG-related resolutions tailoring to the specific circumstances of each business unit, ensuring the effective execution of ESG principles throughout the entire company.

BUSINESS

ESG Materiality Assessment

We attach great importance to the strategic significance of ESG factors in corporate sustainable development. To ensure that we focus on the most impactful and relevant ESG topics, we have established a systematic mechanism for identifying and evaluating material issues, which involves five key steps: “creating a comprehensive list of material topics, assessing the importance of each topic, engaging stakeholders through communication and consultation, refining the prioritization of material topics, and presenting the final list to the Board for review”.

Based on the above process, we have developed a list of ESG topics and prioritized key areas that have a significant impact on our operations.

Environment	Social	Governance
<ul style="list-style-type: none"> • Environmental Management and Targets • Climate Change Response • Waste and Pollution Management • Water Resource Management • Energy Management • Biodiversity 	<ul style="list-style-type: none"> • Food Safety Assurance • Employee Development • Occupational Health and Safety • Sustainable Supply Chain • Rural Revitalization and Community Contribution • Animal Welfare Practices • Antibiotic Use Management 	<ul style="list-style-type: none"> • ESG Management and Targets • Material ESG Issues • Business Ethics Compliance

Business Ethics Compliance

We place great emphasis on business ethics, incorporating it as a core component of our corporate governance system. A multi-level governance structure has been established, featuring board-level coordination, execution by specialized committees, system-driven mechanisms, and full employee engagement. Also, we have established a four-tier oversight system, spanning from internal control process standardization to operational department supervision, audit department monitoring, and ultimately company-wide accountability. In terms of objectives, we have also set targets of 100% participation of new employees in anti-corruption education and certification, 100% signing rate of integrity and self-discipline commitment letters, and 100% annual resolution rate of anti-corruption and bribery reporting cases.

BUSINESS

Building on this foundation, we have introduced a series of concrete measures across auditing, inspection, and training to further strengthen business ethics and anti-fraud governance: First, the internal audit and anti-corruption teams have established mechanisms for information sharing, enabling cross-verification in key risk areas and coordinated responses to emerging threats. Second, regular integrity and honesty themed activities are organized to raise employee awareness of ethical risks. Third, anti-fraud education campaigns cover all employees and external partners. In 2024, we held around 100 training sessions aimed at embedding the culture of integrity throughout the organization.

Green and Win-Win Development

Environmental Management and Targets

We remain committed to green development and uphold the principle of “no cost shifting, no hidden risks, and no evasion of responsibility.” We comply strictly with national environmental laws and regulations and have established an internal environmental management system based on both national and local regulatory requirements. By refining internal policies and establishing a clear organizational structure, we ensure the effective implementation of all environmental protection measures.

In terms of environmental commitments and targets, under the operation of the internal environmental management system, we established the “Five-Step Environmental Goal”, focusing on zero discharge, risk elimination, odor control, haze reduction, and carbon emission reduction. We continuously refine our environmental management system. At the same time, we have committed to setting operational targets across various environmental dimensions, aiming to improve ecological benefits through sustainable development, including:

- (i) *Energy Conservation*: Reduce energy consumption, improve energy efficiency, and increase the share of renewable energy sources.
- (ii) *Resource Efficiency*: Support the circular economy by reducing raw material usage, enhancing resource recycling and reuse, and building an ecological industrial chain.
- (iii) *Waste Management*: Follow the 5R principles to minimize waste generation and promote the recycling and reuse of waste materials.
- (iv) *Climate Action*: Reduce greenhouse gas emissions and contribute to mitigating global warming.
- (v) *Water Resource Management*: Conserve water resources, reduce the use of fresh water, and improve water utilization efficiency.
- (vi) *Biodiversity Protection*: Minimize the ecological impact of farming operations and protect surrounding species and habitats.

BUSINESS

Climate Change Response

Climate change is a shared global challenge. We fully recognize the close interconnection between business, the environment, and society, and we actively respond to global climate governance. We focus on carbon reduction across the entire value chain, exploring new models for green development in the livestock industry and cultivating new drivers of high-quality growth for the sector.

At the strategic level of climate action, we have established medium-to-long-term carbon reduction plans and five major carbon asset management initiatives: “carbon emission reduction, carbon branding, carbon gain, carbon services, and carbon neutrality.” We have defined clear emission reduction pathways for Scope 1 (direct emissions), Scope 2 (indirect emissions), and Scope 3 (other indirect emissions). Through process innovation and management optimization, we continue to reduce our carbon footprint and drive coordinated progress toward net-zero across the entire value chain.

Raw Material Period (Scope 3)	Crop Farming		Upstream Transportation
	<ul style="list-style-type: none">• Soil carbon sequestration• Chemical fertilizer reduction• Green procurement		<ul style="list-style-type: none">• Localized procurement• Multimodal transportation• Optimization of supply chain vehicles
Production Period (Scopes 1 & 2)	Feed Processing	Hog Farming	Slaughtering
	<ul style="list-style-type: none">• Optimized soybean meal feed formulations• Feed pipeline transportation• Canned feed	<ul style="list-style-type: none">• Hog houses with fossil fuel-free heating• Photovoltaic power generation• Biogas utilization• Ammonia Reduction and Deodorization• Grain-saving and carbon reduction	<ul style="list-style-type: none">• Green factories• Photovoltaic power generation• Waste heat recovery• Sustainable packaging
Consumption Period (Scope 3)	Downstream Transportation	Food Processing	Consumers
	<ul style="list-style-type: none">• New energy transportation• Routine monitoring	<ul style="list-style-type: none">• Low-carbon pork• High-quality pork	<ul style="list-style-type: none">• Low-carbon pork• High-quality pork

BUSINESS

In terms of risks and opportunities, we have established a systematic identification process for climate-related risks and opportunities, covering short- and long-term impacts and corresponding response strategies. On the one hand, we utilize scenario analysis tools to assess the impact of physical factors — such as flooding and extreme temperatures — as well as transition factors including policy, technology, market, and reputation on farming operations, the supply chain, and asset value. On the other hand, we also identify potential growth areas such as green products, green finance, and low-carbon technologies to ensure that we can capture value while managing risks.

Based on the above process, we classify climate-related risks into two major categories: physical and transition risks. These are further broken down into five specific risk events, and systematically evaluated in terms of risk level and corresponding management measures:

Risk Type	Risk Event	Risk Level	Potential Impact	Response Measures
Physical Risk	Floods, heavy rainfall, typhoons, extreme cold weather, extremely high daytime temperatures	Medium	Damage to farming equipment and fixed assets, reduced yield of feed crops, and increased feed costs; water pollution may exacerbate the spread of diseases, affecting the health of livestock; increase the risk of pathogenic microorganisms and disease infections in hogs, leading to a decline in pork quality; higher operational energy demand; fluctuations in feed storage, transportation, and supply chains may affect pork output; increased water consumption could impact the stability of water supply for farming operations.	Prioritize high-ground locations when selecting farm sites, strengthen drainage infrastructure, conduct regular water quality testing and maintenance; develop emergency response plans for floods and typhoons, and purchase catastrophe insurance to reduce and diversify economic loss risks; strengthen disease prevention and control; develop intelligent environmental control systems to maintain stable temperatures in hog houses; enhance water source monitoring to ensure water supply; promote the “farming — bio-slurry fertilizer return to fields — green agriculture water recycling model” to support sustainable agricultural development.

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Risk Type	Risk Event	Risk Level	Potential Impact	Response Measures
Transition Risk	Tightening of policy and compliance requirements	Medium	The imposition of fees on greenhouse gas emitters drives greater attention to low-carbon production and emissions reduction; regulatory requirements for disclosure reporting are tightening, increasing compliance risks related to greenhouse gases, climate change, environmental, and ESG reporting. Enhanced GHG emission controls necessitate adjustments to production methods.	Actively promote the use of renewable energy such as photovoltaic power generation and biogas utilization to reduce energy consumption and emissions; organize “Green and Low-Carbon Benchmark Farm” selection activities to encourage green and low-carbon production; monitor compliance policies to ensure proper information disclosure; promote multi-storey hog farms to conserve energy and reduce GHG emissions.
	Technology Risk	Medium	In the low-carbon transition pathway, immature technologies hinder the development of low-carbon farming, while high R&D costs create financial and financing risks; rapid iteration of low-carbon technologies may lead to premature obsolescence of existing equipment, investment in R&D for innovative eco-friendly breeding technologies is required.	Participate in key national and industry-level low-carbon research projects to improve the technical system for pork production; enhance communication and cooperation to promote comprehensive energy solutions; expand the reserve of low-carbon technologies, strengthen collaboration among industry, academia, and research institutions, and enrich technological approaches to reduce greenhouse gas emissions and enhance resource recycling efficiency, thereby decreasing GHG emissions.

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Risk Type	Risk Event	Risk Level	Potential Impact	Response Measures
	Market Risk	Medium	As environmental awareness among customers and consumers increases, low-carbon and eco-friendly attributes may become new criteria for product selection; ESG scrutiny from investors is tightening, potentially affecting financing costs; emission reduction requirements are rising across the upstream and downstream of the value chain.	Continue implementing energy-saving and emission-reduction measures across the full product lifecycle; provide environmentally friendly products that are easy for consumers to understand; strengthen training for the sales team and enhance their understanding of the company’s progress and performance in low-carbon initiatives, to ensure accurate communication with customers; enhance carbon management across the value chain, expand the scope of GHG inventory and support suppliers in reducing emissions during feed cultivation and transportation.
	Reputation Risk	Low	Stakeholders are placing increasing attention on the company’s performance in addressing climate change; failure to respond in a timely manner may negatively impact the company’s reputation.	The company’s senior management establish a Sustainability Committee and a Green and Low-Carbon Office to prioritize and advance climate-related initiatives; proactively engage with stakeholders through multiple channels to understand and respond to their concerns and expectations in a timely manner.

BUSINESS

At the same time, in terms of opportunities brought by climate change, we have identified three key types of opportunity: products and markets, financing, and technology.

Type of Opportunities	Opportunities	Potential Impact	Response Measures
Products and Markets . .	Low-carbon Products and Services	Customers are increasingly demanding low-carbon and energy-efficient products and services, including the need to provide green food to end consumers.	Strengthen innovation in green products to enhance product value and competitiveness. Increase disclosure and communication around sustainable production to build a strong brand image. Expand into new business areas to mitigate operational risks associated with climate change.
Financing . . .	Green Finance	New opportunities are emerging in the green economy, including the development of carbon markets, carbon sink projects, green financial services, and climate-related insurance.	Adopt crop-livestock cycle to reduce greenhouse gas emission intensity and participate in carbon trading markets, enhancing the carbon sequestration capacity of agriculture. Engage in ESG rating initiatives and improve performance to attract responsible investors and lower financing costs.
Technology .	Green Technology	Green technologies in the livestock industry continue to advance, with the cost of new technologies gradually decreasing.	Actively research and develop alternative proteins such as plant-based, microbial, and insect proteins. Continuously reduce the proportion of soybean meal in feed formulations. Lead the development of green livestock farming and build a sustainable, eco-friendly brand.

BUSINESS

To address climate change, we promote low-carbon initiatives across the industry value chain through four key innovations — integrated crop-livestock systems, optimized soybean meal feed formulations, hog house with fossil fuel-free heating, and ammonia reduction and deodorization technologies — exploring new pathways for green development in animal husbandry and fostering a new driving force for high-quality growth in the industry.

- (i) *Integrated Crop-Livestock System:* By transforming livestock manure into a resource, we have established a circular agricultural model of “hogs fertilize fields, fields feed hogs,” enabling the reuse of organic waste and reducing reliance on chemical fertilizers. In 2024, we laid approximately 28,381 kilometers of agricultural support pipelines, delivering organic fertilizers to approximately 4.7 million mu of farmland, thereby replacing approximately 154,600 tons of chemical fertilizers. This initiative enhanced soil organic matter by approximately 2.2%, helped farmers increase income by approximately RMB1.4 billion, and achieved cumulative carbon sequestration of approximately 1.5 million tons of CO₂e.
- (ii) *Optimized Soybean Meal Feed Formulations:* In response to both soybean meal price volatility and carbon reduction demands, we invested approximately RMB143 million in feed nutrition innovation and established a full-chain, grain-saving, and low-carbon system encompassing raw material selection, formulation optimization, and precision feeding. By applying technologies such as amino acid balancing and unconventional protein development, we successfully reduced the proportion of soybean meal in feed to approximately 7.3%. In 2024, this initiative led to a cumulative nitrogen emission reduction of approximately 83,000 tons, equivalent to approximately 161,300 tons of CO₂e in greenhouse gas emissions avoided. The self-developed smart feeding system enables a “one-day-one-formulation” approach, ensuring balanced nutrition while achieving grain savings and efficiency, thereby reducing greenhouse gas emissions.
- (iii) *Hog House With Fossil Fuel-Free Heating:* The self-developed hog house with fossil fuel-free heating integrates a heat exchange system that utilizes geothermal energy and waste heat from exhaust to maintain stable indoor temperatures. Even in extreme cold conditions as low as -39.3°C, it ensures an optimal environment for hog growth. In 2024, this initiative reduced standard coal consumption by approximately 407,400 metric tons, resulting in a carbon emissions reduction of approximately 1.1 million metric tons of CO₂e.
- (iv) *Ammonia Reduction and Deodorization:* We have made continuous advancements in environmental protection by achieving full coverage of smart exhaust gas purification systems across all hog houses. These systems, equipped with air filtration and precision deodorization technologies, have achieved an ammonia removal rate of approximately 97.3%. In 2024, they contributed to a nitrogen reduction of approximately 31,700 tons in ammonia, equivalent to approximately 148,400 tons of CO₂e, effectively mitigating odor-related disturbances in surrounding communities.

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To advance our climate change mitigation strategy, we conducted a comprehensive carbon inventory in accordance with the national standard *Quantification Method and Requirements of Product Carbon Footprint for Livestock Products* (《溫室氣體產品碳足跡量化方法與要求畜產品》) (GB/T 44903-2024), the *2006 IPCC Guidelines for National Greenhouse Gas Inventories (2019 Refinement)* (《IPCC 2006年國家溫室氣體清單指南2019年修訂版》) issued by the Intergovernmental Panel on Climate Change (IPCC), and ISO 14064. Using 2024 as the baseline year, we have set phased GHG reduction targets: to reduce total GHG emission intensity by 1.5% by 2025, and to achieve a 20% reduction by 2030. This roadmap aims to continuously lower our carbon footprint through a dual approach of emission reduction and renewable electricity adoption.

	Year ended December 31,		
	2022	2023	2024
Total greenhouse gas emissions (10,000 tCO ₂ e)	/	/	1,866.3
Scope 1 – Direct GHG Emissions (10,000 tCO ₂ e)	389.5	416.5	566.9
Scope 2 – Indirect GHG Emissions (10,000 tCO ₂ e)	340.6	381.5	433.4
Scope 3 – Other Indirect GHG Emissions (10,000 tCO ₂ e)	/	/	866.0
GHG Emission Reduction Value (10,000 tCO ₂ e)	408.9	434.0	529.1

Waste and Pollutant Management

Based on “Board of Directors — Environmental Monitoring Department — Environmental Logistics Department” governance framework, we have developed and implemented a comprehensive emission control system covering wastewater, exhaust gas, and solid waste:

- (i) *Wastewater*: Livestock wastewater undergoes a three-step treatment process, including “solid-liquid separation — anaerobic fermentation — aeration,” and is fully converted into resources. During the fertilization season, it is used as fertilizer for farmland, while the remaining water is further treated and reused for odor control and cleaning within the facility. Domestic wastewater is also centrally treated in a harmless manner and then reused, ensuring zero discharge of wastewater.
- (ii) *Exhaust Gas*: The odor removal rate is improved to 99.9% through a dual-process system combining air filtration hog houses and deodorizing walls. Boilers fully adopt low-nitrogen combustion technology to meet the strictest national and local emission limits. Biogas is desulfurized and dehydrated for power generation or as a substitute for natural gas, with any excess safely burned.

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- (iii) *Solid Waste*: Hog manure is composted to produce organic fertilizer, and gastrointestinal matter is dehydrated to create fertilizers. General solid waste is processed into protein feed, while the remaining sludge is dewatered and turned into nutrient soil and so on. Dead livestock are handled through a full-process monitoring procedure, including “temporary storage at the site — sealed transportation — full process monitoring — data reconciliation — high-temperature processing.” Domestic waste is disposed of by municipal authorities, ensuring that solid waste at the farms is “fully collected and fully utilized.”

The effectiveness of the management system is reflected in key indicators: In 2024, the resource utilization rate of livestock wastewater and solid manure, the compliant disposal rate of hazardous waste, and the harmless treatment rate of dead livestock and poultry all reached 100%. There was zero discharge of farming wastewater, approximately 905,800 cubic meters of hog manure were fully utilized as resources, and ammonia emissions were significantly reduced.

Building on these achievements, we have set strategic goals for 2025: to maintain a 100% compliance rate for waste disposal and a 100% resource utilization rate for manure water and solid manure. This will ensure a dual improvement in governance effectiveness and operational efficiency.

Water Resource Management

We have developed a water usage strategy focused on “reducing waste, upgrading processes, and recycling” by establishing regulations such as *Standard Water Usage Management System for Farms* (《養殖場標準用水管理制度》) and *Water Conservation Incentive and Penalty System for Slaughterhouses* (《屠宰廠節水獎懲制度》). These regulations define control boundaries for water intake, usage, and wastewater recovery for each business unit, providing online data support for refined management, and reducing intake and discharge risks.

Based on our water resource management strategy, we have implemented several specific initiatives, starting with water resource recycling. These initiatives include the development and promotion of manure wastewater purification and reuse technology, reclaimed water reuse technology, smart feeding technology, energy-saving equipment innovations, spray system upgrades, towerless water supply tank renovations, and the development of smart bathing rooms and water conservation technologies for reduced tillage. These measures have already achieved preliminary results. In 2024, our total water withdrawal reached approximately 214 million cubic meters, with a livestock water intensity of approximately 25.1 cubic meters per ton of product. The volume of wastewater reused amounted to approximately 4.7 million cubic meters, and the total volume of water utilized through resource recovery reached approximately 179 million cubic meters.

BUSINESS

Looking ahead, we have set short-term and medium-term water conservation targets. Using 2024 as the baseline, our goal is to reduce livestock water intensity by 0.2% and increase wastewater reuse by 2.2 million cubic meters by 2025. By 2030, we aim to reduce livestock water intensity by 18% and increase wastewater reuse by 24.8 million cubic meters compared to the 2024 baseline. Through continuous technological innovation and strict implementation of policies, we will steadily improve water usage efficiency, strengthen the advantages of water resource recycling, and achieve long-term, sustainable water management performance.

Energy Management

We have identified “PV and Biogas Utilized for Green Power” as the core path for achieving the “carbon peaking and carbon neutrality” goals, continuously increasing the proportion of self-generated green electricity and reducing fossil energy consumption. Since 2018, we have made full use of the roofs of hog houses and idle land to build distributed photovoltaic power stations. In 2024, electricity generation reached approximately 180 million kWh, reducing CO₂e emissions by approximately 108,400 tons. The accumulated installed capacity reached approximately 588.9 MW, with plans to add approximately 800 MW by 2025 and achieve approximately 10 GW by 2030. Photovoltaic electricity now covers part of electricity consumption in breeding and slaughtering processes, with surplus electricity fed into the grid to generate additional income, laying the foundation for achieving the 2025 and 2030 green electricity substitution targets of 4% and 30%, respectively.

In terms of waste-to-energy, we have established an anaerobic digestion — purification-integrated utilization biogas closed-loop system. After purification, the bio-natural gas is partly used for electricity and heating within the site, and the remaining portion is supplied to surrounding communities and industrial users. This process achieves the synergistic benefits of manure resource utilization, energy regeneration, and greenhouse gas emissions reduction. The company plans to increase the biogas comprehensive utilization rate to 60% by 2030, contributing to the green electricity substitution target and providing long-term support for our green and low-carbon transformation.

	Year ended December 31,		
	2022	2023	2024
Total Energy Consumption (ktce)	1,007.1	1,006.5	1,158.8
Energy Consumption Intensity (tce/tons of product)	0.2	0.2	0.2

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Biodiversity

We strictly adhere to the requirements of the *Convention on Biological Diversity* (《生物多樣性公約》) and domestic ecological red-line controls, committing to not engaging in production or operations within World Heritage Sites and prohibited development zones at any level, while respecting all IUCN Ia-VI protected areas. In terms of management strategy, we have adopted the TNFD LEAP framework, embedding the four-stage “Locate — Evaluate — Impact Evaluation — Response Preparation” process across site selection, procurement, and operations to systematically identify and mitigate ecological risks. Concurrently, we implement a tripartite “Technology + Finance + Governance” approach to drive comprehensive risk management.

Supported by robust management systems and a well-defined strategy, we focus on two key actions and have achieved measurable results: Firstly, we have innovated building farming models, which increases land use efficiency by 4.3 times compared to traditional hog houses. In 2024, the production capacity of the multi-storey hog farm reaches approximately 7.1 million hogs, saving a total of approximately 24,417 mu of farmland. In addition, we have also integrated ecological restoration with the bio-slurry fertilizer recycling project. In 2024, we improved approximately 318,200 mu of saline-alkali land and reclaimed approximately 90,700 mu of desert, totaling approximately 408,900 mu of land improvement. This initiative provides sustained support for the restoration of the surrounding ecosystem and boosts agricultural productivity. In 2024, we maintained a flawless record in biodiversity protection with zero incidents of ecological damage and no land-use-related penalties.

Shared Responsibility

Food Safety Assurance

We strictly adhere to relevant laws and regulations, including the *Food Safety Law of the People’s Republic of China* (《中華人民共和國食品安全法》), *Law of the People’s Republic of China on Agricultural Product Quality Safety* (《中華人民共和國農產品質量安全法》) and so on. We have formulated and implemented a series of normative documents, such as the *Food Safety and Quality Supervision System for All Employees* (《食品安全與品質全員監督制度》) and the *Food Safety Supervision and Management System* (《食品安全監督管理制度》), and have established a comprehensive food safety control mechanism that covers the entire “from farm to table” supply chain. Upholding the management principles of “prevention first, risk control, and full traceability,” we continuously improve its food safety and quality management standards to ensure full supply chain transparency, controllability, and traceability, while maintaining zero food safety incidents.

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To enhance the systematization and execution of food safety management, we have, on the foundation of improving systems and organizational support, further promoted technological empowerment and management model innovation. We developed the “7 + 1 + 1” food safety governance framework, forming a comprehensive protection network from source to table. See “Business — Food Safety Management and Quality Control.”

With the robust support of the “7 + 1 + 1” full-stack food safety management and quality control system, we have achieved remarkable results in food safety control. Both external audits and internal oversight have fully demonstrated the stability and efficiency of the system’s operation.

Employee Development

We consistently adhere to the “people-oriented” development philosophy, with employee rights protection and career development support as the two core pillars of human resources management. We are committed to building a fair, equitable, and inclusive work and growth environment. In terms of employee rights protection, we strictly follow the *Labor Law of the People’s Republic of China* (《中華人民共和國勞動法》), *Labor Contract Law of the People’s Republic of China* (《中華人民共和國勞動合同法》), and other relevant laws and regulations, while actively implementing the ten principles of the United Nations Global Compact and international labor standards. These include fundamental human rights commitments such as the prohibition of forced labor, the elimination of employment discrimination, and the protection of the rights to collective bargaining. Regarding compliance with employment practices, we have implemented a range of policies, including *Labor Contract Management Measures* (《勞動合同管理辦法》), *Personnel Management System* (《人事管理制度》) and so on, to regulate recruitment, promotion, compensation, and benefits management, ensuring compliant operations. We are committed to achieving equal pay for equal work, and strictly adhere to regulations on working hours, prohibiting excessive overtime and supporting employees’ right to engage in collective bargaining and to freely form trade unions.

In terms of employee career development, we concurrently advance the development of an employee career development system, supporting mutual growth for both employees and the company. In terms of compensation and incentives, adhering to the principle of “those who create value should benefit,” we have established a transparent compensation system that includes salary, equity incentives, and benefits, supplemented by a potential compensation and benefits system that offers opportunities for promotion, learning, and recognition. We acknowledge the importance of our employees, and we have launched a number of employee equity incentive plans, engaging over 8,000 employees. Regarding training, we invested approximately RMB720 million in 2024 to ensure 100% training coverage for all employees, with an average of 37 days of training per employee. In terms of talent selection mechanisms, we have established clear leadership criteria and implemented a “talent pool development” program.

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Occupational Health and Safety

We have always adhered to the principle of “safety first.” We strictly comply with relevant regulations such as the “Work Safety Law,” “Fire Protection Law,” and “Emergency Response Law,” setting “zero accidents” as our long-term goal. We promote the concept that “safety must be managed alongside business operations,” integrating safety management requirements into all operational processes.

In terms of specific implementation, we employ a “dual prevention mechanism” for risk prevention and identification, which integrates safety risk grading management and hazard investigation and rectification. This mechanism effectively shifts risk control measures to earlier stages. In terms of emergency safety management, we have established an emergency safety production management organizational structure and developed specific emergency plans such as the *Emergency Plan for Water Supply Failures in Production Areas* (《場區斷水事故專項應急預案》), *Emergency Plan for Fire Accidents in Hog Houses* (《樓房豬舍火災事故專項應急預案》) and so on. We also provide emergency supplies, strengthen emergency drills, and continuously improve our ability to manage safety risks and respond to unexpected safety incidents. Additionally, through developing our safety culture, we strengthen safety production awareness and establish long-term safety mechanisms. In 2024, we provided safety production training and competency certification for all employees, reinforcing the safety production responsibility system and clarifying baseline responsibilities.

In terms of occupational health management, we adhere to the principle of “prevention first, integrated prevention and treatment” in occupational health management and have established a “training — protection — monitoring” integrated occupational health prevention and control system. Through the construction of a comprehensive occupational health training system, occupational disease prevention campaigns, optimization of dust and noise control measures, and upgrades to personal protective equipment, we create a safe and healthy working environment. Additionally, we have established employee occupational health records and a regular physical examination mechanism, strengthening management-level accountability for safety performance to ensure a complete, closed-loop occupational health management process. In 2024, we conducted 57 employee health training sessions, achieving 100% employee coverage, and provided physical examination services to employees, continuously improving the working environment.

Sustainable Supply Chain

In the context of increasing global attention to ESG in supply chains, we have integrated ESG into our supply chain management to ensure that suppliers fulfill their ESG responsibilities, promote the development of a sustainable supply chain, and enhance suppliers’ compliance capabilities in ESG governance, environmental protection, and labor rights. We are committed to supporting the low-carbon transformation of the entire industrial chain, creating an environmentally friendly, sustainable, and competitive industrial ecosystem. We plan to achieve a 100% integrity agreement signing rate with suppliers, a 100% procurement performance rate, and a 100% training coverage rate by 2025.

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In terms of management system, regarding supplier conduct, we have established a *Supplier Code of Conduct* (《供應商行為準則》) that sets out clear requirements for suppliers in areas such as environmental protection, labor rights, and health and safety. In supplier onboarding, we incorporate health, safety, and environmental protection requirements into the qualification review process, follow the *OECD Guidelines for Responsible Business Conduct* (《經合組織負責任商業行為盡責管理指南》), and have established a supplier ESG due diligence procedure. We have developed and implemented a supplier performance evaluation system that conducts semi-annual and annual risk assessments of all suppliers. In 2024, we achieved 100% coverage of on-site due diligence for new suppliers and 100% coverage of semi-annual and annual risk assessments. In supplier selection, we prioritize suppliers with sustainability certifications, green and environmental certifications, and quality certifications. At the same time, to enhance ESG governance in the supply chain, we actively conduct training for suppliers to foster mutual growth with suppliers.

Looking ahead, to build a comprehensive sustainable value chain, we have set supply chain goals in three key areas: supply chain capability building, supply chain transparency, and supply chain sustainability. In supply chain capability building, the goal is to achieve 100% ESG training coverage for core suppliers by 2026. In terms of supply chain transparency, by 2025, we aim to ensure that 30% of suppliers can provide transparency reports on their supply chain. Regarding supply chain sustainability, by 2026, we aim for 95% of key suppliers to meet the company’s sustainability standards.

Rural Revitalization and Community Contribution

As a key national leading enterprise in agricultural industrialization, we have always actively responded to the Rural Revitalization Strategy. We are committed to integrating the development of the company with the sustainable development of the regions in which we operate. We actively participate in community construction, focus on improving people’s livelihoods, and contribute to social progress. Our efforts are concentrated in three main areas: benefiting and assisting farmers, rural construction, and rural education, with the goal of promoting harmonious economic and social development. We strive to achieve a positive interaction between the hog farming industry, the ecological environment, and social progress, fostering a mutually beneficial relationship between the company and society.

In terms of specific initiatives, regarding employment generation, as of December 31, 2024, we have established its operations in 25 provincial-level administrative regions, 109 cities, and 225 counties, providing around 100,000 jobs for rural areas. We prioritize hiring local villagers, and attracting more than 40,000 university graduates to modern agriculture, contributed to the revitalization of rural areas. In terms of increasing farmers’ income, we send professional staff to the fields to assist farmers with plowing, planting, and pest control, providing agricultural machinery, grass cutting, straw removal, and drought and flood management. We guide them on crop management and planting techniques, enhancing crop yield and quality, and promoting agricultural modernization. In 2024, we served approximately 4.7 million mu of farmland, conducted 9,293 agricultural technical services, covered 14,482 villages, increased farmers’ income by approximately RMB314.3 per mu, and contributed RMB1.4 billion in additional income. In terms of supporting rural infrastructure, by the end of

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2024, we had donated RMB107 million for public welfare projects, including road construction, street lighting, and other community-enhancing initiatives, benefiting over a thousand administrative villages. In terms of supporting educational development, we have always adhered to the public welfare philosophy of contributing to rural revitalization and fulfilling social responsibility. Since 2003, we have continuously carried out the “Gathering Love to Support Education” series of activities.

Animal Welfare Practices

We have always promoted scientific hog farming, continuously improve animal welfare concepts and practices, and comprehensively enhance the welfare level of hogs. We have regarded animal welfare as a core component of our sustainable development strategy, and have established a comprehensive animal welfare protection system that covers the entire hog lifecycle. This system encompasses feed and water safety, environmental optimization, health management, and transportation and slaughter to continually improve animal welfare standards.

- (i) *Basic Nutritional Protection:* We have developed a multistage smart feeding system to accurately meets the nutritional needs of hogs at different growth stages, ensuring the health of the herd. Feed production uses high-temperature sterilization and closed pipe-chain transportation, and the water system is equipped with ultrafiltration devices that remove 99.99% of bacteria, ensuring water safety.
- (ii) *Living Environment:* We have equipped our hog houses with a proprietary environmental control system featuring advanced air filtration, sterilization, ventilation and deodorization functions. The air filtration system can block aerosol particles as small as 0.3 microns, effectively intercepting animal diseases. The ventilation system separates air zones to prevent cross-contamination, while the sterilization and deodorization functions achieve up to 99.9% efficiency in eliminating pathogens, removing dust, and controlling odors.
- (iii) *Health Management:* Through purifying infection sources, cutting off transmission routes, and protecting vulnerable populations, we safeguard herd health to minimize disease occurrence and prevent illnesses. We implement a “Prevention-Monitoring-Treatment” three-tier control system, utilizing smart inspection robots, thermal imaging devices, and other equipment to monitor the health of the hog herd in real-time. Needle-free injection technology reduces vaccine stress responses, and the “SkyNet Project” has reduced the animal disease incidence rate in core farms, even achieving zero disease occurrence.
- (iv) *Transportation:* Our intelligent transport system ensures stress-free and comfortable conditions throughout swine transportation. For humane slaughter, we implement CO₂ stunning prior to processing, guaranteeing zero stress or pain perception during both pre-slaughter and slaughter procedures.

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Antibiotic Use Management

We remain committed to the standardized use of veterinary drugs, strictly adhering to national laws and regulations, and are dedicated to disease elimination and sustainable, green farming practices to ensure the large-scale production of safer, higher-quality pork. From a strategic perspective, we have established a systematic antibiotic management framework. Specifically, we aim to reduce antibiotic usage per hog by more than 50% by 2027, compared to 2024 levels, highlighting our strategic determination and long-term commitment to food safety and sustainability. To achieve the antibiotic-free goal, we are advancing in three main areas: first, disease monitoring and prevention; second, drug use safety management; and third, antibiotic reduction.

- (i) *Disease Monitoring and Prevention:* We adhere to the principle of “prevention first” (預防為主) in health management, having established 110 veterinary diagnostic laboratories and built a comprehensive system that covers biosecurity, disease research, diagnostic testing, and clinical implementation.
- (ii) *Drug Use Safety Management:* We strictly comply with the “National Action Plan for the Reduction of Antibacterial Drugs in Veterinary Medicine (2021-2025)” and related regulations, fully prohibiting 25 types of growth-promoting antibiotics. By 2024, our veterinary registration rate had reached 100%. We have also implemented a full-life-cycle drug traceability system, with graded prescription management and 33 regulatory measures to ensure the professional, standardized, and transparent use of medications.
- (iii) *Antibiotic Reduction:* We are progressing from producing “antibiotic-free meat” to achieving “antibiotic-free stages” by employing methods such as drug classification management, reduction demonstration farms, and health level color card management.

RESEARCH AND DEVELOPMENT

Technology has always been the cornerstone of our development. We maintain our competitiveness and lead the sustainable development through our technological advantages. As of December 31, 2024, we had a research and development team of over 6,000 members. In 2022, 2023 and 2024, our R&D expenses were RMB1,142.4 million, RMB1,657.7 million and RMB1,747.2 million, respectively, accounting for 0.9%, 1.5% and 1.3% of our revenue, respectively. During the Track Record Period, we cooperated with universities, biotechnology enterprises and local government to facilitate the advancement of hog farming and slaughtering technologies. Our dedication to research and development has earned us awards and recognitions in China and overseas, including, but not limited to, the WAFI Innovation Awards and China Patent Excellence Award. As of December 31, 2024, we have obtained over 1,700 patents — the largest IP portfolio among global hog farming companies — and have undertaken eight National Key Research and Development Program of China.

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Our key R&D focuses and achievements are listed as below:

- *Breeding technology:* We have established a breeding platform by adopting advanced genetic selection technologies to continuously improve and enhance the performance of breeding hogs. Through continuous performance measurement in stage of breeding, we select hogs with excellent reproduction and growth performance. We conduct research and development on advanced breeding technologies and breeding tools to improve the efficiency and effectiveness of breeding, creating an industry-leading breeding system. See “— Hog Business — Hog Farming Process.”
- *Smart Hog Houses:* Our hog houses are equipped with smart equipment, such as hog house environment control system, hog health management system and feeding system, which can provide a clean, comfortable and healthy growing environment for hogs. These smart equipment can reduce labor input and improve production efficiency while ensuring animal welfare. We conduct research and development on innovative technology and equipment using advanced technologies including big data, and 5G communication. See “— Hog Business — Smart Hog Farming.”
- *Hog Health Management:* We regard hog health management as an important direction of innovation and research. We insist on the principle of “prioritizing care over prevention, prevention over treatment, and embracing a holistic approach to hog health management” (養重於防,防重於治,綜合防治), and have established our disinfection and animal diseases prevention system. We also adopt various disease prevention and control measures, and have developed a biosecurity warning and prevention system. See “— Hog Business — Hog Health Management.”
- *Feed Formulation:* We establish and design various dynamic nutritional models for the growth of hogs at different growth periods. We have also developed the optimized soybean meal feed formulations to optimize the proportion of soybean meal used in feed production while providing sufficient nutrition for hogs, thus improving cost structure and reducing nitrogen emissions. See “— Hog Business — Feed Production.”

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INVENTORY, WAREHOUSE AND LOGISTICS

Inventory

Our inventories primarily include consumable biological assets, raw materials and finished goods. Consumable biological assets mainly include hogs under various growth periods. Raw materials mainly include feed ingredients. Finished goods primarily consist of meat products. We maintain stringent inventory control and appropriate inventory levels, and we periodically review our inventory levels for slow-moving inventory, obsolescence or declines in market value. We have implemented detailed warehousing operating procedures such as our first-in, first out inventory management practice, timely recordkeeping, appropriate labeling and periodic stocktaking. We manage our inventory levels based on anticipated demand, estimates of our sales volume for the next period, existing levels of inventory stock, and prevailing price levels of raw materials.

Warehouse

We have implemented a central warehouse model equipped with various digital management tools, such as WMS, to ensure supply chain transparency and inventory efficiency. The model establishes a one-stop warehouse management service platform for closed loop digital collaboration spanning suppliers, central warehouses and clients.

Logistics and Transportation

For hogs, customers shall arrange their own transport vehicles and personnel to collect goods from our designated hog farms. They are responsible for the safety of hogs during transportation, as well as all risks and costs related to transportation. For meat products, we might arrange transportation in respond to customers’ requests. If we do, we assume the risk, responsibility and cost of any damage until the goods reach the agreed location, after which the responsibility transfers to the customer. If customers handle transportation, they must arrange vehicles to collect the goods and bear all risks and expenses once the products are loaded. Customers must provide us with details of the pick-up staff and vehicles in advance to ensure timely collection. Their vehicles must meet the requirements specified in the sales contracts; otherwise, we may refuse to load without any liability.

During the Track Record Period and as of the Latest Practicable Date, we outsourced all of our product deliveries to logistics service providers who are Independent Third Parties, other than Henan Muyuan Logistics Co., Ltd. (河南牧原物流有限公司), who is a subsidiary of Muyuan Group and thus our connected person. We [have entered] into a framework agreement with Muyuan Group, for itself and on behalf of Muyuan Group Connected Persons, pursuant to which our Group will procure, among others, logistics services. See “Connected Transactions — Partially-Exempt Continuing Connected Transaction — Procurement of Services”. Utilizing third-party logistics providers for transportation helps us minimize capital

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investment and eliminates the need to develop and maintain our own extensive logistics system. Additionally, the current logistics services market offers us sufficient alternative options for providers who can offer terms similar to those of our existing logistics service providers.

During the Track Record Period and as of the Latest Practicable Date, we did not experience any material delays or improper handling of our products by logistics providers that would have a material adverse impact on our business operations, or suffer from any material shortage of logistics services.

SEASONALITY

The demand for our products is affected by consumers’ consumption patterns. The demand for our products is typically relatively higher before traditional festivals, such as China’s Spring Festival, Mid Autumn Festival and National Day.

COMPETITION

We mainly compete with hog farming companies and hog slaughtering companies in China. According to Frost & Sullivan, the entry barriers of China’s hog farming industry are mainly capital barrier, management barrier, technology barrier and ESG barrier. Since 2021, we have ranked first globally in the hog farming industry in terms of production capacity and sales volume of hogs for four consecutive years. In addition, we ranked fifth globally and first in China in the hog slaughtering and processing industry in terms of slaughter volume in 2024. See “Industry Overview”.

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EMPLOYEES

As of December 31, 2024, we had 133,642 full-time employees. The following table sets forth a breakdown of our employees by function as of December 31, 2024:

	Number of employees	Percentage
Function		
Production	110,354	82.6
Sales	5,988	4.5
Technology	8,458	6.3
Finance	2,290	1.7
Administration	6,552	4.9
Total	133,642	100.0

We primarily recruit employees through offline channels, such as campus recruitment at universities and job fairs, and online channels, such as recruitment websites and live broadcasts. We recruit our employees based on a number of factors including work experience and educational background. We endeavor to attract and retain talent, taking into account factors such as our business strategies, development plans, industry trends and the competitive landscape when making recruitment decisions. We do not engage outsourced employment agents.

In alignment with our business development plan, we provide continual, systematic and targeted training programs to our employees to improve their skills and capabilities, including induction training and general skills training for all employees, professional training for engineers, and management skills training for middle to high-level managers. We also set up online learning platforms to support employees’ self-learning. We adopt evaluation programs and certification systems through which we regularly conduct training on topics such as production safety and operations, career development and corporate culture through online courses, exam certification and offline training sessions. We have established a tutorial system, under which newly recruited employees are matched with senior staff to quickly become familiar with workflow and operations. We also believe it is critical to develop skilled young employees into experienced and knowledgeable talent, contributing to our long-term growth. Each of our newly joined employees is assigned a mentor, who regularly provides guidance and support throughout their career.

We have established labor unions in accordance with the applicable PRC law. We enter into employment contracts and agreements regarding confidentiality and intellectual property with our directors, supervisors and senior management. We participate in various applicable

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employee social security plans according to relevant laws and regulations, including housing, pension, medical, work-related injury, maternity and unemployment benefit plans. We believe that we maintain a good working relationship with our employees, and have not experienced any major labor disputes.

INTELLECTUAL PROPERTY

Our success and ability to compete depend in part on our ability to maintain the proprietary aspects of our technologies. We consider our patents, trade secrets and other intellectual property rights to be core factors on which our business depends. We rely on a combination of patents, trademarks, trade secrets, copyrights, confidentiality agreements, and other statutory and contractual provisions to protect our intellectual property.

As of the Latest Practicable Date, our Company and Major Subsidiaries held 183 trademarks, 1,038 registered patents, 184 computer software copyrights, 21 work copyrights and 344 domain names in China. These intellectual property rights are mainly related to hog farming and hog breeding.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any threatened or pending disputes, litigation or legal proceedings for any material violation of intellectual property rights of any person. However, our inability to adequately protect our intellectual property rights could materially and adversely affect our competitive position, business, financial condition and results of operations. See “Risk Factor — We may not be able to adequately protect our intellectual property and know-how, which could materially and adversely affect our business.”

PROPERTIES

As of the Latest Practicable Date, our Company and Major Subsidiaries owned the land use rights of 46 parcels in China, with an aggregate site area of approximately 2,579.6 thousand square meters. All of these land parcels have been granted land use right certificates. As of the same date, our Company and Major Subsidiaries owned 784 buildings in China, with an aggregated GFA of 1,445.1 thousand square meters. These land parcels and buildings are primarily used as warehouses, workshops, offices and production plants.

As of the Latest Practicable Date, our Company and Major Subsidiaries leased 830 land parcels with an aggregate site area of approximately 172.5 thousand mu in China. As of the same date, our Company and Major Subsidiaries had 150 leased buildings in China, with an aggregate GFA of 115.2 thousand square meters. These leased land parcels and buildings are primarily used as labs, dormitories, disinfection stations, offices and warehouses.

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As of the Latest Practicable Date, we did not have any single property with a book value accounting for 15% or more of our total assets. According to Chapter 5 of the Hong Kong Listing Rules and section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

Defects in our Owned Buildings

As of the Latest Practicable Date, our Company and Major Subsidiaries had not obtained the building ownership certificates for eight of our owned buildings, which are all based on our self-owned land, with an aggregated gross floor area of approximately 171.4 thousand square meters in Liaoning, Inner Mongolia, Henan, and Anhui Provinces, China. We have obtained all permits necessary for such properties' planning and construction to ensure compliance with relevant governmental authorities throughout the construction process, and we were in the process of obtaining relevant building ownership certificates as of the Latest Practicable Date. These properties are used as feed production plants, slaughtering plants and offices. As advised by our PRC Legal Adviser, we may face the risks of: (i) being requested to cease the use of the relevant buildings and (ii) paying penalties for the violation of relevant laws and regulations.

We have communicated with the relevant competent governmental authorities which confirmed that during the Track Record Period and up to the Latest Practicable Date, no material administrative action, fine or penalty had been imposed by the relevant regulatory authorities with respect to the failure to obtain the building ownership certificates. Our PRC Legal Adviser is of the view that the relevant government authorities are competent to provide such confirmation. We have obtained an indemnity letter from Muyuan Group to indemnify our Group against any losses caused by the defects in the ownership of such properties. Based on the above, our PRC Legal Adviser is of the view that any failure to obtain such building ownership certificates will not have a material adverse effect on our production and operations.

Our Directors believe that the defects of the relevant properties would not materially and adversely affect our business, results of operations and financial condition, primarily because: (i) as confirmed by our PRC Legal Adviser, the failure to obtain such building ownership certificates would not have a material adverse effect on our production and operations; (ii) most of these properties are used as feed production plants and offices, and if we are ordered to suspend our use of these properties, our general production activities would not be materially disrupted; and (iii) Muyuan Group has undertaken to indemnify the Group for any losses caused by the defects in the ownership of such properties.

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To prevent any recurrence of similar incidents in the future, we have established and implemented both preventive and remedial measures to ensure our compliance with regulations in relation to obtaining requisite certificates or completing relevant procedures for our use of real properties in the future: (i) we plan to provide regular training on applicable legal and regulatory requirements in relation to the use of real properties to our senior management; and (ii) prior to the commencement of the operation or the acquisition of a new facility, a designated person shall ensure all requisite approvals and permits have been obtained.

Defects in our Leased Buildings

According to applicable PRC administrative regulations, both the lessor and the lessee of a lease agreement are required to file the lease agreement with the relevant government authorities within 30 days of its execution. As of the Latest Practicable Date, our Company and Major Subsidiaries had not filed our lease agreements for 150 buildings we leased with the local housing administration authorities as required under PRC laws and regulations. We were unable to file these lease agreements as our landlords have not obtained or have yet to provide the necessary documentation for lease registration. As advised by our PRC Legal Adviser, the absence of registration will not affect the validity of the lease agreements, nor materially and adversely affect the operations of our Company and Major Subsidiaries, but we may be subject to a fine of RMB1,000 to RMB10,000 for each unregistered lease agreement if we and the landlords fail to register such lease agreements as required by the relevant competent authorities.

As of the Latest Practicable Date, there were defects in some of our leased buildings. As of the same date, the ownership certificates or other similar proof for 16 of our Company and Major Subsidiaries leased buildings (representing approximately 1.22% of our Company’s and Major Subsidiaries’ owned and leased buildings in terms of gross floor area) had not been provided to us by the relevant lessors. These leased buildings were mainly used as offices, staff accommodations, quarantine facilities, warehousing facilities, transfer points, laboratory facilities, and disinfection stations (decontamination centers). As advised by our PRC Legal Adviser, if these lessors are not the owners of the buildings and they have not obtained consent or approval for sub-lease from the owners or their lessors, or permits from the relevant governmental authorities, our leases could be terminated and we may be required to relocate, in which case we will be entitled to demand the relevant lessor return prepaid rent and indemnify us for damages caused by the title defect. In the event that relocation becomes necessary, we believe we can promptly find suitable alternative buildings for relocation under comparable terms, without incurring significant additional costs, considering the nature and respective size of use of these leased buildings. Our Directors believe that the defects in our leased buildings will not, individually or in the aggregate, materially affect our business and results of operations, considering such leased buildings account for a small portion of our overall owned and leased buildings in terms of gross floor area.

See “Risk Factors — A failure to comply with PRC property-related laws and regulations regarding certain of our owned buildings and leased buildings may adversely affect our business.”

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LICENSES, PERMITS AND CERTIFICATES

During the Track Record Period and up to the Latest Practicable Date, our Company and Major Subsidiaries have obtained all licenses, approvals, permits and certificates that are material and necessary for our major businesses in the jurisdictions where our Company and Major Subsidiaries operate, and such licenses, permits, approvals and certificates are valid and subsisting.

INSURANCE

We maintain insurance policies primarily covering hog insurance and property all risk insurance. Our employer related insurance mainly consists of contributions to or provisions of the employee pension insurance, work-related injury insurance, maternity insurance, unemployment insurance, medical insurance and housing provident funds as required by the PRC laws and regulations. We believe that our insurance coverage is in line with the general practice in the PRC of the industry in which we are engaged.

DATA PRIVACY AND SECURITY

During the ordinary course of our business, we will collect and maintain certain customer information to the extent necessary for the sales and delivery of our products and provision of services, primarily including customers’ contact information, transaction records, ID cards, business licenses and payment information. The collection of such data facilitates user registration, order processing and other works related to the sale of our products.

We have implemented measures to preserve the confidentiality of such information to ensure regulatory compliance. Specifically, we employ advanced encryption techniques for data storage and transmission, conduct regular audits to identify and mitigate potential security vulnerabilities, and provide comprehensive training to our employees on data privacy and security protocols. Furthermore, we have established stringent access controls and monitoring mechanisms to prevent unauthorized data access and ensure that data handling practices comply with both domestic and international data protection standards. In 2024, for example, our Smart Muyuan system (牧原智聯平台) has been filed as Level 3 under the Multiple Level Protection Scheme in accordance with relevant laws and regulations.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material data leakage or data loss or any material unauthorized use of customers’ personal information. As advised by our PRC Legal Adviser, we had complied with the applicable laws and regulations with respect to data privacy and personal data protection during the Track Record Period and up to the Latest Practicable Date in all material aspects. Given that legislation and law enforcement in the PRC on data privacy and security are still evolving, we will closely monitor further regulatory developments and take appropriate measures in a timely manner.

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LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may be, from time to time, party to court, arbitral and administrative proceedings arising in the ordinary course of our business operations. During the Track Record Period and up to the Latest Practicable Date, we and our subsidiaries are not involved in any court, arbitral or administrative proceedings which we believe may be of material importance to our assets and liabilities or profits and losses nor, so far as we are aware, are any such proceedings pending or threatened. See “Risk Factors — Risks Relating to Our Business and Industry — We are exposed to the risk of litigation, claims and disputes, which may cause us to pay significant damages and incur other costs.”

Compliance

During the Track Record Period and up to the Latest Practicable Date, we had complied with all relevant laws and regulations applicable to us in all material respects concerning our operations. For more information about the laws and regulations applicable to us, see “Regulatory Overview.”

RISK MANAGEMENT AND INTERNAL CONTROL

We are exposed to various risks during our operations and have established risk management systems with relevant policies and procedures, creating a system that includes the business departments, legal department and internal audit department, which we consider to be appropriate for risk prevention, risk control and emergency responses in our business operations, and are dedicated to continually improving these systems. Our risk management measures include:

- ***The Board as the key decision-making body.*** Our Board is responsible for establishing risk management strategy, deciding our Company’s risk appetite, regularly evaluating the effectiveness of our internal control systems and maintaining our Company’s risk management at an appropriate and effective level.
- ***Business departments as the first line of defense.*** Our business departments establish compliance management systems and processes, incorporating compliance requirements into job responsibilities and conducting compliance risk assessments. Risks are categorized into known risks, unknown risks and uncertain risks, with corresponding management measures being developed. They identify compliance risks in key positions, compile risk lists and response plans, and investigate and rectify violations.
- ***Legal department as the second line of defense.*** The legal department is responsible for the construction and effectiveness evaluation of the compliance management system, and coordinates and manages the identification, warning and response to

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corporate compliance risks. The department internalizes external regulations, strengthens compliance system construction, compliance review and assessment, and organizes and promotes daily compliance work across departments to ensure the effective operation of the compliance system.

- ***Internal Audit department as the third line of defense.*** The audit department has built a comprehensive, authoritative and efficient audit supervision system. It implements a closed-loop audit supervision process of risk assessment, audit planning, audit supervision, issue investigation, internal control improvement and re-audit. The department is committed to creating an open and collaborative audit supervision ecosystem to maximize supervision effectiveness.

To embed a culture of compliance into our daily workflow and set expectations for individual behavior across the organization, we regularly review our risk management policies and internal management procedures, adopt strict internal accountability and conduct compliance training.

During the Track Record Period, we used future contracts, foreign exchange forward contracts and interest rate swap contracts to hedge risks. We recorded financial assets held for trading of RMB3.1 million, RMB21.2 million and RMB2.9 million as of December 31, 2022, 2023 and 2024, respectively.

During the Track Record Period, we mainly entered into financial derivative instruments to hedge against hog price fluctuations and reduce market risks. Since the launch of hog futures in China in January 2021, we were among the first companies in China to establish hog futures delivery warehouses and participate in the delivery of the initial batch of futures contracts. We usually enter into transactions using derivative financial instruments when: (a) we anticipate that market selling prices of hogs may decline in the future; or (b) hog futures prices are relatively high. To mitigate our risk exposure, we mostly entered into futures and options products, which enable us to sell hog products at a fixed price to hedge against price dropping of our hog products.

To effectively manage risks related to our hedging practices, we have established “Derivatives Business Management Policy” and the “Commodity Futures Hedging Business Management Policy”, providing clear guidelines for identifying, measuring and managing price risks within a structured framework. Our finance department serves as the executing body for foreign exchange derivatives trading, responsible for planning, fund allocation and daily operations, with subsidiary general managers and financial managers assisting in execution and providing recommendations. Our internal audit department oversees these activities to ensure compliance and effectiveness. Our Board and shareholders’ meeting act as the decision-making bodies, approving the annual derivatives trading plan. Our Board further authorizes our derivative business decision-making group and our futures decision-making group to manage execution, including signing related agreements and documents. These measures ensure that our hedging activities are conducted transparently, efficiently, and in strict adherence to regulatory and corporate governance standards.

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AWARDS AND RECOGNITIONS

Awards and Recognitions	Year	Issuing Authority
WAFI Innovation Award	2024	World Agriculture Technology Innovation Conference
Environmental Protection Science and Technology Progress Award (Second Prize) (“環境保護科技進步獎二等獎”)	2024	Chinese Society for Environmental Sciences (“中國環境科學協會”)
2023 National Modern Facility Agriculture Innovation Leading Base (“2023年全國現代設施農業創新引領基地”)	2024	PRC Ministry of Agriculture and Rural Affairs (“中國農業農村部”)
National Key Leading Enterprise of Agricultural Industrialization (“農業產業化國家重點龍頭企業”)	2023	PRC Ministry of Agriculture and Rural Affairs (“中國農業農村部”), National Development and Reform Commission (NDRC) (“國家發展和改革委員會(國家發改委)”), Ministry of Commerce, People’s Bank of China (“中國人民銀行”), China Securities Regulatory Commission (CSRC) (“中國證券監督管理委員會(中國證監會)”), All-China Federation of Supply and Marketing Cooperatives (“中華全國供銷合作總社”)
2023 Sustainable Development Model Enterprise (“2023年度可持續發展典範企業”)	2023	China Economic Conference Organizing Committee (“中國經濟大會組委會”)
2023 Standardized Demonstration Project for High-Quality Agricultural Development (Standardized Construction of Hog Slaughtering Demonstration Unit (“2023年農業高質量發展標準化示範項目(生豬屠宰標準化建設)示範單位”) . .	2023	PRC Ministry of Agriculture and Rural Affairs (“中國農業農村部”)

BUSINESS

Awards and Recognitions	Year	Issuing Authority
2023 Advanced Enterprise in China’s Meat Industry (“2023年中國肉類食品行業先進企業”) . . .	2023	China Meat Association (“中國肉類協會”)
National Green Factory (“國家級綠色工廠”)	2023	PRC Ministry of Industry and Information Technology (“中國工業和信息化部”)
National Agriculture, Animal Husbandry and Fishery Harvest Award (“全國農牧漁業豐收獎”) .	2022	PRC Ministry of Agriculture and Rural Affairs (“中國農業農村部”)
National Harmonious Labor Relations Demonstration Enterprise (“全國和諧勞動關係創建示範企業”)	2022	PRC Ministry of Human Resources and Social Security (“人力資源社會保障部”), All-China Federation of Trade Unions (“中華全國總工會”), China Enterprise Confederation (“中國企業聯合會”), China Entrepreneurs Association (“中國企業家協會”), All-China Federation of Industry and Commerce (“中華全國工商業聯合會聯合主辦”)

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

OVERVIEW

Our Board of Directors consists of seven Directors, comprising three Executive Directors, one Non-executive Director, and three Independent Non-executive Directors. Our Directors are elected for a term of three years and are subject to re-election.

We have also established a Board of Supervisors that is primarily responsible for supervising our Company’s finances, and the legality and compliance of the duties performed by our Directors and senior management. Our Board of Supervisors consists of three Supervisors, including one employee representative Supervisor. Our Supervisors are elected for a term of three years and are subject to re-election.

Our senior management is responsible for the daily operations of our Company.

Directors, Supervisors and Senior Management

The following table sets forth certain information regarding our Directors:

Name	Age ¹	Position(s)	Date of Joining our Group	Date of Appointment as a Director	Role and Responsibility
Executive Directors					
Mr. QIN Yinglin (秦英林先生)	60	Chairman of the Board, Executive Director and President	July 2000	December 2009	Responsible for overall strategic planning, business direction and management of the Group
Mr. CAO Zhinian (曹治年先生)	48	Vice Chairman of the Board, Executive Director, Executive Vice President and Person in charge of Finance	July 2000	December 2009	Assisting in overseeing the strategic direction, business operation and corporate governance

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Age ¹	Position(s)	Date of Joining our Group	Date of Appointment as a Director	Role and Responsibility
Ms. YANG Ruihua (楊瑞華女士)	48	Executive Director and Vice President	July 2000	May 2024	Directing daily operations, corporate governance, coordinating resources, and reviewing strategies and risks
Non-executive Director					
Ms. QIAN Ying (錢瑛女士) . . .	59	Non-executive Director	July 2000	December 2009	Supervising corporate governance and reviewing strategies and risks
Independent non-executive Directors					
Mr. CHOW Ming Sang (周明笙先生) .	52	Independent Non-executive Director	December 2023	December 2023	Supervising and providing independent opinion and judgment to the Board
Mr. YAN Lei (閻磊先生) . . .	52	Independent Non-executive Director	July 2021	July 2021	Supervising and providing independent opinion and judgment to the Board
Mr. FENG Genfu (馮根福先生) .	68	Independent Non-executive Director	September 2021	September 2021	Supervising and providing independent opinion and judgment to the Board

Note:

1 Ages are calculated based on the year of birth.

The following table sets forth certain information about our Supervisors:

Name	Age ¹	Position(s)	Date of Joining our Group	Date of Appointment as a Supervisor	Role and Responsibility
Mr. SU Danglin (蘇黨林先生) .	56	Chairman of the Board of Supervisors	July 2000	March 2020	Responsible for supervising the performance of duties by our Directors and our senior management

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Age ¹	Position(s)	Date of Joining our Group	Date of Appointment as a Supervisor	Role and Responsibility
Mr. LI Fuqiang (李付強先生) .	59	Supervisor	July 2000	December 2009	Responsible for supervising the performance of duties by our Directors and our senior management
Ms. LU Xiangli (魯香莉女士) .	50	Supervisor	August 2003	December 2009	Responsible for supervising the performance of duties by our Directors and our senior management

Note:

1 Ages are calculated based on the year of birth.

The following table sets out certain information regarding the senior management of our Company.

Name	Age ¹	Position(s)	Date of Joining our Group	Date of Appointment as senior management	Role and Responsibility
Mr. QIN Yinglin (秦英林先生) .	60	Chairman of the Board, Executive Director and President	July 2000	December 2009	Responsible for overall strategic planning, business direction and management of the Group
Mr. CAO Zhinian (曹治年先生) .	48	Vice Chairman of the Board, Executive Director, Executive Vice President and Person in charge of Finance	July 2000	January 2010 (Executive Vice President) and July 2014 (Person in charge of Finance)	Assisting in overseeing strategic direction, business operation and corporate governance
Ms. YANG Ruihua (楊瑞華女士) .	48	Executive Director and Vice President	July 2000	March 2020	Directing daily operations, corporate governance, coordinating resources, and reviewing strategies and risks

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Age ¹	Position(s)	Date of Joining our Group	Date of Appointment as senior management	Role and Responsibility
Ms. CHU Ke (褚柯女士) . . .	43	Vice President	July 2007	March 2020	Supporting the president in strategy and daily operations and coordinating resources
Ms. WANG Chunyan (王春艷女士) .	33	Chief Human Resources Officer (CHO)	July 2015	March 2020	Responsible for human resources management
Mr. YUAN Hebin (袁合賓先生) .	37	Chief Legal Officer (CLO)	July 2010	March 2020	Responsible for legal compliance and risk control
Mr. QIN Jun (秦軍先生) . . .	51	Secretary to the Board and Chief Strategy Officer (CSO)	November 2012	July 2014 (Secretary to the Board) and March 2020 (CSO)	Responsible for overall corporate governance, information disclosure, investor relation, company strategy and other Board-related matters
Mr. WANG Zhiyuan (王志遠先生)	37	General Manager of Development and Construction	July 2012	March 2020	Responsible for strategy development, operational management and performance achievement
Mr. LI Yanpeng (李彥朋先生) .	39	Chief Operating Officer of Hog Production	July 2011	March 2020	Responsible for developing hog farming strategy, coordinating and ensuring company profit goals
Mr. XU Shaotao (徐紹濤先生) .	52	Muyuan Meat General Manager	April 2019	March 2020	Responsible for developing strategy and business plan for meat product business
Ms. NIU Min (牛旻女士) . . .	36	Chief Veterinary Officer	July 2014	May 2025	Responsible for overseeing veterinary services, leading veterinary research and development

Note:

1. Ages are calculated based on the year of birth.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Save that Mr. Qin Yinglin and Ms. Qian Ying are spouses, Mr. Cao Zhinian is a cousin of Ms. Qian Ying, and Mr. Cao Zhinian and Ms. Yang Ruihua are spouses, none of our Directors, Supervisors and members of senior management is a relative to other Directors, Supervisors or members of senior management.

Save as disclosed in this section, (i) none of our Directors held any directorships in public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the [date of this document]; (ii) to the best knowledge, information and belief of the Directors having made all reasonable inquiries, there were no other matters with respect to the appointment of the Directors that need to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

BOARD OF DIRECTORS

Executive Directors

Mr. QIN Yinglin (秦英林先生) has been our Director, Chairman of the Board and President since December 2009. Mr. Qin began his entrepreneurial career in 1992 when he entered the hog farming industry, and he established Neixiang County Mashan Hog Farm (內鄉縣馬山養豬場) in 1995.

Mr. Qin has also been serving as a deputy to the 14th National People’s Congress since February 2023, a vice president of All-China Federation of Industry and Commerce (中華全國工商業聯合會, also known as All-China Chamber of Industry and Commerce (中國民間商會)) since December 2022, the vice chairman of the board of trustees of Westlake University (西湖大學) since June 2020, a vice president of the China Animal Agriculture Association (中國畜牧業協會) since July 2024, and the vice chairman of the first council of National Center of Technology Innovation for Pigs (國家生豬技術創新中心) since April 2022.

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

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

Mr. CAO Zhinian (曹治年先生) has been our Director since December 2009 and the Vice Chairman of the Board since August 2018.

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

Mr. Cao worked at Neixiang County Mashan Hog Farm (內鄉縣馬山養豬場) from 1998 to July 2000. From the establishment of our Company in July 2000 to December 2009, he served various positions in the Company, including finance manager and person in charge of finance.

Mr. Cao was honored as a Model Worker of Nanyang City awarded by the Nanyang Municipal People’s Government in April 2011, and a Model Worker of Henan Province awarded by the People’s Government of Henan Province in April 2014.

Mr. Cao obtained a junior college degree in financial accounting from Nanyang Institute of Technology (南陽理工學院) in PRC in July 1999. He was qualified as a senior economist by the Department of Human Resources and Social Security of Henan Province in March 2020.

Ms. YANG Ruihua (楊瑞華女士) has been our Director of the Company since May 2024.

Ms. Yang has served as the veterinary director of our Company since July 2000 and a Vice President of our Company since March 2020.

Ms. Yang served as a veterinarian at Neixiang County Mashan Hog Farm (內鄉縣馬山養豬場) from March 1996 to July 2000. She served as a council member of the Hog Breeding Branch of Henan Livestock Farming Association (河南省畜牧獸醫學會養豬學分會) from May 2007 to May 2011.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Yang has received numerous honors during her career, including being honored as an Advanced Individual in Livestock Farming by the Nanyang Municipal People’s Government in February 2009, awarded the Henan Provincial Science and Technology Progress Award by the Henan Provincial Department of Science and Technology in April 2009 and the First Prize Science and Technology Achievement Award by the Henan Provincial Department of Education in July 2009, honored as Nanyang Model Worker by the Nanyang Municipal People’s Government in April 2015 and Henan Provincial Model Worker by the Henan Provincial People’s Government in April 2024.

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

Non-executive Director

Ms. QIAN Ying (錢瑛女士) has been our Director since December 2009.

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

Ms. Qian obtained her junior college degree in traditional Chinese Veterinary Medicine from Zhengzhou Livestock Farming and Veterinary College (鄭州畜牧獸醫專科學校) in PRC in July 1988.

Independent Non-executive Directors

Mr. CHOW Ming Sang (周明笙先生) has been our independent director since December 2023.

Mr. Chow currently serves as an independent non-executive director for several companies listed on the Hong Kong Stock Exchange, including Teamway International Group Holdings Limited (1239.HK) since June 2019, China Modern Dairy Holdings Ltd. (1117.HK) since July 2021, Redco Healthy Living Co Ltd (2370.HK) since March 2022, China Maple Leaf Educational Systems Limited (1317.HK) since March 2024, and XtalPi Holdings Limited (2228.HK) since May 2024. He has also been the managing director of Beijing Xinshi Anye Management Consulting Co., Ltd. (北京信實安業管理諮詢有限公司) since July 2019.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

From January 2007 to September 2018, Mr. Chow worked at Ernst & Young (China) Advisory Limited, with his last position being a partner. He also served as the general manager of the risk control department at Tahoe Group Co., Ltd. (泰禾集團股份有限公司) from September 2018 to June 2019.

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

Mr. YAN Lei (閻磊先生) has been our independent director since July 2021.

Mr. Yan has been the executive director of Shenzhen Brothers Football Investment Development Holdings Co., Ltd. (深圳兄弟足球投資發展控股有限公司) since December 2015, an independent director of Dongguan Yutong Optical Technology Co., Ltd. (東莞市宇瞳光學科技股份有限公司, 300790.SZ) since July 2021, and Genbyte Technology Inc. (深圳市振邦智能科技股份有限公司, 003028.SZ) since January 2023. He has also been the chairman of Shenzhen Zhengqing Data Technology Co., Ltd. (深圳政擎數據科技有限公司) since January 2024, and a director and manager of Shenzhen Changfa Consulting Co., Ltd. (深圳市常法顧問諮詢有限公司) since August 2024.

Mr. Yan conducted postdoctoral research at the Institute of Applied Law, Chinese Academy of Social Sciences (中國社會科學院中國應用法學研究所) from May 2011 to August 2014. He has been a review expert for investment and financing at the Shenzhen Baoan District Industrial Investment Guidance Fund (深圳市寶安區產業投資引導基金) from June 2018 to June 2020. He worked at Chongqing Suyuan (Shenzhen) Law Firm (重慶溯源(深圳)律師事務所) from February 2019 to September 2024. He served as independent directors of Shenzhen Click Technology Co., Ltd. (深圳可立克科技股份有限公司, 002782.SZ) from November 2019 to May 2024, and Eastern Pioneer Driving School Co., Ltd. (東方時尚駕駛學校股份有限公司, 603377.SH) from July 2021 to April 2024.

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

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. FENG Genfu (馮根福先生) has been our independent director since September 2021.

Mr. Feng has been a professor and doctoral supervisor at the School of Economics and Finance at Xi'an Jiaotong University (西安交通大學) since February 2016, and an independent director of Huaren Pharmaceutical Co., Ltd. (華仁藥業股份有限公司, 300110.SZ) since August 2019. He also serves as an external director of Xi'an Huaheng State owned Capital Operation Group Co., Ltd. (西安華衡國有資本運營集團有限公司) since August 2018 and independent directors of Phylion Battery Co., Ltd. (星恒電源股份有限公司) since September 2019, Kunpeng Asset Management Co., Ltd. (昆朋資產管理股份有限公司) since June 2020, and Zhongyuan Trust Co., Ltd. (中原信託有限公司) since September 2020. He also held positions such as a vice president of the China Society of Quantitative Economics (中國數量經濟學會) from October 2021 to October 2024.

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

Mr. Feng was awarded the Second Prize for the 13th Awards of Outstanding Achievements in Philosophy and Social Sciences by the Shaanxi Provincial Government in May 2018, and the First Prize for the 14th Outstanding Achievements in Philosophy and Social Sciences by the Shaanxi Provincial Government in November 2019.

Mr. Feng obtained a doctoral degree in economics from Shaanxi Institute of Finance & Economics (陝西財經學院) in PRC in July 1997.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

BOARD OF SUPERVISORS

Mr. SU Danglin (蘇黨林先生) has been the Chairman of the Board of Supervisors since March 2020.

Mr. Su has also been in charge of the environmental protection operation of our Company since April 2022. Previously, he worked in Neixiang County Mashan Hog Farm (內鄉縣馬山養豬場) from July 1995 to July 2000 and subsequently served various positions in our Company from its establishment in July 2000 to April 2022, including head of environmental protection logistics and deputy general manager.

Mr. LI Fuqiang (李付強先生) has been a Supervisor since December 2009.

Mr. Li worked as the manager of engineering management department of Neixiang County Mashan Hog Farm (內鄉縣馬山養豬場) from 1998 to July 2000. Since the establishment of our Company in July 2000, he has been serving as the vice general manager of development and construction.

Ms. LU Xiangli (魯香莉女士) has been a Supervisor (employee representative Supervisor) since December 2009.

Ms. Lu joined our Group in 2003 and served roles of recruitment officer from August 2003 to April 2020. She has been serving as an employee committee management officer since April 2020.

SENIOR MANAGEMENT

For biographical details of Mr. QIN Yinglin (秦英林先生), see “— Board of Directors — Executive Directors.”

For biographical details of Mr. CAO Zhinian (曹治年先生), see “— Board of Directors — Executive Directors.”

For biographical details of Ms. YANG Ruihua (楊瑞華女士), see “— Board of Directors — Executive Directors.”

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

Ms. Chu joined our Company in July 2007. She served as the nutrition director from July 2007 to February 2020 and the chairman of the Board of Supervisors from December 2009 to March 2020.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Chu obtained a master’s degree in animal nutrition and feed science from Yunnan Agricultural University (雲南農業大學) in PRC in June 2007. She holds the qualification of senior economist issued by the Department of Human Resources and Social Security of Henan Province in March 2020.

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

Ms. Wang joined our Company in 2015 and was in charge of employee performance evaluation from July 2015 to March 2018, and served as the human resource director from March 2018 to March 2020. She has also been serving as the deputy director of the Nanyang Westlake Muyuan Synthetic Biology Research Institute (南陽市西湖牧原合成生物研究院) since March 2023.

Ms. Wang obtained a bachelor’s degree in labor and social security from Wuhan University (武漢大學) in PRC in June 2014.

Mr. YUAN Hebin (袁合賓先生) has been the Chief Legal Officer (CLO) of our Company since March 2020.

Mr. Yuan has been serving as the president of Nanyang Consumer Assistance Association (南陽市消費幫扶協會) since March 2023, and as directors of Cnex Fire Vehicle Manufacturing Co., Ltd. (西奈克消防車輛製造有限公司) since December 2017, Muyuan International (BVI) Limited since October 2017, Neixiang County Shengduo Watershed Water Ecological Environment Treatment Co., Ltd. (內鄉縣聖垛流域水生生態環境治理有限公司) since October 2018, and Shanghai Lingyue Investment Management Co., Ltd. (上海瓚岳投資管理有限公司) since February 2021. He has also been serving as the supervisor of Shandong Muhua Animal Husbandry Industry Development Co., Ltd. (山東省牧華畜牧業產業發展有限公司) since November 2019.

Mr. Yuan joined our Company in 2010. He served as the manager of legal department of our Company from July 2010 to March 2020. He also served as supervisors of various subsidiaries of our Company, including Nanyang Muhua Animal Husbandry Industry Development Co., Ltd. (南陽市牧華畜牧產業發展有限公司) from November 2019 to April 2025, Huaxian Muhua Animal Husbandry Industry Development Co., Ltd. (滑縣牧華畜牧產業發展有限公司) and Ningling Muhua Animal Husbandry Industry Development Co., Ltd. (寧陵牧華畜牧產業發展有限公司) from December 2019 to January 2025, Huaibei Muhua Animal Husbandry Industry Development Co., Ltd. (淮北市牧華畜牧業產業發展有限公司) from December 2019 to March 2025, Hubei Zhongxiang Muyuan Breeding Co., Ltd. (湖北鐘祥牧原養殖有限公司) from September 2012 to April 2025, Fugou Muhua Animal Husbandry Industry Development Co., Ltd. (扶溝牧華畜牧產業發展有限公司) from December 2019 to May 2025, Nanyang Muyuan Swine Supply Support Co., Ltd. (南陽市牧原生豬供應保障有限公司) from January 2020 to June 2024, and 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 March 2025.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

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

Mr. Qin has also been serving as a director of Muyuan International (BVI) Limited since October 2017, and a director of Shanghai Lingyue Investment Management Co., Ltd. (上海瓚岳投資管理有限公司) since February 2021.

Mr. Qin joined our Company in 2012 and served as assistant to the general manager from November 2012 to July 2014. Previously he worked as an industry analyst at Guotai Junan Securities Co., Ltd. (now known as Guotai Haitong Securities Co., Ltd., 2611.HK and 601211.SH) from July 2001 to November 2012.

Mr. Qin was honored as an outstanding board secretary by the Securities Times (證券時報) in August 2020 and received a 4A rating in the 2023 board secretary performance evaluation by the China Association for Public Companies (中國上市公司協會) in December 2023.

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

Mr. WANG Zhiyuan (王志遠先生) has been General Manager of Development and Construction of our Company since March 2020.

Mr. Wang has also been serving as the executive director of Nanyang Wolong Muyuan Breeding Co., Ltd. (南陽市卧龍牧原養殖有限公司) since May 2018.

Mr. Wang joined our Company in 2012 and worked at public relationship position, and served as the person in charge of quality supervision from July 2012 to March 2020. He also served as positions of various subsidiaries of our Company including the executive director and general manager of Nanyang Muyuan Merchants Industry Development Co., Ltd. (南陽市牧原招商產業發展有限公司) from December 2018 to April 2022, the executive director and general manager of Nanyang Muyuan Poor Area Livestock Husbandry Development Co., Ltd. (南陽市牧原貧困地區畜牧業發展有限公司) from September 2018 to December 2024, a director of Shandong Muhua Animal Husbandry Industry Development Co., Ltd. (山東省牧華畜牧業產業發展有限公司) from November 2019 to May 2023, a director of Nanyang Muhua Animal Husbandry Industry Development Co., Ltd. (南陽市牧華畜牧產業發展有限公司) from November 2019 to April 2025, the executive director and general manager of Fugou Muhua

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Animal Husbandry Industry Development Co., Ltd. (扶溝牧華畜牧產業發展有限公司) from December 2019 to May 2025, the chairman of the board of directors of Huaxian Muhua Animal Husbandry Industry Development Co., Ltd. (滑縣牧華畜牧產業發展有限公司) from December 2019 to January 2025, the chairman of the board of directors and general manager of Ningling Muhua Animal Husbandry Industry Development Co., Ltd. (寧陵牧華畜牧產業發展有限公司) from December 2019 to January 2025, and a director of Huaibei Muhua Animal Husbandry Industry Development Co., Ltd. (淮北市牧華畜牧產業發展有限公司) from December 2019 to March 2025.

Mr. Wang obtained a bachelor’s degree in civil engineering from Nanyang Institute of Technology (南陽理工學院) in PRC in 2012.

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

Mr. Li has also been serving as the executive director and general manager of Henan Muyuan Hog Breeding Pig Co., Ltd. (河南牧原種豬育種有限公司) since January 2021.

Mr. Li joined our Company in 2011 and served as subsequently as farm manager and R&D director from July 2011 to June 2015, the breeding director from June 2015 to August 2019, the person in charge of production from August 2019 to March 2020. Previously, Mr. Li also served as a senior talent development instructor at the College of Animal Science and Veterinary Medicine at Huazhong Agricultural University (華中農業大學) from January 2021 to July 2023, and as a member of the pig industry standardization working group of the National Animal Husbandry Standardization Technical Committee (全國畜牧業標準化技術委員會) from April 2021 to April 2026.

Mr. Li was awarded the Henan Science and Technology Progress Award by the Henan Provincial People’s Government in February 2021, and received the title of Henan Provincial Technical Specialist by the Henan Provincial Department of Human Resources and Social Security in May 2023. He was honored as a national rural revitalization youth pioneer by the Communist Youth League of China and the Ministry of Agriculture and Rural Affairs in November 2023.

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

Mr. XU Shaotao (徐紹濤先生) has been the Muyuan Meat General Manager of our Company since March 2020.

Mr. Xu has also being serving as the general manager of Muyuan Meat Co., Ltd. (牧原肉食品有限公司) since March 2023 and a director of Henan Qianmu Biopharmaceutical Co., Ltd. (河南千牧生物製藥有限公司) since June 2023.

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Mr. Xu joined our Group in 2019. Previously, he worked at a subsidiary of Shandong Longda Meishi Co., Ltd. (山東龍大美食股份有限公司, 002726.SZ) from January 2011 to April 2019.

Mr. Xu obtained an associate degree in financial accounting from Shandong Technology and Business University (山東工商學院) in PRC in January 2007 via correspondence study.

Ms. NIU Min (牛旻女士) has been the Chief Veterinary Officer (CVO) of our Company since May 2025.

Ms. Niu joined our Group in 2014 and served in various roles including veterinary R&D specialist, regional laboratory director, and head of veterinary diagnostics from July 2014 to March 2021. She served as the head of veterinary services of our Company from March 2021 to May 2025. From January 2021 to July 2023, Ms. Niu was a senior talent development instructor at the College of Animal Science and Veterinary Medicine at Huazhong Agricultural University (華中農業大學). She also served as an industry mentor for professional degree postgraduates at the College of Animal Science and Technology and College of Veterinary Medicine at Huazhong Agricultural University (華中農業大學) from December 2021 to December 2025. Ms. Niu was a member of the development committee of the Modern Swine Veterinary Research Institute at Zhejiang A&F University (浙江農林大學) from March 2022 to March 2025. She became a council member (representative) of the third council of the China Veterinary Association (中國獸醫協會) in June 2023 and the deputy director of the second expert working committee of the China Veterinary Association in July 2023.

Ms. Niu has received various accolades, including being named one of Nanyang’s Top Ten Female Scientists (南陽市“十佳女科技工作者”) by the Nanyang Women’s Federation (南陽市婦女聯合會) in March 2023, and awarded the March 8th Red-Banner Holder (南陽市“三八”紅旗手) by the Nanyang Women’s Federation in March 2023. She received the First Prize for Agricultural Technology Promotion Achievements (農業技術推廣成果獎一等獎) from the MARA in December 2022, and was recognized as the Annual Figure in China’s Hog Industry (中國養豬行業年度人物) by the China Hog Industry Magazine (《中國豬業》雜誌社) in December 2022.

Ms. Niu obtained her master’s degree in veterinary medicine from Huazhong Agricultural University (華中農業大學) in PRC in June 2014. She holds a Veterinary Practitioner Qualification (執業獸醫師資格證) issued by the Bureau of Animal Husbandry of Henan Province (河南省畜牧局) in March 2017.

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OTHER DISCLOSURE

According to a regulatory letter (a self-regulatory measure under the rules of the Shenzhen Stock Exchange) dated April 8, 2022 from the Shenzhen Stock Exchange, Mr. Qin Yinglin’s subscription of 37,855,694 Convertible Bonds at RMB100 each on August 25, 2021, and subsequent sale of 5,794,424 Convertible Bonds at RMB115 each on February 17, 2022, constituted short-swing trading. The Company’s investigation found Mr. Qin Yinglin’s sale resulted from a different interpretation of the timing rules under the relevant rules. Mr. Qin had no intent to profit improperly. He has apologized, returned all gains and studied the applicable regulations to prevent occurrence of similar situations.

According to a decision dated May 7, 2021 from CSRC, Mr. Qin Yinglin was subject to a regulatory talk, an administrative measure under CSRC rules. The decision related to the Company’s submission of Convertible Bonds issuance materials, including a letter signed by Mr. Qin Yinglin as our legal representative and Chairman, which stated there were no material issues affecting the offering and listing of the Convertible Bonds or the decision-making of investors. This submission occurred while the Shenzhen Stock Exchange was querying the Company regarding media concerns over its financial indicators and related-party transactions, and Mr. Qin Yinglin’s signing of the submission was found to violate CSRC regulations on listed company disclosures. Mr. Qin Yinglin attended the regulatory talk as required, and the Company has also strengthened training for Directors, Supervisors, and senior management to improve their compliance and awareness of relevant laws and regulations.

According to a regulatory letter dated January 20, 2017 from the Shenzhen Stock Exchange, Mr. Cao Zhinian’s acquisition of 148,000 A Shares and sale of 6,200 A Shares on January 11, 2017, constituted short-swing trading. The Company’s investigation found Mr. Cao Zhinian’s sale resulted from an operational error during consecutive purchases, with no intent to profit improperly. Mr. Cao Zhinian acknowledged the impact of the error. He has apologized, returned all gains, and studied the relevant regulations to prevent similar occurrences.

Our Company considers that the above incidents did not adversely affect the suitability of Mr. Qin Yinglin and Mr. Cao Zhinian to act as our Executive Directors and senior management on the following basis:

- i. as of the Latest Practicable Date and to our best knowledge, (i) all such incidents have been concluded, (ii) there has not been any further regulatory request to, action against or correspondence with our Company or the relevant Directors from or by the Shenzhen Stock Exchange and/or the CSRC, and (iii) other than disclosed above, Mr. Qin Yinglin and Mr. Cao Zhinian have not been imposed on any other penalties or involved in any other investigation, hearing or proceeding brought or instituted by any securities regulatory authority or stock exchange, relating to the aforementioned incidents;

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- ii. all non-compliant conducts involved in such incidents were unintentional and primarily due to inadvertent oversight or mistaken understanding of the relevant requirements or operational error, and did not involve findings of fraud and dishonesty on the part of each of Mr. Qin Yinglin or Mr. Cao Zhinian or raise concern on their respective integrity; and once being aware of the non-compliant incidents, the relevant individuals has taken rectification measures as appropriate, including attending training sessions, and remit all profits made during such incidents to our Company;
- iii. none of the regulatory talk required by the CSRC or the regulatory letters issued by the Shenzhen Stock Exchange constitutes a major or severe administrative regulatory measure or self-regulatory measure, nor do they constitute administrative penalties or public censure under the PRC securities regulatory laws, regulations or rules, and given that the CSRC or the Shenzhen Stock Exchange has already taken administrative regulatory measures or self-regulatory measures regarding the aforementioned non-compliant incidents, and the concerned individuals have taken appropriate rectification measures, the possibility that the securities regulatory authority or the stock exchange takes further measure or action against the relevant persons in respect of the aforementioned non-compliant incidents is remote;
- iv. as advised by our PRC Legal Adviser, each of Mr. Qin Yinglin and Mr. Cao Zhinian serving as a director and/or senior management member of a PRC company (including listed companies) or as a Director and/or senior management member of the Company is compliant with the relevant PRC Company Law, the PRC Securities Law and other PRC laws and regulations; and
- v. we have also implemented internal control measures to ensure full compliance with applicable laws and regulations in the future, including but not limited to appointing the compliance adviser and enhancing the our internal policies on dealing in securities of the Company by our Directors, Supervisors and senior management. Specifically, we have adopted a management policy on overviewing and supervising the securities held by our Directors, Supervisors and senior management and requires all of them to report to the Company the securities account held by them so that the Company could also timely monitor the trading in the Company’s securities. In addition, we also regularly reminds our Directors, Supervisors, senior management and relevant personnel of the Company of their duties in carefully dealing with the Company’s securities to avoid future occurrence of such incidents. We [have adopted] the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules as part of its securities trading rules and procedures.

For our Directors’ interest in our Shares within the meaning of Part XV of the SFO, see “Appendix VI. Statutory and General Information — 3. Further Information about Our Directors, Supervisors and Substantial Shareholders — C. Disclosure of Interests — (b) Disclosure of Interests of Directors, Supervisors and Chief Executive” in Appendix VI to this document.

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Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in May 2025, and (ii) understands his or her obligations as a director of a [REDACTED] under the Listing Rules.

Each of the independent non-executive Directors has confirmed (i) his independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his independence at the time of his appointments.

JOINT COMPANY SECRETARIES

Mr. QIN Jun (秦軍先生), is the Secretary to the Board, Chief Strategy Officer (CSO) and our joint company secretary. For biographical details of Mr. Qin Jun (秦軍), see “— Senior Management.”

Ms. LEUNG Wing Han Sharon (梁穎嫻女士), has over 15 years of experience in company secretarial work, with expertise in listing rules, company ordinances, and offshore company compliance. She is a director of the company secretarial services division at Tricor Services Limited, providing company secretarial and compliance services to a range of clients, including multinational corporations. Ms. Leung is a Chartered Secretary, Chartered Governance Professional, and a fellow member of both the Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. She is also a member of the Hong Kong Institute of Certified Public Accountants.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

We aim to implement a high standard of corporate governance, which we believe is crucial to safeguard the interests of our Shareholders. To accomplish this, we expect to comply with the Corporate Governance Code set out in Appendix C1 of the Listing Rules after the [REDACTED], save that Mr. Qin Yinglin will serve as both our Chairman of the Board and President as discussed below.

Pursuant to code provision C.2.1 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman of the board and the chief executive officer should be segregated and should not be performed by the same individual. We do not have a separate Chairman of the Board and President and Mr. Qin Yinglin currently performs these two roles. The Board believes that vesting the roles of both Chairman of the Board and President in the same person has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning for our Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired, and this structure will enable our Company to make and implement decisions promptly and effectively.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

COMPETING INTERESTS

As of the Latest Practicable Date, none of our Directors (other than Independent Non-executive Directors) had interests in any business, which competes or is likely to compete, either directly or indirectly with our business.

COMMITTEES UNDER OUR BOARD OF DIRECTORS

In accordance with relevant PRC laws, regulations, our Articles of Association and the corporate governance practice in the Listing Rules, we have formed five board committees, namely the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee, the Strategy Committee and the Sustainable Development Committee.

Audit Committee

The Audit Committee of our Company consists of three Directors, namely, Ms. Qian Ying, Mr. Yan Lei, and Mr. Chow Ming Sang. Mr. Chow Ming Sang serves as the chairman of the committee. The primary duties of the Audit Committee of our Company include (but are not limited to):

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

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Remuneration and Appraisal Committee

The Remuneration and Appraisal Committee of our Company consists of three Directors, namely, Mr. Cao Zhinian, Mr. Feng Genfu, and Mr. Yan Lei. Mr. Yan Lei serves as the chairman of the committee. The primary duties of the Remuneration and Appraisal Committee of our Company include (but are not limited to):

- Formulating and reviewing remuneration policies for Directors and senior management, ensuring transparency and fairness;
- Evaluating executive Directors’ performance and approving their service contracts;
- Recommending the evaluation of executive Directors’ performance and approving their service contracts;
- Considering market comparisons, time commitments, and responsibilities in setting remuneration;
- Approving compensation for loss or termination of office, ensuring alignment with contractual terms;
- Ensuring no Director is involved in deciding their own remuneration;
- Managing equity incentive plans and employee stock ownership plans; and
- Handling other matters as required by laws, regulations, and our Articles of Association.

Nomination Committee

The Nomination Committee of our Company consists of three Directors, namely, Ms. Qian Ying, Mr. Feng Genfu, and Mr. Yan Lei. Mr. Feng Genfu serves as the chairman of the committee. The primary duties of the Nomination Committee of our Company include (but are not limited to):

- Formulating and recommending criteria and procedures for selecting Directors and senior management, and advising our Board on these standards;
- Identifying and nominating qualified candidates for Directors and senior management positions, and advising the Board on appointments and removals;
- Reviewing the Board’s performance, structure, size, and composition, including skills, knowledge, and diversity, and recommending changes to align with the Company’s strategy;

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- Developing and maintaining a Board diversity policy and disclosing it in the Company’s corporate governance report;
- Evaluating the independence of independent non-executive Directors and advising on succession planning for key roles; and
- Handling other matters required by laws, rules, and regulations of the jurisdictions where our Shares are listed, our Articles of Association, or as authorized by our Board.

Strategy Committee

The Strategy Committee of our Company consists of three Directors, namely, Mr. Qin Yinglin, Ms. Yang Ruihua, and Mr. Chow Ming Sang. Mr. Qin Yinglin serves as the chairman of the committee. The primary duties of the Strategy Committee of our Company include (but are not limited to):

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

Sustainable Development Committee

The Sustainability Committee of our Company consists of three Directors, namely, Mr. Qin Yinglin, Mr. Chow Ming Sang, and Mr. Feng Genfu. Mr. Qin Yinglin serves as the chairman of the committee. The primary duties of the Sustainability Committee of our Company include (but are not limited to):

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

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

BOARD DIVERSITY POLICY

Our Company [has] adopted a board diversity policy (the “**Board Diversity Policy**”) setting out the approach to achieve diversity on our Board.

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

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

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

COMPLIANCE ADVISER

In accordance with Rule 3A.19 of the Listing Rules, our Company has appointed Somerley Capital Limited as our compliance adviser. Pursuant to Rule 3A.23 of the Listing Rules, our Company will consult with and seek advice from the compliance adviser on a timely basis in the following circumstances:

- (a) before the publication of any regulatory announcement, circular or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction under Chapter 14 or 14A of the Listing Rules, is contemplated including share issues and share repurchases;
- (c) where our Company proposes to use the [REDACTED] of the [REDACTED] in a manner different from that detailed in this document or where the business activities, developments or results of our Group deviate from any forecast, estimate, or other information in the [REDACTED] document; and
- (d) where the Stock Exchange makes an inquiry of the listed issuer under Rule 13.10 of the Listing Rules.

The term of appointment of the compliance adviser of our Company shall commence on the [REDACTED] and end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of the financial results for the first full financial year commencing after the [REDACTED] and such appointment shall be subject to extension by mutual agreement.

COMPENSATION AND REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The aggregate remuneration (including directors’ fees, salary, allowances and benefits in kind, retirement scheme contributions, discretionary bonuses and share-based payments) for our Directors and Supervisors for the years ended December 31, 2022, 2023 and 2024 were RMB11.0 million, RMB6.9 million, RMB9.5 million, respectively.

The aggregate remuneration (including salary and other emoluments, retirement scheme contributions, discretionary bonuses and share-based payments) for our Company’s five highest paid individuals for the years ended December 31, 2022, 2023 and 2024 were RMB26.3 million, RMB18.4 million, RMB18.7 million, respectively.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the Track Record Period, no remuneration was paid by us to, or receivable by, our Directors and Supervisors, or the five highest-paid individuals as an inducement to join or upon joining our Company. No compensation was paid by us to, or receivable by, our Directors, Supervisors, or the five highest-paid individuals during the Track Record Period for the loss of any office in connection with the management of the affairs of any subsidiary of our Company. Save as disclosed above, no other payments have been made or are payable in respect of the years ended December 31, 2022, 2023 and 2024, by any member of our Group to any of our Directors, Supervisors, or the five highest-paid individuals.

The remuneration of our Directors, Supervisors and senior management is determined with reference to factors including the completion status of our Company’s financial indicators and business objectives, scope of work and responsibilities of senior management, completion status of various performance indicators for Directors and senior management and operational performance regarding the business innovation and profit-generating capabilities of directors and senior management. Under the arrangements currently in force, we estimate the aggregate remuneration, excluding discretionary bonus, of our Directors and Supervisors for the year ending December 31, 2025 to be approximately RMB14.86 million.

EMPLOYEE SHARE INCENTIVE SCHEMES

Share Incentive Plan for Executive Directors, Senior Management and Key Employees

For details of our share incentive plans, see “Appendix VI. Statutory and General Information — 4. Our Incentive Plan.”

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

As of the Latest Practicable Date, our Controlling Shareholders, comprising Mr. Qin Yinglin, Ms. Qian Ying and Muyuan Group, collectively held approximately 54.91% of our total share capital and 55.87% of our voting rights. Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and excluding A Shares issuable upon the conversion of the outstanding Convertible Bonds), the Controlling Shareholders will continue to hold approximately [REDACTED] of our total share capital and [REDACTED] of our voting rights in aggregate. Therefore, they will remain as our Controlling Shareholders immediately after the [REDACTED].

For a simplified corporate structure chart of our Group, see “History, Development and Corporate Structure — Our Shareholding and Corporate Structure.”

NON-COMPETITION UNDERTAKING

Non-Competition Undertaking Given by Mr. Qin Yinglin, Ms. Qian Ying and Muyuan Group

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

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

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

CONFIRMATION IN RELATION TO ANY COMPETING INTEREST

Each of our Controlling Shareholders has confirmed that he/she/it does not have any interests in any business (apart from the business of the Group) that competes or is likely to compete, directly or indirectly, with our principal business, which is required to be disclosed under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are of the view that we are able to conduct our business independently from our Controlling Shareholders after the [REDACTED].

Management Independence

Our business has been managed and conducted by our Board and senior management. Our Board consists of seven Directors, comprising three Executive Directors, one Non-executive Director and three Independent Non-executive Directors, and we also have eleven senior management members (of which three are Executive Directors). Each of our Directors and senior management possesses relevant management, financial or industry experience to contribute to the management of our business. For further information on the qualifications and experience of our Directors and senior management, see “Directors, Supervisors and Senior Management.”

Save as disclosed below, none of our Directors, Supervisors or members of our senior management holds a directorship or other position in Muyuan Group or close associates of our Controlling Shareholders:

Name	Position in our Company	Name of the Corporate Controlling Shareholder or its Close Associates	Position
Ms. Qian Ying	Non-executive Director	Muyuan Group	Executive director and the general manager
		Shanghai Zhending Enterprise Management Consulting Co., Ltd. (上海圳鼎企業管理諮詢有限公司)	Executive director and the general manager
		Jinding Capital Management (Shenzhen) Co., Ltd. (錦鼎資本管理(深圳)有限公司)	Executive director and the general manager

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Name	Position in our Company	Name of the Corporate Controlling Shareholder or its Close Associates	Position
Mr. Cao Zhinian	Vice Chairman of the Board, Executive Director, Executive Vice President, Person in charge of Finance	Henan Neixiang Rural Commercial Bank Co., Ltd. (河南內鄉農村商業銀行股份有限公司) Cnex Fire Vehicle Manufacturing Co., Ltd. (西奈克消防車輛製造有限公司)	Director Director
Mr. Qin Jun	Board Secretary, Chief Strategy Officer	Shanghai Lingyue Investment Management Co., Ltd. (上海瓚岳投資管理有限公司)	Director
Mr. Yuan Hebin	Chief Legal Officer	Shanghai Lingyue Investment Management Co., Ltd. (上海瓚岳投資管理有限公司) Cnex Fire Vehicle Manufacturing Co., Ltd. (西奈克消防車輛製造有限公司) Neixiang County Shengduo Watershed Water Ecological Environment Treatment Co., Ltd. (內鄉縣聖垛流域水生生態環境治理有限公司)	Director Director Director

Notwithstanding the fact that one Executive Director, namely Mr. Cao Zhinian, one Non-executive Director, namely Ms. Qian Ying, and two members of our senior management team, namely Mr. Qin Jun and Mr. Yuan Hebin, collectively, the “**Overlapping Directors and Senior Management**”), hold overlapping directorship or other positions in our Controlling Shareholders or their close associates, we are of the view that our Company can be managed independently for the following reasons:

- (1) Ms. Qian Ying is a Non-executive Director and is mainly responsible for supervising corporate governance and reviewing strategies and risks of our Company and will not be involved in the day-to-day operation and management of our Company. The day-to-day management and operations of our Company will be dealt with by a team of full-time management members who have been serving our Group for a long time and are familiar with our business;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (2) Mr. Cao Zhinian, Mr. Qin Jun and Mr. Yuan Hebin are not involved in the day-to-day management and operations when serving their positions in the close associates of Muyuan Group and are not receiving remuneration from those positions;
- (3) our daily management and operations are carried out independently by our senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Company. For details of the industry experience of our senior management team, see “Directors, Supervisors and Senior Management”;
- (4) each Director is aware of his/her fiduciary duties as a director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;
- (5) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and a Director and/or his/her associate, he/she shall abstain from voting and shall not be counted towards the quorum for the voting. Hence, no Director will be able to influence our Board in making decisions on matters in which he or she is, or may be interested;
- (6) we have three Independent Non-executive Directors and certain matters of our Company, must always be referred to the Independent Non-executive Directors for review. We have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Company and our Controlling Shareholders which would support our independent management. See “— Corporate Governance Measures”;
- (7) we have appointed Somerley Capital Limited as our compliance adviser, which will provide advice and guidance to our Company in respect of compliance with the applicable laws and Listing Rules, including various requirements relating to Directors’ duties and corporate governance; and
- (8) as an A-share listed company, we have formulated and adopted a comprehensive internal control and management system in compliance with the relevant requirements of the rules of the Shenzhen Stock Exchange. The Articles of Association has also included relevant provisions to manage conflict of interest, pursuant to which our Directors are prohibited from voting in any Board resolution approving any contract or arrangement or any other proposal in which he/she or any of his/her close associates has a material interest, and shall not be counted in the quorum present at the particular Board meeting.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Based on the above, our Directors believe that our Board as a whole and together with our senior management are able to perform the managerial role in our Company independently from our Controlling Shareholders and their respective close associates after the [REDACTED].

Operational Independence

Our Directors are of the view that we can continue operating independently from our Controlling Shareholders after the [REDACTED]. Despite the controlling interest in our Company retained by our Controlling Shareholders after the [REDACTED], we hold and enjoy the benefit of all relevant permits and licenses necessary for carrying out our business in all material respect, and we have sufficient capital, facilities, equipment and employees to operate our business independently from our Controlling Shareholders. We also have full powers to make all decisions regarding, and to carry out, our own business operations independently from our Controlling Shareholders. In addition, our access to, and relationship with, our key customers and suppliers are independent from our Controlling Shareholders.

We have entered into a number of transactions with our Controlling Shareholders, the details of which are set out in the section headed “Connected Transactions” in this document. These transactions did not and are not expected to constitute a significant percentage of our Group’s total revenue and are not material to the operation and conduct of our Group’s principal business. Therefore, our Directors believe that these continuing connected transactions do not affect our operational independence.

In light of the above, our Directors are satisfied that we have been operating independently from our Controlling Shareholders and their respective associates during the Track Record Period and will continue to be able to operate independently upon [REDACTED].

Financial Independence

We have adopted our own independent internal control, accounting, funding, reporting and financial management systems, and we also have an independent accounting and finance department responsible for discharging relevant financial and treasury function with relevant finance personnel.

Moreover, we open and manage our bank accounts independently and do not share any bank account with our Controlling Shareholders. We are also capable of obtaining financing from third parties, if necessary, without reliance on our Controlling Shareholders in view of our Group’s strong financial position, steady cash flow generation and level of liquid assets, as well as our ability to raise funds on a standalone basis. We do not expect to rely on our Controlling Shareholders and their respective close associates for financing after the [REDACTED] as we expect that our working capital will be funded by cash flows generated from operating activities, the cash and cash equivalent on hand and internally generated funds as well as the [REDACTED] from the [REDACTED].

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Mr. Qin Yinglin, Ms. Qian Ying and Muyuan Group Connected Persons have provided guarantees for certain bank loans and bills we obtained for financing our development and operations (the “**CS Guarantees**”). We expect the CS Guarantees to continue following the [REDACTED] until the repayment of the underlying bank loans or bills that are subject to the CS Guarantees. The CS Guarantees are provided to certain independent commercial banks as security for our bank loans or bills. As of December 31, 2024, the outstanding guaranteed loans and guarantees on bills with the CS Guarantees amounted to RMB35.1 billion. Muyuan Group has also from time to time provided borrowings to us, for financing our development and operations (the “**CS Borrowings**”, together with the CS Guarantees, the “**CS Guarantees and Borrowings**”) during the Track Record Period. As a result of our development strategy changes from high-speed business expansion to high-quality development, we reduced our CS Borrowings. As of December 31, 2022 and 2023, we had outstanding CS Borrowings of RMB1 billion and RMB1.9 billion, respectively. As of December 31, 2024 and March 31, 2025, we had no outstanding CS Borrowings.

Notwithstanding the CS Guarantees and Borrowings, we are capable of obtaining financing from independent third parties without relying on any guarantee or security provided by our Controlling Shareholders or their respective associates. As of December 31, 2024, our total indebtedness amounted to RMB78.3 billion and our outstanding loans guaranteed by our Controlling Shareholders and their subsidiaries amounted to RMB31.9 billion, resulting in a net amount of RMB46.4 billion. Moreover, we have maintained a robust liquidity position. As of December 31, 2024, our current assets amounted to RMB61.3 billion. In the past, without CS Guarantees, we have also successfully issued Preference A Shares in 2017, non-public offering of A Shares to Independent Third Parties in 2019, and Convertible Bonds in 2021, raising funds amounted to approximately RMB2.5 billion, RMB5.0 billion and RMB9.6 billion, respectively. See “History, Development and Corporate Structure.”

The underlying bank loans and bills that are subject to the CS Guarantees were negotiated on normal commercial terms and were guaranteed by our Controlling Shareholders or their close associates due to such financing institutions internal lending policies. We consider that the premature discharge of all outstanding CS Guarantees before the [REDACTED] would be unduly onerous for our Group and not in the best interests of our Group and Shareholders as a whole. Releasing such guarantees would require discussion with and the internal vetting procedures of the relevant banks, a time-consuming process that could impact our normal operations as early-repaying these loans would disturb our Group’s financing pace.

Following the [REDACTED], we expect to pursue further fundraising activities in both onshore and offshore markets to the extent as our Directors consider necessary, depending on factors such as market conditions, business needs, and financial position, while ensuring compliance with applicable regulatory requirements. Given our proven ability to secure independent financing and our established relationships with financial institutions, we believe that after the [REDACTED], we will continue obtaining financing on terms comparable to our existing loans without requiring guarantees from our Controlling Shareholders or their close associates.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Based on the above, our Directors believe that we are able to operate independently of our Controlling Shareholders and their close associates from a financial perspective without undue reliance on our Controlling Shareholders or their close associates.

CORPORATE GOVERNANCE MEASURES

Our Directors acknowledge the importance of good corporate governance in protection of our Shareholders' interests. In order to further manage any potential conflicts of interest with the Controlling Shareholders and their respective close associates, we have adopted the following measures:

- (1) as part of our preparation for the [REDACTED], we have amended our Articles of Association to comply with the Listing Rules, and in particular, our Articles of Association provide that, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her close associates have a material interest nor shall such Director be counted in the quorum present at the meeting in respect of the resolution considering the approval of such contract or arrangement or proposal. In addition, where a general meeting of our Shareholders is to be held for considering proposed transactions in which any of our Controlling Shareholders or their respective close associates has a material interest, the relevant Controlling Shareholders will abstain from voting on the relevant resolutions;
- (2) our Company has formulated and adopted policies and mechanisms in relation to (i) internal controls and decision-making procedures for related party transactions and connected transactions, (ii) the prevention of appropriation of funds by Controlling Shareholders, actual controllers and other related parties, (iii) provision of external guarantee, and (iv) internal audit;
- (3) if our Group and our Controlling Shareholders or any of their associates intend to engage in any connected transaction, our Company will comply with the relevant requirements relating to connected transactions under the Listing Rules;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (4) as required by the Listing Rules, our Independent Non-executive Directors shall review any continuing connected transactions annually and confirm in our annual reports that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favorable to us than those available to or from Independent Third Parties and on terms that are fair and reasonable and in the interests of our Shareholders as a whole;
- (5) we will keep a balanced composition of Executive and Independent Non-executive Directors on the Board. We have appointed three Independent Non-executive Directors and we believe our Independent Non-executive Directors possess sufficient experience and are free of any business or other relationship that could interfere in any material manner with the exercise of their independent judgment. We also believe that our Independent Non-executive Directors are able to provide impartial opinions to safeguard the interests of our Shareholders as a whole;
- (6) where our Independent Non-executive Directors request or are requested to review any conflict of interests circumstances between our Group and our Controlling Shareholders and their respective close associates, our Controlling Shareholders and/or our other Directors shall provide our Independent Non-executive Directors with all necessary information for consideration and our independent non-executive Directors shall be provided with access to independent advisers at the expense of our Company;
- (7) where our Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company's expenses; and
- (8) we have appointed Somerley Capital Limited as our compliance adviser to provide advice and guidance to us in respect of compliance with the applicable laws and regulations and the Listing Rules, including various requirements relating to corporate governance, upon [REDACTED].

CONNECTED TRANSACTIONS

We will engage in certain transactions with our connected persons after the [REDACTED], which will constitute continuing connected transactions under Chapter 14A of the Listing Rules.

OUR CONNECTED PERSONS

The following persons, with whom we have entered into certain transaction in our ordinary course of business, will become our connected persons as defined under the Listing Rules upon completion of the [REDACTED]:

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

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Transaction	Counterparty	Category of continuing connected transaction	Applicable Listing Rule	Waiver sought
Fully-exempt Connected Transactions				
1. . . Financial Assistance to our Group	Mr. Qin Yinglin, Ms. Qian Ying and/or Muyuan Group Connected Persons	Fully exempt	14A.90	N/A
2. . . Sales of products and goods	Muyuan Group Connected Persons	Fully exempt	14A.76(1)	N/A
3. . . Provision of services	Muyuan Group Connected Persons	Fully exempt	14A.76(1)	N/A
4. . . Short-term Property Rental from Muyuan Group	Muyuan Group Connected Persons	Fully exempt	14A.76(1)	N/A

CONNECTED TRANSACTIONS

Transaction	Counterparty	Category of continuing connected transaction	Applicable Listing Rule	Waiver sought
5. . . . Short-term Property Rental to Muyuan Group	Muyuan Group Connected Persons	Fully exempt	14A.76(1)	N/A
Partially-exempt Connected Transactions				
6. . . . Procurement of products and goods	Muyuan Group Connected Persons	Partially exempt	14A.76(2) 14A.105	Announcement
7. . . . Procurement of services	Muyuan Group Connected Persons	Partially exempt	14A.76(2) 14A.105	Announcement
8. . . . Procurement of financial services	Muyuan Group Connected Persons	Partially exempt	14A.76(2) 14A.105	Announcement

FULLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We have entered into the following transactions with Mr. Qin Yinglin, Ms. Qian Ying and/or Muyuan Group Connected Persons on normal commercial terms, which will continue after the [REDACTED].

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

Mr. Qin Yinglin, Ms. Qian Ying and Muyuan Group and its subsidiaries have provided guarantees for certain bank loans and bills we obtained (the “**CS Guarantees**”), and Muyuan Group has provided borrowings to us, for financing our development and operations (the “**CS Borrowings**”, together with the CS Guarantees, the “**CS Guarantees and Borrowings**”). We expect the CS Guarantees and Borrowings to continue following the [REDACTED]. For further details of the CS Guarantees and Borrowings, see “Relationship with Our Controlling Shareholders — Independence from Our Controlling Shareholders — Financial Independence”.

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

CONNECTED TRANSACTIONS

Sales of Products and Goods

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

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

Provision of Services

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

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

Short-term Property Rental from Muyuan Group

We have entered into and will continue to enter into after the [REDACTED] certain agreements with Muyuan Group, for itself and on behalf of Muyuan Group Connected Persons, pursuant to which, our Group rent from Muyuan Group Connected Persons certain properties, mainly including offices and parking lots. The prices of the rentals are determined based on normal commercial terms after arm’s length negotiations between the relevant parties, with reference to, among others, the prevailing market rents of similar properties in similar region, the conditions of the property, including but not limited to its location and the facilities associated with the property. These short-term property rentals will not be recognized as right-of-use assets in accordance with IFRS 16 “Leases” and are treated as our continuing connected transactions.

CONNECTED TRANSACTIONS

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

Short-term Property Rental to Muyuan Group

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

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

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTION

Procurement of Products and Goods

Principal Terms

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

The Procurement of Products and Goods Framework Agreement will become effective on the [REDACTED] and end on December 31, 2025. Both parties or their respective subsidiaries will enter into separate underlying agreements which will set out the specific terms and conditions according to the principles provided in the Procurement of Products and Goods Framework Agreement.

CONNECTED TRANSACTIONS

Pricing Policy

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

Reasons for the Transaction

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

Historical Amounts

For the years ended December 31, 2022, 2023 and 2024, the historical transaction amounts with respect to our procurement of the above products were RMB749.22 million, RMB785.79 million and RMB914.50 million, respectively.

Annual Caps

The following table sets forth the proposed annual cap for the annual transaction amounts to be paid by our Group to Muyuan Group Connected Persons under the Procurement of Products and Goods Framework Agreement:

	For the years ending December 31, 2025
	(RMB in million)
Total fees to be paid by us to Muyuan Group Connected Persons	2,065.00

CONNECTED TRANSACTIONS

The proposed annual cap is determined based on:

- (i) the historical amounts of the transactions between the Group and Muyuan Group Connected Persons during the Track Record Period in respect of the procurement of such products;
- (ii) our Group's projected operational requirements and anticipated demand for these products, and the major increase in the proposed annual cap for 2025 was for procurement of finished oil, liquefied natural gas, petrochemical products from Muyuan Group Connected Persons considering our business plans for 2025; and
- (iii) other factors including but not limited to the expected market price of similar products on normal commercial terms.

In addition, based on our ongoing procurement relationship and negotiations with Muyuan Group Connected Persons, we have evaluated their supply capacity and market position. Muyuan Group Connected Persons have demonstrated consistent ability to meet our quality and quantity requirements for agricultural products, industrial materials and related services. This established supply chain relationship supports our operational continuity and cost efficiency. The anticipated procurement volume reflect our Group's normal business development needs while maintaining flexibility to source from alternative suppliers when commercially advantageous. All procurement decisions will continue to be made based on standard commercial considerations including price competitiveness, quality assurance and supply reliability.

Listing Rules Implications

As the highest applicable percentage ratio of the transactions under the Procurement of Products and Goods Framework Agreement for the year ending December 31, 2025, calculated for the purpose of Chapter 14A of the Listing Rules, is higher than 0.1% but below 5% on an annual basis, such transactions will, upon [REDACTED], constitute continuing connected transactions of our Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules but exempt from the independent Shareholders' approval requirements under Rule 14A.36 of the Listing Rules.

CONNECTED TRANSACTIONS

Procurement of Services

Principal Terms

On [●], our Company, for itself and on behalf of its subsidiaries, entered into a framework agreement (the “**Procurement of Services Framework Agreement**”) with Muyuan Group, for itself and on behalf of Muyuan Group Connected Persons, pursuant to which our Group will procure various services, including but not limited to construction services and the ancillary equipment and materials purchase, logistics, accommodation, catering, conference services, property management, equipment rentals, and other business platform services. The Procurement of Products and Goods Framework Agreement will become effective on the [REDACTED] and end on December 31, 2025. Both parties or their respective subsidiaries will enter into separate underlying agreements which will set out the specific terms and conditions for the procurement of services according to the principles provided in the Procurement of Services Framework Agreement.

Pricing Policy

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

Reasons for the Transaction

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

Historical Amounts

For the years ended December 31, 2022, 2023 and 2024, the historical transaction amounts with respect to our procurement of services were RMB3,440.21 million, RMB2,702.28 million and RMB1,662.20 million, respectively.

CONNECTED TRANSACTIONS

Annual Caps

The following table sets forth the proposed annual cap for the annual transaction amounts to be paid by us to Muyuan Group Connected Persons under the Procurement of Services Framework Agreement:

	For the years ending December 31, 2025
	<i>(RMB in million)</i>
Total fees to be paid by us to Muyuan Group Connected Persons	4,602.50

The proposed annual cap is determined based on:

- (i) the historical amounts of the transactions between our Group and Muyuan Group Connected Persons during the Track Record Period in respect of the procurement of the above services;
- (ii) the existing service agreements and the expected demand of our Group for such services due to our business operation plan, market opportunities, and operational needs;
- (iii) compared to the historical transaction amounts, the proposed increase in the annual cap for the financial year 2025 is primarily attributable to the construction of our supreme breeding platform with reproductive sows of over 100 thousand in Zhengzhou, and the upgrading and renovation of our hog houses; and
- (iv) other factors including but not limited to the expected market prices.

To ensure we can promptly seize market opportunities and meet our operational requirements, we have agreed with Muyuan Group Connected Persons on a higher annual cap to secure a stable supply of services as compared to historical transaction amounts.

Listing Rules Implications

As the highest applicable percentage ratio of the transactions under the Procurement of Services Framework Agreement for the year ending December 31, 2025, calculated for the purpose of Chapter 14A of the Listing Rules, is higher than 0.1% but below 5% on an annual basis, such transactions will, upon [REDACTED], constitute continuing connected transactions of our Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules but exempt from the independent Shareholders’ approval requirements under Rule 14A.36 of the Listing Rules.

CONNECTED TRANSACTIONS

Procurement of Financial Services

Principal Terms

Pursuant to the Procurement of Services Framework Agreement, a Muyuan Group Connected Person, Neixiang RCB, will provide us with certain financial services including deposit, settlement and other related financial services.

Pricing Policy

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

Reasons for the transactions

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

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

CONNECTED TRANSACTIONS

Historical Amounts

Set out below are the historical amounts of the transactions with respect to our procurement of financial services from Neixiang RCB for the years ended December 31, 2022, 2023 and 2024:

	For the years ending December 31,		
	2022	2023	2024
	(RMB in million)		
Maximum daily balance of deposit	2,276.50	2,819.30	947.95
Interest income from deposits	10.48	10.46	9.55
Settlement fees	0.11	0.07	0.25

Annual Caps

The following table sets forth the proposed annual caps for the annual transaction amounts to be paid by us to Muyuan Group Connected Persons under the Procurement of Services Framework Agreement:

	For the years ending December 31, 2025
	(RMB in million)
Maximum daily balance of deposit	3,000.00
Interest Income from deposits	20.00
Settlement fees	0.25

The proposed annual cap is determined based on (i) the historical daily deposit balances during the Track Record Period; (ii) our Group’s projected business operation and development plan.

Listing Rules Implications

As the highest applicable percentage ratio of the transactions under the Procurement of Financial Services Framework Agreement for the year ending December 31, 2025, calculated for the purpose of Chapter 14A of the Listing Rules, is higher than 0.1% but below 5% on an annual basis, such transactions will, upon [REDACTED], constitute continuing connected transactions of our Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules but exempt from the independent Shareholders’ approval requirements under Rule 14A.36 of the Listing Rules.

CONNECTED TRANSACTIONS

INTERNAL CONTROL PROCEDURES ADOPTED BY THE COMPANY IN RESPECT OF THE IMPLEMENTATION OF CONTINUING CONNECTED TRANSACTION FRAMEWORK AGREEMENTS

Our Group adopts the following internal control measures to ensure that the transactions will be carried out in accordance with the terms of the Procurement of Products and Goods Framework Agreement and Procurement of Services Framework Agreement, including the pricing policies, and in compliance with all the applicable requirements under the Listing Rules:

- We have adopted a connected transactions management policy to ensure that connected transactions will be conducted fairly, on normal commercial terms, and in the interests of our Company and our Shareholders as a whole.
- Prior to the execution of the underlying agreements under the continuing connected transactions, the operation department of the relevant business sector of our Group will thoroughly understand the true condition of the transaction target and the integrity record, credit status, and performance capability of the counterparty; carefully assess the necessity and rationality of the transaction, the sufficiency of the pricing basis, the fairness of the transaction price, and the impact on our Company; pay special attention to issues such as unclear ownership of the transaction target, uncertain performance capability of the counterparty, and unclear transaction price; and where necessary, appoint professional intermediaries to assess or audit the value of the transaction.
- The finance team of our Group will regularly examine the pricing of the transactions under the continuing connected transactions to ensure that those transactions are conducted in accordance with the pricing terms therein.
- Our Company will provide information and supporting documents to the Independent Non-executive Directors and the auditors in order for them to conduct an annual review of the continuing connected transactions entered into by our Company. Our Independent Non-executive Directors and auditors will conduct an annual review of the continuing connected transactions under the framework agreements and provide annual confirmations in accordance with Rules 14A.55 and 14A.56 of the Listing Rules.

WAIVER

In respect of the transactions of Procurement of Products and Goods, Procurement of Services, and Procurement of Financial Services as described above, we have applied for, [and the Stock Exchange has granted us,] a waiver from strict compliance with the announcement requirements under the Listing Rules pursuant to Rule 14A.105 of the Listing Rules.

CONNECTED TRANSACTIONS

DIRECTORS’ CONFIRMATION

Our Directors (including Independent Non-executive Directors) are of the view that: (i) the continuing connected transactions set out above have been and will be entered into in our ordinary and usual course of business on normal commercial terms or better, on terms that are fair and reasonable, and in the interests of our Company and our Shareholders as a whole, and (ii) the proposed annual caps for these transactions are fair and reasonable and in the interests of our Company and the Shareholders as a whole.

JOINT SPONSORS’ CONFIRMATION

The Joint Sponsors have (i) reviewed the relevant documents and information provided by our Company in relation to the above partially-exempt continuing connected transactions; (ii) obtained necessary representations and confirmations from our Company and the Directors, and (iii) participated in the due diligence and discussions with the management of our Group. Based on the above, the Joint Sponsors are of the view that the aforesaid partially-exempt continuing connected transactions, for which waivers have been sought, have been entered into in the ordinary and usual course of our business on normal commercial terms or better terms, are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and that the proposed annual caps in respect of the partially-exempt continuing connected transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, as of the Latest Practicable Date and immediately following the completion of the [REDACTED], assuming the [REDACTED] is not exercised, each of the following persons will have an interest or short position (as applicable) in our Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the [REDACTED] voting [REDACTED] of our Company:

Name of substantial Shareholder	Nature of interest	Description of Shares	Number of Shares directly or indirectly held (excluding A Shares issuable upon the conversion of the outstanding Convertible Bonds)	Approximate percentage of interest in the total issued share capital of our Company as of the Latest Practicable Date (excluding A Shares issuable upon the conversion of the outstanding Convertible Bonds)	Approximate percentage of interest in the total issued share capital of our Company after the [REDACTED] (excluding A Shares issuable upon the conversion of the outstanding Convertible Bonds)	Number of Shares held immediately after the [REDACTED] (assuming that the Convertible Bonds are fully converted at the price of RMB45.74)	Approximate percentage of shareholding in the total Shares of our Company immediately after the [REDACTED] (assuming that the Convertible Notes are fully converted at the price of RMB45.74)
Mr. Qin Yinglin . . .	Beneficial owner ⁽¹⁾	A Shares	2,086,287,906	38.19%	[REDACTED]	[REDACTED]	[REDACTED]
	Interest in controlled corporation ⁽²⁾⁽³⁾	A Shares	943,174,287	17.27%	[REDACTED]	[REDACTED]	[REDACTED]
	Interest of spouse ⁽²⁾	A Shares	64,445,240	1.18%	[REDACTED]	[REDACTED]	[REDACTED]
Ms. Qian Ying .	Beneficial owner ⁽⁴⁾	A Shares	64,445,240	1.18%	[REDACTED]	[REDACTED]	[REDACTED]
	Interest in controlled corporation ⁽²⁾⁽³⁾	A Shares	943,174,287	17.27%	[REDACTED]	[REDACTED]	[REDACTED]
	Interest of spouse ⁽²⁾	A Shares	2,086,287,906	38.19%	[REDACTED]	[REDACTED]	[REDACTED]
Muyuan Group. . .	Beneficial owner ⁽³⁾⁽⁵⁾	A Shares	848,762,153	15.54%	[REDACTED]	[REDACTED]	[REDACTED]
	Interest in controlled corporation ⁽³⁾	A Shares	94,412,134	1.73%	[REDACTED]	[REDACTED]	[REDACTED]

SUBSTANTIAL SHAREHOLDERS

Notes:

- (1) On December 13, 2017 and December 19, 2017, Mr. Qin Yinglin and Muyuan Group entered into a voting rights entrustment agreement and its supplementary agreement (collectively, the “**Agreements**”). Under the Agreements, Mr. Qin Yinglin entrusted to Muyuan Group all shareholder voting rights, director nomination rights, and other shareholder rights (excluding dividend rights and other shareholder property rights) attached to 448,667,502 A Shares held by him, representing 1,922,091,579 A Shares as of the Latest Practicable Date due to capital increases of the Company. As of the Latest Practicable Date, Mr. Qin Yinglin held Convertible Bonds with an outstanding principal amount of RMB669,127,000. In the event of full conversion of Convertible Bonds, Mr. Qin Yinglin shall hold an aggregate of 2,100,916,830 A Shares, assuming a conversion price of RMB45.74 per Share. As of the Latest Practicable Date, 14,500,000 A Shares, representing 0.27% of the total issued Shares of the Company, held by Mr. Qin Yinglin was pledged to several financial institutions.
- (2) As of the Latest Practicable Date, Muyuan Group was held by Mr. Qin Yinglin as to 85% and by Ms. Qian Ying as to 15%. Mr. Qin Yinglin and Ms. Qian Ying are spouses. As such, Mr. Qin Yinglin will be deemed to be interested in the A Shares held by Muyuan Group and each of Mr. Qin Yinglin and Ms. Qian Ying is deemed to be interested in the interest of each other for purpose of Part XV of the SFO.
- (3) Interest in controlled corporation also includes the 94,412,134 A Shares repurchased by our Company as treasury shares as of the Latest Practicable Date. The Shares held by Muyuan Group also included 13,564,147 A Shares, representing 0.25% of the total shares of Muyuan Group, holding through a trust plan with Muyuan Group being the trustor and beneficiary and Shaanxi International Trust Co., Ltd. (陝西省國際信託股份有限公司) being trustee.
- (4) As of the Latest Practicable Date, Ms. Qian Ying held the Convertible Bonds with an outstanding principal amount of RMB116,935,900. In the event of full conversion of Convertible Bonds, Ms. Qian Ying shall hold an aggregate of 67,001,774 A Shares, assuming a conversion price of RMB45.74 per Share.
- (5) Muyuan Group held Convertible Bonds with an outstanding principal amount of RMB985,592,900. In the event of full conversion of Convertible Bonds, Muyuan Group shall hold an aggregate of 870,309,877 A Shares, assuming a conversion price of RMB45.74 per Share. As of the Latest Practicable Date, 249,708,000 A Shares, representing 4.57% of the total issued Shares of the Company, held by Muyuan Group was pledged to several financial institutions.

Save as disclosed above and in Appendix VI to this document, our Directors are not aware of any person who will, immediately following the [REDACTED] (and the [REDACTED]) of any additional H Shares pursuant to the [REDACTED]), have an interest or short position in the Shares or underlying Shares of our Company which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will, directly or indirectly, be interested in 10% or more of the issued voting shares of any other members of our Group.

SHARE CAPITAL

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the total issued share capital of our Company was RMB5,462,768,373, comprising 5,462,768,373 A Shares of nominal value RMB1.00 each, all of which are listed on the Shenzhen Stock Exchange.

Description of Shares	Number of Shares	Percentage of issued share capital
A Shares*	5,462,768,373	100.00%
Total	5,462,768,373	100.00%

Note:

- * Including 94,412,134 A Shares being held as treasury Shares repurchased by our Company pursuant to the repurchase mandates approved by Shareholders, accounting for approximately 1.73% of the total number of A Shares in issue as of the Latest Practicable Date.

UPON COMPLETION OF THE [REDACTED]

Immediately following completion of the [REDACTED], assuming that the [REDACTED] is not exercised and excluding A Shares issuable upon the conversion of the outstanding Convertible Bonds, the entire share capital of our Company would be as follows:

Description of Shares	Number of Shares	Percentage of issued share capital
A Shares*	5,462,768,373	[REDACTED]
H Shares issued pursuant to the [REDACTED] . .	[REDACTED]	[REDACTED]
Total	[REDACTED]	100.00%

Note:

- * Including 94,412,134 A Shares being held as treasury Shares repurchased by our Company pursuant to the repurchase mandates approved by Shareholders, accounting for approximately 1.73% of the total number of A Shares in issue as of the Latest Practicable Date.

SHARE CAPITAL

Immediately following completion of the [REDACTED], assuming that the [REDACTED] is fully exercised, and excluding A Shares issuable upon the conversion of the outstanding Convertible Bonds, the entire share capital of our Company would be as follows:

Description of Shares	Number of Shares	Percentage of issued share capital
A Shares*	5,462,768,373	[REDACTED]
H Shares issued pursuant to the [REDACTED] . .	[REDACTED]	[REDACTED]
Total	[REDACTED]	100.00%

Note:

- * Including 94,412,134 A Shares being held as treasury Shares repurchased by our Company pursuant to the repurchase mandates approved by Shareholders, accounting for approximately 1.73% of the total number of A Shares in issue as of the Latest Practicable Date.

OUR SHARES

Our H Shares in issue upon completion of the [REDACTED] and our A Shares are ordinary shares in the share capital of our Company and are considered as one class of Shares. However, apart from qualified domestic institutional investors and persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approval of any competent authority, or (if our H Shares are eligible securities for that purpose) through Shenzhen-Hong Kong Stock Connect or Shanghai-Hong Kong Stock Connect pursuant to relevant PRC laws and regulations, our H Shares may not be subscribed by or traded between legal or natural persons of the PRC.

Shenzhen-Hong Kong Stock Connect has established a stock connect mechanism between the PRC and Hong Kong. Our A Shares can be subscribed for and traded by PRC investors, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in RMB. As our A Shares are eligible securities under the Northbound Trading Link, they can also be subscribed for and traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shenzhen-Hong Kong Stock Connect. If our H Shares are eligible securities under the Southbound Trading Link, they can also be [REDACTED] for and traded by PRC [REDACTED] in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

SHARE CAPITAL

RANKING

Our H Shares and our A Shares are regarded as one class of Shares under our Articles of Association and will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the [date of this document]. All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in RMB. In addition to cash, dividends may also be distributed in the form of Shares. Holders of our H Shares will receive share dividends in the form of H Shares, and holders of our A Shares will receive share dividends in the form of A Shares.

NO CONVERSION OF OUR A SHARES INTO H SHARES FOR [REDACTED] AND [REDACTED] ON THE HONG KONG STOCK EXCHANGE

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the market prices of our A Shares and our H Shares may be different after the [REDACTED]. The Guidelines on Application for “Full Circulation” of Domestic Unlisted Shares of H-share Companies (《H股公司境内未上市股份申请“全流通”业务指引》) announced by the CSRC are not applicable to companies dual listed in the PRC and on the Hong Kong Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A shares holders may convert A shares held by them into H shares for [REDACTED] and [REDACTED] on the Hong Kong Stock Exchange.

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE [REDACTED]

We have obtained approval from our holders of A Shares to issue H Shares and seek the [REDACTED] of H Shares on the Hong Kong Stock Exchange. Such approval was obtained at the general meeting of our Company held on May 16, 2025 upon, among other things, the following major terms:

(i) **Size of the [REDACTED]**

The number of H Shares [REDACTED] under the [REDACTED] shall not exceed [REDACTED] of the total share capital of our Company as enlarged by the H Shares [REDACTED] pursuant to the [REDACTED] (before the exercise of the [REDACTED]). The number of H Shares [REDACTED] pursuant to the exercise of the [REDACTED] shall not exceed [REDACTED] of the total number of H Shares [REDACTED] pursuant to the [REDACTED].

(ii) **Method of [REDACTED]**

The method of [REDACTED] shall be by way of a [REDACTED] for [REDACTED] in Hong Kong and an [REDACTED] to institutional and professional [REDACTED].

SHARE CAPITAL

(iii) Target [REDACTED]

The H Shares shall be [REDACTED] to overseas professional organizations, institutions individual [REDACTED] and other eligible [REDACTED].

(iv) [REDACTED] basis

The [REDACTED] of the H Shares will be determined considering the interests of existing shareholders, [REDACTED] acceptance, domestic and international capital markets, and issuance risks, based on international practices and order demand and book-building results.

(v) Valid period

The [REDACTED] of H Shares and [REDACTED] of H Shares on the Hong Kong Stock Exchange shall be completed within 24 months from the date when the Shareholders’ meeting was held on May 16, 2025. If the Company obtains the filing or approval documents from relevant regulatory authorities (including the CSRC, SFC and the Stock Exchange) for the H-share [REDACTED] within the valid period, the resolution’s valid period will automatically extend to the later of the completion date of the H-share [REDACTED], the completion date of the H-share [REDACTED] under the exercise of the [REDACTED] (if any), or the date of completion of the aforementioned authorized matters.

There is no other approved [REDACTED] plan for any other shares except for the [REDACTED].

SHAREHOLDERS’ GENERAL MEETINGS

For details of the circumstance under which our Shareholders’ general meeting is required, see “Appendix V. Summary of the Articles of Association — “Shareholders and General Meetings of Shareholders.”

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our historical financial information, included in the Accountants’ Report in Appendix I, together with the respective accompanying notes. The historical financial information of our Group has been prepared in accordance with the requirements of all applicable China Accounting Standards for Business Enterprises (“CASBE”), which are also referred to as China Accounting Standards, issued by the MOF of the PRC. The Reporting Accountants had conducted their work on the historical financial information of the Group in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties, many of which we cannot control or foresee. In evaluating our business, you should carefully consider all of the information provided in this document, including the sections headed “Risk Factors” and “Business,” and elsewhere in this document. For further details, see “Forward-Looking Statements.”

OVERVIEW

We are a technology-driven global leading pork company, pioneering smart hog farming. With over 30 years of deep-rooted expertise, we have become a global leader in the hog farming industry adopting a vertically-integrated business model spanning the entire hog value chain, including hog breeding, hog farming, feed production, slaughtering and meat production. According to Frost & Sullivan, since 2021, we have ranked first globally in the hog farming industry in terms of production capacity and sales volume of hogs for four consecutive years. Our global market share, measured by sales volume of hogs, increased from 2.6% in 2021 to 5.6% in 2024, exceeding the total of the players ranked second to fourth in 2024. While continuing to solidify our leadership in the hog farming industry, since 2019, we have strategically entered the hog slaughtering and processing industry to enhance our integrated business model. According to Frost & Sullivan, we ranked fifth globally and first in China in the hog slaughtering and processing industry in terms of slaughter volume in 2024, and our slaughtering and meat product business reported the highest revenue CAGR from 2021 to 2024 among large-scale hog slaughtering and processing companies in China.

Our revenue decreased by 11.2% from RMB124,826.2 million in 2022 to RMB110,860.7 million in 2023. Our revenue subsequently increased by 24.4% from RMB110,860.7 million in 2023 to RMB137,946.9 million in 2024. In 2022, 2023 and 2024, we recorded a net profit of RMB14,933.4 million, a net loss of RMB4,167.9 million and a net profit of RMB18,925.0 million respectively. In 2022, 2023 and 2024, we recorded a net profit margin of 12.0%, a net loss margin of 3.8% and a net profit margin of 13.7%, respectively. Our EBITDA (non-CASBE measure) decreased by 57.9% from RMB29,951.6 million in 2022 to RMB12,604.0 million in 2023, and subsequently increased by 195.0% from RMB12,604.0 million in 2023 to RMB37,182.8 million in 2024. Our EBITDA margin (non-CASBE measure) decreased from 24.0% in 2022 to 11.4% in 2023, and subsequently increased from 11.4% in 2023 to 27.0% in 2024. See “— Non-CASBE Financial Measure.”

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BASIS OF PRESENTATION

The historical financial information has been prepared in accordance with the requirements of all applicable China Accounting Standards for Business Enterprises, which are also referred to as China Accounting Standards, issued by the MOF. Further details of the material accounting policy information are set out in Note II to the Accountants’ Report in Appendix I to this document. MOF has issued a number of new and revised CASBEs. For the purpose of preparing the historical financial information, we have adopted all applicable new and revised CASBEs to the Track Record Period, except for any new standards or interpretations that are not yet effective for the accounting period beginning January 1, 2024.

The historical financial information also complies with the disclosure requirements of “Regulation on the Preparation of Information Disclosures by Companies Issuing Securities, No. 15: General Requirements for Financial Reports” as revised by the China Securities Regulatory Commission in 2023 and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The accounting policies set out in the Accountants’ Report in Appendix I to this document have been applied consistently to all periods presented in the historical financial information.

The historical financial information is presented in Renminbi except when otherwise indicated.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations and financial condition have been and will continue to be, materially affected by a number of factors and developments, some of which are outside our control, including:

Fluctuations in Market Selling Prices of Hogs

As we derive a significant majority of revenue from our hog business, our overall profitability is significantly affected by the financial performance of our hog business. The revenue from our hog business has been and is expected to be significantly affected by price fluctuations of hogs in China. According to Frost & Sullivan, the market selling prices of hogs in China experienced fluctuations, which decreased from RMB18.5 per kg in 2022 to RMB15.1 per kg in 2023, and subsequently increased to RMB16.7 per kg in 2024. According to Frost & Sullivan, China’s average market selling prices of hogs are expected to follow a more stable pattern in the future, driven by the trend of scaled-up farming, rational capacity management and an industry-wide focus on cost efficiency. See “Industry Overview — Market Selling Prices of Hogs in China.”

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The fluctuations of market selling prices of hogs in China are resulted from (i) the changes in the supply of hogs in China, affected by various factors, such as biological production cycle, animal diseases, government policies and weather conditions, as well as (ii) the changes in consumer demand for hogs and meat products. The demand for our products is typically relatively higher before traditional festivals, such as China’s Spring Festival, Mid Autumn Festival and National Day. According to Frost & Sullivan, prior to 2022, a full hog cycle in China lasted about four to five years. In a typical cycle, high market selling prices encourage producers to expand the quantity of breeding hogs, boosting supply; once the market becomes saturated, market selling prices fall, producers cut capacity, and the next up-cycle begins. In short, market selling prices of hogs move mainly with the supply-demand dynamics. With the hog prices in downswing in 2023, the revenue from our hog business decreased by 9.6% from RMB119.7 billion in 2022 to RMB108.2 billion in 2023 and our gross profit margin of our hog business decreased from 18.4% in 2022 to 2.9% in 2023. With the market selling prices of hogs in upswing in 2024, the revenue from hog business increased by 25.9% from RMB108.2 billion in 2023 to RMB136.2 billion in 2024, and our gross profit margin of our hog business increased from 2.9% in 2023 to 19.2% in 2024.

In addition, the results of operations of our slaughtering and meat product business are mainly affected by market selling prices of hogs and meat products. Changes in the market selling prices of meat products are also correlated with market selling prices of hogs, which would affect the revenue from our slaughtering and meat product business. As a result, it is crucial for us to closely monitor the changes of market demand and formulate our dynamic pricing mechanism corresponding to different market conditions.

Our Ability to Effectively Manage Costs and Enhance Operational Efficiency

Our results of operations depend on our efforts to improve operational efficiency, which is in turn affected by hog health and smart farming. Hog health is an important factor that determines hog growth rates, survival rates and pork quality. Technology and innovation permeate every aspect of our hog business, which contributes to our success. Leveraging our competitive advantage in breeding and nutrition management, as well as the adoption of advanced technologies and smart devices in hog breeding and hog farming practices, we are able to mass produce hogs with improving genetic traits and good health. Through improved biosecurity and hog health management measures, we have achieved industry-leading survival rates among large-scale hog farms in 2024. These facilities also reduce labor input and improve production efficiency while ensuring animal welfare. Equipped with advanced technologies and facilities, our large-scale, modern and standardized farms have contributed and are expected to continuously contribute to our long-term profit growth.

Our results of operations also depend on our ability to effectively manage costs. Feed costs constitute a large portion of our operating costs in relation to our hog business, accounting for 59.6%, 61.9% and 59.6% of our operating costs in 2022, 2023 and 2024, respectively. As corn, wheat and soybean meal are our primary feed ingredients, price fluctuations of these commodities directly affect our feed costs. Consequently, the profitability and results of operations of our hog business are affected by the price fluctuations of the

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primary feed ingredients. We have established our own feed production factories and developed feed formulations to produce feed tailored to the needs of hogs at different stages. Leveraging our optimized soybean meal feed formulation, we are able to reduce the proportion of soybean meal used in feed, while maintaining the overall nutrition for our hogs at each period of hog farming. Our smart feeding system also precisely calculates the amount of feeds that are necessary for hogs at different growth periods, avoiding wastage. By closely monitoring the market trend of feed ingredients, we adjust our feed formulations in real time to optimize our cost structure. We believe our continuous efforts in nutrition area would contribute to the improvement of our financial performance in the long run.

As a result of our efforts in breeding, nutrition management, hog health management and feed cost management, our average total unit cost decreased from RMB15.72 per kg in 2022 to RMB14.94 per kg in 2023, and further to RMB14.01 per kg in 2024.

Our Ability to Scale Production Capacity and Increase our Sales Volume

We believe that our ability to scale hog production capacity enables us to timely capture the opportunities from hog prices in upswings. According to Frost & Sullivan, we ranked first in the hog farming industry globally in 2024 in terms of production capacity and sales volume. In 2022, 2023 and 2024, our annual hog production capacity amounted to 74.3 million heads, 80.0 million heads and 81.0 million heads, respectively; and our utilization rate was 86.0%, 85.9% and 89.5%, respectively. Over the past five years, the sales volume of our hogs increased by 53.5 million heads, and our ability to scale up production capacity ranked first globally, according to Frost & Sullivan. Our hog sales volume increased from 61.2 million heads in 2022 to 63.8 million heads in 2023, and further to 71.6 million heads in 2024. Our established business scale and ability to scale production capacity empowered us obtain a larger market share and ensured our market leadership.

We adopt on-demand production for our slaughtering and meat product business. The profitability of our slaughtering and meat product business is affected by our production capacity and the utilization rate of our slaughtering plants. Since our commencement of slaughtering and meat product business in 2019, we have established specialized sales teams, expanded our market reach and sales channels for our meat products. As of December 31, 2024, we had established 10 slaughtering and meat product plants across seven provinces in China with a designed annual slaughtering capacity of 29.0 million heads, with an utilization rate of 43.2% in 2024. In 2022, 2023 and 2024, the sales volume of our slaughtering and meat product business was 757 thousand tons, 1,405 thousand tons and 1,416 thousand tons, respectively. See “Business — Slaughtering and Meat Product Business.” We plan to further increase the utilization of our slaughtering capacity to match the scale of our hog business and expect to generate further synergies between our business segments.

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Product and Business Segment Mix

Our overall profitability is affected by the revenue contributions of our business segments, which are in turn affected by the underlying product mix in each segment. Our major business segments include (i) the hog business and (ii) the slaughtering and meat product business. In 2022, 2023 and 2024, we derived 95.9%, 97.6% and 98.7% of our total revenue from the hog business (before inter-segment elimination), respectively. The gross profit margin of our hog business was 18.4%, 2.9% and 19.2% in 2022, 2023 and 2024, respectively. The gross profit margin for our hog business is also affected by product mix, which include finished hogs, piglets and breeding hogs of varying pricing and profit margins. For instance, the gross profit margin of piglets is generally higher than that of finished hogs. In the Track Record Period, sales of finished hogs accounted for a vast majority of our revenue and gross profits from the hog business.

We started our slaughtering and meat product business in 2019. Our meat products can be divided into three main categories, namely, carcasses, pork cuts and by-products. Our meat products are offered in different sizes and portions according to customers’ requirements. For example, we introduced skinless, bone-in meat products specifically designed for barbecue catering businesses, which have been successfully replicated in a number of markets. Pork cuts are typically of higher margins compared to carcasses. We plan to proactively expand our sales channels and increase the sales volume of pork cuts with higher margins.

We believe that our slaughtering and meat product business is complementary and synergetic to our hog business. The sales volume of our slaughtering and meat product business increased from 757 thousand tons in 2022 to 1,405 thousand tons in 2023, and further increased to 1,416 thousand tons in 2024. The gross profit margin of our slaughtering and meat product business improved throughout the Track Record Period at (0.5)%, 0.2% and 1.0% in 2022, 2023 and 2024, respectively. As we continue to scale up our slaughtering and meat product business, the enhanced synergy between hog business and slaughtering and meat product business is expected to improve our financial performance in general.

Customer Demand and Consumption Patterns for Our Products

Our results of operations are affected by the demands for hogs and meat products. Our main products include finished hogs, breeding hogs, piglets and meat products. Customers of our hog business mainly include hog dealers as well as slaughtering plants, whilst we primarily sell our meat products to wholesale market customers and direct sales customers, including retailers, restaurants, canteens and food processors. The consumer demand and consumption patterns for our products are determined by a large number of factors, including consumer preferences, evolving tastes and spending habits, consumer perception of food safety, quality of meat products, prices of our products and substitute products. Such would also affect the sales volume of our hogs as well as meat products.

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We believe that the demand for pork in China will sustain the momentum of growth in the future. According to Frost & Sullivan, pork has been the main source of meat protein in China, consistently representing approximately 60% of total meat consumption. Driven by the expanding consumption scale of meat protein, China’s total pork consumption and average pork consumption per capita is expected to further grow steadily with pork remaining the main source of meat protein in China. See “Industry Overview — Overview of Global Pork Consumption — Global Pork Consumption by Countries.” We believe the continued development of China’s economy and improvement in standards of living will keep driving the growth in sales of pork, which will benefit the financial performance of both our hog business and slaughtering and meat product business.

MATERIAL ACCOUNTING POLICY INFORMATION

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and results of operations. Our management continually evaluates such estimates, assumptions and judgments based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management’s estimates or assumptions and actual results and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

Set forth below are discussions of the accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. Other significant accounting policies, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in detail in Notes II to the Accountants’ Report in Appendix I to this document.

Revenue Recognition

Revenue is recognized when the customers obtain control over relevant goods, if the contract with customers meets all of the following criteria: (i) the parties to the contract have approved the contract and are committed to perform their respective obligations; (ii) the parties to the contract can identify each party’s rights regarding the goods to be transferred; (iii) the parties to the contract can identify the payment terms for the goods to be transferred; (iv) the contract has commercial substance (i.e. the risk, timing or amount of the entity’s future cash flows is expected to change as a result of the contract); and (v) it is probable that we will collect the consideration to which it will be entitled in exchange for the goods that will be transferred to the customer.

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Performance obligation is our commitment to transfer distinct goods to customers as specified in related contracts. A good that is promised to a customer is distinct if both of the following criteria are met: (i) the customer can benefit from the good either on its own or together with other resources that are readily available to the customer; and (ii) our promise to transfer the good to the customer is separately identifiable from other promises in the contract.

Where a contract has two or more performance obligations, we determine the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. We recognize as revenue the amount of the transaction price that is allocated to each performance obligation. The stand-alone selling price is the price at which we separately sell goods or provide services to customers. If the stand-alone selling price cannot be directly observable, we will comprehensively consider all the relevant information that is reasonably available to us and use the observable inputs to estimate the stand-alone selling price to the maximum extent.

We satisfy a performance obligation over time if one of the following criteria is met; otherwise, the performance obligation is satisfied at a point in time:

- the customer simultaneously receives and consumes the benefits provided by our performance as we perform;
- the customer can control the asset created or enhanced during our performance; or
- our performance does not create an asset with an alternative use to it and we have an enforceable right to payment for performance completed to date.

For performance obligation satisfied at a point in time, we recognize revenue at the point in time at which the customer obtains control of relevant goods or services. To determine whether a customer has obtained control of goods, we consider the following indicators: (i) we have a present right to payment for the goods and the customer is presently obliged to pay for the goods; (ii) we have transferred physical possession of the goods and the customer has physical possession of the goods; (iii) we have transferred the legal title of the goods and the customer has legal title to the goods; (iv) we have transferred the significant risks and rewards of ownership of the goods and the customer has the significant risks and rewards of ownership of the goods; (v) the customer has accepted the goods; (vi) other indicators of that the customer obtains control of relevant goods.

We determine whether it is a principal or an agent, based on whether it obtains control of the specified good or service before that good or service is transferred to a customer. We are a principal if it controls the specified good or service before that good or service is transferred to a customer and recognize revenue in the gross amount of consideration which we have received (or which is receivable). Otherwise, we are an agent and recognize revenue in the amount of any fee or commission to which it expects to be entitled. The fee or commission is the net amount of consideration that we retain after paying the other party the consideration, or is determined according to the established amount or proportion.

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A contract asset is our right to consideration in exchange for goods or services that we have transferred to a customer when that right is conditional on something other than the passage of time. We recognize loss allowances for expected credit loss on contract assets. Accounts receivable is our right to consideration that is unconditional (only the passage of time is required). A contract liability is our obligation to transfer goods or services to a customer for which we have received consideration (or an amount of consideration is due) from the customer. The recognition of revenue from sales of goods is as follows:

Sales of Hogs

Hogs are usually collected by customers from our premises. According to the sales contract, the control of the hogs is transferred to the customers when the hogs have been weighted. The revenue will be recognized based on the weight information on the weight note and the agreed unit prices.

Sales of Meat Products

For orders collected by customers from our premises, revenue is recognized when the customers sign the delivery note. For orders that we are responsible for the delivery, revenue is recognized when the goods are delivered to the location designated by the customers and the delivery note is signed by the customers.

Biological Assets

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

Consumable biological assets include suckling piglets, piglets under nursing period, hogs under finishing period and others. Consumable biological assets are recognized in inventories. See Note II.10 to the Accountants' Report in Appendix I to this document.

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

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

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

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

	<u>Estimated useful life</u>	<u>Estimated net residual value rate</u>	<u>Depreciation rate per month</u>
	<i>(years)</i>		
Breeding hogs	2.5	30%	2.33%

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

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

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

Fixed Assets

Recognition of Fixed Assets

The cost of a purchased fixed asset comprises the purchase price, related taxes and any directly attributable expenditure for bringing the asset to working condition for its intended use. See Note II.13 of Appendix I to this document.

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

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

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

Depreciation of Fixed Assets

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

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

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

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

Financial Instruments

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

Recognition and Initial Measurement of Financial Assets and Financial Liabilities

A financial asset or financial liability is recognized in the balance sheet when we become a party to the contractual provisions of a financial instrument.

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

Classification and Subsequent Measurement of Financial Assets

Classification of Financial Assets

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

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

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

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

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

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

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

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

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

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

Subsequent Measurement of Financial Assets

— Financial assets at FVTPL

These financial assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss unless the financial assets are part of a hedging relationship.

— Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. A gain or loss on a financial asset that is measured at amortized cost and that is not part of a hedging relationship should be recognized in profit or loss when the financial asset is derecognized, amortized under the effective interest method or when an impairment gain or loss is recognized.

— Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

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Classification and Subsequent Measurement of Financial Liabilities

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

— *Financial Liabilities at FVTPL*

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

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

— *Financial Liabilities at Amortized Cost*

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

Offsetting

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

- We currently have a legally enforceable right to set off the recognized amounts;
- We intend either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously.

Derecognition of Financial Assets and Financial Liabilities

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

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

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

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

We derecognize a financial liability (or part of it) only when our contractual obligation (or part of it) is extinguished.

Impairment

We recognize loss allowances for expected credit loss (ECL) on financial assets measured at amortized cost.

We do not use ECL model on financial assets measured at fair value, including equity investments at FVOCI and derivative financial assets.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to 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).

Loss allowances for bills receivable and accounts receivable arising from ordinary business activities such as sale of goods and provision of services are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on 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.

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

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

Provisions for Bad and Doubtful Debts Arising from Receivables

Categories of groups for collective assessment based on credit risk characteristics and basis for determination

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

Criteria for Individual Assessment

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

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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, we compare 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, we consider reasonable and supportable information that is relevant and available without undue cost or effort, including forward-looking information. In particular, the following information is taken into account:

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

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

Credit-Impaired Financial Assets

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

- significant financial difficulties of the issuer or debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;

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- for economic or contractual reasons relating to the debtor's financial difficulties, we 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; or
- 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 we determine 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 our 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.

Inventories

Categories

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

Measurement Method of Cost of Inventories

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

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

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

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

Basis for Determining Net Realizable 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 realizable value. Any excess of the cost over the net realizable value of inventories is recognized as a provision for inventories and is recognized in profit or loss. The net realizable value of materials held for production is measured based on the net realizable value of the finished goods in which they will be incorporated. If there is clear evidence that the net realizable 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 recognized and charged to profit or loss for the current period. The provision amount is the difference between the carrying amount and the net realizable value.

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

Inventory Count System

We maintain a perpetual inventory system.

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CONSOLIDATED INCOME STATEMENT

The following table sets forth a summary of our consolidated income statement for the years indicated:

	Year ended December 31,		
	2022	2023	2024
	(RMB in million)		
Revenue	124,826.2	110,860.7	137,946.9
Operating costs	(102,987.1)	(107,414.8)	(111,666.5)
Gross profit	21,839.1	3,445.9	26,280.4
Taxes and surcharges	(185.3)	(189.5)	(223.2)
Selling and distribution expenses	(758.7)	(982.6)	(1,095.7)
General and administrative expenses	(4,201.4)	(3,876.3)	(3,331.7)
Research and development expenses	(1,142.4)	(1,657.7)	(1,747.2)
Financial expenses	(2,907.7)	(3,054.1)	(2,975.4)
Other income	2,188.6	2,805.6	3,010.4
Investment income/(losses)	46.9	(6.4)	99.6
Gains from changes in fair value	—	—	0.1
Credit (losses)/reversal	(23.1)	(4.2)	0.3
Impairment losses	—	(202.5)	(12.9)
(Losses)/gains from asset disposals	(2.3)	(10.1)	5.8
Operating profit/(loss)	14,853.7	(3,731.9)	20,010.5
Non-operating income	376.9	157.2	84.4
Non-operating expenses	(300.6)	(595.4)	(1,198.5)
Profit/(loss) before income tax	14,930.0	(4,170.1)	18,896.4
Income tax credits	3.4	2.2	28.6
Net profit/(loss)	14,933.4	(4,167.9)	18,925.0

NON-CASBE FINANCIAL MEASURE

To supplement our consolidated financial statements, we also use EBITDA (*non-CASBE measure*) in evaluating our operating results, which is not required by or presented in accordance with CASBE as an additional financial measure to supplement our historical financial information as set forth in the Accountants’ Report in Appendix I to this document. We believe that the non-CASBE measure provides useful information to investors and others in understanding and evaluating our results of operations in the same manner as they help our management. However, our presentation of EBITDA (*non-CASBE measure*) may not be comparable to similarly titled measures presented by other companies. The use of such non-CASBE measures has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under CASBE.

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We define EBITDA (*non-CASBE measure*) as net profit/(loss) adjusted by adding back (i) income tax credits, (ii) interest expenses, and (iii) depreciation and amortization. The following table reconciles our EBITDA (*non-CASBE measure*) presented to the most directly comparable financial measures calculated and presented in accordance with CASBE, which is net profit/(loss):

	Year ended December 31,		
	2022	2023	2024
<i>(RMB in millions, except for percentages)</i>			
Reconciliation of net profit/(loss)			
to EBITDA (<i>non-CASBE measure</i>)			
Net profit/(loss)	14,933.4	(4,167.9)	18,925.0
Add:			
— <i>Income tax credits</i>	(3.4)	(2.2)	(28.6)
— <i>Interest expenses</i>	2,889.9	3,239.4	3,177.5
— <i>Depreciation and amortization</i>	12,131.7	13,534.7	15,108.9
EBITDA (<i>non-CASBE measure</i>)	29,951.6	12,604.0	37,182.8
EBITDA margin (<i>non-CASBE</i>			
measure) (%)	24.0	11.4	27.0

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

We primarily generate revenue from the sales of products in (i) the hog business and (ii) the slaughtering and meat product business. During the Track Record Period, revenue from the hog business accounted for a majority of our total revenue. In 2022, 2023 and 2024, we derived 95.9%, 97.6% and 98.7% of our total revenue from the hog business (before inter-segment elimination), respectively.

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The following table sets forth a breakdown of our revenue by business segment, in absolute amounts and as percentages of our total revenue, for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
<i>(RMB in millions, except percentages)</i>						
Hog business	119,744.0	95.9	108,224.3	97.6	136,229.3	98.7
— Finished hogs	115,896.5	92.8	106,975.5	96.5	131,306.7	95.2
— Piglets	2,860.1	2.3	705.6	0.6	3,080.0	2.2
— Breeding hogs	987.4	0.8	543.2	0.5	1,842.6	1.3
Slaughtering and meat product business	14,718.1	11.8	21,862.3	19.7	24,273.6	17.6
Inter-segment elimination ⁽¹⁾ . .	(15,634.2)	(12.5)	(22,793.0)	(20.5)	(24,435.8)	(17.7)
Subtotal	118,827.9	95.2	107,293.6	96.8	136,067.1	98.6
Others ⁽²⁾	5,998.3	4.8	3,567.1	3.2	1,879.8	1.4
Total	124,826.2	100.0	110,860.7	100.0	137,946.9	100.0

Notes:

- (1) The amounts of inter-segment elimination during the Track Record Period indicated the elimination of revenue arising from the intra-group sales transactions between the hog business and the slaughtering and meat product business. In accordance with relevant PRC tax laws and regulations, the revenue from our hog business is exempt from VAT, whilst our slaughtering and meat product business is entitled to input VAT in relation to its procurement of hogs. As such, the corresponding operating costs in relation to our slaughtering and meat product business are recorded based on the sales amount of these intra-group transactions after deducting input VAT.
- (2) Others mainly include revenue from feed ingredients trading and other operating activities.

The following table sets forth a breakdown of our sales volume and average selling price (excluding tax) by product type under each business segment for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price
	<i>(thousand)</i>	<i>(RMB per head/ton)</i>	<i>(thousand)</i>	<i>(RMB per head/ton)</i>	<i>(thousand)</i>	<i>(RMB per head/ton)</i>
Hog business (heads)	61,201	1,956.6	63,816	1,695.9	71,602	1,902.6
— Finished hogs ⁽¹⁾	55,296	2,095.9	62,267	1,718.0	65,477	2,005.4
— Piglets	5,558	514.5	1,367	516.2	5,659	544.2
— Breeding hogs	346	2,854.4	181	2,997.8	465	3,961.2
Slaughtering and meat product business (tons) .	757	19,443.9	1,405	15,563.4	1,416	17,143.5

Note:

- (1) The sales of finished hogs include the internal sales of finished hogs to our slaughtering and meat product business, which amounted to 7,368 thousand heads, 13,266 thousand heads and 12,565 thousand heads, respectively, in 2022, 2023 and 2024.

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Operating Costs

Our operating costs mainly include (i) feed costs, (ii) employee remuneration and (iii) depreciation expenses.

The following table sets forth the operating costs by nature, in absolute amounts and as percentages of our operating costs, for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
<i>(RMB in millions, except for percentages)</i>						
Feed costs	61,418.6	59.6	66,489.5	61.9	66,587.8	59.6
Employee remuneration. . . .	11,696.9	11.4	12,001.3	11.2	13,141.7	11.8
Depreciation expenses	11,435.0	11.1	12,394.8	11.5	14,488.9	13.0
Medicines and vaccines expenditures	5,007.9	4.9	5,554.9	5.2	5,709.8	5.1
Fuel and energy expenses . .	2,868.4	2.8	2,948.8	2.7	3,457.2	3.1
Others ⁽¹⁾	10,560.3	10.2	8,025.5	7.5	8,281.1	7.4
Total.	102,987.1	100.0	107,414.8	100.0	111,666.5	100.0

Note:

(1) Others mainly include maintenance fees and other miscellaneous costs.

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Gross Profit and Gross Margin

The following table sets forth a breakdown of our gross profit and gross margin by business segment for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	Gross Profit	Gross Margin (%)	Gross Profit	Gross Margin (%)	Gross Profit	Gross Margin (%)
<i>(RMB in millions, except for percentages)</i>						
Hog business	22,056.7	18.4	3,163.6	2.9	26,165.4	19.2
Finished hogs	20,948.7	18.1	2,903.7	2.7	24,637.1	18.8
Piglets	809.6	28.3	159.8	22.6	1,051.5	34.1
Breeding hogs	298.4	30.2	100.1	18.4	476.8	25.9
Slaughtering and meat product business	(73.5)	(0.5)	35.5	0.2	249.1	1.0
Inter-segment elimination ⁽¹⁾ . .	(266.8)	1.7	269.3	(1.2)	(141.3)	0.6
Others ⁽²⁾	122.7	2.0	(22.5)	(0.6)	7.2	0.4
Total	<u>21,839.1</u>	17.5	<u>3,445.9</u>	3.1	<u>26,280.4</u>	19.1

Notes:

- (1) The amounts of inter-segment elimination during the Track Record Period indicated the elimination of gross profit arising from the intra-group sales transactions between the hog business and the slaughtering and meat product business.
- (2) Others mainly include gross profit of feed ingredients trading and other operating activities.

Taxes and Surcharges

Our taxes and surcharges primarily include (i) real estate tax, (ii) land use tax and (iii) stamp duty. In 2022, 2023 and 2024, our taxes and surcharges amounted to RMB185.3 million, RMB189.5 million and RMB223.2 million, respectively.

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Selling and Distribution Expenses

Our selling and distribution expenses primarily include (i) employee remuneration, (ii) depreciation expenses and (iii) fuel and energy expenses. In 2022, 2023 and 2024, our selling and distribution expenses amounted to RMB758.7 million, RMB982.6 million and RMB1,095.7 million, respectively.

The following table sets forth a breakdown of our selling and distribution expenses by nature, in absolute amounts and as percentages of our total selling and distribution expenses, for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
<i>(RMB in millions, except for percentages)</i>						
Employee remuneration. . . .	429.0	56.5	645.7	65.7	761.6	69.5
Depreciation expenses	110.6	14.6	127.5	13.0	128.2	11.7
Fuel and energy expenses ⁽¹⁾	91.3	12.0	89.9	9.2	78.1	7.1
Testing fees ⁽²⁾	33.9	4.5	17.7	1.8	17.4	1.6
Material consumption cost. . . .	25.7	3.4	18.7	1.9	9.3	0.9
Others ⁽³⁾	68.2	9.0	83.1	8.4	101.1	9.2
Total.	<u>758.7</u>	<u>100.0</u>	<u>982.6</u>	<u>100.0</u>	<u>1,095.7</u>	<u>100.0</u>

Notes:

- (1) Fuel and energy expenses mainly relate to utility expenses and fuel consumed for our sterilization stations.
- (2) Testing fees mainly relate to inspection and quarantine.
- (3) Others primarily include vehicle expenses, business development expenses, travel expenses, lease expenses and office expenses.

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General and Administrative Expenses

Our general and administrative expenses primarily include (i) employee remuneration, (ii) share-based payment expenses and (iii) insurance expenses. In 2022, 2023 and 2024, our general and administrative expenses amounted to RMB4,201.4 million, RMB3,876.3 million and RMB3,331.7 million, respectively.

The following table sets forth a breakdown of our general and administrative expenses by nature, in absolute amounts and as percentages of our total general and administrative expenses, for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
	<i>(RMB in millions, except for percentages)</i>					
Employee remuneration. . . .	1,315.7	31.3	1,360.7	35.1	1,285.4	38.6
Share-based payment						
expenses	850.0	20.2	344.0	8.9	35.6	1.1
Insurance expenses	789.0	18.8	791.0	20.4	658.2	19.8
Depreciation and						
amortization expenses . . .	391.4	9.3	449.6	11.6	485.1	14.6
Business development						
expenses	283.6	6.8	311.7	8.0	278.2	8.3
Office expenses	195.4	4.7	202.9	5.2	159.1	4.8
Service expenses	109.9	2.6	141.6	3.7	143.7	4.3
Others ⁽¹⁾	266.4	6.3	274.8	7.1	286.4	8.5
Total.	<u>4,201.4</u>	<u>100.0</u>	<u>3,876.3</u>	<u>100.0</u>	<u>3,331.7</u>	<u>100.0</u>

Note:

(1) Others mainly include vehicle expenses, travel expenses and property management fees.

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Research and Development Expenses

Our research and development expenses primarily include (i) employee remuneration, (ii) R&D material consumption expenses and (iii) service expenses. In 2022, 2023 and 2024, our R&D expenses amounted to RMB1,142.4 million, RMB1,657.7 million and RMB1,747.2 million, respectively.

The following table sets forth a breakdown of our research and development expenses by nature, in absolute amounts and as percentages of our total research and development expenses, for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
<i>(RMB in millions, except for percentages)</i>						
Employee remuneration. . . .	842.7	73.8	957.6	57.8	946.1	54.2
R&D material consumption expenses	229.8	20.1	543.0	32.8	507.0	29.0
Service expenses ⁽¹⁾	28.6	2.5	96.9	5.8	184.0	10.5
Depreciation and amortization expenses . . .	23.7	2.1	24.4	1.5	53.1	3.0
Others ⁽²⁾	17.6	1.5	35.8	2.1	57.0	3.3
Total.	<u>1,142.4</u>	<u>100.0</u>	<u>1,657.7</u>	<u>100.0</u>	<u>1,747.2</u>	<u>100.0</u>

Notes:

- (1) Service expenses mainly relate to external technical services for precision livestock management and information platform service for smart farming.
- (2) Others mainly include travel expenses, vehicle expenses and testing fees.

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Financial Expenses

Our financial expenses primarily include interest expenses on loans and debentures. In 2022, 2023 and 2024, our financial expenses amounted to RMB2,907.7 million, RMB3,054.1 million and RMB2,975.4 million, respectively.

The following table sets forth a breakdown of our financial expenses by nature, in absolute amounts and as percentages of our total financial expenses, for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
<i>(RMB in millions, except for percentages)</i>						
Interest expenses on loans and debentures	2,457.7	84.5	2,772.0	90.8	2,727.3	91.7
Interest expenses on lease liabilities and long-term payables	432.2	14.9	467.3	15.3	450.1	15.1
Net exchange losses/(gains) .	133.0	4.6	30.2	1.0	(11.8)	(0.4)
Less: Interest income	(159.6)	(5.5)	(249.8)	(8.2)	(237.5)	(8.0)
Others	44.4	1.5	34.4	1.1	47.3	1.6
Total	2,907.7	100.0	3,054.1	100.0	2,975.4	100.0

Other Income

Our other income includes (i) grants related to daily business activities, (ii) refund of charges for withholding individual income tax and (iii) other tax reliefs. The grants related to daily business activities mainly relate to our hog business, including insurance subsidy, subsidy for the construction or environmental protection of hog farming plants, and subsidy for harmless disposal of hogs. The following table sets forth a breakdown of our other income, in absolute amounts and as percentages of our total other income, for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
<i>(RMB in millions, except for percentages)</i>						
Grants related to daily business activities	2,167.9	99.1	2,776.4	99.0	2,992.7	99.4
Refund of charges for withholding individual income tax	12.4	0.6	16.9	0.6	10.0	0.3
Other tax reliefs	8.3	0.3	12.3	0.4	7.7	0.3
Total	2,188.6	100.0	2,805.6	100.0	3,010.4	100.0

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Investment Income/(losses)

Our investment income/(losses) primarily include (i) investment income/(losses) from long-term equity investments accounted for using equity method and (ii) investment income from purchasing wealth management products. The following table sets forth a breakdown of our investment income/(losses) for the years indicated:

	Year ended December 31,		
	2022	2023	2024
	<i>(RMB in millions)</i>		
Investment income/(losses) from long-term equity investments accounted for using the equity method	46.1	(22.0)	72.2
Investment income from purchasing wealth management products	1.0	7.4	41.1
Others	(0.2)	8.2	(13.7)
Total	<u>46.9</u>	<u>(6.4)</u>	<u>99.6</u>

Gains from Changes in Fair Value

Our gains from changes in fair value were mainly related to futures products that we purchased to hedge price risks such as decreasing hog prices. In 2022, 2023 and 2024, we recorded gains from changes in fair value of nil, nil and RMB0.1 million, respectively.

Credit (Losses)/reversal

We recorded expected credit losses on accounts and other receivables. Our provision for credit losses on accounts receivable and other receivables amounted to RMB23.1 million and RMB4.2 million in 2022 and 2023, respectively. We recorded a credit reversal of RMB0.3 million in 2024.

Impairment Losses

We recorded expected impairment losses mainly on inventories of consumable biological assets and finished goods. Consumable biological assets mainly include our suckling piglets, piglets under nursing period and hogs under finishing period. If there is clear evidence that the net realizable 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 recognized and charged to profit or loss for the current period. The provision amount is the difference between the carrying amount and the net realizable value. We recorded impairment losses of nil, RMB202.5 million and RMB12.9 million in 2022, 2023 and 2024, respectively.

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(Losses)/gains from Assets Disposals

Our (losses)/gains from assets disposals were mainly related to the disposal of non-current assets. In 2022 and 2023, we recorded a loss from assets disposals of RMB2.3 million and RMB10.1 million, respectively. In 2024, we recorded a gain from assets disposals of RMB5.8 million.

Non-Operating Income

Our non-operating income includes (i) grants, which mainly include financial subsidies that are unrelated to our daily business operations, (ii) gains from disposal of non-current assets, and (iii) others, which mainly include gains from sales of scrapped materials and compensation gains from contractual breach by customers. In 2022, 2023 and 2024, our non-operating income amounted to RMB376.9 million, RMB157.2 million and RMB84.4 million, respectively.

Non-Operating Expenses

Our non-operating expenses mainly represent (i) donations and (ii) losses from damage or scrapping of non-current assets. In 2022, 2023 and 2024, our non-operating expenses amounted to RMB300.6 million, RMB595.4 million and RMB1,198.5 million, respectively.

Income Tax Credits

In 2022, 2023 and 2024, our income tax credits amounted to RMB3.4 million, RMB2.2 million and RMB28.6 million, respectively. See Note IV.54 to the Accountants’ Report in Appendix I to this document.

PRC

Under the EIT Law and Implementation Regulation of the EIT Law, the EIT rate of our Company and our PRC subsidiaries is 25% unless subject to tax exemption set out below.

Pursuant to the EIT Law and the Implementation Regulations for the EIT Law, during the Track Record Period, our income derived from hog farming, as well as hog slaughtering, were exempted from enterprise income tax.

Our subsidiary, Henan Muyuan Smart Technology Co., Ltd., obtained the high-tech enterprise certification on December 1, 2022 with a validity period of three years. According to the preferential tax policies for high-tech enterprises in the EIT Law, the applicable enterprise income tax rate of Henan Muyuan Smart Technology Co., Ltd. is 15% during the Track Record Period.

In accordance with the Announcement on Further Implementing Preferential Income Tax Policies for Small and Micro Enterprises (Announcement [2022] No. 13), the Announcement on Income Tax Preferences for Small and Micro Enterprises and Individual Businesses (Announcement [2023] No. 6), and Announcement on Further Supporting the Development of Small and Micro Enterprises and Individual Businesses Related to Tax and Fee Policies (Announcement [2023] No. 12), for small and micro enterprises with an annual taxable income less than RMB3 million, 25% of the amount is included in the taxable income, and the

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applicable enterprise income tax rate is 20%. During the Track Record Period, certain subsidiaries, namely Shenzhen Muyuan Digital Technology Co., Ltd., Zhengzhou Muyuan Digital Technology Co., Ltd., Hubei Muxin Detection Technology Co., Ltd., Henan Muyuan Ecology Environment Technology Co., Ltd., and Muyuan New Energy Industry Development Co. Ltd. together with its subsidiaries, benefited from these preferential policies.

Net profit/(loss)

In 2022, we recorded net profit of RMB14,933.4 million. In 2023, we recorded net loss of RMB4,167.9 million. In 2024, we recorded net profit of RMB18,925.0 million.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2024 Compared with Year Ended December 31, 2023

Revenue

Our revenue increased by 24.4% from RMB110,860.7 million in 2023 to RMB137,946.9 million in 2024 primarily due to an increase in revenue from the hog business.

- Our revenue from the hog business increased by 25.9% from RMB108,224.3 million in 2023 to RMB136,229.3 million in 2024, primarily due to (i) an increase in market selling prices of hogs; and (ii) an increase in sales volume of our hogs, including finished hogs, piglets and breeding hogs alongside. The average selling price of finished hogs increased from RMB1,718.0 per head in 2023 to RMB2,005.4 per head in 2024; and the number of finished hogs sold increased from 62,267 thousand heads in 2023 to 65,477 thousand heads in 2024.
- Our revenue from the slaughtering and meat product business increased by 11.0% from RMB21,862.3 million in 2023 to RMB24,273.6 million in 2024, primarily due to (i) an increase in market selling prices of pork products, and (ii) an increase in sales volume of meat products. The average selling price of meat products increased from RMB15,563.4 per ton in 2023 to RMB17,143.5 per ton in 2024; and the sales volume of meat products increased from 1,405 thousand tons in 2023 to 1,416 thousand tons in 2024.
- Our revenue from other business segments, mainly relate to the trade of feed ingredients, decreased by 47.3% from RMB3,567.1 million in 2023 to RMB1,879.8 million in 2024, primarily because we focused on our principal business.

Operating Costs

Our operating costs increased by 4.0% from RMB107,414.8 million in 2023 to RMB111,666.5 million in 2024, primarily due to (i) an increase in employee remuneration, and (ii) an increase in depreciation expenses. The increase in operating costs was slower than revenue growth pace in the same year, which was mainly attributable to (i) an increase in hog farming efficiency driven by breeding and nutrition management efforts, as well as equipment upgrades and technology iterations as part of our cost management measures, and (ii) a decrease in unit feed costs driven by a decrease in the market prices of corn, wheat and soybean meal.

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Gross Profit and Gross Profit Margin

Our gross profit increased by 662.7% from RMB3,445.9 million in 2023 to RMB26,280.4 million in 2024. Our gross profit margin increased from 3.1% in 2023 to 19.1% in 2024, primarily due to the improved gross margin for the hog business.

- The gross margin for the hog business increased from 2.9% in 2023 to 19.2% in 2024, primarily due to (i) an increase in market selling prices of hogs, (ii) cost management measures and (iii) a decrease in unit feed costs driven by a decrease in market prices of feed ingredients. The average selling price of finished hogs increased from RMB1,718.0 per head in 2023 to RMB2,005.4 per head in 2024. Our average total unit cost decreased from RMB14.94 per kg in 2023 to RMB14.01 per kg in 2024.
- The gross margin for the slaughtering and meat product business increased from 0.2% in 2023 to 1.0% in 2024, primarily due to (i) our stronger pricing power and enhanced pricing mechanism, (ii) continuous optimization of our slaughtering processes and cost management efforts, and (iii) enhanced economies of scale from the increase in sales volume.
- The gross margin for other business segments remained relatively stable at gross margin of (0.6)% and 0.4% in 2023 and 2024, respectively.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 11.5% from RMB982.6 million in 2023 to RMB1,095.7 million in 2024, primarily due to an increase in employee remuneration as the number of sales personnel increased.

General and Administrative Expenses

Our general and administrative expenses decreased by 14.0% from RMB3,876.3 million in 2023 to RMB3,331.7 million in 2024, primarily due to (i) a decrease in share-based payment expenses and (ii) a decrease in insurance expenses.

Research and Development Expenses

Our research and development expenses increased by 5.4% from RMB1,657.7 million in 2023 to RMB1,747.2 million in 2024, primarily due to (i) an increase in service expenses as we expanded the engagement of technical services for precision livestock management and increased the adoption of information platform services to enable smart farming, and (ii) an increase in depreciation and amortization expenses driven by an increase in fixed assets for R&D purpose, partially offset by a decrease in R&D material consumption expenses.

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Financial Expenses

Our financial expenses remained relatively stable at RMB3,054.1 million and RMB2,975.4 million in 2023 and 2024, respectively.

Other Income

Our other income increased by 7.3% from RMB2,805.6 million in 2023 to RMB3,010.4 million in 2024, primarily due to an increase in gains for harmless disposal of biological assets.

Investment Income/(losses)

We recorded investment loss of RMB6.4 million in 2023. We subsequently recorded investment income of RMB99.6 million in 2024, primarily due to a gain from long-term equity investment accounted for using equity method in associates.

Credit (Losses)/reversal

We recorded credit loss of RMB4.2 million in 2023. We subsequently recorded a credit reversal of RMB0.3 million in 2024, primarily due to the settlement of certain receivables.

Impairment Losses

Our impairment losses decreased by 93.6% from RMB202.5 million in 2023 to RMB12.9 million in 2024, primarily due to a decrease in provisions for inventories, mainly consumable biological assets, as such costs no longer exceeding their net realizable value when market selling prices of hogs increased.

(Losses)/gains from Assets Disposals

We recorded losses from assets disposals of RMB10.1 million in 2023. We subsequently recorded a gain of RMB5.8 million in 2024, primarily due to the proceeds from the disposal of obsolete facilities and assets.

Non-Operating Income

Non-operating income decreased by 46.3% from RMB157.2 million in 2023 to RMB84.4 million in 2024, primarily due to (i) a decrease in gains from sales of scrapped materials, and (ii) a decrease in compensation gains arising from contractual breaches.

Non-Operating Expenses

Non-operating expenses increased by 101.3% from RMB595.4 million in 2023 to RMB1,198.5 million in 2024, primarily due to an increase in the disposal losses from damage or scrapping of non-current assets upon demolition of such assets.

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Income Tax Credits

Our income tax credits increased by 1,200.0% from RMB2.2 million in 2023 to RMB28.6 million in 2024, primarily due to an increase in the change of deferred tax assets resulting from the deductible tax losses recorded by certain non-tax-exempt subsidiaries in 2024.

Net Profit/(loss)

As a result of the foregoing, we recorded net loss of RMB4,167.9 million in 2023 and net profit of RMB18,925.0 million in 2024, respectively.

Year Ended December 31, 2023 Compared with Year Ended December 31, 2022

Revenue

Our revenue decreased by 11.2% from RMB124,826.2 million in 2022 to RMB110,860.7 million in 2023 primarily due to a decrease in sales in the hog business.

- Our revenue from the hog business decreased by 9.6% from RMB119,744.0 million in 2022 to RMB108,224.3 million in 2023, primarily due to a decrease in market selling prices of finished hogs, partially offset by an increase in sales volume. The average selling price of finished hogs decreased from RMB2,095.9 per head in 2022 to RMB1,718.0 per head in 2023. The number of finished hogs sold increased from 55,296 thousand heads in 2022 to 62,267 thousand heads in 2023.
- Our revenue from the slaughtering and meat product business increased by 48.5% from RMB14,718.1 million in 2022 to RMB21,862.3 million in 2023, primarily due to an increase in sales volume of meat products, as we continued to ramp up this business by expanding sales channels and diversifying our direct sales. The sales volume of meat products increased from 757 thousand tons in 2022 to 1,405 thousand tons in 2023.
- Our revenue from other business segment decreased by 40.5% from RMB5,998.3 million in 2022 to RMB3,567.1 million in 2023, primarily because we focused on our principal business.

Operating Costs

Our operating costs increased by 4.3% from RMB102,987.1 million in 2022 to RMB107,414.8 million in 2023, primarily due to an increase in our feed costs from RMB61,418.6 million in 2022 to RMB66,489.5 million in 2023, driven by an increase in sales volume of finished hogs. However, our average total unit cost decreased from RMB15.72 per kg in 2022 to RMB14.94 per kg in 2023 benefitting from our efforts in cost management.

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Gross Profit and Gross Profit Margin

Our gross profit decreased by 84.2% from RMB21,839.1 million in 2022 to RMB3,445.9 million in 2023. Our gross profit margin decreased from 17.5% in 2022 to 3.1% in 2023, primarily due to a decrease in the gross margin for the hog business.

- The gross margin for the hog business decreased from 18.4% in 2022 to 2.9% in 2023, primarily due to a decrease in market selling prices of hogs, partially offset by our continuous efforts in cost management, resulting in a decrease in average total unit cost from RMB15.72 per kg in 2022 to RMB14.94 per kg in 2023.
- The gross margin for the slaughtering and meat product business improved from gross loss margin of 0.5% in 2022 to gross profit margin of 0.2% in 2023, primarily due to (i) an increase in sales volume of meat products resulting in an improved utilization rate from 25.4% in 2022 to 45.7% in 2023 and enhanced economies of scale, and (ii) continuous optimization of our slaughtering processes by adopting new machineries and technologies.
- The gross margin for other business segments decreased from gross profit margin of 2.0% in 2022 to gross loss margin of 0.6% in 2023, primarily due to a decrease in market prices of feed ingredients.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 29.5% from RMB758.7 million in 2022 to RMB982.6 million in 2023, primarily due to an increase in employee remuneration as the number of sales personnel increased.

General and Administrative Expenses

Our general and administrative expenses decreased by 7.7% from RMB4,201.4 million in 2022 to RMB3,876.3 million in 2023, primarily due to a decrease in share-based payment expenses, partially offset by (i) an increase in employee remuneration as we optimized salary structures, and (ii) an increase in depreciation and amortization expenses resulting from an increase in fixed assets.

Research and Development Expenses

Our research and development expenses increased by 45.1% from RMB1,142.4 million in 2022 to RMB1,657.7 million in 2023, primarily due to (i) an increase in employee remuneration, as we expanded our R&D team, and (ii) an increase in R&D material consumption expenses, which mainly include the raw materials and disease detection materials required for animal disease prevention research and development projects.

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Financial Expenses

Our financial expenses increased by 5.0% from RMB2,907.7 million in 2022 to RMB3,054.1 million in 2023, primarily due to an increase in interest expenses on loans and debentures, partially offset by a decrease in net exchange losses, which mainly relate to the settlement of loans and letters of credits in foreign currency.

Other Income

Our other income increased by 28.2% from RMB2,188.6 million in 2022 to RMB2,805.6 million in 2023, primarily due to an increase in grants related to daily business activities as our hog business operations expanded.

Investment Income/(losses)

Our investment income of RMB46.9 million in 2022. We subsequently recorded an investment loss of RMB6.4 million in 2023, primarily due to a loss from long-term equity investment accounted for using equity method in associates, partially offset by the investment income from purchasing wealth management products.

Credit Losses

Our credit losses decreased by 81.8% from RMB23.1 million in 2022 to RMB4.2 million in 2023, primarily due to credit reversals for other receivables, partially offset by an increase in provisions for accounts receivables.

Impairment Losses

Our impairment losses increased from nil in 2022 to RMB202.5 million in 2023, primarily due to the impairment on consumable biological assets as their costs exceeded net realizable value in light of low market selling prices of hogs.

Losses from Assets Disposals

Our losses from assets disposals increased by 339.1% from RMB2.3 million in 2022 to RMB10.1 million in 2023, primarily due to the disposal of obsolete facilities and assets.

Non-Operating Income

Non-operating income decreased by 58.3% from RMB376.9 million in 2022 to RMB157.2 million in 2023, primarily due to a decrease in grants.

Non-Operating Expenses

Non-operating expenses increased by 98.1% from RMB300.6 million in 2022 to RMB595.4 million in 2023, primarily due to (i) an increase in the disposal loss from damage or scrapping of non-current assets upon demolition of such assets, and (ii) an increase in donations.

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Income Tax Credits

Our income tax credits decreased by 35.3% from RMB3.4 million in 2022 to RMB2.2 million in 2023, primarily due to a decrease in the change of deferred tax assets, which was resulted from a decrease in the deductible tax losses recorded by certain non-tax-exempt subsidiaries.

Net Profit/(loss)

As a result of the foregoing, we recorded net profit of RMB14,933.4 million in 2022 and net loss of RMB4,167.9 million in 2023.

DISCUSSION OF KEY ITEMS OF CONSOLIDATED BALANCE SHEET

The following table sets forth selected information from our summary consolidated balance sheet as of the dates indicated, which has been extracted from our audited consolidated financial statements included in Appendix I to this document.

	As of December 31,		
	2022	2023	2024
	(RMB in millions)		
Total current assets	62,578.3	63,582.8	61,318.6
Total non-current assets	130,369.3	131,821.8	126,330.1
Total assets	192,947.6	195,404.6	187,648.7
Total current liabilities	78,167.1	94,659.0	85,476.5
Total non-current liabilities	26,710.1	26,708.9	24,636.0
Total liabilities	104,877.2	121,367.9	110,112.5
Net assets	88,070.4	74,036.7	77,536.2

Non-Current Assets and Liabilities

The following table sets forth our non-current assets and liabilities as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	(RMB in millions)		
Non-current assets			
Long-term equity investments	581.8	718.8	903.8
Investments in other equity instruments	143.0	106.5	106.5
Investment properties	125.5	109.2	103.2
Fixed assets	106,358.7	112,150.5	106,751.4

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	As of December 31,		
	2022	2023	2024
	<i>(RMB in millions)</i>		
Construction in progress	7,441.3	2,308.3	2,018.2
Productive biological assets	7,334.8	9,315.1	9,355.1
Right-of-use assets	6,682.8	5,274.1	5,122.4
Intangible assets	952.4	1,155.2	1,186.6
Long-term deferred expenses	12.7	65.1	62.2
Deferred tax assets	65.8	69.5	100.7
Other non-current assets	670.5	549.5	620.0
Total non-current assets	130,369.3	131,821.8	126,330.1
Non-current liabilities			
Long-term loans	10,646.4	9,863.5	8,797.5
Debentures payable	8,921.3	9,206.8	9,465.5
Lease liabilities	4,384.6	4,111.6	4,354.7
Long-term payables	1,997.5	2,615.7	1,177.6
Deferred income	760.3	911.3	840.7
Total non-current liabilities	26,710.1	26,708.9	24,636.0

Fixed Assets

Our fixed assets primarily consist of plants and buildings and machinery and equipment and motor vehicles. Our fixed assets increased by 5.4% from RMB106,358.7 million as of December 31, 2022 to RMB112,150.5 million as of December 31, 2023, primarily due to the completed construction of certain hog farming plants, which resulted in an increase in plants and buildings. Our fixed assets subsequently decreased by 4.8% from RMB112,150.5 million as of December 31, 2023 to RMB106,751.4 million as of December 31, 2024, primarily due to an increase in the depreciation of fixed assets.

Construction in Progress

Our construction in progress primarily consists of hog farming plants, feed processing plants and hog slaughtering plants. Our construction in progress decreased by 69.0% from RMB7,441.3 million as of December 31, 2022 to RMB2,308.3 million as of December 31, 2023 and further decreased by 12.6% to RMB2,018.2 million as of December 31, 2024, primarily due to the completion of certain construction projects, which were subsequently recognized as fixed assets.

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Productive Biological Assets

Our productive biological assets primarily consist of immature breeding hogs and mature breeding hogs. Mature breeding hogs are reproductive boars and reproductive sows. Our productive biological assets increased by 27.0% from RMB7,334.8 million as of December 31, 2022 to RMB9,315.1 million as of December 31, 2023 and further increased by 0.4% to RMB9,355.1 million as of December 31, 2024, primarily due to an increase in the quantity of immature breeding hogs and reproductive sows.

Right-of-use Assets

Our right-of-use assets primarily consist of land, plant and buildings and machinery and equipment. Our right-of-use assets decreased by 21.1% from RMB6,682.8 million as of December 31, 2022 to RMB5,274.1 million as of December 31, 2023 and further decreased by 2.9% to RMB5,122.4 million as of December 31, 2024, primarily due to (i) the purchase of certain leased hog farming plants and (ii) depreciation.

Net Current Liabilities

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of April 30,
	2022	2023	2024	2025
	(RMB in millions)			(Unaudited)
Current assets				
Cash at bank and on hand . . .	20,793.5	19,429.1	16,951.6	22,028.6
Financial assets held for trading	3.1	21.2	2.9	0.1
Bills receivable	60.0	129.1	152.9	60.0
Accounts receivable	176.6	167.8	231.2	249.9
Prepayments	2,101.5	535.1	524.3	466.7
Other receivables	492.8	175.5	90.6	101.4
Inventories	38,251.7	41,930.8	41,969.8	41,327.1
Other current assets	699.1	1,194.2	1,395.3	6,210.7
Total current assets	<u>62,578.3</u>	<u>63,582.8</u>	<u>61,318.6</u>	<u>70,444.5</u>

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	As of December 31,			As of
	2022	2023	2024	April 30,
				2025
	<i>(RMB in millions)</i>			<i>(Unaudited)</i>
Current liabilities				
Short-term loans	29,165.4	46,929.0	45,257.7	49,079.9
Bills payable	3,157.1	2,513.9	2,723.7	3,104.8
Accounts payable	25,186.2	23,463.0	17,993.0	14,543.4
Contract liabilities	849.7	571.0	599.5	1,267.8
Employee benefits payable . .	1,543.9	1,340.4	1,106.5	761.7
Taxes payable	154.7	56.1	61.7	106.2
Other payables	8,311.2	11,092.4	8,348.2	7,973.9
Non-current liabilities due				
within one year	9,691.7	8,651.2	8,204.6	10,177.8
Other current liabilities	107.2	42.0	1,181.6	1,072.3
Total current liabilities	78,167.1	94,659.0	85,476.5	88,087.8
Net current liabilities	(15,588.8)	(31,076.2)	(24,157.9)	(17,643.3)

Our net current liabilities increased by 99.3% from RMB15,588.8 million as of December 31, 2022 to RMB31,076.2 million as of December 31, 2023, primarily due to (i) an increase in short-term loans of RMB17,763.6 million, and (ii) an increase in other payables of RMB2,781.2 million, partially offset by an increase in inventories of RMB3,679.1 million.

Our net current liabilities decreased by 22.3% from RMB31,076.2 million as of December 31, 2023 to RMB24,157.9 million as of December 31, 2024, primarily due to (i) a decrease in accounts payable of RMB5,470.0 million, and (ii) a decrease in other payables of RMB2,744.2 million, partially offset by a decrease in cash at bank and on hand of RMB2,477.5 million.

Our net current liabilities decreased by 27.0% from RMB24,157.9 million as of December 31, 2024 to RMB17,643.3 million as of April 30, 2025, primarily due to (i) an increase in cash at bank and on hand of RMB5,077.0 million, and (ii) an increase in other current assets of RMB4,815.4 million, partially offset by an increase in short-term loans of RMB3,822.2 million.

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Inventories

Our inventories primarily consist of (i) raw materials, (ii) finished goods and (iii) consumable biological assets. Raw materials mainly include feed ingredients such as corn, wheat and soybean meal. Finished goods primarily consist of meat products. Consumable biological assets include suckling piglets, piglets under nursing period, hogs under finishing period and others. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	<i>(RMB in millions)</i>		
Raw materials	9,138.5	8,025.8	8,336.4
Finished goods	615.0	1,298.2	565.5
Consumable biological assets	28,498.2	32,809.3	33,068.5
Subtotal	38,251.7	42,133.3	41,970.4
Less: provision for impairment of inventories	—	202.5	0.6
Total	38,251.7	41,930.8	41,969.8

Our inventories increased by 9.6% from RMB38,251.7 million as of December 31, 2022, to RMB41,930.8 million as of December 31, 2023, primarily due to an increase in the quantity of hogs. Our inventories remained relatively stable at RMB41,930.8 million as of December 31, 2023 and RMB41,969.8 million as of December 31, 2024, respectively.

As of December 31, 2022, 2023 and 2024, there were no significant inventories with ageing of more than one year.

The following table sets forth our inventory turnover days for the years indicated:

	Year ended December 31,		
	2022	2023	2024
Inventory turnover days ⁽¹⁾	128.9	136.2	137.1

Note:

- (1) Inventory turnover days are calculated using the average of opening balance and closing balance of inventories for a year divided by operating costs for the relevant year and multiplied by 365 days.

Our inventory turnover days increased from 128.9 days in 2022 to 136.2 days in 2023, primarily due to increase in the number of hogs under the finishing phase and piglets under nursing period as of December 31, 2023. Our inventory turnover days remained relatively stable at 136.2 days and 137.1 days in 2023 and 2024, respectively.

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As of April 30, 2025, RMB30,981.7 million, or 73.8%, of inventories as of December 31, 2024, had been used, consumed or sold.

Financial Assets Held for Trading

Our financial assets held for trading consist of futures contracts, foreign exchange forward contracts and interest rate swap contracts. Our financial assets held for trading increased by 583.9% from RMB3.1 million as of December 31, 2022 to RMB21.2 million as of December 31, 2023, primarily due to an increase in the fair value of hog futures. Our financial assets held for trading decreased by 86.3% from RMB21.2 million as of December 31, 2023 to RMB2.9 million as of December 31, 2024, primarily due to a decrease in the fair value of our hog futures. See “Business — Risk Management and Internal Control”.

Other Current Assets

Our other current assets primarily consist of deductible input VAT and insurance expenses. Our other current assets increased by 70.8% from RMB699.1 million as of December 31, 2022 to RMB1,194.2 million as of December 31, 2023 and further increased by 16.8% to RMB1,395.3 million as of December 31, 2024, primarily due to (i) an increase in deductible input VAT for the slaughtering and meat product business, and (ii) an increase in insurance expenses, which was attributable to an increase in prepayments for insurance premium.

Bills Receivable

Our bills receivable are related to bank acceptance bills. Our bills receivable increased by 115.2% from RMB60.0 million as of December 31, 2022 to RMB129.1 million as of December 31, 2023 and further increased by 18.4% to RMB152.9 million as of December 31, 2024, primarily due to an increase in the payments in bank acceptance bills by certain customers.

Accounts Receivable

Our accounts receivable are amounts due from customers for goods sold in the ordinary course of business.

Our accounts receivable decreased by 5.0% from RMB176.6 million as of December 31, 2022, to RMB167.8 million as of December 31, 2023, primarily due to an increase in provision for bad and doubtful debts. Our accounts receivable increased by 37.8% from RMB167.8 million as of December 31, 2023 to RMB231.2 million as of December 31, 2024, in line with the growth in our sales volume.

We generally require our customers to make full upfront payment to us before we deliver our products. For certain key account customers for the slaughtering and meat product business, we have engaged in credit sale with them during the Track Record Period and we usually grant credit terms no more than 30 days. In addition, we impose a maximum credit limit

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on such customers. We seek to maintain strict control over our outstanding receivables. Our finance team is responsible for minimizing credit risks. Overdue balances are reviewed regularly by senior management.

The following table sets forth an aging analysis of our accounts receivable as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	<i>(RMB in millions)</i>		
Within one year	180.7	175.6	241.8
Over one year but within two years (inclusive)	6.2	12.5	1.5
Over two years but within three years (inclusive)	–	0.3	1.2
Less: Provision for bad and doubtful debts	<u>10.3</u>	<u>20.6</u>	<u>13.3</u>
Total	<u>176.6</u>	<u>167.8</u>	<u>231.2</u>

The following table sets forth our accounts receivable turnover days for the years indicated:

	Year ended December 31,		
	2022	2023	2024
Accounts receivable turnover days ⁽¹⁾ . . .	0.5	0.6	0.5

Note:

- (1) Accounts receivable turnover days are calculated using the average of opening balance and closing balance of accounts receivable for a year divided by revenue for the relevant year and multiplied by the 365 days.

Our accounts receivable turnover days remained relatively stable at 0.5 days, 0.6 days and 0.5 days in 2022, 2023 and 2024, respectively.

As of April 30, 2025, RMB225.5 million, or 97.5%, of our accounts receivable as of December 31, 2024, had been settled.

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Prepayments

Our prepayments primarily consist of prepayments for feed ingredients such as corn and soybean meal. Our prepayments decreased by 74.5% from RMB2,101.5 million as of December 31, 2022 to RMB535.1 million as of December 31, 2023, primarily due to the completion of previous contracts. Our prepayments remained relatively stable at RMB535.1 million as of December 31, 2023 and RMB524.3 million as of December 31, 2024.

Other Receivables

Our other receivables primarily consist of receivables in relation to raw grain auction deposits, land deposits, and rental deposits.

Our other receivables decreased by 64.4% from RMB492.8 million as of December 31, 2022 to RMB175.5 million as of December 31, 2023, and further decreased by 48.4% to RMB90.6 million as of December 31, 2024, primarily due to a decrease in raw grain auction deposits resulting from a decrease in our participation in such auction activities.

Bills Payable

Our bills payable consist of (i) commercial acceptance bills, (ii) bank acceptance bills and (iii) letters of credit. The following table sets forth a breakdown of our bills payable as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	<i>(RMB in millions)</i>		
Commercial acceptance bills	1,810.2	606.4	420.6
Bank acceptance bills	1,258.6	1,837.0	2,199.7
Letters of credit	88.3	70.5	103.4
Total	<u>3,157.1</u>	<u>2,513.9</u>	<u>2,723.7</u>

Our bills payable decreased from RMB3,157.1 million as of December 31, 2022 to RMB2,513.9 million as of December 31, 2023, primarily due a decrease in payments using commercial acceptance bills. Our bills payable increased from RMB2,513.9 million as of December 31, 2023 to RMB2,723.7 million as of December 31, 2024, primarily due to an increase in procurement using bank acceptance bills as payment method.

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Accounts Payable

Our accounts payable primarily consist of (i) payables for goods and (ii) payables for construction and equipment. The following table sets forth a breakdown of our accounts payables as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	<i>(RMB in millions)</i>		
Payables for goods	11,785.6	10,758.2	7,796.2
Payables for construction and equipment	13,133.0	12,534.9	9,988.9
Others	267.6	169.9	207.9
Total	25,186.2	23,463.0	17,993.0

Our accounts payable decreased from RMB25,186.2 million as of December 31, 2022 to RMB23,463.0 million as of December 31, 2023 and further decreased to RMB17,993.0 million as of December 31, 2024, primarily due (i) a decrease in payables for raw materials resulting from declining prices of feed ingredients, and (ii) a decrease in payables for construction and equipment resulting from the settlement with our suppliers upon completion of certain construction projects.

As of December 31, 2022, 2023 and 2024, there were no significant accounts payable with ageing of more than one year.

The following table sets forth our accounts payable turnover days for the years indicated:

	Year ended December 31,		
	2022	2023	2024
Accounts payable turnover days ⁽¹⁾	101.3	82.7	67.8

Note:

- (1) Accounts payable turnover days are calculated using the average of opening balance and closing balance of accounts payables for a year divided by operating costs used for the relevant year and multiplied by 365 days.

Our accounts payable turnover days decreased from 101.3 days in 2022 to 82.7 days in 2023, and further to 67.8 days in 2024, primarily due to (i) the enhanced repayment efforts to our suppliers, and (ii) a decrease in payables for construction and equipment upon settlement with suppliers.

As of April 30, 2025, RMB5,572.0 million, or 31.0%, of our accounts payable as of December 31, 2024, had been settled.

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Other Payables

Our other payables primarily consist of payables in relation to reverse factoring. During the Track Record Period, certain suppliers entered into factoring arrangements with banks and other financial institutions. According to these factoring arrangements, our suppliers transferred the receivables due from our Group to banks and other financial institutions before the original due dates of these trade payables, and we settled these trade payables with banks and other financial institutions upon the due date of these factoring arrangements. The following table sets forth a breakdown of our other payables as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	<i>(RMB in millions)</i>		
Dividends payable	–	–	26.1
Borrowings and interest	1,000.0	1,900.0	–
Deposits	744.9	856.7	842.2
Restricted stock repurchase obligation . .	1,951.6	772.1	–
Reverse factoring	4,578.9	7,518.1	7,410.4
Others	35.8	45.5	69.5
Total	<u>8,311.2</u>	<u>11,092.4</u>	<u>8,348.2</u>

Our other payables increased by 33.5% from RMB8,311.2 million as of December 31, 2022 to RMB11,092.4 million as of December 31, 2023, primarily due to (i) an increase in payables in relation to reverse factoring, and (ii) an increase in payables in relation to outstanding borrowings and interest from controlling shareholders, partially offset by a decrease in payables in relation to restricted stock repurchase obligation. Our other payables decreased by 24.7% from RMB11,092.4 million as of December 31, 2023 to RMB8,348.2 million as of December 31, 2024, primarily due to (i) a decrease in payables in relation to our borrowings and interest resulting from full repayment to Muyuan Group, one of our controlling shareholders, and (ii) a decrease in payables in relation to restricted stock repurchase obligation resulting from the completion of vesting of restricted stock.

Taxes Payable

Our taxes payable primarily includes stamp duty payable, individual income tax payable and real estate tax payable. Our taxes payable amounted to RMB154.7 million, RMB56.1 million and RMB61.7 million as of December 31, 2022, 2023 and 2024, respectively.

Contract Liabilities

Our contract liabilities represent advance payments made by customers before we provide our products. Our contract liabilities amounted to RMB849.7 million, RMB571.0 million and RMB599.5 million as of December 31, 2022, 2023 and 2024, respectively.

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Employee Benefits Payable

Our employee benefits payable primarily consist salaries, bonuses and allowance. Our employee benefits payable decreased by 13.2% from RMB1,543.9 million as of December 31, 2022 to RMB1,340.4 million as of December 31, 2023, primarily due to a decrease in the number of employees as we improved production efficiency through the adoption of technology and equipment. Our employee benefits payable further decreased by 17.5% from RMB1,340.4 million as of December 31, 2023 to RMB1,106.5 million as of December 31, 2024, primarily because we optimized the salary settlement plan for production personnel.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements principally from proceeds from our business operations, bank borrowings, debentures and capital contribution from shareholders. After the [REDACTED], we intend to finance our future capital requirements through cash generated from our business operations, bank borrowings and the net [REDACTED] from the [REDACTED]. We do not anticipate any changes to the availability of financing to fund our operations in the future.

Cash Flow

The following table sets forth a summary of our cash flows for the years indicated:

	Year ended December 31,		
	2022	2023	2024
	(RMB in millions)		
Net cash inflow from operating activities	23,010.6	9,892.8	37,543.1
Net cash outflow from investing activities	(15,928.7)	(17,218.8)	(13,246.2)
Net cash inflow/(outflow) from financing activities	2,420.5	3,199.0	(25,228.7)
Effect of foreign exchange rate change on cash and cash equivalents	0.6	(6.9)	—
Net increase/(decrease) in cash and cash equivalents	9,503.0	(4,133.9)	(931.8)
Cash and cash equivalents at the beginning of the year	8,407.3	17,910.3	13,776.4
Cash and cash equivalents at the end of the year	17,910.3	13,776.4	12,844.6

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Net Cash Inflow from Operating Activities

In 2024, we had net cash inflow from operating activities of RMB37,543.1 million, which represents our cash inflow from operations of RMB146,910.7 million, as adjusted by (i) payment for goods and services of RMB86,812.6 million, and (ii) payment to and for employees of RMB18,221.8 million.

In 2023, we had net cash inflow from operating activities of RMB9,892.8 million, which represents our cash inflow from operations of RMB118,881.0 million, as adjusted by (i) payment for goods and services of RMB84,645.8 million, and (ii) payment to and for employees of RMB16,791.3 million.

In 2022, we had net cash inflow from operating activities of RMB23,010.6 million, which represents our cash inflow from operations of RMB131,820.2 million, as adjusted by (i) payment for goods and services of RMB90,775.4 million, and (ii) payment to and for employees of RMB14,831.6 million.

Net Cash Outflow from Investing Activities

In 2024, our net cash outflow from investing activities were RMB13,246.2 million, which was primarily attributable to (i) payment for investments of RMB21,067.2 million and (ii) payment for acquisition of fixed assets, intangible assets and other long-term assets of RMB12,380.7 million, partially offset by proceeds from disposal of investments of RMB20,033.7 million.

In 2023, our net cash outflow from investing activities were RMB17,218.8 million, which was primarily attributable to (i) payment for investments of RMB3,036.5 million and (ii) payment for acquisition of fixed assets, intangible assets and other long-term assets of RMB17,015.7 million, partially offset by proceeds from disposal of investments of RMB2,759.4 million.

In 2022, our net cash outflow from investing activities were RMB15,928.7 million, which was primarily attributable to (i) payment for investments of RMB541.4 million and (ii) payment for acquisition of fixed assets, intangible assets and other long-term assets of RMB15,738.9 million, partially offset by proceeds from disposal of investments of RMB305.0 million.

Net Cash Inflow/(outflow) from Financing Activities

In 2024, our net cash outflow from financing activities were RMB25,228.7 million, primarily attributable to (i) repayments of borrowings of RMB73,608.5 million and (ii) payment for other financing activities of RMB12,525.7 million, partially offset by proceeds from borrowings of RMB68,138.9 million.

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In 2023, our net cash inflow from financing activities were RMB3,199.0 million, primarily attributable to proceeds from borrowings of RMB71,649.4 million, partially offset by (i) repayments of borrowings of RMB53,366.1 million, and (ii) payment for other financing activities of RMB8,490.3 million.

In 2022, our net cash inflow from financing activities were RMB2,420.5 million, primarily attributable to proceeds from borrowings of RMB66,577.3 million, partially offset by (i) repayments of borrowings of RMB64,250.5 million and (ii) payment for other financing activities of RMB5,439.1 million.

INDEBTEDNESS

During the Track Record Period, our indebtedness mainly included (i) short-term loans, (ii) long-term loans, (iii) non-current liabilities due within one year, and (iv) debentures payable. The following table sets forth the breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of
	2022	2023	2024	April 30,
				2025
	(RMB in millions)			(Unaudited)
Current				
Short-term loans	29,165.4	46,929.0	45,257.7	49,079.9
Other payables – borrowing and interest	1,000.0	1,900.0	–	–
Non-current liabilities due within one year	9,691.7	8,651.2	8,204.6	10,177.8
Other current liabilities – short-term debentures payable	–	–	1,003.6	1,012.3
Other current liabilities – short-term sale and lease back finance lease payments	72.0	–	–	–
Non-Current				
Long-term loans	10,646.4	9,863.5	8,797.5	7,687.4
Debentures payable	8,921.3	9,206.8	9,465.5	11,039.7
Lease liabilities	4,384.6	4,111.6	4,354.7	4,388.0
Long-term payables	1,997.5	2,615.7	1,177.6	1,057.5
Total	65,878.9	83,277.8	78,261.2	84,442.6

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Our Directors confirmed that there has not been any material change in our indebtedness since April 30, 2025 to the [date of this document]. As of the Latest Practicable Date, there was no material restrictive covenant in our indebtedness which could significantly limit our ability to obtain future financing, nor was there any material default on our indebtedness or breach of covenant during the Track Record Period and up to the Latest Practicable Date. As of the Latest Practicable Date, except for bank loans, we did not have plans for other material external debt financing.

Short-term and Long-term Loans

As of December 31, 2022, 2023 and 2024 and April 30, 2025, we had short-term loans of RMB29,165.4 million, RMB46,929.0 million, RMB45,257.7 million and RMB49,079.9 million, respectively. Our short-term loans are primarily denominated in Renminbi. The effective interest rate on our short-term loans ranged from 1.35% to 6.40% during the Track Record Period. The following table sets forth a breakdown of short-term loans by category as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	<i>(RMB in millions)</i>		
Pledged loans	5,286.7	7,476.1	5,721.3
Secured loans	616.6	354.0	423.5
Guaranteed loans	23,116.9	38,998.8	38,311.5
Unsecured loans	145.2	100.1	801.4
Total	29,165.4	46,929.0	45,257.7

As of December 31, 2022, 2023 and 2024 and April 30, 2025, we had long-term loans of RMB10,646.4 million, RMB9,863.5 million, RMB8,797.5 million and RMB7,687.4 million, respectively. The effective interest rate on our long-term loans ranged from 2.00% to 6.18% during the Track Record Period. Our long-term loans are primarily denominated in Renminbi. The following table sets forth a breakdown of long-term loans by category as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	<i>(RMB in millions)</i>		
Secured loans	2,438.7	2,522.0	1,528.2
Guaranteed loans	14,182.4	12,798.2	12,777.7
Unsecured loans	54.4	43.1	—
Subtotal	16,675.5	15,363.3	14,305.9
Less: Long-term loans due within one year . .	6,029.1	5,499.8	5,508.4
Total	10,646.4	9,863.5	8,797.5

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As of the Latest Practicable Date, our unutilized banking facilities amounted to RMB53,042.4 million.

Our Directors confirm that, there was no material covenant on any of our outstanding debt as of the Latest Practicable Date and there was no breach of any covenants during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that we did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of short-term and long-term or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Other Payables — Borrowing and Interest

Our borrowings and interest recognized in other payables mainly comprise of borrowings from a related party. Our other payables in relation to borrowings and interest increased by 90.0% from RMB1,000.0 million as of December 31, 2022 to RMB1,900.0 million as of December 31, 2023, which had been fully settled as of December 31, 2024. As of April 30, 2025, we had no other payables in relation to borrowings and interest.

Non-current Liabilities Due Within One Year

Our non-current liabilities due within one year comprise of (i) long-term loans due within one year, (ii) debentures payable due within one year, (iii) long-term payables due within one year and (iv) lease liabilities due within one year. Our non-current liabilities due within one year decreased by 10.7% from RMB9,691.7 million as of December 31, 2022 to RMB8,651.2 million as of December 31, 2023, primarily due to (i) a decrease in long-term loans upon our repayments, and (ii) a decrease in lease liabilities as we purchased certain hog houses. Our non-current liabilities due within one year subsequently decreased by 5.2% from RMB8,651.2 million as of December 31, 2023 to RMB8,204.6 million as of December 31, 2024, primarily due to a decrease in long-term payable in relation to sale and leaseback finance lease payables. As of April 30, 2025, we had non-current liabilities due within one year of RMB10,177.8 million.

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Other Current Liabilities — Short-term Debentures Payable

As of December 31, 2022, 2023 and 2024, the short-term debentures payable amounted to nil, nil and RMB1,003.6 million, respectively. As of April 30, 2025, we had other current liabilities in relation to short-term debentures payable of RMB1,012.3 million.

Other Current Liabilities — Short-term Sale and Leaseback Finance Lease Payables

Our short-term sale and leaseback finance lease payables recognized in other current liabilities mainly related to sale and leaseback of certain hog farming plants. As of December 31, 2022, 2023 and 2024, other current liabilities in relation to short-term sale and leaseback finance lease payables amounted to RMB72.0 million, nil and nil respectively. As of April 30, 2025, we had no other current liabilities in relation to short-term sale and leaseback finance lease payables.

Lease Liabilities

Our lease liabilities primarily comprise of lease contracts for items such as land, plant and building and machinery and equipment. Our lease liabilities decreased by 6.2% from RMB4,384.6 million as of December 31, 2022 to RMB4,111.6 million as of December 31, 2023, primary due to the purchase of certain leased hog farming plants. Our lease liabilities subsequently increased by 5.9% from RMB4,111.6 million as of December 31, 2023 to RMB4,354.7 million as of December 31, 2024, primary due to new facility leases for hog flow management to support expanded production capacity. As of April 30, 2025, we had lease liabilities of RMB4,388.0 million shown under non-current liabilities.

Debentures Payable

Our debentures payable mainly comprise of convertible bonds. Our debentures payable increased by 3.2% from RMB8,921.3 million as of December 31, 2022 to RMB9,206.8 million as of December 31, 2023, and further increased by 2.8% to RMB9,465.5 million as of December 31, 2024, primarily due to amortization on effective interest rates of the debentures. As of April 30, 2025, we had debentures payable of RMB11,039.7 million.

Long-term Payables

Our long-term payables mainly comprise of sale and leaseback finance leases payable in relation to certain hog farming plants. Our long-term payables increased by 30.9% from RMB1,997.5 million as of December 31, 2022 to RMB2,615.7 million as of December 31, 2023, primarily because we engaged in such transactions to enhance cashflow to support our business operations in 2023. Our long-term payables decreased by 55.0% from RMB2,615.7 million as of December 31, 2023 to RMB1,177.6 million as of December 31, 2024, primarily due to our repayments of such payables in 2024. As of April 30, 2025, we had long-term payables of RMB1,057.5 million.

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Contingent Liabilities

We did not have any material contingent liabilities as of December 31, 2022, 2023 and 2024, respectively.

Indebtedness Statement

Except as disclosed above, as of April 30, 2025, being our indebtedness statement date, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors have confirmed that there is no material change in our indebtedness since April 30, 2025 and up to the Latest Practicable Date.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the years indicated:

	As of/For the Year ended December 31,		
	2022	2023	2024
Gross profit margin (%) ⁽¹⁾	17.5	3.1	19.1
Net profit/(loss) margin (%) ⁽²⁾	12.0	(3.8)	13.7
EBITDA margin (non-CASBE measure) (%) ⁽³⁾	24.0	11.4	27.0
Current ratio ⁽⁴⁾	0.8	0.7	0.7
Gearing ratio (%) ⁽⁵⁾	54.4	62.1	58.7
Return on assets (%) ⁽⁶⁾	8.1	(2.1)	9.9
Return on equity (%) ⁽⁷⁾	19.1	(5.1)	25.0
Operating cash flow ratio (%) ⁽⁸⁾	18.4	8.9	27.2

Notes:

- (1) Gross profit margin equals gross profit divided by revenue and multiplied by 100%.
- (2) Net profit/(loss) margin equals net profit/(loss) for the year divided by revenue for the year and multiplied by 100%.
- (3) EBITDA margin (non-CASBE measure) equals EBITDA (non-CASBE measure) divided by revenue and multiplied by 100%. See “— Non-CASBE Financial Measure.”
- (4) Current ratio equals current assets divided by current liabilities of the year.
- (5) Gearing ratio equals total liabilities divided by total assets of the year and multiplied by 100%.
- (6) Return on assets equals net profit/(loss) for the year divided by the average of the beginning and ending balances of total assets for the year and multiplied by 100%.
- (7) Return on equity equals net profit/(loss) for the year divided by the average of the beginning and ending balances of total equity for the year and multiplied by 100%.
- (8) Operating cash flow ratio equals net cash inflow from operating activities divided by revenue for the year and multiplied by 100%.

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Current Ratio

Our current ratio remained relatively stable at 0.8, 0.7 and 0.7 in 2022, 2023 and 2024, respectively.

Gearing Ratio

Our gearing ratio increased from 54.4% in 2022 to 62.1% in 2023, primarily due to an increase in our total liabilities resulting from an increase in short-term loans to support daily operation. Our gearing ratio subsequently decreased from 62.1% in 2023 to 58.7% in 2024, primarily due to a decrease in total liabilities resulting from (i) a decrease in payables for goods, (ii) a decrease in payables for construction and equipment, and (iii) a decrease in long-term loans.

Return on Assets

Our return on assets decreased from 8.1% in 2022 to (2.1)% in 2023, primarily due to the net loss we recorded in 2023. Our return on assets subsequently increased from (2.1)% in 2023 to 9.9% in 2024, primarily due to the net profit we recorded in 2024. See “— Year-to-Year Comparison of Results of Operations.”

Return on Equity

Our return on equity decreased from 19.1% in 2022 to (5.1)% in 2023, primarily due to the net loss we recorded in 2023. Our return on equity subsequently increased from (5.1)% in 2023 to 25.0% in 2024, primarily due to the net profit we recorded in 2024. See “— Year-to-Year Comparison of Results of Operations.”

Operating Cash Flow Ratio

Our operating cash flow ratio decreased from 18.4% in 2022 to 8.9% in 2023, primarily due to the net loss we recorded in 2023. Our operating cash flow ratio subsequently increased from 8.9% in 2023 to 27.2% in 2024, primarily due to the net profit we recorded in 2024.

CAPITAL EXPENDITURES

During the Track Record Period, our capital expenditures consist of payment for acquisition of fixed assets, intangible assets and other long-term assets. In 2022, 2023 and 2024, our capital expenditures amounted to RMB15,738.9 million, RMB17,015.7 million and RMB12,380.7 million, respectively. We funded these expenditures mainly with cash generated from our operations and bank borrowings.

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Following the [REDACTED], we will continue to incur capital expenditures to grow our business. We plan to fund our planned capital expenditures primarily with cash flows generated from our operations, bank borrowings and the net [REDACTED] received from the [REDACTED]. See “Future Plans and Use of [REDACTED].” We may adjust our capital expenditures for any given year according to our development plans or in light of market conditions and other factors we believe to be appropriate.

CAPITAL COMMITMENTS

As of December 31, 2022, 2023 and 2024, we did not have any material capital commitments.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details about our related party transactions during the Track Record Period, see Note X of Appendix I to this document.

Our Directors are of the view that each of the related party transactions set out in Note X to the Accountants’ Report in Appendix I to this document was conducted in the ordinary course of business on an arm’s length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or make our historical results not reflective of our future performance.

BIOLOGICAL ASSETS AND VALUATION

Under the CASBE, our biological assets include (i) consumable biological assets and (ii) productive biological assets, and were measured at cost.

- (i) Consumable biological assets include suckling piglets, piglets under nursing period, hogs under finishing period and others. They are recognized in inventories and carried as the lower of the cost and net realizable value at the balance sheet date. See Note II.10 to the Accountants’ Report in Appendix I to this document for the measurement method of consumable biological assets, basis for determining net realizable value and method for provision of consumable biological assets.
- (ii) Productive biological assets are immature breeding hogs and mature breeding hogs. Mature breeding hogs are reproductive boars and reproductive sows. Such productive biological assets are presented as cost less accumulated depreciation and impairment provision. See Note II.16 to the Accountants’ Report in Appendix I to this document for the basis of determining the cost, the depreciation method and impairment provision.

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Pursuant to the Chapter 4.10 under the Guide for New Listing Applicants published by the Stock Exchange, we have engaged Jones Lang LaSalle Corporate Appraisal and Advisory Limited (“JLL” or the “Valuer”), a firm of independent qualified professional valuer, to determine the fair value of our biological assets. The valuation was carried out on a fair value basis, which is defined as 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. To derive the fair value of the biological assets, the Valuer adopted two valuation approaches, namely the market approach, and the cost approach based on the period and the existence of an active market for the biological assets. Market approach was applied for piglets under nursing period, hogs under finishing period and immature breeding hogs. Cost approach was applied for suckling piglets, reproductive sows and boars.

Pursuant to the Chapter 4.10 under the Guide, the following table sets forth the fair value of our biological assets as measured by the Valuer as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	(RMB in millions)		
Consumable biological assets			
– Suckling piglets	4,009.8	4,340.9	4,302.6
– Piglets under nursing period	6,828.8	6,186.2	7,149.1
– Hogs under finishing period	24,231.8	21,397.0	29,024.2
Subtotal	35,070.4	31,924.1	40,475.8
Productive biological assets⁽¹⁾	11,774.0	12,085.0	14,274.8
Total	46,844.5	44,009.0	54,750.6

Note:

- (1) Productive biological assets include immature breeding hogs and mature breeding hogs. Mature breeding hogs are reproductive sows and boars.

The fair value of our biological assets decreased by 6.1% from RMB46,844.5 million as of December 31, 2022 to RMB44,009.0 million as of December 31, 2023, primarily due to a decrease in market selling prices of hogs. The fair value of our biological assets increased by 24.4% from RMB44,009.0 million as of December 31, 2023 to RMB54,750.6 million as of December 31, 2024, primarily due to an increase in market selling prices of hogs.

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The following table sets forth the volume of our biological assets as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	<i>(thousand heads)</i>		
Consumable biological assets			
Suckling piglets	5,406	4,884	5,696
Piglets under nursing period	11,179	12,200	13,636
Hogs under finishing period	16,055	18,353	23,091
Subtotal	32,639	35,436	42,423
Productive biological assets	3,769	4,703	5,062
Total	36,408	40,139	47,485

Our biological assets were independently valued by the Valuer. The Valuer is an independent professional valuer not connected with us and has appropriate and extensive experience in the valuation of biological assets.

Information About the Independent Valuer of Our Biological Assets

We have engaged Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, to determine the fair value of our biological assets as of December 31, 2022, 2023 and 2024 (the “**Valuation Date(s)**”) respectively. The key valuers of the JLL team include Mr. Simon Chan and Professor Han Xuelei.

Mr. Simon Chan, executive director at JLL, is a fellow of the Hong Kong Institute of Certified Public Accountants (HKICPA) and a fellow of CPA Australia. He is also a Certified Valuation Analyst (CVA), a member of The International Association of Consultants, Valuers and Analysts (IACVA), a member of Canadian Institute of Mining, Metallurgy and Petroleum (CIM), and a member of the Australasian Institute of Mining and Metallurgy (AusIMM). Simon oversees the business valuation services of JLL and has over 30 years of accounting, auditing, corporate advisory and valuation experiences. He has provided a wide range of valuation services to numerous listed and listing companies of different industries in China, Hong Kong, Singapore and the United States. Mr. Chan oversaw the valuation of biological assets for the initial public offerings and subsequent financial reports of China Modern Dairy Holdings Ltd (stock code: 1117.HK), AustAsia Group Ltd. (stock code: 2425.HK), YuanShengTai Dairy Farm Limited (stock code: 1431.HK), Shandong Fengxiang Co., Ltd. (stock code: 9977.HK), WH Group Limited (stock code: 288.HK) and Dekon Food And Agriculture Group (stock code: 2419.HK). He also led the valuation of other biological assets, such as hogs, trees, rabbits and chickens, for financial reporting purpose of Hong Kong listed companies including Chenming Paper (stock code: 1812.HK), China Mengniu Dairy Company Limited (stock code: 2319.HK) and China Kangda Food Company Limited (stock code: 834.HK), as well as numerous private companies.

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The Valuer appointed an expert consultant, Professor Han Xuelei (韓雪蕾), to assist in the valuation. Professor Han Xuelei, with a PhD degree, is the Professor of Department of Animal Genetics, Breeding and Reproduction in Henan Agriculture University (河南農業大學), and the council member of the Swine Production Branch of the Chinese Association of Animal Science and Veterinary Medicine (中國畜牧獸醫學會養豬學分會), the Livestock and Poultry Genetic Markers Branch of the Chinese Association of Animal Science and Veterinary Medicine (中國畜牧獸醫學會畜禽遺傳標記學分會), the Swine Production Branch of the Henan Provincial Association of Animal Science and Veterinary Medicine (河南省畜牧獸醫學會養豬學分會), and the Animal Reproduction Branch of the Henan Provincial Association of Animal Science and Veterinary Medicine (河南省畜牧獸醫學會動物繁殖學分會). She is mainly engaged in the teaching and research of swine genetic breeding and reproduction.

Based on market reputation and relevant background research, our Directors are satisfied that JLL is independent from us and is competent in conducting a valuation on our biological assets.

Valuation Methodology

In arriving at the assessed value, two generally accepted approaches have been considered, namely, the market approach and the cost approach.

Market approach considers prices recently paid for similar assets, with adjustments made to market prices to reflect the condition and utility of the appraised assets relative to the market comparatives. Assets for which there is an established used market may be valued by this approach.

Cost approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation or obsolescence present, whether arising from physical, functional or economic causes. The cost approach generally furnishes the most reliable indication of value for assets without a known used market.

The following valuation methods for each type of biological assets were adopted:

Suckling Piglets

The replacement cost approach under cost approach was adopted for valuing suckling piglets. As they are to be born or only less than three-week old and there is insignificant biological transformation that takes place since the initial cost incurrence, the recent costs incurred approximates the replacement costs, including depreciation due to use of breeding hogs and other associated costs.

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Piglets under Nursing Period and Hogs under Finishing Period and Immature Breeding Hogs

The market approach was adopted for valuing piglets under nursing period, hogs under finishing period, and immature breeding hogs. Piglets under nursing period and hogs under finishing period were assumed to be sold live or slaughtered when they reach the period of finishing or at once as the finished hogs (hogs primarily for production of meat products). The fair value of piglets under nursing period and hogs under finishing period were derived by obtaining the market selling prices of the finished hogs, multiplying the unit price by the corresponding quantities, less the expected costs to complete.

The fair value of the immature breeding hogs were derived by multiplying the market selling prices of the immature breeding hogs by their corresponding quantities.

Reproductive Sows and Boars

As there were no active trading markets for mature breeding hogs at specific ages and species, the replacement cost approach under cost approach was adopted for valuing reproductive sows and boars. The costs that would be incurred by a typical participant seeking to create or obtain the new breeding hogs (mature biological physical condition) (the “costs of new breeding hogs”) were firstly obtained and then adjusted based on the service lives (number of years reproducing or mating) until they were sold as culled breeding hogs.

Key Assumptions and Inputs

The key assumptions and inputs include the following:

Quantity

This valuation has relied on the figures and information provided by us for the biological assets as of the Valuation Dates.

Market Prices

The market price of finished hogs, immature breeding hogs and culled breeding hogs is based on the transacted prices observed at or near the Valuation Date(s) in the respective market. We operate the business across different regions, and each region has its own specific supply and demand dynamics because of differences in factors such as local sow supply, feeding cost, transportation cost and consumption habits. Therefore, these factors might result in different market selling prices of hogs that we produced and sold in different regions on the same date.

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Set forth below are the range of key assumptions by type of biological assets adopted in the valuation:

	Assumptions used	As of December 31, 2022
Suckling Piglets	Replacement cost	RMB225 to RMB310 per head
Piglets under nursing period and hogs under finishing period	Market price	RMB18 to RMB22 per kilogram
Immature breeding hogs	Market price	RMB1,500 to RMB2,670 per head
Reproductive sows and boars	Replacement cost	RMB2,760 to RMB9,000 per head

	Assumptions used	As of December 31, 2023
Suckling Piglets	Replacement cost	RMB195 to RMB352 per head
Piglets under nursing period and hogs under finishing period	Market price	RMB14 to RMB15 per kilogram
Immature breeding hogs	Market price	RMB1,800 to RMB2,200 per head
Reproductive sows and boars	Replacement cost	RMB2,840 to RMB9,000 per head

	Assumptions used	As of December 31, 2024
Suckling Piglets	Replacement cost	RMB188 to RMB259 per head
Piglets under nursing period and hogs under finishing period	Market price	RMB15 to RMB16 per kilogram
Immature breeding hogs	Market price	RMB1,900 to RMB2,330 per head
Reproductive sows and boars	Replacement cost	RMB3,140 to RMB9,000 per head

In valuing the fair value of piglets under nursing period and hogs under finishing period, key assumptions and parameters including mortality rate, age for sale, weight and cost to complete were considered:

- *Mortality Rate.* As there is the probability that the hogs might be dead due to accidents or natural forces during rearing cycle, the mortality since the Valuation Date(s) until complete and sold has been taken into consideration. In this exercise, the mortality rate from weaning to finishing was with reference to the historical actual mortality rate, which was calculated as the number of hogs dead divided by the number of hogs weaned off.

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- *Average Age for Sale.* With reference to the historical sales records and to the best estimation of the management, piglets under nursing period and hogs under finishing period are assumed to be sold as the finished hogs when they reach the certain age.
- *Body Weight.* The average body weight of the finished hogs when they are sold was determined based on our operating and farming experience.
- *Cost to Complete.* The costs required to feed piglets under nursing period and hogs under finishing period since the Valuation Date(s) until they were sold were incorporated and were estimated based on the historical average costs provided by us. The costs include feeding cost, medication and vaccination, labor, production overheads, etc.

In valuing the fair value of reproductive sows and boars, key assumptions and parameters including costs of new breeding hogs and service lives were considered:

- *Costs of New Breeding Pigs.* Under the replacement cost approach to assess the fair value of reproductive sows and boars, the costs of new breeding hogs were firstly obtained based on the historical average rearing costs or sales recording.
- *Service Lives.* To the best estimation of the management, reproductive sows and boars normally used for mating for a period and then would be culled. The value of reproductive sows and boars is depreciated on straight-line basis over the service lives based on the costs of new breeding hogs.

Other Assumptions

In this valuation exercise, the Valuer assumed that all proposed facilities and systems will be operated efficiently and have sufficient capacity for future expansion. The Valuer also assumed that the historical trend and data will be maintained and there will be no material change in the existing political, legal, technological, fiscal or economic condition that may adversely affect our business.

The Valuer planned and performed the valuation so as to obtain all the information and explanations that the Valuer considered necessary in order to provide them with sufficient evidence to express the opinion on the subject asset. The Valuer is of the opinion that the valuation procedures they employed provide a reasonable basis for their opinion.

The Joint Sponsors have reviewed and considered the qualification and relevant valuation experience of JLL and its professional valuers, and held various discussions with JLL in relation to its valuation procedures, valuation bases and assumptions, valuation techniques and information required to prepare the valuation report of the biological assets to better understand the valuation process. In addition, the Joint Sponsors discussed with our management with respect to the techniques chosen and the inputs used in the valuations. The Joint Sponsors further compared the valuation technique chosen, bases and assumptions of the valuation with those used in other similar transactions and market practice. Given the above, the Joint Sponsors are satisfied that the valuation techniques methodology and major inputs used in the valuation of our biological assets are appropriate and reasonable.

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Sensitivity analysis

A significant increase/decrease in the estimated selling price and replacement cost in isolation would result in a significant increase/decrease in the fair value of the biological assets. As of December 31, 2022, 2023 and 2024, if transaction price increases by 10%, the estimated fair value of biological assets would have increase by 8.7% or RMB4,067 million, 9.3% or RMB4,114 million and 8.9% or RMB4,864 million respectively, and if transaction price decreases by 10%, the estimated fair value of biological assets would have decrease by 8.7% or RMB4,084 million, 11.8% or RMB5,202 million and 8.9% or RMB4,865 million, respectively.

Stock take and internal control

We have established a standard internal protocol in relation to stock taking for all our hog houses, which include scheduled and ad hoc stock take, so as to ensure the physical existence and accuracy of data and information of our biological assets. We perform a full stock take for each of our hog houses on a yearly basis and sampling stock take for monthly and quarterly to collect the information such as headcount gender and age-grouping, health and breeding status, which is accurately reflected in our hog management system. We also submit a stock-take report to the financial department at our headquarters. Production personnel are responsible for the stock take process, and financial personnel supervise and review the data.

We have formulated a comprehensive policy for biological asset management, which covers the relevant accounting policies, transferring among age groups, purchase and disposal of biological assets, breeding, record keeping and stock take. For our hog houses, the quantities of livestock entering the premises and that of quantities livestock are recorded electronically in our hog management system by our production personnel, which are reviewed by financial department at our headquarters.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements. We also have not entered into any financial guarantees or other commitments to guarantee the payment obligations of third parties. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as shareholders' equity. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or research and development services with us.

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FINANCIAL RISKS DISCLOSURE

We are exposed to a variety of financial risks, including credit risk, liquidity risk, interest rate risk and foreign currency risk. We aim to achieve an appropriate balance between the risks and benefits from our use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on our financial performance. Based on these objectives, our risk management policies have been established to identify and analyze the risks we face, to set appropriate risk limits and controls and to monitor risks. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and our operating activities. See Note VIII to the Accountants' Report in Appendix I to this document.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Our credit risk is primarily attributable to cash at bank, accounts receivable and other receivables. Exposure to these credit risks is monitored by management on an ongoing basis.

Our cash at bank is mainly held with well-known financial institutions. Management does not foresee any significant credit risks from cash at bank and does not expect that these financial institutions may default and cause losses to us.

Our exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country/region in which the customers operate. Therefore, significant concentrations of credit risk primarily arise when we have significant exposure to individual customers.

In respect of accounts receivable and other receivables, we have established a credit policy under which individual credit evaluations are performed on all customers to determine the credit limit and terms applicable to the customers. These evaluations focus on the customers' financial position, the external ratings of the customers and their bank credit records where available. Normally, we do not obtain collateral from customers.

The maximum exposure to credit risk of us is represented by the carrying amount of each financial asset (including derivative financial instruments) in the balance sheet.

Liquidity Risk

Liquidity risk is the risk that an enterprise will encounter difficulty in meeting obligations that are settled by delivering cash or another financial asset. We are responsible for cash management, including cash inflows from our operating activities and obtaining bank facilities to cover expected cash demands. Meanwhile, we are responsible for monitoring long-term borrowings with contractual covenants to ensure compliance with contractual covenants during the borrowing period. Our policy is to regularly monitor our liquidity requirements and our compliance with lending covenants, to ensure that it maintains sufficient reserves of cash, readily realizable marketable securities and adequate committed lines of facilities from major financial institutions to meet its liquidity requirements in the short and longer term.

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Interest Rate Risk

Interest-bearing financial instruments at fixed rates and at variable rates expose us to fair value interest rate risk and cash flow interest risk, respectively. We determine the appropriate weightings for fixed and floating rate interest-bearing instruments based on current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure. As of December 31, 2022, 2023 and 2024, the fixed rate interest-bearing financial instruments amounted to net financial liabilities of RMB43,074.8 million, RMB45,121.1 million and RMB47,787.7 million, respectively. As of December 31, 2022, 2023 and 2024, the variable rate interest-bearing financial instruments amounted to net financial assets of RMB7,960.6 million, net financial liabilities of RMB1,125.5 million and net financial liabilities of RMB3,093.4 million, respectively.

As of December 31, 2022, it was estimated that a general increase of 50 basis points in interest rates, with all other variables held constant, would increase our equity by RMB29.9 million and net profit by RMB29.9 million. As of December 31, 2023 and 2024, it was estimated that a general increase of 50 basis points in interest rates, with all other variables held constant, would decrease our equity by RMB4.2 million and RMB11.6 million, respectively and net profit by RMB4.2 million and RMB11.6 million, respectively.

The sensitivity analysis above indicates the instantaneous change in net profit and equity that would arise assuming that the change in interest rates had occurred at the balance sheet date and had been applied to re-measure those financial instruments held by us which expose us 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 us at the balance sheet date, the impact on net profit and equity of such a change in interest rates is estimated as an annualized impact on interest expense or income.

Foreign Currency Risk

In respect of cash at bank and on hand, accounts and bills payable and interest-bearing loans denominated in foreign currencies other than the functional currency, we ensure that our net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

DIVIDENDS AND DIVIDEND POLICY

In October 2024, our Shareholder Return Plan for 2024-2026 was adopted. Pursuant to this plan, under the premise of ensuring our sustainable operation and long-term development, if we are profitable in the current year and the accumulated undistributed profits are positive, the profit distributed by us in cash each year for the years ended December 31, 2024, 2025 and 2026 should not be less than 40% of the distributable profits realized in the current year.

FINANCIAL INFORMATION

Our Company declared dividends of RMB4,003.1 million, nil and RMB7,587.8 million, attributable to the years ended December 31, 2022, 2023 and 2024, respectively. Any declaration and payment, as well as the amount of dividends, will be subject to our Articles of Association and the relevant PRC laws. We currently do not have any fixed dividend pay-out ratio. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution.

WORKING CAPITAL CONFIRMATION

Our Directors are of the opinion that, taking into account the net [REDACTED] from the [REDACTED] and the financial resources available to us, including cash and cash equivalents, we have sufficient working capital for our present requirements, that is at least 12 months from the [date of this document].

DISTRIBUTABLE RESERVES

As of December 31, 2024, our distributable reserves amounted to RMB52,271.4 million.

[REDACTED]

[REDACTED] represent professional fees, [REDACTED] and other fees incurred in connection with the [REDACTED]. We estimate that our [REDACTED] will be approximately [REDACTED] (assuming an [REDACTED] of [REDACTED] per [REDACTED] (being the mid-point of the [REDACTED]) and no exercise of the [REDACTED]), representing [REDACTED] of the gross [REDACTED] (based on the mid-point of our [REDACTED] for the [REDACTED] and assuming that the [REDACTED] is not exercised) of the [REDACTED]. We expect our [REDACTED] approximately [REDACTED], of which approximately [REDACTED] is expected to be recognized in the consolidated income statement as general and administrative [REDACTED] and approximately [REDACTED] is expected to be recognized as a deduction in equity directly upon the [REDACTED]. Our Directors do not expect such [REDACTED] to materially impact our results of operations in 2025. By nature, our [REDACTED] are composed of (i) [REDACTED] of approximately [REDACTED] million and (ii) [REDACTED] related [REDACTED] of approximately [REDACTED], which consist of fees and [REDACTED] of [REDACTED] and Reporting Accountants of approximately [REDACTED] and other fees and [REDACTED] of approximately [REDACTED].

UNAUDITED [REDACTED] ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See “Appendix II — Unaudited [REDACTED] Financial Information.”

FINANCIAL INFORMATION

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that up to the [date of this document] there has been no material adverse change in our financial or trading position or prospects since December 31, 2024, being the end date of the periods reported in Appendix I to this document and there is no event since December 31, 2024 that would materially affect the information as set out in the Accountants’ Report in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

See “Business — Our Strategies” for a detailed discussion of our future plans.

USE OF [REDACTED]

Assuming an [REDACTED] of [REDACTED] per [REDACTED] (being the mid-point of the stated range of the [REDACTED] between [REDACTED] and [REDACTED] per [REDACTED]), we estimate that we will receive net [REDACTED] of approximately [REDACTED] from the [REDACTED] after deducting the [REDACTED], fees and other estimated [REDACTED] in connection with the [REDACTED] and assuming that the [REDACTED] is not exercised or [REDACTED] if the [REDACTED] is exercised in full. In line with our strategies, we intend to use our [REDACTED] from the [REDACTED] for the following purposes:

- Approximately [REDACTED] of the net [REDACTED] or approximately [REDACTED] will be used for developing our business footprints globally. In particular:
 - (i) Approximately [REDACTED] of the net [REDACTED] or approximately [REDACTED] will be used to enhance our supply chain capabilities for overseas markets and our competitive edge in such markets. For example, we intend to proactively source international grain supplies, so as to procure a stable supply of feed ingredients while reducing costs;
 - (ii) Approximately [REDACTED] of the net [REDACTED] or approximately [REDACTED] will be used to strengthen our overseas market presence and coverage. We plan to (i) expand our overseas talent pool; (ii) establish our overseas industrial center(s); and (iii) enhance our collaborations with leading overseas companies including local hog farming enterprises to strengthen our technological developments; and
 - (iii) Approximately [REDACTED] of the net [REDACTED] or approximately [REDACTED] will be used to fund strategic initiatives, including mergers and acquisitions, alliances, joint ventures, or minority investments, to strengthen our global presence and enhance our competitiveness as a leading global hog farming company. As the global hog farming industry is highly fragmented, there are market opportunities to consolidate market shares with expanding production capacity in many countries, according to Frost & Sullivan. As of the Latest Practicable Date, we had not identified any investment or acquisition target or enter into any definitive investment or acquisition agreement.
- Approximately [REDACTED] of the net [REDACTED] or approximately [REDACTED] will be used for R&D investments over the next three years to consolidate our competitive advantages in breeding, smart farming, nutrition management, and biosecurity. In particular, we intend to enhance our breeding capabilities which will enhance genetic selection capabilities and improve breeding

FUTURE PLANS AND USE OF [REDACTED]

hog quality through collaborations with academic institutions. We also intend to enhance our smart hog farming capabilities by exploring the adoption of new advanced technologies in our hog farming process. We plan to research advanced technology to optimize our monitoring equipment and inspection robots, and improve the efficiency of diagnosis by photographing the hogs for symptoms. Further, we intend to advance our synthetic biology and amino acid technologies to enhance our R&D on feed ingredient alternatives. Lastly, we intend to invest in the R&D to enhance biosecurity capabilities, building a health-centered farming system targeting disease eradication and antibiotic-free operations. We plan to research on converting manure-based carbon, nitrogen and phosphorus into agricultural resources, contributing to green and low-carbon economy.

- Approximately [REDACTED] of the net [REDACTED] or approximately [REDACTED] will be used for working capital and general corporate purposes.

In the event that the [REDACTED] is set at the maximum [REDACTED] or the minimum [REDACTED] of the [REDACTED], the net [REDACTED] of the [REDACTED] will increase or decrease by approximately [REDACTED], respectively. To the extent that the net [REDACTED] from the [REDACTED] (including the net [REDACTED] from the exercise of the [REDACTED]) are either more or less than expected, we will adjust our allocation of the net [REDACTED] for the above purposes on a pro rata basis.

If any part of our development plan does not [REDACTED] as planned for reasons such as changes in government policies that would render the development of any of our projects not viable, or the occurrence of force majeure events, we will carefully evaluate the situation and may [REDACTED] the net [REDACTED] from the [REDACTED].

To the extent that the net [REDACTED] of the [REDACTED] are not immediately used for the above purposes, we will only deposit those net [REDACTED] into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the SFO or applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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STRUCTURE OF THE [REDACTED]

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STRUCTURE OF THE [REDACTED]

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STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

HOW TO APPLY FOR HONG KONG [REDACTED]

[REDACTED]

HOW TO APPLY FOR HONG KONG [REDACTED]

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[REDACTED]

HOW TO APPLY FOR HONG KONG [REDACTED]

[REDACTED]

HOW TO APPLY FOR HONG KONG [REDACTED]

[REDACTED]

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-[●] to I-[●], received from the Company’s reporting accountants, 畢馬威華振會計師事務所(特殊普通合夥) (KPMG Huazhen LLP), for the purpose of incorporation in this document.



ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF MUYUAN FOODS CO., LTD. AND MORGAN STANLEY ASIA LIMITED, CITIC SECURITIES (HONG KONG) LIMITED AND GOLDMAN SACHS (ASIA) L.L.C.

Introduction

We report on the historical financial information of Muyuan Foods Co., Ltd. (牧原食品股份有限公司, *English name for identification purposes only.*) (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-[●] to I-[●], which comprises the consolidated and company balance sheets as at 31 December 2022, 2023 and 2024, the consolidated and company income statements, the consolidated and company cash flow statements and the consolidated and company statements of changes in shareholders’ equity for each of the years ended 31 December 2022, 2023 and 2024 (the “Track Record Period”), and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-[●] to I-[●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the “Document”) in connection with the initial [REDACTED] of H Shares of the Company on the [REDACTED] of The Stock Exchange of Hong Kong Limited.

Directors’ responsibility for the Historical Financial Information

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

Reporting accountants’ responsibility

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

APPENDIX I

ACCOUNTANTS’ REPORT

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

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

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants’ report, a true and fair view of the Group’s and the Company’s financial position as at 31 December 2022, 2023 and 2024 and of the Group’s and the Company’s financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note I to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

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

Dividends

We refer to Note IV.41 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Track Record Period.

KPMG Huazhen LLP

8th Floor, KPMG Tower
Oriental Plaza
1 East Chang An Avenue
Beijing China

[●]

APPENDIX I

ACCOUNTANTS’ REPORT

HISTORICAL FINANCIAL INFORMATION

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by 畢馬威華振會計師事務所 (特殊普通合伙) (KPMG Huazhen LLP) under separate terms of engagement with the Company in accordance with China Standards on Auditing for Certified Public Accountants (the “Underlying Financial Statements”).

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED BALANCE SHEET

(Expressed in Renminbi Yuan)

	Note	As at 31 December		
		2022	2023	2024
Assets				
Current assets				
Cash at bank and on hand.	IV.1	20,793,548,584.65	19,429,106,263.01	16,951,642,855.00
Financial assets held for trading	IV.2	3,041,536.82	21,184,000.00	2,886,840.00
Bills receivable.	IV.3	60,000,000.00	129,090,000.00	152,900,000.00
Accounts receivable	IV.4	176,590,994.75	167,836,981.59	231,188,535.57
Prepayments	IV.5	2,101,539,155.37	535,050,361.12	524,347,851.25
Other receivables.	IV.6	492,775,020.47	175,547,675.62	90,551,665.56
Inventories	IV.7	38,251,719,104.60	41,930,812,919.17	41,969,838,456.65
Other current assets	IV.8	699,133,375.61	1,194,170,765.71	1,395,245,001.82
Total current assets		62,578,347,772.27	63,582,798,966.22	61,318,601,205.85
Non-current assets				
Long-term equity investments	IV.9	581,847,949.59	718,748,080.54	903,747,850.94
Investments in other equity instruments	IV.10	143,000,000.00	106,524,594.25	106,524,594.25
Investment properties	IV.11	125,537,160.44	109,199,197.68	103,194,397.62
Fixed assets	IV.12	106,358,717,863.88	112,150,493,445.44	106,751,360,258.78
Construction in progress	IV.13	7,441,270,850.48	2,308,343,400.07	2,018,203,532.86
Productive biological assets.	IV.14	7,334,832,511.90	9,315,122,160.11	9,355,138,722.11
Right-of-use assets	IV.15	6,682,770,525.52	5,274,127,008.31	5,122,362,401.24
Intangible assets	IV.16	952,350,367.80	1,155,187,832.48	1,186,610,682.35
Long-term deferred expenses	IV.17	12,642,313.65	65,078,016.51	62,200,791.24
Deferred tax assets	IV.18	65,805,671.17	69,452,821.28	100,762,251.66
Other non-current assets.	IV.19	670,488,812.30	549,478,379.35	620,017,142.02
Total non-current assets		130,369,264,026.73	131,821,754,936.02	126,330,122,625.07
Total assets		192,947,611,799.00	195,404,553,902.24	187,648,723,830.92

The accompanying notes are integral part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

	<i>Note</i>	As at 31 December		
		2022	2023	2024
Liabilities and shareholders’ equity				
Current liabilities				
Short-term loans	IV.21	29,165,439,679.99	46,929,024,084.71	45,257,669,125.09
Bills payable	IV.22	3,157,054,048.07	2,513,903,720.49	2,723,724,853.68
Accounts payable	IV.23	25,186,203,024.02	23,463,033,895.99	17,993,020,605.06
Contract liabilities	IV.24	849,730,442.94	570,960,230.30	599,509,850.21
Employee benefits payable	IV.25	1,543,858,746.62	1,340,395,662.34	1,106,514,953.67
Taxes payable	IV.26	154,775,289.00	56,076,675.29	61,655,813.71
Other payables	IV.27	8,311,165,084.58	11,092,383,654.66	8,348,220,056.94
Non-current liabilities due within				
one year	IV.28	9,691,733,567.04	8,651,187,320.20	8,204,573,858.38
Other current liabilities	IV.29	107,216,533.16	42,074,470.18	1,181,623,633.17
Total current liabilities		78,167,176,415.42	94,659,039,714.16	85,476,512,749.91
Non-current liabilities				
Long-term loans	IV.30	10,646,385,315.97	9,863,454,832.92	8,797,453,756.82
Debentures payable	IV.31	8,921,277,714.77	9,206,800,808.08	9,465,543,691.34
Lease liabilities	IV.32	4,384,635,532.40	4,111,587,064.55	4,354,705,901.57
Long-term payables	IV.33	1,997,498,043.09	2,615,724,345.94	1,177,560,016.60
Deferred income	IV.34	760,261,909.27	911,291,558.36	840,718,598.53
Total non-current liabilities		26,710,058,515.50	26,708,858,609.85	24,635,981,964.86
Total liabilities		104,877,234,930.92	121,367,898,324.01	110,112,494,714.77
Shareholders’ equity				
Share capital	IV.35	5,472,283,869.00	5,465,350,578.00	5,462,767,761.00
Other equity instruments	IV.36	1,017,236,197.66	1,017,198,445.32	1,017,159,925.57
Including:				
Preference shares		—	—	—
Perpetual bonds		—	—	—
Capital reserve	IV.37	17,631,340,182.64	17,691,548,238.01	13,729,431,669.13
Less: Treasury shares	IV.38	2,084,422,931.59	2,818,870,388.83	2,999,995,136.61
Other comprehensive income . . .	IV.39	3,041,536.82	(4,713,185.75)	(33,576,565.75)
Surplus reserve	IV.40	1,955,992,514.78	2,198,021,021.15	2,584,593,422.02
Retained earnings	IV.41	47,787,878,960.00	39,279,516,665.20	52,271,396,781.65
Total equity attributable to				
shareholders of the Company . . .		71,783,350,329.31	62,828,051,373.10	72,031,777,857.01
Non-controlling interests		16,287,026,538.77	11,208,604,205.13	5,504,451,259.14
Total shareholders’ equity		88,070,376,868.08	74,036,655,578.23	77,536,229,116.15
Total liabilities and shareholders’ equity		192,947,611,799.00	195,404,553,902.24	187,648,723,830.92

The accompanying notes are integral part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

COMPANY BALANCE SHEET

(Expressed in Renminbi Yuan)

	Note	As at 31 December		
		2022	2023	2024
Assets				
Current assets				
Cash at bank and on hand.		5,052,211,309.66	8,417,334,728.97	6,241,488,259.54
Financial assets held for trading		2,725,036.82	21,140,800.00	2,851,840.00
Bills receivable.		360,000,000.00	143,300,000.00	697,591,400.00
Accounts receivable	XV.1	6,349,376,814.20	2,130,074,158.53	1,490,963,098.11
Prepayments		3,880,578,741.02	26,112,113.05	11,602,678.76
Other receivables.	XV.2	53,713,922,050.01	43,000,203,390.02	45,710,631,616.32
Including:				
Interest receivable.		—	—	—
Dividends receivable		3,000,000,000.00	960,262.02	—
Inventories		630,049,106.69	697,436,781.34	705,698,433.07
Other current assets		9,726,034.40	9,070,955.49	16,338,518.06
Total current assets		69,998,589,092.80	54,444,672,927.40	54,877,165,843.86
Non-current assets				
Long-term equity investments	XV.3	61,699,429,452.83	73,465,767,782.90	82,898,802,520.89
Fixed assets.		1,046,759,560.82	1,054,037,797.03	970,615,221.92
Construction in progress		54,896,128.31	42,499,310.54	26,910,825.50
Productive biological assets.		117,555,327.59	161,749,021.72	142,084,269.75
Right-of-use assets.		58,179,039.45	245,843,807.55	202,764,814.55
Intangible assets		32,100,545.99	138,145,252.63	134,273,723.34
Long-term deferred expenses		—	46,063,855.28	39,071,487.09
Other non-current assets.		242,073,899.74	39,879,757.88	46,389,855.03
Total non-current assets		63,250,993,954.73	75,193,986,585.53	84,460,912,718.07
Total assets		133,249,583,047.53	129,638,659,512.93	139,338,078,561.93

The accompanying notes are integral part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

	<i>Note</i>	As at 31 December		
		2022	2023	2024
Liabilities and shareholders’ equity				
Current liabilities				
Short-term loans		13,037,653,129.00	24,170,927,337.14	22,415,698,647.21
Bills payable		2,476,100,593.58	4,262,446,823.34	5,037,425,874.36
Accounts payable		458,160,994.96	615,235,954.40	2,263,190,997.31
Contract liabilities		382,610,310.69	315,390,508.75	524,059,355.55
Employee benefits payable		81,978,165.66	57,741,632.85	46,651,652.02
Taxes payable		103,650,228.73	3,584,390.58	6,789,956.60
Other payables		74,469,910,811.60	58,266,939,051.17	63,127,896,615.42
Non-current liabilities due within one year		1,222,619,202.05	1,111,120,022.33	2,198,544,994.03
Other current liabilities		–	20,000,000.00	1,155,669,177.30
Total current liabilities		92,232,683,436.27	88,823,385,720.56	96,775,927,269.80
Non-current liabilities				
Long-term loans		1,400,681,556.27	2,823,009,673.21	5,187,829,293.30
Debentures payable		8,921,277,714.77	9,206,800,808.08	9,465,543,691.34
Lease liabilities		43,677,788.56	229,944,666.47	191,012,863.83
Long-term payables		–	–	24,364,289.17
Deferred income		24,189,083.37	25,854,305.77	24,981,347.63
Total non-current liabilities		10,389,826,142.97	12,285,609,453.53	14,893,731,485.27
Total liabilities		102,622,509,579.24	101,108,995,174.09	111,669,658,755.07
Shareholders’ equity				
Share capital		5,472,283,869.00	5,465,350,578.00	5,462,767,761.00
Other equity instruments		1,017,236,197.66	1,017,198,445.32	1,017,159,925.57
Including:				
Preference shares		–	–	–
Perpetual bonds		–	–	–
Capital reserve		17,705,416,705.24	17,903,195,897.64	17,891,640,689.43
Less: Treasury shares		2,084,422,931.59	2,818,870,388.83	2,999,995,136.61
Other comprehensive income . . .		2,725,036.82	31,723,120.00	2,863,840.00
Surplus reserve		1,955,992,514.78	2,198,021,021.15	2,584,593,422.02
Retained earnings		6,557,842,076.38	4,733,045,665.56	3,709,389,305.45
Total shareholders’ equity		30,627,073,468.29	28,529,664,338.84	27,668,419,806.86
Total liabilities and shareholders’ equity		133,249,583,047.53	129,638,659,512.93	139,338,078,561.93

The accompanying notes are integral part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED INCOME STATEMENT

(Expressed in Renminbi Yuan)

	Note	Year ended 31 December		
		2022	2023	2024
I. Revenue	IV.42	124,826,212,177.74	110,860,727,714.40	137,946,892,076.87
Less: Operating costs	IV.42	102,987,059,470.99	107,414,785,992.36	111,666,526,476.89
Taxes and surcharges	IV.43	185,304,036.48	189,563,390.10	223,192,113.78
Selling and distribution expenses	IV.44	758,741,877.22	982,629,505.79	1,095,680,280.69
General and administrative expenses	IV.45	4,201,403,857.32	3,876,278,534.16	3,331,717,607.87
Research and development expenses	IV.46	1,142,403,916.15	1,657,729,636.74	1,747,217,657.28
Financial expenses	IV.47	2,907,716,277.46	3,054,136,191.99	2,975,449,911.06
Including:				
Interest expenses		2,889,858,125.59	3,239,357,630.51	3,177,468,228.97
Interest income		159,638,278.63	249,835,044.71	237,500,715.55
Add: Other income.	IV.48	2,188,567,446.35	2,805,639,552.51	3,010,397,096.76
Investment income/(losses) . .	IV.49	46,891,941.67	(6,388,843.39)	99,638,320.05
Including:				
Income/(losses) from investment in associates and joint ventures		46,131,577.04	(21,979,501.36)	72,263,566.47
Gains from changes in fair value		–	–	158,000.00
Credit (losses)/reversal	IV.50	(23,105,915.89)	(4,165,810.97)	283,692.84
Impairment losses	IV.51	–	(202,476,115.94)	(12,884,326.14)
(Losses)/gains from asset disposals	IV.52	(2,241,278.21)	(10,125,079.30)	5,845,833.88
II. Operating profit/(loss)		14,853,694,936.04	(3,731,911,833.83)	20,010,546,646.69
Add: Non-operating income	IV.53	376,910,540.58	157,186,690.29	84,412,274.98
Less: Non-operating expenses	IV.53	300,573,288.40	595,363,342.03	1,198,480,011.03
III. Profit/(loss) before income tax . . .		14,930,032,188.22	(4,170,088,485.57)	18,896,478,910.64
Less: Income tax expenses.	IV.54	(3,368,403.36)	(2,219,502.73)	(28,565,993.61)
IV. Net profit/(loss)		14,933,400,591.58	(4,167,868,982.84)	18,925,044,904.25

The accompanying notes are integral part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

	<i>Note</i>	Year ended 31 December		
		2022	2023	2024
IV. Net profit/(loss)		14,933,400,591.58	(4,167,868,982.84)	18,925,044,904.25
(1) Net profit/(loss) classified by business continuity:				
1. Net profit/(loss) from continuing operations		14,933,400,591.58	(4,167,868,982.84)	18,925,044,904.25
2. Net profit/(loss) from discontinued operations		–	–	–
(2) Net profit/(loss) classified by ownership:				
1. Net profit/(loss) attributable to shareholders of the Company		13,266,156,512.39	(4,263,280,820.31)	17,881,260,485.27
2. Net profit/(loss) attributable to non-controlling interests		1,667,244,079.19	95,411,837.47	1,043,784,418.98
V. Other comprehensive income, net of tax	IV.39			
(1) Other comprehensive income (net of tax) attributable to shareholders of the Company				
1. Items that will not be reclassified to profit or loss				
a. Changes in fair value of investments in other equity instruments		–	(36,475,405.75)	–
2. Items that may be reclassified to profit or loss				
a. Cash flow hedge reserve		56,850,697.59	28,720,683.18	(28,863,380.00)
(2) Other comprehensive income (net of tax) attributable to non-controlling interests		–	–	–
VI. Total comprehensive income		14,990,251,289.17	(4,175,623,705.41)	18,896,181,524.25
(1) Attributable to shareholders of the Company		13,323,007,209.98	(4,271,035,542.88)	17,852,397,105.27
(2) Attributable to non-controlling interests		1,667,244,079.19	95,411,837.47	1,043,784,418.98
VII. Earnings per share:				
(1) Basic earnings/(loss) per share	IV.55	2.49	(0.79)	3.30
(2) Diluted earnings/(loss) per share	IV.55	2.45	(0.79)	3.24

The accompanying notes are integral part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

COMPANY INCOME STATEMENT

(Expressed in Renminbi Yuan)

	Note	Year ended 31 December		
		2022	2023	2024
I. Revenue	XV.4	8,522,541,347.09	5,245,953,577.28	3,672,780,881.03
Less: Operating costs	XV.4	7,274,648,893.41	5,030,715,735.60	2,886,959,892.30
Taxes and surcharges . . .		9,661,519.51	5,336,085.56	9,586,598.48
Selling and distribution expenses		30,651,165.13	36,242,708.48	48,792,549.05
General and administrative expenses		678,770,308.15	587,953,612.84	516,364,995.72
Research and development expenses		135,950,481.48	189,826,092.82	200,374,912.68
Financial expenses		1,273,356,084.56	1,397,630,596.84	1,451,951,438.45
Including:				
Interest expenses		1,200,854,079.55	1,489,365,710.10	1,561,483,224.76
Interest income		68,161,398.80	103,695,778.59	126,810,494.13
Add: Other income		44,081,858.35	89,161,656.21	104,534,954.50
Investment income	XV.5	4,238,730,224.63	4,425,170,947.95	5,306,059,598.49
Including:				
Income/(losses) from investment in associates and joint ventures		40,140,982.14	(26,345,510.57)	62,270,356.72
Gains from changes in fair value		—	—	158,000.00
Credit (losses)/reversal		(12,365,000.98)	916,039.65	10,232,988.04
Gains from asset disposals		104,794.91	1,089,665.10	1,269,170.98
II. Operating profit		3,390,054,771.76	2,514,587,054.05	3,981,005,206.36
Add: Non-operating income		56,781,772.30	28,479,463.40	13,429,150.93
Less: Non-operating expenses		16,814,057.83	122,781,453.78	128,710,348.58
III. Profit before income tax		3,430,022,486.23	2,420,285,063.67	3,865,724,008.71
Less: Income tax expenses		—	—	—
IV. Net profit		3,430,022,486.23	2,420,285,063.67	3,865,724,008.71
(1) Net profit from continuing operations		3,430,022,486.23	2,420,285,063.67	3,865,724,008.71
(2) Net profit from discontinued operations		—	—	—
V. Other comprehensive income, net of tax				
1. Items that may be reclassified to profit or loss				
a. Cash flow hedge reserve		56,556,327.59	28,998,083.18	(28,859,280.00)
VI. Total comprehensive income		3,486,578,813.82	2,449,283,146.85	3,836,864,728.71

The accompanying notes are integral part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED CASH FLOW STATEMENT

(Expressed in Renminbi Yuan)

	Note	Year ended 31 December		
		2022	2023	2024
I. Cash flows from operating activities				
Proceeds from sale of goods and rendering of services. . .		127,402,641,896.52	113,022,315,178.98	139,571,501,962.38
Refund of taxes		182,265,457.08	13,927,483.36	–
Proceeds from other operating activities	IV.56(1)	4,235,274,201.81	5,844,758,135.52	7,339,201,723.10
Subtotal of cash inflows. . . .		131,820,181,555.41	118,881,000,797.86	146,910,703,685.48
Payment for goods and services		90,775,355,085.21	84,645,839,128.46	86,812,610,344.77
Payment to and for employees .		14,831,553,703.23	16,791,267,576.95	18,221,803,375.20
Payment of various taxes		178,848,251.10	191,883,560.04	227,954,875.53
Payment for other operating activities	IV.56(1)	3,023,873,713.94	7,359,193,668.69	4,105,268,875.49
Subtotal of cash outflows		108,809,630,753.48	108,988,183,934.14	109,367,637,470.99
Net cash inflow from operating activities	IV.57(1)	23,010,550,801.93	9,892,816,863.72	37,543,066,214.49
II. Cash flows from investing activities				
Proceeds from disposal of investments		305,000,000.00	2,759,378,000.00	20,033,700,000.00
Investment returns received. . .		944,166.66	15,959,603.10	44,407,908.71
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		45,604,263.47	58,051,367.20	137,236,341.71
Subtotal of cash inflows. . . .		351,548,430.13	2,833,388,970.30	20,215,344,250.42
Payment for acquisition of fixed assets, intangible assets and other long-term assets		15,738,918,946.02	17,015,725,403.56	12,380,725,812.00
Payment for investments		541,350,000.00	3,036,478,000.00	21,067,200,000.00
Payment for other investing activities		–	–	13,586,560.00
Subtotal of cash outflows		16,280,268,946.02	20,052,203,403.56	33,461,512,372.00
Net cash outflow from investing activities		(15,928,720,515.89)	(17,218,814,433.26)	(13,246,168,121.58)

The accompanying notes are integral part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

	<i>Note</i>	Year ended 31 December		
		2022	2023	2024
III. Cash flows from financing activities				
Proceeds from investors . . .		9,723,671,057.39	1,068,549,389.76	1,020,000,000.00
<i>Including:</i>				
Proceeds from non-controlling shareholders of subsidiaries		1,770,000,000.00	1,030,000,000.00	1,020,000,000.00
Proceeds from borrowings . .		66,577,309,212.68	71,649,358,139.98	68,138,887,124.71
Proceeds from other financing activities	IV.56(2)	–	84,621,525.91	2,467,653.89
Subtotal of cash inflows . . .		<u>76,300,980,270.07</u>	<u>72,802,529,055.65</u>	<u>69,161,354,778.60</u>
Repayments of borrowings . .		64,250,484,381.65	53,366,146,816.45	73,608,496,028.66
Payment for dividends, profit distributions or interest		4,190,777,891.87	7,747,123,200.88	8,255,880,276.03
<i>Including:</i>				
Dividends and profits paid to non-controlling shareholders of subsidiaries		357,000,000.00	1,184,973,346.05	1,185,033,794.32
Payment for other financing activities	IV.56(2)	<u>5,439,143,613.28</u>	<u>8,490,290,696.11</u>	<u>12,525,691,999.56</u>
Subtotal of cash outflows . .		<u>73,880,405,886.80</u>	<u>69,603,560,713.44</u>	<u>94,390,068,304.25</u>
Net cash inflow/(outflow) from financing activities .		<u>2,420,574,383.27</u>	<u>3,198,968,342.21</u>	<u>(25,228,713,525.65)</u>
IV. Effect of foreign exchange rate changes on cash and cash equivalents.		<u>629,416.72</u>	<u>(6,867,595.44)</u>	<u>(25,855.07)</u>
V. Net increase/(decrease) in cash and cash equivalents . . .	IV.57(1)	9,503,034,086.03	(4,133,896,822.77)	(931,841,287.81)
Add: Cash and cash equivalents at the beginning of the year . .		<u>8,407,255,637.63</u>	<u>17,910,289,723.66</u>	<u>13,776,392,900.89</u>
VI. Cash and cash equivalents at the end of the year	IV.57(2)	<u>17,910,289,723.66</u>	<u>13,776,392,900.89</u>	<u>12,844,551,613.08</u>

The accompanying notes are integral part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

COMPANY CASH FLOW STATEMENT (Expressed in Renminbi Yuan)

	Year ended 31 December		
	2022	2023	2024
I. Cash flows from operating activities			
Proceeds from sale of goods and rendering of services	8,338,312,697.79	9,865,328,032.72	4,120,295,594.68
Refund of taxes	—	—	—
Proceeds from other operating activities	48,458,916,665.12	28,353,686,820.31	28,131,944,958.60
Subtotal of cash inflows	56,797,229,362.91	38,219,014,853.03	32,252,240,553.28
Payment for goods and services	11,546,244,204.71	851,820,969.41	1,151,955,221.83
Payment to and for employees	553,188,039.99	837,044,625.72	717,503,120.91
Payment of various taxes	12,813,248.29	5,337,488.37	9,359,081.83
Payment for other operating activities	24,915,832,859.32	37,378,428,727.77	10,416,381,495.58
Subtotal of cash outflows	37,028,078,352.31	39,072,631,811.27	12,295,198,920.15
Net cash inflow/(outflow) from operating activities	19,769,151,010.60	(853,616,958.24)	19,957,041,633.13
II. Cash flows from investing activities			
Proceeds from disposal of investments	—	22,000,000.00	14,075,000,000.00
Investment returns received	1,198,797,788.27	7,451,874,575.69	6,471,877,084.48
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets	1,892,062.93	3,336,693.07	3,308,069.90
Subtotal of cash inflows	1,200,689,851.20	7,477,211,268.76	20,550,185,154.38
Payment for acquisition of fixed assets, intangible assets and other long-term assets	227,044,660.73	380,623,616.58	142,855,385.55
Payment for investments	18,962,688,441.56	11,453,189,932.27	35,309,394,178.09
Subtotal of cash outflows	19,189,733,102.29	11,833,813,548.85	35,452,249,563.64
Net cash outflow from investing activities	(17,989,043,251.09)	(4,356,602,280.09)	(14,902,064,409.26)
III. Cash flows from financing activities			
Proceeds from investors	7,953,671,057.39	38,549,389.76	—
Proceeds from borrowings	37,388,832,000.00	38,753,560,720.26	36,659,154,733.33
Proceeds from other financing activities	—	51,200,191.71	—
Subtotal of cash inflows	45,342,503,057.39	38,843,310,301.73	36,659,154,733.33
Repayments of borrowings	38,423,404,770.85	25,461,172,887.87	35,835,367,131.20
Payment for dividends or interest	2,478,578,812.20	5,114,523,812.35	5,665,252,036.63
Payment for other financing activities	2,674,802,639.69	2,189,522,747.61	1,221,637,466.78
Subtotal of cash outflows	43,576,786,222.74	32,765,219,447.83	42,722,256,634.61
Net cash inflow/(outflow) from financing activities	1,765,716,834.65	6,078,090,853.90	(6,063,101,901.28)
IV. Effect of foreign exchange rate changes on cash and cash equivalents	10.99	1,284.66	5,914.21
V. Net increase/(decrease) in cash and cash equivalents	3,545,824,605.15	867,872,900.23	(1,008,118,763.20)
Add: Cash and cash equivalents at the beginning of the year	1,004,915,197.99	4,550,739,803.14	5,418,612,703.37
VI. Cash and cash equivalents at the end of the year	4,550,739,803.14	5,418,612,703.37	4,410,493,940.17

The accompanying notes are integral part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS’ EQUITY (Expressed in Renminbi Yuan)

	Attributable to shareholders of the Company											
	Note	Other equity instruments		Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Retained earnings	Subtotal	Non-controlling interests	Total	
		Preference shares	Others									
I. As at 1 January 2022		5,262,358,594.00	2,459,689,826.11	1,017,885,395.37	9,122,536,351.21	1,421,551,682.52	(53,809,160.77)	1,612,990,266.16	36,351,668,929.80	54,351,768,519.36	14,252,348,511.99	68,604,117,031.35
II. Changes in equity during the year												
1. Total comprehensive income		-	-	-	-	-	56,850,697.59	-	13,266,156,512.39	13,323,007,209.98	1,667,244,079.19	14,990,251,289.17
2. Shareholders' contributions and decrease of capital												
(1) Contribution by ordinary shareholders		209,797,775.00	-	-	7,598,600,924.57	662,871,249.07	-	-	-	7,145,527,450.50	724,433,947.59	7,869,961,398.09
(2) Contribution by holders of other equity instruments.	IV.3/1	127,500.00	(2,459,689,826.11)	(649,197.71)	(10,010,141.71)	-	-	-	-	(2,470,221,665.53)	-	(2,470,221,665.53)
(3) Equity-settled share-based payments		-	-	-	850,037,704.02	-	-	-	-	850,037,704.02	-	850,037,704.02
(4) Others		-	-	-	70,175,344.55	-	-	-	-	70,175,344.55	-	70,175,344.55
3. Appropriation of profits	IV.4/1											
(1) Appropriation for surplus reserve		-	-	-	-	-	-	343,002,248.62	(343,002,248.62)	-	-	-
(2) Distributions to shareholders		-	-	-	-	-	-	-	(1,486,944,233.57)	(1,486,944,233.57)	(357,000,000.00)	(1,843,944,233.57)
III. As at 31 December 2022		5,472,283,869.00	-	1,017,236,197.66	17,631,340,182.64	2,084,422,931.59	3,041,536.82	1,955,992,514.78	47,787,878,960.00	71,783,350,329.31	16,287,026,538.77	88,070,376,868.08

The accompanying notes are integral part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

	Attributable to shareholders of the Company									
	Share capital	Other equity instruments	Capital reserve	Treasury shares	Less: comprehensive income	Surplus reserve	Retained earnings	Subtotal	Non-controlling interests	Total
Note										
I. As at 1 January 2023	5,472,283,869.00	1,017,236,197.66	17,631,340,182.64	2,084,422,931.59	3,041,536.82	1,955,992,514.78	47,787,878,960.00	71,783,350,329.31	16,287,026,538.77	88,070,376,868.08
II. Changes in equity during the year										
1. Total comprehensive income	-	-	-	-	(7,754,722.57)	-	(4,263,280,820.31)	(4,271,035,542.88)	95,411,837.47	(4,175,623,705.41)
2. Shareholders' contributions and decrease of capital										
(1) Contribution by ordinary shareholders	(6,940,779.00)	-	(185,096,467.64)	(1,265,545,775.16)	-	-	-	1,073,508,528.52	1,030,000,000.00	2,103,508,528.52
(2) Contribution by holders of other equity instruments	7,488.00	(37,752.34)	363,366.59	-	-	-	-	333,102.25	-	333,102.25
(3) Equity-settled share-based payments	-	-	343,962,903.69	-	-	-	-	343,962,903.69	-	343,962,903.69
(4) Others	-	-	(99,021,747.27)	1,999,993,232.40	-	-	-	(2,099,014,979.67)	(5,018,860,825.06)	(7,117,875,804.73)
3. Appropriation of profits										
(1) Appropriation for surplus reserve	-	-	-	-	-	242,028,506.37	(242,028,506.37)	-	-	-
(2) Distributions to shareholders	-	-	-	-	-	-	(4,003,052,968.12)	(4,003,052,968.12)	(1,184,973,346.05)	(5,188,026,314.17)
III. As at 31 December 2023	5,465,350,578.00	1,017,198,445.32	17,691,548,238.01	2,818,870,388.83	(4,713,185.75)	2,198,021,021.15	39,279,516,665.20	62,828,051,373.10	11,208,604,205.13	74,036,655,578.23

The accompanying notes are integral part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

Attributable to shareholders of the Company											
	Note	Share capital	Other equity instruments	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Retained earnings	Subtotal	Non-controlling interests	Total
I. As at 1 January 2024		5,465,350,578.00	1,017,198,445.32	17,691,548,238.01	2,818,870,388.83	(4,713,185.75)	2,198,021,021.15	39,279,516,665.20	62,828,051,373.10	11,208,604,205.13	74,036,655,578.23
II. Changes in equity during the year											
1. Total comprehensive income		-	-	-	-	(28,863,380.00)	-	17,881,260,485.27	17,852,397,105.27	1,043,784,418.98	18,896,181,524.25
2. Shareholders' contributions and decrease of capital											
(1) Contribution by ordinary shareholders		(2,590,619.00)	-	(75,475,760.98)	(818,877,156.43)	-	-	-	740,810,776.45	1,020,000,000.00	1,760,810,776.45
(2) Contribution by holders of other equity instruments	IV/31	7,802.00	(38,519.75)	386,681.88	-	-	-	-	355,964.13	-	355,964.13
(3) Equity-settled share-based payments		-	-	35,645,926.90	-	-	-	-	35,645,926.90	-	35,645,926.90
(4) Others		-	-	(3,922,673,416.68)	1,000,001,904.21	-	-	-	(4,922,675,320.89)	(6,556,841,199.93)	(11,479,516,520.82)
3. Appropriation of profits	IV/41										
(1) Appropriation for surplus reserve		-	-	-	-	-	386,572,400.87	(386,572,400.87)	-	-	-
(2) Distributions to shareholders		-	-	-	-	-	-	(4,502,807,967.95)	(4,502,807,967.95)	(1,211,096,165.04)	(5,713,904,132.99)
III. As at 31 December 2024		5,462,767,761.00	1,017,159,925.57	13,729,431,669.13	2,999,995,136.61	(33,576,565.75)	2,584,593,422.02	52,271,396,781.65	72,031,777,857.01	5,504,451,259.14	77,536,229,116.15

The accompanying notes are integral part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS’ EQUITY
(Expressed in Renminbi Yuan)

	Other equity instruments		Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Retained earnings	Total
	Share capital	Preference shares	Others					
I. As at 1 January 2022	5,262,358,594.00	2,459,689,826.11	1,017,885,395.37	9,124,713,172.80	1,421,551,682.52	1,612,990,266.16	4,957,766,072.34	22,960,020,353.49
II. Changes in equity during the year								
1. Total comprehensive income	-	-	-	-	56,556,327.59	-	3,430,022,486.23	3,486,578,813.82
2. Shareholders’ contributions and decrease of capital								
(1) Contribution by ordinary shareholders	209,797,775.00	-	-	7,598,600,924.57	662,871,249.07	-	-	7,145,527,450.50
(2) Contribution by holders of other equity instruments	127,500.00	(2,459,689,826.11)	(649,197.71)	(10,010,141.71)	-	-	-	(2,470,221,665.53)
(3) Equity-settled share-based payments	-	-	-	850,037,704.02	-	-	-	850,037,704.02
(4) Others	-	-	-	142,075,045.56	-	-	-	142,075,045.56
3. Appropriation of profits								
(1) Appropriation for surplus reserve	-	-	-	-	-	343,002,248.62	(343,002,248.62)	-
(2) Distributions to shareholders	-	-	-	-	-	-	(1,486,944,233.57)	(1,486,944,233.57)
III. As at 31 December 2022	5,472,283,869.00	-	1,017,236,197.66	17,705,416,705.24	2,084,422,931.59	1,955,992,514.78	6,557,842,076.38	30,627,073,468.29

The accompanying notes are integral part of the Historical Financial Information.

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	Share capital	Other equity instruments	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Retained earnings	Total
I. As at 1 January 2023	5,472,283,869.00	1,017,236,197.66	17,705,416,703.24	2,084,422,931.59	2,725,036.82	1,955,992,514.78	6,557,842,076.38	30,627,073,468.29
II. Changes in equity during the year								
1. Total comprehensive income	-	-	-	-	28,998,083.18	-	2,420,285,063.67	2,449,283,146.85
2. Shareholders' contributions and decrease of capital								
(1) Contribution by ordinary shareholders	(6,940,779.00)	-	(185,096,467.64)	(1,265,545,775.16)	-	-	-	1,073,508,528.52
(2) Contribution by holders of other equity instruments	7,488.00	(37,752.34)	363,366.59	-	-	-	-	333,102.25
(3) Equity-settled share-based payments	-	-	343,962,903.69	-	-	-	-	343,962,903.69
(4) Others	-	-	38,549,389.76	1,999,993,232.40	-	-	-	(1,961,443,842.64)
3. Appropriation of profits								
(1) Appropriation for surplus reserve	-	-	-	-	-	242,028,506.37	(242,028,506.37)	-
(2) Distributions to shareholders	-	-	-	-	-	-	(4,003,052,968.12)	(4,003,052,968.12)
III. As at 31 December 2023	5,465,250,578.00	1,017,198,445.32	17,903,195,897.64	2,818,870,388.83	31,723,120.00	2,198,021,021.15	4,733,045,665.56	28,529,664,338.84

The accompanying notes are integral part of the Historical Financial Information.

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	Share capital	Other equity instruments	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Retained earnings	Total
I. As at 1 January 2024	5,465,350,578.00	1,017,198,445.32	17,903,195,897.64	2,818,870,388.83	31,723,120.00	2,198,021,021.15	4,733,045,665.56	28,529,664,338.84
II. Changes in equity during the year								
1. Total comprehensive income	—	—	—	—	(28,859,280.00)	—	3,865,724,008.71	3,836,864,728.71
2. Shareholders’ contributions and decrease of capital								
(1) Contribution by ordinary shareholders	(2,590,619.00)	—	(75,475,760.98)	(818,877,156.43)	—	—	—	740,810,776.45
(2) Contribution by holders of other equity instruments	7,802.00	(38,519.75)	386,681.88	—	—	—	—	355,964.13
(3) Equity-settled share-based payments	—	—	35,645,926.90	—	—	—	—	35,645,926.90
(4) Others	—	—	27,887,943.99	1,000,001,904.21	—	—	—	(972,113,960.22)
3. Appropriation of profits								
(1) Appropriation for surplus reserve	—	—	—	—	—	386,572,400.87	(386,572,400.87)	—
(2) Distributions to shareholders	—	—	—	—	—	—	(4,502,807,967.95)	(4,502,807,967.95)
III. As at 31 December 2024	5,462,767,761.00	1,017,159,925.57	17,891,640,689.43	2,999,995,136.61	2,863,840.00	2,584,593,422.02	3,709,389,305.45	27,668,419,806.86

The accompanying notes are integral part of the Historical Financial Information.

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NOTES TO THE HISTORICAL FINANCIAL INFORMATION

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

I. BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

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

The Company and its subsidiaries (“the Group”) are principally engaged in: (i) sale of piglets, finished hogs and breeding hogs, (ii) sale of hog carcasses, pork cuts and by-products. Please refer to Note VI.1 for relevant information of principal subsidiaries of the Group.

The Company’s statutory financial statements for the year ended 31 December 2022 were audited by 中興華會計師事務所 (特殊普通合伙) (Zhongxinghua Certified Public Accountants LLP). The Company’s statutory financial statements for the years ended 31 December 2023 and 2024 were audited by 畢馬威華振會計師事務所 (特殊普通合伙) (KPMG Huazhen LLP).

The Historical Financial Information has been prepared on a going concern basis.

The Historical Financial Information has been prepared in accordance with the requirements of all applicable China Accounting Standards for Business Enterprises (“CASBE”), which are also referred to as China Accounting Standards, issued by the Ministry of Finance (“MOF”) of the PRC. Further details of the material accounting policy information are set out in Note II.

MOF has issued a number of new and revised CASBEs. For the purpose of preparing the Historical Financial Information, the Group has adopted all applicable new and revised CASBEs to the Track Record Period, except for any new standards or interpretations that are not yet effective for the accounting period beginning 1 January 2024.

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

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Historical Financial Information is presented in Renminbi (“RMB”) except when otherwise indicated.

II. MATERIAL ACCOUNTING POLICY INFORMATION AND ACCOUNTING ESTIMATES

1 Accounting period

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

2 Operating cycle

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

3 Functional currency

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

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

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

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

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

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

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

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

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

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

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

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6 Criteria of control and preparation of consolidated financial statements

(1) *General principles*

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

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

(2) *Subsidiaries acquired through a business combination*

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

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

(3) *Disposal of subsidiaries*

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

(4) *Changes in non-controlling interests*

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

7 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.

8 Foreign currency transactions and translation of foreign currency financial statements

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

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

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

9 Financial instruments

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

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

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

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

(2) Classification and subsequent measurement of financial assets

(a) Classification of financial assets

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

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

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

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

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

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

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

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

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

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

(b) Subsequent measurement of financial assets

– Financial assets at FVTPL

These financial assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss unless the financial assets are part of a hedging relationship.

– Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. A gain or loss on a financial asset that is measured at amortised cost and that is not part of a hedging relationship should be recognised in profit or loss when the financial asset is derecognised, amortised under the effective interest method or when an impairment gain or loss is recognised.

– Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

(3) Classification and subsequent measurement of financial liabilities

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

– Financial liabilities at FVTPL

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

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

– Financial liabilities at amortised cost

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

(4) Offsetting

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

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

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

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

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

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

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

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

(6) *Impairment*

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

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

Measurement of ECLs

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

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

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

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

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

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

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

Provisions for bad and doubtful debts arising from receivables

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

Bills receivable Based on the different credit risk characteristics of acceptors, the Group classifies bills receivable into two groups: bank acceptance bills and commercial acceptance bills.

Accounts receivable. Based on the credit risk characteristics of different counterparties, the Group classifies accounts receivable into two groups: accounts receivable due from related parties within the consolidation scope and accounts receivable due from other customers.

Other receivables Based on the nature of receivables and the credit risk characteristics of different counterparties, the Group classifies other receivables into three groups, specifically: dividends receivable, receivables due from related parties within the consolidation scope and other parts of other receivables.

- (b) Criteria for individual assessment

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

Financial instruments that have low credit risk

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

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.

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

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

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

Credit-impaired financial assets

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

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

Presentation of allowance for ECL

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

Write-off

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

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

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(7) Equity instruments

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

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

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

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

(8) Convertible instruments containing an equity component

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

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

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

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

10 Inventories

(1) Categories

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

(2) Measurement method of cost of inventories

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

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

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

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

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

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

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

(4) *Inventory count system*

The Group maintains a perpetual inventory system.

11 Long-term equity investments

(1) *Investment cost of long-term equity investments*

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

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

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

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

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(2) Subsequent measurement of long-term equity investment

(a) Investments in subsidiaries

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

(b) Investment in joint ventures and associates

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

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

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

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

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

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

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

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

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

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

12 Investment properties

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

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

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

13 Fixed assets

(1) Recognition of fixed assets

The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The cost of self-constructed assets is measured in accordance with the policy set out in Note II.14.

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

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

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

(2) Depreciation of fixed assets

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

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

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

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

14 Construction in progress

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

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15 Borrowing costs

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

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

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

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

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

16 Biological assets

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

Consumable biological assets include suckling piglets, piglets under nursing period, hogs under finishing period and others. Consumable biological assets are recognised in inventories (see Note II.10).

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

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

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

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

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

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

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

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

17 Intangible assets

(1) Useful life and amortisation methods

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

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

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

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

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

(2) Expenditures on research and development

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

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

18 Impairment of assets other than inventories and financial assets

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

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

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

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

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

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

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

19 Fair value measurement

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

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

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

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20 Provisions

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

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

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

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

21 Share-based payments

(1) *Classification of share-based payments*

Share-based payment transactions in the Group are equity-settled share-based payments.

(2) *Accounting treatment of share-based payments*

– *Equity-settled share-based payments*

Where the Group uses shares or other equity instruments as consideration for services received from employees, the payment is measured at the fair value of the equity instruments granted to employees at the grant date. If the equity instruments granted do not vest until the completion of services for a period, or until the achievement of a specified performance condition, the Group recognises an amount at each balance sheet date during the vesting period based on the best estimate of the number of equity instruments expected to vest according to newly obtained subsequent information regarding changes in the number of employees expected to vest the equity instruments. The Group measures the services received at the grant-date fair value of the equity instruments and recognises the costs or expenses as the services are received, with a corresponding increase in capital reserve.

When the Group modifies share-based payment transactions, if the modification increases the fair value of the equity instruments granted, the Group should recognise the increase of the services obtained according to the increase in the fair value of the equity instruments. The increase in the fair value of the equity instruments is the difference between the fair value of the modified share-based payment and that of the original share-based payment, both measured at the date of the modification. If the modification decreases the fair value of the equity instruments granted or is not beneficial to employees, the Group should continue to recognise the amount of the services obtained based on the fair value of the equity instruments on the date of grant, without considering the modification, unless the Group cancels or settles some or all of the equity instruments granted.

If a grant of equity instruments is cancelled during the vesting period, the Group accounts for the cancellation as an acceleration of vesting, and therefore recognise immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period, with a corresponding increase in capital reserve. If an employee or counterparty can choose whether to meet a non-vesting condition, the Group treats as a cancellation when the employee's or counterparty's failure to meet that non-vesting condition during the vesting period.

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22 Revenue recognition

Revenue is recognised when the customers obtain control over relevant goods, if the contract with customers meets all of the following criteria: (i) the parties to the contract have approved the contract and are committed to perform their respective obligations; (ii) the parties to the contract can identify each party’s rights regarding the goods to be transferred; (iii) the parties to the contract can identify the payment terms for the goods to be transferred; (iv) the contract has commercial substance (i.e. the risk, timing or amount of the entity’s future cash flows is expected to change as a result of the contract); and (v) it is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods that will be transferred to the customer.

Performance obligation is the Group’s commitment to transfer distinct goods to customers as specified in related contracts. A good that is promised to a customer is distinct if both of the following criteria are met: (i) the customer can benefit from the good either on its own or together with other resources that are readily available to the customer; and (ii) the Group’s promise to transfer the good to the customer is separately identifiable from other promises in the contract.

Where a contract has two or more performance obligations, the Group determines the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. The Group recognises as revenue the amount of the transaction price that is allocated to each performance obligation. The stand-alone selling price is the price at which the Group separately sells goods or provides services to customers. If the stand-alone selling price cannot be directly observable, the Group will comprehensively consider all the relevant information that is reasonably available to the Group and use the observable inputs to estimate the stand-alone selling price to the maximum extent.

The Group satisfies a performance obligation over time if one of the following criteria is met; otherwise, the performance obligation is satisfied at a point in time:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the customer can control the asset created or enhanced during the Group’s performance; or
- the Group’s performance does not create an asset with an alternative use to it and the Group has an enforceable right to payment for performance completed to date.

For performance obligation satisfied at a point in time, the Group recognises revenue at the point in time at which the customer obtains control of relevant goods. To determine whether a customer has obtained control of goods, the Group considers the following indicators: (i) the Group has a present right to payment for the goods and the customer is presently obliged to pay for the goods; (ii) the Group has transferred physical possession of the goods and the customer has physical possession of the goods; (iii) the Group has transferred the legal title of the goods and the customer has legal title to the goods; (iv) the Group has transferred the significant risks and rewards of ownership of the goods and the customer has the significant risks and rewards of ownership of the goods; (v) the customer has accepted the goods; (vi) other indicators of that the customer obtains control of relevant goods.

The Group determines whether it is a principal or an agent, based on whether it obtains control of the specified good or service before that good or service is transferred to a customer. The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer, and recognises revenue in the gross amount of consideration which it has received (or which is receivable). Otherwise, the Group is an agent, and recognises revenue in the amount of any fee or commission to which it expects to be entitled. The fee or commission is the net amount of consideration that the Group retains after paying the other party the consideration, or is determined according to the established amount or proportion.

A contract asset is the Group’s right to consideration in exchange for goods or services that it has transferred to a customer when that right is conditional on something other than the passage of time. The Group recognises loss allowances for expected credit loss on contract assets. Accounts receivable is the Group’s right to consideration that is unconditional (only the passage of time is required). A contract liability is the Group’s obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

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The recognition of revenue from sales of goods is as follows:

– *Sales of hogs*

Hogs are usually collected by customers from the Group’s premises. According to the sales contract, the control of the hogs is transferred to the customers when the hogs have been weighted. The revenue will be recognised based on the weight information on the weight note and the agreed unit prices.

– *Sales of meat products*

For orders collected by customers from the Group’s premises, revenue is recognised when the customers sign the delivery note. For orders that the Group is responsible for the delivery, revenue is recognised when the goods are delivered to the location designated by the customers and the delivery note is signed by the customers.

23 Employee benefits

(1) *Short-term employee benefits*

Short-term employee benefits mainly include fees, salaries, contribution to pension schemes, housing allowances, other allowances, benefits-in-kind, discretionary bonuses and other non-monetary benefits. During the period of the employee provides services, the Group measures the short-term employee benefits at the amount incurred or accrued at the applicable benchmarks and rates, and recognises the amount as a liability, with a corresponding charge to profit or loss or included in the cost of assets where appropriate. Non-monetary benefits are measured at fair value of the assets.

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

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

(3) *Termination benefits*

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

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

24 Government grants

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

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

Government grants related to assets are grants whose primary condition is that the Group qualifying for them should purchase, construct or otherwise acquire long-term assets. Government grants related to income are grants other than those related to assets. A government grant related to an asset is recognised as deferred income and amortised over the useful life of the related asset on a reasonable and systematic manner as other income or non-operating income. A grant that compensates the Group for expenses or losses to be incurred in the future is recognised as deferred income, and included in other income or non-operating income in the periods in which the expenses or losses are recognised. Otherwise, the grant is included in other income or non-operating income.

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The Group recognises the interest subsidy for policy-related preferential loans as following:

- Where the government appropriates an interest subsidy to the lending bank, allowing the latter to provide loans to the Group at a preferential interest rate, the Group recognises the loan amount received as the book-entry value of such loans, and calculating the relevant loan expenses according to the loan principal and the preferential interest rate;
- Where the government directly appropriates an interest subsidy to the Group, the Group shall use the interest subsidy to offset relevant loan expenses.

25 Income tax

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

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

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

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

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

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

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

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

- the taxable entity has a legally enforceable right to offset current tax liabilities and current tax assets;
- they relate to income taxes levied by the same tax authority on either: (i) the same taxable entity; or (ii) different taxable entities which intend either to settle the current tax liabilities and current tax assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or deferred tax assets are expected to be settled or recovered.

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26 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease.

For a contract that contains multiple separate lease components, the lessee and the lessor separate the lease components and account for each lease component as a lease separately. For a contract that contains lease and non-lease components, the lessee and the lessor separate the lease components from the non-lease components. However, for leases of land and buildings in which it is a lessee, the Group has elected not to separate lease components from non-lease components and accounts for each lease component and any associated non-lease components as a single lease component.

As a lessee

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

The right-of-use asset is depreciated using the straight-line method. If the lessee is reasonably certain to obtain the ownership of the lease asset by the end of the lease term, the right-of-use asset is depreciated over the remaining useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated over the shorter of the lease term or the remaining useful life of the lease asset.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

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

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

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

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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

27 Hedge accounting

Hedge accounting is a method which recognises in profit or loss (or other comprehensive income) the gain or loss on the hedging instrument and the hedged item in the same accounting period(s) to represent the effect of risk management.

Hedged items are items that expose the Group to risks of changes in fair value or cash flows and that are designated as being hedged and can be reliably measured. The Group's hedged items include highly probable forecast purchase or sales that expose the Group to the risk of variability in cash flows.

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A hedging instrument is a designated financial instrument whose changes in fair value or cash flows are expected to offset changes in the fair value or cash flows of the hedged item.

The Group assesses at the inception of a hedging relationship, and on an ongoing basis, whether the hedging relationship meets the hedge effectiveness requirements. A hedging relationship is regarded as having met the hedge effectiveness requirements if all of the following conditions are satisfied:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not dominate the value changes that result from the economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of the hedged item.

When a hedging relationship no longer meets the hedge effectiveness requirements due to the hedge ratio, but the risk management objective of the designated hedging relationship remains unchanged, the Group rebalances the hedging relationship. Rebalancing refers to the adjustments made to the designated quantities of the hedged item or the hedging instrument of an already existing hedging relationship for the purpose of maintaining a hedge ratio that complies with the hedge effectiveness requirements.

The Group discontinues applying hedge accounting in any of the following circumstances:

- The hedging relationship no longer meets the risk management objective due to changes in the risk management objective.
- The hedging instrument expires or is sold, terminated or exercised.
- There is no longer an economic relationship between the hedged item and the hedging instrument, or the effect of credit risk starts to dominate the value changes that result from that economic relationship.
- The hedging relationship no longer meets other criteria for applying hedge accounting.

Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows. The portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income as a cash flow hedge reserve. The amount of the cash flow hedge reserve is adjusted to the lower of the following (in absolute amounts):

- the cumulative gain or loss on the hedging instrument from the inception of the hedge;
- the cumulative change in present value of the expected future cash flows of the hedged item from the inception of the hedge.

The change in the amount of the cash flow hedge reserve is recognised in other comprehensive income in each period.

The portion of the gain or loss on the hedging instrument that is determined to be ineffective is recognised in profit or loss.

If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the Group removes that amount from the cash flow hedge reserve and includes it in the initial cost or other carrying amount of the asset or liability.

For cash flow hedges other than those covered above, the amount is reclassified from the cash flow hedge reserve in other comprehensive income to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss.

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When the Group discontinues hedge accounting for a cash flow hedge, the amount of the accumulated cash flow hedge reserve recognised in other comprehensive income is accounted for as follows:

- If the hedged future cash flows are still expected to occur, the amount will remain in the cash flow hedge reserve, and be accounted for in accordance with the above policy.
- If the hedged future cash flows are no longer expected to occur, the amount is immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment.

28 Dividends distributions

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

29 Related parties

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

In addition to the related parties stated above, the Company determines related parties based on the disclosure requirements of the Administrative Procedures on the Information Disclosures of Listed Companies issued by the CSRC.

30 Segment reporting

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

For segment reporting, inter-segment revenues are measured on the basis of the actual transaction prices for such transactions, and segment accounting policies are consistent with those used to prepare the consolidated financial statements.

31 Significant accounting estimates and judgements

The preparation of the financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates as well as the underlying assumptions and uncertainties involved are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant accounting estimates

In addition to the accounting estimates relating to assumptions and risk factor of fair value measurements of financial instruments (see Notes IX), other significant accounting estimates are as follows:

- *Provision of inventories*

According to inventories accounting policy of the Group, inventories are measured at the lower of cost and net realisable value. If the cost of inventories is higher than the net realisable value, a provision for decline in value of inventories will be recognised. The decline in value of inventories to net realisable value is based on the assessment of the marketability and net realisable value of inventories. Identification of inventories impairment requires management to make judgments and estimates based on solid evidence obtained and after taking into consideration the purpose for which the inventory is held, and the effect of events occurring after the balance sheet date.

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– *Impairment of assets other than inventories and financial assets*

At the balance sheet date, the Group assesses whether there is any indication that assets other than inventories and financial assets may be impaired. For other non-current assets other than financial assets, impairment testing will be carried out if any indication exists that their carrying amount is not recoverable.

When the carrying amount of the assets or assets group is higher than the recoverable amount, ie, the higher of its fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset, it indicates that the impairment has occurred.

Fair value less costs to sell, is determined with reference to sales contract price of the similar assets in an arm’s length transaction or observable market price, less the incremental cost directly attributable to the disposal of the assets.

When estimating the present value of the future cash flows, the Group needs to make a major judgment on the output, selling price, related operating costs of the assets (or assets group) and the discount rate used in calculating the present value. When estimating the recoverable amount, the Group will use all available relevant information, including the prediction of production, selling price and related operating costs based on reasonable and supportable assumptions.

– *Depreciation and amortisation*

After considering the residual value of fixed assets, productive biological assets, right-of-use assets and intangible assets, the Group accrues depreciation and amortisation using straight-line method over their estimated useful life. The Group regularly reviews the estimated useful life to determine the amount of depreciation and amortisation expense to be recognised in each reporting period. The estimated useful life is determined by the Group based on the past experience of similar assets and in combination with the expected technology update. If there are significant changes in the previous estimates, the depreciation and amortisation expenses will be adjusted in the future.

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III. TAXATION

1 Main types of taxes and corresponding tax rates

Tax type	Tax basis	Tax rate during the Track Record Period
Value-added tax (“VAT”).	Based on taxable revenue	13%, 9%, 6%, 5%, 3%, 1%
Enterprise income tax	Based on taxable profits	0%, 15%, 16.5%, 17%, 20%, 25%
Real estate tax	Based on the cost of the real estate with 30% one-off deduction or lease income	1.2%, 12%
Urban maintenance and construction tax . .	Based on VAT paid	7%, 5%, 1%
Education surcharges	Based on VAT paid	3%
Local education surcharges	Based on VAT paid	2%

Entities in the Group that apply different enterprise income tax rates are disclosed as below:

Entity Name	Note	Tax rate during the year ended 31 December		
		2022	2023	2024
Muyuan International (BVI) Limited . . .	(i)	0%	0%	0%
Henan Muyuan Smart Technology Co., Ltd.	III.2(2)	15%	15%	15%
Muyuan International Limited	(ii)	16.5%	16.5%	16.5%
Hap Grain International Agricultural Trading Pte. Ltd.	(iii)	Not registered	17%	17%
Shenzhen Muyuan Digital Technology Co., Ltd.	III.2(2)	20%	20%	20%
Zhengzhou Muyuan Digital Technology Co., Ltd.	III.2(2)	20%	20%	20%
Henan Muyuan Ecology Environment Technology Co., Ltd.	III.2(2)	20%	20%	25%
Hubei Muxin Detection Technology Co., Ltd.	III.2(2)	20%	De-registered	De-registered
Henan Muyuan New Energy Industry Development Co., Ltd. and its subsidiaries	III.2(2)	20%	20%	20%

Notes:

- (i) Muyuan International (BVI) Limited is not subject to income tax under the relevant laws and regulations of the British Virgin Islands.
- (ii) Muyuan International Limited is subject to income tax rate of 16.5% under the relevant laws and regulations of Hong Kong.
- (iii) Hap Grain International Agricultural Trading Pte. Ltd. is subject to income tax rate of 17% under the relevant laws and regulations of Singapore.

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2 Preferential tax treatments

(1) VAT

In accordance with Article 15 of the *Provisional Regulations of the PRC on VAT*, self-produced agricultural products sold by agricultural producers are exempted from VAT. During the Track Record Period, the Company and its subsidiaries engaged in the production and sales of live hogs qualified as sales of self-produced agricultural products, thereby benefiting from a VAT exemption policy.

Pursuant to the *Notice of the MOF and the State Taxation Administration (the “SAT”) on VAT Exemption for Feed Products* (Cai Shui [2001] No. 121), the Company and its subsidiaries were entitled to VAT exemption for qualifying feed and premix products sold during the Track Record Period.

According to the *Announcement on Improving the VAT Policy for Comprehensive Utilisation of Resources* (Announcement [2021] No. 40) issued by the SAT, and other relevant regulations, entities engaged in sales of eligible industrial-grade blended oil included in the Catalogue of Preferential VAT on Products and Services for Comprehensive Utilisation of Resources is entitled to 70% refund of VAT upon collection. The Company and its subsidiaries enjoyed this preferential treatment throughout the Track Record Period.

In accordance with *Announcement on Relevant Policies for Deepening the Reform of VAT* (Announcement [2019] No. 39) issued by the MOF, the SAT and General Administration of Customs, certain subsidiaries were eligible for an additional 10% deduction in the current deductible input tax from 1 April 2019 to 31 December 2021. The implementation period was further extended to 31 December 2022 according to *Announcement on Promoting the Development of VAT Policies for Difficult Industries in the Service Sector* (Announcement [2022] No. 11) issued by the MOF and SAT. The Company’s subsidiaries, Henan Xinghua Biotechnology Co., Ltd. and Henan Hongxin Detection Technology Co., Ltd., were subject to this preferential treatment during the year ended 31 December 2022.

According to *Announcement of the MOF and the SAT on the Clarification of VAT Reduction and Exemption for Small-Scale VAT Taxpayers and Other Policies* (Announcement [2023] No. 1), the Company’s subsidiary, Henan Hongxin Detection Technology Co., Ltd. was eligible to offset the VAT payable by an additional 5% of the deductible input tax during the year ended 31 December 2023.

According to the *Announcement on the Additional VAT Deduction Policy for Advanced Manufacturing Enterprises* (Announcement [2023] No. 43 of the MOF and the SAT), one subsidiary of the Group is eligible to offset the VAT payable by an additional 5% of the deductible input tax of the current period as advanced manufacturing enterprises from 1 January 2023 to 31 December 2027. The advanced manufacturing enterprise in the announcement refers to a general taxpayer in the manufacturing industry, which is a high and new-tech enterprise. The Company’s subsidiary, Henan Muyuan Smart Technology Co., Ltd., which is a high and new-tech enterprise, was subject to the preferential treatment during the years ended 31 December 2023 and 2024.

(2) Income tax

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

The Company’s subsidiary, Henan Muyuan Smart Technology Co., Ltd., obtained the high-tech enterprise certification (certificate No. GR202241000434) on 1 December 2022 with a validity period of three years. According to the preferential tax policies for high-tech enterprises in the Enterprise Income Tax Law of the PRC, the applicable enterprise income tax rate of Henan Muyuan Smart Technology Co., Ltd. is 15% during the Track Record Period.

In accordance with the *Announcement on Further Implementing Preferential Income Tax Policies for Small and Micro Enterprises* (Announcement [2022] No. 13), the *Announcement on Income Tax Preferences for Small and Micro Enterprises and Individual Businesses* (Announcement [2023] No. 6), and *Announcement on Further Supporting the Development of Small and Micro Enterprises and Individual Businesses Related to Tax and Fee Policies* (Announcement [2023] No. 12), for small and micro enterprises with an annual taxable income less than RMB3 million, 25% of the amount is included in the taxable income, and the applicable enterprise income tax rate is 20%. During the Track Record Period, the Company’s subsidiaries, Shenzhen Muyuan Digital Technology Co., Ltd., Zhengzhou Muyuan Digital Technology Co., Ltd., Hubei Muxin Detection Technology Co., Ltd., Henan Muyuan Ecology Environment Technology Co., Ltd., and Muyuan New Energy Industry Development Co. Ltd. together with its subsidiaries, benefited from these preferential policies.

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(3) Others

In accordance with the *Announcement of the MOF and the SAT on Relevant Tax and Fee Policies with Respect to Further Supporting the Development of Small and Micro Enterprises and Individual Businesses* (MOF and SAT Announcement [2023] No. 12), from 1 January 2023 to 31 December 2027, for small-scale VAT taxpayers, small and low-profit enterprises and individual businesses, resource tax (excluding water resource tax), urban maintenance and construction tax, real estate tax, urban land use tax, stamp duty (excluding stamp duty on securities transaction), cultivated land occupation tax and educational surcharges and local educational surcharges shall be reduced by half.

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Cash at bank and on hand

Item	As at 31 December		
	2022	2023	2024
Cash on hand.	19,376.00	–	–
Deposits with banks.	17,842,850,658.61	13,679,139,040.28	12,677,308,375.77
Other monetary funds.	2,950,678,550.04	5,749,967,222.73	4,274,334,479.23
Total	20,793,548,584.65	19,429,106,263.01	16,951,642,855.00
<i>Including:</i>			
Total overseas deposits	3,567,919.93	157.31	8,441.72

Cash at bank and on hand that has restriction of use:

Item	As at 31 December		
	2022	2023	2024
Bank acceptance bill deposit, loan deposit, futures deposit, letter of credit deposit, etc.	2,883,258,860.99	5,652,713,362.12	4,107,091,241.92

2 Financial assets held for trading

Item	As at 31 December		
	2022	2023	2024
Financial assets at FVTPL			
<i>Including:</i>			
Futures contracts	316,500.00	21,184,000.00	2,886,840.00
Foreign exchange forward and interest rate swap contracts	2,725,036.82	–	–
Total	3,041,536.82	21,184,000.00	2,886,840.00

3 Bills receivable

(1) Classification of bills receivable

Item	As at 31 December		
	2022	2023	2024
Bank acceptance bills.	60,000,000.00	129,090,000.00	152,900,000.00

All of the above bills are due within one year. There were no pledged bills of the Group at the end of each reporting period.

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(2) *Outstanding endorsed or discounted bills that have not matured at the end of the year*

Item	As at 31 December					
	2022		2023		2024	
	Amount derecognised at year end	Amount not derecognised at year end	Amount derecognised at year end	Amount not derecognised at year end	Amount derecognised at year end	Amount not derecognised at year end
Bank acceptance bills	22,000,000.00	60,000,000.00	–	129,090,000.00	60,442,935.00	152,900,000.00

4 Accounts receivable

(1) *The ageing analysis of accounts receivable is as follows:*

	As at 31 December		
	2022	2023	2024
Within 1 year (inclusive)	180,658,436.54	175,655,770.74	241,823,636.13
Over 1 year but within 2 years (inclusive) . .	6,206,850.05	12,491,664.11	1,483,342.28
Over 2 years but within 3 years (inclusive) . .	–	319,752.75	1,133,815.55
Subtotal	186,865,286.59	188,467,187.60	244,440,793.96
Less: Provision for bad and doubtful debts . .	10,274,291.84	20,630,206.01	13,252,258.39
Total	176,590,994.75	167,836,981.59	231,188,535.57

The ageing is counted starting from the date when accounts receivable is recognised.

(2) *Accounts receivable by provision method*

	As at 31 December 2022				
	Book value		Provision for bad and doubtful debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Individual assessment	–	–	–	–	–
Collective assessment	186,865,286.59	100.00	10,274,291.84	5.50	176,590,994.75
Total	186,865,286.59	100.00	10,274,291.84		176,590,994.75

	As at 31 December 2023				
	Book value		Provision for bad and doubtful debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Individual assessment	11,606,417.63	6.16	11,606,417.63	100.00	–
Collective assessment	176,860,769.97	93.84	9,023,788.38	5.10	167,836,981.59
Total	188,467,187.60	100.00	20,630,206.01		167,836,981.59

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As at 31 December 2024

	Book value		Provision for bad and doubtful debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Individual assessment	595,000.00	0.24	595,000.00	100.00	–
Collective assessment	243,845,793.96	99.76	12,657,258.39	5.19	231,188,535.57
Total	<u>244,440,793.96</u>	<u>100.00</u>	<u>13,252,258.39</u>		<u>231,188,535.57</u>

Collective assessment and assessment of ECL:

At all times, the Group measures impairment loss for accounts receivable at an amount equal to lifetime ECLs, and the ECLs are based on the ageing and the expected credit loss rate.

As at 31 December 2022

	Book value	Expected credit loss rate (%)	Provision for bad and doubtful debts
Within 1 year (inclusive)	180,658,436.54	5.00	9,032,921.83
Over 1 year but within 2 years (inclusive) . . .	6,206,850.05	20.00	1,241,370.01
Total	<u>186,865,286.59</u>		<u>10,274,291.84</u>

As at 31 December 2023

	Book value	Expected credit loss rate (%)	Provision for bad and doubtful debts
Within 1 year (inclusive)	175,655,770.74	5.00	8,782,788.53
Over 1 year but within 2 years (inclusive) . . .	1,204,999.23	20.00	240,999.85
Total	<u>176,860,769.97</u>		<u>9,023,788.38</u>

As at 31 December 2024

	Book value	Expected credit loss rate (%)	Provision for bad and doubtful debts
Within 1 year (inclusive)	241,823,636.13	5.00	12,091,182.15
Over 1 year but within 2 years (inclusive) . . .	1,483,342.28	20.00	296,668.46
Over 2 years but within 3 years (inclusive) . . .	538,815.55	50.00	269,407.78
Total	<u>243,845,793.96</u>		<u>12,657,258.39</u>

The expected credit loss rate is determined based on historical credit loss experience, and is adjusted for differences in economic conditions during the historical period, current economic conditions and anticipated economic conditions during the expected lifetime.

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(3) *Movements of provisions for bad and doubtful debts:*

	Year ended 31 December		
	2022	2023	2024
As at 1 January	7,134,280.47	10,274,291.84	20,630,206.01
Additions	3,140,011.37	10,355,914.17	3,333,470.01
Written-offs	–	–	(10,711,417.63)
As at 31 December	10,274,291.84	20,630,206.01	13,252,258.39

(4) *Five largest debtors by accounts receivable at the end of each reporting period*

	As at 31 December 2022		
	Book value	Percentage of the total balance (%)	Provision for bad and doubtful debts
First	17,390,997.60	9.31	869,549.88
Second	13,868,516.40	7.42	693,425.82
Third	10,691,664.88	5.72	534,583.24
Fourth	10,530,958.93	5.64	526,547.95
Fifth	10,490,656.65	5.61	524,532.83
Total	62,972,794.46	33.70	3,148,639.72

	As at 31 December 2023		
	Book value	Percentage of the total balance (%)	Provision for bad and doubtful debts
First	22,719,135.10	12.05	1,135,956.76
Second	12,380,440.78	6.57	619,022.04
Third	11,924,392.18	6.33	596,219.61
Fourth	10,691,664.88	5.67	10,691,664.88
Fifth	9,120,511.95	4.84	456,025.60
Total	66,836,144.89	35.46	13,498,888.89

	As at 31 December 2024		
	Book value	Percentage of the total balance (%)	Provision for bad and doubtful debts
First	21,157,148.89	8.66	1,057,857.44
Second	12,447,570.91	5.09	622,378.55
Third	8,506,629.23	3.48	425,331.46
Fourth	8,186,439.56	3.35	409,321.98
Fifth	7,354,459.95	3.01	367,723.00
Total	57,652,248.54	23.59	2,882,612.43

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5 Prepayments

(1) The ageing analysis of prepayments is as follows:

	As at 31 December					
	2022		2023		2024	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year (inclusive)	2,078,485,787.65	98.90	507,575,069.69	94.86	500,546,106.43	95.46
Over 1 year but within 2 years (inclusive)	19,636,351.72	0.94	14,580,735.15	2.73	13,505,743.75	2.58
Over 2 years but within 3 years (inclusive)	3,417,016.00	0.16	9,625,654.70	1.80	7,315,458.07	1.40
Over 3 years	—	—	3,268,901.58	0.61	2,980,543.00	0.56
Total	<u>2,101,539,155.37</u>	<u>100.00</u>	<u>535,050,361.12</u>	<u>100.00</u>	<u>524,347,851.25</u>	<u>100.00</u>

The ageing is counted starting from the date when prepayments are recognised.

(2) *Five largest debtors by prepayments at the end of each reporting period*

As at 31 December 2022, 2023 and 2024, the total prepayments of the five largest debtors of the Group were RMB852,030,585.27, RMB180,763,566.89 and RMB147,827,525.44, respectively, representing 40.54%, 33.79% and 28.19% of the total prepayments, respectively.

6 Other receivables

	Note	As at 31 December		
		2022	2023	2024
Dividends receivable	(1)	—	960,262.02	—
Others	(2)	<u>492,775,020.47</u>	<u>174,587,413.60</u>	<u>90,551,665.56</u>
Total		<u>492,775,020.47</u>	<u>175,547,675.62</u>	<u>90,551,665.56</u>

(1) *Dividends receivable*

(a) *Dividends receivable by category:*

	As at 31 December		
	2022	2023	2024
Guangdong Guangken Muyuan Livestock Husbandry Co., Ltd.	<u>—</u>	<u>960,262.02</u>	<u>—</u>

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(2) Others

(a) Others categorised by nature

	As at 31 December		
	2022	2023	2024
Security deposits	525,650,354.79	201,053,101.54	110,352,283.62
Other deposits	212,656.82	432,200.00	208,963.17
Subtotal	525,863,011.61	201,485,301.54	110,561,246.79
Less: Provision for bad and doubtful debts	33,087,991.14	26,897,887.94	20,009,581.23
Total	492,775,020.47	174,587,413.60	90,551,665.56

(b) The ageing analysis is as follows:

	As at 31 December		
	2022	2023	2024
Within 1 year (inclusive)	502,767,161.87	129,520,488.90	87,576,574.28
Over 1 year but within 2 years (inclusive)	15,585,645.14	57,048,500.84	4,050,091.72
Over 2 years but within 3 years (inclusive)	5,355,401.16	11,808,297.04	8,227,693.35
Over 3 years	2,154,803.44	3,108,014.76	10,706,887.44
Subtotal	525,863,011.61	201,485,301.54	110,561,246.79
Less: Provision for bad and doubtful debts	33,087,991.14	26,897,887.94	20,009,581.23
Total	492,775,020.47	174,587,413.60	90,551,665.56

The ageing is counted starting from the date when other receivables are recognised.

(c) Others by provision method

	As at 31 December 2022				
	Book value		Provision for bad and doubtful debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Individual assessment	—	—	—	—	—
Collective assessment	525,863,011.61	100.00	33,087,991.14	6.29	492,775,020.47
Total	525,863,011.61	100.00	33,087,991.14		492,775,020.47

	As at 31 December 2023				
	Book value		Provision for bad and doubtful debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Individual assessment	—	—	—	—	—
Collective assessment	201,485,301.54	100.00	26,897,887.94	13.35	174,587,413.60
Total	201,485,301.54	100.00	26,897,887.94		174,587,413.60

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As at 31 December 2024

	Book value		Provision for bad and doubtful debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Individual assessment	–	–	–	–	–
Collective assessment	110,561,246.79	100.00	20,009,581.23	18.10	90,551,665.56
Total	110,561,246.79	100.00	20,009,581.23		90,551,665.56

(d) *Movements of provisions for bad and doubtful debts*

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL – Not credit impaired	Lifetime ECL – Credit impaired	
As at 1 January 2022	17,383,224.28	–	–	17,383,224.28
Transfer to stage 3	(4,261,137.66)	–	4,261,137.66	–
Additions	19,965,904.52	–	–	19,965,904.52
Written-offs	–	–	(4,261,137.66)	(4,261,137.66)
As at 31 December 2022	33,087,991.14	–	–	33,087,991.14
Transfer to stage 3	–	–	–	–
Reversals	(6,190,103.20)	–	–	(6,190,103.20)
Written-offs	–	–	–	–
As at 31 December 2023	26,897,887.94	–	–	26,897,887.94
Transfer to stage 3	(3,271,143.86)	–	3,271,143.86	–
Reversals	(3,617,162.85)	–	–	(3,617,162.85)
Written-offs	–	–	(3,271,143.86)	(3,271,143.86)
As at 31 December 2024	20,009,581.23	–	–	20,009,581.23

(e) *Provisions for bad and doubtful debts*

Group of security deposits and other deposits	Year ended 31 December		
	2022	2023	2024
As at 1 January	17,383,224.28	33,087,991.14	26,897,887.94
Additions	19,965,904.52	–	–
Reversals	–	(6,190,103.20)	(3,617,162.85)
Written-offs	(4,261,137.66)	–	(3,271,143.86)
Other movements	–	–	–
As at 31 December	33,087,991.14	26,897,887.94	20,009,581.23

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(f) Five largest debtors by other receivables at the end of each reporting period

As at 31 December 2022					
	Nature of the receivable	Book value	Ageing	Percentage of ending balance of others (%)	Provision for bad and doubtful debts
First	Security deposits	165,684,318.25	Within 1 year	31.51	8,284,215.91
Second	Security deposits	70,950,000.00	Within 1 year	13.49	3,547,500.00
Third	Security deposits	62,628,315.00	Within 1 year	11.91	3,131,415.75
Fourth	Security deposits	50,890,000.00	Within 1 year	9.68	2,544,500.00
Fifth	Security deposits	40,725,520.00	Within 1 year	7.74	2,036,276.00
Total		390,878,153.25		74.33	19,543,907.66

As at 31 December 2023					
	Nature of the receivable	Book value	Ageing	Percentage of ending balance of others (%)	Provision for bad and doubtful debts
First	Security deposits	71,674,457.00	Within 1 year/ Over 1 year but within 2 years	35.57	10,398,284.20
Second	Security deposits	26,313,205.63	Within 1 year	13.06	1,315,660.28
Third	Security deposits	18,453,000.00	Within 1 year	9.16	922,650.00
Fourth	Security deposits	12,034,000.00	Within 1 year	5.97	601,700.00
Fifth	Security deposits	7,918,240.00	Within 1 year	3.93	395,912.00
Total		136,392,902.63		67.69	13,634,206.48

As at 31 December 2024					
	Nature of the receivable	Book value	Ageing	Percentage of ending balance of others (%)	Provision for bad and doubtful debts
First	Security deposits	26,434,294.27	Within 1 year	23.91	1,321,714.71
Second	Security deposits	19,972,980.00	Within 1 year	18.07	998,649.00
Third	Security deposits	19,410,000.00	Within 1 year	17.56	970,500.00
Fourth	Security deposits	3,801,654.39	Over 2 years but within 3 years	3.44	1,900,827.20
Fifth	Security deposits	2,054,600.00	Over 3 years	1.85	2,054,600.00
Total		71,673,528.66		64.83	7,246,290.91

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7 Inventories

(1) Inventories by category

	As at 31 December								
	2022			2023			2024		
	Book value	Provision for impairment of inventories	Carrying amount	Book value	Provision for impairment of inventories	Carrying amount	Book value	Provision for impairment of inventories	Carrying amount
Raw materials . . .	9,138,515,932.09	–	9,138,515,932.09	8,025,727,598.32	–	8,025,727,598.32	8,336,495,928.55	–	8,336,495,928.55
Finished goods . . .	614,957,866.87	–	614,957,866.87	1,298,226,258.93	43,095,052.41	1,255,131,206.52	565,504,572.73	621,043.09	564,883,529.64
Consumable									
biological assets .	28,498,245,305.64	–	28,498,245,305.64	32,809,335,177.86	159,381,063.53	32,649,954,114.33	33,068,458,998.46	–	33,068,458,998.46
Total	38,251,719,104.60	–	38,251,719,104.60	42,133,289,035.11	202,476,115.94	41,930,812,919.17	41,970,459,499.74	621,043.09	41,969,838,456.65

(2) Provision for impairment of inventories

	As at 1 January 2022 and 31 December 2022	Additions	Reversals or transfers out	As at 31 December 2023	Additions	Reversals or transfers out	As at 31 December 2024
Finished goods . . .	–	43,095,052.41	–	43,095,052.41	29,555,907.89	72,029,917.21	621,043.09
Consumable							
biological assets .	–	159,381,063.53	–	159,381,063.53	–	159,381,063.53	–
Total	–	202,476,115.94	–	202,476,115.94	29,555,907.89	231,410,980.74	621,043.09

8 Other current assets

Item	As at 31 December		
	2022	2023	2024
Deductible input VAT	561,863,945.19	922,184,410.53	956,149,278.07
Insurance expenses	93,754,649.12	212,465,633.20	264,882,692.24
Rental fees	33,447,226.44	56,944,785.42	33,967,117.54
Financing issuance fees	10,067,554.86	366,900.00	–
Others	–	2,209,036.56	140,245,913.97
Subtotal	699,133,375.61	1,194,170,765.71	1,395,245,001.82
Less: Provision for impairment	–	–	–
Total	699,133,375.61	1,194,170,765.71	1,395,245,001.82

9 Long-term equity investments

(1) Long-term equity investments by category:

Item	As at 31 December		
	2022	2023	2024
Investments in associates	581,847,949.59	718,748,080.54	903,747,850.94
Less: Provision for impairment	–	–	–
Total	581,847,949.59	718,748,080.54	903,747,850.94

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(2) *Movements of long-term equity investments during the Track Record Period are as follows:*

	Year ended 31 December 2022										
	As at 1 January	Increase in capital	Decrease in capital	Investment income/(losses) recognised under the equity method	Adjustments to other comprehensive income	Other equity movements	Declared distribution of cash dividends or profits	Provision for impairment	Others	As at 31 December	Balance of provision for impairment as at 31 December
Associates											
Henan Longda Muyuan											
Meat Co., Ltd.	102,134,325.13	-	-	23,241,990.08	-	-	-	-	-	125,376,315.21	-
China Securities Jiaotong											
Fund Management Co., Ltd.	60,936,787.04	-	-	(1,138,012.60)	-	-	-	-	-	59,798,774.44	-
Guangdong Guangken Muyuan Livestock											
Husbandry Co., Ltd. . . .	48,499,819.07	71,400,000.00	-	2,034,730.66	-	-	-	-	-	121,934,549.73	-
Rongtong Nongfa Muyuan (Chongzhou) Co., Ltd. . .	58,732,560.44	-	-	13,826,090.62	-	-	-	-	-	72,558,651.06	-
Rongtong Nongfa Muyuan (Tangshan) Livestock											
Husbandry Co., Ltd. . . .	22,131,137.27	61,250,000.00	-	276,241.70	-	-	-	-	-	83,657,378.97	-
Rongtong Nongfa Muyuan (Jianyang) Co., Ltd. . . .	14,710,866.53	44,100,000.00	-	464,598.15	-	-	-	-	-	59,275,464.68	-
Zhongmu Muyuan (Henan) Biological Pharmaceutical Co., Ltd.	-	57,600,000.00	-	(282,191.95)	-	-	-	-	-	57,317,808.05	-
Henan Lianmu Veterinary Medicine Co., Ltd.	-	2,000,000.00	-	(70,992.55)	-	-	-	-	-	1,929,007.45	-
Total.	307,145,495.48	236,350,000.00	-	38,352,454.11	-	-	-	-	-	581,847,949.59	-

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Year ended 31 December 2023

	As at 1 January	Increase in capital	Decrease in capital	Investment income/(losses) recognised under the equity method	Adjustments to other comprehensive income	Other equity movements	Declared distribution of cash dividends or profits	Provision for impairment	Others	As at 31 December	Balance of provision for impairment as at 31 December
Associates											
Henan Longda Muyuan											
Meat Co., Ltd.	125,376,315.21	-	-	(7,789,778.76)	-	-	-	-	-	117,586,536.45	-
China Securities Jiaotong											
Fund Management											
Co., Ltd.	59,798,774.44	-	-	(5,099,564.88)	-	-	-	-	-	54,699,209.56	-
Guangdong Guangken											
Muyuan Livestock											
Husbandry Co., Ltd. . . .	121,934,549.73	81,600,000.00	-	(6,948,676.91)	-	-	(960,262.02)	-	-	195,625,610.80	-
Rongtong Nongfa Muyuan											
(Chongzhou) Co., Ltd. . .	72,558,651.06	-	-	(6,248,320.06)	-	-	-	-	-	66,310,331.00	-
Rongtong Nongfa Muyuan											
(Tangshan) Livestock											
Husbandry Co., Ltd. . . .	83,657,378.97	-	-	42,531.16	-	-	-	-	-	83,699,910.13	-
Rongtong Nongfa Muyuan											
(Jianyang) Co., Ltd. . . .	59,275,464.68	-	-	233,363.10	-	-	-	-	-	59,508,827.78	-
Zhongmu Muyuan (Henan)											
Biological Pharmaceutical											
Co., Ltd.	57,317,808.05	-	-	8,168.77	-	-	-	-	-	57,325,976.82	-
Henan Lianmu Veterinary											
Medicine Co., Ltd.	1,929,007.45	12,000,000.00	-	(505,619.71)	-	-	-	-	-	13,423,387.74	-
Nanyang Longyuan New											
Energy Technology											
Co., Ltd.	-	45,000,000.00	-	1,115,139.34	-	-	-	-	-	46,115,139.34	-
Henan Qianmu Biological											
Pharmaceutical Co., Ltd. .	-	24,500,000.00	-	(46,849.08)	-	-	-	-	-	24,453,150.92	-
Total.	581,847,949.59	163,100,000.00	-	(25,239,607.03)	-	-	(960,262.02)	-	-	718,748,080.54	-

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Year ended 31 December 2024

	As at 1 January	Increase in capital	Decrease in capital	Investment income/(losses) recognised under the equity method	Adjustments to other comprehensive income	Other equity movements	Declared distribution of cash dividends or profits	Provision for impairment	Others	As at 31 December	Balance of provision for impairment as at 31 December
Associates											
Henan Longda Muyuan Meat Co., Ltd.	117,586,536.45	-	-	(4,393,194.19)	-	-	-	-	-	113,193,342.26	-
China Securities Jiaotong Fund Management Co., Ltd.	54,699,209.56	-	-	713,879.32	-	-	-	-	-	55,413,088.88	-
Guangdong Guangken Muyuan Livestock Husbandry Co., Ltd. . . .	195,625,610.80	74,800,000.00	-	55,259,030.17	-	-	-	-	-	325,684,640.97	-
Rongtong Nongfa Muyuan (Chongzhou) Co., Ltd. . .	66,310,331.00	-	-	3,318,951.75	-	-	-	-	-	69,629,282.75	-
Rongtong Nongfa Muyuan (Tangshan) Livestock Husbandry Co., Ltd. . . .	83,699,910.13	-	-	57,445.81	-	-	-	-	-	83,757,355.94	-
Rongtong Nongfa Muyuan (Jiayang) Co., Ltd. . . .	59,508,827.78	-	-	(2,946,157.57)	-	-	-	-	-	56,562,670.21	-
Zhongmu Muyuan (Henan) Biological Pharmaceutical Co., Ltd.	57,325,976.82	-	-	1,722,892.86	-	-	-	-	-	59,048,869.68	-
Henan Lianmu Veterinary Medicine Co., Ltd.	13,423,387.74	36,000,000.00	-	(1,695,846.17)	-	-	-	-	-	47,727,541.57	-
Nanyang Longyuan New Energy Technology Co., Ltd.	46,115,139.34	-	-	7,864,718.87	-	-	-	-	-	53,979,858.21	-
Henan Qianmu Biological Pharmaceutical Co., Ltd. .	24,453,150.92	-	-	(383,604.63)	-	-	-	-	-	24,069,546.29	-
Fengyi Muyuan Oil Technology (Nanyang) Co., Ltd.	-	14,700,000.00	-	(18,345.82)	-	-	-	-	-	14,681,654.18	-
Total	718,748,080.54	125,500,000.00	-	59,499,770.40	-	-	-	-	-	903,747,850.94	-

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10 Investments in other equity instruments

	Year ended 31 December 2022											
	As at 1 January	Additional investments	Reduction in investments	Gains included in other comprehensive income during the year	Losses included in other comprehensive income during the year	Others	As at 31 December	Dividend income recognised during the year	Accumulated gains included in other comprehensive income	Accumulated losses included in other comprehensive income	Reason for designation	
Nanyang Wolong Rural Credit Cooperative Association	143,000,000.00	-	-	-	-	-	143,000,000.00	-	-	-	Maintaining a long-term investment for strategic reasons	
	Year ended 31 December 2023											
	As at 1 January	Additional investments	Reduction in investments	Gains included in other comprehensive income during the year	Losses included in other comprehensive income during the year	Others	As at 31 December	Dividend income recognised during the year	Accumulated gains included in other comprehensive income	Accumulated losses included in other comprehensive income	Reason for designation	
Nanyang Wolong Rural Credit Cooperative Association	143,000,000.00	-	-	-	(36,475,405.75)	-	106,524,594.25	-	-	(36,475,405.75)	Maintaining a long-term investment for strategic reasons	
	Year ended 31 December 2024											
	As at 1 January	Additional investments	Reduction in investments	Gains included in other comprehensive income during the year	Losses included in other comprehensive income during the year	Others	As at 31 December	Dividend income recognised during the year	Accumulated gains included in other comprehensive income	Accumulated losses included in other comprehensive income	Reason for designation	
Nanyang Wolong Rural Credit Cooperative Association	106,524,594.25	-	-	-	-	-	106,524,594.25	-	-	(36,475,405.75)	Maintaining a long-term investment for strategic reasons	

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11 Investment properties

	Plant & buildings	Land use rights	Total
Cost			
As at 1 January 2022	156,136,596.47	7,011,575.31	163,148,171.78
Additions			
– Transfers from fixed assets/construction in progress	9,579,564.67	–	9,579,564.67
Decreases			
– Transfers out to fixed assets/intangible assets	27,230,074.70	1,184,804.76	28,414,879.46
As at 31 December 2022	138,486,086.44	5,826,770.55	144,312,856.99
Additions			
– Transfers from fixed assets/construction in progress	1,679,691.55	–	1,679,691.55
– Transfers from intangible assets	–	263,750.02	263,750.02
Decreases			
– Transfers out to fixed assets/intangible assets	16,744,788.02	304,980.88	17,049,768.90
As at 31 December 2023 and 2024	123,420,989.97	5,785,539.69	129,206,529.66
Accumulated depreciation			
As at 1 January 2022	9,681,747.23	1,551,162.02	11,232,909.25
Additions			
– Charge for the year	6,748,806.30	146,382.47	6,895,188.77
– Transfers from fixed assets/intangible assets	2,317,204.85	–	2,317,204.85
Decreases			
– Transfers out to fixed assets/intangible assets	1,401,214.26	268,392.06	1,669,606.32
As at 31 December 2022	17,346,544.12	1,429,152.43	18,775,696.55
Additions			
– Charge for the year	6,590,859.28	143,613.21	6,734,472.49
– Transfers from fixed assets/intangible assets	166,909.02	68,593.88	235,502.90
Decreases			
– Transfers out to fixed assets/intangible assets	5,658,703.27	79,636.69	5,738,339.96
As at 31 December 2023	18,445,609.15	1,561,722.83	20,007,331.98
Additions			
– Charge for the year	5,861,938.74	142,861.32	6,004,800.06
As at 31 December 2024	24,307,547.89	1,704,584.15	26,012,132.04
Provision for impairment			
As at 1 January 2022 and 31 December 2022, 2023 and 2024	–	–	–
Carrying amounts			
As at 31 December 2022	121,139,542.32	4,397,618.12	125,537,160.44
As at 31 December 2023	104,975,380.82	4,223,816.86	109,199,197.68
As at 31 December 2024	99,113,442.08	4,080,955.54	103,194,397.62

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12 Fixed assets

(1) Fixed assets

	Plant & buildings	Machinery & equipment	Motor vehicles	Others	Total
Cost					
As at 1 January 2022 . . .	82,836,364,886.04	27,289,446,792.19	1,847,034,939.34	3,039,365,346.98	115,012,211,964.55
Additions					
– Purchases	409,518,702.77	1,535,120,945.88	97,397,400.35	101,377,472.24	2,143,414,521.24
– Transfers from construction in progress	11,995,459,152.29	3,430,948,899.37	–	447,536,946.40	15,873,944,998.06
– Transfers from investment properties.	27,230,074.70	–	–	–	27,230,074.70
Decreases					
– Disposals or written-offs	210,176,299.49	255,461,640.38	8,611,712.53	20,528,969.47	494,778,621.87
– Transfers out to investment properties.	9,579,564.67	–	–	–	9,579,564.67
As at 31 December 2022 . .	95,048,816,951.64	32,000,054,997.06	1,935,820,627.16	3,567,750,796.15	132,552,443,372.01
Additions					
– Purchases	794,628,994.79	1,308,316,802.09	106,854,529.29	257,911,738.60	2,467,712,064.77
– Transfers from construction in progress	11,909,169,935.63	4,171,823,165.81	–	473,539,247.33	16,554,532,348.77
– Transfers from investment properties.	16,744,788.02	–	–	–	16,744,788.02
Decreases					
– Disposals or written-offs	411,788,204.00	583,872,301.99	46,355,479.84	62,416,097.67	1,104,432,083.50
– Transfers out to investment properties.	1,512,949.68	–	–	–	1,512,949.68
As at 31 December 2023 . .	107,356,059,516.40	36,896,322,662.97	1,996,319,676.61	4,236,785,684.41	150,485,487,540.39
Additions					
– Purchases	154,985,017.40	966,942,316.42	172,582,927.85	250,174,730.86	1,544,684,992.53
– Transfers from construction in progress	5,526,963,283.98	2,244,396,673.42	–	221,886,365.05	7,993,246,322.45
Decreases					
– Disposals or written-offs	729,033,460.95	694,848,987.19	110,371,750.72	84,357,440.12	1,618,611,638.98
As at 31 December 2024 . .	112,308,974,356.83	39,412,812,665.62	2,058,530,853.74	4,624,489,340.20	158,404,807,216.39
Accumulated depreciation					
As at 1 January 2022 . . .	10,137,453,111.89	4,084,523,298.37	515,971,828.57	723,334,382.33	15,461,282,621.16
Additions					
– Charge for the year . .	6,997,875,604.59	3,060,393,748.29	289,603,113.10	579,993,488.79	10,927,865,954.77
– Transfers from investment properties.	1,401,214.26	–	–	–	1,401,214.26
Decreases					
– Disposals or written-offs	64,898,154.07	111,062,416.79	6,787,264.86	11,759,241.49	194,507,077.21
– Transfers out to investment properties.	2,317,204.85	–	–	–	2,317,204.85

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	Plant & buildings	Machinery & equipment	Motor vehicles	Others	Total
As at 31 December 2022 . . .	17,069,514,571.82	7,033,854,629.87	798,787,676.81	1,291,568,629.63	26,193,725,508.13
Additions					
– Charge for the year . . .	7,996,242,581.01	3,649,341,952.19	296,370,053.02	714,418,272.05	12,656,372,858.27
– Transfers from investment properties.	5,658,703.27	–	–	–	5,658,703.27
Decreases					
– Disposals or written-offs	147,380,678.65	292,495,380.79	37,816,263.70	42,903,742.56	520,596,065.70
– Transfers out to investment properties.	166,909.02	–	–	–	166,909.02
As at 31 December 2023 . . .	24,923,868,268.43	10,390,701,201.27	1,057,341,466.13	1,963,083,159.12	38,334,994,094.95
Additions					
– Charge for the year . . .	8,987,871,444.14	3,995,675,831.75	291,866,944.87	815,886,453.16	14,091,300,673.92
Decreases					
– Disposals or written-offs	239,625,136.48	380,969,934.60	86,466,933.32	65,785,806.86	772,847,811.26
As at 31 December 2024 . . .	33,672,114,576.09	14,005,407,098.42	1,262,741,477.68	2,713,183,805.42	51,653,446,957.61
Provision for impairment					
As at 1 January 2022 and 31 December 2022, 2023 and 2024	–	–	–	–	–
Carrying amounts					
As at 31 December 2022 . . .	77,979,302,379.82	24,966,200,367.19	1,137,032,950.35	2,276,182,166.52	106,358,717,863.88
As at 31 December 2023 . . .	82,432,191,247.97	26,505,621,461.70	938,978,210.48	2,273,702,525.29	112,150,493,445.44
As at 31 December 2024 . . .	78,636,859,780.74	25,407,405,567.20	795,789,376.06	1,911,305,534.78	106,751,360,258.78

(2) *Fixed assets leased out under operating leases*

	As at 31 December		
	2022	2023	2024
Plant & buildings	–	6,888,329.21	8,951,836.14
Machinery & equipment	1,192,122.22	2,031,020.32	1,768,662.00
Motor vehicles	369,828.82	211,640.11	122,280.97
Others	221,692.41	165,368.60	125,614.18
Total	1,783,643.45	9,296,358.24	10,968,393.29

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(3) Fixed assets pending certificates of ownership

	As at 31 December			Reason why certificates of ownership are pending
	2022	2023	2024	
Hog slaughtering projects	2,377,747,460.90	2,288,983,061.74	1,769,558,746.02	Certificates are in progress
Feed processing projects	966,940,087.96	970,873,615.84	988,378,244.30	Certificates are in progress
Total	<u>3,344,687,548.86</u>	<u>3,259,856,677.58</u>	<u>2,757,936,990.32</u>	

13 Construction in progress

	As at 31 December		
	2022	2023	2024
Construction in progress	<u>7,441,270,850.48</u>	<u>2,308,343,400.07</u>	<u>2,018,203,532.86</u>

(1) Construction in progress

	As at 31 December 2022			As at 31 December 2023			As at 31 December 2024		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Hog breeding projects	6,282,051,888.51	–	6,282,051,888.51	1,460,879,601.07	–	1,460,879,601.07	1,256,686,022.56	–	1,256,686,022.56
Hog slaughtering projects	530,881,556.13	–	530,881,556.13	551,555,807.46	–	551,555,807.46	602,469,336.62	–	602,469,336.62
Feed processing projects	340,360,572.21	–	340,360,572.21	239,646,611.29	–	239,646,611.29	102,197,308.64	–	102,197,308.64
Others	287,976,833.63	–	287,976,833.63	56,261,380.25	–	56,261,380.25	56,850,865.04	–	56,850,865.04
Total	<u>7,441,270,850.48</u>	<u>–</u>	<u>7,441,270,850.48</u>	<u>2,308,343,400.07</u>	<u>–</u>	<u>2,308,343,400.07</u>	<u>2,018,203,532.86</u>	<u>–</u>	<u>2,018,203,532.86</u>

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Movements of major construction projects in progress during the Track Record Period:

Project	2022							Capitalisation rate of interests in 2022 (%)	Sources of funding
	Budget	As at 1 January	Additions	Transfers to fixed assets	Other decreases	As at 31 December	Percentage of actual cost to budget		
	(RMB million)							(%)	
Neixiang Complex swine breeding project	3,500.00	137,015,225.33	345,207,559.71	413,058,891.40	–	69,163,893.64	95.55%	–	– Proceeds from offering
Leizhou Muyuan swine breeding project	1,933.49	386,377,558.31	238,212,880.48	266,525,637.43	–	338,064,801.36	92.21%	–	– Loans from financial institutions
Neihuang Muyuan swine breeding project	1,648.31	129,134,844.21	213,488,261.88	264,845,482.53	–	77,777,623.56	84.22%	–	– Proceeds from offering
Guannan Muyuan swine breeding project	1,779.22	2,599,852.06	193,897,698.37	193,430,138.32	–	3,067,412.11	98.50%	1,188,718.75	– Proceeds from offering
Zhengyang Muyuan swine breeding project	2,447.38	29,763,352.16	185,759,375.88	120,570,246.06	–	94,952,481.98	62.85%	15,031,246.98	– Proceeds from offering
Fugou Muyuan swine breeding project	1,767.17	17,711,315.77	179,874,626.36	160,040,413.30	–	37,545,528.83	97.56%	978,242.13	– Proceeds from offering
Shangcai Muyuan swine breeding project	2,374.73	65,723,847.87	175,954,430.21	204,536,488.65	–	37,141,789.43	84.71%	–	– Loans from financial institutions
Laohokou Muyuan swine breeding project	1,384.56	89,766,241.46	175,567,450.80	221,358,931.99	–	43,974,760.27	97.13%	–	– Proceeds from offering
Taikang Muyuan swine breeding project	1,574.91	51,817,329.54	171,744,634.78	220,926,711.94	–	2,635,252.38	98.81%	–	– Other
Ruzhou Complex swine breeding project	2,391.84	913,612,072.89	166,987,187.24	296,721,070.38	–	783,878,189.75	58.44%	–	– Other
Tieling Muyuan swine breeding project	1,365.70	54,508,512.27	164,703,358.01	159,442,343.77	–	59,769,526.51	70.24%	–	– Loans from financial institutions
Sixian Muyuan swine breeding project	1,640.34	107,178,152.34	158,998,989.74	173,075,332.48	–	93,101,809.60	99.57%	–	– Loans from financial institutions
Zhongxiang Muyuan swine breeding project	1,796.32	91,299,085.48	158,753,837.26	219,304,817.46	–	30,748,105.28	91.17%	658,254.06	– Other
Caoxian Muyuan swine breeding project	2,078.95	15,975,775.42	155,447,388.32	148,609,816.05	–	22,813,347.69	98.98%	–	– Other
Mengcheng Muyuan swine breeding project	1,821.38	16,748,196.09	151,222,178.69	126,143,160.80	–	41,827,213.98	79.29%	–	– Proceeds from offering

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Project	Budget (RMB million)	2022							Including: Interest capitalised in 2022	Capitalisation rate of interests in 2022 (%)	Sources of funding
		As at 1 January	Additions	Transfers to fixed assets	Other decreases	As at 31 December	Percentage of actual cost to budget (%)	Project progress	Accumulated capitalised interest		
Shangshui Muyuan swine breeding project	2,033.39	21,993,434.96	148,965,321.84	125,821,426.52	-	45,137,330.28	96.73%	96.73%	-	-	- Other
Sheqi Muyuan swine breeding project	1,456.82	57,152,450.19	135,350,180.70	170,569,967.69	-	21,932,663.20	80.35%	80.35%	-	-	- Loans from financial institutions
Qixian Muyuan swine breeding project	2,090.87	37,674,919.45	130,063,915.55	124,302,429.64	-	43,436,405.36	97.30%	97.30%	-	-	- Loans from financial institutions
Tongyu Muyuan swine breeding project	1,478.83	14,124,069.90	129,229,740.70	139,921,818.34	-	3,431,992.26	86.16%	86.16%	-	-	- Other
Tanghe Muyuan swine breeding project	2,067.25	88,428,410.21	127,137,992.57	190,935,533.63	-	24,630,869.15	80.07%	80.07%	-	-	- Other
Da'an Muyuan swine breeding project	1,129.32	18,581,978.54	121,901,440.93	87,371,423.19	-	53,111,996.28	89.17%	89.17%	-	-	- Proceeds from offering
Shishou Muyuan swine breeding project	1,229.14	104,459,055.44	121,342,469.35	149,797,093.64	-	76,004,431.15	92.15%	92.15%	-	-	- Proceeds from offering
Dongming Muyuan swine breeding project	1,288.04	50,617,936.89	120,239,991.97	143,720,661.26	-	27,137,267.60	99.78%	99.78%	-	-	- Proceeds from offering
Wolong Muyuan swine breeding project	1,964.04	85,341,336.66	113,925,549.57	161,635,938.65	-	37,630,947.58	95.76%	95.76%	-	-	- Other
Xiping Muyuan swine breeding project	1,186.94	11,763,052.61	110,414,099.48	36,778,541.30	-	85,398,610.79	75.69%	75.69%	-	-	- Proceeds from offering
Qianguo Muyuan swine breeding project	981.77	92,803,802.86	106,713,539.87	136,716,152.41	-	62,801,190.32	97.72%	97.72%	-	-	- Loans from financial institutions
Wengmiao Muyuan swine breeding project	1,581.61	56,196,774.71	104,625,282.08	141,904,095.11	-	18,917,961.68	97.03%	97.03%	-	-	- Proceeds from offering
Dengzhou Muyuan swine breeding project	1,908.42	32,724,140.90	103,122,876.47	126,176,687.89	-	9,670,329.48	99.38%	99.38%	-	-	- Other
Wulian hogs and swine breeding project	177.00	39,278,104.49	100,170,787.52	99,134,347.47	-	40,314,544.54	79.92%	79.92%	-	-	- Other
Xixiangtang Muyuan swine breeding project	672.82	313,547,838.68	91,382,828.45	242,228,060.35	-	162,702,606.78	80.70%	80.70%	-	-	- Loans from financial institutions
Yongcheng Muyuan swine breeding project	387.25	191,552,527.15	89,801,252.15	138,786,277.95	-	142,567,501.35	74.84%	74.84%	-	-	- Other

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ACCOUNTANTS’ REPORT

Project	Budget (RMB million)	2022						Accumulated capitalised interest	Including: interest capitalised in 2022	Capitalisation rate of interests in 2022 (%)	Sources of funding
		As at 1 January	Additions	Transfers to fixed assets	Other decreases	As at 31 December	Percentage of actual cost to budget (%)				
Luxi swine and hogs breeding project . .	150.55	43,166,738.24	70,892,077.23	4,276,390.90	-	109,782,424.57	76.68%	-	-	-	- Other
Yuangping Muyuan swine breeding project .	914.42	301,809,358.11	69,818,299.10	91,561,433.41	-	280,066,223.80	94.00%	-	-	-	- Loans from financial institutions
Chencang Muyuan swine breeding project	270.43	119,305,069.91	62,077,994.99	73,077,077.24	-	108,305,987.66	68.16%	-	-	-	- Loans from financial institutions
Hai'an Muyuan swine breeding project . .	461.37	238,370,575.69	55,568,934.90	151,902,223.26	-	142,037,287.33	98.11%	1,626,666.66	-	-	- Loans from financial institutions
Xinyi Muyuan swine breeding project . .	730.00	222,441,082.28	55,423,477.90	89,755,829.89	-	188,108,730.29	79.46%	465,972.23	-	-	- Other
Huaxian Meat swine slaughtering Project .	462.51	308,495,729.88	53,768,127.39	48,820,595.55	-	313,443,261.72	78.37%	22,985,208.66	16,167,672.58	5.50%	Loans from financial institutions
Sichuan Muyuan swine breeding project .	448.71	137,844,167.16	41,964,256.66	50,377,186.21	-	129,431,237.61	69.78%	-	-	-	- Loans from financial institutions
Qingjiangpu Muyuan swine breeding project	355.96	124,286,646.88	39,598,745.13	40,823,874.21	-	123,061,517.80	86.32%	-	-	-	- Other
Liangzhou Muyuan swine breeding project	764.89	150,084,503.31	36,447,718.81	64,451,937.25	-	122,080,284.87	65.37%	-	-	-	- Loans from financial institutions
Funing Muyuan swine breeding project . .	459.73	212,699,335.61	36,321,852.52	14,582,085.77	-	234,439,102.36	83.25%	1,372,500.00	-	-	- Loans from financial institutions

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Project	2022									
	Budget	As at 1 January	Additions	Transfers to fixed assets	Other decreases	As at 31 December	Percentage of actual cost to budget	Project progress	Accumulated capitalised interest	Including: interest capitalised in 2022
	(RMB million)						(%)			(%)
Jingtai Muyuan swine breeding project . .	607.41	212,397,276.37	35,505,777.47	53,836,268.69	-	194,066,785.15	72.99%	72.99%	-	-
										- Loans from financial institutions
Suyu Muyuan swine breeding project . .	381.38	99,770,247.89	30,811,437.78	26,856,868.69	-	103,724,816.98	38.93%	38.93%	352,444.45	-
										- Loans from financial institutions
Lianshui Muyuan swine breeding project .	351.50	116,828,301.11	22,591,405.51	9,921,298.24	-	129,498,408.38	41.30%	41.30%	102,083.33	-
										- Loans from financial institutions
Baoying Muyuan swine breeding project .	174.49	96,685,116.36	11,239,710.79	2,644,152.10	-	105,280,675.05	70.75%	70.75%	154,583.33	-
										- Loans from financial institutions
Total	57,671.16	5,709,655,343.64	5,312,236,943.11	6,127,277,159.01	-	4,894,615,127.74			44,915,920.58	
									16,167,672.58	

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Project	Budget (RMB million)	2023						Accumulated capitalised interest	Including: Interest capitalised in 2023	Capitalisation rate of interests in 2023 (%)	Sources of funding
		As at 1 January	Additions	Transfers to fixed assets	Other decreases	As at 31 December	Percentage of actual cost to budget (%)				
Huaxian Meat swine slaughtering project	462.51	313,443,261.72	25,022,338.50	8,344,578.54	-	330,121,021.68	83.78%	26,662,765.20	3,677,556.54	5.50%	Loans from financial institutions
Jingtai Muyuan swine breeding project	607.41	194,066,785.15	21,675,995.60	104,642,626.64	-	111,100,154.11	76.56%	-	-	-	Loans from financial institutions
Leizhou Muyuan swine breeding project	2,075.56	358,064,801.36	241,390,941.72	496,534,127.09	-	102,921,615.99	97.53%	-	-	-	Loans from financial institutions
Mengcheng Muyuan swine breeding project	1,821.38	41,827,213.98	158,169,925.06	149,483,967.18	-	50,513,171.86	87.98%	-	-	-	Proceeds from offering
Wolong Muyuan swine breeding project	2,061.74	37,630,947.58	125,022,398.10	141,084,578.44	-	21,568,767.24	97.43%	-	-	-	Other
Tieling Muyuan swine breeding project	1,365.70	59,769,526.51	105,098,780.62	123,261,278.80	-	41,607,028.33	77.94%	-	-	-	Loans from financial institutions
Taierzhuang Muyuan swine breeding project	451.12	51,464,145.41	138,135,561.50	160,441,366.17	-	29,158,340.74	82.31%	-	-	-	Other
Tai'an Muyuan swine breeding project	817.97	18,321,630.69	119,102,844.59	109,332,798.28	-	28,091,677.00	93.34%	-	-	-	Loans from financial institutions
Xiping Muyuan swine breeding project	1,186.94	85,398,610.79	149,439,242.43	210,884,620.13	-	23,953,233.09	88.28%	-	-	-	Proceeds from offering
Laohekou Muyuan swine breeding project	1,483.67	43,974,760.27	120,459,112.25	142,393,317.35	-	22,040,555.17	98.76%	-	-	-	Proceeds from offering
Dali Muyuan swine breeding project	944.10	11,760,575.78	223,379,222.36	213,998,275.68	-	21,141,522.46	92.34%	-	-	-	Loans from financial institutions
Ningming swine and hogs breeding project	154.56	33,213,240.98	114,648,131.85	130,149,701.45	-	17,711,671.38	95.91%	-	-	-	Other
Xixiangtang Muyuan swine breeding project	730.42	162,702,606.78	173,721,022.94	321,230,586.75	-	15,193,042.97	98.12%	-	-	-	Loans from financial institutions
Ruzhou Complex swine breeding project	2,391.84	783,878,189.75	396,727,300.25	1,167,725,296.58	-	12,880,193.42	75.02%	-	-	-	Other
Qixian Muyuan swine breeding project	2,207.21	43,436,405.36	127,456,864.43	161,147,584.09	-	9,745,685.70	97.95%	-	-	-	Loans from financial institutions

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2023												
Project	Budget (RMB million)	As at 1 January	Additions	Transfers to fixed assets	Other decreases	As at 31 December	Percentage of actual cost to budget	Project progress	Accumulated capitalised interest	Including: Interest capitalised in 2023	Capitalisation rate of interests in 2023	Sources of funding
							(%)				(%)	
Sixian Muyuan swine breeding project . . .	1,859.30	93,101,809.60	117,485,513.40	202,780,422.24	-	7,806,900.76	94.16%	94.16%	-	-	-	Loans from financial institutions
Caoxian Muyuan swine breeding project . .	2,266.32	22,813,347.69	118,956,166.12	134,695,833.77	-	7,073,680.04	96.05%	96.05%	-	-	-	Other
Liucheng Muyuan swine breeding project . .	568.14	95,408,562.41	126,751,322.91	216,269,312.06	-	5,890,573.26	94.82%	94.82%	-	-	-	Loans from financial institutions
Shangcai Muyuan swine breeding project . .	2,374.73	37,141,789.43	137,280,989.30	169,637,181.26	-	4,785,597.47	91.95%	91.95%	-	-	-	Loans from financial institutions
Guannan Muyuan swine breeding project . .	1,900.23	3,067,412.11	105,218,196.25	104,125,708.36	-	4,159,900.00	97.76%	97.76%	1,188,718.75	-	-	Other
Sheqi Muyuan swine breeding project . . .	1,456.82	21,932,663.20	205,449,479.80	223,655,409.94	-	3,726,733.06	94.45%	94.45%	-	-	-	Loans from financial institutions
Tongxu Muyuan swine breeding project . .	1,053.92	4,899,374.79	126,699,524.65	128,234,728.43	-	3,364,171.01	93.55%	93.55%	-	-	-	Other
Kailu Muyuan swine breeding project . . .	1,742.46	15,615,673.22	133,536,868.75	145,919,556.75	-	3,232,985.22	91.55%	91.55%	-	-	-	Other
Zhongxiang Muyuan swine breeding project	1,953.16	30,748,105.28	126,770,031.44	154,608,055.48	-	2,910,081.24	90.34%	90.34%	658,254.06	-	-	Other
Naiman Muyuan swine breeding project . .	1,369.27	4,026,347.46	107,578,769.79	109,460,964.19	-	2,144,153.06	99.25%	99.25%	-	-	-	Other
Zhengyang Muyuan swine breeding project	2,447.38	94,952,481.98	199,442,865.72	293,180,767.91	-	1,214,579.79	71.00%	71.00%	15,031,246.98	-	-	Other
Fuxin Muyuan swine breeding project . . .	1,546.66	10,718,103.46	106,504,283.01	116,316,418.84	-	905,967.63	84.88%	84.88%	-	-	-	Other
Dengzhou Muyuan swine breeding project	2,112.58	9,670,329.48	130,210,266.37	139,278,162.92	-	602,432.93	95.94%	95.94%	-	-	-	Other
Mingshui Muyuan swine breeding project . .	997.75	3,185,732.49	102,551,115.87	105,371,057.84	-	365,790.52	87.36%	87.36%	-	-	-	Other
Shangshui Muyuan swine breeding project	2,170.01	45,137,330.28	161,191,359.40	206,151,613.84	-	177,075.84	98.06%	98.06%	-	-	-	Other
Taikang Muyuan swine breeding project . .	1,739.37	2,635,252.38	136,286,127.35	138,898,407.38	-	22,972.35	97.30%	97.30%	-	-	-	Other
Fugou Muyuan swine breeding project . . .	2,005.92	37,545,528.83	168,906,455.57	206,451,984.40	-	-	96.00%	96.00%	978,242.13	-	-	Other
Huaxian Muyuan swine breeding project . .	2,492.50	9,828,591.26	142,857,807.10	152,686,398.36	-	-	71.42%	71.42%	-	-	-	Other
Suyu Muyuan swine breeding project	442.89	103,724,816.98	283,737,150.61	387,461,967.59	-	-	97.59%	97.59%	352,444.45	-	-	Other
Total	51,261.56	2,885,105,954.44	4,976,863,975.61	6,975,838,654.73	-	886,131,275.32			44,871,671.57	3,677,556.54		

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14 Productive biological assets

Hogs	2022	2023	2024
Cost			
As at 1 January	8,483,507,333.42	8,738,349,660.49	10,721,396,492.26
Additions			
– Purchases	1,300,000.00	6,091,291.54	45,283,606.53
– Self-breeding	9,639,249,789.66	13,258,282,005.65	17,248,815,425.82
Decreases			
– Disposals	8,921,700,666.26	10,750,699,807.18	16,554,379,222.64
– Others	464,006,796.33	530,626,658.24	526,865,836.74
As at 31 December	8,738,349,660.49	10,721,396,492.26	10,934,250,465.23
Accumulated depreciation			
As at 1 January	1,132,491,372.72	1,403,517,148.59	1,406,274,332.15
Additions			
– Charge for the year	1,786,831,144.18	2,043,097,196.71	2,294,459,407.72
Decreases			
– Disposals	1,411,929,318.65	1,916,014,293.72	2,007,448,567.67
– Others	103,876,049.66	124,325,719.43	114,173,429.08
As at 31 December	1,403,517,148.59	1,406,274,332.15	1,579,111,743.12
Provision for impairment			
As at 1 January and 31 December	–	–	–
Carrying amounts			
As at 31 December	7,334,832,511.90	9,315,122,160.11	9,355,138,722.11

15 Right-of-use assets

(1) As a lessee

	Land	Plant & buildings	Machinery & equipment	Total
Cost				
As at 1 January 2022	2,882,260,002.61	5,738,933,298.68	197,844,911.21	8,819,038,212.50
Additions	44,847,559.38	175,423,278.68	3,741,436.55	224,012,274.61
Decreases	23,967,430.83	642,499,691.77	34,132,266.36	700,599,388.96
As at 31 December 2022	2,903,140,131.16	5,271,856,885.59	167,454,081.40	8,342,451,098.15
Additions	132,095,098.35	214,895,185.78	16,519,851.93	363,510,136.06
Decreases	28,725,683.24	1,231,646,499.20	173,870.14	1,260,546,052.58
As at 31 December 2023	3,006,509,546.27	4,255,105,572.17	183,800,063.19	7,445,415,181.63
Additions	408,384,637.70	454,381,073.46	23,038,336.94	885,804,048.10
Decreases	189,406,289.22	351,446,982.24	108,866.16	540,962,137.62
As at 31 December 2024	3,225,487,894.75	4,358,039,663.39	206,729,533.97	7,790,257,092.11
Accumulated depreciation				
As at 1 January 2022	342,367,523.77	480,930,204.40	20,405,830.99	843,703,559.16
Charge for the year	371,663,411.60	533,407,935.18	20,895,407.69	925,966,754.47
Decreases	4,327,329.82	105,652,572.98	9,838.20	109,989,741.00
As at 31 December 2022	709,703,605.55	908,685,566.60	41,291,400.48	1,659,680,572.63
Charge for the year	389,102,567.48	445,900,588.04	17,853,500.42	852,856,655.94
Decreases	13,956,693.43	327,216,624.27	75,737.55	341,249,055.25
As at 31 December 2023	1,084,849,479.60	1,027,369,530.37	59,069,163.35	2,171,288,173.32
Charge for the year	399,878,609.39	386,649,400.88	21,560,671.95	808,088,682.22
Decreases	172,140,712.31	139,232,586.20	108,866.16	311,482,164.67
As at 31 December 2024	1,312,587,376.68	1,274,786,345.05	80,520,969.14	2,667,894,690.87
Provision for impairment				
As at 1 January 2022 and 31 December 2022, 2023 and 2024	–	–	–	–
Carrying amounts				
As at 31 December 2022	2,193,436,525.61	4,363,171,318.99	126,162,680.92	6,682,770,525.52
As at 31 December 2023	1,921,660,066.67	3,227,736,041.80	124,730,899.84	5,274,127,008.31
As at 31 December 2024	1,912,900,518.07	3,083,253,318.34	126,208,564.83	5,122,362,401.24

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16 Intangible assets

(1) Intangible assets

	Land use rights	Trademark	Software	Emission right	Total
Cost					
As at 1 January 2022	926,948,482.11	219,380.00	22,520,647.52	483,564.67	950,172,074.30
Additions					
– Purchases	109,199,158.42	–	3,296,040.25	12,760.84	112,507,959.51
– Transfers from investment properties	1,184,804.76	–	–	–	1,184,804.76
Decreases					
– Disposals	–	–	39,365.52	–	39,365.52
As at 31 December 2022	1,037,332,445.29	219,380.00	25,777,322.25	496,325.51	1,063,825,473.05
Additions					
– Purchases	222,209,595.94	–	7,879,808.11	1,022,842.61	231,112,246.66
– Transfers from investment properties	304,980.88	–	–	–	304,980.88
Decreases					
– Disposals	2,163,200.00	–	16,000.00	–	2,179,200.00
– Transfers out to investment properties	263,750.02	–	–	–	263,750.02
As at 31 December 2023	1,257,420,072.09	219,380.00	33,641,130.36	1,519,168.12	1,292,799,750.57
Additions					
– Purchases	96,248,175.00	–	5,043,726.98	23,507.20	101,315,409.18
Decreases					
– Disposals	41,337,610.00	–	100,000.00	–	41,437,610.00
As at 31 December 2024	1,312,330,637.09	219,380.00	38,584,857.34	1,542,675.32	1,352,677,549.75
Accumulated amortisation					
As at 1 January 2022	79,332,983.87	219,380.00	7,547,422.87	42,490.92	87,142,277.66
Additions					
– Charge for the year	21,377,503.14	–	2,606,035.45	97,955.28	24,081,493.87
– Transfers from investment properties	268,392.06	–	–	–	268,392.06
Decreases					
– Disposals	–	–	17,058.34	–	17,058.34
As at 31 December 2022	100,978,879.07	219,380.00	10,136,399.98	140,446.20	111,475,105.25
Additions					
– Charge for the year	22,666,276.20	–	3,298,303.08	300,726.56	26,265,305.84
– Transfers from investment properties	79,636.69	–	–	–	79,636.69
Decreases					
– Disposals	137,002.54	–	2,533.27	–	139,535.81
– Transfers out to investment properties	68,593.88	–	–	–	68,593.88
As at 31 December 2023	123,519,195.54	219,380.00	13,432,169.79	441,172.76	137,611,918.09
Additions					
– Charge for the year	26,134,295.86	–	3,637,328.76	300,350.59	30,071,975.21
Decreases					
– Disposals	1,564,525.99	–	52,499.91	–	1,617,025.90
As at 31 December 2024	148,088,965.41	219,380.00	17,016,998.64	741,523.35	166,066,867.40
Provision for impairment					
As at 1 January 2022 and 31 December 2022, 2023 and 2024	–	–	–	–	–
Carrying amounts					
As at 31 December 2022	936,353,566.22	–	15,640,922.27	355,879.31	952,350,367.80
As at 31 December 2023	1,133,900,876.55	–	20,208,960.57	1,077,995.36	1,155,187,832.48
As at 31 December 2024	1,164,241,671.68	–	21,567,858.70	801,151.97	1,186,610,682.35

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(2) Land use rights pending certificates of ownership

	Carrying amounts as at 31 December			Reason why certificates of ownership are pending
	2022	2023	2024	
Land use rights	78,551,783.14	229,618,340.55	157,448,128.50	Certificates are in progress

17 Long-term deferred expenses

	2022				
	As at 1 January	Additions	Amortisation for the year	Other decreases	As at 31 December
Leasehold improvements	681,772.10	6,416,393.81	799,602.26	–	6,298,563.65
Others	6,898,114.75	–	554,364.75	–	6,343,750.00
Less: Provision for impairment	–	–	–	–	–
Total	7,579,886.85	6,416,393.81	1,353,967.01	–	12,642,313.65

	2023				
	As at 1 January	Additions	Amortisation for the year	Other decreases	As at 31 December
Leasehold improvements	6,298,563.65	59,448,194.63	6,637,491.77	–	59,109,266.51
Others	6,343,750.00	–	375,000.00	–	5,968,750.00
Less: Provision for impairment	–	–	–	–	–
Total	12,642,313.65	59,448,194.63	7,012,491.77	–	65,078,016.51

	2024				
	As at 1 January	Additions	Amortisation for the year	Other decreases	As at 31 December
Leasehold improvements	59,109,266.51	298,824.44	10,038,615.27	–	49,369,475.68
Others	5,968,750.00	8,288,561.12	1,425,995.56	–	12,831,315.56
Less: Provision for impairment	–	–	–	–	–
Total	65,078,016.51	8,587,385.56	11,464,610.83	–	62,200,791.24

18 Deferred tax assets

	As at 31 December 2022		As at 31 December 2023		As at 31 December 2024	
	Deductible or taxable temporary differences	Deferred tax assets	Deductible or taxable temporary differences	Deferred tax assets	Deductible or taxable temporary differences	Deferred tax assets
Deferred tax assets:						
Provision for impairment of assets	1,810,502.47	443,804.48	120,851.25	29,778.47	550,132.56	135,553.48
Deductible tax losses	305,154,071.20	54,732,004.90	420,703,393.41	67,111,214.38	626,967,130.67	100,626,698.18
Others	52,407,133.46	10,629,861.79	12,898,957.11	2,311,828.43	–	–
Total	359,371,707.13	65,805,671.17	433,723,201.77	69,452,821.28	627,517,263.23	100,762,251.66

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19 Other non-current assets

	As at 31 December		
	2022	2023	2024
Land use right deposits	77,443,869.86	41,001,417.00	14,722,317.00
Prepayments for construction and equipment . . .	373,115,119.44	508,476,962.35	605,294,825.02
Prepayment for the consideration of the purchase of non-controlling interest	219,929,823.00	—	—
Total	<u>670,488,812.30</u>	<u>549,478,379.35</u>	<u>620,017,142.02</u>

20 Assets with restrictive ownership titles or right of use

	As at 31 December			Details of restriction
	2022	2023	2024	
Cash at bank and on hand	2,883,258,860.99	5,652,713,362.12	4,107,091,241.92	Bank acceptance bill deposit, loan deposit, futures deposit, letter of credit deposit, etc.
Inventories	48,429,124.99	30,026,471.34	62,119,581.50	Reserve meat agreed with the government
Fixed assets	4,979,114,876.73	6,562,389,546.15	6,914,871,069.55	Assets used as securities for borrowings and sale and leaseback finance leases
Intangible assets	183,851,635.44	157,681,758.03	145,637,531.71	Assets restricted due to mortgage for borrowing
Right-of-use assets	—	—	7,257,799.25	Assets restricted due to mortgage for borrowing
Construction in progress	—	—	5,523,102.37	Assets restricted due to mortgage for borrowing
Total	<u>8,094,654,498.15</u>	<u>12,402,811,137.64</u>	<u>11,242,500,326.30</u>	

21 Short-term loans

(I) Short-term loans by category:

	As at 31 December		
	2022	2023	2024
Pledged loans	5,286,723,082.35	7,476,093,561.54	5,721,265,966.79
Secured loans	616,622,486.82	354,000,000.00	423,529,358.29
Guaranteed loans	23,116,880,252.12	38,998,812,884.28	38,311,477,827.79
Unsecured loans	145,213,858.70	100,117,638.89	801,395,972.22
Total	<u>29,165,439,679.99</u>	<u>46,929,024,084.71</u>	<u>45,257,669,125.09</u>

See Note IV.20 *assets with restrictive ownership titles or right of use* for the category and amount of pledged and secured assets for secured loans.

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22 Bills payable

	As at 31 December		
	2022	2023	2024
Commercial acceptance bills	1,810,179,320.57	606,446,821.24	420,595,874.36
Bank acceptance bills	1,258,569,159.25	1,836,985,344.00	2,199,650,000.00
Letter of credit	88,305,568.25	70,471,555.25	103,478,979.32
Total	<u>3,157,054,048.07</u>	<u>2,513,903,720.49</u>	<u>2,723,724,853.68</u>

The bills above are all due within one year.

23 Accounts payable

	As at 31 December		
	2022	2023	2024
Payables for goods	11,785,624,260.21	10,758,227,571.62	7,796,165,946.58
Payables for construction and equipment . .	13,133,021,830.05	12,534,926,747.10	9,988,928,638.16
Others	267,556,933.76	169,879,577.27	207,926,020.32
Total	<u>25,186,203,024.02</u>	<u>23,463,033,895.99</u>	<u>17,993,020,605.06</u>

As at 31 December 2022, 2023 and 2024, there were no significant accounts payable with ageing of more than one year.

24 Contract liabilities

	As at 31 December		
	2022	2023	2024
Receipts in advance	<u>849,730,442.94</u>	<u>570,960,230.30</u>	<u>599,509,850.21</u>

25 Employee benefits payable

(I) Employee benefits payable:

	Note	2022			
		As at 1 January	Additions	Decreases	As at 31 December
Short-term employee benefits	IV.25(2)	1,627,368,044.60	14,165,671,968.59	14,251,189,754.71	1,541,850,258.48
Post-employment benefits – defined contribution plans	IV.25(3)	11,593,246.06	712,035,238.98	721,619,996.90	2,008,488.14
Total		<u>1,638,961,290.66</u>	<u>14,877,707,207.57</u>	<u>14,972,809,751.61</u>	<u>1,543,858,746.62</u>

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		2023			
	Note	As at 1 January	Additions	Decreases	As at 31 December
Short-term employee benefits	IV.25(2)	1,541,850,258.48	15,649,653,913.71	15,854,407,473.92	1,337,096,698.27
Post-employment benefits – defined contribution plans	IV.25(3)	2,008,488.14	849,191,852.01	847,901,376.08	3,298,964.07
Total		1,543,858,746.62	16,498,845,765.72	16,702,308,850.00	1,340,395,662.34
		2024			
	Note	As at 1 January	Additions	Decreases	As at 31 December
Short-term employee benefits	IV.25(2)	1,337,096,698.27	17,153,040,558.24	17,384,008,548.71	1,106,128,707.80
Post-employment benefits – defined contribution plans	IV.25(3)	3,298,964.07	855,899,713.26	858,812,431.46	386,245.87
Total		1,340,395,662.34	18,008,940,271.50	18,242,820,980.17	1,106,514,953.67

(2) Short-term employee benefits

		2022			
		As at 1 January	Additions	Decreases	As at 31 December
Salaries, bonuses and allowances		1,244,349,605.98	13,251,578,245.71	13,251,096,850.08	1,244,831,001.61
Staff welfare		–	312,730,419.98	312,730,419.98	–
Social insurance allowances					
– Medical insurance		14,180,866.96	354,590,225.35	366,609,548.52	2,161,543.79
– Work-related injury insurance		558,814.45	38,520,205.39	38,936,695.98	142,323.86
Housing allowances		7,634,918.99	202,442,538.09	207,582,239.76	2,495,217.32
Labour union fund and staff and workers’ education fund		360,643,838.22	5,810,334.07	74,234,000.39	292,220,171.90
Total		1,627,368,044.60	14,165,671,968.59	14,251,189,754.71	1,541,850,258.48
		2023			
		As at 1 January	Additions	Decreases	As at 31 December
Salaries, bonuses and allowances		1,244,831,001.61	14,750,322,911.65	14,911,555,351.76	1,083,598,561.50
Staff welfare		–	184,463,099.20	184,463,099.20	–
Social insurance allowances					
– Medical insurance		2,161,543.79	413,483,518.21	414,822,336.34	822,725.66
– Work-related injury insurance		142,323.86	45,975,407.29	46,064,646.10	53,085.05
Housing allowances		2,495,217.32	240,496,313.78	240,159,476.56	2,832,054.54
Labour union fund and staff and workers’ education fund		292,220,171.90	14,912,663.58	57,342,563.96	249,790,271.52
Total		1,541,850,258.48	15,649,653,913.71	15,854,407,473.92	1,337,096,698.27

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2024				
	As at 1 January	Additions	Decreases	As at 31 December
Salaries, bonuses and allowances	1,083,598,561.50	16,203,753,410.77	16,387,792,407.54	899,559,564.73
Staff welfare	–	224,142,106.90	224,142,106.90	–
Social insurance allowances				
– Medical insurance	822,725.66	413,000,531.37	413,520,674.67	302,582.36
– Work-related injury insurance	53,085.05	40,411,989.74	40,427,980.32	37,094.47
Housing allowances	2,832,054.54	237,039,551.12	237,937,789.01	1,933,816.65
Labour union fund and staff and workers’ education fund	249,790,271.52	34,692,968.34	80,187,590.27	204,295,649.59
Total	1,337,096,698.27	17,153,040,558.24	17,384,008,548.71	1,106,128,707.80

(3) Post-employment benefits — defined contribution plans

2022				
	As at 1 January	Additions	Decreases	As at 31 December
Basic pension insurance	11,087,213.39	684,466,259.12	693,610,149.10	1,943,323.41
Unemployment insurance	506,032.67	27,568,979.86	28,009,847.80	65,164.73
Total	11,593,246.06	712,035,238.98	721,619,996.90	2,008,488.14

2023				
	As at 1 January	Additions	Decreases	As at 31 December
Basic pension insurance	1,943,323.41	816,555,580.15	815,334,190.56	3,164,713.00
Unemployment insurance	65,164.73	32,636,271.86	32,567,185.52	134,251.07
Total	2,008,488.14	849,191,852.01	847,901,376.08	3,298,964.07

2024				
	As at 1 January	Additions	Decreases	As at 31 December
Basic pension insurance	3,164,713.00	823,335,911.92	826,122,177.53	378,447.39
Unemployment insurance	134,251.07	32,563,801.34	32,690,253.93	7,798.48
Total	3,298,964.07	855,899,713.26	858,812,431.46	386,245.87

26 Taxes payable

	As at 31 December		
	2022	2023	2024
Stamp duty	16,820,092.86	20,826,473.54	26,512,893.49
Individual income tax	122,776,622.69	17,562,436.41	15,209,814.83
Real estate tax	7,480,887.11	9,013,946.55	8,990,672.18
Land use tax	4,651,166.34	4,839,706.15	4,925,901.08
Enterprise income tax	288,678.87	1,810,554.44	1,364,333.10
VAT	1,575,583.96	965,868.54	2,930,553.63
Others	1,182,257.17	1,057,689.66	1,721,645.40
Total	154,775,289.00	56,076,675.29	61,655,813.71

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27 Other payables

	Note	As at 31 December		
		2022	2023	2024
Dividends payable	IV.27(1)	–	–	26,062,370.72
Other payables	IV.27(2)	8,311,165,084.58	11,092,383,654.66	8,322,157,686.22
Total		8,311,165,084.58	11,092,383,654.66	8,348,220,056.94

(1) Dividends payable

	As at 31 December		
	2022	2023	2024
Dividends payable	–	–	26,062,370.72
Total	–	–	26,062,370.72

(2) Other payables

	Note	As at 31 December		
		2022	2023	2024
Borrowings and interest		1,000,000,000.00	1,900,000,000.00	–
Deposits		744,897,013.37	856,664,349.95	842,168,493.37
Restricted shares repurchase obligation		1,951,628,547.10	772,137,238.85	–
Reverse factoring	IV.57(4)	4,578,859,381.75	7,518,139,495.19	7,410,372,506.25
Others		35,780,142.36	45,442,570.67	69,616,686.60
Total		8,311,165,084.58	11,092,383,654.66	8,322,157,686.22

As at 31 December 2022, 2023 and 2024, there were no significant other payables with ageing of more than 1 year.

28 Non-current liabilities due within one year

Non-current liabilities due within one year by category are as follows:

	As at 31 December		
	2022	2023	2024
Long-term loans due within one year	6,029,116,403.39	5,499,789,122.85	5,508,412,065.45
Debentures payable due within one year	281,939,281.77	28,787,116.42	43,297,338.18
Long-term payables due within one year	1,253,560,622.17	1,993,400,306.05	1,581,839,696.10
Lease liabilities due within one year	2,127,117,259.71	1,129,210,774.88	1,071,024,758.65
Total	9,691,733,567.04	8,651,187,320.20	8,204,573,858.38

29 Other current liabilities

	Note	As at 31 December		
		2022	2023	2024
Short-term debentures payable	IV.29(1)	–	–	1,003,569,177.30
VAT output tax to be paid		35,216,533.16	22,074,470.18	25,954,455.87
Endorsed unmatured bills that have not been derecognised		–	20,000,000.00	152,100,000.00
Short-term sale and leaseback finance leases payable		72,000,000.00	–	–
Total		107,216,533.16	42,074,470.18	1,181,623,633.17

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(1) *The movements of short-term debentures payable:*

During the years ended 31 December 2022 and 2023, there were no short-term debentures payable of the Group.

During the year ended 31 December 2024, the movements of short-term debentures payable:

Debenture	Face value	Nominal interest rate	Issuance date	Maturity period	Issuance amount	Balance as at 1 January	Issuance during the year	Interest at face value	Amortisation of discounts or premium	Repayment during the year	Balance as at 31 December	Default (Y/N)
24 Muyuan Food SCP001 .	500,000,000.00	2.50%	16 August 2024	270 days	499,050,000.00	-	499,050,000.00	4,726,027.40	485,555.56	-	504,261,582.96	N
24 Muyuan Food SCP002 .	500,000,000.00	2.10%	20 December 2024	270 days	499,230,660.38	-	499,230,660.38	-	76,933.96	-	499,307,594.34	N
Total	1,000,000,000.00				998,280,660.38	-	998,280,660.38	4,726,027.40	562,489.52	-	1,003,569,177.30	

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30 Long-term loans

	Note	As at 31 December		
		2022	2023	2024
Secured loans	(i)	2,438,654,594.26	2,521,994,034.14	1,528,225,779.31
Guaranteed loans	(ii)	14,182,365,877.59	12,798,216,611.99	12,777,640,042.96
Unsecured loans		54,481,247.51	43,033,309.64	–
Subtotal		16,675,501,719.36	15,363,243,955.77	14,305,865,822.27
Less: Long-term loans due within one year		6,029,116,403.39	5,499,789,122.85	5,508,412,065.45
Total		10,646,385,315.97	9,863,454,832.92	8,797,453,756.82

Notes:

- (i) The secured loans were secured by fixed assets and intangible assets of subsidiaries of the Group. As at 31 December 2022, 2023 and 2024, the range of interest rates of the secured loans were 4.05%-5.80%, 3.50%-5.50% and 3.15%-5.50%, respectively.
- (ii) The guaranteed loans were guaranteed by the Company, Mr. Qin Yinglin, Ms. Qian Ying and Henan Muyuan Construction Engineering Co., Ltd. As at 31 December 2022, 2023 and 2024, the range of interest rates of the guaranteed loans were 2.01%-6.18%, 2.00%-6.09% and 2.90%-5.80%, respectively.

31 Debentures payable

(1) Debentures payable

	As at 31 December		
	2022	2023	2024
20 Muyuan MTN001	120,000,000.00	–	–
20 Muyuan MTN002	140,000,000.00	–	–
Convertible bonds (Muyuan convertible bonds).	9,543,909,100.00	9,543,554,900.00	9,543,193,500.00
Undue interest payable	21,939,281.77	28,787,116.42	43,297,338.18
Less: Interest adjustment.	622,631,385.23	336,754,091.92	77,649,808.66
Subtotal	9,203,216,996.54	9,235,587,924.50	9,508,841,029.52
Less: Debentures payable due within one year	281,939,281.77	28,787,116.42	43,297,338.18
Total	8,921,277,714.77	9,206,800,808.08	9,465,543,691.34

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- (2) Details of debentures payable (excluding other financial instruments classified as financial liabilities, such as preference shares and perpetual bonds):

During the Track Record Period, basic information of debentures payable of the Group:

Debenture	Face value	Nominal interest rate	Issuance date	Issuance amount	Maturity period
Poverty alleviation corporate bonds (19 Muyuan 01)	800,000,000.00	7.00%	22 January 2019	792,964,000.00	3 years
20 Muyuan MTN001	500,000,000.00	The first year 4.11% The second year 4.11% The third year 4.50%	22 April 2020	496,250,000.00	2+1 years
20 Muyuan MTN002	300,000,000.00	4.50%	28 May 2020	298,920,000.00	2+1 years
Convertible bonds (Muyuan convertible bonds)	9,550,000,000.00	The first year 0.20% The second year 0.40% The third year 0.80% The fourth year 1.20% The fifth year 1.50% The sixth year 2.00%	16 August 2021	8,510,799,604.63	6 years

During the Track Record Period, movement of debentures payable of the Group:

2022							
Debenture	As at 1 January	Interest at face value	Amortisation of discounts or premium	Repayment during the year	Conversion during the year	As at 31 December	Default (Y/N)
Poverty alleviation corporate bonds (19 Muyuan 01)	853,592,490.57	1,886,695.92	563,613.51	856,042,800.00	–	–	N
20 Muyuan MTN001	512,433,127.48	10,048,767.12	1,811,119.16	400,550,000.00	–	123,743,013.76	N
20 Muyuan MTN002	307,510,131.27	9,125,753.46	626,855.00	173,500,000.00	–	143,762,739.73	N
Convertible bonds (Muyuan convertible bonds)	8,632,982,867.38	26,309,925.56	301,607,117.24	19,097,767.13	6,090,900.00	8,935,711,243.05	N
Total	10,306,518,616.70	47,371,142.06	304,608,704.91	1,449,190,567.13	6,090,900.00	9,203,216,996.54	
2023							
Debenture	As at 1 January	Interest at face value	Amortisation of discounts or premium	Repayment during the year	Conversion during the year	As at 31 December	Default (Y/N)
20 Muyuan MTN001	123,743,013.76	1,656,986.24	–	125,400,000.00	–	–	N
20 Muyuan MTN002	143,762,739.73	2,537,260.27	–	146,300,000.00	–	–	N
Convertible bonds (Muyuan convertible bonds)	8,935,711,243.05	52,528,691.47	285,856,676.64	38,174,418.40	334,268.26	9,235,587,924.50	N
Total	9,203,216,996.54	56,722,937.98	285,856,676.64	309,874,418.40	334,268.26	9,235,587,924.50	
2024							
Debenture	As at 1 January	Interest at face value	Amortisation of discounts or premium	Repayment during the year	Conversion during the year	As at 31 December	Default (Y/N)
Convertible bonds (Muyuan convertible bonds)	9,235,587,924.50	90,859,141.86	259,098,467.82	76,347,552.00	356,952.66	9,508,841,029.52	N
Total	9,235,587,924.50	90,859,141.86	259,098,467.82	76,347,552.00	356,952.66	9,508,841,029.52	

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For the years ended 31 December 2022, 2023 and 2024, due to the conversion of convertible bonds into shares, the amount of debt components of convertible bonds derecognised by the Group was RMB6,090,900.00, RMB334,268.26 and RMB356,952.66, respectively; the amount of other equity instruments derecognised was RMB649,197.71, RMB37,752.34 and RMB38,519.75, respectively; and the amount of share capital recognised was RMB127,500.00, RMB7,488.00 and RMB7,802.00, respectively; and the amount of capital reserve (share premium) recognised was RMB6,230,032.18, RMB363,366.59 and RMB386,681.88, respectively.

32 Lease liabilities

	<i>Note</i>	As at 31 December		
		2022	2023	2024
Long-term lease liabilities		6,511,752,792.11	5,240,797,839.43	5,425,730,660.22
Less: Lease liabilities due within one year	IV.28	2,127,117,259.71	1,129,210,774.88	1,071,024,758.65
Total		4,384,635,532.40	4,111,587,064.55	4,354,705,901.57

33 Long-term payables

	<i>Note</i>	As at 31 December		
		2022	2023	2024
Sale and leaseback finance leases payable		3,186,275,033.00	4,555,001,586.89	2,858,036,407.01
Other long-term payables		300,750,000.00	322,704,640.04	27,825,681.14
Less: Unrecognised financing costs		235,966,367.74	268,581,574.94	126,462,375.45
Subtotal		3,251,058,665.26	4,609,124,651.99	2,759,399,712.70
Less: Long-term payables due within one year	IV.28	1,253,560,622.17	1,993,400,306.05	1,581,839,696.10
Total		1,997,498,043.09	2,615,724,345.94	1,177,560,016.60

34 Deferred income

2022				
	As at 1 January	Additions	Decreases	As at 31 December
Government grant	488,452,169.74	299,532,076.02	102,022,718.03	685,961,527.73
Internal sales VAT	24,263,541.63	1,407,075,077.65	1,357,038,237.74	74,300,381.54
Total	512,715,711.37	1,706,607,153.67	1,459,060,955.77	760,261,909.27

2023				
	As at 1 January	Additions	Decreases	As at 31 December
Government grant	685,961,527.73	210,688,082.96	96,948,040.22	799,701,570.47
Internal sales VAT	74,300,381.54	2,051,367,824.82	2,014,078,218.47	111,589,987.89
Total	760,261,909.27	2,262,055,907.78	2,111,026,258.69	911,291,558.36

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	2024			
	As at 1 January	Additions	Decreases	As at 31 December
Government grant.	799,701,570.47	100,262,134.75	121,099,597.92	778,864,107.30
Internal sales VAT	111,589,987.89	2,199,219,510.22	2,248,955,006.88	61,854,491.23
Total.	911,291,558.36	2,299,481,644.97	2,370,054,604.80	840,718,598.53

35 Share capital

	Note	2022	2023	2024
As at 1 January		5,262,358,594.00	5,472,283,869.00	5,465,350,578.00
Issuance of new shares.	(i)	150,112,584.00	–	–
Others	(ii)	59,812,691.00	(6,933,291.00)	(2,582,817.00)
As at 31 December		5,472,283,869.00	5,465,350,578.00	5,462,767,761.00

Notes:

- (i) On 22 November 2022, pursuant to the Approval of the CSRC on the Private Share Placement of Muyuan Foods Co., Ltd. (CSRC Approval [2022] No. 2370), the Company privately placed 150,112,584 shares at an issue price of RMB39.97 per share, with total proceeds amounting to RMB5,999,999,982.48. After deducting of issuance costs with an amount of RMB12,893,312.23, the net proceeds amounted to RMB5,987,106,670.25, which comprising an increase in share capital of RMB150,112,584.00 and an increase in capital reserve of RMB5,836,994,086.25.

- (ii) During the year ended 31 December 2022, other changes in the Company’s share capital included an increase of 59,685,191 shares from the grant of restricted shares under the share incentive scheme and an increase of 127,500 shares due to the conversion of convertible bonds.

During the year ended 31 December 2023, other changes in the Company’s share capital included a decrease of 6,940,779 shares resulting from the repurchase and cancellation of restricted shares granted to incentive recipients that had not yet met unlocking conditions and an increase of 7,488 shares due to the conversion of convertible bonds.

During the year ended 31 December 2024, other changes in the Company’s share capital included a decrease of 2,590,619 shares resulting from the repurchase and cancellation of restricted shares granted to incentive recipients that had not yet met unlocking conditions and an increase of 7,802 shares due to the conversion of convertible bonds.

- (iii) The par value of the Company’s ordinary shares is RMB1.00 per share.

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36 Other equity instruments

(1) Other equity instruments that remain outstanding as at 31 December 2022, 2023 and 2024:

Outstanding financial instruments	Issuance date	Accounting classification	Dividend or interest rate	Issuance price	Quantity	Amount	Maturity date or renewal status	Conditions for conversion	Conversion status
Muyuan convertible bonds . . .	16 August 2021	Compound financial instruments	The first year 0.20% The second year 0.40% The third year 0.80% The fourth year 1.20% The fifth year 1.50% The sixth year 2.00%	100	95,500,000	9,550,000,000.00	Unexpired	The conversion period starts from the first trading day (21 February 2022) six months after the issuance end date (20 August 2021) to the maturity date of convertible bonds (15 August 2027, postponed in case of holidays)	As of 31 December 2024, 142,790 shares have been converted from Muyuan convertible bonds.

On 16 August 2021, the Company publicly issued 95,500,000 convertible bonds, with a face value of RMB100.00 each and with total proceeds of RMB9,550,000,000.00. After deducting the issuance cost, the net proceeds were RMB9,528,685,000.00, among which RMB1,017,885,395.37 was recognised as equity components.

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(2) *Movement of other equity instruments during the Track Record Period:*

	As at 1 January 2022		Additions		Decreases		As at 31 December 2022	
	Quantity	Carrying value	Quantity	Carrying value	Quantity	Carrying value	Quantity	Carrying value
Outstanding financial instruments								
Muyuan You01	24,759,300.00	2,459,689,826.11	–	–	24,759,300.00	2,459,689,826.11	–	–
Muyuan convertible bonds	95,500,000.00	1,017,885,395.37	–	–	60,909.00	649,197.71	95,439,091.00	1,017,236,197.66
Total	120,259,300.00	3,477,575,221.48	–	–	24,820,209.00	2,460,339,023.82	95,439,091.00	1,017,236,197.66
	As at 1 January 2023		Additions		Decreases		As at 31 December 2023	
	Quantity	Carrying value	Quantity	Carrying value	Quantity	Carrying value	Quantity	Carrying value
Outstanding financial instruments								
Muyuan convertible bonds	95,439,091.00	1,017,236,197.66	–	–	3,542.00	37,752.34	95,435,549.00	1,017,198,445.32
	As at 1 January 2024		Additions		Decreases		As at 31 December 2024	
	Quantity	Carrying value	Quantity	Carrying value	Quantity	Carrying value	Quantity	Carrying value
Outstanding financial instruments								
Muyuan convertible bonds	95,435,549.00	1,017,198,445.32	–	–	3,614.00	38,519.75	95,431,935.00	1,017,159,925.57

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37 Capital reserve

	<i>Note</i>	<u>Share premium</u>	<u>Other capital reserves</u>	<u>Total</u>
As at 1 January 2022		8,072,839,549.84	1,049,696,801.37	9,122,536,351.21
Additions	(i)	8,566,503,417.43	992,112,749.58	9,558,616,167.01
Decreases	(i)	88,139,874.90	961,672,460.68	1,049,812,335.58
As at 31 December 2022		16,551,203,092.37	1,080,137,090.27	17,631,340,182.64
Additions	(ii)	769,444,376.45	382,512,293.45	1,151,956,669.90
Decreases	(ii)	322,667,604.67	769,081,009.86	1,091,748,614.53
As at 31 December 2023		16,997,979,864.15	693,568,373.86	17,691,548,238.01
Additions	(iii)	635,930,230.51	63,533,870.89	699,464,101.40
Decreases	(iii)	4,026,037,121.65	635,543,548.63	4,661,580,670.28
As at 31 December 2024		13,607,872,973.01	121,558,696.12	13,729,431,669.13

Notes:

- (i) For the year ended 31 December 2022, the increase in share premium was attributable to the transfer from other capital reserves to share premium upon the unlocking of restricted shares of RMB961,672,460.68, the issuance of restricted shares of RMB1,761,606,838.32, the private shares placement of RMB5,836,994,086.25, and the conversion of convertible bonds of RMB6,230,032.18. The decrease in share premium was due to the repurchase of non-controlling interests of RMB71,899,701.01 and the redemption of all preference shares of RMB16,240,173.89.

For the year ended 31 December 2022, the increase in other capital reserves was mainly due to the recognition of expenses in respect of the restricted share incentive scheme amounting to RMB850,037,704.02; while the decrease was due to the transfer from other capital reserves to share premium upon the unlocking of restricted shares amounting to RMB961,672,460.68.

- (ii) For the year ended 31 December 2023, the increase in share premium was attributable to the transfer from other capital reserves to share premium upon the unlocking of restricted shares of RMB769,081,009.86, and the conversion of convertible bonds of RMB363,366.59. The decrease in share premium was due to the repurchase and cancellation of restricted shares granted to incentive recipients that had not yet met unlocking conditions, resulting in a reduction of RMB185,096,467.64, and the repurchase of non-controlling interests of RMB137,571,137.03.

For the year ended 31 December 2023, the increase in other capital reserves was mainly due to the recognition of expenses in respect of the restricted share incentive scheme amounting to RMB343,962,903.69; while the decrease was due to the transfer from other capital reserves to share premium upon the unlocking of restricted shares amounting to RMB769,081,009.86.

- (iii) For the year ended 31 December 2024, the increase in share premium was attributable to the transfer from other capital reserves to share premium upon the unlocking of restricted shares of RMB635,543,548.63, and the conversion of convertible bonds of RMB386,681.88. The decrease in share premium was due to the repurchase and cancellation of restricted shares granted to incentive recipients that had not yet met conditions, resulting in a reduction of RMB75,475,760.98, and the repurchase of non-controlling interests of RMB3,950,561,360.67.

For the year ended 31 December 2024, the increase in other capital reserves was mainly due to the recognition of expenses in respect of the restricted share incentive scheme amounting to RMB35,645,926.90, while the decrease was due to the transfer from other capital reserves to share premium upon the unlocking of restricted shares amounting to RMB635,543,548.63.

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38 Treasury shares

	<i>Note</i>	<u>Repurchase of ordinary shares</u>	<u>Restricted shares repurchase obligation</u>	<u>Total</u>
As at 1 January 2022		–	1,421,551,682.52	1,421,551,682.52
Additions	(i)	–	1,821,592,029.32	1,821,592,029.32
Decreases	(i)	–	1,158,720,780.25	1,158,720,780.25
As at 31 December 2022		–	2,084,422,931.59	2,084,422,931.59
Additions	(ii)	1,999,993,232.40	–	1,999,993,232.40
Decreases	(ii)	–	1,265,545,775.16	1,265,545,775.16
As at 31 December 2023		1,999,993,232.40	818,877,156.43	2,818,870,388.83
Additions	(iii)	1,000,001,904.21	–	1,000,001,904.21
Decreases	(iii)	–	818,877,156.43	818,877,156.43
As at 31 December 2024		2,999,995,136.61	–	2,999,995,136.61

Notes:

- (i) For the year ended 31 December 2022, the increase in treasury shares was attributable to the repurchase obligation recognised for restricted shares granted to incentive recipients amounting to RMB1,821,592,029.32.

For the year ended 31 December 2022, the decrease in treasury shares was due to the unlocking of restricted shares amounting to RMB1,142,786,190.18 and the reversal of cash dividends attributable to restricted shares that are expected to be unlocked in the future amounting to RMB15,934,590.07.

- (ii) For the year ended 31 December 2023, the increase in treasury shares was due to the repurchase of ordinary shares amounting to RMB1,999,993,232.40. On 12 December 2022, pursuant to the 15th meeting of the fourth Board of Directors, the Proposal on Share Repurchase was approved. On 15 December 2022, the Company disclosed the Share Repurchase Report, stating that the Company intended to use its own funds to repurchase its A share RMB-denominated ordinary shares through centralised bidding, with a total repurchase amount of not less than RMB1 billion (inclusive) and not more than RMB2 billion (inclusive), at a repurchase price not exceeding RMB72.24 (inclusive) per share. During the year ended 31 December 2023, the Company had repurchased 41,870,091 shares through centralised bidding, with a total payment of RMB1,999,993,232.40 (including commissions, title transfer costs, and other transaction costs).

For the year ended 31 December 2023, the decrease in treasury shares was due to the unlocking of restricted shares amounting to RMB1,053,529,196.17 and the repurchase and cancellation of restricted shares granted to incentive recipients that had not yet met unlocking conditions, resulting in a reduction of RMB192,037,246.64, and the reversal of cash dividends attributed to the expected unlocking portion of restricted shares amounting to RMB19,979,332.35.

- (iii) For the year ended 31 December 2024, the increase in treasury shares was due to the repurchase of ordinary shares amounting to RMB1,000,001,904.21. On 25 September 2024, pursuant to the 29th meeting of the fourth Board of Directors, the Proposal on Share Repurchase was approved. On 27 September 2024, the Company disclosed the Share Repurchase Report, stating that the Company intended to use its own funds to repurchase its A-share RMB-denominated ordinary shares through centralised bidding, with a total repurchase amount of not less than RMB3 billion (inclusive) and not more than RMB4 billion (inclusive), at a repurchase price not exceeding RMB58.60 per share. Since the Company made profit distribution for the first three quarters of 2024, the repurchase price was adjusted on 30 December 2024 to no more than RMB57.78 per share (inclusive). During the year ended 31 December 2024, the Company had repurchased RMB24.45 million shares through centralised bidding, with a total payment of RMB1,000,001,904.21 (including commissions, title transfer cost, and other transaction costs).

For the year ended 31 December 2024, the decrease in treasury shares was due to the unlocking of restricted shares amounting to RMB742,919,994.89 and the repurchase and cancellation of restricted shares granted to incentive recipients that had not yet met unlocking conditions, resulting in a reduction of RMB75,957,161.54.

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39 Other comprehensive income

Year ended 31 December 2022							
	Balance attributable to shareholders of the Company as at 1 January	Current year before-tax amount	Less: Previously recognised amount transferred to profit or loss	Less: Income tax expense	Net-of-tax amount attributable to shareholders of the Company	Net-of-tax amount attributable to non-controlling interests	Balance attributable to shareholders of the Company as at 31 December
Items that may be reclassified to profit or loss							
<i>Including:</i>							
Cash flow hedge reserve	(53,809,160.77)	52,046,682.67	(4,804,014.92)	–	56,850,697.59	–	3,041,536.82
Total	(53,809,160.77)	52,046,682.67	(4,804,014.92)	–	56,850,697.59	–	3,041,536.82
Year ended 31 December 2023							
	Balance attributable to shareholders of the Company as at 1 January	Current year before-tax amount	Less: Previously recognised amount transferred to profit or loss	Less: Income tax expense	Net-of-tax amount attributable to shareholders of the Company	Net-of-tax amount attributable to non-controlling interests	Balance attributable to shareholders of the Company as at 31 December
Items that will not be reclassified to profit or loss							
<i>Including:</i>							
Changes in fair value of investments in other equity instruments	–	(36,475,405.75)	–	–	(36,475,405.75)	–	(36,475,405.75)
Items that may be reclassified to profit or loss							
<i>Including:</i>							
Cash flow hedge reserve	3,041,536.82	31,762,220.00	3,041,536.82	–	28,720,683.18	–	31,762,220.00
Total	3,041,536.82	(4,713,185.75)	3,041,536.82	–	(7,754,722.57)	–	(4,713,185.75)
Year ended 31 December 2024							
	Balance attributable to shareholders of the Company as at 1 January	Current year before-tax amount	Less: Previously recognised amount transferred to profit or loss	Less: Income tax expense	Net-of-tax amount attributable to shareholders of the Company	Net-of-tax amount attributable to non-controlling interests	Balance attributable to shareholders of the Company as at 31 December
Items that will not be reclassified to profit or loss							
<i>Including:</i>							
Changes in fair value of investments in other equity instruments	(36,475,405.75)	–	–	–	–	–	(36,475,405.75)
Items that may be reclassified to profit or loss							
<i>Including:</i>							
Cash flow hedge reserve	31,762,220.00	2,898,840.00	31,762,220.00	–	(28,863,380.00)	–	2,898,840.00
Total	(4,713,185.75)	2,898,840.00	31,762,220.00	–	(28,863,380.00)	–	(33,576,565.75)

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40 Surplus reserve

	2022	2023	2024
As at 1 January	1,612,990,266.16	1,955,992,514.78	2,198,021,021.15
Additions	343,002,248.62	242,028,506.37	386,572,400.87
Decreases	—	—	—
As at 31 December	<u>1,955,992,514.78</u>	<u>2,198,021,021.15</u>	<u>2,584,593,422.02</u>

41 Retained earnings

	Note	2022	2023	2024
As at 1 January		36,351,668,929.80	47,787,878,960.00	39,279,516,665.20
Add: Net profit/(loss) for the year attributable to shareholders of the Company		13,266,156,512.39	(4,263,280,820.31)	17,881,260,485.27
Less: Appropriation for statutory surplus reserve		343,002,248.62	242,028,506.37	386,572,400.87
Dividends to ordinary shares	IV.41(1)	1,318,580,993.57	4,003,052,968.12	4,502,807,967.95
Dividends to preference shares		168,363,240.00	—	—
As at 31 December		<u>47,787,878,960.00</u>	<u>39,279,516,665.20</u>	<u>52,271,396,781.65</u>

(1) Dividends payable to equity shareholders of the Company attributable to the reporting period

	Note	2022	2023	2024
Interim dividend declared and paid	(i)	—	—	4,504,917,186.39
Final dividend proposed after the end of the year . . .	(ii)	<u>4,003,052,968.12</u>	<u>—</u>	<u>3,082,880,394.31</u>

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the related reporting period.

Notes:

- (i) During each year ended 31 December 2022 and 2023, the Company did not declare or pay any interim dividend. Pursuant to the approval of interim extraordinary general meeting of stockholders on 12 December 2024, the Company declared and paid interim dividend of RMB0.83 per share to equity shareholders on 30 December 2024.
- (ii) For the years ended 31 December 2022 and 2024, the Company proposed final dividend of RMB0.74 per share and RMB0.57 per share, respectively. For the year ended 31 December 2023, the Company did not propose any final dividend.

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(2) *Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the reporting period*

	Note	2022	2023	2024
Final dividend in respect of the previous financial year, approved and paid during the year	(iii)	1,318,580,993.57	4,003,052,968.12	–

Notes:

- (iii) Final dividends in respect of the previous financial year were approved and paid during the years ended 31 December 2022 and 2023 are RMB0.25 per share and RMB0.74 per share, respectively. No final dividends in respect of the previous financial year were approved or paid during the year ended 31 December 2024.

42 Revenue and operating costs

(1) *Revenue and operating costs*

	Note	Year ended 31 December					
		2022		2023		2024	
		Revenue	Operating costs	Revenue	Operating costs	Revenue	Operating costs
Principal activities		124,337,162,864.85	102,567,093,010.64	110,316,791,925.59	106,908,425,915.69	137,499,516,761.04	111,252,505,176.13
Other operating activities		489,049,312.89	419,966,460.35	543,935,788.81	506,360,076.67	447,375,315.83	414,021,300.76
Total		124,826,212,177.74	102,987,059,470.99	110,860,727,714.40	107,414,785,992.36	137,946,892,076.87	111,666,526,476.89

Including:

Revenue from contracts with customers	IV.42(2)	124,816,556,982.87	102,978,683,082.27	110,842,158,860.08	107,406,523,410.82	137,928,380,089.83	111,638,575,160.04
Other income		9,655,194.87	8,376,388.72	18,568,854.32	8,262,581.54	18,511,987.04	27,951,316.85

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(2) Disaggregation of revenue and operating costs

For the year ended 31 December 2022:

	Sales of hog business		Sales of slaughtering and meat product business		Feed ingredients trading		Others		Inter-segment elimination		Total	
	Income	Cost	Income	Cost	Income	Cost	Income	Cost	Income	Cost	Income	Cost
By type of business												
– Sales of hog business	119,744,018,933.43	97,687,351,297.58	–	–	–	–	–	–	–	–	119,744,018,933.43	97,687,351,297.58
– Sales of slaughtering and meat product business	–	–	14,718,143,089.45	14,791,650,369.94	–	–	–	–	–	–	14,718,143,089.45	14,791,650,369.94
– Feed ingredients trading	–	–	–	–	5,509,168,371.40	5,455,481,222.96	–	–	–	–	5,509,168,371.40	5,455,481,222.96
– Others	–	–	–	–	–	–	479,394,118.02	411,590,071.63	–	–	479,394,118.02	411,590,071.63
Inter-segment elimination	–	–	–	–	–	–	–	–	(15,634,167,529.43)	(15,367,389,879.84)	(15,634,167,529.43)	(15,367,389,879.84)
Total	119,744,018,933.43	97,687,351,297.58	14,718,143,089.45	14,791,650,369.94	5,509,168,371.40	5,455,481,222.96	479,394,118.02	411,590,071.63	(15,634,167,529.43)	(15,367,389,879.84)	124,816,556,982.87	102,978,683,082.27
By geographical regions												
– the PRC	119,744,018,933.43	97,687,351,297.58	14,718,143,089.45	14,791,650,369.94	5,509,168,371.40	5,455,481,222.96	479,394,118.02	411,590,071.63	(15,634,167,529.43)	(15,367,389,879.84)	124,816,556,982.87	102,978,683,082.27
By timing of transfer of goods												
– Revenue recognised at a point in time	119,744,018,933.43	97,687,351,297.58	14,718,143,089.45	14,791,650,369.94	5,509,168,371.40	5,455,481,222.96	479,394,118.02	411,590,071.63	(15,634,167,529.43)	(15,367,389,879.84)	124,816,556,982.87	102,978,683,082.27

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For the year ended 31 December 2023:

	Sales of hog business		Sales of slaughtering and meat product business		Feed ingredients trading		Others		Inter-segment elimination		Total	
	Income	Cost	Income	Cost	Income	Cost	Income	Cost	Income	Cost	Income	Cost
By type of business												
– Sales of hog business	108,224,321,673.98	105,060,685,687.09	–	–	–	–	–	–	–	–	108,224,321,673.98	105,060,685,687.09
– Sales of slaughtering and meat product business	–	–	21,862,329,292.88	21,826,834,288.38	–	–	–	–	–	–	21,862,329,292.88	21,826,834,288.38
– Feed ingredients trading	–	–	–	–	3,023,116,790.04	3,083,201,630.46	–	–	–	–	3,023,116,790.04	3,083,201,630.46
– Others	–	–	–	–	–	–	525,366,934.49	498,097,495.13	–	–	525,366,934.49	498,097,495.13
Inter-segment elimination	–	–	–	–	–	–	–	–	(22,792,975,831.31)	(23,062,295,690.24)	(22,792,975,831.31)	(23,062,295,690.24)
Total	108,224,321,673.98	105,060,685,687.09	21,862,329,292.88	21,826,834,288.38	3,023,116,790.04	3,083,201,630.46	525,366,934.49	498,097,495.13	(22,792,975,831.31)	(23,062,295,690.24)	110,842,158,860.08	107,406,523,410.82
By geographical regions												
– the PRC	108,224,321,673.98	105,060,685,687.09	21,862,329,292.88	21,826,834,288.38	3,023,116,790.04	3,083,201,630.46	525,366,934.49	498,097,495.13	(22,792,975,831.31)	(23,062,295,690.24)	110,842,158,860.08	107,406,523,410.82
By timing of transfer of goods												
– Revenue recognised at a point in time	108,224,321,673.98	105,060,685,687.09	21,862,329,292.88	21,826,834,288.38	3,023,116,790.04	3,083,201,630.46	525,366,934.49	498,097,495.13	(22,792,975,831.31)	(23,062,295,690.24)	110,842,158,860.08	107,406,523,410.82

For the year ended 31 December 2024:

	Sales of hog business		Sales of slaughtering and meat product business		Feed ingredients trading		Others		Inter-segment elimination		Total	
	Income	Cost	Income	Cost	Income	Cost	Income	Cost	Income	Cost	Income	Cost
By type of business												
– Sales of hog business	136,229,329,743.49	110,063,927,873.75	–	–	–	–	–	–	–	–	136,229,329,743.49	110,063,927,873.75
– Sales of slaughtering and meat product business	–	–	24,273,640,358.59	24,024,581,695.61	–	–	–	–	–	–	24,273,640,358.59	24,024,581,695.61
– Feed ingredients trading	–	–	–	–	1,432,318,994.72	1,458,465,493.31	–	–	–	–	1,432,318,994.72	1,458,465,493.31
– Others	–	–	–	–	–	–	428,863,328.79	386,069,983.91	–	–	428,863,328.79	386,069,983.91
Inter-segment elimination	–	–	–	–	–	–	–	–	(24,435,772,335.76)	(24,294,469,886.54)	(24,435,772,335.76)	(24,294,469,886.54)
Total	136,229,329,743.49	110,063,927,873.75	24,273,640,358.59	24,024,581,695.61	1,432,318,994.72	1,458,465,493.31	428,863,328.79	386,069,983.91	(24,435,772,335.76)	(24,294,469,886.54)	137,928,380,089.83	111,638,575,160.04
By geographical regions												
– the PRC	136,229,329,743.49	110,063,927,873.75	24,273,640,358.59	24,024,581,695.61	1,432,318,994.72	1,458,465,493.31	428,863,328.79	386,069,983.91	(24,435,772,335.76)	(24,294,469,886.54)	137,928,380,089.83	111,638,575,160.04
By timing of transfer of goods												
– Revenue recognised at a point in time	136,229,329,743.49	110,063,927,873.75	24,273,640,358.59	24,024,581,695.61	1,432,318,994.72	1,458,465,493.31	428,863,328.79	386,069,983.91	(24,435,772,335.76)	(24,294,469,886.54)	137,928,380,089.83	111,638,575,160.04

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43 Taxes and surcharges

	Year ended 31 December		
	2022	2023	2024
Stamp duty	105,879,721.20	92,078,135.09	112,592,684.31
Real estate tax	39,238,528.83	51,385,855.24	55,976,739.53
Land use tax	24,479,059.83	28,323,703.91	28,823,729.68
Local water conservancy construction fund	7,022,007.01	8,859,980.25	16,360,750.76
Resource tax	4,827,563.04	4,600,401.93	4,444,943.05
Others	3,857,156.57	4,315,313.68	4,993,266.45
Total	185,304,036.48	189,563,390.10	223,192,113.78

44 Selling and distribution expenses

	Year ended 31 December		
	2022	2023	2024
Employee remuneration	428,979,172.03	645,722,525.83	761,632,931.26
Depreciation expenses	110,642,924.78	127,541,264.82	128,170,187.61
Fuel and energy expenses	91,316,073.93	89,900,820.97	78,105,194.81
Vehicle expenses	17,706,596.65	21,059,834.92	20,990,778.74
Business development expenses	18,079,877.13	16,962,607.42	19,798,341.67
Testing fees	33,902,482.44	17,685,900.28	17,352,762.68
Travel expenses	6,556,800.70	8,630,712.31	14,262,158.99
Material consumption cost	25,738,869.12	18,711,020.03	9,285,341.84
Lease expenses	7,429,450.58	6,107,201.74	5,538,949.30
Office expenses	6,250,589.23	4,958,265.94	5,391,444.69
Others	12,139,040.63	25,349,351.53	35,152,189.10
Total	758,741,877.22	982,629,505.79	1,095,680,280.69

45 General and administrative expenses

	Year ended 31 December		
	2022	2023	2024
Employee remuneration	1,315,699,736.20	1,360,712,214.50	1,285,351,224.22
Insurance expenses	789,041,833.54	791,041,142.84	658,202,375.98
Depreciation and amortisation expenses	391,400,090.13	449,608,567.66	485,073,735.67
Business development expenses	283,552,276.96	311,671,079.08	278,229,338.05
Office expenses	195,370,940.81	202,949,222.55	159,134,637.72
Service expenses	109,881,092.81	141,637,751.69	143,668,272.52
Vehicle expenses	88,305,132.99	88,130,594.29	80,722,757.25
Travel expenses	22,031,068.20	31,803,184.68	38,560,586.80
Share-based payment expenses	850,037,704.02	343,962,903.69	35,645,926.90
Property management fees	20,625,421.69	18,747,097.34	22,113,573.95
Others	135,458,559.97	136,014,775.84	145,015,178.81
Total	4,201,403,857.32	3,876,278,534.16	3,331,717,607.87

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46 Research and development expenses

	Year ended 31 December		
	2022	2023	2024
Employee remuneration	842,660,171.17	957,602,449.41	946,099,580.55
R&D material consumption expenses	229,807,828.68	542,993,056.51	506,953,236.93
Service expenses.	28,564,872.96	96,925,730.60	183,990,278.05
Depreciation and amortisation expenses . .	23,681,031.52	24,411,678.39	53,066,600.06
Testing fee	4,965,593.02	11,634,627.60	28,451,493.37
Travel expenses	3,087,291.77	9,134,896.71	8,532,187.06
Vehicle expenses.	4,432,437.95	5,965,858.67	4,494,122.72
Others	5,204,689.08	9,061,338.85	15,630,158.54
Total	1,142,403,916.15	1,657,729,636.74	1,747,217,657.28

During the Track Record Period, the Group had no development costs that meets the capitalisation criteria, and no important outsourcing projects under research.

47 Financial expenses

	Year ended 31 December		
	2022	2023	2024
Interest expenses on loans and debentures .	2,457,707,273.26	2,772,012,442.56	2,727,333,579.91
Interest expenses on lease liabilities and long-term payables	432,150,852.33	467,345,187.95	450,134,649.06
Less: Interest income	159,638,278.63	249,835,044.71	237,500,715.55
Net exchange losses/(gains)	133,018,604.90	30,187,279.83	(11,838,627.13)
Others	44,477,825.60	34,426,326.36	47,321,024.77
Total	2,907,716,277.46	3,054,136,191.99	2,975,449,911.06

48 Other income

	Year ended 31 December		
	2022	2023	2024
Grants related to daily business activities .	2,167,851,654.73	2,776,362,617.05	2,992,721,127.09
Refund of charges for withholding individual income tax	12,372,095.00	16,883,931.77	9,968,028.34
Other tax reliefs	8,343,696.62	12,393,003.69	7,707,941.33
Total	2,188,567,446.35	2,805,639,552.51	3,010,397,096.76

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49 Investment income/(losses)

Investment income/(losses) by item

	Year ended 31 December		
	2022	2023	2024
Investment income/(losses) from long-term equity investments accounted for using the equity method	46,131,577.04	(21,979,501.36)	72,263,566.47
Investment income from financial wealth management products	944,166.66	7,378,563.10	41,075,221.79
Others	(183,802.03)	8,212,094.87	(13,700,468.21)
Total	46,891,941.67	(6,388,843.39)	99,638,320.05

50 Credit (losses)/reversals

	Year ended 31 December		
	2022	2023	2024
Accounts receivable.	(3,140,011.37)	(10,355,914.17)	(3,333,470.01)
Other receivables	(19,965,904.52)	6,190,103.20	3,617,162.85
Total	(23,105,915.89)	(4,165,810.97)	283,692.84

51 Impairment losses

	Year ended 31 December		
	2022	2023	2024
Inventories	–	(202,476,115.94)	(12,884,326.14)

52 (Losses)/gains from asset disposals

	Year ended 31 December		
	2022	2023	2024
(Losses)/gains from disposal of non-current assets	(2,241,278.21)	(10,125,079.30)	5,845,833.88

53 Non-operating income and non-operating expenses

(1) Non-operating income

	Year ended 31 December					
	2022		2023		2024	
	Amount	Amount recognised in extraordinary gain and loss	Amount	Amount recognised in extraordinary gain and loss	Amount	Amount recognised in extraordinary gain and loss
Grants	225,184,409.97	225,184,409.97	–	–	–	–
Gains from disposal of non-current assets	2,908,325.13	2,908,325.13	2,253,694.77	2,253,694.77	3,492,260.19	3,492,260.19
Others	148,817,805.48	148,817,805.48	154,932,995.52	154,932,995.52	80,920,014.79	80,920,014.79
Total.	376,910,540.58	376,910,540.58	157,186,690.29	157,186,690.29	84,412,274.98	84,412,274.98

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(2) *Non-operating expenses*

	Year ended 31 December					
	2022		2023		2024	
	Amount	Amount recognised in extraordinary gain and loss	Amount	Amount recognised in extraordinary gain and loss	Amount	Amount recognised in extraordinary gain and loss
Losses from damage or scrapping of non-current assets	206,202,866.78	206,202,866.78	380,211,765.28	380,211,765.28	958,439,622.61	958,439,622.61
Donations	71,801,703.70	71,801,703.70	178,086,662.48	178,086,662.48	195,383,235.73	195,383,235.73
Others	22,568,717.92	22,568,717.92	37,064,914.27	37,064,914.27	44,657,152.69	44,657,152.69
Total	300,573,288.40	300,573,288.40	595,363,342.03	595,363,342.03	1,198,480,011.03	1,198,480,011.03

54 *Income tax expenses*

	Note	Year ended 31 December		
		2022	2023	2024
Current tax expense for the year based on tax law and regulations		3,335,620.88	1,427,647.38	2,743,436.77
Changes in deferred tax assets/liabilities		(6,704,024.24)	(3,647,150.11)	(31,309,430.38)
Total	(1)	(3,368,403.36)	(2,219,502.73)	(28,565,993.61)

(1) *Reconciliation between income tax expense and accounting profit/(losses):*

	Year ended 31 December		
	2022	2023	2024
Profit/(loss) before taxation	14,930,032,188.22	(4,170,088,485.57)	18,896,478,910.64
Expected income tax expenses at a tax rate of 25%	3,732,508,047.22	(1,042,522,121.58)	4,724,119,727.79
Effect of different tax rates applied by subsidiaries	5,767,226.87	10,113,296.83	10,282,869.17
Effect of non-taxable income	(3,774,015,217.25)	995,775,036.65	(4,795,069,549.60)
Effect of non-deductible costs, expense and losses	32,371,539.80	34,414,285.37	32,100,959.03
Income tax expenses	(3,368,403.36)	(2,219,502.73)	(28,565,993.61)

55 *Basic earnings/(loss) per share and diluted earnings/(loss) per share*

(1) *Basic earnings/(loss) per share*

Basic earnings/(loss) per share is calculated by dividing consolidated net profit/(net loss) attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding:

	Note	Year ended 31 December		
		2022	2023	2024
Consolidated net profit/(loss) attributable to ordinary shareholders of the Company	(a)	13,081,858,682.32	(4,283,260,152.66)	17,881,260,485.27
Weighted average number of ordinary shares outstanding	(b)	5,261,565,325.70	5,399,412,313.34	5,413,395,331.41
Basic earnings/(loss) per share (RMB/share).		2.49	(0.79)	3.30

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(a) Consolidated net profit/(loss) attributable to ordinary shareholders of the Company is calculated as follows:

	Year ended 31 December		
	2022	2023	2024
Consolidated net profit/(loss) attributable to shareholders of the Company	13,266,156,512.39	(4,263,280,820.31)	17,881,260,485.27
Less: Revocable cash dividends distributed to holders of expected future unlocked restricted shares in this year	15,934,590.07	19,979,332.35	—
Preference shares dividends distributed in the current year . . .	168,363,240.00	—	—
Consolidated net profit/(loss) attributable to ordinary shareholders of the Company	<u>13,081,858,682.32</u>	<u>(4,283,260,152.66)</u>	<u>17,881,260,485.27</u>

(b) Weighted average number of ordinary shares of the Company is calculated as follows:

	Year ended 31 December		
	2022	2023	2024
Issued ordinary shares at the beginning of the year	5,195,694,347.00	5,402,318,067.00	5,395,736,815.00
Effect of private placement of ordinary shares	12,509,382.00	—	—
Effect of ordinary shares repurchased (Note IV.38)	—	(30,649,736.41)	(1,207,953.09)
Effect of restricted shares unlocking (Note XI)	53,294,121.70	27,738,845.75	18,864,789.75
Effect of conversion of convertible bonds (Note IV.35)	67,475.00	5,137.00	1,679.75
Weighted average number of ordinary shares at the end of the year	<u>5,261,565,325.70</u>	<u>5,399,412,313.34</u>	<u>5,413,395,331.41</u>

(2) Diluted earnings/(loss) per share

As the Group operated at net loss for the year ended 31 December 2023, the diluted potential ordinary shares were anti-dilutive, thus the diluted loss per share in 2023 was equal to the basic loss per share.

For the years ended 31 December 2022 and 2024, diluted earnings per share was calculated by dividing consolidated net profit attributable to ordinary shareholders of the Company (diluted) by the weighted average number of ordinary shares outstanding (diluted):

	Note	Year ended 31 December	
		2022	2024
Consolidated net profit attributable to ordinary shareholders of the Company (diluted).	(a)	13,425,341,831.55	18,231,218,094.95
Weighted average number of ordinary shares outstanding (diluted)	(b)	5,477,401,122.13	5,618,404,858.80
Diluted earnings per share (RMB/share)		2.45	3.24

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(a) Consolidated net profit attributable to ordinary shareholders of the Company (diluted) is calculated as follows:

	Year ended 31 December	
	2022	2024
Consolidated net profit attributable to ordinary shareholders . . .	13,081,858,682.32	17,881,260,485.27
Diluted adjustments:		
After-tax effect of effective interest on the liability component of convertible bonds	327,548,559.16	349,957,609.68
Cash dividends declared in the current year attributable to restricted shares that are expected to be unlocked in the future	15,934,590.07	—
Consolidated net profit attributable to ordinary shareholders (diluted)	13,425,341,831.55	18,231,218,094.95

(b) The weighted average number of the Company’s ordinary shares (diluted) is calculated as follows:

	Year ended 31 December	
	2022	2024
Weighted average number of ordinary shares at the end of the year	5,261,565,325.70	5,413,395,331.41
Diluted adjustments:		
Effect of convertible bonds (<i>Note IV.31</i>)	201,944,755.00	205,009,527.39
Effect of restricted shares (<i>Note XI</i>)	13,891,041.43	—
Weighted average number of ordinary shares (diluted) at the end of the year	5,477,401,122.13	5,618,404,858.80

56 Cash flow statement

(1) Cash relating to operating activities

(a) Proceeds from other operating activities:

	Year ended 31 December		
	2022	2023	2024
Interest income	159,638,278.63	249,835,044.71	237,500,715.55
Sales of scrap materials	37,454,757.09	85,109,293.91	39,275,352.21
Government grants	669,564,097.64	681,363,129.01	753,979,980.54
Insurance compensation	1,735,237,722.07	2,116,343,498.05	2,364,204,065.22
Deposits	1,472,219,523.15	2,558,289,298.49	3,790,145,423.72
Others	161,159,823.23	153,817,871.35	154,096,185.86
Total	4,235,274,201.81	5,844,758,135.52	7,339,201,723.10

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(b) Payments for other operating activities:

	Year ended 31 December		
	2022	2023	2024
Payment of selling and distribution expenses	215,189,657.70	205,328,768.28	203,243,045.54
Payment of general and administrative expenses	1,345,208,951.20	1,497,235,940.34	1,517,104,629.24
Payment of R&D expenses	254,027,910.66	393,016,885.90	743,429,740.15
Deposits	1,014,730,657.14	4,823,302,896.23	1,257,974,136.71
Donations	71,801,703.70	178,083,964.66	195,383,235.73
Others	122,914,833.54	262,225,213.28	188,134,088.12
Total	3,023,873,713.94	7,359,193,668.69	4,105,268,875.49

(2) *Cash relating to financing activities*

(a) Proceeds from other financing activities:

	Year ended 31 December		
	2022	2023	2024
Recovery of loan deposits	–	84,454,825.91	2,467,653.89
Disposal of interests in a subsidiary	–	166,700.00	–
Total	–	84,621,525.91	2,467,653.89

(b) Payments for other financing activities:

	Year ended 31 December		
	2022	2023	2024
Financing charges paid	143,674,770.50	139,689,503.62	199,234,774.39
Payment of loan deposits	47,220,861.39	5,647,653.89	224,040.60
Payment of leases	1,307,244,700.06	1,302,748,697.62	789,688,666.85
Payment of restricted shares repurchase . .	127,567,874.69	105,542,769.49	29,140,052.91
Payment for consideration of the purchase of non-controlling interest	1,337,395,576.42	4,936,668,839.09	10,507,402,560.60
Payment for repurchase of ordinary shares .	–	1,999,993,232.40	1,000,001,904.21
Payment for repurchase of preference shares	2,475,930,000.00	–	–
Others	109,830.22	–	–
Total	5,439,143,613.28	8,490,290,696.11	12,525,691,999.56

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(c) *Changes in liabilities arising from financing activities*

	Year ended 31 December 2022					
	As at 1 January	Additions		Decreases		As at 31 December
		Cash	Non-cash	Cash	Non-cash	
Short-term loans	22,291,617,876.55	45,152,363,865.03	979,513,081.73	(39,258,055,143.32)	–	29,165,439,679.99
Other payables —						
Borrowings and						
interest	5,056,205,694.46	14,948,000,000.00	204,403,488.89	(19,208,609,183.35)	–	1,000,000,000.00
Other current liabilities						
— Short-term sale and						
leaseback finance						
lease payables	–	72,000,000.00	590,000.00	(590,000.00)	–	72,000,000.00
Long-term loans						
(Including the part						
due within one year) .	18,449,735,878.92	3,254,345,947.65	785,320,778.96	(5,813,900,886.17)	–	16,675,501,719.36
Debentures payable						
(Including the part						
due within one year) .	10,306,518,616.70	–	351,979,846.97	(1,449,190,567.13)	(6,090,900.00)	9,203,216,996.54
Long-term payables						
(Including the part						
due within one year) .	1,005,957,860.76	3,150,599,400.00	94,563,027.77	(1,000,061,623.27)	–	3,251,058,665.26
Total	57,110,035,927.39	66,577,309,212.68	2,416,370,224.32	(66,730,407,403.24)	(6,090,900.00)	59,367,217,061.15

	Year ended 31 December 2023					
	As at 1 January	Additions		Decreases		As at 31 December
		Cash	Non-cash	Cash	Non-cash	
Short-term loans	29,165,439,679.99	57,559,957,235.74	1,663,840,623.45	(41,460,213,454.47)	–	46,929,024,084.71
Other payables — Borrowings and interest	1,000,000,000.00	5,900,000,000.00	69,650,000.01	(5,069,650,000.01)	–	1,900,000,000.00
Other current liabilities — Short-term sale and leaseback finance lease payables	72,000,000.00	–	3,548,850.01	(75,548,850.01)	–	–
Long-term loans (Including the part due within one year) .	16,675,501,719.36	5,214,099,704.24	799,550,789.80	(7,325,908,257.63)	–	15,363,243,955.77
Debentures payable (Including the part due within one year) .	9,203,216,996.54	–	342,579,614.62	(309,874,418.40)	(334,268.26)	9,235,587,924.50
Long-term payables (Including the part due within one year) .	3,251,058,665.26	2,975,301,200.00	206,063,002.75	(1,823,298,216.02)	–	4,609,124,651.99
Total	59,367,217,061.15	71,649,358,139.98	3,085,232,880.64	(56,064,493,196.54)	(334,268.26)	78,036,980,616.97

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	Year ended 31 December 2024					
	As at 1 January	Additions		Decreases		As at 31 December
		Cash	Non-cash	Cash	Non-cash	
Short-term loans	46,929,024,084.71	55,648,696,006.85	1,699,960,066.93	(59,020,011,033.40)	–	45,257,669,125.09
Other payables —						
Borrowings and						
interest	1,900,000,000.00	4,470,000,000.00	35,403,416.66	(6,405,403,416.66)	–	–
Other current liabilities						
— Short-term						
debentures payable . .	–	1,000,000,000.00	5,288,516.92	(1,719,339.62)	–	1,003,569,177.30
Long-term loans						
(Including the part						
due within one year) .	15,363,243,955.77	5,420,000,000.00	730,941,853.05	(7,208,319,986.55)	–	14,305,865,822.27
Debentures payable						
(Including the part						
due within one year) .	9,235,587,924.50	–	349,957,609.68	(76,347,552.00)	(356,952.66)	9,508,841,029.52
Long-term payables						
(Including the part						
due within one year) .	4,609,124,651.99	1,600,191,117.86	211,942,712.99	(3,661,858,770.14)	–	2,759,399,712.70
Total	78,036,980,616.97	68,138,887,124.71	3,033,494,176.23	(76,373,660,098.37)	(356,952.66)	72,835,344,866.88

57 Supplementary information for the cash flow statement

(1) Supplement to the cash flow statement

(a) Reconciliation of net profit/(loss) to net cash inflows from operating activities:

	Year ended 31 December		
	2022	2023	2024
Net profit/(loss)	14,933,400,591.58	(4,167,868,982.84)	18,925,044,904.25
Add: Impairment losses	–	202,476,115.94	12,884,326.14
Credit losses/(reversals)	23,105,915.89	4,165,810.97	(283,692.84)
Depreciation of fixed assets and			
productive biological assets	11,183,526,434.25	12,649,134,947.41	14,261,282,654.57
Depreciation of investment			
properties	6,895,188.77	6,734,472.49	6,004,800.06
Depreciation of right-of-use assets .	916,028,105.22	845,798,731.31	800,310,650.91
Amortisation of intangible assets . .	24,081,493.87	26,237,003.95	29,772,853.80
Amortisation of long-term deferred			
expenses	1,204,161.06	6,861,102.07	11,464,610.83
Losses/(gains) from disposal of			
fixed assets, intangible assets, and			
other long-term assets	2,241,278.21	10,125,079.30	(5,845,833.88)
Losses from scrapping of fixed			
assets	204,165,258.99	378,871,734.51	954,948,137.44
Gains from changes in fair value . .	–	–	(158,000.00)
Financial expenses	3,131,047,461.14	3,370,265,924.57	3,289,648,217.34
Investment (income)/losses	(46,891,941.67)	6,388,843.39	(99,638,320.05)
Increase in deferred tax assets	(6,704,024.24)	(3,647,150.11)	(31,309,430.38)
Increase in inventories	(3,775,986,495.75)	(3,881,569,930.51)	(51,909,863.62)
(Increase)/decrease in operating			
receivables	(702,025,381.20)	(1,312,272,142.85)	2,415,660,251.26
(Decrease)/increase in operating			
payables	(3,728,341,606.52)	1,402,176,006.33	(3,032,570,565.57)
Others	844,804,362.33	348,939,297.79	57,760,514.23
Net cash inflow from operating activities .	23,010,550,801.93	9,892,816,863.72	37,543,066,214.49

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(b) Change in cash and cash equivalents:

	2022	2023	2024
Cash and cash equivalents as at			
31 December	17,910,289,723.66	13,776,392,900.89	12,844,551,613.08
Less: Cash and cash equivalents as at			
1 January	8,407,255,637.63	17,910,289,723.66	13,776,392,900.89
Net increase/(decrease) in cash and cash equivalents	9,503,034,086.03	(4,133,896,822.77)	(931,841,287.81)

(2) Details of cash and cash equivalents

	As at 31 December		
	2022	2023	2024
Cash at bank and on hand			
Including:			
Cash on hand	19,376.00	—	—
Bank deposits available on demand	17,834,103,269.92	13,664,785,725.69	12,669,472,733.01
Other monetary funds available on demand	76,167,077.74	111,607,175.20	175,078,880.07
Closing balance of cash and cash equivalents	17,910,289,723.66	13,776,392,900.89	12,844,551,613.08

(3) Monetary assets other than cash and cash equivalents

	As at 31 December			Reasons not belonging to cash and cash equivalents
	2022	2023	2024	
Bank deposits	8,747,388.69	14,353,314.59	7,835,642.76	Unable to use on demand
Other monetary funds	2,874,511,472.30	5,638,360,047.53	4,099,255,599.16	Unable to use on demand
Total	2,883,258,860.99	5,652,713,362.12	4,107,091,241.92	

(4) Information on supplier finance arrangements:

During the Track Record Period, the Group’s certain suppliers has entered into factoring arrangements with banks and other financial institutions. According to these factoring arrangements, the Group’s suppliers transferred the receivables due from the Group to banks and other financial institutions before the original due dates of these trade payables, and the Group settled these trade payables with banks and other financial institutions upon the due date of these factoring arrangements. During the Track Record Period, the range of payment due dates of the trade payables of the Group is 0-180 days after invoice date. As at 31 December 2022, 2023 and 2024, the ranges of payment due dates of the these factoring arrangements of the Group are 43 to 365 days, 49 to 541 days and 27 to 388 days, respectively, after the factoring arrangements commenced.

As at 31 December 2022, 2023 and 2024, the receivables due from the Group that certain suppliers transferred to banks and other financial institutions amounted to RMB4,578,859,381.75, RMB7,518,139,495.19 and RMB7,410,372,506.25, respectively, among which RMB1,674,630,899.67, RMB3,054,846,603.19 and RMB3,363,292,198.74, respectively, were guaranteed by the Company, Mr. Qin Yinglin, Ms. Qian Ying and Muyuan Industrial Group Co., Ltd. (“Muyuan Group”).

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58 Foreign currency monetary items

	As at 31 December 2022		
	Foreign currency balance	Conversion exchange rate	Balance converted into RMB
Cash at bank and on hand			
– USD	138,726.31	6.9646	966,173.26
– Euro	45,612,782.60	7.4229	338,579,123.96
Bills payable			
–USD	(12,286,816.52)	6.9646	(85,572,762.34)
– Euro	(94,919.40)	7.4229	(704,577.21)
Long-term loans			
–USD	(170,019,446.26)	6.9646	(1,184,117,435.43)
– Euro	(45,631,787.93)	7.4229	(338,720,198.62)
	As at 31 December 2023		
	Foreign currency balance	Conversion exchange rate	Balance converted into RMB
Cash at bank and on hand			
– USD	76,323.82	7.0827	540,578.72
– Euro	40,593.12	7.8592	319,029.41
Accounts payable			
– USD	(25,779.70)	7.0827	(182,589.88)
– Euro	–	–	–
Long-term loans			
– USD	–	–	–
– Euro	(41,539,508.15)	7.8592	(326,467,302.45)
	As at 31 December 2024		
	Foreign currency balance	Conversion exchange rate	Balance converted into RMB
Cash at bank and on hand			
– USD	1,197,048.74	7.1884	8,604,865.17
– Euro	6,078.02	7.5257	45,741.36
Accounts payable			
– USD	–	–	–
–Euro	–	–	–
Long-term loans			
– USD	–	–	–
– Euro	(34,024,966.02)	7.5257	(256,061,686.77)

59 Leases

(1) As a lessee

	Year ended 31 December		
	2022	2023	2024
Short-term lease expenses and expenses relating to leases of low-value assets for which the practical expedient has been applied	95,014,992.12	80,737,331.56	85,680,669.01
Total cash outflow for leases	1,391,339,040.22	1,377,545,541.87	879,645,581.29

The Group also leases land, buildings, machinery and equipment with lease terms within 1 year (inclusive). These leases are short-term leases. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

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(2) *As a lessor*

Operating lease

	Year ended 31 December		
	2022	2023	2024
Lease income.	9,655,194.87	18,568,854.32	18,511,987.04

V. CHANGE OF CONSOLIDATION SCOPE

1 Other reasons for change of consolidation scope

For the year ended 31 December 2022, the Group has newly established 13 subsidiaries, including Hebei Liangda Grain Trade Co., Ltd., Jiangsu Shanghe Grain Trade Co., Ltd., Shaanxi Hongchi Trade Co., Ltd., Ningjin Muyuan Meat Co., Ltd., Henan Muyuan Ecology Environment Technology Co., Ltd., Neihuang Muyuan Meat Co., Ltd., Liaoning Jinrang Agricultural Products Trade Co., Ltd., Henan Bingqing Agricultural Products Trade Co., Ltd., Henan Wuzhoutong Agricultural Products Trading Co., Ltd., Sheqi Muyuan Meat Co., Ltd., Changyuan Muyuan Livestock Husbandry Co., Ltd., Henan Muyuan New Energy Industry Development Co., Ltd., and Henan Muyuan Synthetic Biotechnology Co., Ltd.

For the year ended 31 December 2023, the Group has newly established 21 subsidiaries, including Shanxi Cang’an Trading Co., Ltd., Hebi Muyuan Livestock Husbandry Co., Ltd., Henan Wanxing Synthetic Biotechnology Co., Ltd., Henan Muyuan Anliang Synthetic Biotechnology Co., Ltd., Huaxian Muyuan New Energy Co., Ltd., Nanyang Wolong Muyuan New Energy Co., Ltd., Hap Grain International Agricultural Trading Pte. Ltd., Fanshi Muyuan Meat Co., Ltd., Zhengyang Muyuan New Energy Co., Ltd., Shangcai Muyuan New Energy Co., Ltd., Xinye Muyuan New Energy Co., Ltd., Xixia Muyuan New Energy Co., Ltd., Zhenping Muyuan New Energy Co., Ltd., Fangcheng Muyuan New Energy Co., Ltd., Nanzhao Muyuan New Energy Co., Ltd., Xichuan Muyuan New Energy Co., Ltd., Dengzhou Muyuan New Energy Co., Ltd., Tanghe Muyuan New Energy Co., Ltd., Tongbai Muyuan New Energy Co., Ltd., Sheqi Muyuan New Energy Co., Ltd. and Neixiang Muyuan New Energy Co., Ltd. One subsidiary was de-registered: Hubei Muxin Detection Technology Co., Ltd.

For the year ended 31 December 2024, the Group has newly established 9 subsidiaries, including Nanyang Muyuan New Energy Co., Ltd., Anhui Muyuan New Energy Co., Ltd., Shanxi Muyuan New Energy Co., Ltd., Hubei Muyuan New Energy Co., Ltd., Guangxi Muyuan Solar Power Generation Co., Ltd., Zhengzhou Modern Livestock Husbandry Co., Ltd., Liaoning Fuxin Yuenong Feed Co., Ltd., Zhuozhou Muyuan Livestock Husbandry Co., Ltd., Neixiang Muyuan Hechuang Biotechnology Co., Ltd. 5 subsidiaries were de-registered: Nanyang Muyuan Poor Area Livestock Husbandry Development Co., Ltd., Nanyang Muyuan Merchants Industry Development Co., Ltd., Qiqihar Muchen Animal Husbandry Industry Development Co., Ltd., Nanyang Muyuan Swine Supply Support Co., Ltd., and Nanyang Musheng Hog Industry Development Co., Ltd.

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VI. INTERESTS IN OTHER ENTITIES

1 Interests in subsidiaries

(1) Composition of the Group

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group during the Track Record Period.

Name of subsidiaries	Principal place of business/ Registered place	Nature of business	Registered capital	Effective interest held by the Group			Acquisition method
				As at 31 December		As at the date of this report	
				2022	2023		
Nanyang Wolong Muyuan Breeding Co., Ltd. 南陽市卧龍牧原養殖有限公司 (i)/(ii)	Nanyang City, Henan Province	Livestock and poultry breeding	810,000,000.00	100.00%	100.00%	100.00%	Establishment
Dengzhou Muyuan Breeding Co., Ltd. 鄭州市牧原養殖有限公司 (i)/(ii)	Dengzhou City, Henan Province	Livestock and poultry breeding	268,000,000.00	93.09%	93.09%	93.09%	Establishment
Hubei Zhongxiang Muyuan Breeding Co., Ltd. 湖北鐘祥牧原養殖有限公司 (i)/(ii)	Zhongxiang City, Hubei Province	Livestock and poultry breeding	250,000,000.00	100.00%	100.00%	100.00%	Establishment
Tanghe Muyuan Livestock Husbandry Co., Ltd. 唐河牧原農牧有限公司 (i)/(ii)	Tanghe County, Henan Province	Livestock and poultry breeding	750,000,000.00	100.00%	100.00%	100.00%	Establishment
Fugou Muyuan Livestock Husbandry Co., Ltd. 扶溝牧原農牧有限公司 (i)/(ii)	Zhoukou City, Henan Province	Livestock and poultry breeding	660,000,000.00	100.00%	100.00%	100.00%	Establishment
Huaxian Muyuan Livestock Husbandry Co., Ltd. 滑縣牧原農牧有限公司 (i)/(ii)	Hua County, Henan Province	Livestock and poultry breeding	870,000,000.00	100.00%	100.00%	100.00%	Establishment
Qixian Muyuan Livestock Husbandry Co., Ltd. 杞縣牧原農牧有限公司 (i)/(ii)	Qi County, Henan Province	Livestock and poultry breeding	730,000,000.00	100.00%	100.00%	100.00%	Establishment
Zhengyang Muyuan Livestock Husbandry Co., Ltd. 正陽牧原農牧有限公司 (i)/(ii)	Zhengyang County, Henan Province	Livestock and poultry breeding	250,000,000.00	100.00%	100.00%	100.00%	Establishment
Sheqi Muyuan Livestock Husbandry Co., Ltd. 社旗牧原農牧有限公司 (i)/(ii)	Sheqi County, Henan Province	Livestock and poultry breeding	1,395,266,700.00	56.62%	56.62%	56.62%	Establishment

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Name of subsidiaries	Principal place of business/ Registered place	Nature of business	Registered capital	Effective interest held by the Group			Acquisition method
				As at 31 December		As at the date of this report	
				2022	2023		
Shangshui Muyuan Livestock Husbandry Co., Ltd. 商水牧原農牧有限公司 (i)(ii).	Shangshui County, Henan Province	Livestock and poultry breeding	410,000,000.00	100.00%	100.00%	100.00%	Establishment
Taikang Muyuan Livestock Husbandry Co., Ltd. 太康牧原農牧有限公司 (i)(ii).	Taikang County, Henan Province	Livestock and poultry breeding	400,000,000.00	100.00%	100.00%	100.00%	Establishment
Inner Mongolia Kailu Muyuan Livestock Husbandry Co., Ltd. 內蒙古開魯牧原農牧有限公司 (i)(ii).	Kailu County, Inner Mongolia	Livestock and poultry breeding	1,200,000,000.00	100.00%	100.00%	100.00%	Establishment
Liaoning Tieling Muyuan Livestock Husbandry Co., Ltd. 遼寧鐵嶺牧原農牧有限公司 (i)(ii).	Tieling City, Liaoning Province	Livestock and poultry breeding	1,202,770,000.00	100.00%	100.00%	100.00%	Establishment
Laohekou Muyuan Livestock Husbandry Co., Ltd. 老河口牧原農牧有限公司 (i)(ii).	Laohekou City, Hubei Province	Livestock and poultry breeding	200,000,000.00	100.00%	100.00%	100.00%	Establishment
Anhui Yingshang Muyuan Livestock Husbandry Co., Ltd. 安徽穎上牧原農牧有限公司 (i)(ii).	Yingshang County, Anhui Province	Livestock and poultry breeding	229,000,000.00	55.67%	55.67%	100.00%	Establishment
Ningling Muyuan Livestock Husbandry Co., Ltd. 寧陵牧原農牧有限公司 (i)(ii).	Ningling County, Henan Province	Livestock and poultry breeding	846,818,800.00	100.00%	100.00%	61.41%	Establishment
Mengcheng Muyuan Livestock Husbandry Co., Ltd. 蒙城牧原農牧有限公司 (i)(ii).	Mengcheng County, Anhui Province	Livestock and poultry breeding	452,000,000.00	72.97%	100.00%	100.00%	Establishment
Xiping Muyuan Livestock Husbandry Co., Ltd. 西平牧原農牧有限公司 (i)(ii).	Xiping County, Henan Province	Livestock and poultry breeding	310,000,000.00	100.00%	100.00%	100.00%	Establishment
Anhui Fengtai Muyuan Livestock Husbandry Co., Ltd. 安徽鳳台牧原農牧有限公司 (i)(ii).	Fengtai County, Anhui Province	Livestock and poultry breeding	560,000,000.00	68.68%	68.68%	68.68%	Establishment
Shandong Dongming Muyuan Livestock Husbandry Co., Ltd. 山東東明牧原農牧有限公司 (i)(ii).	Dongming County, Shandong Province	Livestock and poultry breeding	900,000,000.00	67.68%	100.00%	100.00%	Establishment

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Name of subsidiaries	Principal place of business/ Registered place	Nature of business	Registered capital	Effective interest held by the Group			Acquisition method
				As at 31 December			
				2022	2023	2024	
Shangcai Muyuan Livestock Husbandry Co., Ltd. 上蔡牧原農牧有限公司 (i)(ii)	Shangcai County, Henan Province	Livestock and poultry breeding	620,000,000.00	73.56%	100.00%	100.00%	Establishment
Anhui Suixi Muyuan Livestock Husbandry Co., Ltd. 安徽濉溪牧原農牧有限公司 (i)(ii) .	Suixi County, Anhui Province	Livestock and poultry breeding	500,000,000.00	100.00%	100.00%	100.00%	Establishment
Luyi Muyuan Livestock Husbandry Co., Ltd. 鹿邑牧原農牧有限公司 (i)(ii). . . .	Luyi County, Henan Province	Livestock and poultry breeding	364,000,000.00	63.38%	63.38%	100.00%	Establishment
Henan Muyuan Grain Trade Co., Ltd. 河南牧原糧食貿易有限公司 (i)(ii) .	Neixiang County, Henan Province	Grain purchase and trade	2,300,000,000.00	100.00%	100.00%	100.00%	Establishment
Muyuan Meat Co., Ltd. 牧原肉食品有限公司 (i)(ii)	Nanyang City, Henan Province	Slaughter processing	3,000,000,000.00	100.00%	100.00%	100.00%	Establishment
Zhengyang Muyuan Meat Co., Ltd. 正陽牧原肉食品有限公司 (i)(ii) . .	Zhengyang County, Henan Province	Slaughter processing	500,000,000.00	100.00%	100.00%	100.00%	Establishment
Shangshui Muyuan Meat Co., Ltd. 商水縣牧原肉食品有限公司 (i)(ii).	Shangshui County, Henan Province	Slaughter processing	410,000,000.00	100.00%	100.00%	100.00%	Establishment
Neixiang Muyuan Modern Agricultural Complex Co., Ltd. 內鄉縣牧原現代農業綜合體有限公司 (i)(ii).	Neixiang County, Henan Province	Slaughter processing	2,000,000,000.00	100.00%	100.00%	100.00%	Establishment
Ningling Muyuan Meat Co., Ltd. 寧陵縣牧原肉食品有限公司 (i)(ii) .	Ningling County, Henan Province	Slaughter processing	330,000,000.00	100.00%	100.00%	100.00%	Establishment
Nanjing Jiangning Muyuan Livestock Husbandry Co., Ltd. 南京市江寧牧原農牧有限公司 (i)(ii)	Nanjing, Jiangsu Province	Slaughter processing	2,360,000,000.00	100.00%	100.00%	100.00%	Establishment
Neihuang Muyuan Livestock Husbandry Co., Ltd. 內黃縣牧原農牧有限公司 (i)(ii) . .	Neihuang County, Henan Province	Slaughter processing	480,000,000.00	100.00%	100.00%	100.00%	Establishment
Yingshang Muyuan Meat Co.,Ltd. 潁上牧原肉食品有限公司 (i)(iii) . .	Yingshang County, Anhui Province	Slaughter processing	400,000,000.00	100.00%	100.00%	100.00%	Establishment
Henan Muyuan Hog Breeding Co., Ltd.	Nanyang City, Henan Province	Livestock and poultry breeding	1,000,000,000.00	100.00%	100.00%	100.00%	Establishment

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Name of subsidiaries	Principal place of business/ Registered place	Nature of business	Registered capital	Effective interest held by the Group				Acquisition method
				As at 31 December			As at the date of this report	
				2022	2023	2024		
Nanyang Muhua Animal Husbandry Industry Development Co., Ltd. 南陽市牧華畜牧產業發展有限公司 (i)(v).	Nanyang City, Henan Province	Livestock and poultry breeding	3,900,000,000.00	51.28%	51.28%	51.28%	51.28%	Establishment
Shandong Muhua Animal Husbandry Industry Development Co., Ltd. 山東省牧華畜牧產業發展有限公司 (i)(v).	Binzhou City, Shandong Province	Livestock and poultry breeding	3,300,000,000.00	51.52%	100.00%	100.00%	100.00%	Establishment
Huaxian Muhua Animal Husbandry Industry Development Co., Ltd. 滑縣牧華畜牧產業發展有限公司 (i)(v).	Hua County, Henan Province	Livestock and poultry breeding	3,700,000,000.00	51.35%	51.35%	100.00%	100.00%	Establishment
Fugou Muhua Animal Husbandry Industry Development Co., Ltd. 扶溝牧華畜牧產業發展有限公司 (i)(v).	Fugou County, Henan Province	Livestock and poultry breeding	3,300,000,000.00	51.52%	100.00%	100.00%	100.00%	Establishment
Ningling Muhua Animal Husbandry Industry Development Co., Ltd. 寧陵牧華畜牧產業發展有限公司 (i)(v).	Ningling County, Henan Province	Livestock and poultry breeding	2,900,000,000.00	51.72%	51.72%	100.00%	100.00%	Establishment
Huaibei Muhua Animal Husbandry Industry Development Co., Ltd. 淮北市牧華畜牧產業發展有限公司 (i)(vi)	Suixi County, Anhui Province	Livestock and poultry breeding	3,500,000,000.00	51.43%	51.43%	100.00%	100.00%	Establishment
Nanyang Muyuan Swine Supply Support Co., Ltd. 南陽市牧原生豬供應保障有限公司 (i)(vii)	Nanyang City, Henan Province	Livestock and poultry breeding	3,500,000,000.00	71.43%	71.43%	–	–	Establishment
Nanyang Muyuan Poor Area Livestock Husbandry Development Co., Ltd. 南陽市牧原貧困地區畜牧業發展有 限公司 (i)(vii)	Nanyang City, Henan Province	Livestock and poultry breeding	2,670,000,000.00	70.04%	100.00%	–	–	Establishment

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Notes:

- (i) The official names of these entities are in Chinese. The English translation is for identification purpose only. These entities are all limited liability companies under the law of the PRC.
- (ii) The statutory financial statements of these entities for the year ended 31 December 2022 were prepared in accordance with the CASBE and were audited by Zhongxinghua Certified Public Accountants LLP. The statutory financial statements of these entities for the years ended 31 December 2023 and 2024 were prepared in accordance with the CASBE and were audited by KPMG Huazhen LLP.
- (iii) The statutory financial statements of this entity for the years ended 31 December 2022, 2023 and 2024 were prepared in accordance with the CASBE and were audited by Zhongxinghua Certified Public Accountants LLP, KPMG Huazhen LLP and Henan Jinyiyuan CPA Limited, respectively.
- (iv) The statutory financial statements of this entity for the years ended 31 December 2022 and 2023 were prepared in accordance with the CASBE and were audited by Zhongxinghua Certified Public Accountants LLP and KPMG Huazhen LLP, respectively. No audited financial statements were prepared for this entity for the year ended 31 December 2024.
- (v) The statutory financial statements of these entities for the years ended 31 December 2022 and 2023 were prepared in accordance with the CASBE and were audited by Zhongxinghua Certified Public Accountants LLP and Grant Thornton Zhitong Certified Public Accountants LLP, respectively. No audited financial statements were prepared for these entities for the year ended 31 December 2024.
- (vi) The statutory financial statements of this entity for the year ended 31 December 2022 were prepared in accordance with the CASBE and were audited by Zhongxinghua Certified Public Accountants LLP. No audited financial statements were prepared for this entity for the year ended 31 December 2023 and 2024.
- (vii) The statutory financial statements of these entities for the years ended 31 December 2022 and 2023 were prepared in accordance with the CASBE and were audited by Zhongxinghua Certified Public Accountants LLP and Grant Thornton Zhitong Certified Public Accountants LLP, respectively. These entities were de-registered during the year ended 31 December 2024 and no audited financial statements were prepared for these entities for the year ended 31 December 2024.

(2) *Material non-wholly owned subsidiary*

	Nanyang Muhua Animal Husbandry Industry Development Co., Ltd.		
	2022	2023	2024
Interests held by non-controlling interests .	48.72%	48.72%	48.72%
Profit allocated to non-controlling interests during the year	288,358,135.93	56,965,375.49	305,696,883.02
Dividend declared to non-controlling shareholders during the year	103,156,750.83	196,000,000.00	301,535,877.27
Balance of non-controlling interests at the end of the year	2,172,921,833.69	2,033,887,209.18	2,038,048,214.93

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(3) Key financial information about material non-wholly owned subsidiary

The following table sets out the key financial information of the above subsidiary without offsetting intra-group transactions, but with adjustments made for any differences in accounting policies:

	Nanyang Muhua Animal Husbandry Industry Development Co., Ltd.		
	2022	2023	2024
Current assets	5,507,770,342.41	4,681,520,196.59	4,216,012,841.05
Non-current assets	3,540,168,604.48	3,541,180,130.60	3,544,234,372.54
Total assets	9,047,938,946.89	8,222,700,327.19	7,760,247,213.59
Current liabilities	3,167,987,514.62	2,485,761,977.34	2,234,624,720.66
Non-current liabilities	351,115,614.35	529,754,297.44	333,807,605.26
Total liabilities	3,519,103,128.97	3,015,516,274.78	2,568,432,325.92
Revenue	3,948,693,092.07	3,467,341,194.82	4,083,127,580.35
Net profit	731,464,137.55	223,535,865.03	799,314,732.02
Total comprehensive income	731,464,137.55	223,535,865.03	799,314,732.02
Net cash (outflow)/inflow from operating activities	(1,358,516,536.87)	508,588,599.48	1,675,207,090.28

2 Transactions that cause changes in the Group’s interests in subsidiaries that do not result in loss of control

During the year ended 31 December 2022, the Group has completed the acquisition of 48.54% non-controlling interests of Nanyang Musheng Hog Industry Development Co., Ltd. and 40.00% non-controlling interests of Nanyang Muyuan Maiming Industry Development Co., Ltd. As at 31 December 2022, the above subsidiaries become wholly-owned subsidiaries of the Group. The impact of the transactions on non-controlling interests and shareholders’ equity attributable to the shareholders of the Company is as follows:

	Nanyang Musheng Hog Industry Development Co., Ltd.	Nanyang Muyuan Maiming Industry Development Co., Ltd.
Acquisition cost		
– Cash	555,000,000.00	562,465,753.42
Total	555,000,000.00	562,465,753.42
Less: Share of net assets in subsidiaries based on the interests acquired	554,850,007.02	490,716,045.39
Difference	149,992.98	71,749,708.03
Including:		
Adjustment to capital reserve	149,992.98	71,749,708.03

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During the year ended 31 December 2023, the Group has completed the acquisition of 29.96% non-controlling interests of Nanyang Muyuan Poor Area Livestock Husbandry Development Co., Ltd., 48.48% non-controlling interests of Shandong Muhua Animal Husbandry Industry Development Co., Ltd. and 48.48% non-controlling interests of Fugou Muhua Animal Husbandry Industry Development Co., Ltd.. As at 31 December 2023, the above subsidiaries become wholly-owned subsidiaries of the Group. The impact of the transactions on non-controlling interests and shareholders’ equity attributable to the shareholders of the Company is as follows:

	Nanyang Muyuan Poor Area Livestock Husbandry Development Co., Ltd.	Shandong Muhua Animal Husbandry Industry Development Co., Ltd.	Fugou Muhua Animal Husbandry Industry Development Co., Ltd.
Acquisition cost			
– Cash	1,466,166,747.09	1,708,266,367.00	1,982,165,548.00
Total	1,466,166,747.09	1,708,266,367.00	1,982,165,548.00
Less: Share of net assets in subsidiaries based on the interests acquired	1,504,330,447.60	1,626,920,250.82	1,887,776,826.64
Difference	(38,163,700.51)	81,346,116.18	94,388,721.36
<i>Including:</i>			
Adjustment to capital reserve	(38,163,700.51)	81,346,116.18	94,388,721.36

During the year ended 31 December 2024, the Group has completed the acquisition of 30.00% non-controlling interests of Qiqihar Muchen Animal Husbandry Development Co., Ltd., 24.55% non-controlling interests of Jiangsu Tongshan Muyuan Livestock Husbandry Co., Ltd., 28.57% non-controlling interests of Nanyang Muyuan Swine Supply Support Co., Ltd., 48.65% non-controlling interests of Huaxian Muhua Animal Husbandry Industry Development Co., Ltd., 48.57% non-controlling interests of Huaibei Muhua Animal Husbandry Industry Development Co., Ltd. and 48.28% non-controlling interests of Ningling Muhua Animal Husbandry Industry Development Co., Ltd.. As at 31 December 2024, the above subsidiaries become wholly-owned subsidiaries of the Group. The impact of the transactions on non-controlling interests and shareholders’ equity attributable to the shareholders of the Company is as follows:

	Qiqihar Muchen Animal Husbandry Industry Development Co., Ltd.	Jiangsu Tongshan Muyuan Livestock Husbandry Co., Ltd.	Nanyang Muyuan Swine Supply Support Co., Ltd.	Huaxian Muhua Animal Husbandry Industry Development Co., Ltd.	Huaibei Muhua Animal Husbandry Industry Development Co., Ltd.	Ningling Muhua Animal Husbandry Industry Development Co., Ltd.
Acquisition cost						
– Cash.	199,610,958.90	500,000,000.00	1,254,601,601.70	3,309,740,000.00	2,997,460,000.00	2,245,990,000.00
Total	199,610,958.90	500,000,000.00	1,254,601,601.70	3,309,740,000.00	2,997,460,000.00	2,245,990,000.00
Less: Share of net assets in subsidiaries based on the interests acquired	173,619,049.16	433,881,605.12	993,788,788.14	1,839,740,313.86	1,717,772,570.28	1,398,038,873.37
Difference	25,991,909.74	66,118,394.88	260,812,813.56	1,469,999,686.14	1,279,687,429.72	847,951,126.63
<i>Including:</i>						
Adjustment to capital reserve	25,991,909.74	66,118,394.88	260,812,813.56	1,469,999,686.14	1,279,687,429.72	847,951,126.63

3 Interests in associates

	As at 31 December		
	2022	2023	2024
Associates			
– Material associates	247,310,864.94	313,212,147.25	438,877,983.23
– Immaterial associates	334,537,084.65	405,535,933.29	464,869,867.71
Subtotal	581,847,949.59	718,748,080.54	903,747,850.94
Less: Provision for impairment	–	–	–
Total	581,847,949.59	718,748,080.54	903,747,850.94

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(1) *Material associates as at 31 December 2022, 2023 and 2024:*

Name of investee	Principal place of business/Registered place	Nature of business	Shareholding percentage		Accounting treatment of investments in joint ventures or associates
			Direct	Indirect	
Associates					
Henan Longda Muyuan Meat Co., Ltd.	Neixiang County, Nanyang City	Animal slaughtering	40.00%	–	Equity method
Guangdong Guangken Muyuan Livestock Husbandry Co., Ltd.	Leizhou, Zhanjiang City, Guangdong province	Livestock breeding	34.00%	–	Equity method

(2) *Key financial information of material associates*

The following table sets out the key financial information of the Group’s material associates, adjusted for fair value adjustments at the time of acquisition and any differences in the accounting policies of the Group. The table also reconciles the key financial information to the carrying amount of the Group’s investments in the associates under the equity method:

	Henan Longda Muyuan Meat Co., Ltd.			Guangdong Guangken Muyuan Livestock Husbandry Co., Ltd.		
	2022	2023	2024	2022	2023	2024
Current assets . . .	361,145,745.89	434,157,947.28	479,191,953.55	236,298,542.39	109,315,461.23	507,076,321.39
Non-current assets .	188,235,843.04	195,307,692.38	202,137,824.11	202,733,628.73	685,388,800.19	807,339,396.21
Total assets	549,381,588.93	629,465,639.66	681,329,777.66	439,032,171.12	794,704,261.42	1,314,415,717.60
Current liabilities .	218,850,522.64	327,665,367.87	373,379,802.53	40,685,416.28	183,269,648.21	279,054,142.00
Non-current liabilities	2,355,712.34	1,515,026.33	810,078.81	34,816,379.77	34,054,058.70	77,465,572.74
Total liabilities . . .	221,206,234.98	329,180,394.20	374,189,881.34	75,501,796.05	217,323,706.91	356,519,714.74
Equity attributable to shareholders of the associate . . .	328,175,353.95	300,285,245.46	307,139,896.32	363,530,375.07	577,380,554.51	957,896,002.86
Equity attributable to the Company .	131,270,141.58	120,114,098.18	122,855,958.53	123,600,327.52	196,309,388.53	325,684,640.97
Less: Elimination of unrealised profit or loss on intra-group transactions . . .	(5,893,826.37)	(2,527,561.73)	(9,662,616.27)	(1,665,777.79)	(683,777.73)	–
Carrying amount of interests in associates	125,376,315.21	117,586,536.45	113,193,342.26	121,934,549.73	195,625,610.80	325,684,640.97
Revenue	2,995,183,395.47	2,478,990,188.50	2,432,157,479.67	54,697,979.30	94,236,207.39	696,092,270.81
Net profit/(loss) . .	57,183,709.48	(27,890,108.49)	6,854,650.86	10,883,848.39	(23,325,520.51)	160,515,448.35
Total comprehensive income	57,183,709.48	(27,890,108.49)	6,854,650.86	10,883,848.39	(23,325,520.51)	160,515,448.35

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(3) Summarised financial information of immaterial associates:

	As at 31 December/Year ended 31 December		
	2022	2023	2024
Associates:			
Aggregate carrying amount of investments	334,537,084.65	405,535,933.29	464,869,867.71
Aggregate amount of share of			
– Net profit/(loss)	13,198,483.61	(10,452,385.15)	11,735,114.25
– Total comprehensive income	13,198,483.61	(10,452,385.15)	11,735,114.25

VII. GOVERNMENT GRANTS

1 Government grants recognised in profit or loss

Item	Year ended 31 December		
	2022	2023	2024
Other income	2,167,851,654.73	2,776,362,617.05	2,992,721,127.09
Financial expenses — interest subsidy . . .	108,170,730.65	100,471,014.23	124,341,023.05
Non-operating income	225,184,409.97	—	—
Total	2,501,206,795.35	2,876,833,631.28	3,117,062,150.14

2 Liabilities relating to government grants

2022							
Item	Balance as at 1 January	Additions	Amounts recognised in non-operating income	Amounts recognised in other income	Other changes	Balance as at 31 December	Related to assets/income
Deferred income . .	488,452,169.74	299,532,076.02	—	102,022,718.03	—	685,961,527.73	Related to assets/income
2023							
Item	Balance as at 1 January	Additions	Amounts recognised in non-operating income	Amounts recognised in other income	Other changes	Balance as at 31 December	Related to assets/income
Deferred income . .	685,961,527.73	210,688,082.96	—	96,948,040.22	—	799,701,570.47	Related to assets/income
2024							
Item	Balance as at 1 January	Additions	Amounts recognised in non-operating income	Amounts recognised in other income	Other changes	Balance as at 31 December	Related to assets/income
Deferred income . .	799,701,570.47	100,262,134.75	—	121,099,597.92	—	778,864,107.30	Related to assets/income

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VIII. RISK RELATED TO FINANCIAL INSTRUMENTS

1 Risks from use of financial instruments

The Group has exposure to the following main risks from its use of financial instruments in the normal course of operations:

- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign currency risk

The following mainly presents information about the Group’s exposure to each of the above risks and their sources, their changes during the reporting period, and the Group’s objectives, policies and processes for measuring and managing risks, and their changes during the reporting period.

The Group aims to achieve an appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Group’s financial performance. Based on these objectives, the Group’s risk management policies have been established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities.

(1) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group’s credit risk is primarily attributable to cash at bank, accounts receivable and other receivables. Exposure to these credit risks is monitored by management on an ongoing basis.

The cash at bank of the Group is mainly held with well-known financial institutions. Management does not foresee any significant credit risks from cash at bank and does not expect that these financial institutions may default and cause losses to the Group.

The Group’s exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country/region in which the customers operate. Therefore, significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers.

In respect of accounts receivable and other receivables, the Group has established a credit policy under which individual credit evaluations are performed on all customers and debtors to determine the credit limit and terms applicable to the customers and debtors. These evaluations focus on the customers’ financial position, the external ratings of the customers and their bank credit records where available. Normally, the Group does not obtain collateral from customers.

The maximum exposure to credit risk of the Group is represented by the carrying amount of each financial asset (including derivative financial instruments) in the balance sheet.

(2) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in meeting obligations that are settled by delivering cash or another financial asset. The Group are responsible for cash management, including cash inflows from operating activities of the Group and obtaining bank facilities to cover expected cash demands. Meanwhile, the Group is responsible for monitoring long-term borrowings with contractual covenants to ensure compliance with contractual covenants during the borrowing period. The Group’s policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash, readily realisable marketable securities and adequate committed lines of facilities from major financial institutions to meet its liquidity requirements in the short and longer term.

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The following tables set out the remaining contractual maturities of the Group’s financial liabilities at each reporting date, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at 31 December) and the earliest date the Group can be required to pay:

Contractual undiscounted cash flow as at 31 December 2022					
	Within 1 year or on demand (inclusive)	More than 1 year but less than 2 years (inclusive)	More than 2 years but less than 5 years (inclusive)	More than 5 years	Total
Short-term loans	29,619,959,839.46	–	–	–	29,619,959,839.46
Bills payable	3,157,054,048.07	–	–	–	3,157,054,048.07
Accounts payable	25,186,203,024.02	–	–	–	25,186,203,024.02
Other payables	8,311,165,084.58	–	–	–	8,311,165,084.58
Long-term loans	6,693,223,498.37	5,125,216,309.86	5,972,301,934.62	375,354,407.90	18,166,096,150.75
Debentures payable	309,875,636.40	76,351,272.80	10,469,668,282.70	–	10,855,895,191.90
Lease liabilities	2,359,715,918.79	694,505,473.63	3,514,469,522.34	981,694,753.88	7,550,385,668.64
Long-term payables	1,389,781,987.23	1,043,222,889.91	1,053,270,155.86	750,000.00	3,487,025,033.00
Total	77,026,979,036.92	6,939,295,946.20	21,009,709,895.52	1,357,799,161.78	106,333,784,040.42

Contractual undiscounted cash flow as at 31 December 2023					
	Within 1 year or on demand (inclusive)	More than 1 year but less than 2 years (inclusive)	More than 2 years but less than 5 years (inclusive)	More than 5 years	Total
Short-term loans	47,563,341,535.87	–	–	–	47,563,341,535.87
Bills payable	2,513,903,720.49	–	–	–	2,513,903,720.49
Accounts payable	23,463,033,895.99	–	–	–	23,463,033,895.99
Other payables	11,092,383,654.66	–	–	–	11,092,383,654.66
Long-term loans	6,155,628,159.34	6,070,014,537.71	4,628,870,113.53	202,335,340.11	17,056,848,150.69
Debentures payable	76,348,439.20	114,522,658.80	10,354,757,066.50	–	10,545,628,164.50
Lease liabilities	1,320,646,603.99	708,283,589.07	3,012,699,299.32	1,048,104,372.98	6,089,733,865.36
Long-term payables	2,169,356,746.35	1,998,100,432.53	704,365,298.05	5,883,750.00	4,877,706,226.93
Total	94,354,642,755.89	8,890,921,218.11	18,700,691,777.40	1,256,323,463.09	123,202,579,214.49

Contractual undiscounted cash flow as at 31 December 2024					
	Within 1 year or on demand (inclusive)	More than 1 year but less than 2 years (inclusive)	More than 2 years but less than 5 years (inclusive)	More than 5 years	Total
Short-term loans	45,859,986,226.43	–	–	–	45,859,986,226.43
Bills payable	2,723,724,853.68	–	–	–	2,723,724,853.68
Accounts payable	17,993,020,605.06	–	–	–	17,993,020,605.06
Other payables	8,348,220,056.94	–	–	–	8,348,220,056.94
Long-term loans	6,001,470,880.17	4,463,607,941.98	4,791,513,983.67	73,026,168.52	15,329,618,974.34
Debentures payable	114,518,322.00	143,147,902.50	10,211,217,045.00	–	10,468,883,269.50
Other current liabilities	1,017,013,698.63	–	–	–	1,017,013,698.63
Lease liabilities	1,270,954,395.02	2,523,639,324.01	976,169,837.84	1,534,057,224.99	6,304,820,781.86
Long-term payables	1,673,509,276.62	937,114,076.28	267,867,235.25	7,371,500.00	2,885,862,088.15
Total	85,002,418,314.55	8,067,509,244.77	16,246,768,101.76	1,614,454,893.51	110,931,150,554.59

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(3) Interest rate risk

Interest-bearing financial instruments at fixed rates and at variable rates expose the Group to fair value interest rate risk and cash flow interest risk, respectively. The Group determines the appropriate weightings for fixed and floating rate interest-bearing instruments based on current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure. As at 31 December 2022, 2023 and 2024, the fixed rate interest-bearing financial instruments of the Group amounted to net financial liabilities of RMB43,074,756,150.40, RMB45,121,066,732.20 and RMB47,787,652,434.77, respectively. As at 31 December 2022, 2023 and 2024, the variable rate interest-bearing financial instruments of the Group amounted to net financial assets of RMB7,960,586,345.81, net financial liabilities of RMB1,125,533,746.58 and net financial liabilities of RMB3,093,448,391.73, respectively.

As at 31 December 2022, it was estimated that a general increase of 50 basis points in interest rates, with all other variables held constant, would increase the Group’s equity by RMB29,852,198.80 and net profit by RMB29,852,198.80. As at 31 December 2023 and 2024, it was estimated that a general increase of 50 basis points in interest rates, with all other variables held constant, would decrease the Group’s equity by RMB4,220,751.55 and RMB11,600,431.47, respectively, and net profit by RMB4,220,751.55 and RMB11,600,431.47, respectively.

The sensitivity analysis above indicates the instantaneous change in net profit and equity that would arise assuming that the change in interest rates had occurred at the balance sheet date and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the balance sheet date. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the balance sheet date, the impact on net profit and equity of such a change in interest rates is estimated as an annualised impact on interest expense or income.

(4) Foreign currency risk

In respect of cash at bank and on hand, accounts and bills payable, and interest-bearing loans denominated in foreign currencies other than the functional currency, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

- (a) As at 31 December, the Group’s exposure to currency risk arising from recognised assets or liabilities denominated in foreign currencies is presented in the following tables:

For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the balance sheet date. Differences resulting from the translation of foreign currency financial statements are excluded.

	As at 31 December 2022		As at 31 December 2023		As at 31 December 2024	
	Balance in foreign currency	Balance in RMB equivalent	Balance in foreign currency	Balance in RMB equivalent	Balance in foreign currency	Balance in RMB equivalent
Cash at bank and on hand						
– USD	138,726.31	966,173.26	76,323.82	540,578.72	1,197,048.74	8,604,865.17
– EUR	45,612,782.60	338,579,123.96	40,593.12	319,029.41	6,078.02	45,741.36
Bills payable						
– USD	(12,286,816.52)	(85,572,762.34)	–	–	–	–
– EUR	(94,919.40)	(704,577.21)	–	–	–	–
Accounts payable						
– USD	–	–	(25,779.70)	(182,589.88)	–	–
– EUR	–	–	–	–	–	–
Long-term loans						
– USD	(170,019,446.26)	(1,184,117,435.43)	–	–	–	–
– EUR	(45,631,787.93)	(338,720,198.62)	(41,539,508.15)	(326,467,302.45)	(34,024,966.02)	(256,061,686.77)
Net balance sheet exposure						
– USD	(182,167,536.47)	(1,268,724,024.51)	50,544.12	357,988.84	1,197,048.74	8,604,865.17
– EUR	(113,924.73)	(845,651.87)	(41,498,915.03)	(326,148,273.04)	(34,018,888.00)	(256,015,945.41)

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(b) The following are the exchange rates for RMB against foreign currencies applied by the Group:

	Average rate for year ended 31 December			Mid-spot rate as at 31 December		
	2022	2023	2024	2022	2023	2024
USD	6.6720	7.0491	7.1134	6.9646	7.0827	7.1884
EUR	7.3164	7.6436	7.7172	7.4229	7.8592	7.5257

(c) *Sensitivity analysis*

Assuming all other risk variables remained constant, a 5% strengthening of the RMB against the US dollar and Euro at the end of each reporting period would have increased the Group’s equity and net profit by the amounts shown below. The amounts are presented in RMB and translated using the spot rate at the balance sheet date.

	Equity	Net profit
As at 31 December 2022		
– USD	47,577,150.92	47,577,150.92
– EUR	31,711.95	31,711.95
Total	47,608,862.87	47,608,862.87
As at 31 December 2023		
– USD	(13,424.58)	(13,424.58)
– EUR	12,230,560.24	12,230,560.24
Total	12,217,135.66	12,217,135.66
As at 31 December 2024		
– USD	(322,682.44)	(322,682.44)
– EUR	9,600,597.95	9,600,597.95
Total	9,277,915.51	9,277,915.51

A 5% weakening of the Renminbi against the US dollar and Euro at the end of each reporting period would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remained constant.

The sensitivity analysis above assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the balance sheet date. The analysis excludes differences that would result from the translation of foreign currency financial statements.

2 Hedge

In order to manage the risk of expected sales and purchase price fluctuations, the Group has purchased some derivatives and adopted hedge accounting.

The Group is mainly engaged in feed production, hog breeding and sales. During the Track Record Period, the major hedging instruments held by the Group are a number of commodity futures contracts in order to manage the risk of price fluctuations for hog sales, corn and soybean meal purchases. The Group adopts cash flow hedging for the future contracts in relation to expected hog sales, corn and soybean meal purchases, and designates these futures contracts held as hedging instruments.

For the years ended 31 December 2022 and 2023, the Group entered into foreign exchange forward contracts and interest rate swap contracts, to hedge the foreign exchange and interest rate risks arising from the expected repayment of principal and interest of foreign currency dominated borrowings. The Group applied cash flow hedging for the forward contracts and interest rate swap contracts in relation to the expected repayment of principal and interest of foreign currency dominated borrowings, and designates these forward contracts and interest rate swap contracts held as hedging instruments.

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Where the Group engages in hedging activities that meet the criteria and applies hedge accounting:

Year ended 31 December 2022							
Hedged items	Hedging instruments	Hedge reserve balance as at 1 January	Gain or loss of hedging instruments within the year		Hedge reserve transferred out during the year	Income tax impact	Hedge reserve balance as at 31 December
			Effective part	Ineffective part			
Expected hog sales and purchase of corn and soybean meal . .	Futures	1,015,570.00	12,889,530.00	–	(13,588,600.00)	–	316,500.00
Foreign currency borrowings . . .	Interest rate swap and foreign exchange forward	(54,824,730.77)	84,945,542.25	–	(27,395,774.66)	–	2,725,036.82
Total		(53,809,160.77)	97,835,072.25	–	(40,984,374.66)	–	3,041,536.82

Year ended 31 December 2023							
Hedged items	Hedging instruments	Hedge reserve balance as at 1 January	Gain or loss of hedging instruments within the year		Hedge reserve transferred out during the year	Income tax impact	Hedge reserve balance as at 31 December
			Effective part	Ineffective part			
Expected hog sales and purchase of corn and soybean meal . .	Futures	316,500.00	79,719,915.00	8,581,040.00	(48,274,195.00)	–	31,762,220.00
Foreign currency borrowings . . .	Interest rate swap and foreign exchange forward	2,725,036.82	41,474,725.55	–	(44,199,762.37)	–	–
Total		3,041,536.82	121,194,640.55	8,581,040.00	(92,473,957.37)	–	31,762,220.00

Year ended 31 December 2024							
Hedged items	Hedging instruments	Hedge reserve balance as at 1 January	Gain or loss of hedging instruments within the year		Hedge reserve transferred out during the year	Income tax impact	Hedge reserve balance as at 31 December
			Effective part	Ineffective part			
Expected hog sales and purchase of corn and soybean meal . .	Futures	31,762,220.00	27,486,315.00	(13,586,560.00)	(56,349,695.00)	–	2,898,840.00
Total		31,762,220.00	27,486,315.00	(13,586,560.00)	(56,349,695.00)	–	2,898,840.00

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3 Transfer of financial assets

(1) By manner of transfer

As at 31 December 2022				
Manner of transfer	Nature of financial assets transferred	Amount of financial assets transferred	Derecognised (Y/N)	Basis for derecognition
Bill endorsement or discount	Bank acceptance bills	60,000,000.00	N	Retained almost all of its risk and reward
Bill endorsement or discount	Bank acceptance bills	22,000,000.00	Y	Almost all of its risk and reward have been transferred
Total		82,000,000.00		

As at 31 December 2023				
Manner of transfer	Nature of financial assets transferred	Amount of financial assets transferred	Derecognised (Y/N)	Basis for derecognition
Bill endorsement or discount	Bank acceptance bills	129,090,000.00	N	Retained almost all of its risk and reward

As at 31 December 2024				
Manner of transfer	Nature of financial assets transferred	Amount of financial assets transferred	Derecognised (Y/N)	Basis for derecognition
Bill endorsement or discount	Bank acceptance bills	152,900,000.00	N	Retained almost all of its risk and reward
Bill endorsement or discount	Bank acceptance bills	60,442,935.00	Y	Almost all of its risk and reward have been transferred
Total		213,342,935.00		

(2) Financial assets derecognised due to transfer

As at 31 December 2022, the financial assets derecognised due to transfer of the Group are as follows:

Item	Manner of transfer	Amount derecognised	Gain or loss related to derecognition
Bills receivable	Bill endorsement or discount	22,000,000.00	–

As at 31 December 2023, there were no financial assets derecognised due to transfer of the Group.

As at 31 December 2024, the financial assets derecognised due to transfer of the Group were as follows:

Item	Manner of transfer	Amount derecognised	Gain or loss related to derecognition
Bills receivable	Bill endorsement or discount	60,442,935.00	–

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IX. FAIR VALUE DISCLOSURE

The following table presents the fair value information and fair value hierarchy, at the end of each reporting period, of the Group’s assets and liabilities which are measured at fair value at each balance sheet date on a recurring or non-recurring basis. The level at which fair value measurement is categorised is determined by the lowest level input in the fair value hierarchy that is significant to the entire fair value measurement. The levels are defined as follows:

Level 1 inputs: unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities;

Level 2 inputs: inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities;

Level 3 inputs: inputs that are unobservable for underlying assets or liabilities.

1 Fair value of assets and liabilities measured at fair value at the end of each reporting period

		As at 31 December 2022			
	Note	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
Recurring fair value measurements					
Financial assets held for trading	IV.2	316,500.00	2,725,036.82	–	3,041,536.82
Investments in other equity instruments . .	IV.10	–	–	143,000,000.00	143,000,000.00
Total assets measured at fair value on a recurring basis		<u>316,500.00</u>	<u>2,725,036.82</u>	<u>143,000,000.00</u>	<u>146,041,536.82</u>

		As at 31 December 2023			
	Note	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
Recurring fair value measurements					
Financial assets held for trading	IV.2	21,184,000.00	–	–	21,184,000.00
Investments in other equity instruments . .	IV.10	–	–	106,524,594.25	106,524,594.25
Total assets measured at fair value on a recurring basis		<u>21,184,000.00</u>	<u>–</u>	<u>106,524,594.25</u>	<u>127,708,594.25</u>

		As at 31 December 2024			
	Note	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
Recurring fair value measurements					
Financial assets held for trading	IV.2	2,886,840.00	–	–	2,886,840.00
Investments in other equity instruments . .	IV.10	–	–	106,524,594.25	106,524,594.25
Total assets measured at fair value on a recurring basis		<u>2,886,840.00</u>	<u>–</u>	<u>106,524,594.25</u>	<u>109,411,434.25</u>

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2 Basis for determining the market price for recurring and non-recurring fair value measurement categorised within Level 1

As at 31 December 2022, 2023 and 2024, the Group’s financial assets measured at fair value on a recurring basis categorised within Level 1 are futures contracts under financial assets at FVTPL, the fair value of which is determined based on public quotation in futures market.

3 Valuation techniques used and the qualitative and quantitative information of key parameters for recurring and non-recurring fair value measurements categorised within Level 2

As at 31 December 2022, the Group’s financial assets measured at fair value on a recurring basis categorised within Level 2 are foreign exchange forward contracts and interest rate swap contracts, the fair value of which is determined based on discounting the difference between the exercise price of foreign exchange forward contracts or interest rate swap contracts and the market forward price or market interest rate.

As at 31 December 2023 and 2024, the Group has no financial assets measured at fair value on a recurring basis categorised within Level 2.

4 Valuation techniques used and the qualitative and quantitative information of key parameters for recurring and non-recurring fair value measurements categorised within Level 3

As at 31 December 2022, 2023 and 2024, the Group’s financial assets measured at fair value on a recurring basis categorised within Level 3 are investments in an unlisted entity. There is no significant change in the operating environment, operating condition and financial position of the invested enterprise, therefore the fair value is based on market multiples derived from quoted prices of companies comparable to the investee, adjusted for the effect of the non-marketability of the equity securities and prices to the book value of the investee.

5 Reasons for transfers of recurring fair value measurements between different levels, and the policy regarding the timing of those transfers

During the Track Record Period, none of the Group’s above assets and liabilities which are measured at fair value on a recurring basis were transferred between different levels.

6 Reconciliation between the opening and closing balances of the assets and liabilities that measured at recurring Level 3 fair value measurement

	As at 1 January 2022 and 31 December 2022	Total losses for the year included in other comprehensive income	As at 31 December 2023 and 2024
Assets			
Investments in other equity instruments .	143,000,000.00	(36,475,405.75)	106,524,594.25

7 Current changes in valuation techniques and the reasons for the changes

During the Track Record Period, there were no changes in valuation techniques for the recurring and non-recurring fair value measurements.

8 Fair values of financial assets and liabilities not measured at fair value

As at 31 December 2022, 2023 and 2024, all financial assets and financial liabilities of the Group are carried at amounts not materially different from their fair value.

X. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS

1 Immediate and ultimate controlling party

The directors of the Company consider the immediate holding party of the Company as at 31 December 2022, 2023 and 2024 was Muyuan Group.

The ultimate controlling party is Mr. Qin Yinglin and his spouse Ms. Qian Ying. Mr. Qin Yinglin entered into a voting rights entrustment agreement and its supplementary agreement.

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2 Information about the major subsidiaries of the Company

For information about the major subsidiaries of the Company, refer to Note VI.1.

3 Information about associates of the Company

For information about the associates of the Company, refer to Note VI.3. Associates that have related-party transactions with the Group during the Track Record Period are as follows:

Name of entity	Relationship with the Company
Zhongmu Muyuan (Henan) Biological Pharmaceutical Co., Ltd.	Associate of the Group
Henan Lianmu Veterinary Medicine Co., Ltd. . . .	Associate of the Group
Nanyang Longyuan New Energy Technology Co., Ltd. and its subsidiaries	Associate of the Group
Guangdong Guangken Muyuan Livestock Husbandry Co., Ltd.	Associate of the Group
Henan Longda Muyuan Meat Co., Ltd.	Associate of the Group
Rongtong Nongfa Muyuan (Jianyang) Co., Ltd. . .	Associate of the Group
Rongtong Nongfa Muyuan (Chongzhou) Co., Ltd.	Associate of the Group
Rongtong Nongfa Muyuan (Tangshan) Livestock Husbandry Co., Ltd.	Associate of the Group

4 Information on other related parties

Name of other related parties	Related-party relationship
Henan Juai Digital Technology Co., Ltd.	Entity under control of Muyuan Group
Henan Juai Travel Agency Co., Ltd.	Entity under control of Muyuan Group
Henan Juai Automobile Sales Service Co., Ltd. . .	Entity under control of Muyuan Group
Fangcheng Juai Digital Technology Co., Ltd. . . .	Entity under control of Muyuan Group
Zhengzhou Juai Digital Technology Co., Ltd. . . .	Entity under control of Muyuan Group
Henan Muyuan Construction Engineering Co., Ltd.	Entity under control of Muyuan Group
Henan Muyuan Logistics Co., Ltd.	Entity under control of Muyuan Group
Fangcheng Muyuan Logistics Co., Ltd.	Entity under control of Muyuan Group
Henan Shengda Special Vehicle Co., Ltd.	Entity under control of Muyuan Group
Cnex Fire Vehicle Manufacturing Co., Ltd.	Entity under control of Muyuan Group
Henan Muyuan Smart Logistics Park Co., Ltd. . .	Entity under control of Muyuan Group
Henan Zhongyou Muyuan Oil and Gas Co., Ltd. .	Entity under control of Muyuan Group
Henan Muyuan Equipment Co., Ltd.	Entity under control of Muyuan Group
Henan Xinghua Instrument Equipment Co., Ltd. .	Entity under control of Muyuan Group
Henan Wanmu New Material Co., Ltd.	Entity under control of Muyuan Group
Henan Shengda Development Co., Ltd.	Entity under control of Muyuan Group
Xixia Shengshida Real Estate Co., Ltd.	Entity under control of Muyuan Group
Nanyang Jinding Smart Equipment Co., Ltd. . . .	Entity under control of Muyuan Group
Neixiang Shengwangda Real Estate Co., Ltd. . .	Entity under control of Muyuan Group
Muyuan East District Construction Development (Nanyang) Co., Ltd.	Entity under control of Muyuan Group
Nanyang Jinsheng Smart Electrical Appliance Co., Ltd.	Entity under control of Muyuan Group
Henan Qianhe Architectural Design Co., Ltd. . .	Entity under control of Muyuan Group
Henan Muyuan Agricultural Development Co., Ltd.	Entity under control of Muyuan Group
Xihua Muyuan Agricultural Development Co., Ltd.	Entity under control of Muyuan Group
Caodian Muyuan West Biotechnology Co., Ltd. .	Entity under control of Muyuan Group

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Name of other related parties	Related-party relationship
Zhongxiang Muyuan Livestock Husbandry Co., Ltd.	Entity under control of Muyuan Group
Fugou Muyuan Agricultural Development Co., Ltd.	Entity under control of Muyuan Group
Shanxi Muyuan Agricultural Development Co., Ltd.	Entity under control of Muyuan Group
Shaanxi Muyuan West Biotechnology Co., Ltd. . .	Entity under control of Muyuan Group
Anhui Muyuan West Biotechnology Co., Ltd. . .	Entity under control of Muyuan Group
Henan Guoran Fengqing Fruit Industry Co., Ltd. .	Entity under control of Muyuan Group
Xixia County Zhengtie Tianrun Beverage Co., Ltd.	Entity under control of Muyuan Group
Neixiang Zhongyi High Efficiency Agricultural Technology Development Co., Ltd.	Entity under control of Muyuan Group
Dengzhou Shengda Agricultural Development Co., Ltd.	Entity under control of Muyuan Group
Henan Muyuan Property Management Co., Ltd. . .	Entity under control of Muyuan Group
Henan Muyuan Hotel Co., Ltd.	Entity under control of Muyuan Group
Neixiang County Shengduo Watershed Water Ecological Environment Treatment Co., Ltd. . .	Entity under control of Muyuan Group
Neixiang Weixin Asset Management Co., Ltd. . .	Entity under control of Muyuan Group
Mucui Optimum (Henan) Supply Chain Management Co., Ltd.	Entity under control of Muyuan Group
Neixiang Juai Food Material Sales Co., Ltd. . . .	Entity over which Muyuan Group has significant influence
Nanyang Industry Investment Food Material Sales Co., Ltd.	Entity over which Muyuan Group has significant influence
Henan Zhengtai Muyuan Smart Electrical Technology Co., Ltd.	Entity over which Muyuan Group has significant influence
Ram Charan and entities controlled by him	Other related party, Mr. Ram Charan served as director of the Company
Henan Juaiyunchao Trading Co., Ltd.	Entity under control of Muyuan Group
Henan Guigeng Agricultural Development Co., Ltd.	Entity under control of Muyuan Group
Neixiang County Guoxing Construction Labor Subcontracting Co., Ltd.	Entity under control of Muyuan Group
Henan Juai Pharmacy Co., Ltd.	Entity under control of Muyuan Group
Zhonghe Construction Engineering (Henan) Co., Ltd.	Entity under control of Muyuan Group
Zhejiang Juneng Bao Oil Products Trading Co., Ltd.	Entity under control of Muyuan Group
Xixia County Industry Investment Food Sales Co., Ltd.	Entity over which Muyuan Group has significant influence
Sheqi Wenxin Food Sales Co., Ltd.	Entity over which Muyuan Group has significant influence
Shenqiu County Chengtou Juai Food Sales Co., Ltd.	Entity over which Muyuan Group has significant influence
Shenqiu County Agricultural Investment Juai Food Sales Co., Ltd.	Entity over which Muyuan Group has significant influence
Henan Zhongying Digital Technology Co., Ltd. . .	Entity under control of Muyuan Group
Nanyang Wancheng District Industry Investment Food Sales Co., Ltd.	Entity over which Muyuan Group has significant influence
Henan Miss Flour Co., Ltd.	Other related party, entity in which Muyuan Group holds indirect interests, and a director of the Company served as a director of the entity
Henan Neixiang Rural Commercial Bank Co., Ltd.	Entity over which Muyuan Group has significant influence

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Name of other related parties	Related-party relationship
Nanyang Wolong Rural Credit Cooperative Association	Other related party, the subsidiary of the Company, Nanyang Wolong Muyuan Breeding Co., Ltd. holds interests, director of the Company serves as director of the entity
Henan Xixia Rural Commercial Bank Co., Ltd. . .	Entity over which Muyuan Group has significant influence
Henan Muyuan Agricultural Development Public Welfare Foundation	Other related party, Muyuan Group initiated the establishment
West Lake University	Other related party, the ultimate controlling party of the Company serves as vice chairman of the board of directors and the honorary director
Nanyang West Lake Muyuan Synthetic Biology Research Institute.	Other related party, Muyuan Group is one of the organisers and one of the key management personnel of the Company serves as vice president

5 Transactions with related parties

(1) Purchase of goods/receiving of services (excluding remuneration of key management personnel)

Name of related party	Nature of transaction	Year ended 31 December		
		2022	2023	2024
Henan Muyuan Construction Engineering Co., Ltd. and its subsidiaries	Receive construction engineering services and purchase equipment and materials	2,848,654,336.90	2,329,350,236.22	1,246,388,196.38
Henan Muyuan Logistics Co., Ltd.	Receive transportation services	565,053,734.01	341,661,385.26	380,969,452.53
Henan Muyuan Equipment Co., Ltd.	Procurement of engineering, mechanical equipment and materials, installation and maintenance, etc	255,807,278.97	369,218,749.85	378,498,733.35
Zhongmu Muyuan (Henan) Biological Pharmaceutical Co., Ltd.	Veterinary medicine and other materials	–	–	321,176,217.10
Henan Lianmu Veterinary Medicine Co., Ltd.	Veterinary medicine and other materials	–	–	242,987,687.68
Henan Juai Digital Technology Co., Ltd. and its subsidiaries . .	Purchase goods	424,588,660.73	238,102,090.57	201,292,695.83
Muyuan Group and its subsidiaries, joint ventures and associates	Purchase of drinks, agricultural products, agricultural and sideline products, organic fertilizers, etc	32,016,297.30	34,008,924.76	132,875,223.85
Henan Shengda Special Vehicle Co., Ltd.	Purchase of vehicles and spare parts, vehicle maintenance, etc	–	21,946,476.37	87,506,406.33
Henan Xinghua Instrument Equipment Co., Ltd.	Purchase labor protection appliances, equipment, etc	16,812,259.51	44,620,439.46	48,954,847.64
Henan Zhengtai Muyuan Smart Electrical Technology Co., Ltd. .	Procurement of engineering, mechanical equipment materials, installation, maintenance, etc	–	52,408,164.19	34,589,602.10
Muyuan Group and its subsidiaries, joint ventures and associates	Receive accommodation, catering, conference, property and other services	23,910,447.99	24,508,053.39	33,654,880.22

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Name of related party	Nature of transaction	Year ended 31 December		
		2022	2023	2024
Guangdong Guangken Muyuan Livestock Husbandry Co., Ltd.	Purchase breeding hogs	–	–	32,876,611.55
Henan Zhongyou Muyuan Oil and Gas Co., Ltd.	Purchase of refined oil, petrochemical products, etc	–	15,893,140.22	30,781,396.89
Nanyang Longyuan New Energy Technology Co., Ltd. and its subsidiaries	Electricity, etc	–	2,913,856.24	19,081,167.21
Ram Charan and his holding company	Receive consulting services	522,799.89	675,507.66	2,764,989.78
Henan Juai Digital Technology Co., Ltd. and its subsidiaries	Receive platform and other commercial services	2,592,674.04	6,761,475.27	1,191,480.40
Cnex Fire Vehicle Manufacturing Co., Ltd.	Purchase of vehicles and spare parts, vehicle maintenance, etc	19,991,021.49	9,667,596.04	–
Henan Miss Flour Co., Ltd.	Purchase wheat, feed wheat flour, inferior flour, bran, etc	75,252.06	11,065.60	–

(2) *Sale of goods/rendering of services*

Name of related party	Nature of transaction	Year ended 31 December		
		2022	2023	2024
Henan Longda Muyuan Meat Co., Ltd.	Hog, pork products, etc	2,224,066,086.26	1,765,081,420.98	1,869,644,838.51
Guangdong Guangken Muyuan Livestock Husbandry Co., Ltd.	Raw materials, goods, equipment and services	63,132,833.96	149,919,225.90	113,273,831.29
Muyuan Group and its subsidiaries, joint ventures and associates	Selling pork products, new energy, etc	19,015,228.70	29,715,186.06	110,137,189.35
Rongtong Nongfa Muyuan (Jianyang) Co., Ltd.	Raw materials, goods, equipment and services	–	330,385.00	30,084,422.67
Muyuan Group and its subsidiaries	Selling pig manure, biogas residue, wheat offal, etc	1,488,098.16	1,616,855.30	1,032,588.78
Muyuan Group and its subsidiaries, joint ventures and associates	Inspection and other services	53,122.66	4,882.10	705,331.49
Rongtong Nongfa Muyuan (Chongzhou) Co., Ltd.	Raw materials, goods, equipment and services	50,547,047.26	7,866,223.85	74,947.06
Rongtong Nongfa Muyuan (Tangshan) Livestock Husbandry Co., Ltd.	Raw materials, goods, equipment and services	–	–	25,431.54
Nanyang Longyuan New Energy Technology Co., Ltd. and its subsidiaries	Technical service fee and maintenance service fee	–	3,091,956.69	–
Henan Muyuan Construction Engineering Co., Ltd.	Equipment and materials	–	592,277.91	–

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(3) Leases

(a) As the lessor:

Name of lessee	Type of assets leased	Lease income recognised for each year ended 31 December		
		2022	2023	2024
Muyuan Group and its subsidiaries	Buildings, equipment, etc.	4,466,166.68	5,151,016.45	4,998,106.20

(b) As the lessee:

Year ended 31 December 2022					
Name of lessor	Type of assets leased	Rental expenses for practical expedient of short-term leases and the leases of low-value assets	Rental payments	Assumed interest expenses from lease liabilities	Increased right-of-use assets
Muyuan Group and its subsidiaries	Buildings, equipment, etc.	538,120.00	538,120.00	–	–
Year ended 31 December 2023					
Name of lessor	Type of assets leased	Rental expenses for practical expedient of short-term leases and the leases of low-value assets	Rental payments	Assumed interest expenses from lease liabilities	Increased right-of-use assets
Muyuan Group and its subsidiaries	Buildings, equipment, etc.	965,049.84	2,315,049.84	5,081,012.75	209,568,654.68
Year ended 31 December 2024					
Name of lessor	Type of assets leased	Rental expenses for practical expedient of short-term leases and the leases of low-value assets	Rental payments	Assumed interest expenses from lease liabilities	Increased right-of-use assets
Muyuan Group and its subsidiaries	Buildings, equipment, etc.	1,143,757.30	26,543,757.30	9,752,835.83	–

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(4) Guarantee

The Group as Guarantor

During the years ended 31 December 2022 and 2023, the Group did not provide any guarantee to related parties. During the year ended 31 December 2024, the guaranteed loans, which the Group acts as guarantor, with an amount of RMB32,640,000.00 have been fully settled.

As at 31 December 2024, the Group acts as the guarantor for the following outstanding loans:

Guarantee holder	Amount of guarantee	Inception date of guarantee	Maturity date of guarantee	Guarantee expired (Y/N)
Zhongmu Muyuan (Henan) Biological Pharmaceutical Co., Ltd.	52,486,710.43	1 February 2024	21 October 2026	N
Guangdong Guangken Muyuan Livestock Husbandry Co., Ltd.	31,960,000.00	18 March 2024	18 October 2025	N
Total.	<u>84,446,710.43</u>			

The Group as guarantee

Guarantee on loans:

During each year ended 31 December 2022, 2023 and 2024, the guaranteed loans that have been fully settled were RMB19,322,797,646.04, RMB23,743,756,571.27 and RMB33,906,351,069.02, respectively. As at 31 December 2022, 2023 and 2024, the outstanding guaranteed loans were RMB19,908,691,648.48, RMB32,974,145,009.42 and RMB31,860,563,728.98, respectively, as follows:

As at 31 December 2022:

Name of guarantor	Guarantee holder	Amount of guarantee	Inception date of guarantee	Maturity date of guarantee	Guarantee expired (Y/N)
Henan Muyuan Construction Engineering Co., Ltd.	The Company and its subsidiaries	497,000,000.00	25 March 2020	23 March 2027	N
Muyuan Group	The Company and its subsidiaries	1,034,183,253.98	16 December 2019	15 September 2030	N
Qin Yinglin	The Company and its subsidiaries	2,041,052,508.95	19 March 2020	28 July 2025	N
Qin Yinglin, Qian Ying	The Company and its subsidiaries	11,931,155,682.92	20 December 2019	28 November 2029	N
Qin Yinglin, Qian Ying, Muyuan Group	The Company and its subsidiaries	4,405,300,202.63	30 September 2020	15 August 2027	N
Total		<u>19,908,691,648.48</u>			

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As at 31 December 2023:

Name of guarantor	Guarantee holder	Amount of guarantee	Inception date of guarantee	Maturity date of guarantee	Guarantee expired (Y/N)
Henan Muyuan Construction Engineering Co., Ltd.	The Company and its subsidiaries	326,000,000.00	25 March 2020	23 March 2027	N
Muyuan Group	The Company and its subsidiaries	1,026,675,897.60	8 August 2022	23 November 2033	N
Qin Yinglin	The Company and its subsidiaries	4,062,413,218.44	29 July 2022	16 January 2026	N
Qin Yinglin, Qian Ying	The Company and its subsidiaries	21,689,665,669.14	20 December 2019	28 November 2029	N
Qin Yinglin, Qian Ying, Muyuan Group.	The Company and its subsidiaries	5,869,390,224.24	30 September 2020	15 August 2027	N
Total		<u>32,974,145,009.42</u>			

As at 31 December 2024:

Name of guarantor	Guarantee holder	Amount of guarantee	Inception date of guarantee	Maturity date of guarantee	Guarantee expired (Y/N)
Qin Yinglin, Qian Ying	The Company and its subsidiaries	20,360,618,541.69	3 December 2021	28 November 2029	N
Qin Yinglin, Qian Ying, Muyuan Group.	The Company and its subsidiaries	5,535,903,902.49	30 September 2020	15 August 2027	N
Qin Yinglin	The Company and its subsidiaries	4,884,642,981.12	29 July 2022	16 January 2026	N
Muyuan Group	The Company and its subsidiaries	829,648,303.68	8 August 2022	23 November 2033	N
Henan Muyuan Construction Engineering Co., Ltd.	The Company and its subsidiaries	249,750,000.00	25 March 2020	23 March 2027	N
Total		<u>31,860,563,728.98</u>			

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Guarantee on bills:

During each year 31 December 2022, 2023 and 2024, the bill guarantees that have been fulfilled were RMB3,073,790,951.52, RMB3,281,080,928.87 and RMB4,626,740,000.00, respectively. As at 31 December 2022, 2023 and 2024, the outstanding bill guarantees were RMB2,695,047,577.75, RMB1,304,290,000.00 and RMB3,269,900,000.00, respectively, as follows:

As at 31 December 2022:

Name of guarantor	Guarantee holder	Amount of guarantee	Inception date of guarantee	Maturity date of guarantee	Guarantee expired (Y/N)
The Company, Qin Yinglin	Guangdong Zhanjiang Leizhou Muyuan Livestock Husbandry Co., Ltd.	100,000,000.00	21 October 2022	21 April 2023	N
The Company, Qin Yinglin, Qian Ying	Qingdao Jimo Muyuan Livestock Husbandry Co., Ltd.	21,268,745.27	27 September 2022	13 October 2023	N
The Company, Qin Yinglin, Qian Ying	Inner Mongolia Kezuo Zhong Banner Muyuan Modern Livestock Husbandry Co., Ltd.	40,000,000.00	26 May 2022	26 May 2023	N
Qin Yinglin, Qian Ying . . .	Muyuan Foods Co., Ltd.	657,622,629.60	21 September 2022	29 June 2023	N
The Company, Qin Yinglin, Qian Ying	Wenxi Muyuan Livestock Husbandry Co., Ltd.	40,000,000.00	20 January 2022	2 March 2023	N
The Company, Qin Yinglin, Qian Ying	Shanxi Xiexian Muyuan Livestock Husbandry Co., Ltd.	20,000,000.00	7 March 2022	1 March 2023	N
The Company, Qin Yinglin, Qian Ying	Xinjiang Muyuan Livestock Husbandry Co., Ltd.	30,000,000.00	26 May 2022	26 May 2023	N
The Company, Qin Yinglin, Qian Ying	Shanxi Yuanping Muyuan Livestock Husbandry Co., Ltd.	50,000,000.00	30 May 2022	30 May 2023	N
The Company, Qin Yinglin, Qian Ying	Shanxi Daixian Muyuan Livestock Husbandry Co., Ltd.	50,000,000.00	1 June 2022	27 May 2023	N
The Company, Qin Yinglin, Qian Ying	Shanxi Fanshi Muyuan Livestock Husbandry Co., Ltd.	50,000,000.00	1 June 2022	27 May 2023	N
The Company, Qin Yinglin, Qian Ying	Wanrong Muyuan Livestock Husbandry Co., Ltd.	40,000,000.00	7 December 2022	7 December 2023	N

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Name of guarantor	Guarantee holder	Amount of guarantee	Inception date of guarantee	Maturity date of guarantee	Guarantee expired (Y/N)
The Company, Qin Yinglin, Qian Ying	Shanxi Yongji Muyuan Livestock Husbandry Co., Ltd.	100,000,000.00	16 December 2022	16 December 2023	N
Henan Muyuan Construction Engineering Co., Ltd.	Muyuan Meat Co., Ltd.	500,000,000.00	28 May 2022	28 May 2023	N
Muyuan Group.	Muyuan Foods Co., Ltd.	164,162,797.24	7 July 2022	3 June 2023	N
The Company, Qin Yinglin, Qian Ying	Laohekou Muyuan Livestock Husbandry Co., Ltd.	29,965,176.94	21 July 2022	23 April 2023	N
Qin Yinglin	Muyuan Foods Co., Ltd.	700,000,000.00	24 October 2022	3 July 2023	N
Qin Yinglin, Qian Ying	Anhui Suixi Muyuan Livestock Husbandry Co., Ltd.	100,000,000.00	24 December 2022	23 December 2023	N
The Company, Qin Yinglin, Qian Ying	Muyuan Meat Co., Ltd.	2,028,228.70	31 March 2022	6 April 2023	N
Total		<u>2,695,047,577.75</u>			

As at 31 December 2023:

Name of guarantor	Guarantee holder	Amount of guarantee	Inception date of guarantee	Maturity date of guarantee	Guarantee expired (Y/N)
Qin Yinglin, Qian Ying	The Company	546,200,000.00	1 November 2023	26 April 2024	N
Neixiang Zhongyi High Efficiency Agricultural Technology Development Co., Ltd.	The Company	400,000,000.00	12 December 2023	12 June 2024	N
Qin Yinglin, Qian Ying	Shanxi Fanshi Muyuan Livestock Husbandry Co., Ltd.	69,400,000.00	28 April 2023	26 April 2024	N
Qin Yinglin, Qian Ying	Shanxi Yuanping Muyuan Livestock Husbandry Co., Ltd.	69,400,000.00	4 May 2023	30 April 2024	N
Qin Yinglin, Qian Ying	Shanxi Daixian Muyuan Livestock Husbandry Co., Ltd.	66,190,000.00	5 May 2023	10 May 2024	N
Qin Yinglin, Qian Ying	Inner Mongolia Kailu Muyuan Livestock Husbandry Co., Ltd.	60,000,000.00	19 September 2023	18 March 2024	N
Qin Yinglin, Qian Ying	Xinjiang Muyuan Livestock Husbandry Co., Ltd.	41,600,000.00	28 April 2023	26 April 2024	N

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Name of guarantor	Guarantee holder	Amount of guarantee	Inception date of guarantee	Maturity date of guarantee	Guarantee expired (Y/N)
Qin Yinglin, Qian Ying	Shanxi Xiaxian Muyuan Livestock Husbandry Co., Ltd.	41,500,000.00	5 May 2023	5 May 2024	N
Qin Yinglin, Qian Ying	Hubei Zhongxiang Muyuan Breeding Co., Ltd.	10,000,000.00	30 June 2023	19 June 2024	N
Total		<u>1,304,290,000.00</u>			

As at 31 December 2024:

Name of guarantor	Guarantee holder	Amount of guarantee	Inception date of guarantee	Maturity date of guarantee	Guarantee expired (Y/N)
Qin Yinglin, Qian Ying	The Company	1,200,000,000.00	31 December 2024	1 July 2025	N
Muyuan Group, Qin Yinglin, Qian Ying	The Company	625,000,000.00	30 July 2024	27 January 2025	N
Muyuan Group, Qin Yinglin, Qian Ying	The Company	500,000,000.00	20 December 2024	15 December 2025	N
Qin Yinglin, Qian Ying	The Company	400,000,000.00	23 September 2024	23 September 2025	N
Qin Yinglin, Qian Ying	The Company	444,900,000.00	24 July 2024	23 January 2025	N
Qin Yinglin, Qian Ying	Muyuan Meat Co., Ltd.	100,000,000.00	22 March 2024	17 March 2025	N
Total		<u>3,269,900,000.00</u>			

(5) *Borrowings from/to related parties*

Borrowings from related parties	Year ended 31 December		
	2022	2023	2024
As at 1 January	5,000,000,000.00	1,000,000,000.00	1,900,000,000.00
Proceeds	14,948,000,000.00	5,900,000,000.00	4,470,000,000.00
Repayment	<u>(18,948,000,000.00)</u>	<u>(5,000,000,000.00)</u>	<u>(6,370,000,000.00)</u>
As at 31 December	<u>1,000,000,000.00</u>	<u>1,900,000,000.00</u>	<u>–</u>

During the Track Record Period, the Group has not lent out any borrowings to related parties.

(6) *Remuneration of key management personnel*

	Year ended 31 December		
	2022	2023	2024
Remuneration of key management personnel	<u>42,345,637.98</u>	<u>29,020,303.52</u>	<u>25,904,256.46</u>

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ACCOUNTANTS’ REPORT

(a) *Directors’ or supervisors’ emoluments*

Year ended 31 December 2022:

	Directors’ fees	Salary, allowances and benefits in kind	Retirement scheme contributions	Discretionary bonuses	Subtotal	Share-based payments (v)	Total
Executive directors:							
Mr. Qin Yinglin	–	476,688.00	3,312.00	4,343,431.08	4,823,431.08	–	4,823,431.08
Ms. Qian Ying	–	–	–	–	–	–	–
Mr. Cao Zhinian	–	376,688.00	3,312.00	1,807,737.50	2,187,737.50	2,228,709.38	4,416,446.88
Mr. Ram Charan	–	–	–	–	–	–	–
Independent non-executive directors:							
Mr. Yan Lei	150,000.00	–	–	–	150,000.00	–	150,000.00
Mr. Feng Genfu	150,000.00	–	–	–	150,000.00	–	150,000.00
Mr. Li Hongwei	150,000.00	–	–	–	150,000.00	–	150,000.00
Supervisors:							
Mr. Su Danglin	–	298,638.00	3,312.00	710,551.81	1,012,501.81	–	1,012,501.81
Mr. Li Fuqiang	–	191,688.00	3,312.00	–	195,000.00	–	195,000.00
Ms. Lu Xiangli	–	100,247.00	3,312.00	2,500.00	106,059.00	–	106,059.00
Total	450,000.00	1,443,949.00	16,560.00	6,864,220.39	8,774,729.39	2,228,709.38	11,003,438.77

Year ended 31 December 2023:

	Directors’ fees	Salary, allowances and benefits in kind	Retirement scheme contributions	Discretionary bonuses	Subtotal	Share-based payments (v)	Total
Executive directors:							
Mr. Qin Yinglin	–	555,072.00	4,128.00	1,790,800.00	2,350,000.00	–	2,350,000.00
Ms. Qian Ying	–	–	–	–	–	–	–
Mr. Cao Zhinian	–	399,072.00	4,128.00	1,398,600.00	1,801,800.00	1,188,645.00	2,990,445.00
Mr. Ram Charan	–	–	–	–	–	–	–
Independent non-executive directors:							
Mr. Yan Lei	150,000.00	–	–	–	150,000.00	–	150,000.00
Mr. Feng Genfu	150,000.00	–	–	–	150,000.00	–	150,000.00
Mr. Li Hongwei (i) . .	145,967.74	–	–	–	145,967.74	–	145,967.74
Mr. Chow Ming Sang (ii).	4,032.26	–	–	–	4,032.26	–	4,032.26
Supervisors:							
Mr. Su Danglin	–	284,872.00	4,128.00	503,500.00	792,500.00	–	792,500.00
Mr. Li Fuqiang	–	175,872.00	4,128.00	–	180,000.00	–	180,000.00
Ms. Lu Xiangli	–	102,949.00	3,888.00	2,500.00	109,337.00	–	109,337.00
Total	450,000.00	1,517,837.00	20,400.00	3,695,400.00	5,683,637.00	1,188,645.00	6,872,282.00

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Year ended 31 December 2024:

	Directors’ fees	Salary, allowances and benefits in kind	Retirement scheme contributions	Discretionary bonuses	Subtotal	Share-based payments (v)	Total
Executive directors:							
Mr. Qin Yinglin	–	750,400.00	4,800.00	2,966,743.26	3,721,943.26	–	3,721,943.26
Ms. Qian Ying	–	–	–	–	–	–	–
Mr. Cao Zhinian	–	614,400.00	4,800.00	1,483,371.63	2,102,571.63	148,580.63	2,251,152.26
Mr. Ram Charan (iii) .	–	–	–	–	–	–	–
Ms. Yang Ruihua (iv) .	–	487,200.00	2,800.00	1,483,371.63	1,973,371.63	–	1,973,371.63
Independent non-executive directors:							
Mr. Chow Ming Sang	150,000.00	–	–	–	150,000.00	–	150,000.00
Mr. Yan Lei	150,000.00	–	–	–	150,000.00	–	150,000.00
Mr. Feng Genfu	150,000.00	–	–	–	150,000.00	–	150,000.00
Supervisors:							
Mr. Su Danglin	–	489,400.00	4,800.00	370,842.91	865,042.91	–	865,042.91
Mr. Li Fuqiang	–	175,200.00	4,800.00	–	180,000.00	–	180,000.00
Ms. Lu Xiangli	–	99,262.20	4,080.00	–	103,342.20	–	103,342.20
Total	450,000.00	2,615,862.20	26,080.00	6,304,329.43	9,396,271.63	148,580.63	9,544,852.26

Notes:

- (i) Mr. Li Hongwei resigned as an independent non-executive director of the Company on 21 December 2023.
- (ii) Mr. Chow Ming Sang became an independent non-executive director of the Company since 21 December 2023.
- (iii) Mr. Ram Charan resigned as a director of the Company on 9 May 2024.
- (iv) Ms. Yang Ruihua became an executive director of the Company since 9 May 2024. The remuneration disclosed above represents the remuneration paid to her since her appointment as an executive director. The total remuneration of Ms. Yang Ruihua for the year ended 31 December 2024 was RMB2,430,197.13, including share-based payments of RMB222,825.50.
- (v) These represent the estimated value of restricted shares granted to the directors under the Company’s restricted shares incentive scheme. The value of these restricted share is measured according to the Group’s accounting policies for share-based payment transactions as set out in Note II.21. The details of share-based payment, including the principal terms and number of restricted shares granted, are disclosed in Note XI.

During the Track Record Period, no director or supervisor has waived or agreed to waive any emoluments and no emoluments was paid by the Group to the directors or supervisors as an inducement to join or upon joining the Group or as compensation for loss of office.

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(b) *Individuals with highest emoluments*

The numbers of directors, supervisors and other employees included in the five individuals with the highest emoluments set out as follows:

Item	Year ended 31 December		
	2022	2023	2024
Directors or supervisors	1	1	1
Other than directors or supervisors	4	4	4
Total	5	5	5

The aggregate of emoluments in respect of the five individuals with the highest emoluments other than directors or supervisors are as follows:

Item	Year ended 31 December		
	2022	2023	2024
Salary and other emoluments	1,488,234.08	1,571,931.00	3,849,900.00
Retirement scheme contributions	12,960.00	16,512.00	19,200.00
Discretionary bonuses	8,575,541.38	7,789,557.00	10,694,866.31
Subtotal	10,076,735.46	9,378,000.00	14,563,966.31
Share-based payments	11,365,736.25	6,061,726.00	445,741.88
Total	21,442,471.71	15,439,726.00	15,009,708.19

The emoluments of the individuals with the highest emoluments other than directors or supervisors are within the following bands:

Item	Year ended 31 December		
	2022	2023	2024
HK\$2,500,001 — HK\$3,000,000	—	—	1
HK\$3,500,001 — HK\$4,000,000	—	1	—
HK\$4,000,001 — HK\$4,500,000	—	1	2
HK\$4,500,001 — HK\$5,000,000	—	2	1
HK\$5,000,001 — HK\$5,500,000	1	—	—
HK\$6,000,001 — HK\$6,500,000	1	—	—
HK\$6,500,001 — HK\$7,000,000	1	—	—
HK\$7,000,001 — HK\$7,500,000	1	—	—

(7) *Other related-party transactions*

Name of related party	Nature of transaction	Year ended 31 December/As at 31 December		
		2022	2023	2024
Henan Neixiang Rural Commercial Bank Co., Ltd.	Interest income from deposits	10,479,175.32	10,458,524.94	9,550,394.88
Nanyang Wolong Rural Credit Cooperative Association	Interest income from deposits	224,424.09	221,303.81	268,782.67
Henan Xixia Rural Commercial Bank Co., Ltd.	Interest income from deposits	328.71	614.06	—

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Name of related party	Nature of transaction	Year ended 31 December/As at 31 December		
		2022	2023	2024
Henan Neixiang Rural Commercial Bank Co., Ltd.	Settlement fees	111,065.96	72,337.98	253,020.62
Nanyang Wolong Rural Credit Cooperative Association	Settlement fees	13,470.10	8,949.50	511.86
Henan Xixia Rural Commercial Bank Co., Ltd.	Settlement fees	400.00	200.00	—
Henan Neixiang Rural Commercial Bank Co., Ltd.	Deposit balance	450,051,778.02	422,746,238.21	114,782,716.68
Nanyang Wolong Rural Credit Cooperative Association	Deposit balance	10,060,050.17	1,787,012.75	661,535.46
Henan Xixia Rural Commercial Bank Co., Ltd.	Deposit balance	2,323.65	—	—
West Lake University .	Donation provided	—	60,000,000.00	60,000,000.00
Nanyang West Lake Muyuan Synthetic Biology Research Institute	Donation provided	—	40,000,000.00	40,000,000.00
Henan Muyuan Agricultural Development Public Welfare Foundation .	Donation provided	28,358,000.00	190,000.00	40,000,000.00

6 Unsettled items, including receivables from and payables to related parties

(1) Trade-nature receivables from related parties

Item	Related party	As at 31 December					
		2022		2023		2024	
		Book value	Provision for bad and doubtful debts	Book value	Provision for bad and doubtful debts	Book value	Provision for bad and doubtful debts
Accounts receivable . .	Guangdong Guangken Muyuan Livestock Husbandry Co., Ltd.	—	—	22,719,135.10	1,135,956.76	883,023.63	44,151.18
Accounts receivable . .	Rongtong Nongfa Muyuan (Tangshan) Livestock Husbandry Co., Ltd.	—	—	—	—	27,769.00	1,388.45
Accounts receivable . .	Henan Muyuan Property Management Co., Ltd. Nanyang Branch	—	—	—	—	27,697.83	1,384.89
Accounts receivable . .	Rongtong Nongfa Muyuan (Jianyang) Co., Ltd.	—	—	—	—	20,138.50	1,006.93

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Item	Related party	As at 31 December					
		2022		2023		2024	
		Book value	Provision for bad and doubtful debts	Book value	Provision for bad and doubtful debts	Book value	Provision for bad and doubtful debts
Accounts receivable . .	Henan Longda Muyuan Meat Co., Ltd.	–	–	–	–	11,562.50	578.13
Accounts receivable . .	Rongtong Nongfa Muyuan (Chongzhou) Co., Ltd.	–	–	16,562.31	828.12	10,341.00	517.05
Accounts receivable . .	Henan Muyuan Hotel Co., Ltd.	–	–	–	–	8,179.26	408.96
Accounts receivable . .	Henan Muyuan Construction Engineering Co., Ltd.	–	–	–	–	2,690.00	134.50
Accounts receivable . .	Henan Muyuan Smart Logistics Park Co., Ltd.	–	–	–	–	299.00	14.95
Accounts receivable . .	Henan Guoran Fengqing Fruit Industry Co., Ltd.	–	–	–	–	249.00	12.45
Dividends receivable . .	Guangdong Guangken Muyuan Livestock Husbandry Co., Ltd.	–	–	960,262.02	–	–	–
Other non-current assets	Henan Juai Automobile Sales Service Co., Ltd.	–	–	–	–	395,600.00	–
Other receivables . .	Rongtong Nongfa Muyuan (Jianyang) Co., Ltd.	–	–	100,000.00	5,000.00	100,000.00	20,000.00
Bills receivable . .	Henan Longda Muyuan Meat Co., Ltd.	60,000,000.00	–	129,090,000.00	–	150,900,000.00	–

(2) Payables to related parties

Item	Related party	As at 31 December		
		2022	2023	2024
Accounts payable	Henan Muyuan Construction Engineering Co., Ltd.	8,477,678,425.01	5,735,860,213.77	4,076,758,465.80
Accounts payable	Zhonghe Construction Engineering (Henan) Co., Ltd.	–	–	284,668,769.92
Accounts payable	Henan Muyuan Equipment Co., Ltd.	156,337,885.65	200,193,096.96	153,970,260.72
Accounts payable	Zhongmu Muyuan (Henan) Biological Pharmaceutical Co., Ltd.	–	–	136,736,666.00
Accounts payable	Henan Shengda Special Vehicle Co., Ltd.	–	12,850,925.45	65,930,225.57
Accounts payable	Henan Lianmu Veterinary Medicine Co., Ltd.	–	–	61,546,332.68
Accounts payable	Henan Xinghua Instrument Equipment Co., Ltd.	–	8,408,593.51	28,066,633.71

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Item	Related party	As at 31 December		
		2022	2023	2024
Accounts payable	Henan Wanmu New Material Co., Ltd.	–	932,047.00	27,171,753.71
Accounts payable	Cnex Fire Vehicle Manufacturing Co., Ltd.	11,521,927.75	–	–
Accounts payable	Zhejiang Juneng Bao Oil Products Trading Co., Ltd.	–	–	14,824,399.01
Accounts payable	Henan Zhengtai Muyuan Smart Electrical Technology Co., Ltd.	–	23,597,550.12	13,487,640.92
Accounts payable	Henan Juai Digital Technology Co., Ltd.	29,749,697.08	9,774,959.62	8,463,822.84
Accounts payable	Nanyang Jinding Smart Equipment Co., Ltd.	–	–	6,703,961.15
Accounts payable	Henan Muyuan Logistics Co., Ltd.	211,805,604.68	43,675,852.52	5,279,754.03
Accounts payable	Mucaí Optimum (Henan) Supply Chain Management Co., Ltd.	–	–	250,162.12
Accounts payable	Guangdong Guangken Muyuan Livestock Husbandry Co., Ltd.	–	–	186,500.00
Accounts payable	Neixiang Juai Food Material Sales Co., Ltd.	–	–	5,720.82
Accounts payable	Henan Muyuan Property Management Co., Ltd. Neixiang Branch	–	–	1,140.00
Accounts payable	Henan Juaiyunchao Trading Co., Ltd.	–	–	669.92
Accounts payable	Neixiang Shengwangda Real Estate Co., Ltd.	–	–	628.00
Accounts payable	Xixia Shengshida Real Estate Co., Ltd.	–	–	424.00
Accounts payable	Henan Zhongyou Muyuan Oil and Gas Co., Ltd.	–	3,582,912.74	–
Contract liabilities	Henan Juai Digital Technology Co., Ltd.	245,080.00	1,005,420.18	10,308,109.91
Contract liabilities	Nanyang Industry Investment Food Material Sales Co., Ltd.	–	–	691,973.10
Contract liabilities	Shenqiu County Agricultural Investment Juai Food Sales Co., Ltd.	–	–	303,600.15
Contract liabilities	Shenqiu County Chengtou Juai Food Sales Co., Ltd.	–	–	293,840.59
Contract liabilities	Rongtong Nongfa Muyuan (Chongzhou) Co., Ltd.	453,351.28	742,012.42	247,724.78
Contract liabilities	Neixiang Juai Food Material Sales Co., Ltd.	–	–	169,802.51
Contract liabilities	Xixia County Industry Investment Food Sales Co., Ltd.	–	–	6,584.72
Contract liabilities	Rongtong Nongfa Muyuan (Jianyang) Co., Ltd.	–	990,965.00	–
Contract liabilities	Guangdong Guangken Muyuan Livestock Husbandry Co., Ltd.	2,097,725.08	979,055.00	–

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Item	Related party	As at 31 December		
		2022	2023	2024
Other payables	Henan Zhengtai Muyuan Smart Electrical Technology Co., Ltd.	–	120,000.00	120,000.00
Other payables	Nanyang Industry Investment Food Material Sales Co., Ltd.	–	40,000.00	40,000.00
Other payables	Henan Muyuan Construction Engineering Co., Ltd.	6,669,706.89	–	–
Other payables	Zhongmu Muyuan (Henan) Biological Pharmaceutical Co., Ltd.	–	–	20,382.00
Other payables	Henan Lianmu Veterinary Medicine Co., Ltd.	–	–	20,000.00
Other payables	Muyuan Group	1,000,000,000.00	1,900,000,000.00	–
Other payables	Neixiang Juai Food Material Sales Co., Ltd.	50,000.00	50,000.00	–
Bills payable	Zhongmu Muyuan (Henan) Biological Pharmaceutical Co., Ltd.	–	–	85,121,713.20
Bills payable	Henan Muyuan Equipment Co., Ltd.	–	8,662,638.16	26,182,704.25
Bills payable	Henan Muyuan Construction Engineering Co., Ltd.	9,984,916.96	55,403,542.60	3,567,528.80
Bills payable	Henan Xinghua Instrument Equipment Co., Ltd.	–	–	1,757,000.00

XI. SHARE-BASED PAYMENTS

1 Overall information of share-based payments

During the Track Record Period, share-based payments of the Group are as follows::

	2022		2023		2024	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
Granted	59,685,191.00	491,870,986.00	–	–	–	–
Exercised . . .	–	–	–	–	–	–
Unlocked . . .	56,383,636.00	961,672,460.68	35,281,351.00	769,081,009.86	25,153,053.00	548,588,085.93
Forfeited . . .	3,754,414.00	38,132,287.08	3,319,380.00	52,418,309.40	533,335.00	11,224,536.49

2 Equity-settled share-based payments

(1) Restricted Shares Incentive Scheme 2022

On 14 March 2022, the 7th meeting of the forth Board of the Company reviewed and passed the Proposal on Granting Restricted Shares to Incentive Objects, agreeing 14 March 2022 as the grant date, and granted 59,685,191 restricted shares to 5,577 employees who meet the grant conditions at a grant price of RMB30.52 per share. The Company completed the registration of restricted shares on 25 March 2022.

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According to the provisions of the restricted shares incentive scheme, the restricted shares granted will be restricted for 12 months or 24 months from the date of registration of the restricted shares granted to the employees. The restricted shares granted to the employees under this incentive scheme shall not be transferred, used to guarantee or repay debts before the restrictions on sales are unlocked. When the sales restriction period expires, the Company will process the unlocking of the sales restriction for the employees that meet the conditions, and those restricted shares that do not meet the conditions will be repurchased and cancelled by the Company. The validity period of the scheme is from the date of completion of registration of the granted restricted shares to the date of completion of the unlocking of restrictions on the sales of all restricted shares or the repurchase of all restricted shares, which shall not exceed 48 months at most.

(2) *Unlock of restricted shares granted during the Track Record Period*

During the years ended 31 December 2022, 2023 and 2024, pursuant to the approval of the Board of Directors, the quantity of restricted shares unlocked is 56,383,636, 35,281,351.00 and 25,153,053.00, respectively.

(3) *Repurchase and cancellation of restricted shares granted during the Track Record Period*

During the years ended 31 December 2022, 2023 and 2024, due to resignation of employees and pursuant to the approval of the Board of Directors, the quantity of restricted repurchased is 3,754,414.00, 3,319,380.00 and 533,335.00, respectively. As at 31 December 2024, all of the restricted shares granted of the Company are either unlocked or repurchased and cancelled.

	As at 31 December		
	2022	2023	2024
Method for determining the fair value of equity instruments at the grant date	Based on fair value and grant price at the grant date	Based on fair value and grant price at the grant date	Based on fair value and grant price at the grant date
Basis for determining the number of equity instruments expected to vest	The Company estimates according to the restricted shares granted and the performance conditions of the employees during the related unlocking period	The Company estimates according to the restricted shares granted and the performance conditions of the employees during the related unlocking period	The Company estimates according to the restricted shares granted and the performance conditions of the employees during the related unlocking period
Reasons for material differences between estimates for the current and previous period. . .	None	None	None
Accumulated amount of equity settled share-based payments recognised in capital reserve . .	2,720,379,599.40	3,064,342,503.09	3,099,988,429.99

3 *Expenses recognised arising from share-based payments*

Item	Year ended 31 December		
	2022	2023	2024
Equity-settled share-based payments.	850,037,704.02	343,962,903.69	35,645,926.90

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XII. COMMITMENTS AND CONTINGENCIES

There are no significant commitments or contingencies to disclose of the Company.

XIII. MATERIAL NON-ADJUSTING POST EVENTS

Other than the final dividend proposed after 31 December 2024 disclosed in Note IV.41, there are no other material non-adjusting post events that needs to be disclosed as at the date of this report.

XIV. OTHER SIGNIFICANT ITEMS

Segment reporting

The Group has 4 reportable segments, which are (i) hog business, (ii) slaughtering and meat product business, (iii) feed ingredients trading and (iv) others. Each reportable segment is a separate business unit which offers different products and services. The Group managed each segment separately because each segment requires different technology and marketing strategies.

- Hog business: breeding and sales of hogs;
- Slaughtering and meat product business: hog slaughtering and sales of meat products and by-products;
- Feed ingredients trading: sales of raw material for feed; and
- Others: mainly sales of pig manure, leasing, and other services.

(1) Segment information

Year ended 31 December 2022:

Item	Hog business	Slaughtering and meat product business	Feed ingredients trading	Others	Inter-segment elimination	Total
Revenue	119,744,018,933.43	14,718,143,089.45	5,509,168,371.40	489,049,312.89	(15,634,167,529.43)	124,826,212,177.74
Operating costs	97,687,351,297.58	14,791,650,369.94	5,455,481,222.96	419,966,460.35	(15,367,389,879.84)	102,987,059,470.99
Expenses and taxes and surcharges						9,195,569,964.63
Other income						2,188,567,446.35
Investment income						46,891,941.67
Credit losses						(23,105,915.89)
Losses from asset disposals						(2,241,278.21)
Operating profit						14,853,694,936.04
Non-operating income						376,910,540.58
Non-operating expenses						300,573,288.40
Profit before income tax						14,930,032,188.22

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Year ended 31 December 2023:

Item	Hog business	Slaughtering and meat production business	Feed ingredients trading	Others	Inter-segment elimination	Total
Revenue	108,224,321,673.98	21,862,329,292.88	3,023,116,790.04	543,935,788.81	(22,792,975,831.31)	110,860,727,714.40
Operating costs	105,060,685,687.09	21,826,834,288.38	3,083,201,630.46	506,360,076.67	(23,062,295,690.24)	107,414,785,992.36
Expenses and taxes and surcharges						9,760,337,258.78
Other income						2,805,639,552.51
Investment losses . . .						(6,388,843.39)
Credit losses						(4,165,810.97)
Impairment losses . . .						(202,476,115.94)
Losses from asset disposals						(10,125,079.30)
Operating loss						(3,731,911,833.83)
Non-operating income .						157,186,690.29
Non-operating expenses						595,363,342.03
Loss before income tax						(4,170,088,485.57)

Year ended 31 December 2024:

Item	Hog business	Slaughtering and meat production business	Feed ingredients trading	Others	Inter-segment elimination	Total
Revenue	136,229,329,743.49	24,273,640,358.59	1,432,318,994.72	447,375,315.83	(24,435,772,335.76)	137,946,892,076.87
Operating costs	110,063,927,873.75	24,024,581,695.61	1,458,465,493.31	414,021,300.76	(24,294,469,886.54)	111,666,526,476.89
Expenses and taxes and surcharges						9,373,257,570.68
Other income						3,010,397,096.76
Investment income . .						99,638,320.05
Gains from changes in fair value.						158,000.00
Credit reversal						283,692.84
Impairment losses . . .						(12,884,326.14)
Gains from asset disposals						5,845,833.88
Operating profit. . . .						20,010,546,646.69
Non-operating income .						84,412,274.98
Non-operating expenses						1,198,480,011.03
Profit before income tax						18,896,478,910.64

The main business of the Group is the hog business and slaughtering and meat product business, the production process, product nature, customer type and sales mode of which are basically the same and there is no obvious difference in the risks and rewards of products provided between different regions. The subsidiaries of the Group are engaged in different segment operating activities and certain assets are shared, which is difficult to allocate the corresponding assets and liabilities into each reporting segment, thus the total assets and total liabilities of each reporting segment cannot be disclosed.

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(2) Major customers

During the Track Record Period, the Group had no customer with whom transactions have exceeded 10% of the Group’s total revenue.

XV. NOTES TO THE COMPANY’S FINANCIAL STATEMENTS

1 Accounts receivable

(1) The ageing analysis of accounts receivable is as follows:

	As at 31 December		
	2022	2023	2024
Within 1 year (inclusive)	6,349,297,634.20	1,742,986,924.40	624,939,800.61
Over 1 year but within 2 years (inclusive) .	79,180.00	387,126,184.68	703,607,328.94
Over 2 years but within 3 years (inclusive)	—	79,180.00	162,701,989.13
Subtotal	6,349,376,814.20	2,130,192,289.08	1,491,249,118.68
Less: Provision for bad and doubtful debts	—	118,130.55	286,020.57
Total	6,349,376,814.20	2,130,074,158.53	1,490,963,098.11

The ageing is counted starting from the date when accounts receivable is recognised.

(2) Accounts receivable by customer type are as follows:

	As at 31 December		
	2022	2023	2024
Accounts receivable due from subsidiaries .	6,349,376,814.20	2,127,829,678.03	1,489,819,015.83
Accounts receivable due from third parties	—	2,244,480.50	1,144,082.28
Total	6,349,376,814.20	2,130,074,158.53	1,490,963,098.11

(3) Accounts receivable by provision method

Category	As at 31 December 2022				
	Book value		Provision for bad and doubtful debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Individual assessment	—	—	—	—	—
Collective assessment					
– Group 1: receivables due from subsidiaries within the consolidation scope . . .	6,349,376,814.20	100.00	—	—	6,349,376,814.20
– Group 2: other accounts receivable	—	—	—	—	—
Total	6,349,376,814.20	100.00	—	—	6,349,376,814.20

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As at 31 December 2023					
Category	Book value		Provision for bad and doubtful debts		Carrying amount
	Amount	Percentage	Amount	Percentage	
		(%)		(%)	
Individual assessment	–	–	–	–	–
Collective assessment					
– Group 1: receivables due from subsidiaries within the consolidation scope . . .	2,127,829,678.03	99.89	–	–	2,127,829,678.03
– Group 2: other accounts receivable	2,362,611.05	0.11	118,130.55	5.00	2,244,480.50
Total	2,130,192,289.08	100.00	118,130.55		2,130,074,158.53

As at 31 December 2024					
Category	Book value		Provision for bad and doubtful debts		Carrying amount
	Amount	Percentage	Amount	Percentage	
		(%)		(%)	
Individual assessment	–	–	–	–	–
Collective assessment					
– Group 1: receivables due from subsidiaries within the consolidation scope . . .	1,489,819,015.83	99.90	–	–	1,489,819,015.83
– Group 2: other accounts receivable	1,430,102.85	0.10	286,020.57	20.00	1,144,082.28
Total	1,491,249,118.68	100.00	286,020.57		1,490,963,098.11

(a) *Assessment of ECLs on accounts receivable:*

At all times, the Company measures impairment loss for accounts receivable at an amount equal to lifetime ECLs, and the ECLs are based on the ageing and the expected loss rate.

The expected credit loss rate is measured based on historical credit loss experience and is adjusted for differences in economic conditions during the historical period, current economic conditions and anticipated economic conditions during the expected lifetime.

In Group 2, provision for bad and doubtful debts are based on ageing information:

As at 31 December 2022, the Company has no other accounts receivable of Group 2.

As at 31 December 2023 and 2024, the Company’s other accounts receivable of Group 2 are as follows:

As at 31 December 2023			
	Book value	Expected credit loss rate	Provision for bad and doubtful debts
		(%)	
Within 1 year (inclusive)	2,362,611.05	5.00	118,130.55
Total	2,362,611.05		118,130.55

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	As at 31 December 2024		
	Book value	Expected credit loss rate (%)	Provision for bad and doubtful debts
Over 1 year but within 2 years (inclusive) .	1,430,102.85	20.00	286,020.57
Total	1,430,102.85		286,020.57

(4) *Movements of provisions for bad and doubtful debts*

	2022	2023	2024
As at 1 January	—	—	118,130.55
Additions	—	118,130.55	167,890.02
As at 31 December	—	118,130.55	286,020.57

(5) Five largest debtors by accounts receivable at the end of each reporting period:

As at 31 December 2022, the total amounts of the five largest debtors by accounts receivable of the Company were RMB874,763,857.49 with no provision for bad and doubtful debts, representing 13.77% of total accounts receivable.

As at 31 December 2023, the total amounts of the five largest debtors by accounts receivable of the Company were RMB563,727,257.61 with no provision for bad and doubtful debts, representing 26.46% of total accounts receivable.

As at 31 December 2024, the total amounts of the five largest debtors by accounts receivable of the Company were RMB464,394,023.69 with no provision for bad and doubtful debts, representing 31.14% of total accounts receivable.

2 Other receivables

	Note	As at 31 December		
		2022	2023	2024
Dividends receivable	(1)	3,000,000,000.00	960,262.02	—
others	(2)	50,713,922,050.01	42,999,243,128.00	45,710,631,616.32
Total		53,713,922,050.01	43,000,203,390.02	45,710,631,616.32

(1) *Dividends receivable*

Investee	As at 31 December		
	2022	2023	2024
Guangdong Guangken Muyuan Livestock Husbandry Co., Ltd.	—	960,262.02	—
Shandong Pingyuan Muyuan Livestock Husbandry Co., Ltd.	200,000,000.00	—	—
Nanyang Wolong Muyuan Breeding Co., Ltd.	500,000,000.00	—	—
Tanghe Muyuan Livestock Husbandry Co., Ltd.	500,000,000.00	—	—
Neixiang Muyuan Modern Agricultural Complex Co., Ltd.	200,000,000.00	—	—

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Investee	As at 31 December		
	2022	2023	2024
Huaxian Muyuan Livestock Husbandry Co., Ltd.	500,000,000.00	—	—
Zhengyang Muyuan Livestock Husbandry Co., Ltd.	250,000,000.00	—	—
Fangcheng Muyuan Livestock Husbandry Co., Ltd.	250,000,000.00	—	—
Taikang Muyuan Livestock Husbandry Co., Ltd.	300,000,000.00	—	—
Xiping Muyuan Livestock Husbandry Co., Ltd.	300,000,000.00	—	—
Total	3,000,000,000.00	960,262.02	—

(2) *Others*

(a) The ageing analysis is as follows:

Ageing	As at 31 December		
	2022	2023	2024
Within 1 year (inclusive)	46,957,568,459.85	38,252,823,513.85	41,046,245,884.93
Over 1 year but within 2 years (inclusive)	3,760,988,653.05	2,673,267,041.14	1,443,511,942.48
Over 2 years but within 3 years (inclusive)	7,546,102.92	2,083,985,668.25	1,231,228,156.09
Over 3 years	—	313,900.37	1,990,391,750.37
Subtotal	50,726,103,215.82	43,010,390,123.61	45,711,377,733.87
Less: Provision for bad and doubtful debts	12,181,165.81	11,146,995.61	746,117.55
Total	50,713,922,050.01	42,999,243,128.00	45,710,631,616.32

The ageing is counted starting from the date when other receivables are recognised.

(b) Others by counterparty type:

Item	As at 31 December		
	2022	2023	2024
Other receivables due from subsidiaries	50,496,369,176.19	42,933,658,891.83	45,710,381,935.63
Other receivables due from third parties	217,552,873.82	65,584,236.17	249,680.69
Total	50,713,922,050.01	42,999,243,128.00	45,710,631,616.32

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(c) Others by provision method

As at 31 December 2022					
Category	Book value		Provision for bad and doubtful debts		Carrying amount
	Amount	Percentage	Amount	Percentage	
		(%)		(%)	
Collective assessment					
– Group 1: receivables due from subsidiaries within the consolidation scope . . .	50,496,369,176.19	99.55	–	–	50,496,369,176.19
– Group 2: other receivables	229,734,039.63	0.45	12,181,165.81	5.30	217,552,873.82
Total	50,726,103,215.82	100.00	12,181,165.81		50,713,922,050.01

As at 31 December 2023					
Category	Book value		Provision for bad and doubtful debts		Carrying amount
	Amount	Percentage	Amount	Percentage	
		(%)		(%)	
Collective assessment					
– Group 1: receivables due from subsidiaries within the consolidation scope . . .	42,933,658,891.83	99.82	–	–	42,933,658,891.83
– Group 2: other receivables	76,731,231.78	0.18	11,146,995.61	14.53	65,584,236.17
Total	43,010,390,123.61	100.00	11,146,995.61		42,999,243,128.00

As at 31 December 2024					
Category	Book value		Provision for bad and doubtful debts		Carrying amount
	Amount	Percentage	Amount	Percentage	
		(%)		(%)	
Collective assessment					
– Group 1: receivables due from subsidiaries within the consolidation scope . . .	45,710,381,935.63	100.00	–	–	45,710,381,935.63
– Group 2: other receivables	995,798.24	–	746,117.55	74.93	249,680.69
Total	45,711,377,733.87	100.00	746,117.55		45,710,631,616.32

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(d) *Movements of provisions for bad and doubtful debts*

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL - Not credit impaired	Lifetime ECL - Credit impaired	Total
As at 1 January 2022	4,077,302.49	–	–	4,077,302.49
Transfer to stage 3	(4,261,137.66)	–	4,261,137.66	–
Additions	12,365,000.98	–	–	12,365,000.98
Written-offs	–	–	(4,261,137.66)	(4,261,137.66)
As at 31 December 2022	12,181,165.81	–	–	12,181,165.81
Transfer to stage 3	–	–	–	–
Reversals	(1,034,170.20)	–	–	(1,034,170.20)
Written-offs	–	–	–	–
As at 31 December 2023	11,146,995.61	–	–	11,146,995.61
Transfer to stage 3	–	–	–	–
Reversals	(10,400,878.06)	–	–	(10,400,878.06)
Written-offs	–	–	–	–
As at 31 December 2024	746,117.55	–	–	746,117.55

(e) *Others categorised by nature:*

	As at 31 December		
	2022	2023	2024
Accounts receivable due from subsidiaries .	50,496,369,176.19	42,933,658,891.83	45,710,381,935.63
Deposits	229,734,039.63	76,731,231.78	995,798.24
Subtotal	50,726,103,215.82	43,010,390,123.61	45,711,377,733.87
Less: Provision for bad and doubtful debts	12,181,165.81	11,146,995.61	746,117.55
Total	50,713,922,050.01	42,999,243,128.00	45,710,631,616.32

(f) *Five largest debtors by other receivables at the end of each reporting period:*

As at 31 December 2022, the total amounts of the five largest debtors by other receivables of the Company were RMB37,990,797,589.30 with no provision for bad and doubtful debts, representing 74.89% of total other receivables.

As at 31 December 2023, the total amounts of the five largest debtors by other receivables of the Company were RMB22,950,966,656.96 with no provision for bad and doubtful debts, representing 53.37% of total other receivables.

As at 31 December 2024, the total amounts of the five largest debtors by other receivables of the Company were RMB29,908,812,002.58 with no provision for bad and doubtful debts, representing 65.44% of total other receivables.

3 Long-term equity investments

(I) Long-term equity investments by category:

	As at 31 December								
	2022			2023			2024		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Investments in subsidiaries	61,115,696,206.68	–	61,115,696,206.68	72,770,740,309.34	–	72,770,740,309.34	82,030,704,690.61	–	82,030,704,690.61
Investments in associates	583,733,246.15	–	583,733,246.15	695,027,473.56	–	695,027,473.56	868,097,830.28	–	868,097,830.28
Total	61,699,429,452.83	–	61,699,429,452.83	73,465,767,782.90	–	73,465,767,782.90	82,898,802,520.89	–	82,898,802,520.89

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(2) Investments in subsidiaries:

Subsidiary	Balance as at 1 January 2022	Balance as at 31 December 2022			Balance as at 31 December 2023			Balance as at 31 December 2024		
		Increase	Decrease	Other Changes	Increase	Decrease	Other Changes	Increase	Decrease	Other Changes
Nanyang Wolong Muyuan Breeding Co., Ltd.	600,000,000.00	300,000,000.00	-	6,613,738.04	906,613,738.04	-	5,431,785.36	912,045,523.40	-	808,242.25
Dengzhou Muyuan Breeding Co., Ltd.	911,827,985.47	-	-	14,711,346.08	926,539,331.55	-	3,537,226.16	930,076,557.71	-	314,749.20
Hubei Zhongxiang Muyuan Breeding Co., Ltd.	250,000,000.00	-	-	22,983,211.66	272,983,211.66	-	9,856,677.27	282,839,888.93	-	913,799.48
Shandong Caotian Muyuan Livestock Husbandry Co., Ltd.	170,610,071.01	-	-	5,773,457.36	176,383,528.37	700,000,000.00	3,924,733.08	880,308,261.45	450,000,000.00	629,933.25
Taighe Muyuan Livestock Husbandry Co., Ltd.	250,000,000.00	500,000,000.00	-	4,397,829.76	754,397,829.76	-	2,038,425.42	756,436,255.18	-	56,565.10
Fugou Muyuan Livestock Husbandry Co., Ltd.	490,899,900.00	-	-	4,189,684.63	495,089,584.63	200,000,000.00	4,421,285.04	699,510,869.67	-	574,834.84
Huaxian Muyuan Livestock Husbandry Co., Ltd.	370,000,000.00	500,000,000.00	-	6,296,183.03	876,296,183.03	-	5,430,084.52	881,726,267.55	-	559,897.23
Qixian Muyuan Livestock Husbandry Co., Ltd.	239,984,179.98	-	-	5,810,188.13	245,794,368.11	-	2,697,561.29	248,491,929.40	500,000,000.00	326,791.06
Zhengyang Muyuan Livestock Husbandry Co., Ltd.	275,209,700.00	-	-	8,320,936.18	283,530,636.18	-	6,771,461.47	290,302,097.65	-	849,548.58
Tongxu Muyuan Livestock Husbandry Co., Ltd.	280,000,000.00	-	-	1,863,017.04	281,863,017.04	-	749,815.29	282,612,832.33	-	103,923.74
Fangcheng Muyuan Livestock Husbandry Co., Ltd.	130,000,000.00	300,000,000.00	-	2,826,004.83	432,826,004.83	-	1,214,955.16	434,040,959.99	-	131,627.86
Sheqi Muyuan Livestock Husbandry Co., Ltd.	390,000,000.00	400,000,000.00	-	9,038,508.42	799,038,508.42	-	4,473,147.85	803,511,656.27	-	523,041.53
Xihua Muyuan Livestock Husbandry Co., Ltd.	380,339,000.00	-	-	3,300,400.99	383,639,400.99	-	1,519,319.13	385,158,720.12	-	163,479.58
Shangshui Muyuan Livestock Husbandry Co., Ltd.	616,009,000.00	-	-	5,360,382.75	621,369,382.75	-	2,862,180.10	624,231,562.85	-	245,663.74
Wenxi Muyuan Livestock Husbandry Co., Ltd.	1,365,152,500.00	-	-	10,763,131.34	1,375,915,631.34	-	6,468,345.58	1,382,383,976.92	-	696,247.82
Taikang Muyuan Livestock Husbandry Co., Ltd.	464,867,800.00	-	-	4,838,277.23	469,706,077.23	-	2,221,094.93	471,927,172.16	-	342,739.16
										472,269,911.32

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Subsidiary	Balance as at 1 January 2022			Balance as at 31 December 2022			Balance as at 31 December 2023			Balance as at 31 December 2024		
	Increase	Decrease	Other Changes	Increase	Decrease	Other Changes	Increase	Decrease	Other Changes	Increase	Decrease	Other Changes
Dali Muyuan Livestock Husbandry Co., Ltd.	-	-	3,194,501.21	413,194,501.21	-	-	2,605,466.19	415,799,967.40	-	150,000,000.00	-	360,893.70
Guangzong Muyuan Livestock Husbandry Co., Ltd.	-	-	9,897,348.50	155,306,866.63	-	-	612,448.01	155,919,314.64	-	-	-	154,843.73
Inner Mongolia Naiman Muyuan Livestock Husbandry Co., Ltd. .	-	-	3,662,605.10	350,098,462.07	-	-	1,528,139.97	351,626,602.04	-	550,000,000.00	-	190,278.62
Xichuan Muyuan Livestock Husbandry Co., Ltd.	-	-	-	20,000,000.00	-	-	10,570.58	20,010,570.58	-	-	-	14,799.91
Inner Mongolia Kaihu Muyuan Livestock Husbandry Co., Ltd. .	-	-	19,569,510.51	1,588,957,410.51	-	-	12,124,975.49	1,601,082,386.00	-	-	-	1,233,232.35
Guantao Muyuan Livestock Husbandry Co., Ltd.	-	-	2,910,844.76	84,957,026.59	-	-	968,706.91	85,925,733.50	-	236,190,000.00	-	34,387.94
Liaoning Tieling Muyuan Livestock Husbandry Co., Ltd. .	59,960,000.00	-	9,094,446.15	348,549,772.96	500,000,000.00	-	945,873.86	849,495,646.82	-	604,500,000.00	-	162,431.34
Anhui Yingshang Muyuan Livestock Husbandry Co., Ltd. .	-	-	5,387,104.74	28,094,482.24	-	-	2,172,773.98	30,267,256.22	-	-	-	252,204.47
Dongying Kenli Muyuan Livestock Husbandry Co., Ltd. .	-	-	1,367,211.67	74,783,829.83	-	-	641,320.82	75,425,150.65	-	200,000,000.00	-	80,250.81
Jiangsu Guannan Muyuan Livestock Husbandry Co., Ltd. .	-	-	8,293,108.20	418,165,890.45	-	-	2,080,732.57	420,246,623.02	-	-	-	25,763.09

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Subsidiary	Balance as at 1 January 2022			Balance as at 31 December 2022			Balance as at 31 December 2023			Balance as at 31 December 2024		
	Increase	Decrease	Other Changes	Increase	Decrease	Other Changes	Increase	Decrease	Other Changes	Increase	Decrease	Other Changes
Baishui Muyuan Livestock Husbandry Co., Ltd.	-	-	6,248,085.63	-	-	1,088,560.29	289,804,197.22	-	-	145,000,000.00	-	100,050.65
Ningling Muyuan Livestock Husbandry Co., Ltd.	300,000,000.00	-	4,812,754.10	524,812,754.10	-	3,996,250.95	528,809,005.05	-	-	-	-	186,847.15
Shanxi Yongji Muyuan Livestock Husbandry Co., Ltd.	-	-	9,403,305.78	142,322,589.93	-	1,511,523.99	143,834,113.92	-	-	-	-	171,814.64
Heilongjiang Lindian Muyuan Livestock Husbandry Co., Ltd.	-	-	9,759,110.83	1,009,759,110.83	-	6,056,103.46	1,015,815,214.29	-	-	-	-	492,786.02
Jilin Tongyu Muyuan Livestock Husbandry Co., Ltd.	-	-	16,102,446.96	916,102,446.96	-	6,291,360.57	922,393,807.53	-	-	-	-	623,526.14
Liaoning Fuxin Muyuan Livestock Husbandry Co., Ltd.	-	-	2,960,394.17	42,398,424.60	-	1,277,730.87	43,676,155.47	-	-	705,710,000.00	-	41,536.64
Heilongjiang Mingshui Muyuan Livestock Husbandry Co., Ltd.	-	-	7,702,692.76	156,283,836.35	-	1,084,078.98	157,367,915.33	-	-	550,000,000.00	-	7,738.01
Mengcheng Muyuan Livestock Husbandry Co., Ltd.	-	-	15,103,466.87	244,257,481.94	-	2,049,683.45	246,307,165.39	-	-	-	-	243,574.98
Xiping Muyuan Livestock Husbandry Co., Ltd.	-	-	3,895,723.98	358,895,723.98	-	1,580,954.52	360,476,678.50	-	-	-	-	188,488.38
Inner Mongolia Zhaqi Muyuan Livestock Husbandry Co., Ltd.	-	-	12,266,157.54	53,670,719.96	-	1,903,264.14	55,573,984.10	-	-	236,000,000.00	-	47,911.54
Henan Fanxian Muyuan Livestock Husbandry Co., Ltd.	-	-	2,442,778.58	152,442,778.58	-	1,132,598.54	153,575,377.12	-	-	-	-	124,178.91
Anhui Fengtai Muyuan Livestock Husbandry Co., Ltd.	-	-	6,132,948.98	297,401,023.21	-	2,078,135.16	299,479,158.37	-	-	-	-	247,590.74
Shandong Dongming Muyuan Livestock Husbandry Co., Ltd.	-	-	11,572,141.48	439,547,867.98	-	2,640,866.99	442,188,734.97	-	-	-	-	86,873.25
Shandong Shenxian Muyuan Livestock Husbandry Co., Ltd.	-	-	4,060,836.26	64,041,628.96	-	1,690,026.92	65,731,655.88	-	-	600,000,000.00	-	216,480.61
Shanxi Fanshi Muyuan Livestock Husbandry Co., Ltd.	30,000,000.00	-	3,237,953.81	97,169,547.02	-	679,903.88	97,849,450.90	-	-	-	-	120,895.56
Heze Shan County Muyuan Livestock Husbandry Co., Ltd.	-	-	1,891,624.95	451,891,624.95	-	1,121,983.24	453,013,608.19	-	-	-	-	116,132.80
Shangzei Muyuan Livestock Husbandry Co., Ltd.	-	-	14,980,355.11	101,020,544.96	-	3,943,765.41	104,964,310.37	-	-	547,080,000.00	-	203,235.08

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	Increase	Decrease	Other Changes	Increase	Decrease	Other Changes	Increase	Decrease	Other Changes	Increase	Decrease	Other Changes
Hubei Shishou Muyuan Livestock Husbandry Co., Ltd.	-	-	4,542,443.83	-	-	1,201,204.61	-	-	-	400,000,000.00	-	157,822.60
Heze Mudan Muyuan Livestock Husbandry Co., Ltd.	-	-	1,395,371.13	-	-	-	-	-	-	-	-	92,606.16
Shangqiu Suiyang Muyuan Livestock Husbandry Co., Ltd. .	-	-	3,325,870.94	-	-	373,325,870.94	-	-	-	-	-	116,429.06
Anhui Yingquan Muyuan Livestock Husbandry Co., Ltd. .	-	-	3,497,097.45	-	-	28,630,906.53	-	-	-	160,000,000.00	-	119,555.14
Anhui Jieshou Muyuan Livestock Husbandry Co., Ltd.	-	-	1,335,966.12	-	-	25,141,783.91	-	-	-	120,000,000.00	-	71,763.98
Henan Muyuan Grain Trade Co., Ltd.	-	-	8,935,357.90	-	-	308,935,357.90	-	-	-	-	-	608,053.81
Heilongjiang Fuyu Muyuan Livestock Husbandry Co., Ltd. .	81,280,000.00	-	1,237,643.66	-	-	204,740,592.53	-	-	-	430,450,000.00	-	66,705.87
Liaoning Yixian Muyuan Livestock Husbandry Co., Ltd. .	-	-	2,854,380.26	-	-	143,686,196.30	-	-	-	742,859,000.00	-	(46,747.05)
Pingyu Muyuan Livestock Husbandry Co., Ltd.	-	-	4,411,585.26	-	-	84,261,711.29	-	-	-	366,656,000.00	-	83,079.74
Luyi Muyuan Livestock Husbandry Co., Ltd.	-	-	12,506,719.69	-	-	117,838,898.51	-	-	-	-	-	144,123.20
Hengshui Jizhou Muyuan Livestock Husbandry Co., Ltd. .	-	-	3,261,428.44	-	-	474,295,752.60	-	-	-	-	-	142,183.94

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Subsidiary	Balance as at 1 January 2022			Balance as at 31 December 2022			Balance as at 31 December 2023			Balance as at 31 December 2024		
	Increase	Decrease	Other Changes	Increase	Decrease	Other Changes	Increase	Decrease	Other Changes	Increase	Decrease	Other Changes
Shandong Muhua Animal Husbandry Industry Development Co., Ltd.	109,998.70	1,700,000,000.00	-	484,695.24	1,700,594,693.94	1,708,266,367.00	-	59,036.19	3,408,920,097.13	-	-	10,421.54
Ningjin Muyuan Livestock Husbandry Co., Ltd.	710,000,000.00	200,000,000.00	-	6,649,037.48	916,649,037.48	-	-	4,972,324.89	921,571,362.37	-	-	398,254.76
Heilongjiang Gannan Muyuan Livestock Husbandry Co., Ltd. .	34,684,425.19	-	-	1,380,158.79	36,064,583.98	-	-	358,113.42	36,422,697.40	685,714,300.00	-	(44,552.34)
Hubei Maxin Detection Technology Co., Ltd.	10,000,000.00	-	-	-	10,000,000.00	10,000,000.00	-	-	-	-	-	-
Zhejiang Limhai Muyuan Livestock Husbandry Co., Ltd. .	80,000,000.00	70,000,000.00	-	-	150,000,000.00	100,000,000.00	-	68,774.75	250,068,774.75	-	-	8,337.78
Shandong Huimin Muyuan Livestock Husbandry Co., Ltd. .	23,992,913.91	-	-	4,008,180.76	28,001,094.67	-	-	2,563,786.54	30,564,881.21	634,146,400.00	-	432,062.48
Shandong Qingyun Muyuan Livestock Husbandry Co., Ltd. .	60,000,000.00	-	-	275,600.72	60,275,600.72	-	-	222,964.31	60,498,565.03	-	-	60,149.26
Shandong Zouping Muyuan Livestock Husbandry Co., Ltd. .	10,481,218.48	100,000,000.00	-	2,425,549.25	112,906,767.73	-	-	790,072.93	113,696,840.66	-	-	46,751.56
Anyang Muyuan Livestock Husbandry Co., Ltd.	11,258,961.91	-	-	150,085.52	11,409,047.43	-	-	65,985.02	11,475,032.45	100,000,000.00	-	5,955.94
Gansu Jingzai Muyuan Livestock Husbandry Co., Ltd.	350,000,000.00	180,000,000.00	-	1,352,923.40	531,352,923.40	-	-	414,932.08	531,767,855.48	-	-	46,452.57
Shandong Linqing Muyuan Livestock Husbandry Co., Ltd. .	20,000,000.00	20,000,000.00	-	-	40,000,000.00	-	-	96,407.24	40,096,407.24	50,000,000.00	-	17,269.88

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	Increase	Decrease	Other Changes	Increase	Decrease	Other Changes	Increase	Decrease	Other Changes	Increase	Decrease	Other Changes
Liaocheng Chipping Muyuan												
Livestock Husbandry Co., Ltd.	-	-	163,482.29	-	-	-	-	-	-	-	-	15,484.19
Qingdao Jimo Muyuan Livestock												40,338,868.28
Husbandry Co., Ltd.	-	-	219,305.00	100,000,000.00	-	-	330,272,093.17	-	-	-	-	23,821.98
Yanling Muyuan Livestock												330,295,915.15
Husbandry Co., Ltd.	-	-	425,675.33	-	-	-	100,640,190.77	-	-	-	-	27,990.40
Nanzhao Muyuan Livestock												100,668,181.17
Husbandry Co., Ltd.	-	-	140,690.88	-	-	-	30,214,205.00	-	-	-	-	10,421.54
Ruyang Muyuan Livestock												30,224,626.54
Husbandry Co., Ltd.	-	-	-	-	-	-	10,000,000.00	-	-	-	-	-
Qiqihar Muchen Animal												10,000,000.00
Husbandry Industry												-
Development Co., Ltd.	-	-	-	-	-	-	350,000,000.00	199,610,958.90	549,610,958.90	-	-	-
Ruzhou Muyuan Livestock												-
Husbandry Co., Ltd.	300,000,000.00	-	1,959,047.83	-	-	-	512,724,509.77	-	-	-	-	38,710.88
Fugou Muhua Animal Husbandry												512,763,220.65
Industry Development Co., Ltd.	1,700,000,000.00	-	1,325,010.70	1,982,165,548.00	-	-	3,688,375,357.28	-	-	-	-	71,465.00
Zhejiang Muyuan Livestock												3,688,446,822.28
Husbandry Co., Ltd.	-	-	339,459.00	-	-	-	170,431,470.90	-	-	-	-	8,933.02
Jingzhou Jiangling Muyuan												170,440,403.92
Livestock Husbandry Co., Ltd.	-	-	580,647.66	-	-	-	60,705,965.00	-	-	-	-	28,884.62
Huaxian Muhua Animal												60,734,849.62
Husbandry Industry												-
Development Co., Ltd.	1,279,424.91	1,900,000,000.00	7,778,651.27	-	-	-	1,909,790,510.43	3,309,740,000.00	-	541.62	5,219,531,052.05	-
Shandong Linyi Muyuan												-
Livestock Husbandry Co., Ltd.	100,000,000.00	-	328,292.27	-	-	-	300,395,521.45	-	-	-	-	7,146.42
Shandong Gaotang Muyuan												300,402,667.87
Livestock Husbandry Co., Ltd.	-	-	-	-	-	-	10,000,000.00	-	-	-	-	-
Guangdong Zhanjiang Leizhou												10,000,000.00
Muyuan Livestock Husbandry												-
Co., Ltd.	1,100,000,000.00	-	5,766,394.98	200,000,000.00	-	-	1,307,981,204.47	-	-	356,436.28	1,308,337,640.75	-
Nanyang Muyuan Maiming												-
Industry Development Co., Ltd.	750,000,000.00	562,465,753.42	-	-	-	-	1,312,465,753.42	-	-	-	-	-

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	Increase	Decrease	Other Changes	Increase	Decrease	Other Changes	Increase	Decrease	Other Changes	Increase	Decrease	Other Changes
Nanyang Muyuan Swine Supply Support Co., Ltd.	-	-	-	-	-	-	-	-	-	1,254,601,601.70	3,754,601,601.70	-
Qingfeng Muyuan Livestock Husbandry Co., Ltd.	-	-	509,203.56	-	-	-	-	-	150,547.84	-	-	18,462.16
Ningling Mubua Animal Husbandry Industry Development Co., Ltd.	1,786,527.67	1,500,000,000.00	-	5,904,920.61	1,507,691,448.28	-	1,196,161.79	1,508,887,610.07	-	2,245,990,000.00	-	73,996.78
Puyang Muyuan Livestock Husbandry Co., Ltd.	-	-	44,669.60	-	-	-	20,000,000.00	-	43,655.24	-	-	2,977.98
Gushi Muyuan Livestock Husbandry Co., Ltd.	60,000,000.00	-	252,362.14	-	-	-	-	-	218,222.07	-	-	34,243.52
Shandong Dong'emuyuan Livestock Husbandry Co., Ltd.	100,000,000.00	-	76,381.38	-	-	-	-	-	-	-	-	-
Zhenping Muyuan Livestock Husbandry Co., Ltd.	70,000,000.00	210,000,000.00	1,039,842.18	-	-	-	-	-	868,412.31	-	-	131,020.40
Xixia Muyuan Livestock Husbandry Co., Ltd.	40,000,000.00	-	281,403.50	-	-	-	-	-	155,111.74	-	-	10,125.30
Neixiang Muyuan Modern Agricultural Complex Co., Ltd.	2,750,000,000.00	-	7,524,923.05	-	-	-	-	-	3,593,087.79	-	-	322,028.29
Haikou Muyuan Livestock Husbandry Co., Ltd.	300,000,000.00	-	672,674.93	-	-	-	-	-	170,971.81	-	-	58,662.54
Guzhen Muyuan Livestock Husbandry Co., Ltd.	260,000,000.00	-	1,578,487.82	-	-	-	-	-	443,946.19	-	-	66,701.34
Nanning Xixiangtang Muyuan Livestock Husbandry Co., Ltd.	940,000,000.00	300,000,000.00	10,223,548.00	-	-	-	260,000,000.00	-	3,902,081.17	-	-	357,197.24
Nanyang Musheng Hog Industry Development Co., Ltd.	530,000,000.00	555,000,000.00	-	-	-	-	-	-	-	-	1,085,000,000.00	-

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	Increase	Decrease	Other Changes	Increase	Decrease	Other Changes	Increase	Decrease	Other Changes	Increase	Decrease	Other Changes
Guizhou Dushan Muyuan Livestock Husbandry Co., Ltd.	150,000,000.00	-	577,520.65	330,577,520.65	70,000,000.00	-	429,836.46	401,007,357.11	-	-	-	43,773.58
Nanjing Jiangning Muyuan Livestock Husbandry Co., Ltd.	1,010,000,000.00	-	19,093,282.47	1,029,093,282.47	1,000,000,000.00	-	9,005,987.80	2,038,099,270.27	-	350,000,000.00	-	1,069,168.87
Neihuang Muyuan Livestock Husbandry Co., Ltd.	730,000,000.00	-	3,468,770.09	733,468,770.09	-	-	1,639,129.88	735,107,899.97	-	-	-	111,282.81
Sichuan Muyuan Livestock Husbandry Co., Ltd.	200,000,000.00	250,000,000.00	3,794,843.22	453,794,843.22	-	-	1,363,806.64	455,158,649.86	-	-	-	92,899.63
Shandong Taicheng Muyuan Livestock Husbandry Co., Ltd.	320,000,000.00	-	469,881.50	320,469,881.50	-	-	562,189.51	321,032,071.01	-	-	-	80,398.93
Anxiang Muyuan Livestock Husbandry Co., Ltd.	180,000,000.00	-	716,453.04	180,716,453.04	-	-	138,606.64	180,855,059.68	-	-	-	33,053.96
Nanchang Muyuan Livestock Husbandry Co., Ltd.	100,000,000.00	150,000,000.00	1,787,536.74	251,787,536.74	50,000,000.00	-	765,398.48	302,552,935.22	-	-	-	(13,395.92)
Beijing Fangshan Muyuan Livestock Husbandry Co., Ltd.	185,000,000.00	50,000,000.00	733,846.57	235,733,846.57	150,000,000.00	-	442,687.88	386,176,534.45	-	-	-	47,643.04
Zaoyang Muyuan Livestock Husbandry Co., Ltd.	150,000,000.00	-	754,407.93	150,754,407.93	-	-	363,690.68	151,118,098.61	-	-	-	26,502.78
Zhengzhou Muyuan Digital Technology Co., Ltd.	20,000,000.00	-	2,305,605.95	22,305,605.95	-	-	900,143.81	23,205,749.76	-	-	-	44,307.48
Chaohu Muyuan Livestock Husbandry Co., Ltd.	510,000,000.00	130,000,000.00	6,901,725.37	646,901,725.37	-	-	7,666,453.12	654,568,178.49	-	-	-	1,062,667.70
Zaozhuang Taierzhuang Muyuan Livestock Husbandry Co., Ltd.	100,000,000.00	50,000,000.00	186,257.44	150,186,257.44	-	-	280,348.41	150,466,605.85	-	100,000,000.00	-	38,114.79
Henan Muyuan Smart Technology Co., Ltd.	200,000,000.00	-	28,420,762.28	228,420,762.28	-	-	11,543,703.97	239,964,466.25	-	-	-	1,021,124.22
Ruzhou Muyuan Modern Agricultural Complex Co., Ltd.	150,000,000.00	500,000,000.00	1,818,320.19	651,818,320.19	150,000,000.00	-	1,862,243.27	803,680,563.46	-	-	-	260,551.34
Minquan Muyuan Livestock Husbandry Co., Ltd.	30,000,000.00	30,000,000.00	218,859.28	60,218,859.28	-	-	123,321.36	60,342,180.64	-	-	-	27,394.72
Yongcheng Muyuan Livestock Husbandry Co., Ltd.	20,000,000.00	100,000,000.00	159,012.66	120,159,012.66	130,000,000.00	-	338,268.21	250,497,280.87	-	-	-	64,617.58
Qingyuan Yingde Muyuan Livestock Husbandry Co., Ltd.	20,000,000.00	-	241,203.60	20,241,203.60	-	-	34,841.52	20,276,045.12	-	-	-	7,742.56

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Subsidiary	Balance as at 1 January 2022			Balance as at 31 December 2022			Balance as at 31 December 2023			Balance as at 31 December 2024		
	Increase	Decrease	Other Changes	Increase	Decrease	Other Changes	Increase	Decrease	Other Changes	Increase	Decrease	Other Changes
Guangdong Heyuan Dongyuan Muyuan Livestock Husbandry Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-
Henan Muyuan Science and Technology Co., Ltd.	-	-	120,595.70	-	-	90,934.93	-	-	-	-	-	8,039.72
Huoja Muyuan Livestock Husbandry Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-
Yanjin Muyuan Livestock Husbandry Co., Ltd.	-	-	105,410.50	-	-	101,719.80	-	-	-	-	-	11,612.92
Fujian Zhangpu Muyuan Livestock Husbandry Co., Ltd.	-	-	301,489.20	-	-	-	-	-	-	-	-	-
Nanchang Xinjian Muyuan Hog Industry Co., Ltd.	50,000,000.00	-	89,339.20	-	-	-	50,000,000.00	-	-	-	-	-
Henan Muyuan Hog Breeding Co., Ltd.	485,000,000.00	-	6,211,671.90	-	-	-	-	-	-	-	-	403,043.36
Tengzhou Muyuan Livestock Husbandry Co., Ltd.	20,000,000.00	-	-	-	-	72,207.46	-	-	-	-	-	13,994.76
Liaoning Muyuan Livestock Husbandry Co., Ltd.	-	-	9,377,992.00	-	-	-	-	-	-	-	-	984,577.41
Huabei Muhua Animal Husbandry Industry Development Co., Ltd. .	1,800,000,000.00	-	557,472.73	-	-	-	2,997,460,000.00	-	-	-	-	11,612.92
Chongzuo Jiangzhou Muyuan Livestock Husbandry Co., Ltd. .	-	-	-	-	-	-	-	-	-	-	-	-

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ACCOUNTANTS’ REPORT

Subsidiary	Balance as at 1 January 2022			Balance as at 31 December 2022			Balance as at 31 December 2023			Balance as at 31 December 2024		
	Increase	Decrease	Other Changes	Increase	Decrease	Other Changes	Increase	Decrease	Other Changes	Increase	Decrease	Other Changes
Henan Muyuan Cloud Computing Technology Co., Ltd.	-	100,000,000.00	-	117,478.19	-	-	-	-	113,305.19	-	-	5,955.94
Henan Muyuan Ecology Environment Technology Co., Ltd.	-	10,000,000.00	-	-	-	-	-	-	540,760.28	90,000,000.00	-	58,957.88
Changyuan Muyuan Livestock Husbandry Co., Ltd.	-	-	-	-	-	-	20,000,000.00	-	-	-	-	-
Henan Muyuan New Energy Industry Development Co., Ltd. .	-	-	-	-	-	-	19,200,000.00	-	-	80,800,000.00	-	-
Henan Muyuan Synthetic Biotechnology Co., Ltd.	-	-	-	-	-	-	100,000,000.00	-	-	-	-	-
Zhengzhou Modern Livestock Husbandry Co., Ltd.	-	-	-	-	-	-	-	-	-	200,000,000.00	-	-
Liaoning Fuxin Yuenong Feed Co., Ltd.	-	-	-	-	-	-	-	-	-	20,000,000.00	-	-
Hap Grain International Agricultural Trading Pte. Ltd. .	-	-	-	-	-	-	-	-	-	3,668,099.09	-	-
Total	41,975,803,329.23	18,506,408,618.56	-	633,484,258.89	61,115,696,206.68	11,400,519,755.27	10,000,000.00	264,524,347.39	72,770,740,309.34	21,123,594,178.09	11,890,429,802.40	26,800,005.58

For information about the major subsidiaries of the Company, refer to Note VI.1.

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ACCOUNTANTS’ REPORT

(3) Investments in associates:

Name of investee	Year ended 31 December 2022										
	As at 1 January	Increase in capital	Decrease in capital	Investment income/(losses) recognised under the equity method	Adjustments to other comprehensive income	Other equity movements	Declared distribution of cash dividends or profits	Provision for impairment	Others	As at 31 December	Balance of provision for impairment as at 31 December
Associates											
Henan Longda Muyuan Meat Co., Ltd.	102,134,325.13	-	-	23,241,990.08	-	-	-	-	-	125,376,315.21	-
China Securities Jiaotong Fund Management Co., Ltd.	60,936,787.04	-	-	(1,138,012.60)	-	-	-	-	-	59,798,774.44	-
Guangdong Guangken											
Muyuan Livestock Husbandry Co., Ltd. . .	48,499,819.07	71,400,000.00	-	3,700,508.45	-	-	-	-	-	123,600,327.52	-
Rongtong Nongfa Muyuan (Chongzhou) Co., Ltd. .	58,829,328.97	-	-	13,948,840.86	-	-	-	-	-	72,778,169.83	-
Rongtong Nongfa Muyuan											
(Tangshan) Livestock Husbandry Co., Ltd. . .	22,131,137.27	61,250,000.00	-	276,241.70	-	-	-	-	-	83,657,378.97	-
Rongtong Nongfa Muyuan (Jiayang) Co., Ltd. . .	14,710,866.53	44,100,000.00	-	464,598.15	-	-	-	-	-	59,275,464.68	-
Zhongmu Muyuan (Henan)											
Biological Pharmaceutical Co., Ltd.	-	57,600,000.00	-	(282,191.95)	-	-	-	-	-	57,317,808.05	-
Henan Lianmu Veterinary Medicine Co., Ltd. . . .	-	2,000,000.00	-	(70,992.55)	-	-	-	-	-	1,929,007.45	-
Total	307,242,264.01	236,350,000.00	-	40,140,982.14	-	-	-	-	-	583,733,246.15	-

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ACCOUNTANTS’ REPORT

Name of investee	Year ended 31 December 2023						
	As at 1 January	Increase in capital	Decrease in capital	Investment income/(losses) recognised under the equity method	Adjustments to other comprehensive income	Other equity movements	Declared distribution of cash dividends or profits
							Provision for impairment
							Others
							As at 31 December
							Balance of provision for impairment as at 31 December
Associates							
Henan Longda Muyuan Meat Co., Ltd.	125,376,315.21	-	-	(7,789,778.76)	-	-	-
China Securities Jiaotong Fund Management Co., Ltd.	59,798,774.44	-	-	(5,099,564.88)	-	-	-
Guangdong Guangken Muyuan Livestock Husbandry Co., Ltd. . .	123,600,327.52	81,600,000.00	-	(7,930,676.97)	-	-	-
Rongtong Nongfa Muyuan (Chongzhou) Co., Ltd. .	72,778,169.83	-	-	(6,467,838.83)	-	-	-
Rongtong Nongfa Muyuan (Tangshan) Livestock Husbandry Co., Ltd. . .	83,657,378.97	-	-	42,531.16	-	-	-
Rongtong Nongfa Muyuan (Jiayang) Co., Ltd. . .	59,275,464.68	-	-	282,129.31	-	-	-
Zhongmu Muyuan (Henan) Biological Pharmaceutical Co., Ltd.	57,317,808.05	-	-	8,168.77	-	-	-
Henan Lianmu Veterinary Medicine Co., Ltd. . . .	1,929,007.45	12,000,000.00	-	(505,619.71)	-	-	-
Nanyang Longyuan New Energy Technology Co., Ltd.	-	45,000,000.00	-	1,115,139.34	-	-	-
Total	583,733,246.15	138,600,000.00	-	(26,345,510.57)	-	-	-

APPENDIX I

ACCOUNTANTS’ REPORT

Name of investee	Year ended 31 December 2024										
	As at 1 January	Increase in capital	Decrease in capital	Investment income/(losses) recognised under the equity method	Adjustments to other comprehensive income	Other equity movements	Declared distribution of cash dividends or profits	Provision for impairment	Others	As at 31 December	Balance of provision for impairment as at 31 December
Associates											
Henan Longda Muyuan Meat Co., Ltd.	117,586,536.45	-	-	(4,393,194.19)	-	-	-	-	-	113,193,342.26	-
China Securities Jiaotong Fund Management Co., Ltd.	54,699,209.56	-	-	713,879.32	-	-	-	-	-	55,413,088.88	-
Guangdong Guangken Muyuan Livestock Husbandry Co., Ltd. . .											
	196,309,388.53	74,800,000.00	-	54,575,252.44	-	-	-	-	-	325,684,640.97	-
Rongtong Nongfa Muyuan (Chongzhou) Co., Ltd. .	66,310,331.00	-	-	3,318,951.75	-	-	-	-	-	69,629,282.75	-
Rongtong Nongfa Muyuan (Tangshan) Livestock Husbandry Co., Ltd. . .											
	83,699,910.13	-	-	57,445.81	-	-	-	-	-	83,757,355.94	-
Rongtong Nongfa Muyuan (Jiayang) Co., Ltd. . .	59,557,593.99	-	-	106,256.03	-	-	-	-	-	59,663,850.02	-
Zhongmu Muyuan (Henan) Biological Pharmaceutical Co., Ltd.											
	57,325,976.82	-	-	1,722,892.86	-	-	-	-	-	59,048,869.68	-
Henan Lianmu Veterinary Medicine Co., Ltd. . . .	13,423,387.74	36,000,000.00	-	(1,695,846.17)	-	-	-	-	-	47,727,541.57	-
Nanyang Longyuan New Energy Technology Co., Ltd.											
	46,115,139.34	-	-	7,864,718.87	-	-	-	-	-	53,979,858.21	-
Total	695,027,473.56	110,800,000.00	-	62,270,356.72	-	-	-	-	-	868,097,830.28	-

APPENDIX I

ACCOUNTANTS’ REPORT

4 Revenue and operating costs

(1) Revenue and operating costs

	Year ended 31 December					
	2022		2023		2024	
	Income	Cost	Income	Cost	Income	Cost
Principal activities	7,403,855,956.51	6,739,622,421.76	4,662,641,761.90	4,453,371,912.52	3,418,200,704.87	2,635,983,351.77
Other operating activities	1,118,685,390.58	535,026,471.65	583,311,815.38	577,343,823.08	254,580,176.16	250,976,540.53
Total	<u>8,522,541,347.09</u>	<u>7,274,648,893.41</u>	<u>5,245,953,577.28</u>	<u>5,030,715,735.60</u>	<u>3,672,780,881.03</u>	<u>2,886,959,892.30</u>
Including:						
Revenue from contracts with customers	8,522,541,347.09	7,274,648,893.41	5,245,953,577.28	5,030,715,735.60	3,672,780,881.03	2,886,959,892.30
Other income	-	-	-	-	-	-

5 Investment income

	Year ended 31 December		
	2022	2023	2024
Income from long-term equity investments accounted for using the cost method	4,198,797,788.27	4,436,516,872.51	5,216,609,407.81
Income/(losses) from long-term equity investments accounted for using the equity method	40,140,982.14	(26,345,510.57)	62,270,356.72
Others	(208,545.78)	14,999,586.01	27,179,833.96
Total	<u>4,238,730,224.63</u>	<u>4,425,170,947.95</u>	<u>5,306,059,598.49</u>

XVI. EXTRAORDINARY GAINS AND LOSSES

	Year ended 31 December		
	2022	2023	2024
Disposal gains or losses of non-current assets	(205,535,819.86)	(388,083,149.81)	(949,101,528.54)
Government grants recognised in profit or loss (other than government grants closely related to the business of the Company, and in a fixed or quantified amount in conformity with the common standards of the government).	399,789,050.00	175,768,051.24	188,334,829.64
Changes in fair value of financial assets and liabilities held for trading, and disposal of financial assets and liabilities held for trading, other than those held for effective hedging related to normal operations	981,964.72	15,590,657.97	27,646,661.79
Other non-operating income and expenses other than the items above	54,447,383.86	(60,218,581.23)	(159,120,373.63)
Other items that qualify as extraordinary gains and losses.	<u>8,343,696.62</u>	<u>12,393,003.69</u>	<u>7,707,941.33</u>
Sub-total	258,026,275.34	(244,550,018.14)	(884,532,469.41)
Tax effect	14,564,794.73	5,518,033.14	3,640,822.99

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ACCOUNTANTS’ REPORT

	Year ended 31 December		
	2022	2023	2024
Effect on non-controlling interests after taxation	6,628,017.78	(13,050,150.45)	(22,578,106.28)
Total	236,833,462.83	(237,017,900.83)	(865,595,186.12)

XVII. RETURN ON EQUITY AND EARNINGS PER SHARE

In accordance with *Guidelines on the Compilation of Information Disclosure Documents by Companies that Offer Securities to the Public No. 9 — Calculation and Disclosure of Return on Equity and Earnings Per Share* (2010 revised) issued by the CSRC and relevant accounting standards, the Group’s return on equity and earnings per share are calculated as follows:

	Year ended 31 December 2022		
	Weighted average return on equity (%)	Basic earnings per share	Diluted earnings per share
Net profit attributable to the Company’s ordinary shareholders	21.01%	2.49	2.45
Net profit excluding extraordinary gains and losses attributable to the Company’s ordinary shareholders	20.63%	2.44	2.40

	Year ended 31 December 2023		
	Weighted average return on equity (%)	Basic earnings per share	Diluted earnings per share
Net profit attributable to the Company’s ordinary shareholders	(6.38)%	(0.79)	(0.79)
Net profit excluding extraordinary gains and losses attributable to the Company’s ordinary shareholders	(6.03)%	(0.75)	(0.75)

	Year ended 31 December 2024		
	Weighted average return on equity (%)	Basic earnings per share	Diluted earnings per share
Net profit attributable to the Company’s ordinary shareholders	25.10%	3.30	3.24
Net profit excluding extraordinary gains and losses attributable to the Company’s ordinary shareholders	26.31%	3.46	3.40

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to 31 December 2024.

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

The following information does not form part of the Accountants’ Report received from 畢馬威華振會計師事務所(特殊普通合夥)(KPMG Huazhen LLP), the Company’s reporting accountants, as set out in Appendix I to this document, and is included herein for illustrative purposes only. The unaudited [REDACTED] financial information should be read in conjunction with the section headed “Financial Information” in this document and the Accountants’ Report set out in Appendix I to this document.

A. UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited [REDACTED] statement of adjusted consolidated net tangible assets of the Group is prepared in accordance with Rule 4.29 of the Listing Rules and is set out below to illustrate the effect of the [REDACTED] by the Company of its H Shares (the “[REDACTED]”) on the consolidated net tangible assets attributable to shareholders of the Company as at 31 December 2024 as if the [REDACTED] had taken place on 31 December 2024.

This unaudited [REDACTED] statement of adjusted consolidated net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the [REDACTED] been completed as at 31 December 2024 or at any future date.

	Consolidated net tangible assets attributable to shareholders of the Company as of 31 December 2024 ⁽¹⁾	Estimated net [REDACTED] from the [REDACTED] ⁽²⁾ (4)	Unaudited [REDACTED] adjusted consolidated net tangible assets attributable to shareholders of the Company	Unaudited [REDACTED] adjusted consolidated net tangible assets per Share ⁽³⁾	
	RMB	RMB	RMB	RMB	HK\$ ⁽⁴⁾
Based on an [REDACTED] of [REDACTED] per [REDACTED].	70,882,776,896.14	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on an [REDACTED] of [REDACTED] per [REDACTED].	70,882,776,896.14	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

- (1) The consolidated net tangible assets attributable to shareholders of the Company as at 31 December 2024 is arrived at after (i) deducting intangible assets of RMB1,186,610,682.35; and (ii) adjusting the share of intangible assets attributable to non-controlling interests of RMB37,609,721.48 from the consolidated total equity attributable to shareholders of the Company of RMB72,031,777,857.01 as at 31 December 2024, which is extracted from the Accountants’ Report set out in Appendix I to this document.
- (2) The estimated net [REDACTED] from the [REDACTED] are based on the [REDACTED] of [REDACTED] and [REDACTED] per H Share, being the lower end price and higher end price of the [REDACTED] respectively, and the issuance of [REDACTED] H Shares, after deduction of the [REDACTED] fees and other related expenses paid or payable by the Company (excluding the [REDACTED] charged to profit or loss during the Track Record Period), and do not take into account any H Shares which may be issued upon the exercise of the [REDACTED].

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

- (3) The unaudited [REDACTED] adjusted consolidated net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that [REDACTED] Shares (being 5,462,767,761 Shares in issue as at 31 December 2024, deducting 66,316,138 treasury shares held by the Company as at 31 December 2024 and adding [REDACTED] H [REDACTED] pursuant to the [REDACTED]) were in issue immediately following the completion of the [REDACTED], but do not take into account any H Shares which may be issued upon the exercise of the [REDACTED].
- (4) The estimated net [REDACTED] from the [REDACTED] and the unaudited [REDACTED] adjusted consolidated net tangible assets per Share are converted from or into Hong Kong dollars (the “HK\$”) with the PBOC rate of RMB1 to HK\$1.0877 prevailing on the Latest Practicable Date. No representation is made that HK\$ amounts have been, could have been or may be converted into RMB, or vice versa, at that rate or at any other rate.
- (5) No adjustment has been made to reflect any trading result or other transactions of our Group entered into subsequent to 31 December 2024, including but not limited to the dividends of RMB[REDACTED] declared on 16 May 2025. Had such dividends been declared on 31 December 2024, the [REDACTED] adjusted consolidated net tangible assets would have decreased by approximately by [REDACTED] and the [REDACTED] adjusted consolidated net tangible assets per Share would have decreased by approximately [REDACTED] (equivalent to [REDACTED]).

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

TAXATION ON HOLDERS OF SECURITIES

Income tax and capital gains tax of holders of the H Shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of the H Shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current laws and practices, has not taken into account the expected change or amendment to the relevant laws or policies and does not constitute any opinion or advice. Such discussion does not deal with all possible tax consequences relating to an [REDACTED] in the H Shares, nor considers specific circumstances of any particular investor, as some of such circumstances may be subject to special rules. Accordingly, you should consult your own tax adviser regarding the tax consequences of [REDACTED] in the H Shares. Such discussion is based on laws and relevant interpretations in effect as of the Latest Practicable Date, such laws and relevant interpretations may change and may have retrospective effect.

The discussion does not address any inland taxation aspects of the PRC other than income tax, capital gains tax and profits tax, sales tax/VAT, stamp duty and estate duty. Prospective investors are urged to consult their financial advisers regarding the tax consequences of owning and disposing of the H Shares in the PRC and other regions.

INLAND TAXATION OF THE PRC

Dividend Tax

Individual Investors

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) (“**Individual Income Tax Law**”), which was most recently amended by the NPCSC on August 31, 2018 and became effective on January 1, 2019, and the Implementation Regulations of Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》), which was most recently amended by the State Council on December 18, 2018 and became effective on January 1, 2019, dividends distributed by PRC enterprises to individual investors are subject to individual income tax levied at the flat rate of 20%. Pursuant to the Notice on Relevant Issues Regarding Differentiated Individual Income Tax Policies for Listed Companies’ Dividends and Bonuses (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》) promulgated on September 7, 2015, shares of listed companies acquired by an individual through public offering and transfer in the market with a holding period of more than one year will be temporarily exempted from individual income tax; with a holding period of not more than one month, the entire amount of dividends will be subject to individual income tax; with a holding period of more than one month but not more than one year, 50% of the amount of dividends will be subject to individual income tax; and individual income tax will be levied at a uniform tax rate of 20% on the income mentioned above.

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (the “**Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income**”) signed between Mainland China and Hong Kong on August 21, 2006, the PRC government may levy on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but the amount of tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of equity interest in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (關於《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》第五議定書) (the “**Fifth Protocol**”) issued by the SAT and became effective on December 6, 2019 provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Enterprise Investors

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) last amended by NPCSC on December 29, 2018 and became effective on the same date and the Implementation Regulations of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) last amended by the State Council on December 6, 2024 and became effective on January 20, 2025 (the “**Implementation Regulations of Enterprise Income Tax Law**”), if a non-resident enterprise does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise, it is generally subject to a lower enterprise income tax rate at 10% on PRC-sourced income (including dividends distributed by the shares of a PRC resident enterprise issued and listed in Hong Kong). The aforesaid income tax payable by non-resident enterprises are deducted at source, where the payer of the income shall have the obligation to withhold the income tax from the amount payable to the non-resident enterprise. Such withholding tax may be reduced or exempted pursuant to an applicable treaty for the avoidance of double taxation.

Pursuant to the Circular of the State Administration of Tax on Issues Relating to the Withholding and Remitting of Enterprise Income Tax by PRC Resident Enterprises on Dividends Distributed to Overseas Non-Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) issued by the SAT on November 6, 2008 and became effective on the same date, a PRC-resident enterprise must withhold enterprise income tax at a uniform rate of 10% on the dividends paid to non-PRC resident enterprise holders of overseas listed H Shares when distributing dividends for the years of 2008 and beyond. The Approval Reply on Issues Concerning Enterprise Income Tax Levied on Dividends Paid by B Shares acquired by Non-resident Enterprises (《關於非居民企業取得B股等股票股息徵收企業所得稅問題的批

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

覆》) issued by the SAT on July 24, 2009 and became effective on the same date further provided that when a PRC-resident enterprise with shares issued by public offering and listed overseas (A Shares, B Shares and overseas shares) distributes dividends for the years of 2008 and beyond to non-PRC resident enterprises, it must withhold enterprise income tax at a uniform rate of 10%. The above tax rate may be further modified in accordance with tax treaties or agreements (if applicable) entered into between the PRC and the relevant countries or regions.

Pursuant to the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, the PRC government may levy on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of equity interest in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

In accordance with applicable regulations, we intend to withhold tax at the rate of 10% on dividends paid to non-PRC resident enterprise shareholders of H Shares, including the HKSCC Nominees. Non-PRC resident enterprises that are entitled to preferential tax rates for tax reduction or exemption under applicable income tax treaties are required to apply to the tax authorities in the PRC for a refund of the amount of the withholding tax in excess of the applicable treaty rate, and such refunds are subject to verification by the tax authorities of the PRC.

Taxation of Gains on Share Transfer

Individual Investors

Pursuant to the Individual Income Tax Law and its Implementation Regulations, individuals who disposes of equity interest in a PRC resident enterprise are subject to individual income tax levied on the gains on disposal at the tax rate of 20%. According to the Circular on Individual Income Tax Continues to be Temporarily Exempted over Income of Individuals from the Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF and the SAT on March 30, 1998, with effect from January 1, 1997, income of individuals derived from transfer of the shares of listed companies continues to be exempted from individual income tax. Pursuant to the Announcement on the List of Individual Income Tax Preferential Policies Continues To Be Effective issued by the MOF and the SAT (《財政部、國家稅務總局關於繼續有效的個人所得稅優惠政策目錄的公告》) on December 29, 2018, the Circular on Individual Income Tax Continues to be Temporarily Exempted over Income of Individuals from the Transfer of Shares shall continue to be effective.

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Enterprise Investors

According to the Enterprise Income Tax Law and its Implementation Regulations, if a non-PRC resident enterprise does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise, it is generally subject to enterprise income tax at the lower tax rate of a 10% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise. Such income tax payable by the non-resident enterprise will be deducted at source, where the payer of the income shall have the obligation to withhold income tax from each payment or amount payable to the non-resident enterprise. Such withholding tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

Shenzhen-Hong Kong Stock Connect Tax Policies

Pursuant to the Notice Regarding the Relevant Tax Policies for the Pilot Program of the Shenzhen-Hong Kong Stock Connect (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》) which became effective on December 5, 2016, for dividends and bonuses received by Mainland individual investors from investing in H Shares listed on the Hong Kong Stock Exchange through the Shenzhen-Hong Kong Stock Connect, the H-share companies shall make an application to the China Securities Depository and Clearing Corporation (“CSDC”) so that the register of Mainland individual investors will be provided by CSDC for the H-share companies shall withhold individual income tax at the rate of 20% for those investors.

Pursuant to the Announcement on the Relevant Individual Income Tax Policies for Continuing the Implementation of Stock Connect Mechanisms in Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Markets and the Mutual Recognition of Funds between the Mainland and Hong Kong (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) which became effective on August 21, 2023, the income of Mainland individual investors derived from the price differences on transfer of shares listed on the Hong Kong Stock Exchange through the Shenzhen-Hong Kong Stock Connect will continue to be temporarily exempted from individual income tax.

Pursuant to the Notice Regarding the Relevant Tax Policies for the Pilot Program of the Shenzhen-Hong Kong Stock Connect, the income of Mainland enterprise investors derived from the price differences on transfer of shares listed on the Hong Kong Stock Exchange through the Shenzhen-Hong Kong Stock Connect will be included in their total revenue and subject to enterprise income tax in accordance with the law. The income derived from dividends and bonuses received by Mainland enterprise investors from investing in shares listed on the Hong Kong Stock Exchange through the Shenzhen-Hong Kong Stock Connect will be included in their total revenue and subject to enterprise income tax in accordance with the law. However, if the Mainland resident enterprise receives the income of dividends and bonuses after holding the H Shares continuously for at least 12 months, the relevant income tax shall be exempted in accordance with the law. Regarding the aforesaid income derived from dividends and bonuses received by Mainland enterprise investors, the H-share companies will not withhold income tax on dividends and bonuses for Mainland enterprise investors, the Mainland enterprise investors shall report and pay the income tax by themselves.

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Stamp Duty

According to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》) promulgated by the NPCSC on June 10, 2021 and became effective on July 1, 2022, the provisions of the Stamp Duty Law of the PRC are not applicable to non-PRC domestic investors when they purchase and dispose of H Shares offshore.

Estate Duty

As of today, no estate duty is levied in Mainland China under the PRC laws.

PRINCIPAL TAXATION OF THE COMPANY IN THE PRC

Enterprise Income Tax

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) promulgated by the NPC on March 16, 2007 and last amended by the NPCSC and became effective on December 29, 2018 and the Implementation Regulations of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) issued by the State Council on December 6, 2007 and last amended on December 6, 2024, enterprises are divided into resident enterprises and non-resident enterprises. The PRC resident enterprises are required to pay enterprise income tax at the tax rate of 25%. Income of enterprises engaging in livestock and poultry raising and preliminary processing of agricultural products are exempted from enterprise income tax. Enterprises qualified as “High and New Technology Enterprises” are entitled to a reduced enterprise income tax rate of 15%.

Value-added Tax (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》) (promulgated by the State Council on December 13, 1993, last amended and implemented on November 19, 2017), the Notice of the MOF and the SAT on Adjusting the VAT Rate (《財政部、國家稅務總局關於調整增值稅稅率的通知》) (promulgated by the MOF and the SAT on April 4, 2018 and became effective on May 1, 2018), and the Announcement on the Relevant Policies for Deepening the Value-added Tax Reform (《關於深化增值稅改革有關政策的公告》) published by the MOF, SAT and the GACC (issued on March 20, 2019 and became effective on April 1, 2019), companies being general taxpayers are subject to VAT rates of 13%, 9%, 6% and 0% respectively, depending on their businesses, among which the self-produced agricultural products sold by agricultural producers are exempted from VAT.

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Pursuant to the Circular on the Issues of Exemption of VAT for Feed Products from the MOF and the SAT (《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》) (promulgated by the MOF and the SAT on July 12, 2001 and implemented on August 1, 2001), single bulk feed, mixed feed, formulated feed, compound premix and feed concentrate products are exempted from VAT.

FOREIGN EXCHANGE ADMINISTRATION

The lawful currency of the PRC is Renminbi. The State Administration of Foreign Exchange ("SAFE") is responsible for the administration of all matters relating to foreign exchange, including the enforcement of foreign exchange regulations.

Pursuant to the Administrative Regulations on Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) last amended by the State Council on August 5, 2008 and became effective on the same date, subject to compliance with certain procedural rules, payment for current account items with foreign exchange (such as trading items of goods, services and recurrent transfers) are not required to obtain prior approval from SAFE. On the contrary, conversion of Renminbi under capital account items into foreign currencies and remittance outward from the PRC, such as repayment of loans denominated in foreign currencies or remittance of foreign currencies into the PRC under capital account items, or offshore entities provide capital contribution or foreign currency loans to PRC entities, are required to obtain approval or registration by the competent administrative authority.

According to the Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) promulgated by the People's Bank of China ("PBOC") on June 20, 1996 and became effective on July 1, 1996, the remaining restrictions on foreign exchange convertibility under current account items are removed, but the existing restrictions on foreign exchange transactions under capital account items are retained.

According to the relevant laws and regulations in the PRC, PRC enterprises (including foreign investment enterprises) which need foreign exchange for current account item transactions may, without the approval of the foreign exchange administrative authorities, effect payment through foreign exchange accounts opened at the designated foreign exchange bank, on the strength of valid transaction receipts and proof. Foreign investment enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay fixed dividends to their shareholders in foreign exchange may, on the strength of resolutions of the board of directors on the distribution of profits, effect payment from their foreign exchange accounts or effect exchange and payment at the designated foreign exchange bank.

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According to the Decisions of the State Council on the Matters of Canceling and Adjusting a Batch of Administrative Approval Items (《國務院關於取消和調整一批行政審批項目等事項的決定》) promulgated by the State Council on October 23, 2014 and became effective on the same date, the administrative approval requirement of the SAFE and its branches for the remittance and settlement of the proceeds raised from the overseas listing into RMB domestic accounts have been cancelled.

According to the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) promulgated by the SAFE on December 26, 2014, a domestic company shall, within 15 business days from the date of the end of its overseas listing and offering, register the overseas listing with the local branch office of state administration of foreign exchange at the place of its establishment. The proceeds raised from an overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of the document and other public disclosure documents.

Pursuant to the Circular on Further Simplifying and Improving the Foreign Exchange Administration Policies for Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) promulgated by the SAFE in February 2015 and further amended in December 2019, eligible banks may, on behalf of the SAFE, directly handle the foreign exchange registration of overseas direct investment transactions, while the SAFE and its branches will, through the banks, exercise indirect supervision over the foreign exchange registration of direct investments.

According to the Notice of the State Administration of Foreign Exchange of the PRC on Revolutionizing and Regulating the Administrative Policies for Foreign Exchange Settlement of Capital Account Items (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) promulgated and implemented by the SAFE on June 9, 2016 and amended in December 2023, voluntary foreign exchange settlement of foreign exchange income from capital account items refer to the relevant policies where voluntary foreign exchange settlement have been clearly implemented on the foreign exchange income from capital account items (including the repatriation of foreign exchange capital funds, foreign debt principal amounts and proceeds of capital raised by overseas listing), the foreign exchange settlement of which may be handled at banks according to the actual needs of domestic institutions. The ratio of voluntary foreign exchange settlement of foreign exchange income from capital account items of domestic institutions is 100% for the time being, the above ratio may be adjusted by SAFE in a timely manner according to the international receipts and payments conditions.

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This Appendix summarizes the principal PRC laws, regulations and policies which are relevant to the Company’s operations and business. Laws and regulations relating to taxation in the PRC are discussed separately in “Appendix III — Taxation and Foreign Exchange”. The principal objective of this summary is to provide potential investors with an overview of the principal laws and regulatory provisions applicable to the Company. This summary is not intended to include all data which is important to the potential investors. For a discussion of laws and regulations which are relevant to the Company’s business, see section headed “Regulatory Overview” in this document.

THE PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution (《中華人民共和國憲法》) (the “**Constitution**”), which was last amended and came into effect on March 11, 2018, and is made up of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of departments of the State Council, rules and regulations of local governments, special administrative region law and international treaties and other regulatory documents signed by the PRC government. Court decisions do not constitute legally binding precedents, although they are used for the purposes of judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》) (the “**Legislation Law**”), which was last amended on March 13, 2023 and became effective on March 15, 2023, the NPC and the NPCSC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing state organs, criminal and civil matters, and other matters. The NPCSC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws. The people’s congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people’s congresses of cities divided into districts and their standing committees may formulate local regulations on matters such as urban and rural construction and management, ecological civilization construction, historical and cultural protection, grassroots governance based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of such provinces or autonomous regions. Where laws have other stipulations on matters of local regulations formulated by cities divided into districts, such stipulations shall prevail. Such local regulations will become enforceable after being reported to and approved

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by the standing committees of the people's congresses of the relevant provinces or autonomous regions. The standing committees of the people's congresses of the provinces or autonomous regions examine the legality of local regulations submitted for approval, and such approval should be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of such provinces or autonomous regions. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the ethnic groups in the areas concerned.

The ministries, commissions of the State Council, PBOC, NAO and institutions with administrative functions directly under the State Council, and other institutions stipulated by law may formulate rules and regulations within the jurisdiction of their respective departments based on the laws and the administrative regulations, decisions and rulings of the State Council.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations or rules may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of the rules enacted by the people's governments of the provinces and autonomous regions is greater than that of the rules enacted by the people's governments of the cities divided into districts within their respective administrative regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its standing committee, and to annul any autonomous regulations and separate regulations which have been approved by the NPCSC but which contravene the Constitution and the Legislation Law; the NPCSC has the power to annul administrative regulations that contravene the Constitution and laws, to annul local regulations that contravene the Constitution, laws and administrative regulations, and to annul autonomous regulations and separate regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the Central Government, but which contravene the Constitution and the Legislation Law; the State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments; the people's congresses of provinces, autonomous regions and municipalities directly under the Central Government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees; the standing committees of the local people's congresses have the power to annul inappropriate rules enacted by the people's governments at the corresponding level; the people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

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According to the Decision of the NPCSC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on June 10, 1981, issues related to the further clarification or supplement of laws or decrees should be interpreted by the NPCSC or provided by with decrees, issues related to the application of laws in a court trial should be interpreted by the Supreme People's Court, issues related to the application of laws in a prosecution process should be interpreted by the Supreme People's Procuratorate, and the application of other laws in matters other than those involved in court trial or prosecution process should be interpreted by the State Council and the competent authorities. At the regional level, the power to interpret local laws and regulations is vested in the local legislative and administrative authorities which promulgate such laws and regulations.

PRC JUDICIAL SYSTEM

According to the Constitution and the Law of the PRC of Organization of the People's Courts (《中華人民共和國人民法院組織法》) which was last amended by the NPCSC on October 26, 2018 and became effective on January 1, 2019, the PRC People's Court is made up of the Supreme People's Court, local people's courts at all levels and special people's courts. The local people's courts are divided into three levels, namely the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts may set up certain people's tribunals based on the status of the region, population and cases. The Supreme People's Court shall be the highest judicial organ of the state. The Supreme People's Court shall supervise the administration of justice by the local people's courts at all levels and by the special people's courts. The people's courts at a higher level shall supervise the judicial work of the people's courts at lower levels.

According to The Constitution and the Law of Organization of the People's Procuratorate of the PRC (《中華人民共和國人民檢察院組織法》) which was last revised by NPCSC on October 26, 2018 and became effective on January 1, 2019, the People's Procuratorate is the law supervision organ of the state. The People's Procuratorate is made up of the Supreme People's Procuratorate, local people's procuratorates at all levels and special people's procuratorates such as military procuratorates. The Supreme People's Procuratorate shall be the highest procuratorial organ. The Supreme People's Procuratorate shall direct the work of the local people's procuratorates at all levels and of the special people's procuratorates; the people's procuratorates at higher levels shall direct the work of those at lower levels.

The people's courts employ a two-tier appellate system, i.e., judgments or rulings of the second instance at the people's courts are final. A party may appeal against the judgement or ruling of the first instance of a local people's courts. The people's procuratorate may present a protest to the people's courts at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgments or rulings of the people's courts are final. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court and those of the first instance of the Supreme People's Court are final. However, if the Supreme People's Court or

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the people's courts at the next higher level finds any definite errors in a legally effective judgement, ruling or mediation document of the local people's courts at any levels or the people's court at a lower level, it has the right to review or order the people's court at a lower level to conduct a retrial. If the president of the people's court at any level finds any definite errors in a legally effective judgement, ruling or mediation document of that court and believes that a retrial is necessary, he or she shall submit the matter to the judicial committee for discussion and decision.

The PRC Civil Procedure Law (《中華人民共和國民事訴訟法》), which was last amended on September 1, 2023 and took effect on January 1, 2024, sets forth the requirements for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgement or order. All parties to a civil action conducted within the PRC must comply with the PRC Civil Procedure Law. Civil cases are generally heard by the people's courts where the defendants are located. The parties to a dispute over a contract or other property rights may agree in writing to choose the jurisdiction of a people's court at the plaintiff's place of residence, the defendant's place of residence, the place of performance of the contract, the place where the contract is signed or the location of the subject-matter that has an actual connection with the dispute, provided that this shall not be in contravention of the provisions of this law on hierarchical jurisdiction and exclusive jurisdiction.

A foreign individual, a person without nationality, a foreign-invested enterprise or a foreign organisation must have the same litigation rights and obligations as a PRC citizen, legal person or other organizations when initiating or defending any proceedings at a people's court. If a foreign court limits the litigation rights of PRC citizens and enterprises, the PRC court may apply the same limitations to the civil action rights of citizens and enterprises of such foreign country. A foreign individual, a person without nationality, a foreign-invested enterprise or a foreign organization must engage a PRC lawyer if such person needs to engage a lawyer in initiating or defending any proceedings at a people's court. Under an international treaty or the principle of reciprocity concluded or acceded to by the PRC, the people's court and foreign courts may require each other to act on their behalf to serve documents, conduct investigations, collect evidence and take other actions on behalf of each other. If the request by a foreign court would result in the violation of the PRC's sovereignty, security or public interest, the people's court shall decline the request.

All parties must comply with legally effective civil judgments and rulings. If any party to a civil action refuse to comply with a judgement or ruling made by a people's court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people's court for enforcement of relevant judgement or ruling within two years and may also apply for a postponement of enforcement or revocation. The law on the suspension or interruption of the statute of limitations shall apply to the suspension or interruption of the statute of limitations of the action for which enforcement is sought. If, within the prescribed period of time, the party has not complied with the obligations established by the legal instrument in accordance with the notice of enforcement, the court may take appropriate enforcement measures.

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When a party applies to a people’s court for enforcing a legally effective judgement or ruling by a people’s court against a party who is not located within the territory of the PRC or whose property is not within the PRC, the party may directly apply to a foreign court with jurisdiction for recognition and enforcement of the judgement or ruling. The people’s court may also request a foreign court for recognition and enforcement in accordance with the provisions of international treaties concluded or acceded to by the PRC or in accordance with the principle of reciprocity. Similarly, if a legally effective judgment or ruling by a foreign court needs to be recognized and enforced by a people’s court, the party may directly apply to the intermediate people’s court with jurisdiction for recognition and enforcement, or the foreign court may request the people’s court for recognition and enforcement in accordance with the provisions of an international treaty concluded or acceded to by that country and the PRC, or on the principle of reciprocity. However, if the judgment or ruling violates the basic principles of Chinese law or national sovereignty, security, or social public interests, it shall not be recognized and enforced.

THE PRC COMPANY LAW, TRIAL MEASURES AND GUIDELINES FOR ARTICLES OF ASSOCIATION

A joint stock limited company incorporated in the PRC seeking a listing on the Hong Kong Stock Exchange is mainly subject to the following laws and regulations of the PRC.

The PRC Company Law was adopted by the NPCSC on December 29, 1993 and came into effect on July 1, 1994, and was subsequently amended on December 25, 1999, August 28, 2004, October 27 2005, December 28, 2013, October 26, 2018 and December 29, 2023, and came into effect on July 1, 2024.

The Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and five supporting guidelines (the “**Trial Measures**”), which were promulgated by the CSRC on February 17, 2023 and took effect on March 31, 2023, are applicable to domestic enterprises that directly or indirectly issue securities overseas or list their securities for trading overseas.

The Guidelines for Articles of Association of Listed Companies (the “**Guidelines for the Articles of Association**”), which were last revised by the CSRC on March 28, 2025 and took effect on the same day, provide guidance for organizational articles of association. According to the Trial Measures, where a domestic company directly offering and listing overseas, it shall formulate its articles of association in line with the Guidelines for the Articles of Association and other relevant regulations of the CSRC on corporate governance to regulate corporate governance.

Set out below is a summary of the major provisions of the Company Law, the Trial Measures and the Guidelines for Articles of Association which are applicable to the Company

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General Provisions

A joint stock limited company is a corporate legal person incorporated in China under the Company Law who has independent legal person properties and enjoys legal person property rights and whose registered capital is divided into shares of equal par value. A company is liable for the debts of the company with all its property. The shareholders of a joint stock company are liable to the company to the extent of the shares subscribed by them.

When engaging in business activities, a company shall abide by laws and regulations, observe social morality and business ethics, be honest and trustworthy, and accept supervision from the government and the public. A company may invest in other enterprises. If the law stipulates that a company shall not become an investor who bears joint and several liability for the debts of the invested enterprise, such provisions shall apply.

Incorporation

A joint stock limited company may be established by promotion or subscription. A joint stock limited company may be established by a minimum of one but not more than 200 promoters, and at least half of the promoters must have residence within the PRC.

Where a joint stock limited company is established by way of promotion, the promoters shall subscribe for the full number of shares that the company shall issue at the time of establishment as stipulated in the company's articles of association. Where a joint stock limited company is established by way of subscription, the shares subscribed by the promoters shall not be less than 35% of the total number of shares that the company shall issue at the time of establishment as stipulated in the company's articles of association; provided, however, that where otherwise provided by laws or administrative regulations, such provisions shall apply.

The promoters of a joint stock company established by subscription shall convene an inaugural meeting of the company within thirty days from the date when the shares that the company shall issue at the time of establishment are fully paid up. The promoters shall notify the subscribers of the date of the meeting or make a public announcement fifteen days prior to the date of the meeting. The inaugural meeting shall be held only if the subscribers holding more than half of the voting rights are present. The convening and voting procedures of the inaugural meeting of a joint stock limited company established by promotion shall be stipulated in the articles of association of the company or the promoters' agreement. The board of directors shall authorize its representative to apply to the company registration authority for establishment registration within 30 days after the conclusion of the inaugural meeting. The Company is formally established with the status of a legal person after obtaining the approval for registration and the issuance of a business license by the relevant company registration authority.

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Share capital

The shareholders may make capital contributions in cash, or alternatively may make capital contributions with such valuated non-monetary property as physical items, intellectual property rights, land-use rights, equity and creditor's rights that may be valued in monetary term and may be transferred in accordance with the law. Nevertheless, the property shall not be used for capital contribution as stipulated by laws and administrative regulations. The non-monetary property used as capital contribution shall be appraised and verified.

All issuance of shares shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares of the same class issued on the same occasion shall be issued on the same terms and at the same price per share. The subscriber shall pay the same price for each share he/she/it subscribes for. The issue price of par value shares may be at par value or at a premium, but may not be below the par value.

Domestic enterprises issued and listed overseas shall file with the CSRC in accordance with the Trial Measures, submit filing reports, legal opinions and other relevant materials, and truthfully, accurately and completely explain shareholder information and other information. According to the Trial Measures, unless it complies with the provisions of the Trial Measures or is otherwise stipulated by the country, the target of overseas issuance and listing of domestic enterprises shall be overseas investors.

Increase of Share Capital

According to the Company Law, when a company issues new shares, resolutions shall be passed by a shareholders' general meeting, approving the following: the class and number of the new shares, the issue price of the new shares, the commencement and end of the new share issuance and the class and amount of new shares to be issued to existing shareholders. When the company launches a public issuance of new shares with the approval of the securities regulatory authorities of the State Council, it shall publish the document. After the new share issuance has been paid up, an announcement shall be made.

Reduction of Share Capital

If a company reduces its registered capital, it shall prepare a balance sheet and an inventory of its assets. The company shall notify creditors within 10 days of the date when the shareholders' meeting adopts the resolution to reduce the registered capital, and make an announcement in a newspaper or on the national enterprise credit information publicity system within 30 days. The creditors shall have the right to demand the company to settle their debts or provide corresponding guarantees within 30 days from the date of receipt of the notice, or within 45 days from the date of the announcement for those who fail to receive the notice. The company shall apply to the relevant company registration authority for the modification registration for the reduction of registered capital.

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Where a company reduces its registered capital, the amount of capital contribution or shares shall be reduced in proportion to the capital contributed or the shares held by the shareholders, unless it is otherwise provided by law, as otherwise agreed by all the shareholders of a limited liability company or the articles of association of the joint stock limited company.

Repurchase of Shares

A company shall not repurchase its own shares except in the following circumstances:

- (1) reduction of the registered capital of the company;
- (2) merger with another company that holds its shares;
- (3) use of its shares for carrying out an employee stock ownership plan or equity incentive plan;
- (4) request from shareholders who object to a resolution of a shareholders' general meeting on merger or division of the company to acquire their shares by the company;
- (5) use of shares for conversion of convertible corporate bonds issued by the listed company; and
- (6) it is necessary for a listed company to maintain its company value and protect its shareholders' equity.

The company's acquisition of the shares of the company due to the circumstances stipulated in items (1) and (2) above shall be subject to a resolution of the general meeting. The company's acquisition of the shares of the company due to the circumstances stipulated in items (3), (5) and (6) above may, pursuant to the articles of association or the authorization of the general meeting, be subject to a resolution of a board meeting at which more than two-thirds of directors are present.

Under the circumstance stipulated in item (1), the shares of the company so acquired shall be cancelled within ten days from the date of acquisition; under the circumstances stipulated in either item (2) or item (4) above, the shares of the company so acquired shall be transferred or cancelled within six months; under the circumstances stipulated in item (3), (5) or (6), the total shares of the company held by the company shall not exceed 10% of the company's total outstanding shares, and shall be transferred or cancelled within 3 years.

Listed companies making a share buyback shall perform their obligation of information disclosure according to the provisions of the Securities Law. If the share buyback is made under any of the circumstances stipulated in (3), (5) or (6) hereof, centralized trading shall be adopted publicly.

The company shall not accept the shares of the company as the subject matter of pledge.

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Transfer of Shares

Shares held by shareholders of a joint stock limited company may be transferred in accordance with the relevant laws and regulations. Pursuant to the Company Law, transfer of shares by shareholders shall be carried out at a legally established securities exchange or in other ways stipulated by the State Council. The transfer of shares shall be effected by the shareholder's endorsement or in other ways as required by laws and administrative regulations; after the transfer, the company shall record the name and address of the transferee in the register of shareholders. The register of shareholders shall not be changed within 20 days before the shareholders' meeting or within 5 days before the base date on which the company decides to distribute dividends. If any laws, administrative regulations or the securities regulatory authority under the State Council provide otherwise for the alteration of the register of shareholders of a listed company, such provisions shall prevail.

Under the Company Law, shares issued prior to the public issuance of shares shall not be transferred within one year from the date of the joint stock limited company's listing on a stock exchange. If any laws, administrative regulations or the securities regulatory authority under the State Council provide otherwise for the shareholders or actual controllers of listed companies to transfer their shares of the company, such provisions shall prevail. Directors, supervisors and senior management of the company shall declare to the company the shares of the company held by them and their changes, and the shares transferred each year during the term of office determined at the time of taking office shall not exceed 25% of the total shares of the company held by them; The shares of the company held by them may not be transferred within one year from the date of listing and trading of the shares of the Company. The above-mentioned personnel shall not transfer the shares of the Company held by them within six months after their resignation. The Articles of Association may contain other restrictions on the transfer of shares of the company held by the directors, supervisors and senior management of the company.

If the shares are pledged within the transfer restriction period as prescribed by laws and administrative regulations, the pledgee may not exercise the pledge right during the transfer restriction period.

Shareholders

Under the Company Law and the Guidelines for the Articles of Association, the rights of shareholders of a company include:

- (1) receive dividends and other types of interest distributed in proportion to the number of shares held;
- (2) convene, call, preside over, attend or appoint shareholder proxies to attend shareholders' meetings in accordance with the law, and exercise corresponding voting rights;

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- (3) supervise the operation of the company and make suggestions or make enquiries
- (4) transfer, gift or pledge shares in accordance with laws, administrative regulations and provisions of the articles of association;
- (5) access and copy the articles of association, register of shareholders, minutes of shareholders' meetings, resolutions of board meetings, financial and accounting reports, and qualified shareholders may refer to the company's accounting books and accounting vouchers;
- (6) in the event of the termination or liquidation of the company, the right to participate in the distribution of residual properties of the company in proportion to the number of shares held;
- (7) shareholders who object to the resolution on merger or division of the company passed at the general meeting to request the company to acquire their shares; and
- (8) other rights granted by laws, administrative regulations, other regulatory documents and the company's articles of association.

The obligations of a shareholder include the obligation to abide by laws, administrative regulations and provisions of the articles of association, to pay the subscription moneys in respect of the shares subscribed for and in accordance with the form of making capital contributions, to be liable for the company's debts and liabilities to the extent of the amount of his or her subscribed shares and any other shareholders' obligation specified in the company's articles of association.

Shareholders' meetings

The shareholders' meeting is the organ of authority of the company, which exercises its powers in accordance with the Company Law. The shareholders' meeting exercises the following principal powers:

- (1) to elect or remove the directors and supervisors and to decide on matters relating to the remuneration of directors and supervisors;
- (2) to examine and approve reports of the board of directors;
- (3) to examine and approve reports of the board of supervisors;
- (4) to examine and approve the company's proposals for profit distribution plans and loss recovery plans;
- (5) to decide on any increase or reduction of the company's registered capital;

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- (6) to decide on the issue of bonds by the company;
- (7) to decide on issues such as merger, division, dissolution, liquidation of the company, change of corporate form of the company and other matters;
- (8) to amend the articles of association; and
- (9) other powers as provided for in the articles of association.

Shareholders' meetings are required to be held once every year. An extraordinary meeting is required to be held within two months after the occurrence of any of the following:

- (1) the number of directors is less than the number stipulated by the Company Law or less than two thirds of the number specified in the articles of association;
- (2) the aggregate losses of the company which are not recovered reach one-third of the company's total share capital;
- (3) when shareholders alone or in aggregate holding 10% or more of the company's shares request the convening of an extraordinary meeting;
- (4) whenever the board of directors deems necessary;
- (5) when the board of supervisors so requests; or
- (6) other circumstances as provided for in the articles of associations.

Shareholders' meetings shall be convened by the board of directors, and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or does not perform his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting. Where the board of directors is incapable of performing or not performing its duties of convening the shareholders' meeting, the board of supervisors shall convene and preside over such meeting in a timely manner. In case the board of supervisors fails to convene and preside over such meeting, shareholders alone or in aggregate holding more than 10% of the company's shares for 90 days consecutively may unilaterally convene and preside over such meeting.

Under the Company Law, notice of shareholders' meeting shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. Notice of extraordinary meetings shall be given to all shareholders 15 days prior to the meeting.

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Under the Company Law, shareholders present at shareholders' meeting have one vote for each share they hold, except for shareholders of non-ordinary shares. However, shares held by the company do not carry voting rights.

Pursuant to the provisions of the articles of association or a resolution of the shareholders' meeting, the accumulative voting system may be adopted for the election of directors and supervisors at the shareholders' meeting. Under the accumulative voting system, each share shall be entitled to vote equivalent to the number of directors or supervisors to be elected at the shareholders' meeting and shareholders may consolidate their voting rights when casting a vote.

Pursuant to the Company Law and the Guidelines for the Articles of Association, resolutions of the shareholders' meeting shall be adopted by more than half of the voting rights held by the shareholders present at the meeting. However, resolutions of the shareholders' meeting regarding the matters of amendments to the articles of association, the increase or decrease of registered capital, the merger, division, dissolution, liquidation or change in the form of the company shall be adopted by more than two-thirds of the voting rights held by the shareholders present at the meeting.

Meeting minutes shall be prepared in respect of decisions on matters discussed at the shareholders' meeting. The host of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board of directors

A joint stock limited company shall have a board of directors, which shall consist of three or more members. The term of a director shall be stipulated in the articles of association, but no term of office shall last for more than three years. Directors may serve consecutive terms if re-elected. A director shall continue to perform his duties in accordance with the laws, administrative regulations and 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.

Under the Company Law, the board of directors mainly exercises the following powers:

- (1) to convene the shareholders' meetings and report on its work to the shareholders' meetings;
- (2) to implement the resolutions passed in shareholders' meetings;
- (3) to decide on the company's business plans and investment proposals;

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- (4) to formulate the company's profit distribution proposals and loss recovery proposals;
- (5) to formulate proposals for the increase or reduction of the company's registered capital and the issuance of corporate bonds;
- (6) to prepare plans for the merger, division, dissolution and change in the form of the company;
- (7) to decide on the set-up of internal management organization of the company;
- (8) to decide on appointments or dismissal of company managers and their remuneration, and decide on appointments or dismissal of deputy managers and person in charge of finance of the company based on the nomination by the managers and their remuneration;
- (9) to formulate the company's basic management system; and
- (10) to exercise any other power under the articles of association or granted by the shareholders' meeting.

Under the Company Law, meetings of the board of directors shall be convened at least twice a year. Notice of meeting shall be given to all directors and supervisors 10 days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of voting rights or more than one-third of the directors or supervisors. The chairman shall convene and preside over such meeting within 10 days after receiving such proposal. When convening an interim meeting, the board of directors may specify alternative methods and timelines for issuing the meeting notice. Meetings of the board of directors shall be held only if half or more of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Each director shall have one vote for resolutions to be approved by the board of directors. Directors shall attend board meetings in person. If a director is unable to attend a board meeting, he may appoint another director by a written power of attorney specifying the scope of the authorization to attend the meeting on his behalf.

If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, resolutions of shareholders' meeting and as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be released from that liability.

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The Company Law provides that the following persons may not serve as a director: (i) a person who is unable or has limited ability to undertake any civil liabilities; (ii) a person who has been convicted of an offense of bribery, corruption, embezzlement or misappropriation of property, or the destruction of socialist market economy order; or who has been deprived of his political rights due to his crimes, in each case where less than five years have elapsed since the date of completion of the sentence, or in the case of a suspended sentence, two years have not elapsed since the probation period was completed; (iii) a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise; (iv) a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law and has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of revocation of business license or shutdown order; or (v) a person identified as a subject of enforcement for breach of trust by the people's court for failure to repay a significant amount of overdue debts.

Any election or appointment of directors in violation of the foregoing shall be invalid. If a director falls under the aforesaid circumstances during his or her term of office, the company shall remove him from his position.

Under the Company Law, the board of directors shall appoint a chairman and may appoint a vice chairman.

The chairman and the vice chairman are elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and examine the implementation of board resolutions. The vice chairman shall assist the work of the chairman. In the event that the chairman is incapable of performing or not performing his duties, the duties shall be performed by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of the directors shall perform his duties.

Board of Supervisors

Under the Company Law, a joint stock limited company shall have a board of supervisors composed of more than three members. The board of supervisors is made up of representatives of the shareholders and an appropriate proportion of representatives of the employees of the company. The actual proportion shall be stipulated in the articles of association, provided that the proportion of representatives of the employees shall not be less than one third of the supervisors. Representatives of the employees of the company in the board of supervisors shall be democratically elected by the employees at the employees' representative assembly, employees' general meeting or otherwise. The directors and senior management may not act concurrently as supervisors.

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Each term of office of a supervisor is three years and he or she may serve consecutive terms if re-elected. A supervisor shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected supervisor 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 supervisors results in the number of supervisors being less than the quorum.

The board of supervisors exercises the following powers:

- (1) to review the company's financial position;
- (2) to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, regulations, the articles of association or the resolutions of shareholders' meeting;
- (3) when the acts of directors and senior management are harmful to the company's interests, to require correction of those acts;
- (4) to propose the convening of extraordinary shareholders' general meetings and to convene and preside over shareholders' general meetings when the board of directors fails to perform the duty of convening and presiding over shareholders' general meeting under the Company Law;
- (5) to initiate proposals for resolutions to shareholders' general meeting;
- (6) to initiate proceedings against directors and senior management under the relevant provisions of the Company Law; and
- (7) other powers specified in the articles of association.

Supervisors may attend board meetings and make enquiries or proposals in respect of board resolutions. The board of supervisors may initiate investigations into any irregularities identified in the operation of the company and, where necessary, may engage an accounting firm to assist their work at the company's expense.

The board of supervisors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the board of supervisors are elected with approval of more than half of all the supervisors. The chairman of the board of supervisors shall convene and preside over the meetings of the board of supervisors. In the event that the chairman of the board of supervisors is incapable of performing or not performing his duties, the vice chairman of the board of supervisors shall convene and preside over the meetings of the board of supervisors. In the event that the vice chairman of the board of supervisors is incapable of performing or not performing his duties, a supervisor nominated by more than half of the supervisors shall convene and preside over the meetings of the board of supervisors.

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A joint stock limited company may, in accordance with the provisions of the Articles of Association, establish the Audit Committee composed of directors within the Board to exercise the authorities of the supervisory committee as stipulated by the Company Law, instead of establishing the supervisory committee or Supervisors.

Pursuant to the Guidelines for the Articles of Association, the Board of Directors has set up the Audit Committee to exercise the powers of the Supervisory Committee as stipulated in the Company Law.

On December 27, 2024, the CSRC promulgated the Transitional Arrangements for the Implementation of Supporting Rules under the New Company Law (《關於新《公司法》配套制度規則實施相關過渡期安排》), requiring listed companies to include provisions in their articles of association for establishing an audit committee under the Board to perform the original duties of the supervisory committee and to abolish the supervisory committee or supervisors, in accordance with the Company Law, the Provisions of the State Council on the Implementation of the Registration Management System for Registered Capital under the Company Law of the PRC (《國務院關於實施<中華人民共和國公司法>註冊資本登記管理制度的規定》), and the supporting rules of the CSRC by January 1, 2026. Before a listed company adjusts the setup of its internal supervisory body, the board of supervisors or supervisors shall continue to abide by the provisions in the original systems and rules of the CSRC.

Manager and senior management

Under the Company Law, a joint stock limited company shall have a manager who shall be appointed or removed by the board of directors. The manager shall report to the board of directors and exercise functions and powers as specified in the articles of association or as authorized by the board of directors. The manager shall attend meetings of the board of directors as a non-voting attendee.

According to the Company Law, senior management shall mean the manager, deputy manager(s), person-in-charge of finance, board secretary (in case of a listed company) of a company and other personnel as stipulated in the articles of association.

Duties of directors, supervisors and senior management

Directors, supervisors and senior management of the company are required under the Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company.

Directors and senior management are prohibited from:

- (1) misappropriation of the company’s property and capital;

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- (2) depositing the company's capital into accounts under his own name or the name of other individuals;
- (3) Abuse of power to accept bribes or any other illegal income
- (4) accept and possess commissions paid by a third party for transactions conducted with the company;
- (5) unauthorized divulgence of confidential business information of the company; or
- (6) other acts in violation of their fiduciary duty to the company.

If any director, supervisor or senior management directly or indirectly concludes a contract or conducts a transaction with the company, he/she should report the matters relating to the conclusion of the contract or transaction to the board of directors or the shareholders' meeting, subject to the approval of the board of directors or the shareholders' meeting according to the articles of association. The provisions of the preceding paragraph shall apply if any near relatives of the directors, supervisors or senior management, or any of the enterprises directly or indirectly controlled by the directors, supervisors or senior management or any of their near relatives, or any related parties with any other related-party relationship with the directors, supervisors or senior management, concludes a contract or conducts a transaction with the company.

Neither director, supervisor or senior management may take advantage of his/her position to seek any business opportunity that belongs to the company for himself/herself or any other person except under any of the following circumstances:

- (1) where he/she has reported to the board of directors or the shareholders' meeting and has been approved by a resolution of the board of directors or the shareholders' meeting according to the articles of association; or
- (2) where the company cannot make use of the business opportunity as stipulated by laws, administrative regulations or the articles of association.

Where any director, supervisor or senior management fails to report to the board of directors or the shareholders' meeting and obtain an approval by resolution of the board of directors or the shareholders' meeting according to the articles of association, he/she may not engage in any business that is similar to that of the company where he/she holds office for himself/herself or for any other person.

The income obtained by directors, supervisors and senior management in violation of the above provisions shall belong to the company.

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A director, supervisor or senior management who contravenes any law, regulation or the company's articles of association in the performance of his duties resulting in any loss to the company shall be personally liable for the damages to the company.

Finance and Accounting

A company shall establish financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council and shall at the end of each financial year prepare a financial and accounting report which shall be audited by an accounting firm as required by law. The company's financial and accounting report shall be prepared in accordance with provisions of the laws, administrative regulations and the regulations of the financial department of the State Council.

The financial and accounting reports of a joint stock limited company available at the company for inspection by the shareholders at least 20 days before the convening of an annual general meeting of shareholders. A joint stock limited company which has issued shares to the public must also publish its financial and accounting reports.

The premium received through issuance of shares at prices above par value, amount of proceeds from the issuance of no-par value shares not included in the registered capital and other incomes required by the financial department of the State Council to be allocated to the capital reserve fund shall be allocated to the company's capital reserve fund. The company's reserve fund shall be applied to make up losses of the company, expand its business operations or be converted to increase the registered capital of the company. When utilizing reserves to offset the company's losses, the discretionary reserve and statutory reserve shall be applied first. If the losses remain insufficiently covered, the capital reserve may be used in accordance with applicable regulations. Upon the conversion of statutory common reserve fund into capital, the balance of the statutory common reserve fund shall not be less than 25% of the registered capital of the company before such conversion.

The company shall have no other accounting books except the statutory accounting books. Its assets shall not be deposited in any accounts opened in the name of any individual.

Appointment and Retirement of Accounting Firms

Pursuant to the Company Law, the appointment or dismissal of accounting firms responsible for the auditing of the company shall be determined by shareholders' general meeting, board of directors or the supervisory committee in accordance with provisions of articles of association. The accounting firm should be allowed to make representations when the shareholders' general meeting or board of directors conducts a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidences, books, financial and accounting reports and other accounting data to the accounting firm it employs without any refusal, withholding and misrepresentation.

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According to the Articles of Association, the appointment and dismissal of an accounting firm by a company shall be decided by the shareholders' meeting. The board of directors shall not appoint an accounting firm before the decision of the shareholders' meeting. The audit fee of an accounting firm shall be decided by the shareholders' meeting.

Distribution of Profits

Pursuant to the Company Law, when distributing the after-tax profits for the current year, the company shall retain ten percent of the profits as the company's statutory reserve fund. The company does not need to retain the profits when the accumulated amount of the company's statutory reserve fund has reached over fifty percent of the Company's registered capital. If the statutory reserve fund is not sufficient to offset the losses of the previous year, the company shall off-set the losses with the relevant year's profits before retaining the statutory reserve fund as mentioned above. The company may further retain discretionary reserve fund from the after-tax profits pursuant to the resolution of the shareholders' meeting after having retained the statutory reserve fund from the after-tax profits. The remaining post-tax profit after the company has made up for losses and extracted surplus reserves shall be distributed by the joint stock limited company in proportion to the shares held by the shareholders, unless otherwise provided in the company's articles of association. Profits attributable for the shares held by the Company shall not be distributed to the company.

Where a company distributes profits to shareholders in violation of the provisions of the Company Law, the shareholders shall refund the profits distributed to the company, and the shareholders and directors, supervisors, and senior management who are responsible for causing losses to the company shall bear compensation liability.

If the shareholders' meeting adopts a resolution on distributing profits, the board of directors shall make the distribution within six months from the date on which the resolution is passed at the shareholders' meeting.

Amendments to Articles of Association

Pursuant to the Company Law, a resolution to amend the articles of association of a company shall be passed by a shareholders' meeting, which shall be passed by more than two-thirds of the voting rights held by the shareholders present at the meeting.

According to the Guidelines for the Articles of Association, a company will revise the articles of association under any of the following circumstances: (1) after the Company Law or relevant laws and administrative regulations are amended, the matters stipulated in the articles of association conflict with the provisions of the amended laws or administrative regulations; (2) the circumstances of the company change and are inconsistent with the matters recorded in the articles of association; (3) the shareholders' meeting decides to amend the articles of association.

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Dissolution and liquidation

According to the Company Law, a company is dissolved for the following reasons:

- (1) the business term prescribed by the company's articles of association expires or other grounds for dissolution prescribed by the company's articles of association occur;
- (2) dissolution by resolution of the shareholders' meeting;
- (3) dissolution due to company merger or division;
- (4) the company has its business license revoked, ordered to close down or is revoked according to law;
- (5) where the company encounters serious difficulties in its operation and management and its continuance shall cause a significant loss in the interest of shareholders, and where this cannot be resolved through other means, shareholders who hold more than 10% of the total shareholders' voting rights of the company may present a petition to a people's court for the dissolution of the company.

If the company encounters the reasons for dissolution as prescribed in the preceding paragraph, it shall publicize the reasons for dissolution through the national enterprise credit information publicity system within ten days.

If a company is in any of the circumstances described in (1) and (2) above and has not yet distributed any property to its shareholders, it may continue to exist by amending its articles of association or by resolution of a shareholders' meeting. If the articles of association of the company are amended in accordance with the foregoing provisions or by resolution of a shareholders' meeting, the approval of a joint stock company with two-thirds or more of the voting rights held by the shareholders present at the shareholders' meeting shall be obtained.

If a company is dissolved due to the provisions of (1), (2), (4) and (5) above, it shall be liquidated. The directors are the persons responsible for liquidation of the company and shall form a liquidation committee to carry out liquidation within 15 days from the date when the cause for dissolution occurs. The liquidation committee shall consist of directors, unless it is otherwise provided for in the articles of association of the company or another person is elected by resolution of the shareholders' meeting. If the person with liquidation obligations fails to perform his/her liquidation obligations in a timely manner and causes losses to the company or creditors, he/she shall bear liability for compensation. If a liquidation committee is not established for liquidation within the time limit, or the liquidation committee is not established for liquidation, the interested party may apply to the People's Court to designate relevant personnel to form a liquidation committee for liquidation. The People's Court shall accept the application and promptly organize a liquidation committee for liquidation.

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The liquidation committee shall exercise the following powers during the liquidation period:

- (1) to liquidate the assets of the company and prepare the balance sheet and a property inventory;
- (2) to inform creditors by notice or announcement;
- (3) to deal with the outstanding businesses of the company relating to liquidation;
- (4) to settle the owed taxes and taxes incurred in the course of liquidation;
- (5) to settle creditor's rights and debts;
- (6) to dispose of the remaining assets of the company after repayment of debts;
- (7) to represent the company in civil proceedings.

The liquidation committee shall notify the creditors within ten days of its establishment, and make an announcement in the newspapers or the national enterprise credit information publicity system within sixty days.

The creditors shall declare their creditors' rights to the liquidation committee within 30 days after receiving the notice, or within 45 days from the date of the announcement if they have not received the notice. When declaring its claims, a creditor shall explain the relevant matters of the claim and provide supporting materials. The liquidation committee shall register the claims. During the period of claiming creditors' rights, the liquidation committee shall not make any payment to creditors.

After liquidation of the company's properties and preparation of the balance sheet and property inventory by the liquidation committee, the committee shall formulate a liquidation plan and report it to the shareholders' meeting or the People's Court for confirmation. The remaining properties of the company shall be distributed among the shareholders of a joint stock company according to the proportion of shares held by the shareholders after payment of the liquidation expenses, the salaries of employees, social insurance premiums and statutory compensations, the payment of overdue taxes and the repayment of the debts of the company. During the liquidation period, the company shall continue to exist but shall not carry out any business activities unrelated to the liquidation. Properties of the company shall not be distributed to the shareholders until its debt has been settled in accordance with the aforesaid provisions.

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If the liquidation team finds that the company's properties are insufficient to pay off its debts after liquidating the company's properties and preparing the balance sheet and property inventory, it shall apply to the People's Court for bankruptcy and liquidation. After the People's Court accepts the bankruptcy application, the liquidation team shall transfer the liquidation matters to the bankruptcy administrator designated by the People's Court.

Upon completion of the liquidation of the company, the liquidation committee shall prepare a liquidation report, which shall be submitted to the shareholders' meeting or the People's Court for confirmation and be submitted to the company registry to apply for deregistration of the company. The members of the liquidation committee shall perform the liquidation duties and bear the duties of fiduciary duties and diligence. If a member of the liquidation committee neglects to perform the liquidation duties and causes losses to the company, he/she shall be liable for compensation; if any member of the liquidation committee causes losses to creditors due to intentional or gross negligence, he/she shall be liable for compensation.

Where a company is declared bankrupt in accordance with the laws, it shall be bankrupted and liquidated in accordance with the laws in respect of enterprise bankruptcy.

Where a company has its business license revoked, is ordered to close down or is revoked, and fails to apply to the company registry for deregistration of the company for three years, the company registry may make an announcement through the National Enterprise Credit Information Publicity System for a period of not less than 60 days. If there is no objection after the expiration of the announcement period, the company registry may cancel the registration of the company.

Overseas Listing

According to the Trial Measures, an issuer that conducts an overseas initial public offering or listing shall file with the CSRC within three working days after the overseas submission of the application documents for offering and listing. If an issuer offers securities on the same overseas market after its overseas offering and listing, it shall file with the CSRC within three working days after the completion of the offering. After the issuer's overseas offering and listing, any offering and listing on other overseas markets shall be filed in accordance with the aforesaid requirements.

Loss of Share Certificate

Pursuant to the Company Law, if a share certificate is stolen, lost or perished, a shareholder may request the People's Court to declare the share certificate invalid in accordance with the procedures of public notice of demand as stipulated in the Civil Procedure Law of the PRC. Upon declaration of invalidity of the share certificate by the People's Court, the shareholder may apply to the company for a replacement share certificate.

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Suspension and termination of listing

The provisions relating to suspension and termination of listing have been deleted from the Company Law. The listing suspension has also been removed from the Securities Law. If the listed securities are subject to termination of listing as required by a stock exchange, the stock exchange shall terminate their listing and trading in accordance with its business rules.

Pursuant to the Trial Measures, if an issuer voluntarily terminates the listing or is subject to mandatory termination of listing after the overseas offering and listing, it shall report the specific situation to the CSRC within three working days from the date of the relevant issue and announcement.

Merger and Demerger

In the event of a company merger, the parties to the merger shall enter into a merger agreement and prepare a balance sheet and an inventory of assets and liabilities. The company shall notify its creditors within 10 days from the resolution of the merger and make an announcement in a newspaper or on the National Enterprise Credit Information Publicity System within 30 days. The creditors may, within 30 days from the date of receipt of the notice, or within 45 days from the date of the announcement if the creditor fails to receive the notice, request the company to settle the debts or provide corresponding guarantees. In the event of a company merger, the creditors' rights and debts of the parties to the merger shall be inherited by the subsisting company or the newly established company after the merger.

Where there is a division of the Company, its assets shall be divided accordingly and a balance sheet and a list of assets shall be prepared. The Company shall notify the creditors within ten days from the date of the resolution and publish an announcement in a newspaper or the National Enterprise Credit Information Publicity System within 30 days. The entities after the division of the Company shall be jointly and severally liable for the pre-division debts of the Company, unless provided otherwise in a written agreement pertaining to the payment of debts between the Company and its creditors prior to the division.

THE PRC SECURITIES LAWS AND REGULATIONS

In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offering of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the above two departments and reformed the CSRC.

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SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

On April 22, 1993, the State Council promulgated the Interim Provisional Regulations on the Administration of Share Issuance and Trading (《股票發行與交易管理暫行條例》) stipulates the public offerings of equity securities, trading in equity securities, the acquisition of listed companies, deposit, clearing and transfer of listed equity securities, the disclosure of information with respect to a listed company, investigation, penalties and dispute settlement.

On December 25, 1995, the State Council promulgated the Regulations of the State Council Concerning Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》). These regulations principally govern the issue, subscription, trading and declaration of dividends and other distributions of domestic listed foreign shares and disclosure of information of joint stock limited companies having domestic listed foreign shares.

The Securities Law was promulgated by the NPCSC on December 29, 1998 and came into effect on July 1, 1999, and was amended on August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014 and December 28, 2019 and came into effect on March 1, 2020, respectively), is divided into 14 chapters and 226 articles, it regulates, among other things, the issuance and trading of securities, the listing of securities, takeovers of listed companies, the duties of stock exchanges, securities companies, securities registration and clearing organisations and securities regulatory bodies.

Pursuant to the Securities Law, domestic enterprises which, directly or indirectly, issue securities or list and trade their securities outside the PRC shall comply with the relevant regulations of the State Council. The specific measures for subscription and trading of shares of domestic companies in foreign currencies shall be separately formulated by the State Council. Currently, the issue and trading of foreign issued securities (including H shares) are principally governed by the regulations and rules promulgated by the State Council and the CSRC.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARD

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) (the “**PRC Arbitration Law**”) was enacted by the NPCSC on August 31, 1994, which became effective on September 1, 1995 and was amended on August 27, 2009 and September 1, 2017, respectively. It is applicable to, among other matters, economic disputes involving foreign where all parties have entered into a written agreement to resolve disputes by arbitration before an arbitration committee constituted in accordance with the PRC Arbitration Law. The PRC Arbitration Law provides that an arbitration committee may, before the promulgation of arbitration regulations by the PRC Arbitration Association, formulate interim arbitration rules in accordance with the PRC Arbitration Law and the Civil Procedure Law of the PRC. Where the parties shall voluntarily reach an arbitration agreement on the use of arbitration to resolve disputes. If the parties reach an arbitration agreement and one party sues the people’s court, the people’s court will refuse to handle a legal proceeding, unless the arbitration agreement is invalid.

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Under the PRC Arbitration Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement. The award shall not be enforced upon examination and verification by an arbitration tribunal of the people's court if the arbitration procedure is incompliant with the laws (including but not limited to irregularity in the composition of the arbitration committee, procedural irregularity, the giving of an award beyond the scope of the arbitration agreement or the jurisdiction of the arbitration commission).

Where a party applies for enforcement of a legally effective arbitral award made in the PRC, and the opposite party or his property is not within the territory of the PRC, the applicant may directly apply to a foreign court with jurisdiction for recognition and enforcement of the arbitral award. Likewise, where a legally effective arbitral award made outside the PRC needs to be recognized and enforced by the people's court of the PRC, the people's court may handle the matter in accordance with the provisions of international treaties to which the PRC is a signatory or in which the PRC is a participant or the principle of reciprocity.

According to the Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的安排》) promulgated by the Supreme People's Court on January 24, 2000 and effective on February 1, 2000, and the Supplementary Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) promulgated by the Supreme People's Court on November 26, 2020, awards made by arbitral authorities in mainland China can be applied for enforcement in Hong Kong, and Hong Kong arbitration awards can also be applied for enforcement in the mainland China.

JUDICIAL JUDGMENT AND ITS ENFORCEMENT

According to the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland China and of the Hong Kong Special Administrative Region Pursuant to Agreed Jurisdiction by Parties Concerned (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "**Arrangement**") promulgated by the Supreme People's Court on July 3, 2008 and implemented on August 1, 2008, in the case of final judgment, defined with payment amount and enforcement power, made between the People's court of China and the court of the Hong Kong Special Administrative Region in a civil and commercial case with written jurisdiction agreement, any party concerned may apply to the People's Court of China or the court of the Hong Kong Special Administrative Region for recognition and enforcement based on the Arrangement. "Choice of court agreement in written" refers to a written agreement defining the exclusive jurisdiction of either the People's Court of China or the court of the Hong Kong Special Administrative Region in order to resolve dispute with particular legal relation occurred or likely to occur by the party concerned. Therefore, the party concerned may apply to the People's Court of China or the court of the Hong Kong Special Administrative

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Region to recognize and enforce the final judgment made in China or Hong Kong that meet certain conditions of the aforementioned regulations. Arrangement on Reciprocal Recognition and Enforcement of Judgements in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the “**New Arrangement**”) was effective on January 29, 2024 and replaced the Arrangement. However, any “Choice of court agreement in written” concluded under the Arrangement before January 29, 2024 remains applicable. The New Arrangement seeks to establish a clearer and more comprehensive mechanism for the recognition and enforcement of a wider range of civil and commercial judgments between the Hong Kong Special Administrative Region and the Mainland.

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION

This appendix is mainly to provide investors with an overview of the Articles of Association. As the following information is a summary, it may not set out all the information that may be material to potential investors.

ISSUANCE OF SHARES

The shares of the Company shall be in the form of share certificates.

The issuance of shares by the Company shall follow the principles of openness, fairness and impartiality. Each share of the same class shall carry the same rights.

For shares of the same class issued in the same offering, the conditions and price per share shall be the same. Each unit or individual subscribing for such shares shall pay the same price per share.

INCREASE, REDUCTION, REPURCHASE AND TRANSFER OF SHARES

Increase and Reduction of Shares

The Company may, based on its business and development needs and in accordance with laws and regulations, increase its capital by resolution of the general meetings of Shareholders through any of the following methods:

- (i) public issuance of shares;
- (ii) non-public issuance of shares;
- (iii) distribution of bonus shares to existing shareholders;
- (iv) conversion of capital reserve into share capital;
- (v) other methods as prescribed by laws, administrative regulations and as approved by the CSRS.

The Company may reduce its registered capital. Any reduction of registered capital of the Company shall be carried out in accordance with the procedures stipulated in the Company Law, other relevant regulations, and the Articles of Association.

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Repurchase of Shares

The Company shall not repurchase its own shares, except under any of the following circumstances:

- (i) to reduce its registered capital;
- (ii) to merge with another company holding shares of the Company;
- (iii) to use the shares for employee stock ownership plans or equity incentives;
- (iv) when Shareholders object to resolutions of the general meetings of Shareholders regarding mergers or demergers of the Company and request the Company to repurchase their shares;
- (v) to use the shares for converting corporate bonds issued by the Company that are convertible into shares;
- (vi) when it is necessary for the Company to safeguard its value and Shareholders' interests.

Subject to the applicable securities regulatory rules of the place where the Company's share certificates are listed, the Company may repurchase its own shares through public centralized trading or other means as permitted by laws, administrative regulations, and the securities regulatory authority of the place where the shares are listed.

Where the Company repurchases its shares pursuant to items (iii), (v) or (vi) above, it shall do so by means of public centralized bidding or tender offer.

Where the Company repurchases its shares pursuant to items (i) or (ii) above, such repurchase shall be subject to a resolution of the general meetings of Shareholders; where the repurchase is carried out pursuant to items (iii), (v) or (vi), it shall be subject to a resolution passed at a Board meeting attended by more than two-thirds of the directors. Where the Company repurchases its shares under item (i), the shares shall be cancelled within 10 days from the date of repurchase. Where the repurchase falls under items (ii) or (iv), the shares shall be transferred or cancelled within 6 months. Where the repurchase falls under items (iii), (v) or (vi), the aggregate number of shares held by the Company shall not exceed 10% of the total number of issued shares of the Company and shall be transferred or cancelled within 3 years.

Where the Company repurchases shares under item (vi), it may, upon fulfilling the obligation of prior disclosure and in accordance with the conditions and procedures prescribed by the stock exchange, sell such shares through centralized bidding.

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Transfer of Shares

Shares of the Company may be transferred in accordance with the law.

Shares held by the promoters of the Company shall not be transferred within one year from the date of the Company's establishment. Shares issued before the public offering of the Company's shares shall not be transferred within one year from the date on which the Company's shares are listed and traded on a stock exchange.

Directors, supervisors and senior management personnel of the Company shall report their shareholdings in the Company and any changes thereto. During their terms of office, the number of shares they may transfer each year shall not exceed 25% of the total number of shares of the same class they hold in the Company. Shares held by them shall not be transferred within one year from the date of the Company's listing. Such individuals shall not transfer their shares within six months after resignation. Directors, supervisors and senior management personnel who resign before the expiration of their term of office shall continue to comply with the share disposal restrictions under the Company Law and the securities regulatory rules of the place where the Company's shares are listed during their originally determined term and for six months thereafter.

Where any director, supervisor, senior management personnel, or shareholder holding 5% or more of the Company's shares sells the Company's shares or other equity securities within six months after purchase or purchases such shares or securities within six months after selling them, any gains from such transactions shall belong to the Company, and the Board of Directors shall recover such gains. However, this shall not apply to securities companies holding 5% or more of the Company's shares as a result of underwriting and acquiring unsold shares, or in other circumstances as prescribed by the CSRS.

Shares or other equity securities held by the Directors, supervisors, senior management personnel or individual shareholders mentioned above shall include those held by their spouses, parents and children, as well as those held through accounts in the name of others.

If the Board of Directors fails to act in accordance with the first paragraph, shareholders shall have the right to request the Board to act within 30 days. If the Board fails to do so within the above period, shareholders shall have the right, in the interests of the Company, to bring a lawsuit directly in the People's Court in their own name.

Where the Board of Directors fails to act in accordance with the provisions of the first paragraph, the responsible directors shall bear joint and several liability in accordance with the law.

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SHAREHOLDERS AND GENERAL MEETINGS OF SHAREHOLDERS

Shareholders

The Company shall establish a register of shareholders based on the documentation provided by the securities registration institution and in accordance with the applicable laws, regulations, normative documents, and the Hong Kong Listing Rules. The register of shareholders shall constitute conclusive evidence of shareholders' ownership of shares in the Company. The principal register of holders of H Shares shall be maintained in Hong Kong and made available for shareholders' inspection. The Company may suspend the registration of shareholders in accordance with applicable laws, regulations, and the securities regulatory rules of the place where the Company's shares are listed. Any shareholder whose name is recorded in the register of shareholders, or any person who requests to have their name entered in the register of shareholders, may apply to the Company for a replacement share certificate if their share certificate is lost. In the case of lost H share certificates, shareholders may apply for replacement in accordance with the laws of the jurisdiction where the principal register of holders of H Shares is maintained, the rules of the relevant stock exchange, or other applicable regulations. Shareholders shall enjoy rights and bear obligations according to the class of shares they hold. Shareholders holding the same class of shares shall enjoy equal rights and bear the same obligations.

Rights and Obligations of Shareholders

Shareholders of the Company shall enjoy the following rights:

- (i) to receive dividends and other forms of distribution based on the proportion of shares held;
- (ii) to request, convene, preside over, attend or appoint shareholder proxies to attend the general meeting of shareholders and exercise corresponding voting rights in accordance with the law;
- (iii) to supervise the operations of the Company and make proposals or inquiries;
- (iv) to transfer, gift or pledge their shares in accordance with the law, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, the requirements of the relevant regulatory authorities, and the Articles of Association;
- (v) to inspect the Articles of Association, register of shareholders, stubs of corporate bonds, minutes of general meetings of shareholders, resolutions of the board of directors, resolutions of the board of supervisors, and financial accounting reports in accordance with the Company Law, the Securities Law and other laws and administrative regulations;

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- (vi) to participate in the distribution of the Company's remaining assets in proportion to the shares held in the event of termination or liquidation of the Company;
- (vii) to request the Company to repurchase their shares if they object to resolutions on mergers or demergers adopted at the general meeting of shareholders;
- (viii) to supervise independent directors of the Company and, in accordance with the Articles of Association, raise questions or propose removal of independent directors to the board of directors;
- (ix) other rights provided by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

Shareholders requesting to inspect or obtain the information or materials mentioned above shall provide written documents proving the type and quantity of shares they hold in the Company. The Company shall provide such information upon verification of the shareholder's identity.

Where the contents of resolutions passed by the general meeting of shareholders or the board of directors violate laws or administrative regulations, shareholders have the right to request the People's Court to declare such resolutions invalid. If the convening procedures or voting methods of the general meeting of shareholders or the board of directors violate laws, administrative regulations or the Articles of Association, or if the contents of the resolutions violate the Articles of Association, shareholders shall have the right to request the People's Court to revoke such resolutions within 60 days from the date of the resolution.

Shareholders of the Company shall undertake the following obligations:

- (i) to comply with laws, administrative regulations and the Articles of Association;
- (ii) to pay the subscription amounts in accordance with the number of shares subscribed and the method of subscription;
- (iii) not to withdraw their capital contributions unless otherwise permitted by laws and regulations;
- (iv) not to abuse shareholders' rights to harm the interests of the Company or other shareholders, and not to abuse the Company's independent legal person status and the limited liability of shareholders to harm the interests of the Company's creditors.

Where shareholders abuse their rights and cause losses to the Company or other shareholders, they shall bear liability for compensation in accordance with the law.

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If shareholders abuse the Company's independent legal person status and the limited liability of shareholders to evade debts and seriously damage the interests of the Company's creditors, they shall bear joint and several liability for the Company's debts.

- (v) other obligations provided by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, the requirements of the relevant regulatory authorities, and the Articles of Association.

General Provisions of the General Meetings of Shareholders

The general meeting of shareholders is the Company's authority organ and shall, in accordance with the law, exercise the following powers:

- (i) determining the Company's business strategy and investment plans;
- (ii) electing and replacing directors and supervisors not appointed as employee representatives, and deciding on matters relating to the remuneration of directors and supervisors;
- (iii) reviewing and approving the report of the Board of Directors;
- (iv) reviewing and approving the report of the Supervisory Committee;
- (v) reviewing and approving the Company's annual financial budget and final accounts;
- (vi) reviewing and approving the Company's profit distribution plan and loss recovery plan;
- (vii) reviewing and approving the Company's annual report;
- (viii) passing resolutions on increasing or reducing the registered capital of the Company;
- (ix) passing resolutions on the issuance of corporate bonds;
- (x) passing resolutions on the merger, division, dissolution, liquidation, or change of corporate form of the Company;
- (xi) amending the Articles of Association;
- (xii) passing resolutions on the engagement or dismissal of the accounting firm;
- (xiii) reviewing and approving the guarantee matters prescribed in Article 42;

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- (xiv) reviewing matters relating to the purchase or sale of major assets by the Company within one year, where the transaction value exceeds 30% of the Company's most recent audited total assets;
- (xv) reviewing and approving changes in the use of proceeds from fundraisings;
- (xvi) reviewing equity incentive plans and employee share ownership plans;
- (xvii) reviewing other matters that shall be decided by the general meeting of shareholders under laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

The above powers of the general meeting of shareholders shall not be exercised by the Board of Directors or any other institution or individual by way of delegation.

The following guarantees to be provided by the Company shall be reviewed and approved by the general meeting of shareholders:

- (i) any single guarantee where the amount exceeds 10% of the Company's most recent audited net assets;
- (ii) any guarantee provided after the total external guarantees of the Company and its controlling subsidiaries exceed 50% of the Company's most recent audited net assets;
- (iii) guarantees provided to parties whose asset-liability ratio exceeds 70%;
- (iv) where the total amount of guarantees in the past twelve months exceeds 30% of the Company's most recent audited total assets;
- (v) any guarantee provided after the total external guarantees of the Company and its controlling subsidiaries exceed 30% of the most recent audited total assets;
- (vi) guarantees provided to shareholders, actual controllers, and their related parties;
- (vii) other guarantee circumstances as prescribed by the stock exchange or the Articles of Association.

Guarantees under item (iv) above shall be approved by more than two-thirds of the voting rights held by shareholders present at the general meeting of shareholders.

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When the general meeting of shareholders reviews proposals to provide guarantees for shareholders, actual controllers, and their related parties, such shareholders or shareholders under the control of such actual controllers shall abstain from voting. The proposal shall be passed by more than half of the voting rights held by the other shareholders present at the general meeting of shareholders.

The Company shall not provide financial assistance to controlling shareholders, actual controllers, their related parties, directors, supervisors, senior management personnel, and their related parties. Financial assistance provided to other related parties, regardless of the amount, shall be submitted to the general meeting of shareholders for review, and the related shareholders shall abstain from voting.

The general meeting of shareholders consists of annual general meetings and extraordinary general meetings. An annual general meeting shall be held once a year and within 6 months after the end of the preceding financial year.

Under any of the following circumstances, the Company shall convene an extraordinary general meeting within two months from the date of occurrence:

- (i) when the number of directors falls below the statutory minimum or less than two-thirds of the number required by the Articles of Association;
- (ii) when the Company's accumulated losses reach one-third of the total paid-in share capital;
- (iii) when shareholders individually or collectively holding 10% or more of the Company's shares so request;
- (iv) when the Board of Directors deems it necessary;
- (v) when the Supervisory Committee proposes to convene the meeting;
- (vi) other circumstances as prescribed by laws, administrative regulations, departmental rules, or the Articles of Association.

Convocation of the General Meetings of Shareholders

Independent directors shall have the right to propose to the Board of Directors the convening of an extraordinary general meeting. Upon receiving such a proposal from the independent directors, the Board shall, in accordance with laws, administrative regulations and the Articles of Association, provide a written response stating whether it agrees or disagrees to convene the extraordinary general meeting within 10 days. If the Board agrees, it shall issue a notice of the general meeting within 5 days after the resolution is passed. If the Board disagrees, it shall state the reasons and make an announcement.

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION

The Supervisory Committee shall have the right to propose to the Board of Directors the convening of an extraordinary general meeting and shall submit its proposal in writing. The Board shall, in accordance with laws, administrative regulations and the Articles of Association, provide a written response within 10 days stating whether it agrees or disagrees to convene the meeting. If the Board agrees, it shall issue a notice of the general meeting within 5 days after the resolution is passed. Any changes to the original proposal must be approved by the Supervisory Committee. If the Board disagrees or fails to respond within 10 days, it shall be deemed that the Board is unable or refuses to fulfill its duty to convene the general meeting, and the Supervisory Committee may convene and preside over the meeting on its own.

Shareholders individually or collectively holding 10% or more of the Company's shares shall have the right to request the Board of Directors to convene an extraordinary general meeting and shall submit the request in writing. The Board shall, in accordance with laws, administrative regulations and the Articles of Association, provide a written response within 10 days stating whether it agrees or disagrees to convene the extraordinary general meeting.

If the Board agrees to convene an extraordinary general meeting, it shall issue a notice of the general meeting within 5 days after the resolution is passed. Any changes to the original request must be approved by the relevant shareholders. If the Board disagrees or fails to respond within 10 days, the shareholders individually or collectively holding 10% or more of the Company's shares shall have the right to request the Supervisory Committee in writing to convene the extraordinary general meeting.

If the Supervisory Committee agrees to convene an extraordinary general meeting, it shall issue the notice of the general meeting within 5 days upon receipt of the request. Any changes to the original request must be approved by the relevant shareholders. If the Supervisory Committee fails to issue the notice within the specified period, it shall be deemed that the Supervisory Committee does not convene or preside over the meeting, and the shareholders who individually or collectively hold 10% or more of the shares for 90 consecutive days or more may convene and preside over the meeting on their own.

Where the Supervisory Committee or shareholders decide to convene the general meeting on their own, they shall notify the Board of Directors in writing and file with the stock exchange. Before the announcement of the resolutions of the general meeting, the convening shareholders must hold not less than 10% of the shares. The Supervisory Committee and convening shareholders shall submit relevant supporting materials to the stock exchange when issuing the notice and announcing the resolutions of the general meeting.

For general meetings convened by the Supervisory Committee or shareholders, the Board of Directors and the Board Secretary shall provide assistance. The Board shall provide the register of shareholders as of the shareholding record date. If the Board fails to provide such register, the conveners may apply to the securities registration and clearing institution for it by presenting the relevant announcement of the general meeting notice. The shareholder register obtained by the conveners shall not be used for purposes other than convening the general meeting.

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION

All necessary expenses incurred for general meetings convened by the Supervisory Committee or shareholders shall be borne by the Company.

Proposals and Notices of the General Meetings of Shareholders

The content of proposals submitted to the general meeting of shareholders shall fall within the scope of authority of the general meeting, have clear topics and specific resolution matters, and comply with applicable laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

When convening a general meeting of shareholders, the Board of Directors, the Supervisory Committee, and shareholders individually or collectively holding 3% or more of the Company's shares shall have the right to submit proposals to the Company. Shareholders individually or collectively holding 3% or more of the shares may submit interim proposals in writing to the convener no later than 10 days prior to the meeting. The convener shall issue a supplemental notice within 2 days upon receipt of such proposals to announce the content of the interim proposals. If the general meeting must be postponed due to the issuance of such supplemental notice in accordance with the securities regulatory rules of the place where the Company's shares are listed, the meeting shall be postponed accordingly.

Except under the aforementioned circumstances, once a notice of the general meeting has been issued, the convener shall not modify the proposals listed therein or add new proposals. Proposals not listed in the notice or not in compliance with Article 53 of the Articles of Association shall not be voted on or resolved at the general meeting.

The convener shall notify all shareholders of the annual general meeting in writing (including by announcement) at least 21 days before the meeting, and notify all shareholders of an extraordinary general meeting in writing (including by announcement) at least 15 days before the meeting. The day of the meeting shall not be included in the notice period.

The notice of the general meeting of shareholders shall include the following:

- (i) the time, venue, and duration of the meeting;
- (ii) matters and proposals to be submitted for consideration at the meeting;
- (iii) a clear statement that all holders of ordinary shares are entitled to attend the general meeting and may appoint a proxy in writing to attend and vote at the meeting on their behalf, and such proxy need not be a shareholder of the Company;
- (iv) the shareholding record date for shareholders entitled to attend the meeting;
- (v) the name and telephone number of the regular contact person for meeting affairs;
- (vi) the time and procedures for voting via the internet or other means.

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The notice and supplemental notice of the general meeting shall fully and completely disclose the specific content of all proposals. Where the matters to be discussed require the opinion of the independent directors, such opinions and their reasons shall be disclosed at the same time as the notice or supplemental notice is published. The interval between the shareholding record date and the date of the meeting shall not exceed seven working days. Once the shareholding record date is confirmed, it shall not be changed.

Convening of the General Meetings of Shareholders

All holders of ordinary shares registered on the shareholding record date or their proxies shall be entitled to attend the general meeting of shareholders, speak at the meeting, and exercise their voting rights in accordance with applicable laws, regulations, and the Articles of Association (unless certain shareholders are required to abstain from voting on specific matters under the securities regulatory rules of the place where the Company's shares are listed).

Shareholders may attend the general meeting in person or appoint a proxy to attend, speak, and vote on their behalf. The proxy need not be a shareholder of the Company.

Individual shareholders attending the meeting in person shall present their identity card or other valid identification documents, and their shareholding account card. If a proxy is appointed, the shareholder shall provide their valid identification documents and a written proxy authorization.

A corporate shareholder shall be represented by its legal representative or a proxy appointed by the legal representative. If the legal representative attends the meeting, they shall present their identity card and valid documents proving their legal representative status. If a proxy is appointed, the proxy shall present their identity card and a written proxy authorization duly issued by the legal representative (except where the shareholder is a recognized clearing house ("Recognized Clearing House"), as defined by the applicable laws of Hong Kong or the securities regulatory rules of the place where the Company's shares are listed, or its proxy).

The proxy authorization issued by a shareholder to attend a general meeting of shareholders shall include the following:

- (i) name of the proxy;
- (ii) whether the proxy has voting rights;
- (iii) instructions on how to vote (for, against, or abstain) on each of the proposals listed on the agenda of the general meeting;
- (iv) date of issuance and validity period of the proxy authorization;
- (v) signature (or seal) of the shareholder. If the shareholder is a corporate entity, the proxy authorization must be affixed with the company seal or signed by an authorized representative.

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The proxy authorization shall specify whether the proxy is entitled to vote at their own discretion in the absence of explicit instructions.

Where a proxy authorization is signed by someone authorized by the shareholder, the power of attorney or other authorization documents shall be notarized. The notarized documents, along with the proxy authorization, shall be kept at the Company's registered office or another location specified in the meeting notice.

If the shareholder is a legal person, its legal representative or an authorized person designated by resolution of its board of directors or other decision-making body shall attend the general meeting.

If the shareholder is a recognized clearing house (or its proxy), it may authorize one or more persons as it deems appropriate to act as its representative at any general meeting or creditors' meeting. Where more than one person is appointed, the authorization shall specify the number and type of shares represented by each individual, and the authorization must be signed by authorized personnel of the clearing house. The authorized persons may exercise the rights of the clearing house (or its proxy) without presenting share certificates, notarized authorization or other evidence of their authority, and shall enjoy the same statutory rights as other shareholders, including the rights to speak and vote, as if they were individual shareholders of the Company.

All directors, supervisors, and the Board Secretary of the Company shall attend the general meeting, and the President and other senior management personnel shall attend as non-voting participants.

The general meeting of shareholders shall be presided over by the Chairman of the Board. If the Chairman is unable or unwilling to perform such duties, the Vice Chairman shall preside. If the Vice Chairman is unable or unwilling to perform such duties, a director jointly elected by more than half of the directors shall preside. Where the Supervisory Committee convenes the general meeting, it shall be presided over by the Chairman of the Supervisory Committee. If the Chairman is unable or unwilling to perform such duties, a supervisor jointly elected by more than half of the supervisors shall preside. If shareholders convene the general meeting themselves, a representative elected by the conveners shall preside.

Where the meeting chairperson violates the Articles of Association or the relevant rules of procedure, rendering the meeting unable to proceed, the general meeting may, with the consent of shareholders representing more than half of the voting rights present, elect another person to preside over the meeting and continue its proceedings.

Voting and Resolutions at the General Meeting of Shareholders

Resolutions at the general meeting of shareholders shall be classified into ordinary resolutions and special resolutions. An ordinary resolution shall be passed by more than 1/2 of the voting rights held by shareholders (including proxies) present at the meeting. A special resolution shall be passed by more than 2/3 of the voting rights held by shareholders (including proxies) present at the meeting.

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION

The following matters shall be passed by ordinary resolutions of the general meeting:

- (i) work reports of the Board of Directors and the Supervisory Committee;
- (ii) profit distribution plans and loss recovery plans proposed by the Board of Directors;
- (iii) appointment or removal of members of the Board of Directors and the Supervisory Committee, and their remuneration and payment methods;
- (iv) the Company's annual budget plan and final accounts plan;
- (v) the Company's annual report;
- (vi) other matters not required by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association to be adopted by special resolutions.

The following matters shall be passed by special resolutions of the general meeting:

- (i) increase or reduction of the Company's registered capital;
- (ii) division, spin-off, merger, dissolution, liquidation, or change of corporate form of the Company;
- (iii) amendments to the Articles of Association;
- (iv) the purchase or sale of significant assets, or provision of guarantees, by the Company within one year where the amount exceeds 30% of the Company's most recent audited total assets;
- (v) equity incentive plans;
- (vi) other matters as required by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association, or those that are deemed by ordinary resolution of the general meeting to have a material impact on the Company and therefore require a special resolution.

Shareholders (including proxies) shall exercise their voting rights based on the number of voting shares they represent, with one vote for each share. When casting votes, shareholders (including proxies) holding two or more votes are not required to cast all votes in favor, against, or abstain.

When the general meeting of shareholders deliberates on significant matters affecting the interests of minority investors, the votes of such minority investors shall be counted separately, and the result shall be promptly disclosed.

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION

Shares held by the Company do not carry voting rights and shall not be included in the total number of voting shares present at the general meeting. Pursuant to applicable laws and the Hong Kong Listing Rules, if any shareholder is required to abstain from voting on certain resolutions or is restricted to vote only for or against a resolution, any votes cast by such shareholder or their proxy in violation of such requirement or restriction shall not be counted toward the total number of voting shares.

Where shareholders acquire voting shares in the Company in violation of Article 63(1) or (2) of the Securities Law, the excess portion shall not carry voting rights within thirty-six months from the date of acquisition, and shall not be included in the total number of voting shares present at the general meeting.

The Board of Directors, independent directors, shareholders holding more than 1% of the voting shares, or investor protection institutions established in accordance with laws, administrative regulations or regulations of the CSRS, may act as proxy solicitors and, either on their own or by entrusting securities companies or service agencies, publicly request Company shareholders to authorize them to attend the general meeting and exercise rights such as proposing resolutions and voting. The solicitors shall fully disclose specific voting intentions and other information to the solicited parties, and the Company shall provide cooperation. Paid or disguised paid solicitation of voting rights is prohibited. Except as required by law, the Company shall not impose any minimum shareholding requirement for proxy solicitation.

When the general meeting deliberates on related party transactions, related shareholders shall abstain from voting, and the voting shares they represent shall not be counted in the total number of valid votes. The announcement of the general meeting resolution shall fully disclose the voting results of non-related shareholders.

DIRECTORS AND THE BOARD

Directors

The directors of the Company may include executive directors, non-executive directors, and independent directors. Directors shall be elected or replaced by the general meeting of shareholders and may be removed by an ordinary resolution of the general meeting before the expiration of their term of office. However, such removal shall not affect the director's right to claim damages in accordance with any contract. Each term of office for a director shall be three years and may be renewed upon re-election in accordance with the securities regulatory rules of the place where the Company's shares are listed.

The term of a director shall commence on the date of assumption of office and shall end upon the expiry of the term of the current Board. Where a director is not re-elected in a timely manner upon the expiration of their term, the original director shall continue to perform their duties in accordance with applicable laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association until the new director takes office.

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION

The Board of Directors of the Company shall not include directors who serve as employee representatives. Directors may concurrently serve as President or other senior management personnel, but the total number of directors concurrently holding such positions shall not exceed one-half of the total number of directors.

A director may resign before the expiration of their term. A written resignation report shall be submitted to the Board of Directors. The Board shall disclose the relevant information within two days. If a resignation causes the number of directors to fall below the statutory minimum, or if the resignation of an independent director causes the number or proportion of independent directors on the Board or its committees to no longer comply with applicable laws, regulations, securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association, or results in the absence of an independent director with accounting or financial expertise, the resigning director shall continue to perform their duties in accordance with applicable regulations and the Articles of Association until a new director takes office. Except for the circumstances mentioned above, a director's resignation shall become effective upon delivery of the resignation report to the Board.

Directors shall comply with laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association, and shall owe the Company the following fiduciary duties:

- (i) not to accept bribes or other unlawful income by using their powers, and not to misappropriate the Company's assets;
- (ii) not to embezzle the Company's funds;
- (iii) not to open accounts in their own name or the name of others for the storage of Company assets or funds;
- (iv) not to lend Company funds to others or provide guarantees using Company property without the consent of the general meeting or the Board, in violation of the Articles of Association;
- (v) not to enter into contracts or conduct transactions with the Company in violation of the Articles of Association or without the approval of the general meeting;
- (vi) not to use their position to seek business opportunities that belong to the Company for themselves or others, and not to operate, or cause others to operate, businesses in competition with the Company without the approval of the general meeting;
- (vii) not to appropriate commissions related to transactions with the Company for personal gain;
- (viii) not to disclose the Company's confidential information without authorization;

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION

- (ix) not to harm the interests of the Company by exploiting related party relationships;
- (x) other fiduciary duties as provided by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

Any income obtained by a director in violation of the foregoing provisions shall belong to the Company. Where losses are caused to the Company, the director shall be liable for compensation.

Directors shall also comply with laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association, and shall owe the Company the following duties of diligence:

- (i) to exercise the powers granted by the Company with due care, diligence, and prudence to ensure the Company's business complies with national laws, administrative regulations, and economic policies, and remains within the scope of business stipulated in the business license;
- (ii) to treat all shareholders fairly;
- (iii) to stay informed about the Company's business operations and management;
- (iv) to sign written confirmations on the Company's periodic reports and ensure the information disclosed by the Company is truthful, accurate, and complete;
- (v) to provide accurate information and data to the Supervisory Committee and not to obstruct the Supervisory Committee or any supervisor from performing their duties;
- (vi) other duties of diligence as provided by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

Board of Directors

The Company shall establish a Board of Directors, which is accountable to the general meeting of shareholders. The Board shall consist of seven directors, including three independent directors. The Board shall have one Chairman and one Vice Chairman.

The Board of Directors shall exercise the following powers:

- (i) convening the general meeting of shareholders and reporting to it;
- (ii) implementing resolutions of the general meeting;

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION

- (iii) determining the Company's business plan and investment proposals;
- (iv) formulating the Company's annual financial budget and final accounts plans;
- (v) formulating the Company's profit distribution and loss recovery plans;
- (vi) formulating proposals for increasing or decreasing registered capital, issuing bonds or other securities, and listing;
- (vii) preparing proposals for significant acquisitions, share repurchases, mergers, demergers, dissolution, or changes in corporate form;
- (viii) within the scope authorized by the general meeting, deciding on external investments, acquisition or disposal of assets, asset pledges, external guarantees, entrusted wealth management, related party transactions, and charitable donations;
- (ix) determining the internal management structure of the Company;
- (x) appointing or removing the President, Board Secretary, and other senior management personnel, and determining their remuneration and disciplinary matters; and, based on the nomination of the President, appointing or removing Executive Vice Presidents, Vice Presidents, the Chief Financial Officer, and other senior management personnel, and determining their remuneration and disciplinary matters;
- (xi) formulating the Company's fundamental management systems;
- (xii) drafting amendments to the Articles of Association;
- (xiii) managing matters related to information disclosure;
- (xiv) proposing the appointment or replacement of the accounting firm responsible for auditing the Company to the general meeting;
- (xv) hearing reports by the President and reviewing their performance;
- (xvi) other powers granted by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed, the Articles of Association, and the general meeting of shareholders.

The Board shall establish clear decision-making authority and stringent review and approval procedures for matters such as external investments, acquisition or disposal of assets, asset pledges, entrusted wealth management, related party transactions, and donations. Major investment projects shall be reviewed by relevant experts or professionals and submitted to the general meeting of shareholders for approval.

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION

The Board shall have one Chairman and one Vice Chairman, both elected by a majority of all directors.

The Chairman shall exercise the following powers:

- (i) presiding over general meetings and convening and presiding over Board meetings;
- (ii) supervising and inspecting the implementation of Board resolutions;
- (iii) signing documents of the Board of Directors;
- (iv) under emergency circumstances such as natural disasters or other force majeure events, exercising special decision-making powers that comply with the law and are in the best interest of the Company, and reporting to the Board and general meeting afterward;
- (v) exercising the powers under items (ii), (xiii), and (xv) of Article 107 of the Articles of Association during the recess of the Board.

The above powers shall not include matters which, under the Company Law, other laws and regulations, or the securities regulatory rules of the place where the Company's shares are listed, must be reviewed and approved by the Board or the general meeting of shareholders.

The Board of Directors shall meet at least twice a year. Meetings shall be convened by the Chairman, with written notice provided to all directors and supervisors at least 10 days prior. Shareholders holding more than 1/10 of the voting rights, more than 1/3 of the directors, or the Supervisory Committee may propose to convene an interim Board meeting. Upon receiving such proposal, the Chairman shall convene and preside over the meeting within 10 days.

A Board meeting may be held only if more than half of the directors are present. A resolution of the Board must be passed by more than half of all directors. Each director shall have one vote when voting on Board resolutions.

Any director who has a related interest in the subject matter of a Board resolution shall abstain from voting and shall not act as proxy for other directors in voting. The Board meeting may proceed if attended by more than half of the disinterested directors, and the resolution shall be passed by a majority of such disinterested directors. If there are fewer than three disinterested directors present, the matter shall be submitted to the general meeting of shareholders for consideration. If any laws, regulations, or securities regulatory rules of the place where the Company's shares are listed impose additional restrictions on the participation or voting rights of directors in Board meetings, such rules shall prevail.

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION

Special Committees of the Board of Directors

The Board of Directors of the Company shall establish special committees, including the Strategy Committee, Audit Committee, Nomination Committee, Remuneration and Appraisal Committee, and Sustainability Committee. All members of these committees shall be directors. Independent directors shall constitute the majority and serve as the conveners of the Audit Committee, Nomination Committee, and Remuneration and Appraisal Committee. At least one independent director on the Audit Committee shall be an accounting professional. Members of the Audit Committee shall be directors who do not hold senior management positions in the listed company, and the convener shall be the independent director with accounting expertise.

President and Other Senior Management Personnel

The Company shall appoint one President, who shall be hired or dismissed by the Board of Directors. Each term of the President shall be three years and may be renewed upon reappointment. The President shall be accountable to the Board of Directors and shall exercise the following powers:

- (i) presiding over the Company's production and operational management, organizing the implementation of Board resolutions, and reporting to the Board;
- (ii) organizing the implementation of the Company's annual business plan and investment proposals;
- (iii) formulating proposals for the internal management structure of the Company;
- (iv) drafting the Company's basic management systems;
- (v) formulating the Company's specific rules and regulations;
- (vi) proposing to the Board the appointment or dismissal of Executive Vice Presidents, Vice Presidents, the Chief Financial Officer, and other senior management personnel;
- (vii) deciding on the appointment or dismissal of management personnel not subject to the decision of the Board;
- (viii) other powers conferred by the Articles of Association or granted by the Board of Directors.

The President shall attend meetings of the Board of Directors.

The Company shall appoint one Executive Vice President, and several Vice Presidents and other senior management personnel. These individuals shall be nominated by the President and appointed or dismissed by the Board of Directors. The Executive Vice President, Vice Presidents, and other senior management personnel shall report directly to the President and fulfill their responsibilities according to the internal organizational structure of the Company.

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The Company shall appoint a Board Secretary, who shall be responsible for preparing shareholders' meetings and Board meetings, managing documents and shareholder information, and handling information disclosure matters. The Board Secretary shall comply with applicable laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, and the provisions of the Articles of Association.

SUPERVISORS AND THE SUPERVISORY COMMITTEE

Supervisors

Directors, senior management personnel of the Company, and their spouses and immediate family members shall not serve as supervisors of the Company during the tenure of such directors or senior management personnel.

Each term of a supervisor shall be three years. A supervisor may be re-elected upon expiration of their term. If a supervisor is not re-elected in a timely manner upon the expiration of their term, or if a resignation results in the number of supervisors falling below the statutory minimum, the original supervisor shall continue to perform their duties in accordance with applicable laws, administrative regulations, and the Articles of Association until a new supervisor takes office.

Supervisory Committee

The Company shall establish a Supervisory Committee composed of three supervisors, including two shareholder representatives and one employee representative. The employee representative shall be democratically elected and replaced by the employees of the Company. The shareholder representatives shall be elected and replaced by the general meeting of shareholders.

The Supervisory Committee shall have one Chairman, elected by a majority of all supervisors. The Chairman shall convene and preside over meetings of the Supervisory Committee. If the Chairman is unable or unwilling to perform such duties, more than half of the supervisors may jointly elect one supervisor to convene and preside over meetings.

The Supervisory Committee shall exercise the following powers:

- (i) reviewing the periodic reports prepared by the Board of Directors and providing written opinions;
- (ii) reviewing the profit distribution plan formulated by the Board and providing written opinions;
- (iii) inspecting the Company's financial affairs;

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION

- (iv) supervising the conduct of directors and senior management personnel in performing their duties, and proposing the removal of those who violate laws, administrative regulations, the Articles of Association, or resolutions of the general meeting;
- (v) requesting rectification when the conduct of directors or senior management personnel harms the Company's interests;
- (vi) proposing to convene an extraordinary general meeting and, when the Board fails to perform its duty to convene and preside over such meetings as required by the Company Law, convening and presiding over the general meeting;
- (vii) submitting proposals to the general meeting of shareholders;
- (viii) initiating lawsuits against directors and senior management personnel in accordance with Article 151 of the Company Law;
- (ix) conducting investigations upon discovering abnormal operations of the Company; when necessary, engaging professional institutions such as accounting firms or law firms to assist in their work, with the expenses borne by the Company.

The Supervisory Committee shall meet at least once every six months. A supervisor may propose to convene an interim meeting of the Supervisory Committee. Resolutions of the Supervisory Committee shall be passed by a majority of all supervisors.

FINANCIAL ACCOUNTING SYSTEM AND AUDIT

Financial Accounting System

The Company shall establish its financial accounting system in accordance with applicable laws, administrative regulations, and the requirements of relevant state authorities.

The Company shall submit and/or disclose its annual report to the securities regulatory authority of the place where its shares are listed within four months after the end of each fiscal year. The Company shall also submit and/or disclose its interim report within two months after the end of the first half of each fiscal year. The above annual and interim reports shall be prepared in accordance with relevant laws, administrative regulations, and the securities regulatory rules of the place where the Company's shares are listed.

The Company shall not maintain separate accounting books other than the statutory ones. The Company's assets shall not be deposited in accounts opened under any individual's name.

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When distributing after-tax profits for the current year, the Company shall allocate 10% to the statutory reserve. If the accumulated statutory reserve exceeds 50% of the Company's registered capital, no further allocations are required. If the statutory reserve is insufficient to cover losses from previous years, such losses shall be covered with the current year's profits before any further allocation to the statutory reserve. After allocating the statutory reserve from after-tax profits, the Company may, by resolution of the general meeting, allocate discretionary reserves from after-tax profits. The remaining after-tax profits, after covering losses and allocating reserves, shall be distributed among shareholders in proportion to their shareholdings, except where otherwise provided in the Articles of Association. If the general meeting violates the above provision by distributing profits to shareholders before covering losses and allocating statutory reserves, the shareholders must return the improperly distributed profits to the Company. Shares held by the Company shall not be entitled to profit distributions.

The Company shall appoint one or more receiving agents in Hong Kong for the holders of H Shares. Such receiving agents shall receive and hold, on behalf of the relevant H Share holders, dividends and other amounts payable by the Company in respect of H Shares for further distribution to those holders. The appointed receiving agents must comply with applicable laws, regulations, and the securities regulatory rules of the place where the Company's shares are listed.

The Company's reserves shall be used to cover losses, expand production and operations, or be converted into share capital. However, capital reserves shall not be used to cover losses. When the statutory reserve is converted into share capital, the retained balance of such reserve shall not be less than 25% of the Company's registered capital prior to the conversion.

Profit Distribution

The Company's profit distribution policy is as follows:

- (i) The Company shall implement a proactive profit distribution policy that emphasizes reasonable returns for investors while taking into account sustainable development. The Company may distribute interim profits. The profit distribution policy shall maintain continuity and stability.
- (ii) The Company may distribute dividends in the form of cash, shares, a combination of cash and shares, or other methods permitted by laws, regulations, and the securities regulatory rules of the place where the Company's shares are listed. Profit distribution shall not exceed the cumulative distributable profits and shall not impair the Company's ability to continue as a going concern.
- (iii) In terms of distribution methods, the Company shall prioritize cash dividends over share dividends.
 - 1. Each year, cash dividends distributed by the Company shall be no less than 20% of the distributable profits realized for that year.

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2. For each profit distribution, cash dividends shall account for at least 40% of the total distribution.
3. Where conditions permit, cash dividends shall be the preferred method. If share dividends are adopted, there must be genuine and reasonable factors such as business growth and dilution of net assets per share.

(iv) Distribution intervals for profit distribution:

1. Provided that the Company is profitable for the year and has positive cumulative undistributed profits, it shall distribute profits at least once per year.
2. The Company may distribute interim cash dividends. The Board of Directors may propose interim distributions based on the Company's profitability, cash flow, stage of development, and capital needs.

(v) Conditions for profit distribution:

1. Specific conditions for cash dividends:

Subject to the Company's ability to operate sustainably and develop in the long term, if the Company is profitable for the year and has positive cumulative undistributed profits, and there are no significant investment plans or major capital expenditures (excluding projects funded by raised capital), the Company shall distribute dividends in cash. Annual cash dividends shall not be less than 20% of the distributable profits for that year. The specific dividend ratio for each year shall be proposed by the Board based on the Company's annual profitability and future capital plans.

2. Conditions for share dividends:

If the Company operates well and demonstrates growth potential, and the Board believes that indicators such as earnings per share, share price, and net assets per share are not aligned with the scale of the share capital, the Company may, while meeting the required cash dividend ratio, also distribute dividends in the form of shares. When determining the amount to be distributed as share dividends, the Company shall fully consider whether the resulting total share capital aligns with the Company's business scale, profit growth rate, and dilution of net assets per share, and assess the impact on future debt financing costs, to ensure the distribution plan aligns with the overall and long-term interests of all shareholders.

- (vi) If any shareholder has illegally occupied Company funds, the Company shall deduct the amount of cash dividends payable to such shareholder to offset the occupied funds.

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(vii) Adjustment to the profit distribution policy:

1. If significant changes occur in the external business environment or the Company's own operating conditions, requiring an adjustment to the profit distribution policy, the adjusted policy shall comply with the regulations of the CSRS and the stock exchange.
2. During the process of studying and evaluating the adjustment of the profit distribution policy, the Company may communicate with minority shareholders via phone, fax, mail, email, the investor relations platform on the Company's website, or other means to fully solicit and address their opinions and concerns.
3. Any adjustment or amendment to the profit distribution policy as set out in the Articles of Association must be approved by the Board and then submitted to the general meeting for consideration. The Company shall protect shareholders' rights and interests, provide detailed explanations and justification for the proposed changes in the meeting agenda, and the resolution must be approved by more than two-thirds of the voting rights held by shareholders (including proxies) present at the meeting.

Internal Audit

The Company shall implement an internal audit system and appoint full-time audit personnel to conduct internal audit supervision over its financial revenues and expenditures and economic activities. The internal audit system and the responsibilities of audit personnel shall be implemented upon approval by the Board of Directors. The head of audit shall be accountable to and report to the Board of Directors.

Engagement of Accounting Firms

The Company shall engage accounting firms that meet the requirements of the Securities Law to provide services such as auditing of financial statements, verification of net assets, and other related consultancy services. The engagement term shall be one year and may be renewed.

The engagement of an accounting firm must be approved by the general meeting of shareholders. The Board of Directors shall not appoint an accounting firm before such approval is obtained.

The Company shall ensure that the engaged accounting firm is provided with true and complete accounting vouchers, books, financial reports, and other accounting information. The Company shall not refuse, conceal, or falsify such information.

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The audit fees of the accounting firm shall be determined by the general meeting of shareholders.

If the Company dismisses or does not renew the engagement of the accounting firm, it shall notify the firm at least 30 days in advance. When the general meeting votes on the dismissal of the accounting firm, the firm shall be allowed to state its opinion. If the accounting firm resigns, it shall explain to the general meeting whether the Company has engaged in any improper conduct.

MERGER, DIVISION, CAPITAL INCREASE AND CAPITAL REDUCTION

A merger of the Company may take the form of either absorption or consolidation. In an absorption merger, one company absorbs another and the absorbed company is dissolved. In a consolidation merger, two or more companies merge to establish a new company, and all merging parties are dissolved.

For a merger, the parties involved shall enter into a merger agreement and prepare a balance sheet and an inventory of assets. Within 10 days from the date of the merger resolution, the Company shall notify its creditors, and within 30 days, publish an announcement in the *Securities Times*, on www.cninfo.com.cn, and the HKExnews website (www.hkexnews.hk). Creditors may, within 30 days from receipt of the notice, or within 45 days from the date of the announcement if no notice is received, request the Company to repay debts or provide appropriate guarantees. Upon merger, the surviving or newly established company shall assume all rights and obligations of the merged parties.

In the case of a division, the Company’s assets shall be divided accordingly. A balance sheet and an inventory of assets shall be prepared. Within 10 days from the date of the division resolution, the Company shall notify its creditors, and within 30 days, publish an announcement in the *Securities Times*, on www.cninfo.com.cn, and the HKExnews website (www.hkexnews.hk). Debts incurred prior to the division shall be jointly and severally assumed by the companies resulting from the division, unless otherwise agreed in writing between the Company and its creditors prior to the division.

When the Company intends to reduce its registered capital, it shall prepare a balance sheet and an inventory of assets. Within 10 days from the date of the capital reduction resolution, the Company shall notify its creditors, and within 30 days, publish an announcement in the *Securities Times*, on www.cninfo.com.cn, and the HKExnews website (www.hkexnews.hk). Creditors may, within 30 days from receipt of the notice, or within 45 days from the date of the announcement if no notice is received, require the Company to repay debts or provide appropriate guarantees. After the capital reduction, the Company’s registered capital shall not fall below the statutory minimum threshold.

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Where a merger or division of the Company results in changes to the registration particulars, the Company shall apply for change registration with the company registration authority in accordance with the law. Where the Company is dissolved, it shall apply for deregistration in accordance with the law. Where a new company is established, it shall apply for incorporation registration in accordance with the law.

Where the Company increases or reduces its registered capital, it shall apply for change registration with the company registration authority in accordance with the law.

DISSOLUTION AND LIQUIDATION

The Company shall be dissolved under any of the following circumstances:

- (i) the expiry of its business term as stipulated in the Articles of Association or the occurrence of other dissolution events as provided in the Articles of Association;
- (ii) a resolution of dissolution passed by the general meeting of shareholders;
- (iii) a merger or division of the Company that necessitates dissolution;
- (iv) revocation of its business license, being ordered to close down, or being deregistered in accordance with the law;
- (v) where the Company experiences serious difficulties in its operations and management, and its continued existence would cause significant loss to shareholders' interests, and such issues cannot be resolved through other means, shareholders holding 10% or more of all voting rights may petition the People's Court for dissolution.

In the case of circumstance (i) above, the Company may continue to exist by amending the Articles of Association. Such amendment shall be approved by no less than two-thirds of the voting rights held by shareholders present at the general meeting.

Where the Company is dissolved under circumstances (i), (ii), (iv), or (v) above, a liquidation committee shall be established within 15 days from the date the dissolution event occurs to commence the liquidation process. The liquidation committee shall consist of directors or persons designated by the general meeting. If the liquidation committee is not formed within the prescribed time, creditors may apply to the People's Court for appointment of relevant personnel to form the liquidation committee.

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION

During the liquidation period, the liquidation committee shall exercise the following powers:

- (i) to take inventory of the Company’s assets and prepare a balance sheet and an inventory of assets;
- (ii) to notify and announce to creditors;
- (iii) to handle any outstanding business related to liquidation;
- (iv) to pay any outstanding taxes and taxes arising during liquidation;
- (v) to settle claims and debts;
- (vi) to dispose of the remaining assets of the Company after settling debts;
- (vii) to represent the Company in civil litigation.

The liquidation committee shall notify creditors within 10 days of its formation and make an announcement within 60 days in the *Securities Times*, on www.cninfo.com.cn, and the HKExnews website (www.hkexnews.hk). Creditors shall declare their claims within 30 days from receipt of such notice, or within 45 days from the date of the announcement if no notice is received. When declaring their claims, creditors shall explain relevant details and provide supporting documentation. The liquidation committee shall register all declared claims. No debt repayments shall be made to creditors during the claim declaration period.

After the inventory of assets and preparation of the balance sheet and asset inventory, the liquidation committee shall prepare a liquidation plan and submit it to the general meeting or the People’s Court for confirmation. The Company’s remaining assets, after payment of liquidation expenses, employee wages, social insurance premiums, statutory compensations, outstanding taxes, and debts, shall be distributed among shareholders according to their respective shareholdings. During the liquidation period, the Company shall continue to exist but shall not conduct any business activities unrelated to liquidation. No asset distribution shall be made to shareholders until the debts have been fully settled in accordance with the provisions above.

If the liquidation committee, finds that the assets are insufficient to cover its debts after the inventory of assets and preparation of the balance sheet and asset inventory, it shall apply to the People’s Court for a declaration of bankruptcy in accordance with the law. Upon the People’s Court’s ruling of bankruptcy, the liquidation committee shall transfer the liquidation work to the People’s Court. After completion of the liquidation, the liquidation committee shall prepare a liquidation report, submit it to the general meeting or the People’s Court for confirmation, file it with the company registration authority, apply for deregistration, and announce the Company’s termination.

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Members of the liquidation committee shall perform their duties in accordance with the law and in good faith. They shall not abuse their authority to accept bribes or other illegal income, nor misappropriate Company assets. Any member who, through intent or gross negligence, causes loss to the Company or its creditors shall be liable for compensation.

If the Company is declared bankrupt in accordance with the law, bankruptcy liquidation shall be carried out in accordance with the applicable laws on enterprise bankruptcy.

AMENDMENT OF THE ARTICLES OF ASSOCIATION

The Company shall amend its Articles of Association under any of the following circumstances:

- (i) where amendments to the Company Law or other relevant laws, administrative regulations, or the securities regulatory rules of the place where the Company’s shares are listed result in conflicts with the current provisions of the Articles of Association¹;
- (ii) where changes in the Company’s circumstances render the provisions of the Articles of Association inconsistent with the actual situation;
- (iii) where the general meeting of shareholders resolves to amend the Articles of Association.

Where the amendments to the Articles of Association passed by resolution of the general meeting are subject to approval by the competent authority, they shall be submitted for such approval. Where the amendments involve changes to registration particulars, the Company shall apply for change registration in accordance with the law.

The Board of Directors shall amend the Articles of Association based on the resolutions passed at the general meeting and the approval opinions of the relevant competent authorities.

If the matters amended in the Articles of Association involve information that is required to be disclosed under applicable laws, regulations, or the securities regulatory rules of the place where the Company’s shares are listed, the Company shall make public disclosure in accordance with such requirements.

¹ According to the *Notice on the Concentrated Amendments and Repeal of Certain Supporting Rules and Normative Documents under the New Company Law* issued by the CSRC on March 28, 2025, the CSRC promulgated the *Decision on Amending Certain Securities and Futures Regulations* and the *Decision on Amending and Repealing Certain Securities and Futures Normative Documents* on the same date. A total of 88 regulations and normative documents were amended or repealed in a bundled manner, effective from the date of publication. The CSRC has also issued transitional arrangements for the adjustment of internal supervisory bodies of listed companies, as well as securities, fund, and futures operating institutions. Relevant entities shall complete their adjustments based on the newly released institutional rules and in light of their own circumstances by January 1, 2026. In addition, the CSRC simultaneously released the revised *Guidelines for the Articles of Association of Listed Companies* and *Rules for General Meetings of Listed Companies*, which took effect upon publication.

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1. FURTHER INFORMATION ABOUT OUR COMPANY

A. Incorporation

Our Company was established under the PRC laws under the name of Henan Neixiang County Muyuan Breeding Co., Ltd. (河南省內鄉縣牧原養殖有限公司) on July 13, 2000 and was converted to a joint stock company on December 28, 2009 and listed on the Shenzhen Stock Exchange in January 28, 2014.

Our registered office is located at Shuitian Village, Guanzhang Town, Neixiang, Nanyang, Henan Province, PRC. We were registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on [●] and our principal place of business in Hong Kong is at Room 1920, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong. Ms. Leung Wing Han Sharon is the authorized representative of the Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong. The address for service of process on our Company in Hong Kong is the same as our principal place of business in Hong Kong as set out above.

As our Company was established in the PRC, we are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of laws and regulations of the PRC and our Articles of Association is set out in “Regulatory Overview” in this document and Appendix V to this document respectively.

B. Changes in Share Capital of Our Company

Save as disclosed below and in the section headed “History, Development and Corporate Structure”, there has been no other alteration in our total issued share capital within the two years immediately preceding the [date of this document].

Pursuant to Convertible Bonds issued by our Company and listed on the Shenzhen Stock Exchange on September 10, 2021 (stock code: 127045), the period for conversion by way of our Company issuing new A Shares commenced on February 21, 2022 and will end on August 15, 2027. See “*History, Development and Corporate Structure — Other Major Shareholding Changes — Issuance of Convertible Bonds.*” By June 30, 2023, the number of A Shares issued pursuant to the conversion of the Convertible Bonds was 133,765 A Shares, increasing our Company’s registered share capital by RMB133,765.00.

Between July 1, 2023 and September 30, 2024, a total of 3,806 A Shares were issued pursuant to the conversion of the Convertible Bonds. As such, our Company’s registered share capital was overall increased by RMB3,806.00.

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As approved by the Board on December 5, 2023 and March 11, 2024, and by the shareholders on December 21, 2023 and May 22, 2024, respectively, 1,529,253 and 1,061,366 A Shares repurchased by our Company under the repurchase mandate for 2022 Restricted Shares Incentive Plan were cancelled on December 18, 2024. The total registered capital of our Company was as a result decreased by RMB2,590,619.00.

Between October 1, 2024 to March 31, 2025, a total of 5,635 A Shares were issued pursuant to the conversion of the Convertible Bonds. As such, our Company’s registered share capital was increased by RMB5,635.00.

Between April 1, 2025 to the Latest Practicable Date, a total of 196 A Shares were issued pursuant to the conversion of the Convertible Bonds. As such, our Company’s registered share capital was increased by RMB196.00.

A repurchase mandate for the repurchase of A Shares for the purpose of our Company’s employee share incentive schemes was approved by our Board on September 25, 2024. The repurchase mandate was valid for 12 months from the date of approval of the repurchase mandate by the Board. Upon repurchase, the repurchased A Shares are held under our Company stock repurchase account and do not carry any shareholders’ rights, including but not limited to voting rights at the Shareholders’ meeting and dividend rights. Any repurchased A Shares not granted to employees within 36 months after the completion of the repurchase shall be cancelled. According to the repurchase mandate, the amount could be used for the repurchase will be no more than RMB4 billion and no less than RMB3 billion. Calculating based on the maximum repurchase price of RMB57.78 per A Share, the amount of A Shares could be repurchased under the repurchase mandate will be between 51,921,100 and 69,228,100 A Shares. As of the Latest Practicable Date, the Company repurchased 52,542,043 A Shares under the mandate.

C. Changes in Share Capital of our Major Subsidiaries

We have applied to the Stock Exchange for[, and the Stock Exchange has granted us] a waiver from strict compliance with the requirements of paragraph 26 of Appendix D1A to the Listing Rules in relation to the disclosure of information relating to the changes in the share capital of any member of our Group within the two years immediately preceding the [date of this document]. For details, see “Waivers from Strict Compliance with the Listing Rules — Particulars of Any Alterations in the Capital of Any Member of the Group” in this document.

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The following alterations in the registered capital of our major subsidiaries have taken place within the two years preceding the [date of this document]:

(1) *Henan Muyuan Grain Trade Co., Ltd.* (河南牧原糧食貿易有限公司)

The share capital of Henan Muyuan Grain Trade Co., Ltd. (河南牧原糧食貿易有限公司) was increased from RMB300,000,000 to RMB2,300,000,000 on December 26, 2023 due to our Company’s capital injection.

(2) *Muyuan Meat Co., Ltd.* (牧原肉食品有限公司)

The registered share capital of Muyuan Meat Co., Ltd. (牧原肉食品有限公司) was increased from RMB2,500,000,000 to RMB3,000,000,000 on September 11, 2024 due to our Company’s capital injection.

(3) *Nanjing Jiangning Muyuan Livestock Husbandry Co., Ltd.* (南京市江寧牧原農牧有限公司)

The registered share capital of Nanjing Jiangning Muyuan Livestock Husbandry Co., Ltd. (南京市江寧牧原農牧有限公司) was increased from RMB1,510,000,000 to RMB2,010,000,000 on December 8, 2023 and was further increased to RMB2,360,000,000 on August 8, 2024 due to our Company’s capital injection.

(4) *Ningling Muyuan Livestock Husbandry Co., Ltd.* (寧陵牧原農牧有限公司)

The registered share capital of Ningling Muyuan Livestock Husbandry Co., Ltd. (寧陵牧原農牧有限公司) was increased from RMB520,000,000 to RMB846,818,800 on April 25, 2025 due to capital injection of RMB326,818,800 from ABC Financial Asset Investment Co., Ltd. (農銀金融資產投資有限公司), an Independent Third Party.

D. Resolutions Passed by Our Shareholders in Relation to the [REDACTED]

Pursuant to the Shareholders’ meeting held May 16, 2025, the following resolutions, among other things, were (subject to the relevant regulatory approval, filing and registration) duly passed:

- (a) the [REDACTED] by the Company of H Shares with a nominal value of RMB1.00 each and such H Shares be [REDACTED] on the Stock Exchange;
- (b) the number of H [REDACTED] shall be up to [REDACTED] of the total share capital of our Company upon completion of the [REDACTED] and before any exercise of the [REDACTED], and the grant of the [REDACTED] in respect of no more than [REDACTED] of the number of H Shares initially [REDACTED] pursuant to the [REDACTED];

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- (c) authorization of the Board or its authorized individual to handle all matters relating to, among other things, the [REDACTED], the [REDACTED] of the H Shares and the [REDACTED]; and
- (d) subject to the completion of the [REDACTED], the conditional adoption of the revised Articles of Association, which shall become effective on the [REDACTED]; and the authorization of the Board to amend the Articles of Association in accordance with relevant laws and regulations and upon the request from the Stock Exchange and relevant PRC regulatory authorities.

2. FURTHER INFORMATION ABOUT OUR BUSINESS

A. Summary of Material Contracts






We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within two years preceding the [date of this document] which are or may be material:

- (a) [the [REDACTED]].

B. Our Intellectual Property Rights

(a) Trademarks









As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Registered owner	Trademark	Registration No.	Class	Valid through
1. . . .	the Company		22470776	40	February 6, 2028
2. . . .	the Company		22470812	31	February 6, 2028
3. . . .	the Company		22470881	44	February 6, 2028
4. . . .	the Company		22470467	5	April 6, 2028
5. . . .	the Company		22470696	29	April 20, 2028

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No.	Registered owner	Trademark	Registration No.	Class	Valid through
6. . . .	the Company		28174949	31	November 20, 2028
7. . . .	the Company		45762874	11	December 6, 2030
8. . . .	the Company		7954562	40	March 20, 2031
9. . . .	the Company		9725646	31	September 6, 2032
10. . .	the Company		10652633	44	May 13, 2033
11. . .	the Company		10652576	40	May 13, 2033
12. . .	the Company		10652604	11	May 13, 2033
13. . .	the Company		10652558	31	May 13, 2033
14. . .	the Company		10620083	29	June 6, 2033
15. . .	the Company		56034742	7	June 13, 2033
16. . .	the Company		10855874	40	July 27, 2033

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No.	Registered owner	Trademark	Registration No.	Class	Valid through
17. . .	the Company		10855946	11	July 27, 2033
18. . .	the Company		61309229	35	July 27, 2033
19. . .	the Company		10855980	44	August 6, 2033
20. . .	the Company		10855852	31	August 6, 2033
21. . .	the Company		69013457	29	August 6, 2033
22. . .	the Company		67884813	31	October 6, 2033
23. . .	the Company		12104623	29	July 20, 2034
24. . .	the Company		10652538	29	August 6, 2034

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(b) Patents

(i) Registered Patents

As of the Latest Practicable Date, we were the registered owner of and had the right to use the following patents which we consider to be or may be material to our business:

No.	Patent	Patentee	Place of Registration	Patent Number	Term of Patent
1. . . .	Harmless Treatment Method and System for Dead Livestock and Poultry (病死禽畜的無害化處理方法及其處理系統)	the Company	PRC	2014102160838	20 years from May 22, 2014
2. . . .	Comprehensive Solid-Liquid Separation Method and System for Waste Liquid from Farms (養殖場排污廢液固液綜合分離方法及系統)	the Company, Henan Muyuan Ecological Environment Technology Co., Ltd. (河南牧原生態環境科技有限公司)	PRC	2015101863934	20 years from April 20, 2015
3. . . .	Comprehensive Treatment System for Manure and Waste in Large Specialized Hog Farms (大型專業化養豬場糞污綜合處理系統)	the Company	PRC	2015101877551	20 years from April 21, 2015
4. . . .	Resource Recycling System for Manure Reprocessing in Hog Farms (養豬場糞肥再處理資源循環利用系統)	the Company, Henan Muyuan Ecological Environment Technology Co., Ltd. (河南牧原生態環境科技有限公司)	PRC	2015101877528	20 years from April 21, 2015
5. . . .	Manure Treatment System for Large-Scale Livestock and Poultry Farms (規模化禽畜養殖糞污處理系統)	the Company, Henan Muyuan Ecological Environment Technology Co., Ltd. (河南牧原生態環境科技有限公司)	PRC	2016208428765	10 years from August 5, 2016

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No.	Patent	Patentee	Place of Registration	Patent Number	Term of Patent
6. . . .	Ventilation and Cooling System for Large Hog Farms in Summer (大型豬舍內夏季通風換氣散熱降溫系統)	the Company	PRC	2015101905388	20 years from April 22, 2015
7. . . .	Ecological Recycling System for Manure Treatment in Large-Scale Hog Farms (規模化養豬場糞污處理生態循環系統)	the Company, Henan Muyuan Ecological Environment Technology Co., Ltd. (河南牧原生態環境科技有限公司)	PRC	2015101877123	20 years from April 21, 2015
8. . . .	Air Intake System for Constant Temperature Passage in Hog Farms (豬舍恒溫道的進風系統)	the Company	PRC	2017217863040	10 years from December 20, 2017
9. . . .	Ventilation and Heating System for Hog Farms (豬舍的通風保暖系統)	the Company	PRC	2017217863055	10 years from December 20, 2017
10. . .	Automatic Manure Cleaning and Collection System for Large-Scale Farms (規模化養殖場糞便自動清理及收集系統)	the Company, Henan Muyuan Ecological Environment Technology Co., Ltd. (河南牧原生態環境科技有限公司)	PRC	2016106105951	20 years from July 29, 2016
11. . .	One kind of Three-Way Valve Based on Plate Chain Conveyor (一種基於塞盤管鏈輸送機的三通閥)	the Company	PRC	2019206794597	10 years from May 13, 2019
12. . .	One kind of Dead Hog Collection Vehicle (一種撿死豬車)	the Company	PRC	2019214949547	10 years from September 9, 2019
13. . .	One kind of Dead Hog Collection Vehicle and Its Body (一種撿死豬車及其車體)	the Company	PRC	2019216470700	10 years from September 27, 2019

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No.	Patent	Patentee	Place of Registration	Patent Number	Term of Patent
14. . .	One kind of Manure Cleaning Robot (一種清糞機器人)	the Company	PRC	2019216246955	10 years from September 26, 2019
15. . .	One kind of Board Cleaning Robot (一種板上清洗機器人)	the Company	PRC	201921624826X	10 years from September 26, 2019
16. . .	One kind of Foam Cleaning Machine (一種泡沫清洗機)	the Company	PRC	2019215253025	10 years from September 9, 2019
17. . .	One kind of Manure Pushing Robot (一種推糞機器人)	the Company	PRC	2019215173389	10 years from September 11, 2019
18. . .	One kind of Ground Inspection Robot (一種地面巡檢機器人)	the Company	PRC	2020204186782	10 years from March 27, 2020
19. . .	One kind of Electric Push Rod Three-Way Valve (一種電動推桿式三通閥)	the Company	PRC	2020203760002	10 years from March 23, 2020
20. . .	One kind of Feeding Auger (一種下料絞龍)	the Company	PRC	2020206504968	10 years from April 26, 2020
21. . .	One kind of Feeding Device for Pregnant and Lactating Sows (一種用於懷孕舍和泌乳舍的下料裝置)	the Company	PRC	2020203811080	10 years from March 23, 2020
22. . .	One kind of Feeding System for Finishing Houses (一種育肥舍落料系統)	the Company	PRC	2020203811061	10 years from March 23, 2020
23. . .	One kind of Hog-herding Robot (一種驅趕機器人)	the Company	PRC	2020203750373	10 years from March 23, 2020
24. . .	One kind of Feeding System and Feeding Device (一種投料系統及下料裝置)	the Company	PRC	2020206720149	10 years from April 27, 2020
25. . .	One kind of Livestock and Poultry Transport Vehicle with Navigation Function (一種具有導航功能的獸禽運輸車)	the Company	PRC	2020224850386	10 years from October 30, 2020

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No.	Patent	Patentee	Place of Registration	Patent Number	Term of Patent
26. . .	One kind of Feeding Equipment (一種飼餵設備)	the Company	PRC	2020214502273	10 years from July 21, 2020
27. . .	One kind of Handheld Hog Weight Estimation Device (一種手持式豬用估重設備)	the Company	PRC	2020232529170	10 years from December 27, 2020
28. . .	One kind of Hog-herding Robot (一種趕豬機器人)	the Company	PRC	202023123066X	10 years from December 23, 2020
29. . .	One kind of Fully Automatic Hog Collection Machine (一種全自動檢豬機)	the Company	PRC	2020227646808	10 years from November 26, 2020
30. . .	One kind of Ear Tag Pliers (一種耳標鉗)	the Company	PRC	2020232508916	10 years from December 27, 2020
31. . .	Feeder (飼餵器)	the Company	PRC	2020232266921	10 years from December 24, 2020
32. . .	One kind of Electronic Cage Scale (一種電子籠稱)	the Company	PRC	2020232469061	10 years from December 25, 2020
33. . .	One kind of Drainage Control Module (一種下水控制模組)	the Company	PRC	2020232268518	10 years from December 24, 2020
34. . .	One kind of Inspection Robot (一種巡檢機器人)	the Company	PRC	2020231955575	10 years from December 23, 2020
35. . .	One kind of Temperature and Humidity Sensor (一種溫濕度傳感器)	the Company	PRC	2020232489633	10 years from December 26, 2020
36. . .	One kind of Building Pigsty (一種樓房豬舍)	the Company	PRC	2020225298862	10 years from November 3, 2020
37. . .	One kind of Manual and Automatic Integrated Louver Control Device (一種集手動及自動於一體的百葉窗控制裝置)	the Company	PRC	2021205456073	10 years from March 15, 2021

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No.	Patent	Patentee	Place of Registration	Patent Number	Term of Patent
38. . .	Heating and Ventilation Equipment for Pig Farms Based on Floor Heating (基於地暖的豬場冷熱及通風設備)	the Company	PRC	2015101829986	20 years from April 17, 2015
39. . .	One kind of Needle-Free Injector (一種無針注射器)	the Company	PRC	2020231299557	10 years from December 23, 2020
40. . .	One kind of Fixed Weight Estimation Device (一種固定估重設備)	the Company	PRC	2020232529166	10 years from December 27, 2020
41. . .	One kind of Single-story Hog Farm (一種平鋪豬舍)	the Company	PRC	2021232299652	10 years from December 21, 2021
42. . .	Smart Weight Estimator (智能估重儀)	the Company	PRC	2022300836983	15 years from February 21, 2022
43. . .	One kind of Electric Ear Tag Pliers (一種電動式耳標鉗)	the Company	PRC	2022207441999	10 years from April 1, 2022
44. . .	One kind of Track Detection Device (一種軌道檢測裝置)	the Company	PRC	2022207644226	10 years from April 2, 2022
45. . .	Manure Plug (糞塞)	the Company	PRC	2022301453023	15 years from March 20, 2022
46. . .	One kind of Ear Tag Fixing Mechanism and Ear Tag Pliers (一種耳標固定機構及耳標鉗)	the Company	PRC	2022206165934	10 years from March 21, 2022
47. . .	One kind of Hanging Track Inspection Equipment (一種吊軌巡檢設備)	the Company	PRC	2022212272863	10 years from May 22, 2022
48. . .	One kind of Multi-Degree Cleaning Robot (一種多自由度清洗機器人)	the Company	PRC	2022215711129	10 years from June 22, 2022

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No.	Patent	Patentee	Place of Registration	Patent Number	Term of Patent
49. . .	One kind of Drinking Water Disinfection Equipment (一種飲水消毒設備)	the Company	PRC	2022212196588	10 years from May 21, 2022
50. . .	One kind of Temperature and Humidity Sensor Device (一種溫濕度傳感器裝置)	the Company	PRC	202221896605X	10 years from July 22, 2022
51. . .	One kind of Swing Arm Chassis (一種擺臂底盤)	the Company	PRC	2022203488835	10 years from February 21, 2022
52. . .	One kind of Needle-Free Injector (一種無針注射器)	the Company	PRC	2022217196141	10 years from July 4, 2022
53. . .	One kind of Livestock Temperature Detection Method, Device, Equipment, and Storage Medium (一種牲畜溫度檢測方法、裝置、設備和存儲介質)	the Company	PRC	2021100330209	20 years from January 11, 2021
54. . .	One kind of Livestock Quantity Identification Method, Device, Equipment, and Storage Medium (一種牲畜數量識別方法、裝置、設備和存儲介質)	the Company	PRC	2021100330177	20 years from January 11, 2021
55. . .	One kind of Feeding Device and Method for Calculating the Amount of Feed in the Feeding Device (一種飼餵裝置及計算飼餵裝置內飼料的量的方法)	the Company	PRC	2022101570416	20 years from February 21, 2022
56. . .	One kind of Double Drainage Feeding Trough (一種雙下水下料飼餵料槽)	the Company	PRC	2023205903396	10 years from March 23, 2023

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No.	Patent	Patentee	Place of Registration	Patent Number	Term of Patent
57. . .	One kind of Liquid Supply System for Air Deodorization and Ammonia Reduction Equipment (一種用於空氣除臭降氨設備的供液系統)	the Company	PRC	202321322553X	10 years from May 29, 2023
58. . .	One kind of Central Heating System for Pigsties (一種豬舍集中供暖加熱系統)	the Company	PRC	2023205903288	10 years from March 23, 2023
59. . .	One kind of Deodorization Device (一種除臭裝置)	the Company, Henan Muyuan Ecological Environment Technology Co., Ltd. (河南牧原生態環境科技有限公司)	PRC	2023205903432	10 years from March 23, 2023
60. . .	One kind of Weather Station (一種氣象站)	the Company	PRC	2023203637694	10 years from March 2, 2023
61. . .	One kind of Grain Storage Detection Equipment (一種糧倉檢測設備)	the Company	PRC	2023222660910	10 years from August 22, 2023
62. . .	One kind of Deodorization System (一種除臭系統)	the Company, Henan Muyuan Ecological Environment Technology Co., Ltd. (河南牧原生態環境科技有限公司)	PRC	2023223570593	10 years from August 31, 2023
63. . .	Isolation Method for Porcine Delta Coronavirus (豬德爾塔冠狀病毒的分離方法)	the Company	PRC	2022104072361	20 years from April 15, 2022
64. . .	One kind of Foam Generation Module and Smart Shower System (一種泡沫發生模塊及智能淋浴系統)	the Company	PRC	2023222660677	10 years from August 22, 2023

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No.	Patent	Patentee	Place of Registration	Patent Number	Term of Patent
65. . .	One kind of Smart Shower System (一種智能淋浴系統)	the Company	PRC	2023222660291	10 years from August 22, 2023
66. . .	One kind of Needle-Free Injection Equipment and Its Drive Rod Guide Device (一種無針注射設備及其驅動桿導向裝置)	the Company	PRC	2023234132732	10 years from December 14, 2023
67. . .	One kind of Needle-Free Injection Equipment and its Needle-Free Injection Pressure Adjustment Device (一種無針注射設備及其無針注射壓力調整裝置)	the Company	PRC	2023234132802	10 years from December 14, 2023
68. . .	One kind of Needle-Free Injection Equipment and its Needle-Free Injection Component (一種無針注射設備及其無針注射組件)	the Company	PRC	202323413286X	10 years from December 14, 2023
69. . .	One kind of Needle-Free Injector Liquid Outlet Sealing Device and Needle-Free Injector (一種無針注射器出液口密封裝置及無針注射器)	the Company	PRC	2023234112029	10 years from December 14, 2023
70. . .	One kind of Needle-Free Injector Multi-Injection Gear Adjustment Device (一種無針注射器多注射檔位調節裝置)	the Company	PRC	2023234126943	10 years from December 14, 2023
71. . .	Syringe and its Injection Structure (注射器及其注射結構)	the Company	PRC	2023234177076	10 years from December 14, 2023

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No.	Patent	Patentee	Place of Registration	Patent Number	Term of Patent
72. . .	One kind of Push Device for Needle-Free Injector (一種用於無針注射器的推動裝置)	the Company	PRC	2023234179809	10 years from December 14, 2023
73. . .	One kind of Drinking Water Medication Device (一種飲水加藥裝置)	the Company	PRC	2023235807542	10 years from December 27, 2023
74. . .	One kind of Needle-Free Injector (一種無針注射器)	the Company	PRC	2023234179495	10 years from December 14, 2023
75. . .	Needle-Free Injector and its Injection Head (無針注射器及其注射頭)	the Company	PRC	2023234179688	10 years from December 14, 2023
76. . .	One kind of Pig Transport and Sale System (一種生豬轉運售賣系統)	the Company	PRC	2020112087961	20 years from November 3, 2020
77. . .	One kind of Ball Machine Grain Storage Detection Equipment (一種球機糧倉檢測設備)	the Company	PRC	2024205886427	10 years from March 25, 2024
78. . .	One kind of Hog Kidney and Leaf Fat Separation Device (一種豬腰與板油的分離裝置)	Muyuan Meat Co., Ltd. (牧原肉食品有限公司)	PRC	2021229015886	10 years from November 24, 2021
79. . .	One kind of Smart Weighing Equipment (一種智能稱重設備)	Muyuan Meat Co., Ltd. (牧原肉食品有限公司)	PRC	2022219272031	10 years from July 26, 2022
80. . .	One kind of Hide Cutting Device (一種皮張裁剪裝置)	Muyuan Meat Co., Ltd. (牧原肉食品有限公司)	PRC	2022215698478	10 years from June 22, 2022
81. . .	One kind of Large Rib Cutting Tool (一種大排分割刀具)	Muyuan Meat Co., Ltd. (牧原肉食品有限公司)	PRC	202320158584X	10 years from August 23, 2023
82. . .	One kind of Three-Section Carcass Cutting Device (一種胴體三段分割裝置)	Muyuan Meat Co., Ltd. (牧原肉食品有限公司)	PRC	202322278178X	10 years from August 23, 2023

APPENDIX VI STATUTORY AND GENERAL INFORMATION

No.	Patent	Patentee	Place of Registration	Patent Number	Term of Patent
83. . .	Navigation Method, Device, and Readable Storage Medium for Mobile Robots Based on Reflective Columns (基於反光柱的移動機器人的導航方法、設備及可讀存儲介質)	Muyuan Meat Co., Ltd. (牧原肉食品有限公司)	PRC	2022100158946	20 years from January 7, 2022
84. . .	One kind of Automatic Bagging Equipment for Frozen Products (一種凍品自動裝袋設備)	Muyuan Meat Co., Ltd. (牧原肉食品有限公司)	PRC	2023225845745	10 years from September 21, 2023
85. . .	One kind of Automatic Metal Stamping Device for Livestock Carcass Skin (一種牲畜胴體表皮自動蓋金屬燙印章的裝置)	Muyuan Meat Co., Ltd. (牧原肉食品有限公司)	PRC	2023231539200	10 years from November 21, 2023
86. . .	One kind of Hog Hoof Hair Scraping Equipment (一種豬蹄刮毛設備)	Muyuan Meat Co., Ltd. (牧原肉食品有限公司)	PRC	2022101581660	20 years from February 21, 2022
87. . .	One kind of Pork Middle Section Diversion System (一種豬肉中段分流轉向系統)	Muyuan Meat Co., Ltd. (牧原肉食品有限公司)	PRC	2023228449355	10 years from October 23, 2023
88. . .	One kind of Large Intestine Manure Removal Mechanism (一種大腸去糞機構)	Muyuan Meat Co., Ltd. (牧原肉食品有限公司)	PRC	2024204336792	10 years from March 6, 2024
89. . .	One kind of Livestock Grading Marking Equipment (一種牲畜定級標記設備)	Muyuan Meat Co., Ltd. (牧原肉食品有限公司)	PRC	2023234599595	10 years from December 19, 2023

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No.	Patent	Patentee	Place of Registration	Patent Number	Term of Patent
90. . .	One kind of Auxiliary Intestinal Piercing Mechanism and Intestinal Piercing Machine (一種輔助穿腸機構及穿腸機)	Muyuan Meat Co., Ltd. (牧原肉食品有限公司)	PRC	2024204336627	10 years from March 6, 2024

(c) Domain Names

As of the Latest Practicable Date, we had registered the following domain names which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner	Expiry Date
1. . .	mu-yuan.cn	The Company	May 17, 2026
2. . .	mu-yuan.net	The Company	April 22, 2026
3. . .	mu-yuan.com	The Company	April 22, 2026
4. . .	muyuanfoods.com	The Company	January 5, 2028
5. . .	muyuanren.com	The Company	May 17, 2026
6. . .	mu-yuan.com.cn	The Company	May 4, 2026
7. . .	imuyuan.com	The Company	March 11, 2029
8. . .	imuyuan.com.cn	The Company	March 11, 2026
9. . .	muyuanfoods.com.cn	The Company	January 5, 2028

(d) Copyrights

As of the Latest Practicable Date, we had registered the following copyrights which we consider to be or may be material to our business:

No.	Copyright	Registered Owner	Registration No.	Place of Registration	Registration Date
1. . .	Architectural Design Drawings for 75,000 Growth Farm Building for Hog Farm (7.5萬生長場樓房豬舍建築設計圖)	The Company	GuoZuoDengZi (國作登字)-2024-J-00306521	PRC	October 16, 2024

APPENDIX VI STATUTORY AND GENERAL INFORMATION

No.	Copyright	Registered Owner	Registration No.	Place of Registration	Registration Date
2. . . .	Architectural Design Drawings for 63,000 Full Line Farm Single-Sided Building Hog Farm (6.3萬全線 場單面樓房豬舍建築 設計圖)	The Company	GuoZuoDengZi (國作登字)- 2024-J- 00306522	PRC	October 16, 2024
3. . . .	Smart Muyuan Software (Enterprise Edition) V1.0.4.5 (智慧牧原軟件(企業版) V1.0.4.5)	The Company	2019SR0681252	PRC	July 2, 2019
4. . . .	Muyuan Food Breeding Management System V1.3 (牧原食品育種管 理系統V1.3)	The Company	2019SR0685623	PRC	July 3, 2019
5. . . .	Muyuan Equipment Cloud Management System V1.0 (牧原設 備雲管理系統V1.0)	The Company	2021SR1132824	PRC	July 30, 2021
6. . . .	Feed Factory Automated Production System V1.0 (飼料廠自動化生 產系統V1.0)	The Company	2021SR1279885	PRC	August 27, 2021
7. . . .	Temperature, Humidity, and Dust Concentration Control System in Hog House V1.0 (一種豬舍內溫濕 度與粉塵濃度控制系 統V1.0)	The Company	2022SR0097251	PRC	January 14, 2022
8. . . .	Smart Sales Transaction Breeding Pig and Piglet Sales Management System V1.0 (智慧銷售交易種 豬仔豬銷售管理系統 V1.0)	The Company	2022SR0258914	PRC	February 22, 2022

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No.	Copyright	Registered Owner	Registration No.	Place of Registration	Registration Date
9. . .	African Swine Fever Epidemic Map Software V1.0 (非洲豬瘟疫情地圖軟件 V1.0)	The Company	2022SR0259084	PRC	February 22, 2022
10. . .	Muyuan Weighing Management System V1.0 (牧原過磅管理系統V1.0)	The Company	2022SR0375747	PRC	March 22, 2022
11. . .	Feed Sales Price Management System V1.0 (飼料銷售價格管理系統V1.0)	The Company	2022SR1394869	PRC	October 10, 2022
12. . .	Muyuan Electronic Procurement System V1.0 (牧原電子採購系統V1.0)	The Company	2022SR1399254	PRC	October 12, 2022
13. . .	Muyuan Food Smart Weighing System V1.0 (牧原食品智慧過磅系統V1.0)	The Company	2022SR1399257	PRC	October 12, 2022
14. . .	Ton Barrel Medication – Muyuan Cloud Smart Farming System V1.0 (噸桶加藥-牧原雲智能養殖系統V1.0)	The Company	2023SR0369275	PRC	March 20, 2023
15. . .	Financial System V6.0.0 (財務系統V6.0.0)	Muyuan Meat Co., Ltd. (牧原肉食品有限公司)	2024SR0766777	PRC	June 5, 2024

Save as disclosed above, as of the Latest Practicable Date, there were no other trade or service marks, patents, intellectual or industrial property rights which were material in relation to our business.

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3. FURTHER INFORMATION ABOUT OUR DIRECTORS, SUPERVISORS AND SUBSTANTIAL SHAREHOLDERS

A. Particulars of Directors’ and Supervisors’ Contracts and Appointment Letters

We [have entered into] a service contract or appointment letter with each of the Directors and the Supervisors. The principal particulars of these service contracts and appointment letters comprise (a) the term of the service; (b) subject to termination in accordance with their respective term; and (c) a dispute resolution provision. The service contracts and appointment letters may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

B. Remuneration of Directors and Supervisors

The aggregate remuneration (including fees, salaries, contribution to pension schemes, housing allowances, other allowances and benefits-in-kind and discretionary bonuses, but excluding share-based compensation expenses) for our Directors and Supervisors for the years ended December 31, 2022, 2023 and 2024, were approximately RMB11.0 million, RMB6.9 million, and RMB9.5 million, respectively.

During the Track Record Period, no remuneration was paid by us to, or receivable by, our Directors, Supervisors or the five highest paid individuals as an inducement to join or upon joining our Company. No compensation was paid by us to, or receivable by, our Directors, Supervisors or the five highest-paid individuals for each of the Track Record Period for the loss of any office in connection with the management of the affairs of any members of our Group. Furthermore, none of the Directors, former Directors, Supervisors or former Supervisors had waived or agreed to waive any emoluments during the same periods.

Save as disclosed above, no other payments have been made or are payable in respect of the years ended December 31, 2022, 2023 and 2024 by any member of our Group to any of our Directors, Supervisors, or the five highest paid individuals.

C. Disclosure of Interests

(a) *Interests in the Shares of our Company*

For information on the persons (other than our Directors, Supervisors and chief executive of our Company) who will, immediately following the completion of the [REDACTED], have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at general meetings of our Company, see “Substantial Shareholders” in this document.

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(b) Disclosure of Interests of Directors, Supervisors and Chief Executive

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), so far as our Directors are aware, the interest or short position of our Directors, Supervisors or Chief Executives in the Shares, underlying shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to our Company and the Hong Kong Stock Exchange, will be as follows:

Interests in our Company

Name of substantial Shareholder	Nature of interest	Description of Shares	Number of Shares directly or indirectly held (excluding A Shares issuable upon the conversion of the outstanding Convertible Bonds)	Approximate percentage of interest in the total issued share capital of our Company as of the Latest Practicable Date (excluding A Shares issuable upon the conversion of the outstanding Convertible Bonds)	Approximate percentage of interest in the total issued share capital of our Company after the [REDACTED] (excluding A Shares issuable upon the conversion of the outstanding Convertible Bonds)	Number of Shares held immediately after the [REDACTED] (assuming that the Convertible Bonds are fully converted at the price of RMB45.74)	Approximate percentage of shareholding in the total Shares of our Company immediately after the [REDACTED] (assuming that the Convertible Notes are fully converted at the price of RMB45.74)
Mr. Qin Yinglin . .	Beneficial owner ⁽¹⁾	A Shares	2,086,287,906	38.19%	[REDACTED]	[REDACTED]	[REDACTED]
	Interest in controlled corporation ⁽²⁾⁽³⁾	A Shares	943,174,287	17.27%	[REDACTED]	[REDACTED]	[REDACTED]
Ms. Qian Ying . . .	Interest of spouse ⁽²⁾	A Shares	64,445,240	1.18%	[REDACTED]	[REDACTED]	[REDACTED]
	Beneficial owner ⁽⁴⁾	A Shares	64,445,240	1.18%	[REDACTED]	[REDACTED]	[REDACTED]
	Interest in controlled corporation ⁽²⁾⁽³⁾	A Shares	943,174,287	17.27%	[REDACTED]	[REDACTED]	[REDACTED]
	Interest of spouse ⁽²⁾	A Shares	2,086,287,906	38.19%	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Cao Zhinian .	Beneficial owner ⁽⁵⁾	A Shares	12,544,260	0.23%	[REDACTED]	[REDACTED]	[REDACTED]
	Interest of spouse ⁽⁶⁾	A Shares	13,941,757	0.26%	[REDACTED]	[REDACTED]	[REDACTED]
Ms. Yang Ruihua . .	Beneficial owner ⁽⁷⁾	A Shares	13,941,757	0.26%	[REDACTED]	[REDACTED]	[REDACTED]
	Interest of spouse ⁽⁶⁾	A Shares	12,544,260	0.23%	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

- (1) Mr. Qin Yinglin has subscribed for Convertible Bonds with an outstanding principal amount of RMB669,127,000. In the event of full conversion of Convertible Bonds, Mr. Qin Yinglin shall hold an aggregate of 2,100,916,830 A Shares, assuming a conversion price of RMB45.74. As of the Latest Practicable Date, 14,500,000 A Shares, representing 0.27% of the total issued Shares of the Company, held by Mr. Qin Yinglin was pledged to several financial institutions.

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- (2) As of the Latest Practicable Date, Muyuan Group was held by Mr. Qin Yinglin as to 85% and by Ms. Qian Ying as to 15%. Mr. Qin Yinglin and Ms. Qian Ying are spouses. As such, Mr. Qin Yinglin will be deemed to be interested in the A Shares held by Muyuan Group and each of Mr. Qin Yinglin and Ms. Qian Ying is deemed to be interested in the interest of each other for purpose of Part XV of the SFO.
- (3) Interest in controlled corporation also includes 848,762,153 A Shares held by Muyuan Group and the 94,412,134 A Shares repurchased by our Company as treasury shares as of the Latest Practicable Date. 13,564,147 A Shares, representing 0.25% of the total shares, held by Muyuan Group was held through a trust plan with Muyuan Group being the trustor and beneficiary and Shaanxi International Trust Co., Ltd. (陝西省國際信託股份有限公司) being trustee. Muyuan Group has subscribed for Convertible Bonds with an outstanding principal amount of RMB985,592,900. In the event of full conversion of Convertible Bonds, Muyuan Group shall hold an aggregate of 870,309,877 A Shares, assuming a conversion price of RMB45.74. As of the Latest Practicable Date, 249,708,000 A Shares, representing 4.57% of the total issued Shares of the Company, held by Muyuan Group was pledged to several financial institutions.
- (4) As of the Latest Practicable Date, Ms. Qian Ying has subscribed for Convertible Bonds with an outstanding principal amount of RMB116,935,900. In the event of full conversion of Convertible Bonds, Ms. Qian Ying shall hold an aggregate of 76,001,774 A Shares, assuming a conversion price of RMB45.74.
- (5) As of the Latest Practicable Date, Mr. Cao Zhiniann has subscribed for Convertible Bonds with an outstanding principal amount of RMB22,464,900. In the event of full conversion of Convertible Bonds, Mr. Cao Zhinin shall hold an aggregate of 13,035,403 A Shares, assuming a conversion price of RMB45.74.
- (6) As of the Latest Practicable Date, Mr. Cao Zhinian and Ms. Yang Ruihua are spouses. As such, Mr. Cao Zhinian and Ms. Yang Ruihua are deemed to be interested in the interest of each other for purpose of Part XV of the SFO.
- (7) As of the Latest Practicable Date, Ms. Yang Ruihua has subscribed for Convertible Bonds with an outstanding principal amount of RMB24,852,400. In the event of full conversion of Convertible Bonds, Ms. Yang Ruihua shall hold an aggregate of 14,485,097 A Shares, assuming a conversion price of RMB45.74.

D. Disclaimers

Save as disclosed herein:

- (a) none of our Directors, Supervisors or the chief executive of our Company has any interest or short position in the shares, underlying shares or debentures of our Company or any of its associated corporation (within the meaning of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers once the H Shares are [REDACTED];
- (b) none of our Directors, Supervisors or any of the experts referred to under the paragraph headed “— 5. Other Information — G. Qualification of Experts” in this appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the [date of this document] been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

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- (c) none of our Directors or Supervisors is materially interested in any contract or arrangement subsisting at the [date of this document] which is significant in relation to the business of our Group taken as a whole;
- (d) none of our Directors or Supervisors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));
- (e) so far as is known to our Directors, no person (not being a Director, Supervisor or chief executive of our Company or any member of our Group) will, immediately following the completion of the [REDACTED], have an interest or short position in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group; and
- (f) none of our Directors, Supervisors or their respective close associates (as defined under the Listing Rules) or our Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in the five largest customers or the five largest suppliers of our Group.

4. OUR INCENTIVE PLAN

The following is a summary of the principal terms of the second employee stock ownership plan (the “**Second Employee Stock Ownership Plan**”) which was outstanding as of the Latest Practicable Date. Given no further shares will be granted under the Second Employee Stock Ownership Plan after the [REDACTED], the terms of the Second Employee Stock Ownership Plan are not subject to the provisions of Chapter 17 of the Listing Rules.

(i) Purpose and administration

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

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

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(ii) Participants and Shares Involved

Totally 432 participants participated in the Second Employee Stock Ownership Plan and were the Company’s employees. Participants who meet the above conditions participated in this employee stock ownership plan on a voluntary basis, in accordance with legal compliance, bearing their own risks, and raising their own funds. Certain participants of the Second Employee Stock Ownership Plan left the Group for personal reasons and withdrew from the plan accordingly. Their shares were transferred to the transferees designated by the management committee pursuant to the plan. The transferees were all Independent Third Parties. As of the latest Practicable date, the outstanding participants of the Second Employee Stock Ownership Plan consisted of 374 employees holding 56,443,800 A Shares, representing 1.03% of the total issued share capital of the Company, among whom, Ms. Wang Chunyan, Mr. Wang Zhiyuan and Ms. Niu Min, who as of the Latest Practicable Date were senior management of the Company (Ms. Niu Min became our senior management on May 23, 2025), each held 27,849 Shares, representing 0.001% of the total issued share capital of the Company.

The source of Shares for the Second Employee Stock Ownership Plan was 40,535,062 A Shares non-publicly offered at the price of RMB24.67 per Share by the Company in April 2017, representing 3.50% of the Company’s then total issued share capital. See “History, Development and Corporate Structure — Major Shareholding Changes Of Our Company — Other Major Shareholding Changes — Non-public Offerings of A Shares.” The total number of Shares corresponding to the equity obtained by a single employee was no more than 1% of the Company’s total share capital.

(iii) Lock-up Period and Duration of the plan

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

5. OTHER INFORMATION

A. Estate Duty

We have been advised that no material liability for estate duty under PRC law is likely to fall upon the Group.

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B. Litigation

During the Track Record Period and up to the Latest Practicable Date, so far as our Directors are aware, no litigation or claim of material importance (to our Group’s financial condition or results of operation) is pending or threatened against any member of our Group.

C. Joint Sponsors

The Joint Sponsors have made an application on our behalf to the [REDACTED] of the Hong Kong Stock Exchange for the [REDACTED] of, and permission to deal in, the H [REDACTED] as mentioned in this document. All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules. The sponsor fee payable to the Joint Sponsors in connection with the [REDACTED] payable by our Company is [REDACTED] in aggregate.

D. Compliance Adviser

Our Company has appointed Somerley Capital Limited as our compliance adviser in compliance with Rules 3A.19 of the Listing Rules.

E. Preliminary Expenses

We have not incurred any material preliminary expense.

F. Promoters

Information of our promoters as of the time of our Company’s conversion into a joint stock company incorporated in PRC with limited liability on December 28, 2009 is as follows:

No.	Promoter
1	Qin Yinglin (秦英林)
2	Muyuan Group
3	Qian Ying (錢瑛)
4	Qian Yunpeng (錢運鵬)
5	Yang Ruihua (楊瑞華)
6	Cao Zhinian (曹治年)
7	Su Danglin (蘇黨林)
8	Li Fuqiang (李付強)
9	Zhang Chunwu (張春武)
10	Chu Ke (褚柯)
11	Qin Yingfan (秦英凡)

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No.	Promoter
12	Qin Yingze (秦英澤)
13	Zhang Xinya (張新亞)
14	Tian Fangping (田方平)
15	Zhang Mingbo (張明波)
16	Xue Yuzhen (薛玉振)
17	Qian Xiaopeng (錢小鵬)
18	Yang Junwu (楊俊武)
19	Zhang Jianqun (張建群)
20	Xue Xing (薛星)
21	Xu Yumei (徐玉梅)
22	Hu Xu (胡旭)
23	Liu Yajing (劉亞靜)
24	Zhang Daxing (張大星)
25	Guo Baojun (郭保軍)
26	Chen Yulai (陳玉來)
27	Qin Yinghui (秦英會)
28	Qin Yinghe (秦英荷)

Save as disclosed in this document, within the two years immediately preceding the [date of this document], no cash, securities or other benefit have been paid, allotted or given or have been proposed to be paid, allotted or given to the above promoters in connection with the [REDACTED] or related transactions in this document within the two years immediately preceding the [date of this document].

G. Qualification of Experts

The qualifications of the experts, as defined under the Hong Kong Listing Rules, who have given opinions in this document, are as follows:

Name	Qualifications
Morgan Stanley Asia Limited . .	A licensed corporation under the SFO for Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
CITIC Securities (Hong Kong) Limited	A licensed corporation under the SFO to conduct Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

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Name	Qualifications
Goldman Sachs (Asia) L.L.C. . .	A licensed corporation under the SFO for Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
Fangda Partners	Legal adviser to our Company as to PRC law
KPMG Huazhen LLP	Public Interest Entity Auditor recognized in accordance with the Accounting and Financial Reporting Council Ordinance
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Independent biological assets valuer

H. Consents of Experts

Each of the experts as referred to in “— 5. Other Information — G. Qualification of Experts” in this Appendix has given and has not withdrawn its consent to the issue of this document with the inclusion of its view, report and/or letter and/or legal opinion (as the case may be) and references to its name included herein in the form and context in which it respectively appears.

None of the experts named above has any shareholding interest in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

I. Binding Effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

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J. No Material Change

Our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position since December 31, 2024, being the end date of the periods reported in Appendix I to this document.

K. Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are affected on the H Share register of members of our Company, including in circumstances where such transactions are effected on the Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer on each of the purchaser and the seller is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

L. Restriction on Share Repurchases

For details of the restrictions on share repurchases by the Company, see “Appendix V. Summary of the Articles of Association — Repurchase of Shares.”

M. Related Party Transactions

Our Group entered into the related party transactions within the two years immediately preceding the [date of this document]. See Note X to the Accountants’ Report in Appendix I to this document.

N. Miscellaneous

Save as disclosed in this document:

- (a) within the two years immediately preceding the [date of this document]:
 - (i) no share or loan capital of our Company or any of our subsidiaries had been issued or agreed to be issued or proposed to be fully or partly paid either for cash or a consideration other than cash;
 - (ii) no commissions, discounts, brokerages or other special terms had been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;
 - (iii) no commission had been paid or payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries;
- (b) no share or loan capital of our Company or any of our subsidiaries had been under option or agreed conditionally or unconditionally to be put under option;

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

- (c) there are no founder, management or deferred shares, convertible debt securities nor any debentures in our Company or any of our subsidiaries;
- (d) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the [date of this document];
- (e) our Company has no outstanding convertible debt securities or debentures;
- (f) there is no arrangement under which future dividends are waived or agreed to be waived;
- (g) save for the A Shares of our Company that are listed on the Shenzhen Stock Exchange, and save for the H [REDACTED] in connection with the [REDACTED], none of the equity and debt securities of our Company, if any, is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought; and
- (h) all necessary arrangements have been made to enable the H Shares to be admitted into CCASS for clearing and settlement.

O. Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance on the exemption provided in section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

APPENDIX VII DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were:

- (i) a copy of each of the material contracts referred to in “Statutory and General Information — 2. Further Information about our Business — A. Summary of Material Contracts” in Appendix IV to this document; and
- (ii) the written consents referred to in “Statutory and General Information — 5. Other Information — H. Consents of Experts” in Appendix IV to this document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the Stock Exchange’s website at www.hkexnews.hk and www.muyuanfoods.com during a period of 14 days from the [date of this document]:

- (a) the Articles of Association;
- (b) the Accountants’ Report from KPMG Huazhen LLP, the text of which is set out in Appendix I to this document;
- (c) the audited consolidated financial statements of our Group for the years ended December 31, 2022, 2023 and 2024;
- (d) the report from KPMG Huazhen LLP on the unaudited [REDACTED] financial information of our Group, the text of which is set out in Appendix II to this document;
- (e) the industry report issued by Frost & Sullivan referred to in “Industry Overview” in this document;
- (f) the PRC legal opinion issued by Fangda Partners, our PRC Legal Adviser, in respect of, among other things, certain general corporate matters and property interests matters of our Group;
- (g) the valuation report considering the fair values of biological assets belonging to our Group prepared by JLL;
- (h) the material contracts referred to in “Statutory and General Information — 2. Further Information about our Business — A. Summary of Material Contracts” in Appendix IV to this document;

**APPENDIX VII DOCUMENTS DELIVERED TO THE REGISTRAR OF
COMPANIES AND AVAILABLE ON DISPLAY**

- (i) the written consents referred to in “Statutory and General Information — 5. Other Information — H. Consents of Experts” in Appendix IV to this document;
- (j) the contracts and appointment letters referred to in the section headed “3. Further Information About Our Directors, Supervisors and Substantial Shareholders” — A. Particulars of Directors’ and Supervisors’ Contracts and Appointment Letters” in Appendix VI to this document; and
- (k) the PRC Company Law, Securities Law, and the Trial Measures for the Administration Related to the Overseas Securities Offering and Listing by Domestic Companies, together with unofficial English translations thereof.