

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-[1] to I-[207], received from the Company’s reporting accountants, [Deloitte Touche Tohmatsu Certified Public Accountants LLP], for the purpose of incorporation in this Document.

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF JUNLEBAO DAIRY GROUP CO., LTD. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND MORGAN STANLEY ASIA LIMITED

Introduction

We report on the historical financial information of Junlebao Dairy Group Co., Ltd. (君樂寶乳業集團股份有限公司) (the “Company”) and its subsidiaries (the “Group”) set out on pages [I-[3]] to [I-[208]], which comprises the consolidated and the Company’s balance sheets as at December 31, 2023 and 2024, the consolidated and the Company’s income statements, the consolidated and the Company’s cash flow statements and the consolidated and the Company’s statements of changes in owners’ equity for each of the years ended December 31, 2023 and 2024 (the “Track Record Period”) and a summary of significant accounting policies and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages [I-[3]] to [I-[208]] 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 [REDACTED] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note II 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.

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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 Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note II 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 of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the Group’s and the Company’s financial position as at December 31, 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 set out in Note [II] to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

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

Dividends

We refer to Note (VI)40 to the Historical Financial Information which contains information about the dividends declared and paid by the Company in respect of the Track Record Period.

[Deloitte Touche Tohmatsu Certified Public Accountants LLP]
Shanghai, China

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HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of 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, have been prepared in accordance with the requirements of all applicable China Accounting Standards for Business Enterprises (the “CASBE”) issued by the Ministry of Finance (the “MOF”) of the People’s Republic of China (the “PRC”) and were audited by us in accordance with China Standards on Auditing for Certified Public Accountants (the “Underlying Financial Statements”).

The Historical Financial Information is presented in Renminbi (“RMB”) except when otherwise indicated.

The official names of the entities mentioned in the Historical Financial Information are in Chinese, the English translation is for identification purpose only, except when otherwise indicated.

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Consolidated Balance Sheet

(Expressed in RMB Yuan)

Items	Note	December 31, 2024	December 31, 2023
Current Assets:			
Cash at bank and on hand	(VI) 1	1,584,606,349.05	1,488,990,024.56
Derivative financial assets	(VI) 2	–	24,827,144.58
Bills receivable	(VI) 3	2,400,000.00	2,582,320.00
Accounts receivable	(VI) 4	868,967,391.19	978,794,377.31
Accounts receivable financing		–	418,649.20
Prepayments	(VI) 5	193,087,279.97	186,329,831.56
Other receivables	(VI) 6	189,790,862.46	125,218,586.84
Inventories	(VI) 7	3,270,288,599.37	3,325,366,344.04
Non-current assets due within one year	(VI) 9	44,287,041.57	3,377,521.41
Other current assets	(VI) 8	251,225,623.07	221,950,352.37
Total Current Assets		6,404,653,146.68	6,357,855,151.87
Non-current Assets:			
Long-term receivables	(VI) 9	80,846,247.29	108,101,211.36
Long-term equity investments	(VI) 10	647,026,164.60	339,653,620.43
Investments in other equity instruments	(VI) 11	94,649,750.00	87,249,750.00
Fixed assets	(VI) 12	7,993,463,428.14	8,127,524,871.43
Construction in progress	(VI) 13	363,436,331.39	530,338,998.39
Productive biological assets	(VI) 14	4,796,337,773.94	4,758,410,112.90
Right-of-use assets	(VI) 15	500,556,681.83	558,822,228.20
Intangible assets	(VI) 16	1,301,982,909.36	1,313,992,029.90
Goodwill	(VI) 17	500,393,465.70	730,059,832.83
Long-term deferred expenses	(VI) 18	48,414,914.64	42,725,568.23
Deferred tax assets	(VI) 19	595,179,776.20	788,231,074.34
Other non-current assets	(VI) 20	122,665,395.28	154,769,375.81
Total Non-current Assets		17,044,952,838.37	17,539,878,673.82
TOTAL ASSETS		23,449,605,985.05	23,897,733,825.69

The accompanying notes form part of the Historical Financial Information.

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(Expressed in RMB Yuan)

Items	Note	December 31, 2024	December 31, 2023
Current Liabilities:			
Short-term borrowings	(VI) 22	2,241,124,707.71	1,939,949,138.36
Bills payable	(VI) 23	359,124,802.69	277,266,483.87
Accounts payable	(VI) 24	2,644,091,191.26	2,561,563,218.03
Contract liabilities	(VI) 25	1,928,398,088.58	1,963,202,034.91
Employee benefits payable	(VI) 26	272,573,768.74	254,042,131.41
Taxes payable	(VI) 27	101,747,310.62	76,628,121.13
Other payables	(VI) 28	1,543,445,020.79	2,167,673,128.50
Non-current liabilities due within one year	(VI) 29	2,397,695,213.89	1,430,563,660.80
Other current liabilities	(VI) 30	192,672,673.10	248,431,135.28
Total Current Liabilities		<u>11,680,872,777.38</u>	<u>10,919,319,052.29</u>
Non-current Liabilities:			
Long-term borrowings	(VI) 31	5,116,350,920.85	6,525,486,751.02
Lease liabilities	(VI) 32	336,820,895.13	387,571,753.80
Long-term payables	(VI) 33	109,949,480.86	167,951,262.20
Provisions	(VI) 34	22,145,430.50	19,652,183.47
Deferred income	(VI) 35	1,020,867,698.77	1,064,729,914.06
Deferred tax liabilities	(VI) 19	138,617,792.00	145,748,078.12
Total Non-current Liabilities		<u>6,744,752,218.11</u>	<u>8,311,139,942.67</u>
TOTAL LIABILITIES		<u>18,425,624,995.49</u>	<u>19,230,458,994.96</u>
OWNERS’ EQUITY:			
Share capital/Paid-in capital	(VI) 36	720,000,000.00	720,000,000.00
Capital reserve	(VI) 37	1,095,631,588.63	1,107,124,297.05
Other comprehensive income	(VI) 38	5,550,000.00	–
Surplus reserve	(VI) 39	81,532,790.99	–
Retained earnings	(VI) 40	2,058,211,480.84	1,484,760,520.77
Total equity attributable to owners of the Company		<u>3,960,925,860.46</u>	<u>3,311,884,817.82</u>
Non-controlling interests		1,063,055,129.10	1,355,390,012.91
TOTAL OWNERS’ EQUITY		<u>5,023,980,989.56</u>	<u>4,667,274,830.73</u>
TOTAL LIABILITIES AND OWNERS’ EQUITY		<u>23,449,605,985.05</u>	<u>23,897,733,825.69</u>

The accompanying notes form part of the Historical Financial Information.

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The Company’s Balance Sheet

(Expressed in RMB Yuan)

Items	Note	December 31, 2024	December 31, 2023
Current Assets:			
Cash at bank and on hand		631,796,995.28	562,096,103.94
Derivative financial assets		–	24,827,144.58
Bills receivable		1,300,000.00	1,000,000.00
Accounts receivable	(XVI) 1	682,835,978.82	608,366,496.74
Prepayments		77,297,991.01	38,566,887.16
Other receivables	(XVI) 2	1,967,749,778.31	1,890,489,690.95
Inventories		589,317,384.34	509,252,261.17
Other current assets		21,080,587.37	44,864,816.59
Total Current Assets		3,971,378,715.13	3,679,463,401.13
Non-current Assets:			
Long-term equity investments	(XVI) 3	6,563,723,659.32	6,446,305,383.04
Investments in other equity instruments		4,059,750.00	4,059,750.00
Fixed assets		575,818,778.00	578,561,153.51
Construction in progress		37,264,062.64	39,557,359.52
Right-of-use assets		19,081,614.27	15,434,637.60
Intangible assets		131,196,020.33	105,238,540.55
Long-term deferred expenses		20,460,793.93	20,617,395.15
Deferred tax assets		419,345,650.58	594,083,679.92
Other non-current assets		2,026,625,273.08	1,262,638,537.83
Total Non-current Assets		9,797,575,602.15	9,066,496,437.12
TOTAL ASSETS		13,768,954,317.28	12,745,959,838.25

The accompanying notes form part of the Historical Financial Information.

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(Expressed in RMB Yuan)

Items	Note	December 31, 2024	December 31, 2023
Current Liabilities:			
Short-term borrowings		1,349,934,576.39	290,258,888.89
Derivative financial liabilities		7,500,000.00	9,620,000.00
Bills payable		359,124,802.69	493,091,320.27
Accounts payable	(XVI) 4	1,724,287,088.56	1,417,306,143.85
Contract liabilities		1,269,793,171.02	1,155,976,077.60
Employee benefits payable		142,699,789.15	125,309,947.32
Taxes payable		8,265,748.87	16,899,975.18
Other payables	(XVI) 5	844,173,115.96	1,305,625,784.68
Non-current liabilities due within one year		1,629,550,671.11	880,310,290.50
Other current liabilities		55,700,795.32	53,811,589.16
Total Current Liabilities		<u>7,391,029,759.07</u>	<u>5,748,210,017.45</u>
Non-current Liabilities:			
Long-term borrowings		3,649,121,941.53	4,700,367,322.62
Lease liabilities		13,807,279.30	9,591,486.37
Deferred income		309,851,305.91	365,052,876.96
Total Non-current Liabilities		<u>3,972,780,526.74</u>	<u>5,075,011,685.95</u>
TOTAL LIABILITIES		<u>11,363,810,285.81</u>	<u>10,823,221,703.40</u>
OWNERS’ EQUITY:			
Share capital/Paid-in capital		720,000,000.00	720,000,000.00
Capital reserve		1,385,246,039.98	1,345,073,796.10
Surplus reserve		81,532,790.99	–
Retained earnings (Accumulated losses)		218,365,200.50	(142,335,661.25)
TOTAL OWNERS’ EQUITY		<u>2,405,144,031.47</u>	<u>1,922,738,134.85</u>
TOTAL LIABILITIES AND OWNERS’ EQUITY		<u>13,768,954,317.28</u>	<u>12,745,959,838.25</u>

The accompanying notes form part of the Historical Financial Information.

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Consolidated Income Statement

(Expressed in RMB Yuan)

Items	Note	2024	2023
I. Revenue	(VI) 41	19,832,489,657.83	17,546,175,247.12
Less: Operating costs	(VI) 41	12,958,709,833.23	11,542,581,957.56
Taxes and surcharges	(VI) 42	151,933,204.29	140,102,284.84
Selling and distribution expenses	(VI) 43	3,377,110,736.70	3,600,983,529.82
General and administrative expenses	(VI) 44	856,308,756.05	853,297,450.29
Research and development expenses	(VI) 45	98,746,650.10	106,003,481.11
Financial expenses	(VI) 46	401,631,997.89	928,526,827.20
Including: Interest expenses		404,835,162.36	940,418,596.57
Interest income		12,220,223.22	29,503,523.57
Add: Investment income	(VI) 47	12,475,150.50	31,014,110.21
Including: Investment losses from investment in associates and joint ventures		(3,612,550.45)	(8,041,648.52)
Other income	(VI) 48	222,385,670.11	235,351,894.56
Losses from changes in fair values	(VI) 49	(15,146,280.26)	(318,144.12)
Credit impairment reversal (loss)	(VI) 50	19,173,398.57	(41,583,987.80)
Asset impairment losses	(VI) 51	(435,142,383.92)	(253,132,439.79)
Losses from asset disposals	(VI) 52	(397,170,129.60)	(205,364,048.77)
II. Operating profit		1,394,623,904.97	140,647,100.59
Add: Non-operating income	(VI) 53	52,954,144.88	41,525,515.70
Less: Non-operating expenses	(VI) 54	22,005,302.85	36,141,427.28
III. Profit before income tax		1,425,572,747.00	146,031,189.01
Less: Income tax expenses	(VI) 55	311,055,569.28	140,451,142.72
IV. Net profit		1,114,517,177.72	5,580,046.29
(I) Net profit classified by business continuity:			
1. Net profit from continuing operations		1,114,517,177.72	5,580,046.29
2. Net profit from discontinued operations		-	-
(II) Net profit classified by ownership:			
1. Net profit (loss) attributable to owners of the Company		1,017,483,751.06	(21,441,711.81)
2. Net profit or loss attributable to non-controlling interests		97,033,426.66	27,021,758.10
V. Other comprehensive income (loss), net of tax		5,550,000.00	(1,755,000.00)
Other comprehensive income (loss) attributable to owners of the Company, net of tax		5,550,000.00	(1,755,000.00)
(I) Other comprehensive income (loss) that cannot be reclassified to profit or loss:			
1. Changes in fair values of investments in other equity instruments	(VI) 38	5,550,000.00	(1,755,000.00)
VI. Total comprehensive income		1,120,067,177.72	3,825,046.29
Total comprehensive income (loss) attributable to owners of the Company		1,023,033,751.06	(23,196,711.81)
Total comprehensive income attributable to non- controlling interests		97,033,426.66	27,021,758.10
VII. Earnings (losses) per share: (VI) 58			
(I) Basic earnings (losses) per share (RMB Yuan/share)		1.41	(0.03)
(II) Diluted earnings (losses) per share (RMB Yuan/share)		1.41	(0.03)

The accompanying notes form part of the Historical Financial Information.

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The Company’s Income Statement

(Expressed in RMB Yuan)

Items	Note	2024	2023
I. Revenue	(XVI) 6	16,428,795,788.27	14,850,263,992.33
Less: Operating costs	(XVI) 6	12,036,108,565.31	10,586,744,043.54
Taxes and surcharges		71,188,227.04	66,576,102.85
Selling and distribution expenses		2,842,035,539.20	3,170,552,355.48
General and administrative expenses		366,009,311.34	361,674,344.15
Research and development expenses		88,138,045.53	99,182,581.96
Financial expenses		230,066,109.57	747,410,598.13
Including: Interest expenses		250,450,912.66	794,069,693.76
Interest income		28,588,356.29	62,923,648.61
Add: Investment income	(XVI) 7	285,549,353.23	568,602,451.94
Including: Investment losses from investment in associates and joint ventures		(61,956.17)	(2,614,343.32)
Other income		87,273,521.15	88,642,902.45
Losses from changes in fair values		(15,146,280.26)	(365,629.32)
Credit impairment losses		(2,541,981.51)	(13,666,020.34)
Asset impairment losses		(194,384,782.92)	(182,998,897.78)
Losses from asset disposals		(282,392.76)	(178,390.15)
II. Operating profit		955,717,427.21	278,160,383.02
Add: Non-operating income		23,239,245.84	15,062,656.31
Less: Non-operating expenses		4,555,711.17	14,782,730.56
III. Profit before income tax		974,400,961.88	278,440,308.77
Less: Income tax expenses		169,667,309.14	47,924,497.75
IV. Net profit		804,733,652.74	230,515,811.02
(I) Net profit from continuing operations		804,733,652.74	230,515,811.02
(II) Net profit from discontinued operations		–	–
V. Other comprehensive loss, net of tax		–	(1,755,000.00)
(I) Other comprehensive loss that cannot be reclassified to profit or loss:			
1. Changes in fair values of investments in other equity instruments		–	(1,755,000.00)
VI. Total comprehensive income		804,733,652.74	228,760,811.02

The accompanying notes form part of the Historical Financial Information.

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Consolidated Cash Flow Statement

(Expressed in RMB Yuan)

Items	Note	2024	2023
I. Cash Flows from Operating Activities:			
Proceeds from sale of goods and rendering of services		23,482,995,799.60	20,535,073,123.87
Refund of taxes		36,524,608.45	24,187,205.04
Proceeds from other operating activities	(VI) 56	1,289,181,109.68	1,170,670,598.93
Subtotal of cash inflows from operating activities		24,808,701,517.73	21,729,930,927.84
Payments for goods and services		14,156,171,472.96	13,266,197,608.46
Payments to and for employees		2,307,997,282.29	1,972,139,662.72
Payments of various taxes		956,112,835.33	916,348,619.51
Payments for other operating activities	(VI) 56	3,857,891,922.66	3,552,234,300.14
Subtotal of cash outflows from operating activities		21,278,173,513.24	19,706,920,190.83
Net Cash Flow from Operating Activities	(VI) 57	3,530,528,004.49	2,023,010,737.01
II. Cash Flows from Investing Activities:			
Proceeds from disposal of investments		–	653,404,813.41
Investment returns received		20,449,797.27	35,807,588.46
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		331,797,852.95	434,983,939.01
Net (payments) proceeds from disposals of subsidiaries	(VI) 57	(87,643,045.68)	28,861,004.18
Proceeds from other investing activities	(VI) 56	13,134,581.78	64,139,608.00
Subtotal of cash inflows from investing activities		277,739,186.32	1,217,196,953.06
Payments for acquisition of fixed assets, intangible assets and other long-term assets		2,556,646,339.16	3,285,230,089.01
Payments for investments		44,023,666.66	956,837,700.00
Net payments for acquisitions of subsidiaries	(VI) 57	–	654,932,748.55
Payments for other investing activities	(VI) 56	10,405,000.00	80,351,000.00
Subtotal of cash outflows from investing activities		2,611,075,005.82	4,977,351,537.56
Net Cash Flow used in Investing Activities		(2,333,335,819.50)	(3,760,154,584.50)

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Items	<i>Note</i>	2024	2023
III. Cash Flows from Financing Activities:			
Proceeds from investors		19,088,957.45	93,636,370.14
Including: Proceeds from non-controlling shareholders of subsidiaries		19,088,957.45	92,392,052.14
Proceeds from borrowings		5,670,999,691.81	6,975,330,103.03
Proceeds from other financing activities	(VI) 56	17,200,000.00	13,603,238.19
Subtotal of cash inflows from financing activities .		<u>5,707,288,649.26</u>	<u>7,082,569,711.36</u>
Repayments of borrowings		5,625,194,548.89	4,479,963,705.88
Payments for dividends, profit distributions or interests		951,590,895.25	674,833,381.93
Payments for other financing activities	(VI) 56	204,741,826.51	386,751,621.49
Subtotal of cash outflows from financing activities		<u>6,781,527,270.65</u>	<u>5,541,548,709.30</u>
Net Cash Flow (used in)/from Financing Activities		<u>(1,074,238,621.39)</u>	<u>1,541,021,002.06</u>
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents			
		<u>(29,692.00)</u>	<u>19,632.53</u>
V. Net Increase/(Decrease) in Cash and Cash Equivalents			
	(VI) 57	<u>122,923,871.60</u>	<u>(196,103,212.90)</u>
Add: Cash and cash equivalents at the beginning of the year	(VI) 57	1,354,463,409.84	1,550,566,622.74
VI. Cash and Cash Equivalents at the end of the year			
	(VI) 57	<u>1,477,387,281.44</u>	<u>1,354,463,409.84</u>

The accompanying notes form part of the Historical Financial Information.

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The Company’s Cash Flow Statement

(Expressed in RMB Yuan)

Items	2024	2023
I. Cash Flows from Operating Activities:		
Proceeds from sale of goods and rendering of services	18,441,058,718.73	15,940,168,169.39
Refund of taxes	13,435,050.59	–
Proceeds from other operating activities	843,735,696.27	836,602,272.37
Subtotal of cash inflows from operating activities	19,298,229,465.59	16,776,770,441.76
Payments for goods and services	13,637,046,031.72	12,063,657,767.22
Payments to and for employees	1,002,918,651.38	955,902,726.53
Payments of various taxes	601,660,252.27	559,873,159.65
Payments for other operating activities	3,352,291,114.96	3,005,148,560.85
Subtotal of cash outflows from operating activities	18,593,916,050.33	16,584,582,214.25
Net Cash Flow from Operating Activities	704,313,415.26	192,188,227.51
II. Cash Flows from Investing Activities:		
Proceeds from disposal of investments	2,000,000.00	651,969,713.38
Investment returns received	786,499,847.13	116,410,534.44
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets	7,772,085.49	7,477,762.37
Proceeds from other investing activities	147,500,000.00	44,000,000.00
Subtotal of cash inflows from investing activities	943,771,932.62	819,858,010.19
Payments for acquisition of fixed assets, intangible assets and other long-term assets	126,734,605.90	95,407,963.11
Payments for investments	165,631,907.00	2,150,602,288.44
Payments for other investing activities	1,360,171,291.44	534,990,570.97
Subtotal of cash outflows from investing activities	1,652,537,804.34	2,781,000,822.52
Net Cash Flow used in Investing Activities	(708,765,871.72)	(1,961,142,812.33)
III. Cash Flows from Financing Activities:		
Proceeds from investors	–	1,244,318.00
Proceeds from borrowings	3,626,000,000.00	4,260,171,941.53
Proceeds from other financing activities	249,922,270.45	6,603,238.19
Subtotal of cash inflows from financing activities	3,875,922,270.45	4,268,019,497.72
Repayments of borrowings	2,872,659,504.31	2,637,003,374.41
Payments for dividends, profit distributions or interests	799,534,408.11	547,817,494.04
Payments for other financing activities	125,544,058.79	83,937,982.78
Subtotal of cash outflows from financing activities	3,797,737,971.21	3,268,758,851.23
Net Cash Flow from Financing Activities	78,184,299.24	999,260,646.49
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	(29,692.00)	19,632.53
V. Net Increase/(Decrease) in Cash and Cash Equivalents	73,702,150.78	(769,674,305.80)
Add: Cash and cash equivalents at the beginning of the year	461,139,640.03	1,230,813,945.83
VI. Cash and Cash Equivalents at the end of the year	534,841,790.81	461,139,640.03

The accompanying notes form part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

Consolidated Statement of Changes in Owners’ Equity

(Expressed in RMB Yuan)

Items	2024						
	Equity attributable to owners of the Company						
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Non-controlling interests	Total owners’ equity
I. As at January 1, 2024.	720,000,000.00	1,107,124,297.05	-	-	1,484,760,520.77	1,355,390,012.91	4,667,274,830.73
II. Changes in equity during the year							
(I) Total comprehensive income. . .	-	-	5,550,000.00	-	1,017,483,751.06	97,033,426.66	1,120,067,177.72
(II) Shareholders’ contributions and reduction in capital							
1. Shareholders’ contributions in capital	-	-	-	-	-	19,088,957.45	19,088,957.45
2. Recognition of equity-settled share-based payments							
(Note (XII) 2)	-	40,172,243.88	-	-	-	-	40,172,243.88
3. Others (Note (VIII) 2)	-	(51,664,952.30)	-	-	-	(31,235,854.70)	(82,900,807.00)
(III) Profit distribution							
1. Distribution to shareholders	-	-	-	-	(362,500,000.00)	(8,788,043.44)	(371,288,043.44)
2. Appropriation for surplus reserve	-	-	-	81,532,790.99	(81,532,790.99)	-	-
(IV) Disposal of subsidiaries							
(Note (VII) 2)	-	-	-	-	-	(368,433,369.78)	(368,433,369.78)
III. As at December 31, 2024	<u>720,000,000.00</u>	<u>1,095,631,588.63</u>	<u>5,550,000.00</u>	<u>81,532,790.99</u>	<u>2,058,211,480.84</u>	<u>1,063,055,129.10</u>	<u>5,023,980,989.56</u>

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ACCOUNTANTS’ REPORT

(Expressed in RMB Yuan)

Items	2023						
	Equity attributable to owners of the Company						
	Share capital/Paid-in capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Non-controlling interests	Total owners’ equity
I. As at January 1, 2023	60,971,592.00	(2,563,816,194.05)	349,000.00	46,029,053.53	617,212,752.58	889,759,376.28	(949,494,419.66)
II. Changes in equity during the year							
(I) Total comprehensive income	-	-	(1,755,000.00)	-	(21,441,711.81)	27,021,758.10	3,825,046.29
(II) Shareholders’ contributions and reduction in capital							
1. Shareholders’ contributions in capital	1,244,318.00	-	-	-	-	92,392,052.14	93,636,370.14
2. Recognition of equity-settled share-based payments							
(Note (XII) 2)	-	41,828,229.62	-	-	-	-	41,828,229.62
3. Others (Note (VIII) 2)	-	(99,795,299.05)	-	-	-	(78,790,252.53)	(178,585,551.58)
(III) Increase in acquisition of subsidiaries	-	-	-	-	-	425,007,078.92	425,007,078.92
(IV) Profit distribution							
1. Distribution to shareholders	-	-	-	-	(530,000,000.00)	-	(530,000,000.00)
(V) Cancellation of the shareholders’ special rights							
(Note (VI) 37)	-	5,896,058,077.00	-	-	-	-	5,896,058,077.00
(VI) Transfers within owners’ equity							
1. Other comprehensive income transferred to retained earnings	-	-	1,406,000.00	-	(1,406,000.00)	-	-
2. The restructuring of the Company in its entirety into a joint stock limited company	657,784,090.00	(2,032,150,516.47)	-	(46,029,053.53)	1,420,395,480.00	-	-
(VII) Others (Note (VI) 37)	-	(135,000,000.00)	-	-	-	-	(135,000,000.00)
III. As at December 31, 2023	<u>720,000,000.00</u>	<u>1,107,124,297.05</u>	<u>-</u>	<u>-</u>	<u>1,484,760,520.77</u>	<u>1,355,390,012.91</u>	<u>4,667,274,830.73</u>

The accompanying notes form part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

The Company’s Statement of Changes in Owners’ Equity

(Expressed in RMB Yuan)

Items	2024					
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	(Accumulated losses) Retained earnings	Total owners’ equity
I. As at January 1, 2024	720,000,000.00	1,345,073,796.10	-	-	(142,335,661.25)	1,922,738,134.85
II. Changes in equity during the year						
(I) Total comprehensive income	-	-	-	-	804,733,652.74	804,733,652.74
(II) Shareholders’ contributions and reduction in capital						
1. Recognition of equity-settled share-based payments						
(Note (XII) 2)	-	40,172,243.88	-	-	-	40,172,243.88
(III) Profit distribution						
1. Distribution to shareholders	-	-	-	-	(362,500,000.00)	(362,500,000.00)
2. Appropriation for surplus reserve	-	-	-	81,532,790.99	(81,532,790.99)	-
III. As at December 31, 2024	<u>720,000,000.00</u>	<u>1,385,246,039.98</u>	<u>-</u>	<u>81,532,790.99</u>	<u>218,365,200.50</u>	<u>2,405,144,031.47</u>

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ACCOUNTANTS’ REPORT

(Expressed in RMB Yuan)

Items	2023					
	Share capital/Paid-in capital	Capital reserve	Other comprehensive income	Surplus reserve	Accumulated losses	Total owners’ equity
I. As at January 1, 2023	60,971,592.00	(2,560,661,994.05)	349,000.00	46,029,053.53	(1,261,840,952.27)	(3,715,153,300.79)
II. Changes in equity during the year						
(I) Total comprehensive (loss) income	-	-	(1,755,000.00)	-	230,515,811.02	228,760,811.02
(II) Shareholders’ contributions and reduction in capital						
1. Shareholders’ contributions in capital	1,244,318.00	-	-	-	-	1,244,318.00
2. Recognition of equity-settled share-based payments (Note (XII) 2)	-	41,828,229.62	-	-	-	41,828,229.62
(III) Profit distribution						
1. Distribution to shareholders	-	-	-	-	(530,000,000.00)	(530,000,000.00)
(IV) Cancellation of the shareholders’ special rights (Note (VI) 37)	-	5,896,058,077.00	-	-	-	5,896,058,077.00
(V) Transfers within owners’ equity						
1. Other comprehensive income transferred to retained earnings	-	-	1,406,000.00	-	(1,406,000.00)	-
2. The restructuring of the Company in its entirety into a joint stock limited company	657,784,090.00	(2,032,150,516.47)	-	(46,029,053.53)	1,420,395,480.00	-
III. As at December 31, 2023	720,000,000.00	1,345,073,796.10	-	-	(142,335,661.25)	1,922,738,134.85

The accompanying notes form part of the Historical Financial Information.

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ACCOUNTANTS’ REPORT

(I) BASIC INFORMATION

1. Basic information about the Company

Junlebao Dairy Group Co., Ltd. (君樂寶乳業集團股份有限公司) (the “Company”) was established on April 21, 2000 in Shijiazhuang City, Hebei Province, PRC, as a limited liability company under the PRC Company Law, with its head office located at Shijiazhuang City, Hebei Province. The Company was formerly known as Shijiazhuang Junlebao Dairy Co., Ltd. (石家莊君樂寶乳業有限公司) and was restructured in its entirety into a joint stock limited company in December 2023.

Following successive equity changes after its establishment, as at December 31, 2020, the Company’s registered capital and paid-in capital amounted to RMB52,351,700.00.

On May 12, 2021, the Company convened a shareholders’ meeting and adopted a resolution to increase its registered capital from RMB52,351,700.00 to RMB60,439,089.00. The additional registered capital of RMB8,087,389.00 was subscribed at a total price of RMB1,215,000,000.00 by three employee stock ownership platforms, to be specific, Zhuhai Hengqin Lehuiruisheng Enterprise Management Center (Limited Partnership) (珠海橫琴樂慧瑞晟企業管理中心(有限合夥)) (“Zhuhai Hengqin Lehuiruisheng”) subscribed for RMB4,207,240.00 of registered capital, Zhuhai Hengqin Yuehui Xinghong Enterprise Management Center (Limited Partnership) (珠海橫琴悅慧興泓企業管理中心(有限合夥)) (“Zhuhai Hengqin Yuehui Xinghong”) subscribed for RMB2,994,863.00 of registered capital, and Zhuhai Hengqin Yuehui Xinghong No. 1 Enterprise Management Center (Limited Partnership) (珠海橫琴悅慧興泓壹號企業管理中心(有限合夥)) (“Zhuhai Hengqin Yuehui Xinghong No. 1”) subscribed for RMB885,286.00 of registered capital, respectively.

On December 6, 2021, the Company convened a shareholders’ meeting and adopted a resolution to increase its registered capital to RMB60,971,592.00. The additional registered capital of RMB532,503.00 was subscribed by Tianjin Bojia Sanbao Equity Investment Fund Partnership (Limited Partnership) (天津博佳三寶股權投資基金合夥企業(有限合夥)) (“Tianjin Bojia Sanbao”) at a price of RMB100,000,000.00 in cash.

On August 12, 2023, the Company convened a shareholders’ meeting and adopted a resolution to increase its registered capital to RMB62,215,910.00. The additional registered capital of RMB1,244,318.00 was subscribed by Shijiazhuang Zhenlecheng Enterprise Management Center (Limited Partnership) (石家莊臻樂誠企業管理中心(有限合夥)) (“Shijiazhuang Zhenlecheng”) at a price of RMB1,244,318.00 in cash.

On December 15, 2023, the Company convened a shareholders’ meeting and adopted a resolution to restructure the Company as a joint stock limited company. Based on the audited net assets of the Company held by all promoters as at August 31, 2023, and after deducting the cash dividend resolved to be distributed to all shareholders on September 13, 2023, the remaining net assets were converted into the Company’s registered capital (share capital) of RMB720,000,000.00, equivalent to 720,000,000 shares, with a par value of RMB1.00 per share.

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The Company and its subsidiaries (the “Group”) are principally engaged in the research and development, production and sale of dairy products, dairy farming.

The direct and ultimate controlling party of the Company is Mr. Wei Lihua.

No audited statutory financial statements have been prepared for the Company during the Track Record Period.

(II) BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

Basis of preparation

The Historical Financial Information has been prepared in accordance with the requirements of all applicable CASBEs, which are also referred to as China Accounting Standards, issued by the MOF of the PRC. Further details of the significant accounting policies are set out in Note III.

MOF has issued a number of new and revised CASBEs. For the purpose of preparing the Historical Financial Information, the Group has consistently applied all applicable new and revised CASBEs, except for any new standards or interpretations that are not yet effective for the accounting period beginning January 1, 2025, throughout the Track Record Period.

The Historical Financial Information also complies with the disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Going concern

As at December 31, 2024, the Group had net current liabilities of RMB5,276,219,630.70. In view of such circumstances, the directors of the Company have given consideration to the future liquidity of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern such as the anticipated cash flows from the Group’s operating activities and the unutilised bank loan facilities. As at December 31, 2024, the Group’s unutilised bank loan facilities amounted to RMB8,650,484,142.63. The directors of the Company are of opinion that the Group is capable of continuously obtaining borrowings within the approved facilities based on the long-term cooperation with banks and the Group will have sufficient working capital to finance its operations and meet its financial obligations within 12 months from December 31, 2024. Therefore, the Historical Financial Information has been prepared on a going concern basis.

Basis of accounting and principle of measurement

The Group has adopted the accrual basis of accounting. Except for certain financial instruments that are measured at fair value, the Historical Financial Information has been prepared on the historical cost basis. Where assets are impaired, provisions for impairment are made in accordance with relevant requirements.

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Under the historical cost convention, assets are measured at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are measured at the amount of proceeds or assets received or the contractual amount for assuming the present obligation, or, at the amount of cash or cash equivalents expected to be paid to settle the liabilities in the normal course of business.

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. Regardless of whether that price is directly observable or estimated using another valuation technique, fair values measured or disclosed in the Historical Financial Information are determined on such a basis.

For financial assets that are initially recognised at fair value based on transaction price and subsequently measured at fair value using valuation techniques involving unobservable inputs, the valuation technique is calibrated in the valuation process to ensure that the initial recognition result determined by the valuation technique is equal to the transaction price.

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than inputs included within Level 1, that are observable for the asset or liability, either directly or indirectly;
- Level 3 inputs are unobservable inputs for the asset or liability.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Accounting period

The Group has adopted the calendar year as its accounting year, i.e., from January 1 to December 31.

2. Operating cycle

The operating cycle refers to the period from purchase of assets used for processing to realization of cash or cash equivalents. The business cycle of the Company is twelve months.

3. Functional currency

RMB is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. Therefore, the Company and its domestic subsidiaries use RMB as their functional currency. The Company’s overseas subsidiary determines its functional currency on the basis of the primary economic environment in which it operates.

4. Determination method and selection basis of materiality criteria

The Group applies the principle of materiality to prepare and present Historical Financial Information. An item is material if it is reasonably expected that the omission or misstatement of the item in the Historical Financial Information would affect the economic decision made by the users of financial statements accordingly. In assessing materiality, the Group makes judgements based on the specific environment in which it operates, in terms of both the nature (whether it is part of the Group’s ordinary activities, whether it significantly affects the Group’s financial position, results of operations and cash flows, and other factors) and the amount of the item (as a proportion of the Group’s key financial indicators, including revenue, operating costs, net profit, total assets, total liabilities and total owners’ equity, or the proportion of the amount of the item listed separately in the Historical Financial Information to which it belongs).

5. Accounting treatment of business combination involving or not involving enterprises under common control

Business combinations are classified into business combinations involving enterprises under common control and business combinations involving enterprises not under common control.

Business combinations involving enterprises not under common control and goodwill

A business combination involving enterprises not under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties before and after the combination.

The combination costs of the combining party shall be the fair value of the assets paid, the liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. Where a business combination involving enterprises not under common control is achieved in stages that involve multiple transactions, the cost of combination is the sum of the consideration paid at the acquisition date and the fair value at the acquisition date of the acquirer’s previously held interest in the acquiree. The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services, etc. and other associated administrative expenses attributable to the business combination are recognised in profit or loss when they are incurred.

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The acquiree's identifiable assets, liabilities and contingent liabilities, acquired by the acquirer in a business combination, that meet the recognition criteria are measured at fair value at the acquisition date.

When the business combination contract provides that, upon the occurrence of one or more future contingencies, the acquirer shall pay an additional or request for recovery of part of the previously paid consideration for the combination, such contingent consideration as set out in the contract shall be recognised as a liability or asset by the Group as a part of the aggregate consideration transferred in the business combination, and be included in the cost of combination at the fair value at the acquisition date. Within twelve months after the acquisition, if the contingent consideration needs to be adjusted as new or further evidence obtained in respect of circumstances existed as of the acquisition date, the amount previously included in the goodwill shall be adjusted. A change in or adjustment to the contingent consideration under other circumstances shall be measured in accordance with relevant provisions such as the *CASBE No. 22 — Recognition and Measurement of Financial Instruments*. Any change or adjustment is included in profit or loss for the current period.

Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is treated as an asset and recognised as goodwill, which is measured at cost on initial recognition. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer firstly reassesses the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the cost of combination. If after that reassessment, the cost of combination is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer recognises the remaining difference immediately in profit or loss for the current period.

Goodwill arising on a business combination is measured at cost less accumulated impairment losses, and is presented separately in the Historical Financial Information.

6. Determination criteria of control and preparation method of the Historical Financial Information

6.1 Criterion of control

Control is the power over the investee, exposures or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes in the above elements of the definition of control.

6.2 Preparation method of the Historical Financial Information

The scope of consolidation in the Historical Financial Information is determined on the basis of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary.

For a subsidiary disposed of by the Group, the operating results and cash flows before the date of disposal (the date when control is lost) are included in the consolidated income statement and consolidated cash flow statement, as appropriate.

For a subsidiary acquired through a business combination involving enterprises not under common control, the operating results and cash flows from the acquisition date (the date when control is obtained) are included in the consolidated income statement and consolidated cash flow statement, as appropriate.

No matter when the business combination occurs in the reporting period, subsidiaries acquired through a business combination involving enterprises under common control or the party being absorbed under merger by absorption are included in the Group’s scope of consolidation as if they had been included in the scope of consolidation from the date when they first came under the common control of the ultimate controlling party. Their operating results and cash flows from the beginning of the earliest reporting period or from the date when they first came under the common control of the ultimate controlling party are included in the consolidated income statement and consolidated cash flow statement, as appropriate.

The main accounting policies and accounting periods adopted by the subsidiaries are determined based on the uniform accounting policies and accounting periods set out by the Company.

The effects of all intra-group transactions on the Historical Financial Information are eliminated on consolidation.

The portion of subsidiaries’ equity that is not attributable to the Company is treated as non-controlling interests and is presented as “non-controlling interests” under owners’ equity in the consolidated balance sheet. The portion of net profit or loss of subsidiaries for the period attributable to non-controlling interests is presented as “profit or loss attributable to non-controlling interests” under “net profit” in the consolidated income statement.

When the amount of loss for the period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders’ portion of the opening balance of owners’ equity of the subsidiary, the excess amount is still allocated against non-controlling interests.

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Acquisition of non-controlling interests or disposal of interest in a subsidiary that does not result in the loss of control over the subsidiary is accounted for as equity transactions. The carrying amounts of the Company’s interests and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is adjusted to capital reserve under owners’ equity. If the capital reserve is not sufficient to absorb the difference, the excess is adjusted against retained earnings.

Where equity interests in an acquiree are acquired in stages through multiple transactions ultimately constituting a business combination involving enterprises not under common control, the acquirer determines if these transactions are considered to be a “package deal”: if it belongs to a “package deal”, transactions will be dealt as transactions to acquire control. If it does not belong to a “package deal”, transactions to acquire control on acquisition date will be under accounting treatment, the fair value of acquirees’ shares held before acquisition date will be revalued, and the difference between fair value and carrying amount will be recognised in profit or loss of the current period; if acquirees’ shares held before acquisition date involve in changes of other comprehensive income and other equity of owners under equity method, this will be transferred to income of acquisition date.

When the Group loses control over a subsidiary due to disposal of certain equity interest or other reasons, any retained interest is re-measured at its fair value at the date when control is lost. The difference between (i) the aggregate of the consideration received from disposal and the fair value of any retained equity and (ii) the share of the former subsidiary’s net assets cumulatively calculated from the acquisition date according to the original equity interests proportion is recognised as investment income in the period in which control is lost, and the goodwill is written down at the same time. Other comprehensive income associated with investment in the former subsidiary is reclassified to investment income in the period in which control is lost.

7. Recognition criteria for cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily available for payments. Cash equivalents are the Group’s short-term (generally due within three months from the acquisition date), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

8. Translation of transactions and financial statements denominated in foreign currencies

8.1 Transactions denominated in foreign currencies

Transactions denominated in foreign currencies are measured, on initial recognition, by applying the actual spot exchange rate on the date of transaction.

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At the balance sheet date, foreign currency monetary items are translated into RMB using the spot exchange rates at the balance sheet date. Exchange differences arising from the differences between the spot exchange rates prevailing at the balance sheet date and those on initial recognition or at the previous balance sheet date are recognised in profit or loss for the current period.

8.2 Translation of financial statements denominated in foreign currencies

For the purpose of preparing the Historical Financial Information, financial statements of a foreign operation are translated from the foreign currency into RMB using the following method: assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; owners’ equity items are translated at the spot exchange rates at the dates on which such items arose; all items in the income statement as well as items reflecting the distribution of profits are translated at exchange rates that approximate the actual spot exchange rates on the dates of the transactions; the difference between the translated assets and the aggregate of liabilities and owners’ equity items is recognised as other comprehensive income and included in owners’ equity.

Cash flows arising from a transaction in foreign currency and the cash flows of a foreign subsidiary are translated at an exchange rate that approximates the spot exchange rate on the date of the cash flows. The effect of exchange rate changes on cash and cash equivalents is regarded as a reconciling item and presented separately in the cash flow statement as “effect of foreign exchange rate changes on cash and cash equivalents”. The closing balances and the actual figures of previous year are presented at the translated amounts in the previous year’s financial statements.

9. Financial Instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

For financial assets purchased or sold in a regular way, the Group recognises assets acquired and liabilities assumed on a trade date basis, or derecognises the assets sold on a trade date basis.

Financial assets and financial liabilities are initially measured at fair value (the method for determining the fair value of financial assets and financial liabilities is set out in the relevant disclosures of basis of accounting and principle of measurement as described in Note (II)). For financial assets and financial liabilities at fair value through profit or loss, transaction costs are immediately recognised in profit or loss. For other financial assets and financial liabilities, transaction costs are included in their initially recognised amounts. When initially recognising accounts receivable that do not contain significant financing components or of

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which the financing components in the contract with a term of no more than one year are not taken into consideration in accordance with the *CASBE No. 14 — Revenue* (“Revenue Standards”), the Group adopts the transaction price as defined in the Revenue Standards for initial measurement.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expenses over the relevant accounting periods.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of the financial liability. When determining the effective interest rate, the Group estimates future cash flows by considering all contractual terms of the financial asset or financial liability including early repayment, extension, call option or other similar options etc. without considering expected credit losses.

The amortised cost of a financial asset or a financial liability is the initially recognised amount net of principal repaid, plus or less the cumulative amortised amount arising from amortisation of the difference between the initially recognised amount and the amount at the maturity date using the effective interest method, and then net of cumulative loss allowance (only applicable to financial assets).

9.1 Classification, recognition and measurement of financial assets

After initial recognition, the Group’s financial assets of various types are subsequently measured at amortised cost, at fair value through other comprehensive income (“FVTOCI”) or at fair value through profit or loss (“FVTPL”), respectively.

If contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and the financial asset is held within a business model whose objective is achieved by collecting contractual cash flows, the Group classifies such financial asset as financial assets at amortised cost. Such financial assets include cash at bank and on hand, accounts receivable, bills receivable, other receivables, other current assets — entrusted loans, and long-term receivables, etc.

Upon initial recognition, the Group may irrevocably designate the non-held-for-trading equity instrument investments other than contingent considerations recognised in business combination involving enterprises not under common control as financial assets at FVTOCI on an individual asset basis. Such financial assets are presented as investments in other equity instruments in Historical Financial Information.

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A financial asset is classified as held for trading if one of the following conditions is satisfied:

- It has been acquired principally for the purpose of selling it in the near term.
- On initial recognition, it is part of a portfolio of identifiable financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking.
- Those financial assets are classified as derivatives. It is a derivative that is neither a financial guarantee contract nor designated as an effective hedging instrument.

Financial assets at FVTPL include financial assets classified as at FVTPL and those designated as at FVTPL:

- Financial assets not satisfying the criteria of classification as financial assets at amortised cost and financial assets at FVTOCI are classified as financial assets at FVTPL;
- Upon initial recognition, the Group may irrevocably designate the financial assets as at FVTPL if doing so eliminates or significantly reduces accounting mismatch.

9.1.1 Financial assets measured at amortised cost

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. Any gains or losses arising from impairment or derecognition are included in profit or loss for the current period.

The Group recognises interest income on financial assets measured at amortised cost using the effective interest method, unless such financial assets become credit-impaired in subsequent periods. In such cases, the Group calculates interest income based on the amortised cost and effective interest rate of the financial asset in subsequent periods. If the financial instrument is no longer credit-impaired due to improvement of credit risk, and the improvement is linked with an event occurred after application of the above provisions, the Group will calculate and determine the interest income by applying effective interest rate to the gross carrying amount of the financial asset.

9.1.2 Financial assets at FVTOCI

Changes in fair value of non-held-for-trading equity instrument investments designated as financial assets at FVTOCI are recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gains or losses previously recognised in other comprehensive income are transferred and included in retained earnings. During the period in which the Group holds the non-held-for-trading equity instrument, revenue from dividends is recognised in profit or loss for the current period when (1) the Group has established the right of collecting dividends; (2) it is probable that the associated economic benefits will flow to the Group; and (3) the amount of dividends can be measured reliably.

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9.1.3 *Financial assets at FVTPL*

Financial assets at FVTPL are subsequently measured at fair value. Any gains or losses arising from changes in the fair value and any dividend or interest income earned on the financial assets are recognised in profit or loss for the current period.

9.2 *Impairment of financial instruments*

For financial assets measured at amortised cost, the Group accounts for the impairment and recognises the loss allowance on the basis of expected credit loss ("ECL").

The Group makes a loss allowance against amount of lifetime ECL of bills receivable and accounts receivable arising from transactions adopting the Revenue Standard as well as lease receivables arising from transactions adopting the *CASBE No. 21 — Leases*.

For items of other financial instruments, the Group assesses the changes of credit risk since initial recognition of relevant financial instruments at each balance sheet date. If the credit risk of the above financial instruments has increased significantly since initial recognition, the Group measures loss allowance based on the amount of full lifetime; if credit risk of the financial instrument has not increased significantly since initial recognition, the Group recognises loss allowance based on 12-month ECL of the financial instrument. The increase or reversal of credit loss allowance is recognised as an impairment loss or gain in profit or loss for the current period.

Where the Group has measured the loss allowance at an amount equivalent to lifetime ECL of a financial instrument in prior accounting period, but the financial instrument no longer satisfies the criteria of significant increase in credit risk since initial recognition at the current balance sheet date, the Group recognises the loss allowance of the financial instrument at an amount equivalent to 12-month ECL at the current balance sheet date, with any resulting reversal of loss allowance recognised as impairment gains in profit or loss for the current period.

9.2.1 *Significant increase of credit risk*

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the balance sheet date with the risk of a default occurring on the financial instrument as at the date of initial recognition with available reasonable and supportable forward-looking information.

The following factors are taken into account when assessing whether credit risk has increased significantly:

- (1) Adverse changes in business, financial or economic conditions that are expected to cause a significant change in the debtor's ability to meet its debt obligations;

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- (2) An actual or expected significant change in the operating results of the debtor;
- (3) Significant adverse changes in regulatory, economic, or technological environment of the debtor;
- (4) Significant changes in expected performance and repayment of the debtor;

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly when contractual payments are more than 30 days (inclusive) past due.

At the balance sheet date, if the Group determines that a financial instrument has only lower credit risk, the Group assumes that the credit risk of the financial instrument has not increased significantly since initial recognition. A financial instrument is deemed as having lower credit risk if (i) it has a low risk of default; (ii) the borrower has a strong capacity to satisfy its contractual cash flow obligations in the near term; and (iii) 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 obligations.

9.2.2 Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable information:

- (1) Significant financial difficulty of the issuer or debtor;
- (2) Breach of contract by the debtor, such as a default or delinquency in interest or principal payments;
- (3) The creditor(s) of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession(s) that the creditor(s) would not otherwise consider;
- (4) It is probable that the debtor will enter bankruptcy or other financial reorganisations;

Based on the Group's internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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9.2.3 *Determination of ECL*

The ECL on relevant financial instruments are determined on an individual or a portfolio basis.

- For financial assets and lease receivables, the credit loss represents the present value of the difference between the contractual cash flows receivable by the Group and the cash flows expected to be received by the Group;
- For credit-impaired financial assets other than the purchased or originated credit-impaired financial assets at the balance sheet date, credit loss is the difference between the gross carrying amount of financial assets and the present value of expected future cash flows discounted at original effective interest rate.

The Group's measurement of ECL of financial instruments reflects factors including unbiased probability weighted average amount recognised by assessing a series of possible results, time value of money, reasonable and supportable information related to historical events, current condition and forecast of future economic position that is available without undue cost or effort at the balance sheet date.

9.2.4 *Write-off of financial assets*

The Group shall directly reduce the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

9.3 *Transfer of financial assets*

The Group derecognises a financial asset if one of the following conditions is satisfied: (1) the contractual rights to the cash flows from the financial asset expire; or (2) the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset is transferred to the transferee; or (3) although the financial asset has been transferred, the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset.

For a transfer of a financial asset that satisfies the derecognition criteria, the difference between the carrying amount of the financial asset transferred, and the consideration received from the transfer, is recognised in profit or loss. Where the transferred assets are non-held-for-trading equity instrument investments designated as at FVTOCI, cumulative gains or losses previously recognised in other comprehensive income are transferred out and included in retained earnings.

For a transfer of a financial asset in its entirety that does not satisfy the derecognition criteria, the Group continues to recognise the transferred financial asset in its entirety and includes the consideration received in liability.

9.4 Classification of financial liabilities and equity instruments

Financial instruments issued by the Group or their components are classified into financial liabilities or equity instruments on the basis of not only the legal form but also the contractual terms and their economic substance, together with the definition of financial liability and equity instrument.

9.4.1 Classification, recognition and measurement of financial liabilities

On initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities.

9.4.1.1 Financial liabilities at FVTPL

For derivative instruments classified as financial liabilities and financial liabilities arising from contingent consideration recognised by the Group as the buyer in the business combination involving enterprises not under common control, the Group measures such financial liabilities at fair value through profit or loss.

9.4.1.2 Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost, and any gains or losses arising from termination of recognition or amortisation are included in profit or loss. The Group's other financial liabilities primarily comprise bills payable, accounts payable, other payables, short-term borrowings, other current liabilities-obligation to repurchase non-controlling interests, long-term borrowings, and long-term payables.

9.4.2 Derecognition of financial liabilities

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

When the Group derecognises a financial liability or a part of it, it recognises the difference between the carrying amount of the financial liability (or part of the financial liability) derecognised and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss for the current period.

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9.4.3 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued (including refinanced), repurchased, sold and cancelled by the Group are recognised as changes of equity. Change of fair value of equity instruments is not recognised by the Group. Transaction costs related to equity transactions are deducted from equity.

The Group treats allocations to equity instrument holders as profit distribution and stock dividends paid do not affect total amount of owners' equity.

9.4.4 Accounting treatment for forward purchase obligations/put options to minority shareholders

In business combination involving enterprises not under common control, if the Group has a forward acquisition obligation to minority shareholders or has issued a put option to minority shareholders, the Group incurs a contractual obligation that cannot be unconditionally avoided to repurchase its own equity instruments by paying cash or other financial assets. At the combination date, this repurchase obligation is recognised as a financial liability at an amount equal to the present value of the payments for the required repurchase.

9.5 Offsetting financial assets and financial liabilities

When the Group has a legal right that is currently enforceable to set off the recognised financial assets and financial liabilities, and intends either to settle on a net basis, or to realise the financial assets and settle the financial liabilities simultaneously, the financial assets and financial liabilities are offset with the net amount presented in the balance sheet. Otherwise, financial assets and financial liabilities are separately presented in the balance sheet without offsetting.

10. Accounts receivable

10.1 Determination of and accounting treatment for ECL of accounts receivable

Except for accounts receivable with significantly different credit risk characteristics, which are assessed for ECL on an individual asset basis, the Group uses an impairment matrix to determine the ECL on accounts receivable on a portfolio basis. The increase or reversal amount of ECL of accounts receivable is included in profit or loss for the current period as losses on or gains from credit impairment.

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10.2 Portfolios for which credit loss allowances are collectively assessed based on credit risk characteristics and their basis

The Group classifies accounts receivable into distributors, E-commerce, KA customers, special channels and other categories based on common risk characteristics. Common credit risk characteristics adopted by the Group include customer categories and aging.

10.3 Calculation method of aging for the portfolios based on credit risk characteristics determined by aging

The Group uses the aging of accounts receivable as a credit risk characteristic to determine its credit losses using an impairment matrix. The aging is calculated from the date of initial recognition. When the terms and conditions of accounts receivable are modified but such modification does not result in derecognition of accounts receivable, the aging of the accounts receivable shall be calculated continuously.

10.4 Criteria for determining the basis of credit loss allowances made on an individual basis

The Group assesses credit risk on an individual basis for accounts receivable where credit risk differs significantly from the credit risk of the portfolio.

11. Other receivables and long-term receivables***11.1 Determination of and accounting treatment for ECL of other receivables and long-term receivables***

Except for other receivables with significantly different credit risk characteristics, which are assessed for ECL on an individual asset basis, the Group determines ECL for other receivables on a portfolio basis. The Group determines ECL for long-term receivables on an individual asset basis.

The increase or reversal of ECL allowance is included in profit or loss for the current period as losses on or gains from credit impairment.

11.2 Portfolios for which credit loss allowances are collectively assessed based on credit risk characteristics and their basis

Other receivables are grouped based on common risk characteristics. The common credit risk characteristics adopted by the Group include the nature of receivables, delinquency status, the industry in which the debtor operates, and the size of the debtor company, etc.

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11.3 Calculation method of aging for the portfolios based on credit risk characteristics determined by aging

The aging is calculated from the date of initial recognition.

12. Inventories***12.1 Categories of inventories, valuation method of inventories upon delivery, inventory count system, amortisation method for low-value consumables and packaging materials******12.1.1 Categories of inventories***

The Group's inventories mainly include raw materials, finished goods, revolving materials, packaging materials, consumable biological assets, shipped goods, low-value consumables, consigned materials for processing, properties under development and properties for sale, etc. Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition. Properties under development comprises costs for acquiring the land use rights, expenditures of support infrastructure, expenditures of construction and installation work, borrowing costs incurred before the development project is completed and other related expenses incurred during the course of development.

12.1.2 Valuation method of inventories upon delivery

The actual cost of inventories upon delivery is calculated using the weighted average method or specific identification method.

12.1.3 Inventory count system

The perpetual inventory system is maintained for stock system.

12.1.4 Amortisation method for low-value consumables and packaging materials

Packaging materials and low-value consumables are amortised using the immediate write-off method.

12.2 Recognition criteria and methods for determining the provision for write-down of inventories

At the balance sheet date, inventories are measured at the lower of cost and net realisable value. If the net realisable value is below the cost of inventories, a provision for write-down of inventories is made.

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Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes. Net realisable value is determined on the basis of clear evidence obtained, and takes into consideration the purposes of holding inventories and effect of events subsequent to the balance sheet date.

After the provision for write-down of inventories is made, if the circumstances that previously caused inventories to be written down below cost no longer exist so that the net realisable value of inventories is higher than their carrying amount, the original provision for write-down is reversed and the reversal is included in profit or loss for the current period.

12.3 Portfolios for which provision for write-down of inventories are collectively assessed and their basis, and the basis for determining the net realisable value of different categories of inventories

For large quantities and low-value items of inventories, provision for write-down is made based on categories of inventories. Therefore, inventories are grouped into raw materials, finished goods, revolving materials, packaging materials, consumable biological assets, shipped goods, low-value consumables, consigned materials for processing, properties under development and properties for sale, for the purpose of provision for write-down of inventories. Finished goods intended for direct sale, shipped goods and consumable biological assets, the net realisable values are determined, in the ordinary course of business, as the estimated selling price less all estimated selling expenses and relevant taxes. For inventories that require further processing in the ordinary course of business, the net realisable values are determined as the estimated selling price less the estimated costs of completion, all estimated selling expenses and relevant taxes. At the balance sheet date, if part of an inventory has a contract price while other parts do not, the Group separately determines the net realisable values and compares them with their corresponding costs to separately determine the provision for write-down of inventories to be recognised or reversed.

13. Long-term equity investments

13.1 Basis for determining joint control and significant influence over the investee

Control is the power over the investee, exposures or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns. Joint control is the contractually agreed sharing of control over an arrangement, and exists only when the activities relating to the arrangement require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. When determining whether an investing enterprise is able to exercise control or significant influence over an investee, the effect of potential voting rights of the investee (for example, convertible corporate bonds and enforceable warrants) held by the investing enterprises or other parties that are currently exercisable or convertible shall be considered.

13.2 Determination of initial investment cost

For a long-term equity investment acquired through business combination involving enterprises not under common control, the initial investment cost of the long-term equity investment is the cost of acquisition at the date of combination. Where equity interests in an acquiree are acquired in stages through multiple transactions ultimately constituting a business combination involving enterprises not under common control, the acquirer determines if these transactions are considered to be a “package deal”: if it belongs to a “package deal”, transactions will be dealt as transactions to acquire control. If no, the sum of carrying amount of equity investments previously held in the acquiree and the new investment cost is deemed as the initial investment cost of long-term equity investments that was changed to be accounted for using cost method. When the equity held was accounted for under equity method, relevant other comprehensive income is not accounted temporarily; when the equity held was accounted for investments in other equity instruments, the difference between the fair value and carrying amount, together with the cumulative changes in fair value recognised in other comprehensive income are included in retained earnings.

The intermediary expenses incurred by the combining party or acquirer in respect of auditing, legal services, valuation and consultancy services, etc., and other associated administrative expenses attributable to the business combination are recognised in profit or loss when they are incurred.

Long-term equity investment acquired otherwise than through a business combination is initially measured at its cost. When the entity is able to exercise significant influence or joint control (but not control) over an investee due to additional investment, the cost of long-term equity investments is the sum of the fair value of previously-held equity investments determined in accordance with the *CASBE No. 22 — Recognition and Measurement of Financial Instruments* and the additional investment cost.

13.3 Subsequent measurement and recognition of profit or loss

13.3.1 Long-term equity investments accounted for using the cost method

Long-term equity investments in subsidiaries are accounted for using the cost method in the Company’s separate financial statements. A subsidiary is an investee that is controlled by the Group.

Under the cost method, a long-term equity investment is measured at initial investment cost. When additional investment is made or the investment is recouped, the cost of the long-term equity investment is adjusted accordingly. Investment income is recognised in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

13.3.2 Long-term equity investments accounted for using the equity method

The Group accounts for investment in associates using the equity method. An associate is an entity over which the Group has significant influence.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group’s share of the fair value of the investee’s identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group’s share of the fair value of the investee’s identifiable net assets at the time of acquisition, the difference is recognised in profit or loss for the current period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognises its share of the net profit or loss and other comprehensive income made by the investee as investment income and other comprehensive income respectively, and adjust the carrying amount of the long-term equity investment accordingly; the carrying amount of the investment is reduced by the portion of any profit distributions or cash dividends declared by the investee that is distributed to the Group; other changes in owners’ equity of the investee other than net profit or loss and other comprehensive income are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognised in the capital reserve. The Group recognises its share of the investee’s net profit or loss based on the fair value of the investee’s individual identifiable assets, etc. at the time of obtaining the investment after making appropriate adjustments. When the investee’s accounting policies and accounting period are inconsistent with those of the Group, the Group recognises investment income and other comprehensive income after making appropriate adjustments on the investee’s financial statements according to the Group’s accounting policies and accounting period. For the Group’s transactions with its associates where assets contributed or sold do not constitute a business, unrealised intra-group profits or losses are recognised as investment income or loss to the extent that those attributable to the Group’s proportionate share of interest are eliminated. However, unrealised losses resulting from the Group’s transactions with its associates and joint ventures which represent impairment losses on the transferred assets are not eliminated.

The Group discontinues recognising its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. If the Group has incurred obligations to assume additional losses of the investee, a provision is recognised according to the expected obligation, and recorded as investment loss for the period. If the investee realises net profit in the subsequent period, the Group will resume to recognise the income share after the income share makes up for the unrecognised loss share.

13.4 Disposal of long-term equity investments

On disposal of a long-term equity investment, the difference between the proceeds actually received and receivable and the carrying amount is recognised in profit or loss for the current period. For a long-term equity investment accounted for using the equity method, if remaining shares after the disposal are still accounted for using the equity method, other comprehensive income is accounted on the basis of directly disposed related assets and liabilities of investee and carried forward proportionately; other owners' equity recognised from changes of owners' equity except for net profit or loss, other comprehensive income and profit distribution is recognised in profit or loss for the current period and carried forward proportionately.

Where the Group loses control over the investee due to disposal of part of shares, when preparing separate financial statements, if remaining shares after disposal can make joint control or significant influence on the investee, they are accounted for under equity method, and adjusted as if they are accounted for under equity method since the acquisition date; if remaining shares after disposal cannot make joint control or significant influence on the investee, they are accounted for according to the relevant provisions on the recognition and measurement of financial instruments, and the difference between fair value on the date of losing control and carrying amount is recognised in profit or loss for the current period. Upon the control of the investee is lost, other comprehensive income recognised due to equity method or recognition and measurement of financial instruments before the Group obtained controls over the investee, is accounted for on the same basis as the investee's direct disposal of relevant assets or liabilities and recognised in profit or loss for the current period; changes of owners' equity except for net profit or loss, other comprehensive income and profit distribution are recognised in profit or loss for the current period. Where the remaining equity interests after disposal are accounted for under equity method, other comprehensive income and other owners' equity are recognised in profit or loss in proportion; where the remaining equity interests after disposal are accounted for in accordance with the recognition and measurement of financial instruments, other comprehensive income and other owners' equity are fully recognised in profit or loss.

When the Group loses joint control or significant influence over the investee due to partial disposal of equity investments, the remaining interest after disposal is changed to be accounted for under the standards for the recognition and measurement of financial instruments, and the difference between the fair value and carrying amount on the date when joint control or significant influence is lost is charged to profit or loss for the current period. When the equity method is no longer used, other comprehensive income previously recognised for previous-held equity investments under the equity method is accounted for on the same basis as would have been required if the investee had directly disposed of related assets or liabilities; upon discontinuation of the equity method, owners' equity recognised due to changes in other owners' equity of the investee (other than net profit or loss, other comprehensive income and profit distribution) is entirely transferred to investment income for the period.

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14. Fixed assets

14.1 Recognition criteria for fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year. A fixed asset is recognised only when it is probable that economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Fixed assets are initially measured at cost.

Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset if it is probable that economic benefits associated with the asset will flow to the Group and the cost can be measured reliably. Meanwhile, the carrying amount of the replaced part is derecognised. Other subsequent expenditures are recognised in profit or loss for the current period in which they are incurred.

14.2 Depreciation method

A fixed asset is depreciated over its useful life using the straight-line method since the month subsequent to the one in which it is ready for intended use. The depreciation method, depreciation period, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows:

<u>Category</u>	<u>Depreciation method</u>	<u>Depreciation period</u>	<u>Estimated net residual value rate</u>	<u>Annual depreciation rate</u>
		<i>(years)</i>	<i>(%)</i>	<i>(%)</i>
Plants and buildings . . .	Straight-line method	10-30	3-5	3.17-9.70
Machinery and equipment	Straight-line method	3-10	3-5	9.50-32.33
Motor vehicles	Straight-line method	3-10	3-5	9.50-32.33
Office equipment	Straight-line method	3-10	3-5	9.50-32.33

Estimated net residual value of a fixed asset is the estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

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14.3 Other descriptions

If a fixed asset is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognised. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognised in profit or loss for the current period.

The Group reviews the useful life and the estimated net residual value of a fixed asset and the depreciation method applied at least once at each financial year-end, and accounts for any change as a change in an accounting estimate.

15. Construction in progress

Construction in progress is measured at its actual costs. The actual costs include various construction expenditures during the construction period, borrowing costs capitalised before it is ready for intended use and other relevant costs. Construction in progress is not depreciated.

Construction in progress is transferred to a fixed asset when it is ready for intended use. Basis and time point of transferring all construction in progress to fixed assets are as follows:

<u>Category</u>	<u>Criteria and time point of transferring to fixed assets</u>
Plants and buildings	The earlier of actual commencement of use/completion of acceptance
Machinery and equipment	The earlier of actual commencement of use/completion of installation and acceptance

16. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalised when expenditures for such asset and borrowing costs are 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 ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Other borrowing costs are recognised as expenses in the period in which they are incurred.

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalised is the actual interest expenses incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. Where funds are borrowed under general-purpose borrowings, the Group determines the amount of interest to be capitalised on such borrowings by applying a capitalisation rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific-purpose borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

17. Biological assets

The Group's biological assets are classified into consumable biological assets and productive biological assets.

17.1 Consumable biological assets

Consumable biological assets are biological assets held for sale or to be harvested as agricultural produce in the future. A consumable biological asset is initially measured at cost. The cost of a consumable biological asset bred or cultivated by the Group comprises the costs necessarily incurred before sold and attributable to the asset, and any borrowing costs that satisfy capitalisation criteria.

The Group recognises the cost of a consumable biological asset in profit or loss based on its carrying amount at the time when the asset is sold. Upon sales, the carrying amount is determined using the weighted average method.

At the balance sheet date, a consumable biological asset is measured at the lower of cost and net realisable value, and a provision for write-down of the asset is recognised using the method consistent with that applicable to provide for write-down of inventories. If the circumstances that previously led to a provision for write-down of a consumable biological asset no longer exist, the original provision for write-down is reversed in profit or loss for the current period. The reversal is limited to the amount originally provided.

17.2 Productive biological assets

Productive biological assets are biological assets, for example, held for the production of agricultural produce, provision of services or rental, including immature productive biological assets (e.g. calves, heifers) and mature productive biological assets (e.g., milkable cows, breeding bulls). Productive biological assets are initially measured at cost. The cost of self-breeding productive biological assets comprises those costs necessarily incurred and directly attributable to the asset before the asset becomes available for its intended production and operating purposes including capitalised borrowing cost.

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When productive biological assets become available for its intended production and operation purposes, the Group accrues depreciation of productive biological assets using straight-line method over their useful lives. The useful life, estimated net residual value rate and annual depreciation rate of each category of productive biological assets are as follows:

Category	Estimated useful life	Estimated net residual value rate	Annual depreciation rate
	<i>(Years)</i>	<i>(%)</i>	<i>(%)</i>
Mature milkable cows	5	20	16.00
Mature breeding bulls	3-5	5	19.00-31.67

The useful lives and estimated net residual values of the above productive biological assets are determined based on historical experience.

The Group reviews the useful life and estimated net residual value of productive biological assets and the depreciation method applied at least once at each financial year-end, and accounts for any change as a change in an accounting estimate.

On the sale, identification of any shortages during stocktaking, death or damage of productive biological assets, the proceeds on disposal net of the carrying amount and relevant taxes are recognised in profit or loss for the current period.

18. Intangible assets

18.1 Useful life and its determination basis, estimate, amortisation method or review procedures

Intangible assets include land use rights, computer software, patents and non-patented technology, trademarks, and others.

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An intangible asset is measured initially at cost. When an intangible asset with a finite useful life is available for use, its original cost less net residual value and any accumulated impairment losses is amortised over its estimated useful life using the straight-line method. An intangible asset with an indefinite useful life is not amortised. Amortisation methods and useful lives of all intangible assets with finite useful lives are as follows:

<u>Category</u>	<u>Amortisation method</u>	<u>Useful life</u> <i>(Years)</i>	<u>Basis for determination</u>
Land use rights	Straight-line method	30-70	Term of land use rights
Computer software	Straight-line method	3-10	Expected economic benefit period
Patents and non-patented technology	Straight-line method	8-10	Shorter of patent term and expected economic benefit period
Trademarks	Straight-line method	7-10	Shorter of trademark term and expected economic benefit period
Others	Straight-line method	5-20	Shorter of contract term and expected economic benefit period

In addition to the aforementioned intangible assets with finite useful lives, the Group’s intangible assets with indefinite useful lives comprise trademarks. Trademarks represent trademarks acquired by the Group from subsidiaries. As the period over which they are expected to generate economic benefits for the Group cannot be reliably estimated, they are classified as intangible assets with indefinite useful lives. Refer to Note (VI) 16 for details. For intangible assets with indefinite useful lives, the Company reviews their useful lives annually at the end of each year. If the useful life remains indefinite after re-evaluation, an impairment test is performed at the balance sheet date.

For an intangible asset with a finite useful life, the Group reviews the useful life and amortisation method at the end of the year, and makes adjustments when necessary.

18.2 Scope of and related accounting treatment for research and development expenditure

Expenditures in the research phase are recognised in profit or loss for the current period in which they are incurred.

Expenditure during the development phase that meets all of the following conditions at the same time is recognised as an intangible asset. Expenditure during development phase that does not meet the following conditions is recognised in profit or loss for the current period.

- (1) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- (2) the Group has the intention to complete the intangible asset and use or sell it;
- (3) the Group can demonstrate the ways in which the intangible asset will generate economic benefits, including the evidence of the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- (4) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and
- (5) the expenditure attributable to the intangible asset during its development phase can be reliably measured.

If the expenditures cannot be distinguished between the research phase and development phase, the Group recognises all of them in profit or loss for the current period. The cost of intangible assets formed in internal development activities only includes the total amount of expenditures from the time point when the capitalisation conditions are met to the time when the intangible assets reach the predetermined uses. For the same intangible asset, the expenditures that have been expensed into profit or loss before the capitalisation conditions are met in the development process will not be adjusted.

19. Impairment of long-term assets

The Group reviews long-term equity investments, fixed assets, right-of-use assets, productive biological assets measured at cost, construction in progress and intangible assets with finite useful lives at each balance sheet date to determine whether there is any indication that they have suffered an impairment loss. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. Intangible assets with indefinite useful lives are tested for impairment annually, irrespective of whether there is any indication that the assets may be impaired.

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Recoverable amount is estimated on an individual asset basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. The recoverable amount of an asset or asset group is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset or asset group.

If such recoverable amount is less than its carrying amount, a provision for impairment losses in respect of the deficit is recognised in profit or loss for the current period.

Goodwill is tested for impairment at least at the end of each year. For the purpose of impairment testing, goodwill is considered together with the asset group or set of asset groups, i.e., goodwill is reasonably allocated to the related asset group or set of asset groups expected to benefit from the synergies of the combination. An impairment loss is recognised if the recoverable amount of the asset group or set of asset groups (including goodwill) is less than its carrying amount. The impairment loss is firstly allocated to reduce the carrying amount of any goodwill allocated to such asset group or sets of asset groups, and then to the other assets of the group pro-rata on the basis of the carrying amount of each asset (other than goodwill) in the group.

Once an impairment loss of the above-mentioned assets is recognised, it will not be reversed in any subsequent period.

20. Long-term deferred expenses

Long-term deferred expenses represent expenses incurred that should be borne and amortised over the current period and subsequent periods (together of more than one year). Long-term deferred expenses are amortised using the straight-line method over the expected periods in which benefits are derived.

21. Contract liabilities

Contract liabilities refer to the Group's obligation to transfer goods or services to a customer for consideration received or receivable from the customer. Contract assets and contract liabilities under the same contract are presented on a net basis.

22. Employee benefits

22.1 Accounting treatment for short-term employee benefits

In an accounting period in which an employee has rendered services to the Group, the Group recognises the short-term employee benefits for that service as a liability, and the related expenditures are charged to profit or loss for the current period or in costs of relevant assets. Employee welfare incurred by the Group is recognised in profit or loss for the current period or the costs of relevant assets based on the actual amount when incurred. Non-monetary employee welfare is measured at fair value.

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Payment made by the Group of social security contributions for employees such as premiums or contributions on medical insurance, work injury insurance and maternity insurance, etc. and payments of housing funds, as well as union running costs and employee education costs provided in accordance with relevant requirements, are calculated according to prescribed bases and percentages in determining the amount of employee benefits and recognised as relevant liabilities, with a corresponding charge to the profit or loss for the current period or the costs of relevant assets in the accounting period in which employees provide services.

22.2 Accounting treatment of post-employment benefits

The Group's post-employment benefits are all defined contribution plans.

In an accounting period in which an employee has rendered service to the Group, the amount payable calculated in accordance with the defined contribution plan is recognised as a liability by the Group and charged to profit or loss for the current period, or included in cost of related assets.

22.3 Accounting treatment of termination benefits

A liability for a termination benefit is recognised in profit or loss for the current period at the earlier of when the Group cannot unilaterally withdraw from the termination plan or the redundancy offer and when the Group recognises any related restructuring costs or expenses.

23. Provisions

Provisions are recognised when the Group has a present obligation related to a contingency, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money. Where the effect of the time value of money is material, the amount of the provision is determined by discounting the related future cash outflows.

24. Share-based payments

A share-based payment is a transaction which the Group grants equity instruments in return for services rendered by employees. The Group's share-based payments are equity-settled share-based payments.

Equity-settled share-based payments in exchange for services rendered by employees are measured at the fair value of the equity instruments granted to employees at the grant date. Such amount is recognised as related costs or expenses on a straight-line basis over the vesting period, based on the best estimate of the number of equity instruments expected to vest, with a corresponding increase in capital reserve.

At each balance sheet date during the vesting period, the Group makes the best estimate according to the subsequent latest information of change in the number of employees who are granted with options that may vest, etc. and revises the number of equity instruments expected to vest. The effect of the above estimate is recognised as related costs or expenses, with a corresponding adjustment to capital reserve.

25. Revenue

25.1 Accounting policies for revenue recognition and measurement disclosed by business types

The Group's revenue primarily derives from the sale of liquid milk, formula, and other dairy products. Sales channels mainly include distributor channels and direct sales channels.

The Group recognises revenue based on the transaction price allocated to the performance obligation when the Group satisfies a performance obligation in the contract, namely, when the customer obtains control over relevant goods or services. A performance obligation is a commitment that the Group transfers distinct goods or services to a customer in the contract.

The Group assesses a contract at contract inception, identifies each separate performance obligation included in the contract, and determines whether the Group satisfies the performance obligation over time or the Group satisfies the performance obligation at a point in time. It is a performance obligation satisfied over time and the Group recognises revenue over time according to the progress of performance if one of the following conditions is met: (1) the customer obtains and consumes economic benefits at the same time of the Group's performance; (2) the customer is able to control goods or services in progress during the Group's performance; (3) goods or services generated during the Group's performance have irreplaceable utilisation, and the Group is entitled to collect amounts of cumulative performance part which have been done up to now. Otherwise, revenue is recognised at a point in time when the customer obtains control over the relevant goods or services.

The Group's revenue from goods sales is recognised as a performance obligation satisfied at a point in time and is recognised when the customer obtains control of the relevant goods. Revenue recognition across the Group's various channels is primarily based on the point in time when goods are delivered and signed for.

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The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and amounts expected to be refunded to a customer.

If there are two or more of performance obligations included in the contract, at the contract inception, the Group allocates the transaction price to each separate performance obligation based on the proportion of stand-alone selling price of goods or services promised in each stand-alone performance obligation. However, if there is conclusive evidence indicating that the contract discount or variable consideration is only relative with one or more (not the whole) performance obligations in the contract, the Group will allocate the contract discount or variable consideration to relative one or more performance obligations. Stand-alone selling price refers to the price of a single sale of goods or services. If the stand-alone selling price cannot be observed directly, the Group estimates the stand-alone selling price through comprehensive consideration of all relative information that can be reasonably acquired and maximum use of observable inputs.

In case of the existence of variable consideration in the contract, the Group shall determine the best estimate of variable consideration based on the expected value or the most probably occurred amount. The transaction price including variable consideration shall not exceed the amount of the cumulatively recognised revenue which is most unlikely to be significantly reversed when relevant uncertainty is eliminated. At each balance sheet date, the Group re-estimates the amount of variable consideration to be included in the transaction price.

In case of the existence of consideration payable to a customer in the contract, the Group shall account for consideration payable to a customer as a reduction of the transaction price and, therefore, of revenue unless the payment to the customer is in exchange for a distinct good or service. The Group shall recognise the reduction of revenue at the later of recognising relevant revenue and paying (or promising to pay) the consideration.

For sales that are affixed with terms of sales return, as the customer obtains control of related goods, the Group recognises revenue based on the consideration (excluding expected refund amounts due to sales returns) that the Group is expected to charge due to the transfer of goods to the customer, and recognises liabilities based on the expected refund amounts due to sales returns. Meanwhile, at the time of transfer, an asset is recognised at the carrying amount of goods expected to be returned, after deduction of expected costs from collecting the goods (including impairment of the returned goods), and the cost of sales is recognised at the carrying amount of the goods are transferred, netting of the cost of the aforementioned asset.

For sales that are affixed with quality assurance terms, if the quality assurance provides a separate service to the customer other than ensuring that the goods or services sold meet the established standards, the quality assurance constitutes a separate performance obligation. Otherwise, the Group will account for the quality assurance responsibility in accordance with the *CASBE No. 13 — Contingencies*.

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The additional purchase options of customers include sale incentive measures, customer reward points, etc. The Group regards the additional purchase option, which provides significant right to the customer, as a separate performance obligation, and recognises revenue when the customer exercises the purchase option to acquire the control over relevant goods or services in the future, or when the option expires. Where the stand-alone selling price of the additional purchase option of customers cannot be observed directly, the Group makes an estimate considering all the relevant information including the difference in discount when the customer exercises or does not exercise the option, and the possibility of the customer to exercise the option.

The Group assesses whether it controls each specified good or service before that good or service is transferred to the customer to determine whether the Group is a principal or an agent. If the Group controls the specified good or service before that good or service is transferred to a customer, the Group is a principal and recognises revenue in the gross amount of consideration received or 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 commission or fee is the net amount of consideration that the Group retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party.

25.2 Different business models for similar operations involve different revenue recognition methods and measurement approaches

The Group has no different business models for similar operations involve different revenue recognition methods and measurement approaches.

26. Contract costs

26.1 Costs to fulfil a contract

If the costs incurred in fulfilling a contract are not within the scope of any standards other than Revenue Standards, the Group recognises an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria: (1) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify; (2) the costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future; and (3) the costs are expected to be recovered. The asset mentioned above shall be amortised on a basis that is consistent with the revenue recognition of the goods or services to which the asset relates and recognised in profit or loss for the current period.

26.2 Impairment losses of assets relating to contract costs

In determining the impairment loss on assets relating to contract costs, the impairment loss should first be determined for the other assets relating to contracts, which are recognised in accordance with other CASBE. For assets relating to contract costs, where the carrying amount is higher than the difference between the two items below, the impairment provision will be made for the excess part with the impairment losses of assets recognised: (1) the remaining consideration that the Group expects to obtain for transfer of goods or services relating to the assets; (2) the estimated costs necessary to transfer relevant goods or services.

After the provision for impairment of assets related to contract costs is made, if the factors of impairment in previous periods change so that the difference between the above two is higher than the carrying amount of the asset, the original provision for impairment of the asset is reversed and recognised in profit or loss for the current period, provided that the carrying amount of the asset after the reversal does not exceed the carrying amount of the asset at the date of reversal assuming no provision for impairment was made.

27. Government grants

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no consideration. 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.

27.1 Accounting treatment of government grants related to assets

A government grant related to an asset is recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset.

27.2 Accounting treatment of government grants related to income

Government grants related to income refer to those other than grants related to assets.

For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognised as deferred income, and recognised in profit or loss over the periods in which the related expenses or losses are recognised. If the grant is a compensation for related expenses or losses already incurred, the grant is recognised immediately in profit or loss for the current period.

A government grant related to the Group's daily activities is recognised in other income based on the nature of economic activities. a government grant not related to the Group's daily activities is recognised in non-operating income.

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The Group recognises interest subsidies for policy-related preferential loans as follows: where the government provides an interest subsidy to the lending bank, enabling it to extend loans to the Group at a preferential interest rate, the Group recognises the amount of borrowings received as the carrying amount of the loan and calculates the related finance costs based on the loan principal and the preferential interest rate; where the government directly grants the interest subsidy to the Group, the subsidy is recognised as a reduction of the corresponding finance costs.

28. Leases

A lease is a contract whereby the lessor conveys to the lessee the right to use an asset for an agreed period of time in return for a consideration.

The Group assesses whether a contract is, or contains, a lease at inception date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

28.1 *The Group as lessee*

28.1.1 *Separating components of a lease*

If the contract contains one or more lease and non-lease components, the Group will separate the individual lease and non-lease components and allocate contract consideration according to the relative proportion of the sum of the stand-alone prices of the lease components and the stand-alone prices of the non-lease components.

28.1.2 *Right-of-use assets*

Except for short-term leases and leases of low-value assets, at the commencement date of the lease, the Group recognises a right-of-use asset. The commencement date of the lease is the date on which a lessor makes an underlying asset available for use by the Group. The Bank measures the right-of-use assets at cost. The cost of the right-of-use assets comprises:

- the amount of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group;
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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The Group depreciates right-of-use assets by reference to the relevant depreciation provisions of the *CASBE No. 4 — Fixed Assets*. The right-of-use assets are depreciated over the remaining useful lives of the leased assets where the Group is reasonably certain to obtain ownership of the underlying assets at the end of the lease term.

Otherwise, right-of-use assets are depreciated over the shorter of the lease term and the remaining useful lives of the leased assets.

The Group assesses and determines whether the right-of-use asset is impaired and accounts for any impairment loss identified in accordance with the *CASBE No. 8 — Impairment of Assets*.

28.1.3 Lease liabilities

Except for short-term leases and leases of low-value assets, at the commencement date of the lease, the Group measures the lease liabilities at the present value of the lease payments that are not paid at that date. In calculating the present value of lease payments, the Group uses the interest rate implicit in the lease as the discount rate. The Group uses the incremental borrowing rate if the interest rate implicit in the lease is not readily determinable.

Lease payments refer to payments relating to the right to use leased assets during the lease term which are made by the Group to the lessor, including:

- fixed payments and in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- the exercise price of a purchase option reasonably certain to be exercised by the Group;
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate the lease; and
- amounts expected to be paid under residual value guarantees provided by the Group.

Variable lease payments that depend on an index or a rate, are initially measured using the index or rate as at the commencement date. Variable lease payments not included in the measurement of the lease liabilities, are recognised in profit or loss or cost of related assets in the period of those payments.

After the commencement date of the lease, the Group calculates interest expenses of lease liabilities for each period of the lease term based on a fixed periodic rate, and recognises such expenses in profit or loss or costs of related assets.

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After the commencement date of the lease, the Group remeasures the lease liabilities and adjusts the right-of-use assets accordingly in the following cases. If the carrying amount of the right-of-use asset has been reduced to zero, but the lease liability needs to be reduced further, the Group will recognise the difference in profit or loss for the current period:

- there is a change in the lease term, or in the assessment of an option to purchase the underlying asset, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there is a change in the amounts expected to be payable under a residual value guarantee, or in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group re-measures the lease liabilities, on the basis of the revised lease payments and the unchanged discount rate.

28.1.4 Determination basis and accounting treatment of short-term leases and leases of low-value assets treated under a simplified method as lessee

The Group chooses not to recognise right-of-use assets and lease liabilities for short-term leases of transportation equipment, machinery and equipment and buildings, as well as leases of low-value assets. A short-term lease is a lease that at the commencement date, has a lease term of 12 months or less and does not contain a purchase option. A lease of low-value assets, is a lease that the single underlying asset, when is new, is less than RMB50,000.

The Group shall recognise the lease payments associated with short-term leases and leases of low-value assets in profit or loss or cost of related assets on a straight-line basis over the lease term.

28.1.5 Lease modifications

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

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope which is adjusted based on circumstances of the particular contract.

If the lease modification is not accounted for as an individual lease, on the effective date of the lease modification, the Group reallocates the consideration of the contract after the change, re-determines the lease term, and remeasures the lease liabilities at the present value of revised lease payment discounted at revised discount rate.

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If the lease modification results in a reduction in the lease scope or lease term, the carrying amount of the right-of-use assets will be reduced, and the gains or losses relevant to the lease partially or fully terminated will be included in profit or loss for the current period. For other lease modifications resulting in the remeasurement of lease liabilities, the carrying amount of right-of-use assets is adjusted accordingly.

28.2 The Group as lessor

28.2.1 Separating components of a lease

For a contract that contains lease or non-lease components, the Group allocates the contract consideration in accordance with the transaction price allocation provisions in the revenue standard. The allocation is based on the stand-alone prices for the lease component and the non-lease component.

28.2.2 Classification criteria and accounting treatment for leases as the lessor

Leases are classified as finance leases whenever the terms of the leased assets transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

28.2.2.1 The Group as lessor under operating leases

Receipts of lease under operating leases are recognised as rental income on a straight-line basis over the term of the relevant lease. Initial direct costs related to operating leases incurred by the Group are capitalised when incurred, and are recognised in profit or loss for the current period on the same basis as recognition of rental income over the lease term.

29. Deferred tax assets/Deferred tax liabilities

Income tax expenses include current income tax and deferred income tax.

29.1 Current income taxes

At the balance sheet date, current tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

29.2 Deferred tax assets and deferred tax liabilities

For temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between the nil carrying amount of those items that are not recognised as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognised using the balance sheet liability method.

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Deferred tax is generally recognised for all temporary differences. Deferred tax assets for deductible temporary differences are recognised to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be utilised. However, for temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable income (or deductible losses) and does not give rise to equal taxable temporary differences and deductible temporary differences at the time of transaction, no deferred tax asset or liability is recognised.

For deductible losses and tax credits that can be carried forward, deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible losses and tax credits can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be taxable income against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Current and deferred tax expenses or benefits are recognised in profit or loss for the current period, except when they arise from transactions or events that are directly recognised in other comprehensive income or in owners' equity, in which case they are recognised in other comprehensive income or in owners' equity; and when they arise from business combinations, in which case they adjust the carrying amount of goodwill.

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

29.3 Income tax offsetting

When the Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously, current tax assets and current tax liabilities are offset and presented on a net basis.

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When the Group has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realise the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

30. Changes in significant accounting policies and accounting estimates

30.1 Accounting treatment concerning the exemption of initial recognition of deferred tax relating to assets and liabilities arising from a single transaction

The *Interpretation No. 16 of the CASBE* (the “Interpretation No. 16”) was issued by the Ministry of Finance on November 30, 2022, which stipulated the accounting treatment concerning the initial recognition exemption for deferred income tax relating to assets and liabilities arising from a single transaction.

The Interpretation No. 16 revised the coverage of exemption of the initial recognition of deferred tax in the *CASBE No. 18 — Income Tax*, and specified that the relevant provisions on the exemption of initial recognition of deferred tax liabilities and deferred tax assets are not applicable to a single transaction (not a business combination) that affects neither the accounting profit nor taxable income (or deductible losses) at the time of transaction, and where the assets and liabilities initially recognised generate equal taxable temporary differences and deductible temporary differences. Interpretation became effective from January 1, 2023 and could be early applied. For a single transaction applicable to the Interpretation No. 16 that occurs during the period from the beginning of the earliest presentation period of the financial statements in which Interpretation 16 is first applied to the effective date of this interpretation, the enterprise shall adjust in accordance with the Interpretation No. 16.

The Group assesses that adoption of this Interpretation has no material impact on its Historical Financial Information.

30.2 Classification of current liabilities and non-current liabilities

The *Interpretation No. 17 of the CASBE* (the “Interpretation No. 17”) was issued by the Ministry of Finance on October 25, 2023, which stipulated the classification of current liabilities and non-current liabilities and came into effect on January 1, 2024.

The Interpretation No. 17 amended and improved the principles for classification of current liabilities and non-current liabilities in the *CASBE No. 30 — Presentation of Financial Statements*, specifying (1) that a liability shall be classified as a current liability if the enterprise has no substantive right at the balance sheet date to defer the settlement of the liability for more than one year after the balance sheet date. The subjective likelihood of the

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enterprise’s exercise of the aforesaid right does not affect the classification of a liability as current and non-current; (2) that where a liability is arising from the enterprise’s loan arrangement and the enterprise’s right to defer the settlement of the liability for more than one year after the balance sheet date may depend on covenants, the enterprise should distinguish the covenants to be complied with on or before the balance sheet date from those to be complied with after the balance sheet date in determining whether it has the right to defer the settlement of the liability at the balance sheet date; (3) that the associated settlement terms of a liability are irrelevant to the classification of the liability as current and non-current if the counterparty has the option to settle the liability with the enterprise’s own equity instrument and the option is classified as an equity instrument and separately recognised; and (4) the disclosure requirements relating to a loan arrangement with covenants that is classified as a non-current liability. Meanwhile, enterprises are also required to adjust the information for the comparative period in accordance with the provisions of the Interpretation upon initial application.

The Group assesses that adoption of this interpretation has no material impact on its Historical Financial Information.

30.3 Accounting treatment of assurance-type warranties that are not separate performance obligations

The *Interpretation No. 18 of the CASBE* (the “Interpretation No. 18”) was issued by the Ministry of Finance on December 6, 2024. The Interpretation No. 18 stipulated the accounting treatment of assurance-type warranties that are not separate performance obligations. The interpretation became effective on December 6, 2024, and enterprises are allowed to implement it in advance from the year of release.

The Interpretation No. 18 stipulates that when accounting for provisions arising from assurance-type warranties that are not separate performance obligations in accordance with the Revenue Standards, the amount determined shall be debited to “principal operating costs” or “other operating costs” and credited to “provisions”, and presented accordingly under “operating costs” in the income statement and “other current liabilities”, “non-current liabilities due within one year” and “provisions” in the balance sheet in accordance with the *CASBE No. 13 — Contingencies*. When the interpretation is initially applied, the enterprise shall retrospectively adjust the changes in accounts and items presented in the financial statements involving the accounting treatment of the above assurance-type warranties as changes in accounting policies if such assurance-type warranties were included in “selling expenses”.

Upon assessment, the Group considers that the adoption of the above provisions has no significant impact on its Historical Financial Information.

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(IV) CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY ASSUMPTIONS AND UNCERTAINTIES IN ACCOUNTING ESTIMATES

In the application of the Group's accounting policies, the Group is required to make judgements, estimates and assumptions about the carrying amounts of items in the Historical Financial Information that cannot be measured accurately, due to the internal uncertainty of the operating activities. These judgements, estimates and assumptions are based on historical experiences of the Group's management as well as other factors that are considered to be relevant. Actual results may differ from these estimates.

The aforementioned judgements, estimates and assumptions are reviewed regularly on a going concern basis. The effect of a change in accounting estimate is recognised in the period of the change, if the change affects that period only; or recognised in the period of the change and future periods, if the change affects both.

Key assumptions and uncertainties in accounting estimates

At the balance sheet date, the key assumptions and uncertainties in accounting estimates that are probable to cause significant adjustments to the carrying amounts of assets and liabilities in future periods include:

Credit loss allowance for accounts receivable

Except for accounts receivable with significantly different credit risk characteristics, which are assessed for ECL on an individual asset basis, the Group uses an impairment matrix to determine the ECL on accounts receivable. The Group determines the proportion of corresponding loss allowance for all types of accounts receivable with similar risk characteristics. The expected credit loss rate is determined based on the Group's historical credit loss experience and considers reasonable and supportable forward-looking information that is available without undue cost or effort. The recognition of credit loss allowance requires the use of judgment and estimates. If the re-estimate results differ from existing estimates, such differences will affect the carrying amount of accounts receivable in the period of the estimate change.

Provision for write-down of inventories

The Group recognises provision for write-down of inventories based on the estimated net realisable value of inventories. If the net realisable value is below the cost of inventories, a provision for write-down of inventories is made. The recognition of net realisable value requires the use of judgment and estimates. Where the re-estimated result is different from the current estimates, the difference will impact the carrying amounts of the inventories of the period in which the estimates have changed.

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Depreciation and amortisation

The Group depreciates and amortises intangible assets, fixed assets and productive biological assets using the straight-line method over their useful lives. The Group depreciates right-of-use assets using the straight-line method. The right-of-use assets are depreciated over the remaining useful lives of the leased assets where the Group is reasonably certain to obtain ownership of the underlying assets at the end of the lease term. Otherwise, right-of-use assets are depreciated over the shorter of the lease term and the remaining useful lives of the leased assets.

The Group periodically reviews the useful lives of assets to determine the amount of depreciation and amortisation expense to be recognised in each reporting period. Useful lives are determined by the Group based on historical experience with similar assets, taking into account factors such as anticipated technological advancements and changes in market demand. If there is a significant change in previous estimates, adjustments to depreciation and amortisation expense will be made in future periods.

Impairment of long-term assets (other than goodwill)

The Group performs impairment tests when there are indications that long-term assets may be impaired. Impairment exists if the carrying amount of an asset or asset group is higher than the recoverable amount, the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset or asset group. The fair value net of cost of disposal is determined by reference to the agreed selling price of similar assets in an arm’s length transaction or observable market price less the incremental cost that can be directly attributable to the disposal of the asset. When estimating the present value of future cash flows, the management estimates the future cash flows of the assets or asset group and adopts an appropriate discount rate to determine the present value of the future cash flows.

Impairment of goodwill

The Group tests goodwill for impairment at least annually. During testing, the recoverable amounts of the asset group or sets of asset groups to which the goodwill relates are estimated. Estimating recoverable amount requires the Group to estimate the future cash flows expected to be generated by the asset group or set of asset groups and to select an appropriate discount rate to calculate the present value of these cash flows. When market conditions change, the recoverable amount of the relevant asset group or set of asset groups may differ from existing estimates, and such differences will affect profit or loss for the current period.

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Recognition of deferred tax assets

The realisation of deferred tax assets mainly depends on taxable profits in the future and actual tax rate in the future year when deductible temporary differences are used. If profit in the future is less than the predicted, or the actual tax rate is less than the predicted, the deferred tax assets recognised shall be reversed and recognised in the income statement for the period when the reversal occurred. If the actual taxable income generated in the future exceeds the forecast, or if the actual tax rate is higher than anticipated, the corresponding deferred tax assets will be adjusted and recognised in the income statement for the period in which such circumstances occur.

(V) TAXATION

1. Major categories of taxes and tax rates

Major tax types and tax rates are set out below:

<u>Tax types</u>	<u>Basis of tax computation</u>	<u>Tax rate</u>
Value-added tax (“VAT”) .	Note 1	1%, 3%, 5%, 6%, 9%, 13%
Enterprise income tax	Taxable income	Note 2
Urban maintenance and construction tax	Turnover tax actually paid	7%, 5%, 1%
Education surcharge	Turnover tax actually paid	3%
Local education surcharge .	Turnover tax actually paid	2%
Real estate tax	Original costs of the property, rental income from the property	For self-used properties, real estate tax is calculated and levied at 1.2% of 70% of the original value of the property; for rented properties, real estate tax is calculated and levied at 12% of the rental income.
Land use tax	Actual land area occupied	RMB0.6–20 per square meter

Note 1: VAT payable is the balance of output tax less deductible input tax, or the tax payable calculated under the simplified taxation method.

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Note 2: Explanation of taxpayers subject to different enterprise income tax rates:

Items	Income tax rate
Business in Chinese Mainland	25%, except for the tax incentives listed below
Business in the United States of America	21%
Business in Hong Kong, China	8.25%

Aisen Technology Bulls Co., Ltd. (愛森科技種公牛有限公司) (“Aisen Technology”), a subsidiary of the Company, was incorporated in the United States of America in 2022. The U.S. federal corporate income tax is currently a flat rate of 21%, applicable to taxable income generated after December 31, 2017.

Junlebao (Hong Kong) Holdings Limited (君樂寶(香港)控股有限公司) (“Junlebao Hong Kong”), a subsidiary of the Company, was incorporated in Hong Kong, China in 2024. The tax rate applicable to corporations is 8.25% on assessable profits up to HKD2,000,000; and 16.5% on any part of assessable profits over HKD2,000,000.

2. Tax incentives

Enterprise income tax incentives for the Company and its domestic subsidiaries

Pursuant to Article 27(1) of the Enterprise Income Tax Law of the People’s Republic of China, income derived by enterprises from agricultural, forestry, animal husbandry, and fishery projects may be exempted from or reduced for enterprise income tax, and Article 86 of the Regulation on the Implementation of the Enterprise Income Tax Law of the People’s Republic of China provides further interpretation to this tax law.

According to the abovementioned tax law and regulation, the income derived by the following subsidiaries from breeding of livestock and poultry shall be exempt from enterprise income tax:

English Name	Chinese Name	English Abbreviation
Hebei Leyuan Animal Husbandry Co., Ltd.	河北樂源牧業有限公司	Leyuan Animal Husbandry
Leyuan Animal Husbandry Weixian Co., Ltd.	樂源牧業威縣有限公司	Leyuan Weixian
Leyuan Junbang Animal Husbandry Weixian Co., Ltd.	樂源君邦牧業威縣有限公司	Leyuan Junbang
Leyuan Animal Husbandry Xingtang Co., Ltd.	樂源牧業行唐有限公司	Leyuan Xingtang
Xuzhou Leyuan Animal Husbandry Co., Ltd.	徐州樂源牧業有限公司	Xuzhou Leyuan
Shijiazhuang Junsheng Animal Husbandry Co., Ltd.	石家莊君盛牧業有限公司	Junsheng Animal Husbandry

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English Name	Chinese Name	English Abbreviation
Leyuan Animal Husbandry Zhengyang Co., Ltd.	樂源牧業正陽有限公司	Leyuan Zhengyang
Leyuan Junhong Animal Husbandry Weixian Co., Ltd.	樂源君宏牧業威縣有限公司	Junhong Animal Husbandry
Junlebao Youzhi Pasture Zhangjiakou Animal Husbandry Co., Ltd.	君樂寶優致牧場張家口牧業有限公司	Youzhi Animal Husbandry
Leyuan Junxiang Animal Husbandry Weixian Co., Ltd.	樂源君享牧業威縣有限公司	Junxiang Animal Husbandry
Leyuan Junkang Animal Husbandry Weixian Co., Ltd.	樂源君康牧業威縣有限公司	Junkang Animal Husbandry
Xingtai Baixiang Junchuang Animal Husbandry Co., Ltd.	邢台市柏鄉君創牧業有限公司	Baixiang Junchuang
Leyuan Animal Husbandry Handan Co., Ltd.	樂源牧業邯鄲有限公司	Leyuan Handan
Huanghua Leyuanjia Animal Husbandry Co., Ltd.	黃驊市樂源家牧業有限公司	Huanghua Leyuanjia
Shenze County Junchuang Yimu Animal Husbandry Co., Ltd.	深澤縣君創壹牧牧業有限公司	Junchuang Yimu
Shenze County Junchuang Ermu Animal Husbandry Co., Ltd.	深澤縣君創貳牧牧業有限公司	Junchuang Ermu
Shijiazhuang Junliyuan Animal Husbandry Co., Ltd.	石家莊君利源牧業有限公司	Junliyuan Animal Husbandry
Zhengding Leyuan Jiaer Animal Husbandry Co., Ltd.	正定樂源家貳牧業有限公司	Leyuan Jiaer
Zanhuang Jiale yuan Animal Husbandry Co., Ltd.	贊皇縣家樂源牧業有限公司	Zanhuang Jiale yuan
Shenze County Leyuan Jiasan Animal Husbandry Co., Ltd.	深澤縣樂源家叁牧業有限公司	Leyuan Jiasan
Lixian Leyuanjia Animal Husbandry Co., Ltd.	蠡縣樂源家牧業有限公司	Lixian Leyuanjia
Gaoyang County Leyuanjia Animal Husbandry Co., Ltd.	高陽縣樂源家牧業有限公司	Gaoyang Leyuanjia
Weixian Leyuan Jiasen Animal Husbandry Co., Ltd.	威縣樂源家森牧業有限公司	Leyuan Jiasen
Weixian Leyuan Jiasi Animal Husbandry Co., Ltd.	威縣樂源家思牧業有限公司	Leyuan Jiasi
Daming Leyuanjia Animal Husbandry Co., Ltd.	大名縣樂源家牧業有限公司	Daming Leyuanjia
Quyong County Jiale yuan Animal Husbandry Co., Ltd.	曲陽縣家樂源牧業有限公司	Quyong Jiale yuan
Leyuan Junfeng (Tangshan) Animal Husbandry Co., Ltd.	樂源君豐(唐山)牧業有限公司	Leyuan Junfeng

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English Name	Chinese Name	English Abbreviation
Leyuan Animal Husbandry Zhangbei Co., Ltd.	樂源牧業張北有限公司	Leyuan Zhangbei
Leyuan Junkai (Weixian) Animal Husbandry Co., Ltd.	樂源君凱(威縣)牧業有限公司	Leyuan Junkai
Leyuan Junjie (Cangzhou) Animal Husbandry Co., Ltd.	樂源君捷(滄州)牧業有限公司	Leyuan Junjie
Leyuan Junhui (Cangzhou) Animal Husbandry Co., Ltd.	樂源君輝(滄州)牧業有限公司	Leyuan Junhui
Junao Animal Husbandry (Zanhuang) Co., Ltd.	君奧牧業(贊皇)有限責任公司	Junao Zanhuang
Xinxiang Leyuan Animal Husbandry Co., Ltd.	新鄉樂源牧業有限公司	Xinxiang Leyuan
Zhangjiakou Junlebao Banner Animal Husbandry Co., Ltd.	張家口君樂寶旗幟牧業有限公司	Banner Animal Husbandry
Weixian Leyuanjia Animal Husbandry Co., Ltd.	魏縣樂源家牧業有限公司	Weixian Leyuanjia
Haixing County Leyuanjia Animal Husbandry Co., Ltd.	海興縣樂源家牧業有限公司	Haixing Leyuan
Shenze County Leyuan Jiasi Animal Husbandry Co., Ltd.	深澤縣樂源家肆牧業有限公司	Shenze Jiasi
Dali Yunying Animal Husbandry Co., Ltd.	大理雲櫻牧業有限公司	Dali Yunying
Yunnan Dali Yunfei Animal Husbandry Co., Ltd.	雲南大理雲菲牧業有限公司	Yunfei Animal Husbandry
Yunnan Dali Yunxiang Animal Husbandry Co., Ltd.	雲南大理雲祥牧業有限公司	Yunxiang Animal Husbandry
Xiangyun Leyuan Animal Husbandry Co., Ltd.	祥雲樂源牧業有限公司	Xiangyun Leyuan
Tianchang Leyuan Animal Husbandry Co., Ltd.	天長樂源牧業有限公司	Tianchang Leyuan
Zhengyang County Leyuan Ermu Animal Husbandry Co., Ltd.	正陽縣樂源貳牧業有限公司	Zhengyang Leyuan
Yunnan Dali Yunduan Animal Husbandry Co., Ltd.	雲南大理雲端牧業有限公司	Yunduan Animal Husbandry
Huanghua Junchuang Yimu Animal Husbandry Co., Ltd.	黃驊市君創壹牧業有限公司	Huanghua Junchuang
Pingshan Junhe Animal Husbandry Co., Ltd.	平山縣君合牧業有限公司	Pingshan Junhe
Shijiazhuang Junchuang Animal Husbandry Development Co., Ltd.	石家莊君創牧業發展有限公司	Junchuang Animal Husbandry

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English Name	Chinese Name	English Abbreviation
Hebei Leyuan Junchun Animal Husbandry Co., Ltd. (renamed in April 2025, formerly known as: Hebei Pinyuan Breeding Cattle Co., Ltd.)	河北樂源君淳牧業有限公司	Pinyuan Breeding Cattle

The Company’s subsidiaries Xi’an Yinqiao Dairy Technology Co., Ltd. (西安銀橋乳業科技有限公司) (“Xi’an Yinqiao”), Dali Lesson Dairy Co., Ltd. (大理來思爾乳業有限公司) (“Dali Lesson Dairy”) and Yunnan Lesson Dairy Co., Ltd. (雲南來思爾乳業有限公司) (“Yunnan Lesson Dairy”) meet the conditions stipulated in the Preferential Tax Policies for Development of China’s Western Regions and are subject to a reduced enterprise income tax rate of 15%.

Pursuant to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Preferential Income Tax Policies for Micro and Small Enterprises (Announcement No. 13 [2022] of the Ministry of Finance and the State Taxation Administration) on March 14, 2022, from January 1, 2022 to December 31, 2024, the annual taxable income of a small low-profit enterprise that is not less than RMB1 million nor more than RMB3 million shall be included in its taxable income at the reduced rate of 25%, with the applicable enterprise income tax rate of 20%. Pursuant to the Announcement of the Ministry of Finance and the State Taxation Administration on the Preferential Income Tax Policies for Micro and Small Enterprises and Individual Industrial and Commercial Households (Announcement No. 6 [2023] of the Ministry of Finance and the State Taxation Administration) on March 26, 2023, from January 1, 2023 to December 31, 2024, the annual taxable income of a small low-profit enterprise that is less than RMB1 million shall be included in its taxable income at the reduced rate of 25%, with the applicable enterprise income tax rate of 20%. Pursuant to the Announcement of the Ministry of Finance and the State Taxation Administration on the Relevant Tax and Fee Policies for Further Supporting the Development of Micro and Small Enterprises and Individual Industrial and Commercial Households (Announcement No. 12 [2023] of the Ministry of Finance and the State Taxation Administration) on August 2, 2023, the annual taxable income of a small low-profit enterprise shall be included in its taxable income at the reduced rate of 25%, with the applicable enterprise income tax rate of 20%, which will be continued to be implemented until December 31, 2027.

The subsidiaries of the Company, Leyuan Junyue Feed (Weixian) Co., Ltd. (樂源君悅飼料(威縣)有限公司) (“Junyue Feed”), Zhengyang Derong Plastic Packaging Products Co., Ltd. (正陽德容塑料包裝製品有限公司) (“Zhengyang Derong”), Siping Derong Plastic Packaging Products Co., Ltd. (四平德容塑料包裝製品有限公司) (“Siping Derong”), Hebei Guanwei Dairy Co., Ltd. (河北冠維乳業有限公司) (“Hebei Guanwei”), Shijiazhuang Junlebao Junxiang Property Service Co., Ltd. (石家莊君樂寶君享物業服務有限公司) (“Junxiang Property”), Shanghai Chunxiang Trading Co., Ltd. (上海純享商貿有限公司) (“Shanghai Chunxiang”), Weixian Derong Plastic Packaging Products Co., Ltd. (威縣德容塑料包裝製品有限公司)

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(“Weixian Derong”) and Junlebao Dairy (Guangdong) Co., Ltd. (君樂寶乳業(廣東)有限公司) (“Guangdong Junlebao”), met the aforementioned regulations in 2023, the taxable income which is less than RMB1 million shall be included in its taxable income at the reduced rate of 25%, with the applicable enterprise income tax rate of 20%. The subsidiaries of the Company, Siping Derong, Weixian Derong, Hebei Guanwei, Junxiang Property, Guangdong Junlebao, Xi’an Youyou Zhichun Network Technology Co., Ltd. (西安悠悠智純網絡科技有限公司) (“Youyou Zhichun”) and Sikeqi Food Technology (Hebei) Co., Ltd. (思克奇食品科技(河北)有限公司) (“Sikeqi Hebei”), met the aforementioned regulations in 2024, the taxable income which is less than RMB3 million shall be included in its taxable income at the reduced rate of 25%, with the applicable enterprise income tax rate of 20%.

Pursuant to Article 86 of the Regulation on the Implementation of the Enterprise Income Tax Law of the People’s Republic of China and the regulations of the Scope of Primary Processing of Agricultural Products Covered by Preferential Policies on Enterprise Income Tax (for Trial Implementation), the income derived from primary processing of dairy products by the following subsidiaries shall be exempt from enterprise income tax: Baoding Junlebao Dairy Co., Ltd. (保定君樂寶乳業有限公司) (“Baoding Junlebao”), Jiangsu Junlebao Dairy Co., Ltd. (江蘇君樂寶乳業有限公司) (“Jiangsu Junlebao”), Weixian Junlebao Dairy Co., Ltd. (威縣君樂寶乳業有限公司) (“Weixian Junlebao”), Handan Junlebao Dairy Co., Ltd. (邯鄲君樂寶乳業有限公司) (“Handan Junlebao”), Cangzhou Junlebao Town Ballad Dairy Co., Ltd. (滄州君樂寶鄉鄉乳業有限公司) (“Cangzhou Junlebao”), Zhengyang Junlebao Dairy Co., Ltd. (正陽君樂寶乳業有限公司) (“Zhengyang Junlebao”) and Dali Lesson Dairy.

VAT incentives for the Company and its domestic subsidiaries

Pursuant to Article 15 of the Interim Regulation of the People’s Republic of China on Value-added Tax, the following subsidiaries are exempt from VAT on self-produced agricultural products sold:

Leyuan Animal Husbandry, Leyuan Weixian, Leyuan Junbang, Leyuan Xingtang, Xuzhou Leyuan, Junsheng Animal Husbandry, Leyuan Zhengyang, Junhong Animal Husbandry, Youzhi Animal Husbandry, Junxiang Animal Husbandry, Junkang Animal Husbandry, Baixiang Junchuang, Leyuan Handan, Huanghua Leyuanjia, Junchuang Yimu, Junchuang Ermu, Junliyuan Animal Husbandry, Leyuan Jiaer, Zanzhuang Jiale yuan, Leyuan Jiasan, Lixian Leyuanjia, Gaoyang Leyuanjia, Leyuan Jiasen, Leyuan Jiasi, Daming Leyuanjia, Quyang Jiale yuan, Leyuan Junfeng, Leyuan Zhangbei, Leyuan Junkai, Leyuan Junjie, Leyuan Junhui, Junao Zanzhuang, Xinxiang Leyuan, Banner Animal Husbandry, Weixian Leyuanjia, Haixing Leyuan, Shenze Jiasi, Dali Yunying, Yunduan Animal Husbandry, Yunfei Animal Husbandry, Yunxiang Animal Husbandry, Xiangyun Leyuan, Tianchang Leyuan, Zhengyang Leyuan, Huanghua Junchuang, Pingshan Junhe, Junchuang Animal Husbandry and Pinyuan Breeding Cattle.

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Pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on the Exemption of Value-added Tax for Feed Products (Cai Shui [2001] No. 121), single bulk feed, mixed feed, compound feed, compound premixes, concentrated feed, and other feed products are exempt from VAT. The Company’s subsidiaries, Hebei Junnong Feed Co., Ltd. (河北君農飼料有限公司) (“Junnong Feed”) and Junyue Feed, comply with the requirements of the aforementioned notice and have completed procedures for VAT exemption. The feed produced by these subsidiaries is exempt from VAT.

Pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on the Value-added Tax Exemption Policies for Certain Fresh Meat and Egg Products in Circulation (Cai Shui [2012] No. 75), certain fresh meat and egg products shall be exempted from VAT in circulation. The Company, along with subsidiaries Weixian Junlebao and Handan Junlebao, meet the requirements outlined in the aforementioned notice and are exempt from VAT and surcharges on fresh meat and egg products in circulation.

(VI) NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CASH AT BANK AND ON HAND

RMB

Items	December 31, 2024	December 31, 2023
Cash on hand	–	15,041.05
Bank deposits	1,479,496,574.38	1,338,687,923.81
Other monetary funds	105,109,774.67	150,287,059.70
Total	1,584,606,349.05	1,488,990,024.56

As at December 31, 2024 and December 31, 2023, the Group had restricted bank deposits and other monetary funds of RMB107,219,067.61 and RMB134,526,614.72, respectively. For details, please refer to Note (VI) 57(5).

As at December 31, 2024 and December 31, 2023, the Group had no significant overseas deposits.

2. DERIVATIVE FINANCIAL ASSETS

RMB

Items	December 31, 2024	December 31, 2023
Interest rate swap agreement	–	17,512,193.95
Forward foreign exchange contract	–	7,314,950.63
Total	–	24,827,144.58

In 2024, the Group prepaid the USD Loan from Credit Suisse AG (see Note (VI) 31 for details) and simultaneously terminated the interest rate swap agreement and forward foreign exchange contract purchased for this loan. As at December 31, 2024, the Group had no derivative financial assets.

As at December 31, 2023, the Group’s derivative financial assets comprised interest rate swap agreement and forward foreign exchange contract purchased in connection with the USD Loan from Credit Suisse AG.

None of the above derivative financial assets were designated as hedging instruments and were measured at fair value through profit or loss.

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3. BILLS RECEIVABLE

(1) Categories of bills receivable

RMB

Category	December 31, 2024	December 31, 2023
Bank acceptance bills	2,400,000.00	2,582,320.00
Total	<u>2,400,000.00</u>	<u>2,582,320.00</u>

(2) Bills receivable pledged by the Group at the year end

As at December 31, 2024 and December 31, 2023, the Group had no pledged bills receivable.

(3) Bills receivable endorsed or discounted by the Group at the year end and not yet matured at the balance sheet date

RMB

Items	December 31, 2024		December 31, 2023	
	Amount derecognised	Amount not derecognised	Amount derecognised	Amount not derecognised
Bank acceptance bills	–	2,400,000.00	–	2,450,000.00
Total	<u>–</u>	<u>2,400,000.00</u>	<u>–</u>	<u>2,450,000.00</u>

The Group believes that the bills receivable held are not exposed to significant credit risk and will not incur material losses due to default of the bill acceptors. Therefore, no loss allowance had been recognised.

4. ACCOUNTS RECEIVABLE

(1) Disclosed by aging

Based on the dates of delivery of goods or services, the aging analysis of accounts receivables is as follows:

RMB

Aging	December 31, 2024			December 31, 2023		
	Gross carrying amount	Credit loss allowance	Proportion of allowance (%)	Gross carrying amount	Credit loss allowance	Proportion of allowance (%)
Within 1 year						
(inclusive)	863,809,196.08	(21,595,519.61)	2.50	1,001,722,392.98	(22,928,015.67)	2.29
1-2 years (inclusive)	25,566,750.39	(10,049,489.27)	39.31	29,656,050.84	(29,656,050.84)	100.00
2-3 years (inclusive)	12,841,235.81	(1,604,782.21)	12.50	2,324,483.25	(2,324,483.25)	100.00
Over 3 years	2,389,815.04	(2,389,815.04)	100.00	1,085,505.06	(1,085,505.06)	100.00
Total	<u>904,606,997.32</u>	<u>(35,639,606.13)</u>	<u>3.94</u>	<u>1,034,788,432.13</u>	<u>(55,994,054.82)</u>	<u>5.41</u>

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(2) Disclosed by credit loss provision method

RMB

Items	December 31, 2024				
	Gross carrying amount		Credit loss allowance		Carrying amount
	Amount	Percentage	Amount	Proportion of allowance	
		(%)		(%)	
Credit loss allowance assessed on an individual basis	33,902,186.51	3.75	(7,148,471.78)	21.09	26,753,714.73
Credit loss allowance assessed on a portfolio basis					
Distributors	9,923,365.60	1.10	(1,183,028.91)	11.92	8,740,336.69
E-commerce	264,859,625.64	29.28	(696,595.40)	0.26	264,163,030.24
KA customers (Note 1)	230,827,486.53	25.52	(12,814,399.29)	5.55	218,013,087.24
Special channels (Note 2)	137,861,000.99	15.24	(6,381,281.59)	4.63	131,479,719.40
Others	227,233,332.05	25.11	(7,415,829.16)	3.26	219,817,502.89
Total	<u>904,606,997.32</u>	<u>100.00</u>	<u>(35,639,606.13)</u>	<u>3.94</u>	<u>868,967,391.19</u>

RMB

Items	December 31, 2023				
	Gross carrying amount		Credit loss allowance		Carrying amount
	Amount	Percentage	Amount	Proportion of allowance	
		(%)		(%)	
Credit loss allowance assessed on an individual basis	-	-	-	-	-
Credit loss allowance assessed on a portfolio basis					
Distributors	34,341,789.26	3.32	(1,997,465.08)	5.82	32,344,324.18
E-commerce	255,396,475.27	24.68	(1,370,104.61)	0.54	254,026,370.66
KA customers (Note 1)	211,849,059.19	20.47	(8,740,537.65)	4.13	203,108,521.54
Special channels (Note 2)	325,975,214.64	31.50	(37,314,260.59)	11.45	288,660,954.05
Others	207,225,893.77	20.03	(6,571,686.89)	3.17	200,654,206.88
Total	<u>1,034,788,432.13</u>	<u>100.00</u>	<u>(55,994,054.82)</u>	<u>5.41</u>	<u>978,794,377.31</u>

Note 1: KA customers refer to major national and regional supermarkets, mother-and-baby chain stores, and convenience store chains.

Note 2: The Group collectively refers to the sales channels serving public sectors, schools and other public institutions, and certain state-owned enterprises as “special channels”.

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Credit loss allowance assessed on an individual basis

RMB

Name	December 31, 2024			Reason
	Gross carrying amount	Credit loss allowance	Proportion of allowance	
			(%)	
Customer I	20,943,693.00	(302,605.30)	1.44	Guaranteed
Customer II	6,202,240.20	(89,613.17)	1.44	Guaranteed
Customer III	5,249,616.53	(5,249,616.53)	100.00	The customer is experiencing operational difficulties, and the likelihood of collection is low.
Customer IV	1,506,636.78	(1,506,636.78)	100.00	The customer is experiencing operational difficulties, and the likelihood of collection is low.
Total	<u>33,902,186.51</u>	<u>(7,148,471.78)</u>	/ /	

Credit loss allowance assessed on portfolios basis

As part of the Group’s credit risk management, in addition to assessing ECL on an individual basis for accounts receivable with significantly different credit risk characteristics, the Group categorises accounts receivable into five portfolios, i.e. distributors, E-commerce, KA customers, special channels, and others based on the common risk characteristics. The Group uses debtors’ aging to assess the impairment for its customers because for each portfolio the debtors’ aging is representative of customers’ abilities to pay all amounts due in accordance with the contractual terms. The aging of accounts receivable is based on the date of delivery of goods or services.

As at December 31, 2024 and December 31, 2023, the credit risk exposure and lifetime ECL for each portfolio of accounts receivable are as follows:

RMB

Distributors	December 31, 2024			
	Expected credit loss rate	Gross carrying amount	Credit loss allowance	Carrying amount
	(%)			
Within 1 year (inclusive)	2.15	8,932,382.92	(192,046.23)	8,740,336.69
1-2 years (inclusive)	100.00	632,288.64	(632,288.64)	–
2-3 years (inclusive)	100.00	200,793.77	(200,793.77)	–
Over 3 years	100.00	157,900.27	(157,900.27)	–
Total		<u>9,923,365.60</u>	<u>(1,183,028.91)</u>	<u>8,740,336.69</u>

RMB

E-commerce	December 31, 2024			
	Expected credit loss rate	Gross carrying amount	Credit loss allowance	Carrying amount
	(%)			
Within 1 year (inclusive)	0.22	264,745,470.27	(582,440.03)	264,163,030.24
1-2 years (inclusive)	100.00	114,155.37	(114,155.37)	–
Total		<u>264,859,625.64</u>	<u>(696,595.40)</u>	<u>264,163,030.24</u>

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RMB

KA customers	December 31, 2024			
	Expected credit loss rate	Gross carrying amount	Credit loss allowance	Carrying amount
	(%)			
Within 1 year (inclusive)	2.73	224,131,887.78	(6,118,800.54)	218,013,087.24
1-2 years (inclusive)	100.00	3,639,499.44	(3,639,499.44)	–
2-3 years (inclusive)	100.00	872,346.54	(872,346.54)	–
Over 3 years	100.00	2,183,752.77	(2,183,752.77)	–
Total		<u>230,827,486.53</u>	<u>(12,814,399.29)</u>	<u>218,013,087.24</u>

RMB

Special channels	December 31, 2024			
	Expected credit loss rate	Gross carrying amount	Credit loss allowance	Carrying amount
	(%)			
Within 1 year (inclusive)	4.51	137,689,516.60	(6,209,797.20)	131,479,719.40
1-2 years (inclusive)	100.00	171,484.39	(171,484.39)	–
Total		<u>137,861,000.99</u>	<u>(6,381,281.59)</u>	<u>131,479,719.40</u>

RMB

Others	December 31, 2024			
	Expected credit loss rate	Gross carrying amount	Credit loss allowance	Carrying amount
	(%)			
Within 1 year (inclusive)	1.53	223,232,967.29	(3,415,464.40)	219,817,502.89
1-2 years (inclusive)	100.00	3,585,291.06	(3,585,291.06)	–
2-3 years (inclusive)	100.00	366,911.70	(366,911.70)	–
Over 3 years	100.00	48,162.00	(48,162.00)	–
Total		<u>227,233,332.05</u>	<u>(7,415,829.16)</u>	<u>219,817,502.89</u>

RMB

Distributors	December 31, 2023			
	Expected credit loss rate	Gross carrying amount	Credit loss allowance	Carrying amount
	(%)			
Within 1 year (inclusive)	1.79	32,933,839.89	(589,515.71)	32,344,324.18
1-2 years (inclusive)	100.00	353,271.12	(353,271.12)	–
2-3 years (inclusive)	100.00	14,417.40	(14,417.40)	–
Over 3 years	100.00	1,040,260.85	(1,040,260.85)	–
Total		<u>34,341,789.26</u>	<u>(1,997,465.08)</u>	<u>32,344,324.18</u>

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ACCOUNTANTS’ REPORT

RMB

December 31, 2023				
E-commerce	Expected credit loss rate	Gross carrying amount	Credit loss allowance	Carrying amount
	(%)			
Within 1 year (inclusive)	0.21	254,560,948.66	(534,578.00)	254,026,370.66
1-2 years (inclusive)	100.00	816,247.56	(816,247.56)	–
2-3 years (inclusive)	100.00	19,279.05	(19,279.05)	–
Total		<u>255,396,475.27</u>	<u>(1,370,104.61)</u>	<u>254,026,370.66</u>

RMB

December 31, 2023				
KA customers	Expected credit loss rate	Gross carrying amount	Credit loss allowance	Carrying amount
	(%)			
Within 1 year (inclusive)	2.20	207,677,424.88	(4,568,903.34)	203,108,521.54
1-2 years (inclusive)	100.00	1,885,110.80	(1,885,110.80)	–
2-3 years (inclusive)	100.00	2,244,279.30	(2,244,279.30)	–
Over 3 years	100.00	42,244.21	(42,244.21)	–
Total		<u>211,849,059.19</u>	<u>(8,740,537.65)</u>	<u>203,108,521.54</u>

RMB

December 31, 2023				
Special channels	Expected credit loss rate	Gross carrying amount	Credit loss allowance	Carrying amount
	(%)			
Within 1 year (inclusive)	4.96	303,725,751.31	(15,064,797.26)	288,660,954.05
1-2 years (inclusive)	100.00	22,249,463.33	(22,249,463.33)	–
Total		<u>325,975,214.64</u>	<u>(37,314,260.59)</u>	<u>288,660,954.05</u>

RMB

December 31, 2023				
Others	Expected credit loss rate	Gross carrying amount	Credit loss allowance	Carrying amount
	(%)			
Within 1 year (inclusive)	1.07	202,824,428.24	(2,170,221.36)	200,654,206.88
1-2 years (inclusive)	100.00	4,351,958.03	(4,351,958.03)	–
2-3 years (inclusive)	100.00	46,507.50	(46,507.50)	–
Over 3 years	100.00	3,000.00	(3,000.00)	–
Total		<u>207,225,893.77</u>	<u>(6,571,686.89)</u>	<u>200,654,206.88</u>

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(3) Changes in credit loss allowance for accounts receivables

2024

RMB

Items	January 1, 2024	Changes for the year			December 31, 2024
		Recognised	Reversed	Write-off	
Credit loss allowance assessed on an individual basis	-	7,148,471.78	-	-	7,148,471.78
Credit loss allowance assessed on a portfolio basis	55,994,054.82	15,539,084.91	(41,668,350.51)	(1,373,654.87)	28,491,134.35
Total	55,994,054.82	22,687,556.69	(41,668,350.51)	(1,373,654.87)	35,639,606.13

2023

RMB

Items	January 1, 2023	Changes for the year			December 31, 2023
		Recognised	Reversed	Write-off	
Credit loss allowance assessed on an individual basis	-	-	-	-	-
Credit loss allowance assessed on a portfolio basis	20,119,830.75	49,002,058.00	(12,075,792.82)	(1,052,041.11)	55,994,054.82
Total	20,119,830.75	49,002,058.00	(12,075,792.82)	(1,052,041.11)	55,994,054.82

(4) Credit loss allowance assessed using the simplified approach under ECL model

RMB

Items	2024		
	Lifetime ECL (not credit-impaired)	Lifetime ECL (Credit-impaired)	Total
Balance as at January 1, 2024	22,928,015.67	33,066,039.15	55,994,054.82
Changes due to financial instruments recognised as at January 1, 2024			
- Transferred to credit-impaired	(122,801.92)	122,801.92	-
- Transferred from credit-impaired	11,401,183.80	(11,401,183.80)	-
Impairment losses recognised	16,910,766.87	5,776,789.82	22,687,556.69
Impairment losses reversed	(34,206,397.55)	(7,461,952.96)	(41,668,350.51)
Write-off	-	(1,373,654.87)	(1,373,654.87)
Balance as at December 31, 2024	16,910,766.87	18,728,839.26	35,639,606.13

RMB

Items	2023		
	Lifetime ECL (not credit-impaired)	Lifetime ECL (Credit-impaired)	Total
Balance as at January 1, 2023	7,055,769.27	13,064,061.48	20,119,830.75
Changes due to financial instruments recognised as at January 1, 2023			
- Transferred to credit-impaired	(2,071,936.75)	2,071,936.75	-
Impairment losses recognised	22,928,015.67	26,074,042.33	49,002,058.00
Impairment losses reversed	(4,983,832.52)	(7,091,960.30)	(12,075,792.82)
Write-off	-	(1,052,041.11)	(1,052,041.11)
Balance as at December 31, 2023	22,928,015.67	33,066,039.15	55,994,054.82

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ACCOUNTANTS’ REPORT

(5) Accounts receivable actually written off in each year during the Track Record Period

In 2024 and 2023, the Group had no significant write-offs of accounts receivable.

(6) Five largest debtors by accounts receivable at the end of each year during the Track Record Period

As at December 31, 2024

RMB

Name	Relationship with the Group	Gross carrying amount	Aging	Percentage of total balance (%)	Credit loss allowance
First	Third party	166,895,648.23	Within 1 year, (inclusive) 1-2 years (inclusive)	18.45	(481,072.66)
Second	Third party	86,933,344.35	Within 1 year (inclusive)	9.61	(191,253.36)
Third	Third party	25,197,347.57	Within 1 year (inclusive)	2.79	(385,519.42)
Fourth	Third party	23,607,082.35	Within 1 year (inclusive)	2.61	(644,473.35)
Fifth	Third party	23,387,295.53	Within 1 year (inclusive)	2.59	(638,473.17)
Total		326,020,718.03		36.05	(2,340,791.96)

As at December 31, 2023

RMB

Name	Relationship with the Group	Gross carrying amount	Aging	Percentage of total balance (%)	Credit loss allowance
First	Third party	182,746,624.09	Within 1 year, (inclusive) 1-2 years (inclusive)	17.66	(572,058.90)
Second	Third party	78,184,177.05	Within 1 year (inclusive)	7.56	(836,570.69)
Third	Third party	63,736,376.91	Within 1 year, (inclusive) 1-2 years (inclusive)	6.16	(166,399.04)
Fourth	Third party	54,481,246.13	Within 1 year, (inclusive) 1-2 years (inclusive)	5.26	(2,769,021.15)
Fifth	Third party	30,734,817.66	Within 1 year (inclusive)	2.97	(676,165.99)
Total		409,883,241.84		39.61	(5,020,215.77)

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ACCOUNTANTS' REPORT

5. PREPAYMENTS

(1) Disclosed by aging

RMB

Aging	December 31, 2024		December 31, 2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year (inclusive)	193,087,279.97	100.00	186,329,831.56	100.00
Total	<u>193,087,279.97</u>	<u>100.00</u>	<u>186,329,831.56</u>	<u>100.00</u>

(2) Five largest debtors by prepayments at the end of each year during the Track Record Period

As at December 31, 2024

RMB

Name	Relationship with the Group	Amount	Aging	Reasons for unsettled	Percentage of total balance (%)
First	Third party	38,982,934.99	Within 1 year (inclusive)	Goods not yet received	20.19
Second	Third party	27,019,547.17	Within 1 year (inclusive)	Services not yet accepted	13.99
Third	Third party	17,910,715.25	Within 1 year (inclusive)	Services not yet accepted	9.28
Fourth	Third party	12,642,461.60	Within 1 year (inclusive)	Goods not yet received	6.55
Fifth	Third party	10,928,397.71	Within 1 year (inclusive)	Goods not yet received	5.66
Total		<u>107,484,056.72</u>			<u>55.67</u>

As at December 31, 2023

RMB

Name	Relationship with the Group	Amount	Aging	Reasons for unsettled	Percentage of total balance (%)
First	Third party	25,115,074.34	Within 1 year (inclusive)	Goods not yet received	13.48
Second	Third party	19,313,986.92	Within 1 year (inclusive)	Goods not yet received	10.37
Third	Third party	12,708,102.10	Within 1 year (inclusive)	Services not yet accepted	6.82
Fourth	Third party	8,576,946.00	Within 1 year (inclusive)	Services not yet accepted	4.60
Fifth	Third party	6,639,075.02	Within 1 year (inclusive)	Goods not yet accepted	3.56
Total		<u>72,353,184.38</u>			<u>38.83</u>

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ACCOUNTANTS’ REPORT

6. OTHER RECEIVABLES

6.1 Summary of other receivables

RMB

Items	December 31, 2024	December 31, 2023
Other receivables	189,790,862.46	125,218,586.84
Total	189,790,862.46	125,218,586.84

6.2 Other receivables

(1) Disclosed by aging

RMB

Aging	As at December 31, 2024			As at December 31, 2023		
	Gross carrying amount	Credit loss allowance	Proportion of allowance (%)	Gross carrying amount	Credit loss allowance	Proportion of allowance (%)
Within 1 year (inclusive)	140,824,522.66	(2,874,605.44)	2.04	85,105,215.63	(3,837,559.49)	4.51
1-2 years (inclusive)	23,442,360.90	(596,651.59)	2.55	26,951,969.71	(2,702,959.98)	10.03
2-3 years (inclusive)	17,470,433.22	(218,231.79)	1.25	6,076,920.47	(17,428.96)	0.29
3-4 years (inclusive)	799,058.31	(34,649.36)	4.34	3,445,134.20	(101,528.46)	2.95
4-5 years (inclusive)	3,414,140.03	(27,899.47)	0.82	752,944.10	(93,092.60)	12.36
Over 5 years	9,921,258.93	(2,328,873.94)	23.47	12,030,384.32	(2,391,412.10)	19.88
Total	195,871,774.05	(6,080,911.59)	3.10	134,362,568.43	(9,143,981.59)	6.81

(2) Disclosed by the nature of other receivables

RMB

Nature	December 31, 2024	December 31, 2023
	Gross carrying amount	Gross carrying amount
Security deposits	57,587,161.80	66,727,497.69
Consideration receivables from asset disposals	48,135,476.97	18,328,188.18
Consideration receivables from equity disposals	29,120,000.00	–
Lease receivables	11,132,434.14	1,686,232.27
Third-party loan receivables (Note)	10,355,000.00	20,351,000.00
Employee loans and petty cash	331,828.28	1,223,477.05
Others	39,209,872.86	26,046,173.24
Total	195,871,774.05	134,362,568.43

Note: The Group has provided industrial support funds to a third party in the form of loans from January 1, 2023 to December 31, 2025, with an annual interest rate of 4.75%, and no mortgage or guarantee arrangements. As at December 31, 2024 and 2023, the gross carrying amount of such third-party loan receivables was RMB9,950,000.00 and RMB20,351,000.00, respectively, with the loan receivable of RMB10,401,000.00 has been settled by the Group’s accounts payable to this third party during the year of 2024, and the Group has recovered the remaining industrial support funds in 2025.

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ACCOUNTANTS’ REPORT

(3) *Credit loss allowance assessed using the general approach under ECL model*

RMB

Items	2024			
	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
Balance as at January 1, 2024	1,256,847.87	–	7,887,133.72	9,143,981.59
Impairment losses recognised	2,831,820.46	–	619,195.36	3,451,015.82
Impairment losses reversed	(825,676.18)	–	(338,941.81)	(1,164,617.99)
Write-off	–	–	(5,349,467.83)	(5,349,467.83)
Balance as at December 31, 2024 . .	3,262,992.15	–	2,817,919.44	6,080,911.59

RMB

Items	2023			
	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
Balance as at January 1, 2023	800,189.53	–	5,202,935.53	6,003,125.06
Impairment losses recognised	1,187,660.53	–	4,326,844.28	5,514,504.81
Impairment losses reversed	(524,513.89)	–	(332,268.30)	(856,782.19)
Write-off	–	–	(1,310,377.79)	(1,310,377.79)
Disposal of subsidiaries	(206,488.30)	–	–	(206,488.30)
Balance as at December 31, 2023 . .	1,256,847.87	–	7,887,133.72	9,143,981.59

(4) *Changes in credit loss allowance for other receivables*

2024

RMB

Category	January 1, 2024	Changes for the year				December 31, 2024
		Recognised	Reversed	Write-off	Other changes	
Credit losses allowance assessed on an individual basis	7,887,133.72	619,195.36	(338,941.81)	(5,349,467.83)	–	2,817,919.44
Credit losses allowance assessed on a portfolio basis	1,256,847.87	2,831,820.46	(825,676.18)	–	–	3,262,992.15
Including: Third-party loan receivables, consideration receivables from disposal of assets, consideration receivables from equity disposals etc.	1,240,052.83	2,826,338.03	(816,703.94)	–	–	3,249,686.92
Security deposits	12,951.56	5,197.88	(5,150.69)	–	–	12,998.75
Employee loans and petty cash	3,843.48	284.55	(3,821.55)	–	–	306.48
Total	9,143,981.59	3,451,015.82	(1,164,617.99)	(5,349,467.83)	–	6,080,911.59

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2023

RMB

Category	January 1, 2023	Changes for the year			Decrease due to disposal of subsidiaries	December 31, 2023
		Recognised	Reversed	Write-off		
Credit losses allowance assessed on an individual basis	5,202,935.53	4,326,844.28	(332,268.30)	(1,310,377.79)	-	7,887,133.72
Credit losses allowance assessed on a portfolio basis	800,189.53	1,187,660.53	(524,513.89)	-	(206,488.30)	1,256,847.87
Including: Third-party loan receivables, consideration receivables from disposal of assets etc.	785,066.98	1,177,188.19	(515,714.04)	-	(206,488.30)	1,240,052.83
Security deposits	12,722.00	7,494.55	(7,264.99)	-	-	12,951.56
Employee loans and petty cash	2,400.55	2,977.79	(1,534.86)	-	-	3,843.48
Total	<u>6,003,125.06</u>	<u>5,514,504.81</u>	<u>(856,782.19)</u>	<u>(1,310,377.79)</u>	<u>(206,488.30)</u>	<u>9,143,981.59</u>

(5) **Other receivables actually written off in each year during the Track Record Period**

In 2024 and 2023, the Group had no significant write-offs of other receivables.

(6) **Five largest debtors by other receivables at the end of each year during the Track Record Period**

As at December 31, 2024

RMB

Name	Nature of the amount	Gross carrying amount	Aging	Percentage of total balance (%)	Credit loss allowance
First	Consideration receivables from equity disposal, Security deposits, and others	30,065,120.90	Within 1 year (inclusive)	15.35	(727,127.55)
Second	Consideration receivables from asset disposals and lease receivables	27,893,157.61	Within 1 year (inclusive)	14.24	(675,711.74)
Third	Consideration receivables from asset disposals and security deposits	14,500,000.00	Within 1 year (inclusive), 2-3 years (inclusive)	7.40	(111,262.50)
Fourth	Consideration receivables from asset disposals	12,996,500.00	Within 1 year (inclusive)	6.64	(314,840.21)
Fifth	Others	12,553,320.00	Within 1 year (inclusive)	6.41	(304,104.18)
Total		<u>98,008,098.51</u>		<u>50.04</u>	<u>(2,133,046.18)</u>

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As at December 31, 2023

RMB

Name	Nature of the amount	Gross carrying amount	Aging	Percentage of total balance (%)	Credit loss allowance
First	Third-party loan receivables	20,351,000.00	Within 1 year (inclusive)	15.15	(486,897.68)
Second	Consideration receivables from asset disposals and security deposits	14,500,000.00	Within 1 year (inclusive), 1-2 years (inclusive)	10.79	(109,912.50)
Third	Security deposits	6,050,000.00	Within 1 year (inclusive)	4.50	(1,361.25)
Fourth	Security deposits	5,846,606.00	Within 1 year (inclusive), 1-2 years (inclusive)	4.35	(1,315.49)
Fifth	Security deposits	5,779,089.95	Within 1 year (inclusive), 1-2 years (inclusive)	4.30	(1,300.30)
Total		<u>52,526,695.95</u>		<u>39.09</u>	<u>(600,787.22)</u>

7. INVENTORIES

(1) Categories of inventories

RMB

Items	December 31, 2024			December 31, 2023		
	Cost	Write-down provision	Carrying amount	Cost	Write-down provision	Carrying amount
Raw materials	1,601,159,642.71	(53,728,420.82)	1,547,431,221.89	1,850,078,999.12	(93,794,924.14)	1,756,284,074.98
Properties under development	1,088,588,949.82	(21,979,847.27)	1,066,609,102.55	949,242,148.66	(21,979,847.27)	927,262,301.39
Finished goods	353,573,993.11	(17,847,607.21)	335,726,385.90	301,842,998.28	(14,142,993.02)	287,700,005.26
Revolving materials	121,231,742.27	(972,522.67)	120,259,219.60	133,975,062.98	(1,244,266.35)	132,730,796.63
Packaging materials	118,729,476.81	(739,539.90)	117,989,936.91	101,774,210.15	(865,544.88)	100,908,665.27
Shipped goods	57,863,739.84	-	57,863,739.84	44,087,649.24	-	44,087,649.24
Low-value consumables	17,266,583.89	(181,197.76)	17,085,386.13	22,407,436.62	(184,010.59)	22,223,426.03
Consumable biological assets	-	-	-	84,240,855.00	(34,245,074.76)	49,995,780.24
Other	<u>7,423,960.26</u>	<u>(100,353.71)</u>	<u>7,323,606.55</u>	<u>4,466,201.91</u>	<u>(292,556.91)</u>	<u>4,173,645.00</u>
Total	<u>3,365,838,088.71</u>	<u>(95,549,489.34)</u>	<u>3,270,288,599.37</u>	<u>3,492,115,561.96</u>	<u>(166,749,217.92)</u>	<u>3,325,366,344.04</u>

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Changes in consumable biological assets are set out below:

RMB

Items	Quantity (heads)	Cost as at January 1, 2024	Additions		Decreases			Quantity (heads)	Cost as at December 31, 2024
			Breeding (cultivation)	Death	Sales	Subtotal	Decrease due to disposal of subsidiaries		
Beef cattle	4,101	84,240,855.00	17,300,791.00	(54,838.29)	(99,071,517.59)	(99,126,355.88)	(2,415,290.12)	-	-
Total	4,101	84,240,855.00	17,300,791.00	(54,838.29)	(99,071,517.59)	(99,126,355.88)	(2,415,290.12)	-	-

RMB

Items	Quantity (heads)	Cost as at January 1, 2023	Additions		Decreases			Quantity (heads)	Cost as at December 31, 2023
			Breeding (cultivation)	Death	Sales	Subtotal	Decrease due to disposal of subsidiaries		
Beef cattle	7,641	126,166,297.46	84,998,260.47	(1,417,670.87)	(125,506,032.06)	(126,923,702.93)	-	84,240,855.00	
Total	7,641	126,166,297.46	84,998,260.47	(1,417,670.87)	(125,506,032.06)	(126,923,702.93)	-	84,240,855.00	

Properties under development are set out below:

RMB

Items	Commencement date	Estimated completion date	Estimated total investment	Gross carrying amount as at December 31, 2024	Gross carrying amount as at December 31, 2023
Junju Yuefu Project	January 20, 2022	June 2025	1,254,000,000.00	1,054,114,487.22	940,551,595.78
Other project	September 10, 2023	December 2025	62,000,000.00	34,474,462.60	8,690,552.88
Total				1,088,588,949.82	949,242,148.66

(2) Provision for write-down of inventories

2024

RMB

Category	January 1, 2024	Additions		Decreases		December 31, 2024
		Provision	Others	Reversal or write-off	Decrease due to disposal of subsidiaries	
Raw materials	93,794,924.14	45,128,322.39	-	(84,042,862.38)	(1,151,963.33)	53,728,420.82
Properties under development	21,979,847.27	-	-	-	-	21,979,847.27
Finished goods	14,142,993.02	18,565,169.04	-	(14,079,492.67)	(781,062.18)	17,847,607.21
Revolving materials	1,244,266.35	1,212,317.42	-	(1,484,061.10)	-	972,522.67
Packaging materials	865,544.88	1,006,081.80	-	(1,132,086.78)	-	739,539.90
Low-value consumables	184,010.59	96,361.98	-	(99,174.81)	-	181,197.76
Consumable biological assets	34,245,074.76	829,134.01	-	(35,062,940.16)	(11,268.61)	-
Other	292,556.91	100,353.71	-	(292,556.91)	-	100,353.71
Total	166,749,217.92	66,937,740.35	-	(136,193,174.81)	(1,944,294.12)	95,549,489.34

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2023

RMB

Category	January 1, 2023	Additions		Decreases		December 31, 2023
		Provision	Others	Reversal or write-off	Decrease due to disposal of subsidiaries	
Raw materials	79,455,786.96	88,048,082.51	-	(71,261,293.76)	(2,447,651.57)	93,794,924.14
Consumable biological assets	11,150,996.30	30,777,499.56	-	(7,683,421.10)	-	34,245,074.76
Properties under development	21,243,927.13	735,920.14	-	-	-	21,979,847.27
Finished goods	20,624,154.83	14,142,993.02	-	(20,624,154.83)	-	14,142,993.02
Revolving materials	1,952,990.74	1,244,266.35	-	(1,952,990.74)	-	1,244,266.35
Packaging materials	1,500,900.02	865,544.88	-	(1,500,900.02)	-	865,544.88
Low-value consumables	321,370.20	184,010.59	-	(321,370.20)	-	184,010.59
Other	1,036,814.22	292,556.91	-	(1,036,814.22)	-	292,556.91
Total	137,286,940.40	136,290,873.96	-	(104,380,944.87)	(2,447,651.57)	166,749,217.92

Determination of net realisable value and reasons for reversals or write-offs of write-down provisions for each year during the Track Record Period:

Category	Determination of net realisable value	Reasons for reversals or write-offs
Raw materials, properties under development, packaging materials, low-value consumables, revolving materials	Net realisable value is determined based on the estimated selling price of the relevant finished goods/real estate projects, less the estimated costs of completion, estimated selling expenses, and relevant taxes and fees necessary to make the sale.	Sold/Consumed or changes in net realisable value
Finished goods, consumable biological assets	Net realisable value is determined based on the estimated selling price of the inventory, less estimated selling expenses and relevant taxes and fees necessary to make the sale.	Sold or changes in net realisable value

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ACCOUNTANTS’ REPORT

8. OTHER CURRENT ASSETS

RMB

Items	December 31, 2024	December 31, 2023
Input VAT to be certified	136,138,982.18	59,384,423.83
Prepaid expenses	47,606,227.85	64,595,001.85
Input VAT to be deducted	18,897,027.29	46,327,147.45
Prepaid enterprise income tax	18,582,939.95	31,072,355.43
Prepaid VAT	14,708,111.58	8,781,467.89
Prepaid other taxes	11,363,217.74	7,272,089.04
[REDACTED].	[REDACTED]	[REDACTED]
Right to returned goods assets	1,458,925.76	4,122,238.20
Total	251,225,623.07	221,950,352.37

9. LONG-TERM RECEIVABLES

RMB

Items	December 31, 2024			December 31, 2023		
	Gross carrying amount	Credit loss allowance	Carrying amount	Gross carrying amount	Credit loss allowance	Carrying amount
Amounts due from third-party dairy farms (Note 1)	-	-	-	35,383,520.90	(3,646,740.00)	31,736,780.90
Long-term lease deposits	-	-	-	10,000,000.00	-	10,000,000.00
Finance lease receivables (Note 2).	80,846,247.29	-	80,846,247.29	66,364,430.46	-	66,364,430.46
Total	80,846,247.29	-	80,846,247.29	111,747,951.36	(3,646,740.00)	108,101,211.36

Note 1: As at December 31, 2024, the Group’s loans provided to third-party dairy farms of RMB31,736,780.90 are all due to mature in 2025 and have been classified as non-current assets due within one year.

Note 2: As at December 31, 2024 and December 31, 2023, the Group’s finance lease receivables of RMB12,550,260.67 and RMB3,377,521.41, respectively, are included in the non-current assets due within one year.

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10. LONG-TERM EQUITY INVESTMENTS

(1) Long-term equity investments are as follows:

2024

RMB

Investee	As at January 1, 2024	Changes for the year						As at December 31, 2024	Closing balance of provision for impairment loss
		Additional investment	Increase in business combination	Investment profit or loss recognised under equity method	Declare and distribute cash dividends or profits	Other changes	Provision for impairment loss		
Associates									
Junhong Animal Husbandry (Note 1)	-	-	-	2,224,583.83	-	178,380,000.00	-	180,604,583.83	-
Junkang Animal Husbandry (Note 1)	-	-	-	3,379,519.79	-	149,220,000.00	-	152,599,519.79	-
Shanghai Boyi Catering Management Co., Ltd. (上海佰邑餐饮管理有限公司) (“Shanghai Boyi”) and Shanghai Mopai Catering Management Co., Ltd. (上海莱派餐饮管理有限公司) (“Shanghai Mopai”) (collectively “Mopai Group”) (Note 2)	208,242,283.96	-	-	1,785,960.83	-	-	-	150,028,244.79	(60,000,000.00)
OLLO HOLDINGS LIMITED (Note 3)	-	43,423,666.66	-	(1,286,011.31)	-	-	-	42,137,655.35	-
Shaanxi Aomeihui Dairy Technology Co., Ltd. (陕西澳美慧乳業科技有限公司) (“Shaanxi Aomeihui”) (Note 4)	34,843,435.39	-	-	(6,018,709.05)	-	-	-	24,824,726.34	(4,000,000.00)
Zhangjiakou Chia Tai Co., Ltd. (張家口正大有限公司) (“Zhangjiakou Chia Tai”) (Note 5)	22,362,531.55	-	-	646,317.97	-	-	-	23,008,849.52	-
Jinzhou Junrui Animal Husbandry Co., Ltd. (晉州市君瑞牧業有限公司) (“Junrui Animal Husbandry”)	9,972,528.70	-	-	303,914.64	-	-	-	10,276,443.34	-
Hebei Pinyuan Biotechnology Co., Ltd. (河北品元生物科技有限公司) (“Pinyuan Biotechnology”) (Note 6)	11,218,300.00	-	-	(4,722,283.13)	-	-	-	6,496,016.87	-
Dali Yunhe Dairy Co., Ltd. (大理雲禾乳業有限公司) (“Dali Yunhe”)	5,144,307.17	-	-	37,035.76	-	-	-	5,181,342.93	-
Zanhuang Jiale Yuan (Note 7)	-	-	-	(19,218.34)	-	3,361,427.96	-	3,342,209.62	-

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Investee	Changes for the year							Closing balance of provision for impairment loss
	As at January 1, 2024	Additional investment	Increase in business combination	Investment profit or loss recognised under equity method	Declare and distribute cash dividends or profits	Other changes	Provision for impairment loss	
Shandong Junlebao Dairy Co., Ltd. (山東君樂寶乳業有限公司) (“Shandong Junlebao”)	613,134.32	-	-	24,443.16	-	-	-	637,577.48
Shanxi Junlebao Dairy Co., Ltd. (山西君樂寶乳業有限公司) (“Shanxi Junlebao”)	-	400,000.00	-	11,941.60	-	-	-	411,941.60
Hai Xing Jun Yi Animal Husbandry Co., Ltd. (海興縣君益牧業有限公司) (“Haixing Junyi”) (Note 8)	21,351,339.99	-	-	926,919.56	-	-	-	22,278,259.55
Hai Xing Jun Yi Ermu Animal Husbandry Co., Ltd. (海興縣君益武牧業有限公司) (“Junyi Ermu”) (Note 9)	25,174,859.09	-	-	(678,390.51)	-	-	-	24,496,468.58
Henan Junlebao Dairy Co., Ltd. (河南君樂寶乳業有限公司) (“Henan Junlebao”)	390,900.26	-	-	(86,399.33)	-	-	-	304,500.93
Dali Three Bell Food Sales Co., Ltd. (大理三箇鈴鐘食品銷售有限公司) (“Dali Food”)	340,000.00	-	-	(76,447.47)	-	-	-	263,552.53
Beijing Junlebao Dairy Co., Ltd. (北京君樂寶乳業有限公司) (“Beijing Junlebao”)	-	200,000.00	-	(65,728.45)	-	-	-	134,271.55
Shanghai Cheespirit Shijia Health Technology Development Co., Ltd. (上海酪神世家健康科技發展有限公司) (“Shanghai Cheespirit”) (Note 10)	-	-	-	-	-	-	-	-
Total	339,653,620.43	44,023,666.66	-	(3,612,550.45)	-	330,961,427.96	(64,000,000.00)	647,026,164.60
								(4,057,671.36)
								(68,057,671.36)

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ACCOUNTANTS’ REPORT

2023

Investee	As at January 1, 2023	Changes for the year						Closing balance of provision for impairment loss
		(Reduction in)/Additional investment	Increase in business combination	Investment profit or loss recognised under equity method	Declare and distribute cash dividends or profits	Other changes	Provision for impairment loss	
								RMB
Associates:								
Sikeqi Hebei (Note 11)	6,427,854.18	-	-	1,841,791.76	-	(8,269,645.94)	-	-
Sinong (Shanghai) Nutrition Food Co., Ltd. (新 德(上海)營養食品有限公司) (“Sinong”)	1,609,764.34	(969,713.38)	-	410,927.98	(1,050,978.94)	-	-	-
Shanghai Cheespirit (Note 10)	8,928,769.00	-	-	(4,871,097.64)	-	-	(4,057,671.36)	(4,057,671.36)
Zhangjiakou Chia Tai (Note 5)	21,640,989.80	-	-	721,541.75	-	-	-	22,362,531.55
Haixing Junyi (Note 8)	22,402,398.22	-	-	(1,051,058.23)	-	-	-	21,351,339.99
Junyi Ermu (Note 9)	7,484,811.99	18,437,700.00	-	(747,652.90)	-	-	-	25,174,859.09
Pinyuan Biotechnology (Note 6)	-	-	-	-	-	11,218,300.00	-	11,218,300.00
Shaanxi Aomeihui (Note 4)	-	-	37,449,509.46	(2,606,074.07)	-	-	-	34,843,435.39
Dali Yunhe	-	-	5,130,652.88	13,654.29	-	-	-	5,144,307.17
Mopai Group (Note 2)	-	210,000,000.00	-	(1,757,716.04)	-	-	-	208,242,283.96
Junrui Animal Husbandry	-	9,972,528.70	-	-	-	-	-	9,972,528.70
Shandong Junlebao	-	600,000.00	-	13,134.32	-	-	-	613,134.32
Henan Junlebao	-	400,000.00	-	(9,099.74)	-	-	-	390,900.26
Dali Food	-	340,000.00	-	-	-	-	-	340,000.00
Total	68,494,587.53	238,780,515.32	42,580,162.34	(8,041,648.52)	(1,050,978.94)	2,948,654.06	(4,057,671.36)	339,653,620.43
								(4,057,671.36)

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- Note 1:* In November 2024, the Group disposed of its 6.00% equity interest in its former subsidiaries Junhong Animal Husbandry and Junkang Animal Husbandry, respectively, to Adopt A Cow Holding Group Co., Ltd., (認養一頭牛控股集團股份有限公司) (“Adopt Group”), and accounted for the remaining investments of 45.00% equity interest as associates using the equity method. For details, please refer to Note (VII) 2. According to the articles of association of Junhong Animal Husbandry and Junkang Animal Husbandry, the Group has the right to appoint one out of the three directors and board resolutions require approval by a majority of all directors. Therefore, the Group does not have control or joint control over the entities, and the equity method of accounting is applied.
- Note 2:* In December 2023, the Group acquired 30.00% equity interest in Shanghai Boyi and Shanghai Mopai respectively. According to the articles of association of Shanghai Boyi and Shanghai Mopai, the Group has the right to appoint one out of the three directors of these two investees and board resolutions require approval by a majority of all directors. Therefore, the Group does not have control or joint control over these entities, and the equity method of accounting is applied.
- Note 3:* In June 2024, the Group acquired 10.00% equity interest in OLLO HOLDINGS LIMITED. According to the articles of association of OLLO HOLDINGS LIMITED, the Group has the right to appoint one out of the five directors and board resolutions require approval by a majority of the directors present. Therefore, the Group does not have control or joint control over the entity, and the equity method of accounting is applied.
- Note 4:* The Group holds 17.84% equity interest in Shaanxi Aomeihui. According to the articles of association of Shaanxi Aomeihui, the Group has the right to appoint two out of the seven directors and board resolutions require approval by a majority of all directors. Therefore, the Group does not have control or joint control over the entity, and the equity method of accounting is applied.
- Note 5:* The Group holds 40.00% equity interest in Zhangjiakou Chia Tai. According to the articles of association of Zhangjiakou Chia Tai, the Group has the right to appoint three out of the seven directors and board resolutions require approval by a majority of all directors. Therefore, the Group does not have control or joint control over the entity, and the equity method of accounting is applied.
- Note 6:* In December 2023, the Group disposed of its 71.95% equity interest in its former subsidiary, Pinyuan Biotechnology, and accounted for the remaining investments of 28.05% equity interest as associates using the equity method. For details, please refer to Note (VII) 2. According to the articles of association of Pinyuan Biotechnology, Pinyuan Biotechnology has no Board of directors but only one executive director, who is appointed by the shareholders’ meeting. Resolutions of the shareholders’ meeting generally require approval by shareholders representing more than half of the voting rights, except for matters such as amendments to the articles of association, increases or decreases in registered capital, etc. Therefore, the Group does not have control or joint control over the entity, and the equity method of accounting is applied.
- Note 7:* In 2023, pursuant to the articles of association of Zanzhuang Jiale Yuan, the Group had right to appoint three out of five directors, thereby was able to exercise control over Zanzhuang Jiale Yuan which was consolidated by the Group accordingly. In 2024, the Group’s subsidiary, Junchuang Animal Husbandry, entered into an agreement with the minority shareholders of Zanzhuang Jiale Yuan to redefine the equity proportions based on the amounts of capital actually contributed, and amended the articles of association of Zanzhuang Jiale Yuan. Pursuant to this agreement, the minority shareholders contributed RMB16,629,840.00, representing 80.61% equity interest, while Junchuang Animal Husbandry contributed RMB4,000,000.00, representing the rest of 19.39% equity interest. According to the amended articles of association of Zanzhuang Jiale Yuan, the Group has the right to appoint one out of the three directors and board resolutions require approval by a majority of all directors. Therefore, the Group does not have control or joint control over the entity, and the equity method of accounting is applied.
- Note 8:* The Group holds 22.48% equity interest in Haixing Junyi. The Group has the right to appoint two out of the five directors of Haixing Junyi. According to the Company Law, board resolutions require the approval of a majority of all directors. Therefore, the Group does not have control or joint control over the entity, and the equity method of accounting is applied.

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Note 9: The Group holds 35.00% equity interest in Junyi Ermu. The Group has the right to appoint two out of the five directors of Junyi Ermu. According to the Company Law, board resolutions require approval by a majority of all directors. Therefore, the Group does not have control or joint control over the entity, and the equity method of accounting is applied.

Note 10: The Group holds 8.79% equity interest in Shanghai Cheespirit. According to the articles of association of Shanghai Cheespirit, the Group has the right to appoint one out of the five directors of Shanghai Cheespirit and board resolutions require approval by a majority of all directors. Therefore, the Group does not have control or joint control over the entity, and the equity method of accounting is applied.

Note 11: In 2023, the Group acquired an additional 30.00% equity interest in Sikeqi Hebei. Upon completion of the acquisition, the Group obtained control over Sikeqi Hebei and its non-wholly-owned subsidiary, Sikeqi Food Technology (Shandong) Co., Ltd. (思克奇食品科技(山東)有限公司) (“Sikeqi Shandong”). For details, please refer to Note (VII) 1.

(2) Impairment assessment of long-term equity investments

As at June 30, 2024 (Note)

RMB’000

<u>Item</u>	<u>Carrying amount</u>	<u>Recoverable amount</u>	<u>Impairment amount</u>	<u>Years of the forecast period</u>	<u>Key parameters of the forecast period</u>	<u>Key parameter of the stable period</u>	<u>Determination basis of key parameters in the stable period</u>
Mopai Group . .	213,056	153,300	(60,000)	5 years	1. Pre-tax discount rate: 18.10% 2. Revenue growth rate of the forecast period: (45.0%)-25.1% 3. Gross margin ratio of the forecast period: 22.8%-28.0%	1. Pre-tax discount rate: 18.10% 2. Revenue growth rate of the stable period: 2.0% 3. Gross margin ratio of the stable period: 27.8%	1. Discount rate is the discount rate before tax reflecting the specific risks of the relevant asset group. 2. Revenue growth rate of the stable period is comprehensively determined by considering the long-term average growth rates of the products, markets, industries, or countries/regions in which the relevant asset group operates. 3. Gross margin ratio of the stable period: comprehensively considering factors such as the forward-looking business operations, performance, key financial indicators, and market environment of the relevant asset group.

Note: In the first half of 2024, management identified impairment indicators for the equity investment of Mopai Group and performed an impairment test as at June 30, 2024. As at December 31, 2024, there is no further impairment indication identified.

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11. INVESTMENTS IN OTHER EQUITY INSTRUMENTS

RMB

Items	December 31, 2024	December 31, 2023
Shijiazhuang Luquan Rural Commercial Bank Co., Ltd. (石家莊鹿泉農村商業銀行股份有限公司) (“Luquan Rural Commercial Bank”)	3,359,750.00	3,359,750.00
Hebei Inatural Bio-Tech Co., Ltd. (河北一然生物科技股份有限公司) (“Inatural Bio-Tech”) (Note 1)	81,400,000.00	74,000,000.00
Yunnan Dali Rural Commercial Bank Co., Ltd. (雲南大理市農村商業銀行股份有限公司) (“Dali Rural Commercial Bank”)	9,190,000.00	9,190,000.00
Inner Mongolia National Dairy Technology Innovation Center Co., Ltd. (內蒙古國家乳業技術創新中心有限責任公司) (“Mongolia Dairy Innovation”)	700,000.00	700,000.00
Total	<u>94,649,750.00</u>	<u>87,249,750.00</u>

Note 1: In 2023, the Group entered into share transfer agreements with individual shareholders to acquire a total of 4.93% equity interest in Inatural Bio-Tech. The Group designated the equity investment as a financial asset at fair value through other comprehensive income upon initial recognition, and presented it under investments in other equity instruments.

2024

RMB

Items	Dividend income recognised in the year	Gains for the year	Accumulated gains	Amount transferred from other comprehensive income to retained earnings for the year	Reasons for designation as equity investment at fair value through other comprehensive income	Reasons for the transfer from other comprehensive income to retained earnings for the year
Luquan Rural Commercial Bank	500,962.50	-	-	-	Strategic Investment	/
Dali Rural Commercial Bank	493,081.68	-	-	-	Strategic Investment	/
Inatural Bio-Tech	-	7,400,000.00	7,400,000.00	-	Strategic Investment	/
Total	<u>994,044.18</u>	<u>7,400,000.00</u>	<u>7,400,000.00</u>	<u>-</u>		

2023

RMB

Items	Dividend income recognised in the year	Losses for the year	Accumulated losses	Amount transferred from other comprehensive income to retained earnings for the year	Reasons for designation as equity investment at fair value through other comprehensive income	Reasons for the transfer from other comprehensive income to retained earnings for the year
Luquan Rural Commercial Bank	500,962.50	-	-	-	Strategic Investment	/
Dali Lesson Dairy and Yunnan Lesson Dairy (“Lesson Dairy”)	1,650,809.55	(1,755,000.00)	(1,406,000.00)	(1,406,000.00)	Strategic Investment	In July 2023, the Company obtained control of Lesson Dairy.
Total	<u>2,151,772.05</u>	<u>(1,755,000.00)</u>	<u>(1,406,000.00)</u>	<u>(1,406,000.00)</u>		

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12. FIXED ASSETS

(1) Details of fixed assets

RMB

Items	Plants and buildings	Machinery and equipment	Office equipment	Motor vehicles	Total
I. Cost					
As at January 1, 2023	5,276,577,454.99	4,747,462,680.83	206,625,840.79	89,747,020.14	10,320,412,996.75
Additions	1,156,245,045.08	1,091,798,253.87	24,992,548.79	20,159,313.01	2,293,195,160.75
(1) Purchases	21,666,905.00	92,895,989.43	21,150,346.00	16,310,898.00	152,024,138.43
(2) Transfer from construction in progress	634,759,282.02	602,132,031.26	1,043,712.47	–	1,237,935,025.75
(3) Increase from business combinations	499,818,858.06	396,770,233.18	2,798,490.32	3,848,415.01	903,235,996.57
Decreases	(88,629,296.75)	(135,988,569.89)	(8,743,085.37)	(5,868,192.89)	(239,229,144.90)
(1) Disposals or write-offs	(67,757,581.65)	(119,564,263.54)	(8,478,990.68)	(5,655,991.95)	(201,456,827.82)
(2) Transfer to construction in progress	(14,404,455.15)	(11,768,306.34)	–	–	(26,172,761.49)
(3) Disposal of subsidiaries	(6,467,259.95)	(4,656,000.01)	(264,094.69)	(212,200.94)	(11,599,555.59)
As at December 31, 2023	6,344,193,203.32	5,703,272,364.81	222,875,304.21	104,038,140.26	12,374,379,012.60
Additions	475,909,996.46	708,762,823.17	13,878,944.38	5,637,894.56	1,204,189,658.57
(1) Purchases	7,351,974.06	108,205,414.57	12,166,544.78	5,637,894.56	133,361,827.97
(2) Transfer from construction in progress	468,558,022.40	600,557,408.60	1,712,399.60	–	1,070,827,830.60
Decreases	(351,740,938.85)	(183,675,060.74)	(11,809,011.26)	(12,192,793.56)	(559,417,804.41)
(1) Disposals or write-offs	(87,269,979.09)	(98,781,157.25)	(8,724,024.59)	(4,085,090.01)	(198,860,250.94)
(2) Transfer to construction in progress	(238,085.78)	(16,705,696.70)	–	–	(16,943,782.48)
(3) Disposal of subsidiaries	(264,232,873.98)	(68,188,206.79)	(3,084,986.67)	(8,107,703.55)	(343,613,770.99)
As at December 31, 2024	6,468,362,260.93	6,228,360,127.24	224,945,237.33	97,483,241.26	13,019,150,866.76
II. Accumulated depreciation					
As at January 1, 2023	1,207,140,834.40	1,894,665,463.70	131,057,099.31	56,065,552.33	3,288,928,949.74
Additions	306,674,066.87	511,486,568.42	28,788,421.10	13,789,830.75	860,738,887.14
(1) Charge for the year	306,674,066.87	511,486,568.42	28,788,421.10	13,789,830.75	860,738,887.14
Decreases	(27,731,925.39)	(48,615,967.63)	(6,115,299.75)	(5,548,391.68)	(88,011,584.45)
(1) Disposals or write-offs	(21,427,655.72)	(41,583,469.95)	(6,011,368.64)	(5,468,424.56)	(74,490,918.87)
(2) Transfer to construction in progress	(6,171,108.67)	(6,587,034.00)	–	–	(12,758,142.67)
(3) Disposal of subsidiaries	(133,161.00)	(445,463.68)	(103,931.11)	(79,967.12)	(762,522.91)
As at December 31, 2023	1,486,082,975.88	2,357,536,064.49	153,730,220.66	64,306,991.40	4,061,656,252.43
Additions	333,237,654.44	588,642,021.47	29,674,440.85	14,393,966.62	965,948,083.38
(1) Charge for the year	333,237,654.44	588,642,021.47	29,674,440.85	14,393,966.62	965,948,083.38
Decreases	(94,032,952.13)	(93,095,143.79)	(7,926,884.79)	(9,090,346.67)	(204,145,327.38)
(1) Disposals or write-offs	(47,057,506.88)	(63,095,683.48)	(5,709,507.26)	(2,982,191.71)	(118,844,889.33)
(2) Transfer to construction in progress	(153,409.85)	(5,319,556.18)	–	–	(5,472,966.03)
(3) Disposal of subsidiaries	(46,822,035.40)	(24,679,904.13)	(2,217,377.53)	(6,108,154.96)	(79,827,472.02)
As at December 31, 2024	1,725,287,678.19	2,853,082,942.17	175,477,776.72	69,610,611.35	4,823,459,008.43
III. Provision for impairment					
As at January 1, 2023	–	223,323,425.60	–	–	223,323,425.60
Additions	–	14,336,801.33	–	–	14,336,801.33
(1) Charge for the year	–	14,336,801.33	–	–	14,336,801.33
Decreases	–	(52,462,338.19)	–	–	(52,462,338.19)
(1) Write-off	–	(52,462,338.19)	–	–	(52,462,338.19)
As at December 31, 2023	–	185,197,888.74	–	–	185,197,888.74
Additions	–	27,468,276.44	–	–	27,468,276.44
(1) Charge for the year	–	27,468,276.44	–	–	27,468,276.44
Decreases	–	(10,437,734.99)	–	–	(10,437,734.99)
(1) Write-off	–	(10,437,734.99)	–	–	(10,437,734.99)
As at December 31, 2024	–	202,228,430.19	–	–	202,228,430.19
IV. Carrying amount					
As at December 31, 2023	4,858,110,227.44	3,160,538,411.58	69,145,083.55	39,731,148.86	8,127,524,871.43
As at December 31, 2024	4,743,074,582.74	3,173,048,754.88	49,467,460.61	27,872,629.91	7,993,463,428.14

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(2) Temporarily idle fixed assets

As at December 31, 2024

RMB

Items	Cost	Accumulated depreciation	Provision for impairment	Carrying amount
Machinery and equipment . . .	343,586,129.43	(137,960,106.75)	(193,994,670.94)	11,631,351.74

As at December 31, 2023

RMB

Items	Cost	Accumulated depreciation	Provision for impairment	Carrying amount
Machinery and equipment . . .	328,276,953.98	(136,633,196.19)	(181,511,084.70)	10,132,673.09

(3) Fixed assets leased out under operating leases

As at December 31, 2024

RMB

Items	Cost	Accumulated depreciation	Carrying amount
Plants and buildings	155,308,640.56	(58,411,744.96)	96,896,895.60
Machinery and equipment	22,977,655.23	(10,221,507.08)	12,756,148.15
Total	178,286,295.79	(68,633,252.04)	109,653,043.75

As at December 31, 2023

RMB

Items	Cost	Accumulated depreciation	Carrying amount
Plants and buildings	78,141,180.65	(32,880,636.89)	45,260,543.76
Machinery and equipment	9,663,588.91	(6,996,259.64)	2,667,329.27
Total	87,804,769.56	(39,876,896.53)	47,927,873.03

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(4) Fixed assets pending certificates of ownership

RMB

Items	December 31, 2024	December 31, 2023	Reason why the certificates of ownership is not completed
Plants and buildings	303,257,497.25	665,652,011.82	In process

Note: As at December 31, 2024 and December 31, 2023, the Group’s fixed assets with restricted ownership are set out in Note (VI) 21.

13. CONSTRUCTION IN PROGRESS

(1) Details of construction in progress:

RMB

Items	December 31, 2024			December 31, 2023		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Construction in progress	363,436,331.39	–	363,436,331.39	530,338,998.39	–	530,338,998.39
Total	363,436,331.39	–	363,436,331.39	530,338,998.39	–	530,338,998.39

APPENDIX I

ACCOUNTANTS’ REPORT

(2) Movements of major construction projects in progress during the Track Record Period

2024

Project	Budget amount	January 1, 2024	Additions	Transfer to fixed assets	December 31, 2024	The proportion of accumulated project investment to the budget (%)	Accumulated amount of capitalised interest	Including: Capitalised interest for the year	Interest capitalisation rate for the year (%)	Source of funds
Zhengyang Phase II Fresh Milk Project . . .	222,703,020.52	44,178,620.19	22,103,992.97	(66,282,613.16)	–	97.33	81,339,490	50,596.97	3.4-3.6	Own funds/ Bank loans
Tianchang Dairy Farm Project	245,860,000.00	19,828,243.61	98,558,409.33	(93,468,543.80)	24,918,109.14	48.15	–	–	–	Own funds
Leyuan Junfeng Dairy Farm Project	328,010,000.00	72,550,880.28	53,217,704.80	(124,618,582.86)	1,150,002.22	93.15	8,436,803.28	4,759,666.80	4.2	Own funds/ Bank loans
Total	796,573,020.52	136,557,744.08	173,880,107.10	(284,369,739.82)	26,068,111.36		9,250,198.18	4,810,263.77		

2023

Project	Budget amount	January 1, 2023	Additions	Transfer to fixed assets	December 31, 2023	The proportion of accumulated project investment to the budget (%)	Accumulated amount of capitalised interest	Including: Capitalised interest for the year	Interest capitalisation rate for the year (%)	Source of funds
Leyuan Junfeng Dairy Farm Project	328,010,000.00	47,801,861.17	173,495,075.24	(148,746,056.13)	–	76.93	3,677,136.48	3,677,136.48	4.2	Own funds/ Bank loans
Leyuan Junhui Dairy Farm Project	215,452,000.00	36,475,921.98	140,413,153.31	(171,086,582.28)	5,764,493.01	99.94	725,367.08	725,367.08	4.5	Own funds/ Bank loans
Tianchang Dairy Farm Project	245,860,000.00	–	19,828,243.61	–	19,828,243.61	8.06	–	–	–	Own funds
Zhengyang Phase II Fresh Milk Project . . .	222,703,020.52	36,911,376.73	157,751,000.04	(150,483,756.58)	–	87.41	762,797.93	762,797.93	3.4-3.6	Own funds/ Bank loans
Total	1,012,025,020.52	121,189,159.88	491,487,472.20	(470,316,394.99)	142,322,237.09		5,165,301.49	5,165,301.49		

APPENDIX I

ACCOUNTANTS’ REPORT

14. PRODUCTIVE BIOLOGICAL ASSETS

(1) Productive biological assets measured at cost

RMB

	Animal husbandry		Breeding bulls		Total
	Immature	Mature	Immature	Mature	
I. Cost					
As at January 1, 2023	2,024,630,338.65	1,822,694,029.16	3,677,500.00	16,060,685.28	3,867,062,553.09
Additions	2,355,862,699.91	1,275,803,360.37	23,205,878.94	2,990,340.72	3,657,862,279.94
(1) Purchases	385,132,351.22	–	150,000.00	2,990,340.72	388,272,691.94
(2) Rearing costs	1,921,945,142.11	–	23,055,878.94	–	1,945,001,021.05
(3) Transfer-in increase	–	1,225,410,566.95	–	–	1,225,410,566.95
(4) Increase from business combinations	48,785,206.58	50,392,793.42	–	–	99,178,000.00
Decreases	(1,487,670,507.13)	(566,545,586.65)	(26,883,378.94)	(19,051,026.00)	(2,100,150,498.72)
(1) Disposals	(260,534,655.08)	(566,545,586.65)	(1,322,176.40)	(6,549,529.60)	(834,951,947.73)
(2) Transfer-out decrease	(1,225,410,566.95)	–	–	–	(1,225,410,566.95)
(3) Disposal of subsidiaries	–	–	(25,561,202.54)	(12,501,496.40)	(38,062,698.94)
(4) Transfer-out of beef cattle	(1,725,285.10)	–	–	–	(1,725,285.10)
As at December 31, 2023	2,892,822,531.43	2,531,951,802.88	–	–	5,424,774,334.31
Additions	1,861,091,120.55	2,157,248,690.15	–	–	4,018,339,810.70
(1) Purchases	32,477,964.11	–	–	–	32,477,964.11
(2) Rearing costs	1,828,613,156.44	–	–	–	1,828,613,156.44
(3) Transfer-in increase	–	2,157,248,690.15	–	–	2,157,248,690.15
Decreases	(2,664,640,072.15)	(1,171,552,594.91)	–	–	(3,836,192,667.06)
(1) Disposals	(221,535,073.02)	(805,464,975.79)	–	–	(1,027,000,048.81)
(2) Transfer-out decrease	(2,157,248,690.15)	–	–	–	(2,157,248,690.15)
(3) Disposal of subsidiaries	(285,856,308.98)	(366,087,619.12)	–	–	(651,943,928.10)
As at December 31, 2024	2,089,273,579.83	3,517,647,898.12	–	–	5,606,921,477.95
II. Accumulated depreciation					
As at January 1, 2023	–	432,665,508.76	–	1,939,406.47	434,604,915.23
Additions	–	323,284,323.87	–	7,735,545.38	331,019,869.25
(1) Charge for the year	–	323,284,323.87	–	7,735,545.38	331,019,869.25
Decreases	–	(187,065,611.22)	–	(9,674,951.85)	(196,740,563.07)
(1) Disposals	–	(187,065,611.22)	–	(2,858,800.71)	(189,924,411.93)
(2) Disposal of subsidiaries	–	–	–	(6,816,151.14)	(6,816,151.14)
As at December 31, 2023	–	568,884,221.41	–	–	568,884,221.41
Additions	–	496,948,083.73	–	–	496,948,083.73
(1) Charge for the year	–	496,948,083.73	–	–	496,948,083.73
Decreases	–	(368,061,742.29)	–	–	(368,061,742.29)
(1) Disposals	–	(262,891,853.19)	–	–	(262,891,853.19)
(2) Disposal of subsidiaries	–	(105,169,889.10)	–	–	(105,169,889.10)
As at December 31, 2024	–	697,770,562.85	–	–	697,770,562.85
III. Provision for impairment					
As at January 1, 2023	640,000.00	900,000.00	–	–	1,540,000.00
(1) Charge for the year	76,840,000.00	20,390,000.00	–	1,217,093.14	98,447,093.14
(2) Write-off for the year	(510,000.00)	(780,000.00)	–	–	(1,290,000.00)
(3) Disposal of subsidiaries	–	–	–	(1,217,093.14)	(1,217,093.14)
As at December 31, 2023	76,970,000.00	20,510,000.00	–	–	97,480,000.00
(1) Charge for the year	19,080,000.00	15,990,000.00	–	–	35,070,000.00
(2) Transfer-in increase	–	26,038,742.72	–	–	26,038,742.72
(3) Transfer-out decrease	(26,038,742.72)	–	–	–	(26,038,742.72)
(4) Write-off for the year	(15,736,509.79)	(4,000,349.05)	–	–	(19,736,858.84)
As at December 31, 2024	54,274,747.49	58,538,393.67	–	–	112,813,141.16
IV. Carrying amount					
As at December 31, 2023	2,815,852,531.43	1,942,557,581.47	–	–	4,758,410,112.90
As at December 31, 2024	2,034,998,832.34	2,761,338,941.60	–	–	4,796,337,773.94

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As at December 31, 2024 and December 31, 2023, the Group had no productive biological assets with restricted ownership.

As at December 31, 2024 and December 31, 2023, the Group owned 95,960 heads and 81,146 heads of milkable cows, respectively, and 91,454 heads and 104,959 heads of calves and heifers, respectively.

(2) Impairment assessment of productive biological assets measured at cost

As at December 31, 2024 and December 31, 2023, the Group assessed indicators of impairment for productive biological assets by considering factors such as the market operating environment and the operational status of its farms. For productive biological assets presenting such indicators, impairment tests were performed.

The recoverable amount is determined based on fair value less costs to disposal.

As at December 31, 2024

RMB’000

Items	Carrying amount	Recoverable amount	Impairment amount	Determination of fair value and costs to disposal	Key parameter	Determination basis of key parameter
Immature productive biological assets . . .	54,978	45,972	(9,950)	Based on a comprehensive assessment of market factors, including cattle sale prices.	Market factors, such as cattle sale prices	Recent market price for beef cattle/market price for 14-month-old heifers
Mature productive biological assets . . .	11,887	6,603	(5,290)			

As at December 31, 2023

RMB’000

Items	Carrying amount	Recoverable amount	Impairment amount	Determination of fair value and costs to disposal	Key parameter	Determination basis of key parameter
Immature productive biological assets . . .	49,400	34,000	(15,400)	Based on a comprehensive assessment of market factors, including cattle sale prices.	Market factors, such as cattle sale prices	Recent market price for beef cattle/market price for 14-month-old heifers
Mature productive biological assets . . .	5,970	3,380	(2,590)			

Recoverable amount is determined based on the present value of expected future cash flows.

As at December 31, 2024

RMB’000

Items	Carrying amount	Recoverable amount	Impairment amount	Years of the forecast period	Key parameters of the forecast period	Key parameter of the stable period	Determination basis of key parameters in the stable period
Immature productive biological assets . . .	378,827	369,731	(9,130)	The period required to raise immature cattle to maturity and the estimated productive lifespan of milkable cows	Forecast income, forecast cost, discount rate	/	/
Mature productive biological assets . . .	699,805	755,729	(10,700)				

As at December 31, 2023

RMB’000

Items	Carrying amount	Recoverable amount	Impairment amount	Years of the forecast period	Key parameters of the forecast period	Key parameter of the stable period	Determination basis of key parameters in the stable period
Immature productive biological assets . . .	507,570	446,130	(61,440)	The period required to raise immature cattle to maturity and the estimated productive lifespan of milkable cows	Forecast income, forecast cost, discount rate	/	/
Mature productive biological assets . . .	86,200	68,400	(17,800)				

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15. RIGHT-OF-USE ASSETS

RMB

Items	Buildings	Land use rights	Equipment	Total
I. Cost				
As at January 1, 2023	201,917,165.78	350,503,383.48	82,741,987.33	635,162,536.59
Additions	9,765,318.08	81,333,334.81	–	91,098,652.89
(1) New leases commenced . .	8,483,787.69	59,558,125.89	–	68,041,913.58
(2) Lease modifications	–	3,386,358.00	–	3,386,358.00
(3) Business combination . . .	1,281,530.39	18,388,850.92	–	19,670,381.31
Decreases	(1,784,463.96)	(29,149,558.65)	(5,232,219.06)	(36,166,241.67)
(1) Termination of lease	–	(5,494,006.16)	–	(5,494,006.16)
(2) Lease modifications	–	(5,139,081.28)	–	(5,139,081.28)
(3) Remeasurement	–	(4,600,823.33)	–	(4,600,823.33)
(4) Disposal of subsidiaries . .	(1,338,066.15)	(1,780,269.81)	(1,361,921.06)	(4,480,257.02)
(5) Lease expiration	(446,397.81)	(12,135,378.07)	(3,870,298.00)	(16,452,073.88)
As at December 31, 2023	209,898,019.90	402,687,159.64	77,509,768.27	690,094,947.81
Additions	131,529,494.18	52,555,361.86	10,272,489.71	194,357,345.75
(1) New leases commenced . .	131,529,494.18	52,352,706.41	10,272,489.71	194,154,690.30
(2) Lease modifications	–	202,655.45	–	202,655.45
Decreases	(137,280,925.88)	(48,544,725.36)	(76,652,976.91)	(262,478,628.15)
(1) Termination of lease	(4,886,685.92)	(10,322,760.28)	(2,313,029.26)	(17,522,475.46)
(2) Lease modifications	(1,123,091.11)	(12,399,624.53)	–	(13,522,715.64)
(3) Disposal of subsidiaries . .	(128,601,936.22)	(13,860,168.19)	(74,075,018.86)	(216,537,123.27)
(4) Remeasurement	–	(6,117,007.83)	–	(6,117,007.83)
(5) Lease expiration	(2,669,212.63)	(5,845,164.53)	(264,928.79)	(8,779,305.95)
As at December 31, 2024	204,146,588.20	406,697,796.14	11,129,281.07	621,973,665.41
II. Accumulated depreciation				
January 1, 2023	26,202,997.35	49,302,348.99	14,993,048.28	90,498,394.62
Additions	18,831,307.87	36,180,541.79	6,145,418.65	61,157,268.31
(1) Charge for the year	18,831,307.87	36,180,541.79	6,145,418.65	61,157,268.31
Decreases	(690,844.30)	(15,294,181.98)	(4,397,917.04)	(20,382,943.32)
(1) Termination of lease	–	(1,715,341.91)	–	(1,715,341.91)
(2) Disposal of subsidiaries . .	(244,446.49)	(1,443,462.00)	(527,619.04)	(2,215,527.53)
(3) Lease expiration	(446,397.81)	(12,135,378.07)	(3,870,298.00)	(16,452,073.88)
As at December 31, 2023	44,343,460.92	70,188,708.80	16,740,549.89	131,272,719.61
Additions	23,093,233.09	36,904,530.44	7,633,691.43	67,631,454.96
(1) Charge for the year	23,093,233.09	36,904,530.44	7,633,691.43	67,631,454.96
Decreases	(43,466,050.48)	(11,888,052.61)	(22,133,087.90)	(77,487,190.99)
(1) Termination of lease	(3,193,406.59)	(3,457,316.49)	(1,340,771.40)	(7,991,494.48)
(2) Lease modifications	(597,361.81)	(732,789.77)	–	(1,330,151.58)
(3) Disposal of subsidiaries . .	(37,006,069.45)	(1,852,781.82)	(20,527,387.71)	(59,386,238.98)
(4) Lease expiration	(2,669,212.63)	(5,845,164.53)	(264,928.79)	(8,779,305.95)
As at December 31, 2024	23,970,643.53	95,205,186.63	2,241,153.42	121,416,983.58
III. Carrying amount				
As at December 31, 2023	165,554,558.98	332,498,450.84	60,769,218.38	558,822,228.20
As at December 31, 2024	180,175,944.67	311,492,609.51	8,888,127.65	500,556,681.83

For the years ended December 31, 2024 and 2023, the lease expenses included in profit or loss under simplified approach were RMB20,552,350.47 and RMB18,702,717.56, respectively.

For the years ended December 31, 2024 and 2023, the total cash outflows related to leases were RMB114,298,202.64 and RMB89,218,113.24 respectively.

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16. INTANGIBLE ASSETS

(1) Details of intangible assets

RMB

Items	Land use rights	Computer software	Patent and non-patented technology	Trademarks	Others	Total
I. Cost						
As at January 1, 2023	428,807,384.58	94,058,139.71	141,037,295.61	4,241,211.64	5,006,800.00	673,150,831.54
Additions	181,936,328.04	30,663,327.89	79,300,761.39	508,137,199.96	-	800,037,617.28
(1) Purchases	26,254,041.42	11,066,934.79	20,761.39	157,199.96	-	37,498,937.56
(2) Transfer from construction in progress	-	17,466,024.58	-	-	-	17,466,024.58
(3) Increase from business combinations	155,682,286.62	2,130,368.52	79,280,000.00	507,980,000.00	-	745,072,655.14
Decreases	-	(1,360,212.61)	-	-	-	(1,360,212.61)
(1) Disposals	-	(1,360,212.61)	-	-	-	(1,360,212.61)
As at December 31, 2023	610,743,712.62	123,361,254.99	220,338,057.00	512,378,411.60	5,006,800.00	1,471,828,236.21
Additions	-	58,270,236.57	-	-	-	58,270,236.57
(1) Purchases	-	22,457,827.84	-	-	-	22,457,827.84
(2) Transfer from construction in progress	-	35,812,408.73	-	-	-	35,812,408.73
Decreases	-	(4,948,590.53)	-	-	-	(4,948,590.53)
(1) Disposals	-	(4,183,785.53)	-	-	-	(4,183,785.53)
(2) Disposal of subsidiaries	-	(764,805.00)	-	-	-	(764,805.00)
As at December 31, 2024	610,743,712.62	176,682,901.03	220,338,057.00	512,378,411.60	5,006,800.00	1,525,149,882.25
II. Accumulated amortisation						
As at January 1, 2023	50,774,403.45	59,527,927.99	275,290.01	1,219,388.51	4,842,416.23	116,639,426.19
Additions	11,480,698.52	13,298,304.38	17,289,696.46	365,005.54	123,287.83	42,556,992.73
(1) Charge for the year	11,480,698.52	13,298,304.38	17,289,696.46	365,005.54	123,287.83	42,556,992.73
Decreases	-	(1,360,212.61)	-	-	-	(1,360,212.61)
(1) Disposals	-	(1,360,212.61)	-	-	-	(1,360,212.61)
As at December 31, 2023	62,255,101.97	71,466,019.76	17,564,986.47	1,584,394.05	4,965,704.06	157,836,206.31
Additions	14,444,145.65	20,232,094.10	21,915,055.20	374,793.57	41,095.94	57,007,184.46
(1) Charge for the year	14,444,145.65	20,232,094.10	21,915,055.20	374,793.57	41,095.94	57,007,184.46
Decreases	-	(3,676,417.88)	-	-	-	(3,676,417.88)
(1) Disposals	-	(3,026,459.18)	-	-	-	(3,026,459.18)
(2) Disposal of subsidiaries	-	(649,958.70)	-	-	-	(649,958.70)
As at December 31, 2024	76,699,247.62	88,021,695.98	39,480,041.67	1,959,187.62	5,006,800.00	211,166,972.89
III. Provision for impairment						
As at January 1, 2023 and December 31, 2023	-	-	-	-	-	-
Additions	-	-	-	12,000,000.00	-	12,000,000.00
(1) Charge for the year	-	-	-	12,000,000.00	-	12,000,000.00
As at December 31, 2024	-	-	-	12,000,000.00	-	12,000,000.00
IV. Carrying amount						
As at December 31, 2023	548,488,610.65	51,895,235.23	202,773,070.53	510,794,017.55	41,095.94	1,313,992,029.90
As at December 31, 2024	534,044,465.00	88,661,205.05	180,858,015.33	498,419,223.98	-	1,301,982,909.36

As at December 31, 2024 and December 31, 2023, the Group’s intangible assets with restricted ownership are set out in Note (VI) 21.

As at December 31, 2024 and December 31, 2023, the carrying amount of the Group’s trademarks with indefinite useful lives was RMB507,980,000.00, which are held by Sikeqi Hebei, Lesson Dairy, and Xi’an Yinqiao. As at December 31, 2024 and December 31, 2023, the Group performed impairment tests by considering the asset group to which the trademarks with indefinite useful lives belong. The recoverable amounts were determined based on the present value of the estimated future cash flows of the asset group to which the trademarks belong. For further details, please refer to Note (VI) 17.

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17. GOODWILL

(1) Carrying amount of goodwill

For the period from January 1, 2023 to December 31, 2024

RMB

Investee	As at January 1, 2023	Additions	Decreases	As at December 31, 2023 and December 31, 2024
Baoding Junlebao	76,715.16	–	–	76,715.16
Shijiazhuang Junlebao Leshi Dairy Co., Ltd. (石家莊君樂寶樂時乳業有限公司) (“Leshi Dairy”)	30,823,482.21	–	–	30,823,482.21
Banner Infant Dairy Products Co., Ltd. and Zhangjiakou Junlebao Banner Animal Husbandry Co., Ltd. (旗幟嬰兒乳品股份有限公司及張家口君樂寶旗幟牧業有限公司) (“Banner Asset Group”)	105,146,498.04	–	–	105,146,498.04
Hebei Derong Plastic Packaging Products Co., Ltd. (河北德容塑料包裝製品股份有限公司) (“Derong Packaging”) and its subsidiaries	266,154,798.81	–	–	266,154,798.81
Sikeqi Hebei and its subsidiaries	–	23,119,869.09	–	23,119,869.09
Lesson Dairy and its subsidiaries	–	129,360,488.64	–	129,360,488.64
Xi’an Yinqiao and its subsidiaries	–	175,377,980.88	–	175,377,980.88
Total	402,201,494.22	327,858,338.61	–	730,059,832.83

(2) Provision for impairment of goodwill

For the period from January 1, 2023 to December 31, 2024

RMB

Investee	As at January 1, 2023 and January 1, 2024	Additions	Decreases	As at December 31, 2024
Banner Asset Group	–	(105,146,498.04)	–	(105,146,498.04)
Lesson Dairy and its subsidiaries	–	(101,400,000.00)	–	(101,400,000.00)
Sikeqi Hebei and its subsidiaries	–	(23,119,869.09)	–	(23,119,869.09)
Total	–	(229,666,367.13)	–	(229,666,367.13)

(3) Information of asset group with goodwill

In determining the asset group, the Group takes into account factors such as the manner in which management manages or monitors production and operation activities, and the approach to decision-making on the continuous use or disposal of assets, with reference to the smallest group of assets that can independently generate cash inflows. The asset group related to goodwill are those that benefit from the synergies of the business combination and shall also satisfy two conditions: (1) represent the lowest level at which the Group monitors goodwill for internal management purposes; and (2) not be larger than the operating segments determined in accordance with Section 8 of the Interpretation No. 3 of CASBE.

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ACCOUNTANTS’ REPORT

(4) Specific method of determining the recoverable amount

Recoverable amount is determined based on the present value of estimated future cash flows of the asset group.

June 30, 2024 (Note)

Items	Carrying amount	Recoverable amount	Impairment amount in the period	Years of the forecast period	Key parameters of the forecast period	Determination basis of key parameters of the forecast period	Key parameter of the stable period	Determination basis of key parameters in the stable period	RMB'000
Banner Asset Group	1,821,315	1,660,000	(161,315)	5 years	1. Pre-tax discount rate: 11.75% 2. Revenue growth rate of the forecast period: (4.5%)-5.1% 3. Gross margin ratio of the forecast period: 22.2%-29.8%	1. Discount rate is the pre-tax discount rate reflecting the specific risks of the relevant asset group. 2. Revenue growth rate range and gross margin ratio of the forecast period: comprehensive considering factors such as business operations, performance, key financial indicators, and market environment of the relevant asset group.	1. Pre-tax discount rate: 11.75% 2. Revenue growth rate of the stable period: 2.0% 3. Gross margin ratio of the stable period: 31.6%	1. Discount rate is the pre-tax discount rate reflecting the specific risks of the relevant asset group. 2. Revenue growth rate of the stable period is comprehensively determined by considering the long-term average growth rates of the products, markets, industries, or countries/regions in which the relevant asset group operates. 3. Gross margin ratio of the stable period: comprehensively considering factors such as the forward-looking business operations, performance, key financial indicators, and market environment of the relevant asset group.	

Note: In the first half of 2024, the management identified impairment indicators for the Banner Asset Group and conducted an impairment test as at June 30, 2024.

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December 31, 2024

Items	Carrying amount	Recoverable amount	Impairment amount	Years of the forecast period	Key parameters of the forecast period	Determination basis of key parameters of the forecast period	Key parameter of the stable period	Determination basis of key parameters in the stable period
								RMB '000
Leshi Dairy	91,942	133,500	–	5 years	1. Pre-tax discount rate: 12.37% 2. Revenue growth rate of the forecast period: 0.5%-2.4% 3. Gross margin ratio of the forecast period: 5.7%-7.6%	1. Discount rate is the pre-tax discount rate reflecting the specific risks of the relevant asset group. 2. Revenue growth rate range and gross margin ratio of the forecast period: comprehensively considering factors such as business operations, performance, key financial indicators, and market environment of the relevant asset group.	1. Pre-tax discount rate: 12.37% 2. Revenue growth rate of the stable period: 2.0% 3. Gross margin ratio of the stable period: 6.3%	1. Discount rate is the pre-tax discount rate reflecting the specific risks of the relevant asset group. 2. Revenue growth rate of the stable period is comprehensively determined by considering the long-term average growth rates of the products, markets, industries, or countries/regions in which the relevant asset group operates.
Derong Packaging and its subsidiaries	551,304	689,400	–	5 years	1. Pre-tax discount rate: 14.63% 2. Revenue growth rate of the forecast period: (2.1%)-2.0% 3. Gross margin ratio of the forecast period: 21.7%-23.2%	1. Discount rate is the pre-tax discount rate reflecting the specific risks of the relevant asset group. 2. Revenue growth rate range and gross margin ratio of the forecast period: comprehensively considering factors such as business operations, performance, key financial indicators, and market environment of the relevant asset group.	1. Pre-tax discount rate: 14.75% 2. Revenue growth rate of the stable period: 2.0% 3. Gross margin ratio of the stable period: 21.9%	1. Discount rate is the pre-tax discount rate reflecting the specific risks of the relevant asset group. 2. Revenue growth rate of the stable period is comprehensively determined by considering the long-term average growth rates of the products, markets, industries, or countries/regions in which the relevant asset group operates.
Sikeqi Hebei and its subsidiaries	128,518	78,000	(50,518)	5 years	1. Pre-tax discount rate: 13.08% 2. Revenue growth rate of the forecast period: (11.7%)-15.2% 3. Gross margin ratio of the forecast period: 24.2%-27.4%	1. Discount rate is the pre-tax discount rate reflecting the specific risks of the relevant asset group. 2. Revenue growth rate range and gross margin ratio of the forecast period: comprehensively considering factors such as business operations, performance, key financial indicators, and market environment of the relevant asset group.	1. Pre-tax discount rate: 13.08% 2. Revenue growth rate of the stable period: 2.0% 3. Gross margin ratio of the stable period: 29.1%	1. Discount rate is the pre-tax discount rate reflecting the specific risks of the relevant asset group. 2. Revenue growth rate of the stable period is comprehensively determined by considering the long-term average growth rates of the products, markets, industries, or countries/regions in which the relevant asset group operates.
Lesson Dairy and its subsidiaries	1,296,297	1,121,000	(175,297)	5 years	1. Pre-tax discount rate: 12.38% 2. Revenue growth rate of the forecast period: 2.9%-17.4% 3. Gross margin ratio of the forecast period: 21.2%-25.1%	1. Discount rate is the pre-tax discount rate reflecting the specific risks of the relevant asset group. 2. Revenue growth rate range and gross margin ratio of the forecast period: comprehensively considering factors such as business operations, performance, key financial indicators, and market environment of the relevant asset group.	1. Pre-tax discount rate: 12.38% 2. Revenue growth rate of the stable period: 2.0% 3. Gross margin ratio of the stable period: 25.8%	1. Discount rate is the pre-tax discount rate reflecting the specific risks of the relevant asset group. 2. Revenue growth rate of the stable period is comprehensively determined by considering the long-term average growth rates of the products, markets, industries, or countries/regions in which the relevant asset group operates.
Xi'an Yinqiao and its subsidiaries	723,791	850,000	–	5 years	1. Pre-tax discount rate: 12.54% 2. Revenue growth rate of the forecast period: 2.0%-9.6% 3. Gross margin ratio of the forecast period: 19.4%-21.3%	1. Discount rate is the pre-tax discount rate reflecting the specific risks of the relevant asset group. 2. Revenue growth rate range and gross margin ratio of the forecast period: comprehensively considering factors such as business operations, performance, key financial indicators, and market environment of the relevant asset group.	1. Pre-tax discount rate: 12.54% 2. Revenue growth rate of the stable period: 2.0% 3. Gross margin ratio of the stable period: 21.9%	1. Discount rate is the pre-tax discount rate reflecting the specific risks of the relevant asset group. 2. Revenue growth rate of the stable period is comprehensively determined by considering the long-term average growth rates of the products, markets, industries, or countries/regions in which the relevant asset group operates.

Based on the results of the impairment tests, management concluded that, except for the goodwill arising from the acquisitions of the Banner Asset Group, Sikeqi Hebei and its subsidiaries, and Lesson Dairy and its subsidiaries, for which impairment losses of RMB105,146,498.04, RMB23,119,869.09, and RMB101,400,000.00 were recognised in 2024 respectively, no further impairment of the Group’s goodwill was required.

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ACCOUNTANTS’ REPORT

December 31, 2023

RMB '000

Items	Carrying amount	Recoverable amount	Impairment amount	Years of the forecast period	Key parameters of the forecast period	Determination basis of key parameters of the forecast period	Key parameter of the stable period	Determination basis of key parameters in the stable period
Leshi Dairy	99,130	134,100	-	5 years	1. Pre-tax discount rate: 12.30% 2. Revenue growth rate of the forecast period: 3.0%-6.0% 3. Gross margin ratio of the forecast period: 5.2%-5.8%	1. Discount rate is the pre-tax discount rate reflecting the specific risks of the relevant asset group. 2. Revenue growth rate range and Gross margin ratio of the forecast period: comprehensively considering factors such as business operations, performance, key financial indicators, and market environment of the relevant asset group.	1. Pre-tax discount rate: 12.30% 2. Revenue growth rate of the stable period: 2.0% 3. Gross margin ratio of the stable period: 6.1%	1. Discount rate is the pre-tax discount rate reflecting the specific risks of the relevant asset group. 2. Revenue growth rate of the stable period is comprehensively determined by considering the long-term average growth rates of the products, markets, industries, or countries/regions in which the relevant asset group operates.
Banner Asset Group	1,805,475	2,057,000	-	5 years	1. Pre-tax discount rate: 12.53% 2. Revenue growth rate of the forecast period: 4.4%-6.9% 3. Gross margin ratio of the forecast period: 32.6%-33.7%	1. Discount rate is the pre-tax discount rate reflecting the specific risks of the relevant asset group. 2. Revenue growth rate range and Gross margin ratio of the forecast period: comprehensively considering factors such as business operations, performance, key financial indicators, and market environment of the relevant asset group.	1. Pre-tax discount rate: 12.53% 2. Revenue growth rate of the stable period: 2.0% 3. Gross margin ratio of the stable period: 33.9%	1. Discount rate is the pre-tax discount rate reflecting the specific risks of the relevant asset group. 2. Revenue growth rate of the stable period is comprehensively determined by considering the long-term average growth rates of the products, markets, industries, or countries/regions in which the relevant asset group operates.
Derong Packaging and its subsidiaries	579,041	649,000	-	5 years	1. Pre-tax discount rate: 13.86% 2. Revenue growth rate of the forecast period: 2.0%-18.7% 3. Gross margin ratio of the forecast period: 19.4%-22.2%	1. Discount rate is the pre-tax discount rate reflecting the specific risks of the relevant asset group. 2. Revenue growth rate range and Gross margin ratio of the forecast period: comprehensively considering factors such as business operations, performance, key financial indicators, and market environment of the relevant asset group.	1. Pre-tax discount rate: 13.86% 2. Revenue growth rate of the stable period: 2.0% 3. Gross margin ratio of the stable period: 21.3%	1. Discount rate is the pre-tax discount rate reflecting the specific risks of the relevant asset group. 2. Revenue growth rate of the stable period is comprehensively determined by considering the long-term average growth rates of the products, markets, industries, or countries/regions in which the relevant asset group operates.
Sikeqi Hebei and its subsidiaries	131,129	152,200	-	5 years	1. Pre-tax discount rate: 14.95% 2. Revenue growth rate of the forecast period: (1.7%)-8.1% 3. Gross margin ratio of the forecast period: 32.8%-37.3%	1. Discount rate is the pre-tax discount rate reflecting the specific risks of the relevant asset group. 2. Revenue growth rate range and Gross margin ratio of the forecast period: comprehensively considering factors such as business operations, performance, key financial indicators, and market environment of the relevant asset group.	1. Pre-tax discount rate: 14.95% 2. Revenue growth rate of the stable period: 2.0% 3. Gross margin ratio of the stable period: 38.4%	1. Discount rate is the pre-tax discount rate reflecting the specific risks of the relevant asset group. 2. Revenue growth rate of the stable period is comprehensively determined by considering the long-term average growth rates of the products, markets, industries, or countries/regions in which the relevant asset group operates.
Lesson Dairy and its subsidiaries	1,282,782	1,306,600	-	5 years	1. Pre-tax discount rate: 12.74% 2. Revenue growth rate of the forecast period: 8.0%-15.3% 3. Gross margin ratio of the forecast period: 20.0%-23.2%	1. Discount rate is the pre-tax discount rate reflecting the specific risks of the relevant asset group. 2. Revenue growth rate range and Gross margin ratio of the forecast period: comprehensively considering factors such as business operations, performance, key financial indicators, and market environment of the relevant asset group.	1. Pre-tax discount rate: 12.74% 2. Revenue growth rate of the stable period: 2.0% 3. Gross margin ratio of the stable period: 23.7%	1. Discount rate is the pre-tax discount rate reflecting the specific risks of the relevant asset group. 2. Revenue growth rate of the stable period is comprehensively determined by considering the long-term average growth rates of the products, markets, industries, or countries/regions in which the relevant asset group operates.
Xi'an Yinqiao and its subsidiaries	766,174	861,200	-	5 years	1. Pre-tax discount rate: 13.07% 2. Revenue growth rate of the forecast period: 5.0%-11.0% 3. Gross margin ratio of the forecast period: 21.0%-21.3%	1. Discount rate is the pre-tax discount rate reflecting the specific risks of the relevant asset group. 2. Revenue growth rate range and Gross margin ratio of the forecast period: comprehensively considering factors such as business operations, performance, key financial indicators, and market environment of the relevant asset group.	1. Pre-tax discount rate: 13.07% 2. Revenue growth rate of the stable period: 2.0% 3. Gross margin ratio of the stable period: 21.8%	1. Discount rate is the pre-tax discount rate reflecting the specific risks of the relevant asset group. 2. Revenue growth rate of the stable period is comprehensively determined by considering the long-term average growth rates of the products, markets, industries, or countries/regions in which the relevant asset group operates.

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ACCOUNTANTS’ REPORT

18. LONG-TERM DEFERRED EXPENSES

2024

RMB

Items	January 1, 2024	Additions	Amortisation	December 31, 2024
Renovation costs	14,595,461.00	1,006,945.42	(3,515,295.55)	12,087,110.87
Service fees	4,410,620.09	10,002,072.58	(5,376,372.72)	9,036,319.95
Equipment purchase costs for promotion	12,971,542.70	6,544,300.65	(10,234,627.20)	9,281,216.15
Others	10,747,944.44	11,776,335.46	(4,514,012.23)	18,010,267.67
Total	<u>42,725,568.23</u>	<u>29,329,654.11</u>	<u>(23,640,307.70)</u>	<u>48,414,914.64</u>

2023

RMB

Items	January 1, 2023	Business combination	Additions	Amortisation	December 31, 2023
Renovation costs	11,330,818.10	5,328,887.71	1,535,083.69	(3,599,328.50)	14,595,461.00
Service fees	–	436,893.27	4,398,176.98	(424,450.16)	4,410,620.09
Equipment purchase costs for promotion	28,229,709.50	–	–	(15,258,166.80)	12,971,542.70
Others	4,488,974.20	5,060,705.15	5,292,998.21	(4,094,733.12)	10,747,944.44
Total	<u>44,049,501.80</u>	<u>10,826,486.13</u>	<u>11,226,258.88</u>	<u>(23,376,678.58)</u>	<u>42,725,568.23</u>

19. DEFERRED TAX ASSETS/LIABILITIES

(1) Deferred tax assets before offsetting

RMB

Items	December 31, 2024		December 31, 2023	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Accounts Payable/Other				
Payables	252,203,491.64	61,671,443.37	499,496,613.67	123,351,066.54
Tax losses	399,966,341.62	93,490,100.78	734,502,154.57	180,806,767.79
Deferred income	574,292,087.71	143,543,873.42	652,677,207.80	163,105,301.96
Lease liabilities	62,072,670.07	15,362,275.15	18,970,286.13	4,724,042.25
Provision for impairment of assets	195,835,403.45	47,159,400.74	185,987,801.25	46,418,137.95
Contract liabilities	870,068,431.47	213,291,002.35	966,284,589.81	239,925,405.22
Provision for impairment of inventories	70,381,241.84	17,217,640.04	109,289,922.62	26,990,516.16
Share-based payments	106,230,259.61	26,146,117.29	68,726,411.14	17,181,602.78
Credit loss allowance	44,553,028.03	10,229,614.69	78,299,911.53	17,637,366.99
Unrealised profit for intra-group transactions	76,438,445.70	19,109,611.42	70,088,913.20	17,522,228.30
Losses from changes in fair values	16,801,000.00	4,200,250.00	16,801,000.00	4,200,250.00
Over-expenditure on public welfare donations	34,150.00	8,537.50	–	–
Total	<u>2,668,876,551.14</u>	<u>651,429,866.75</u>	<u>3,401,124,811.72</u>	<u>841,862,685.94</u>

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(2) Deferred tax liabilities before offsetting

RMB

Items	December 31, 2024		December 31, 2023	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Right-of-use assets	68,051,534.24	16,382,274.67	24,635,050.88	5,633,866.91
Fair value adjustments for business combinations	779,276,996.03	133,547,053.85	822,454,333.80	143,113,733.85
Difference in depreciation of fixed assets	172,354,216.12	43,088,554.03	175,339,317.35	43,651,270.49
Gains from changes in fair value of derivative financial instruments and other equity instrument investments, and unrealised investment income	7,400,000.00	1,850,000.00	27,923,273.83	6,980,818.47
Total	<u>1,027,082,746.39</u>	<u>194,867,882.55</u>	<u>1,050,351,975.86</u>	<u>199,379,689.72</u>

(3) Deferred tax assets or liabilities that are presented at the net amount after offsetting

RMB

Items	Year-end offsetting amount for deferred tax assets and liabilities	
	December 31, 2024	December 31, 2023
Deferred tax assets	56,250,090.55	53,631,611.60
Deferred tax liabilities	<u>56,250,090.55</u>	<u>53,631,611.60</u>

RMB

Items	Closing balance of deferred tax assets or liabilities after offsetting	
	December 31, 2024	December 31, 2023
Deferred tax assets	595,179,776.20	788,231,074.34
Deferred tax liabilities	<u>138,617,792.00</u>	<u>145,748,078.12</u>

(4) Details of unrecognised deferred tax assets

RMB

Items	December 31, 2024	December 31, 2023
Deductible temporary differences	152,472,276.32	90,822,219.23
Tax losses	10,499,104.32	40,513,361.46
Total	<u>162,971,380.64</u>	<u>131,335,580.69</u>

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(5) Unrecognised tax losses will expire in the following years:

RMB

Year	December 31, 2024	December 31, 2023
2024	–	1,379,231.04
2025	1,439,391.03	6,104,278.33
2026	583,243.11	11,286,352.82
2027	7,316,350.42	11,562,850.15
2028	10,819.98	10,180,649.12
2029	1,149,299.78	–
Total	<u>10,499,104.32</u>	<u>40,513,361.46</u>

20. OTHER NON-CURRENT ASSETS

RMB

Items	December 31, 2024	December 31, 2023
Prepayments for land use rights	42,997,254.70	45,617,920.00
Prepayments for construction and equipment	43,705,759.89	89,906,977.31
Prepayments for dairy cows	–	10,603,462.50
Others	<u>35,962,380.69</u>	<u>8,641,016.00</u>
Total	<u>122,665,395.28</u>	<u>154,769,375.81</u>

21. ASSETS WITH RESTRICTED OWNERSHIP OR RESTRICTED RIGHT OF USE

RMB

Items	December 31, 2024		Type of restriction	Status of restriction
	Gross carrying amount	Carrying amount		
Cash at bank and on hand	107,219,067.61	107,219,067.61	Used as security or guarantee deposits and other restrictions	Bill deposits, letter of guarantees deposits, and other restrictions, see Note (VI) 57 (5) for details.
Bills receivable	2,400,000.00	2,400,000.00	Endorsed or discounted but not derecognised	See Note (VI) 3 for details.
Fixed assets	337,878,273.93	246,624,194.33	Pledged	Pledged to obtain short-term and long-term borrowings, see Note (VI) 22 and Note (VI) 31 for details.
Intangible assets	73,087,695.10	61,211,046.96	Pledged	Pledged to obtain short-term and long-term borrowings, see Note (VI) 22 and Note (VI) 31 for details.
Total	<u>520,585,036.64</u>	<u>417,454,308.90</u>		

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RMB

Items	December 31, 2023		Type of restriction	Status of restriction
	Gross carrying amount	Carrying amount		
Cash at bank and on hand	134,526,614.72	134,526,614.72	Used as security or guarantee deposits and other restrictions	Bill deposits, letter of guarantees deposits, letter of credit deposits, and other restrictions, see Note (VI) 57 (5) for details.
Bills receivable	2,450,000.00	2,450,000.00	Endorsed or discounted but not derecognised	See Note (VI) 3 for details.
Fixed assets	383,923,280.14	161,785,625.18	Pledged	Pledged to obtain short-term and long-term borrowings, see Note (VI) 22 and Note (VI) 31 for details.
Intangible assets	95,827,150.26	83,867,159.36	Pledged	Pledged to obtain short-term and long-term borrowings, see Note (VI) 22 and Note (VI) 31 for details.
Total	<u>616,727,045.12</u>	<u>382,629,399.26</u>		

22. SHORT-TERM BORROWINGS

RMB

Items	December 31, 2024	December 31, 2023
Unsecured borrowings	727,460,931.94	674,070,570.20
Guaranteed borrowings	1,493,645,442.44	1,207,826,329.27
Secured borrowings	20,018,333.33	50,048,888.89
Guaranteed and secured borrowings	–	8,003,350.00
Total	<u>2,241,124,707.71</u>	<u>1,939,949,138.36</u>

As at December 31, 2024, the Group obtained short-term borrowings of RMB1,493,645,442.44, which were guaranteed by entities within the Group. Additionally, the Group obtained short-term borrowings of RMB20,018,333.33 and long-term borrowings of RMB30,028,416.67, which were secured by fixed assets with carrying amount of RMB23,151,666.52 and intangible assets with carrying amount of RMB6,598,609.65, respectively.

As at December 31, 2023, the Group obtained short-term borrowings of RMB1,207,826,329.27, which were guaranteed by entities within the Group. Additionally, the Group obtained short-term borrowings of RMB50,048,888.89, which were secured by fixed assets with carrying amount of RMB20,147,943.99 and intangible assets with carrying amount of RMB6,788,343.10. The Group obtained short-term borrowings of RMB8,003,350.00, which were secured by fixed assets with carrying amount of RMB63,996,557.06 and guaranteed by subsidiaries of the Group.

As at December 31, 2024 and December 31, 2023, the above borrowings carried interest at annual rates ranging 2.60%-3.45% and 2.85%-5.40%, respectively.

As at December 31, 2024 and December 31, 2023, the Group had no short-term borrowings overdue but not yet paid.

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23. BILLS PAYABLE

RMB

Category	December 31, 2024	December 31, 2023
Bank acceptances bills	359,124,802.69	277,266,483.87
Total	<u>359,124,802.69</u>	<u>277,266,483.87</u>

As at December 31, 2024 and December 31, 2023, the Group had no bills payable overdue but not yet paid.

24. ACCOUNTS PAYABLE

(1) Disclosed by the nature of accounts payable

RMB

Items	December 31, 2024	December 31, 2023
Payables for purchase of goods (<i>Note</i>)	2,279,739,670.78	2,291,851,358.27
Payables for freight	232,724,819.98	145,150,429.89
Payables for constructions	131,626,700.50	124,561,429.87
Total	<u>2,644,091,191.26</u>	<u>2,561,563,218.03</u>

Note: In order to ensure easy access to credit for its suppliers and facilitate early settlement, the Group has entered into supplier finance arrangements with financial institutions that permit certain suppliers to obtain payment from the banks before the invoice due date and bear the associated financing costs. The Group repays the financial institutions with the full invoice amounts no later than the credit period as agreed with the suppliers. Therefore, the amounts payable to financial institutions are classified as trade payables. As at December 31, 2024 and December 31, 2023, the balances of the aforementioned accounts payable were RMB536,928,764.09 and RMB430,175,371.81, respectively.

(2) Disclosed by aging:

The following is an aged analysis of accounts payable of the Group presented based on the invoice date:

RMB

Aging	December 31, 2024	December 31, 2023
Within 1 year (inclusive)	2,616,513,619.19	2,548,252,951.63
1 to 2 years (inclusive)	22,327,471.65	10,681,136.98
2 to 3 years (inclusive)	2,783,679.40	1,247,134.02
Over 3 years	2,466,421.02	1,381,995.40
Total	<u>2,644,091,191.26</u>	<u>2,561,563,218.03</u>

Accounts payable are non-interest-bearing and are generally settled within 3 to 6 months.

(3) Significant accounts payable aged over one year

As at December 31, 2024 and December 31, 2023, the Group had no significant accounts payable aged over one year and no significant accounts payable overdue but not yet paid.

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25. CONTRACT LIABILITIES

RMB

Items	December 31, 2024	December 31, 2023
Receipts in advance on sales of goods (<i>Note 1, Note 2</i>)	1,388,263,098.71	1,440,969,024.80
Other receipts in advance (<i>Note 3</i>)	540,134,989.87	522,233,010.11
Total	1,928,398,088.58	1,963,202,034.91

Note 1: For the sale of goods, revenue is recognised when control of the goods has been transferred to the customers. When a customer makes an advance payment, the Group recognises the transaction price received as a contract liability until control of the goods has been transferred to the customer.

Note 2: As at December 31, 2024, contract liabilities with a carrying amount of RMB1,358,158,082.94 as at the beginning of the year were recognised as revenue in 2024. The carrying amount of contract liabilities as of the end of the year is expected to be recognised as revenue in 2025 and subsequent years.

As at December 31, 2023, contract liabilities with a carrying amount of RMB1,967,989,602.74 as at the beginning of the year were recognised as revenue in 2023. The carrying amount of contract liabilities as of the end of the year is expected to be recognised as revenue in 2024 and subsequent years.

Note 3: Other receipts in advance are as follows:

RMB

Items	December 31, 2024	December 31, 2023	Expected completion date	Proportion of accumulated pre-sale as at December 31, 2024
				(%)
Junju Yuefu Project	466,115,779.76	448,213,800.00	June 2025	42.61
Other project	74,019,210.11	74,019,210.11	December 2025	82.33
Total	540,134,989.87	522,233,010.11		

26. EMPLOYEE BENEFITS PAYABLE

(1) Changes in employee benefits payable

2024

RMB

Items	January 1, 2024	Additions	Decreases	December 31, 2024
1. Short-term employee benefits	253,367,632.92	2,219,303,413.85	(2,201,403,190.53)	271,267,856.24
2. Post-employment benefits defined contribution plans	444,198.49	227,002,511.50	(226,141,779.75)	1,304,930.24
3. Termination benefits	230,300.00	18,800,506.73	(19,029,824.47)	982.26
Total	254,042,131.41	2,465,106,432.08	(2,446,574,794.75)	272,573,768.74

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2023

RMB

Items	January 1, 2023	Additions	Decreases	December 31, 2023
1. Short-term employee benefits	199,726,553.53	1,931,547,376.36	(1,877,906,296.97)	253,367,632.92
2. Post-employment benefits defined contribution plans	1,633,309.81	182,638,416.27	(183,827,527.59)	444,198.49
3. Termination benefits	–	10,764,210.12	(10,533,910.12)	230,300.00
4. Others	–	43,574.08	(43,574.08)	–
Total	<u>201,359,863.34</u>	<u>2,124,993,576.83</u>	<u>(2,072,311,308.76)</u>	<u>254,042,131.41</u>

(2) Details of short-term employee benefits

2024

RMB

Items	January 1, 2024	Additions	Decreases	December 31, 2024
1. Wages or salaries, bonuses, allowances and subsidies	248,797,396.60	1,807,851,636.59	(1,786,857,761.72)	269,791,271.47
2. Staff welfare	612,620.34	149,891,706.62	(150,422,604.75)	81,722.21
3. Social insurance allowances	162,545.47	129,205,271.06	(128,867,067.14)	500,749.39
Including: Basic medical insurance	153,089.87	116,972,283.08	(116,654,190.45)	471,182.50
Work-related injury insurance	9,448.74	8,116,515.99	(8,096,464.25)	29,500.48
Maternity insurance	6.86	4,116,471.99	(4,116,412.44)	66.41
4. Housing provident fund	3,669,688.90	124,460,421.25	(127,362,104.92)	768,005.23
5. Labour union fund and employee education costs	125,381.61	7,894,378.33	(7,893,652.00)	126,107.94
Total	<u>253,367,632.92</u>	<u>2,219,303,413.85</u>	<u>(2,201,403,190.53)</u>	<u>271,267,856.24</u>

2023

RMB

Items	January 1, 2023	Additions	Decreases	December 31, 2023
1. Wages or salaries, bonuses, allowances and subsidies	198,139,593.51	1,562,393,807.16	(1,511,736,004.07)	248,797,396.60
2. Staff welfare	333,656.20	140,465,714.25	(140,186,750.11)	612,620.34
3. Social insurance allowances	542,727.61	110,477,135.39	(110,857,317.53)	162,545.47
Including: Basic medical insurance	534,391.48	97,620,640.69	(98,001,942.30)	153,089.87
Work-related injury insurance	8,336.13	6,748,467.81	(6,747,355.20)	9,448.74
Maternity insurance	–	6,108,026.89	(6,108,020.03)	6.86
4. Housing provident fund	456,568.40	106,392,188.38	(103,179,067.88)	3,669,688.90
5. Labour union fund and employee education costs	254,007.81	11,818,531.18	(11,947,157.38)	125,381.61
Total	<u>199,726,553.53</u>	<u>1,931,547,376.36</u>	<u>(1,877,906,296.97)</u>	<u>253,367,632.92</u>

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(3) Post-employment benefits — defined contribution plan

2024

RMB

Items	January 1, 2024	Additions	Decreases	December 31, 2024
1. Basic pension insurance	430,998.66	217,788,446.84	(216,965,938.66)	1,253,506.84
2. Unemployment insurance	13,199.83	9,214,064.66	(9,175,841.09)	51,423.40
Total	444,198.49	227,002,511.50	(226,141,779.75)	1,304,930.24

2023

RMB

Items	January 1, 2023	Additions	Decreases	December 31, 2023
1. Basic pension insurance	1,565,681.34	175,278,990.94	(176,413,673.62)	430,998.66
2. Unemployment insurance	67,628.47	7,359,425.33	(7,413,853.97)	13,199.83
Total	1,633,309.81	182,638,416.27	(183,827,527.59)	444,198.49

The Group participates in the pension insurance plan and unemployment insurance plan established by government agencies according to regulations. For the year 2024, the Group makes monthly contributions to these plans at rates ranging from 14.00%-16.00% and 0.50%-0.90% of the employee salary base, respectively, and for the year 2023, the contribution rates were 14.00%-16.00% and 0.30%-0.90% of the employee salary base, respectively. Except for the above monthly contributions, the Group will not undertake further payment obligations. The relevant amounts are included in profit or loss or the costs of the underlying assets for the period in which they are incurred.

In 2024, the Group should contribute RMB217,788,446.84 and RMB9,214,064.66 to pension insurance plan and unemployment insurance plan, respectively. As at December 31, 2024, the Group had outstanding contribution payables of RMB1,253,506.84 and RMB51,423.40 that were due in 2024 but not yet paid to these insurance plans, respectively. Relevant payments have been made subsequent to December 31, 2024.

In 2023, the Group should contribute RMB175,278,990.94 and RMB7,359,425.33 to pension insurance plan and unemployment insurance plan, respectively. As at December 31, 2023, the Group had outstanding contribution payables of RMB430,998.66 and RMB13,199.83 that were due in 2023 but not yet paid to these insurance plans respectively. Relevant payments have been made subsequent to December 31, 2023.

27. TAXES PAYABLE

RMB

Items	December 31, 2024	December 31, 2023
Enterprise income tax	58,579,379.81	32,953,752.65
VAT	25,557,738.48	18,895,049.41
Stamp tax	5,720,424.92	5,741,932.22
Individual income tax	5,206,076.74	11,082,470.16
Real estate tax	2,574,046.02	2,396,905.22
Urban maintenance and construction tax	1,337,310.52	1,507,835.73
Education surcharge	612,173.21	689,604.05
Local education surcharge	408,120.02	458,263.48
Other taxes	1,752,040.90	2,902,308.21
Total	101,747,310.62	76,628,121.13

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28. OTHER PAYABLES

28.1 Summary of other payables

RMB

Items	December 31, 2024	December 31, 2023
Dividends payable	–	205,463,323.42
Other payables	1,543,445,020.79	1,962,209,805.08
Total	1,543,445,020.79	2,167,673,128.50

28.2 Dividends payable

RMB

Items	December 31, 2024	December 31, 2023
Dividends payable	–	205,463,323.42
Total	–	205,463,323.42

28.3 Other payables

(1) Disclosed by the nature of other payables

RMB

Items	December 31, 2024	December 31, 2023
Payables for purchase of long-term asset	587,998,677.25	529,463,089.41
Security deposits	278,608,923.45	366,833,856.88
Payables and accruals for advertising expenses	122,088,186.05	496,124,310.70
Accrued promotion and other expenses	190,177,385.52	178,848,762.98
Out-of-pocket expenses payable to distributors	253,421,763.19	269,846,029.73
Payables for purchase of equity interests	602,500.00	–
Others	110,547,585.33	121,093,755.38
Total	1,543,445,020.79	1,962,209,805.08

(2) Significant other payables with aging of more than one year or overdue

As of December 31, 2024 and December 31, 2023, the Group had accounts payable to distributors that had been outstanding for more than one year, amounting to RMB25,792,932.71 and RMB19,873,834.65, respectively, and there were no other significant other payables aging more than one year or overdue but unpaid.

29. NON-CURRENT LIABILITIES DUE WITHIN ONE YEAR

RMB

Items	December 31, 2024	December 31, 2023
Long-term borrowings due within one year (<i>Note (VI) 31</i>)	2,275,541,879.43	1,336,850,621.62
Lease liabilities due within one year (<i>Note (VI) 32</i>)	58,994,181.31	67,032,414.86
Long-term payables due within one year (<i>Note (VI) 33</i>)	63,159,153.15	26,680,624.32
Total	2,397,695,213.89	1,430,563,660.80

As at December 31, 2024 and December 31, 2023, the Group had no non-current liabilities due within one year overdue but not yet paid.

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30. OTHER CURRENT LIABILITIES

RMB

Items	December 31, 2024	December 31, 2023
Obligation to repurchase non-controlling interests (Note (VI) 37)	125,000,000.00	135,000,000.00
Output VAT related to receipts in advance	61,934,853.54	102,613,323.46
Payable for sales returns	3,337,819.56	8,276,144.95
Others	2,400,000.00	2,541,666.87
Total	<u>192,672,673.10</u>	<u>248,431,135.28</u>

31. LONG-TERM BORROWINGS

RMB

Items	December 31, 2024	December 31, 2023
Unsecured borrowings	1,854,807,459.71	1,946,710,095.09
Guaranteed borrowings	4,875,798,009.79	5,178,089,544.24
Guaranteed and secured borrowings	631,258,914.11	737,537,733.31
Secured borrowings	30,028,416.67	–
Total	<u>7,391,892,800.28</u>	<u>7,862,337,372.64</u>
Less: Long-term borrowings due within one year (Note (VI) 29)	2,275,541,879.43	1,336,850,621.62
Including: Unsecured borrowings	83,807,459.71	761,484,714.00
Guaranteed borrowings	2,057,494,538.48	481,300,986.66
Guaranteed and secured borrowings	134,011,464.57	94,064,920.96
Secured borrowings	228,416.67	–
Long-term borrowings due after one year	<u>5,116,350,920.85</u>	<u>6,525,486,751.02</u>

As at December 31, 2024, the Group obtained long-term borrowings of RMB4,875,798,009.79 guaranteed by entities within the Group, of which the long-term borrowings of RMB2,057,494,538.48 are due within one year. The Group also obtained short-term borrowings of RMB20,018,333.33 and long-term borrowings of RMB30,028,416.67 by pledging fixed assets with carrying amount of RMB23,151,666.52 and intangible assets with carrying amount of RMB6,598,609.65 as collaterals (Note VI (22)), of which the long-term of RMB228,416.67 are due within one year. Additionally, the Group obtained long-term borrowings of RMB631,258,914.11 by pledging fixed assets with carrying amount of RMB223,472,527.81 and intangible assets with carrying amount of RMB54,612,437.31 as collaterals, together with guarantees provided by the Company or subsidiaries within the Group, of which the long-term borrowings of RMB134,011,464.57 are due within one year.

As at December 31, 2023, the Group obtained long-term borrowings of RMB5,178,089,544.24 guaranteed by entities within the Group, of which the long-term borrowings of RMB481,300,986.66 was due within one year. Additionally, the Group obtained long-term borrowings of RMB737,537,733.31 by pledging fixed assets with carrying amount of RMB77,641,124.13 and intangible assets with carrying amount of RMB77,078,816.26 as collateral, together with guarantees provided by the Company or subsidiaries within the Group, of which RMB94,064,920.96 is due within one year.

In May 2022, the Group obtained an unsecured long-term loan of USD150,000,000.00 from Credit Suisse AG, Singapore Branch (“CS USDLoan”). The long-term loan was scheduled to mature on May 2025, with a contractual interest rate of compounded backward-looking USDSOFR plus 1.8% (“compounded backward-looking USDSOFR” refers to the rate on the reset date representing the return on a daily compounding interest investment, where the USDSOFR referenced for interest calculation is the USDSecured Overnight Financing Rate). In July 2022, the Company entered into an interest rate swap agreement with Rabobank Nederland Shanghai Branch, converting the entire loan of USD150,000,000.00 into a fixed-rate loan. In 2023, the Company entered into a forward foreign exchange contract with Rabobank Nederland Shanghai Branch, agreeing to settle the loan of USD40,000,000.00 at a fixed exchange rate. In 2024, the Group repaid the CS USDLoan in advance and simultaneously terminated the interest rate swap agreement and forward foreign exchange contract entered into in relation to this loan.

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As at December 31, 2024 and December 31, 2023, the annual interest rates on the above borrowings were 2.40%-4.25% and 3.00%-5.40%, respectively.

As at December 31, 2024 and December 31, 2023, the Group has no long-term borrowings overdue but not yet paid.

32. LEASE LIABILITIES

RMB

Items	December 31, 2024	December 31, 2023
Buildings	185,576,545.89	171,592,876.92
Land use rights	207,966,165.68	222,140,288.66
Equipment	2,272,364.87	60,871,003.08
Total	395,815,076.44	454,604,168.66
Less: Lease liabilities due within one year (<i>Note (VI) 29</i>) . . .	58,994,181.31	67,032,414.86
Lease liabilities due after one year	336,820,895.13	387,571,753.80

33. LONG-TERM PAYABLES

RMB

Items	December 31, 2024	December 31, 2023
Long-term payables (<i>Notes 1-5</i>)	173,108,634.01	194,631,886.52
Less: Long-term payables due within one year (<i>Note (VI) 29</i>)	63,159,153.15	26,680,624.32
Long-term payables due after one year	109,949,480.86	167,951,262.20

Note 1: In 2015, CDB Development Fund Co., Ltd. (國開發基金有限公司) (“CDB Fund”) invested RMB68,000,000.00 in Hebei Junlebao Junyuan Dairy Co., Ltd. (河北君樂寶君源乳業有限公司) (“Junyuan Dairy”), a subsidiary of the Company, representing 40.48% of Junyuan Dairy’s registered capital. According to the investment agreement, CDB Fund will receive an annual fixed return during the investment period. Leshi Dairy, a subsidiary of the Company, also the controlling shareholder of Junyuan Dairy, is obliged to repurchase an equivalent proportion of investment from CDB Fund annually over the investment period. Beyond the aforementioned fixed return, CDB Fund is not entitled to any other profits from Junyuan Dairy nor does it bear any losses of Junyuan Dairy. Consequently, the Group has classified the investment received from CDB Fund as a long-term account payable measured at amortised cost.

Note 2: A third-party poverty alleviation company provided funds of RMB47,559,436.78 to the Company’s subsidiary, Junao Zhanhuang in 2020. According to the agreement, the poverty alleviation company will recover the entire principal amount of the funds by May 2025, and is entitled to receive an annual fixed return of 6.00% during the fund occupation period. Beyond the aforementioned fixed return, the poverty alleviation company is not entitled to any other profits from Junao Zhanhuang nor does it bear any losses of Junao Zhanhuang. Consequently, the Group has classified the received funds as long-term payables measured at amortised cost.

Note 3: In 2021, a third-party animal husbandry station provided a fund of RMB10,000,000.00 to Junsheng Animal Husbandry, a subsidiary of the Company. According to the agreement, the animal husbandry station will recover the fund in two installments, each amounting to 50% of the total, on June 2024 and December 2024, respectively. The fund accrues fixed annual returns at a fixed interest rate of 6.00% per year. Beyond the aforementioned fixed return, the animal husbandry station is not entitled to any other profits from Junsheng Animal Husbandry nor does it bear any of its losses. Consequently, the Group has classified the fund as a long-term account payable measured at amortised cost.

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Note 4: According to the cooperation agreements signed between the Company’s subsidiary, Junkang Animal Husbandry, and several village committees, the village committees collectively provided funds of RMB17,500,000.00 to Junkang Animal Husbandry. The cooperation period is from August 2019 to August 2025. During this period, the village committees are entitled to an annual fixed return of 6.00%. Upon maturity, the village committees will recover the full principal amount. Beyond the aforementioned fixed return, the village committees are not entitled to any other profits from Junkang Animal Husbandry nor do they bear any of its losses. Consequently, the Group classified the received funds as a long-term account payable measured at amortised cost. In 2024, Junkang Animal Husbandry has become an associate of the Company. For details, please refer to Note (VII) 2.

Note 5: According to the cooperation agreements signed between the Company’s subsidiary, Yunduan Animal Husbandry, and several village committees, the village committees respectively provided funds of RMB69,000,000.00, RMB15,000,000.00 and RMB39,000,000.00 to Yunduan Animal Husbandry. The cooperation periods are respectively 20 years, 5 years and 20 years. During the cooperation period, Yunduan Animal Husbandry is obliged to make fixed annual repayments to village committees. Beyond these fixed repayments, the village committees are not entitled to any other profits from Yunduan Animal Husbandry nor do they bear any of its losses. Consequently, the Group has classified the received funds as long-term payables measured at amortised cost.

34. PROVISIONS

RMB

Items	December 31, 2024	December 31, 2023
Reclamation fee	21,678,845.43	19,652,183.47
Others	466,585.07	–
Total	22,145,430.50	19,652,183.47

35. DEFERRED INCOME

2024

RMB

Items	January 1, 2024	Additions	Decreases	December 31, 2024
Government grants related to assets	1,035,636,384.47	137,276,463.13	(172,003,612.20)	1,000,909,235.40
Government grants related to income	29,093,529.59	4,796,600.00	(13,931,666.22)	19,958,463.37
Total	1,064,729,914.06	142,073,063.13	(185,935,278.42)	1,020,867,698.77

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2023

RMB

Items	January 1, 2023	Additions	Decreases	December 31, 2023
Government grants related to assets	1,111,709,726.73	81,483,675.79	(157,557,018.05)	1,035,636,384.47
Government grants related to income	21,515,181.90	18,029,746.89	(10,451,399.20)	29,093,529.59
Total	<u>1,133,224,908.63</u>	<u>99,513,422.68</u>	<u>(168,008,417.25)</u>	<u>1,064,729,914.06</u>

36. SHARE CAPITAL/PAID-IN CAPITAL

For the period from January 1, 2023 to December 31, 2024

RMB

Name of shareholders	January 1, 2023	Changes for the year			December 31, 2023 and December 31, 2024
		Additions	Decreases	Share conversion due to the equity restructure	
Mr. Wei Lihua	23,357,793.00	-	-	246,952,662.00	270,310,455.00
Ningbo Tanzhi Enterprise Management Consulting Partnership (Limited Partnership) (寧波探智企業管理諮詢合夥企業(有限合夥))	7,987,208.00	-	-	84,445,576.00	92,432,784.00
Chunhua Shaojing (Tianjin) Equity Investment Partnership (Limited Partnership) (春華韶景(天津)股權投資合夥企業(有限合夥))	5,391,366.00	-	-	57,000,770.00	62,392,136.00
Zhuhai Hengqin Lehuiruisheng	4,207,240.00	-	-	44,481,476.00	48,688,716.00
Tianjin Ping An Consumer Technology Investment Partnership (L.P.) (天津市平安消費科技投資合夥企業(有限合夥))	3,328,003.00	-	-	35,185,653.00	38,513,656.00
Zhuhai Hengqin Yuehui Xinghong	2,994,863.00	-	-	31,663,496.00	34,658,359.00
Zhuhai Yuanheying Investment Partnership Enterprise (Limited Partnership) (珠海遠和盈投資合夥企業(有限合夥))	1,996,802.00	-	-	21,111,394.00	23,108,196.00
Qiushi Xingde (Tianjin) Investment Center (Limited Partnership) (秋實興德(天津)投資中心(有限合夥))	1,996,802.00	-	-	21,111,394.00	23,108,196.00
Yangfu (Shijiazhuang) Dairy Equity Investment Center (Limited Partnership) (央扶(石家莊)乳業股權投資中心(有限合夥))	1,664,002.00	-	-	17,592,832.00	19,256,834.00
Shanghai Bamao Investment Management Partnership (Limited Partnership) (上海巴貿投資管理合夥企業(有限合夥))	1,331,201.00	-	-	14,074,259.00	15,405,460.00
Shijiazhuang Zhenlecheng	-	1,244,318.00	-	13,155,680.00	14,399,998.00
Zhuhai Hengqin Yuehui Xinghong No. 1	885,286.00	-	-	9,359,777.00	10,245,063.00
Hainan Junshi Enterprise Management Co., Ltd. (海南駿實企業管理有限公司)	590,941.00	-	-	6,247,784.00	6,838,725.00
Zhangjiagang Bojia Yikai Venture Capital Partnership (Limited Partnership) (張家港博佳翼開創業投資合夥企業(有限合夥))	-	554,287.00	-	5,860,256.00	6,414,543.00
Tianjin Bojia Sanbao	532,503.00	-	-	5,629,943.00	6,162,446.00

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		Additions	Decreases	Share conversion due to the equity restructure	
Nanjing Hongzhang Equity Investment Partnership (Limited Partnership) (南京弘章股權投資合夥企業(有限合夥))	-	507,173.00	-	5,362,139.00	5,869,312.00
Suzhou Houqi Equity Investment Center (Limited Partnership) (蘇州厚齊股權投資中心(有限合夥))	-	498,858.00	-	5,274,227.00	5,773,085.00
Central Enterprise Rural Industry Investment Fund Co., Ltd. (中央企業鄉村產業投資基金股份有限公司)	-	415,715.00	-	4,395,189.00	4,810,904.00
Ningbo Heavy Investment Partnership (Limited Partnership) (寧波興龍持重投資合夥企業(有限合夥))	332,800.00	-	-	3,518,562.00	3,851,362.00
Gongqingcheng Kemei Venture Capital Partnership (Limited Partnership) (共青城科美創業投資合夥企業(有限合夥))	-	277,144.00	-	2,930,133.00	3,207,277.00
Gongqingcheng Junmei Venture Capital Partnership (Limited Partnership) (共青城君美創業投資合夥企業(有限合夥))	-	277,144.00	-	2,930,133.00	3,207,277.00
Shanghai Hongzhiyue Co., Ltd. (上海弘邨悅實業有限公司)	-	239,175.00	-	2,528,702.00	2,767,877.00
Hebei Wenzhan Equity Investment Fund Partnership (Limited Partnership) (河北文展股權投資基金合夥企業(有限合夥))	-	194,001.00	-	2,051,095.00	2,245,096.00
Tianjin Bojia Simei Equity Investment Fund Partnership (Limited Partnership) (天津博佳四美股權投資基金合夥企業)	-	174,601.00	-	1,845,987.00	2,020,588.00
Zhuhai Hengqin Runde Zhiying No. 2 Enterprise Management Center (Limited Partnership) (珠海橫琴潤德智盈貳號企業管理中心(有限合夥)) (“Zhuhai Hengqin Runde Zhiying No. 2”)	150,000.00	-	-	1,585,890.00	1,735,890.00
Suzhou Houjiu Equity Investment Partnership (Limited Partnership) (蘇州厚玖股權投資合夥企業(有限合夥))	-	138,572.00	-	1,465,067.00	1,603,639.00
Shanghai Huguang Tongcheng Enterprise Consulting Partnership (Limited Partnership) (上海禾光同呈企業諮詢合夥企業(有限合夥))	-	138,572.00	-	1,465,067.00	1,603,639.00
Gongqingcheng Demei Venture Capital Partnership (Limited Partnership) (共青城德美創業投資合夥企業(有限合夥))	-	138,572.00	-	1,465,067.00	1,603,639.00
Tianjin Bojiahengxin Equity Investment Fund Partnership (Limited Partnership) (天津博佳恒新股權投資基金合夥企業(有限合夥))	-	110,857.00	-	1,172,047.00	1,282,904.00
Shanghai Ruiyilian Enterprise Management Partnership (Limited Partnership) (上海瑞壹聯企業管理合夥企業(有限合夥))	-	102,266.00	-	1,081,218.00	1,183,484.00
Qingdao Beiqi Industrial Co., Ltd. (青島北琪實業有限公司)	-	83,143.00	-	879,038.00	962,181.00
Shenzhen Meiyu Times Investment Partnership (Limited Partnership) (深圳美瑜時代投資合夥企業(有限合夥))	-	74,828.00	-	791,127.00	865,955.00
Duan Minxuan	-	55,429.00	-	586,029.00	641,458.00

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		Additions	Decreases	Share conversion due to the equity restructure	
Zhuang Guiti	-	55,429.00	-	586,029.00	641,458.00
Li Yungu	-	44,902.00	-	474,731.00	519,633.00
Niu Guojuan	-	27,714.00	-	293,009.00	320,723.00
Zhang Shilong	-	27,714.00	-	293,009.00	320,723.00
Zhang Xiaowei	-	27,714.00	-	293,009.00	320,723.00
Sun Lei	-	16,629.00	-	175,812.00	192,441.00
Zhao Linsen	-	16,629.00	-	175,812.00	192,441.00
Fan Xiaohong	-	13,857.00	-	146,505.00	160,362.00
Han Yanfeng	-	13,857.00	-	146,505.00	160,362.00
Shijiazhuang Hongqi Dairy Products Factory 石家莊市紅旗乳品廠 (“Hongqi Dairy Products Factory”)	4,224,782.00	-	(4,224,782.00)	-	-
Total	60,971,592.00	5,469,100.00	(4,224,782.00)	657,784,090.00	720,000,000.00

37. CAPITAL RESERVE

2024

RMB

Items	January 1, 2024	Additions	Decreases	December 31, 2024
Capital premium (Note 1)	1,107,124,297.05	-	(51,664,952.30)	1,055,459,344.75
Other capital reserve (Note 2)	-	40,172,243.88	-	40,172,243.88
Total	1,107,124,297.05	40,172,243.88	(51,664,952.30)	1,095,631,588.63

2023

RMB

Items	January 1, 2023	Additions	Decreases	December 31, 2023
Capital premium (Notes 3-6)	(2,598,257,520.00)	5,896,058,077.00	(2,190,676,259.95)	1,107,124,297.05
Other capital reserve (Notes 2-4)	34,441,325.95	41,828,229.62	(76,269,555.57)	-
Total	(2,563,816,194.05)	5,937,886,306.62	(2,266,945,815.52)	1,107,124,297.05

Note 1: In 2024, the Company acquired the minority shareholders’ equity interests in its subsidiaries Leshi Dairy and Sikeqi Hebei. The difference of RMB51,664,952.30 between the consideration paid and the non-controlling interests acquired was recognised as a decrease in capital premium. For details, please refer to Note (VIII) 2.

Note 2: In 2024 and 2023, the increase in other capital reserve was due to the recognition of share-based payment expenses of RMB40,172,243.88 and RMB41,828,229.62, respectively. For details, please refer to Note (XII).

Note 3: In December 2023, the Company was restructured in its entirety into a joint stock limited company, resulting in a reduction of RMB58,956,692.69 in other capital reserves, and a reduction of RMB1,973,193,823.78 in capital premium, respectively.

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Note 4: In 2023, the Company acquired the minority shareholders’ equity interests in its subsidiaries Banner Infant Dairy Products Co., Ltd. (旗幟嬰兒乳品股份有限公司) (“Banner Dairy”), Banner Animal Husbandry, Sikeqi Hebei, and Hebei Guanwei. The difference of RMB99,795,299.05 between the consideration paid and the non-controlling interests acquired was recognised as a decrease in other capital reserves of RMB17,312,862.88 and a decrease in capital premium of RMB82,482,436.17. For details, please refer to Note (VIII) 2.

Note 5: In 2023, the Group has incurred new obligations to repurchase the equity interests of its subsidiaries Xi’an Yinqiao and Sikeqi Hebei held by the minority shareholders at their call from the business combinations of Xi’an Yinqiao and Sikeqi Hebei. In the Group’s consolidated financial statements, the repurchase obligations were recognised as gross financial liabilities based on the present value of the estimated repurchase payment amounts, amounting to RMB135,000,000.00 (Note (VI) 30), with a corresponding reduction in capital premium. In 2024, the minority shareholders of Sikeqi Hebei exercised partial repurchase options, selling 10% of the equity interests in Sikeqi Hebei to the Group for RMB10,000,000.00.

Note 6: Before the Track Record Period, the Company has granted some shareholders certain special rights, mainly including the redemption rights, liquidation preferences and anti-dilution right. The redemption rights and liquidation preferences granted to the investors constitute as the Company’s obligations to repurchase its own equity instruments and were recognised as financial liabilities measured at amortised cost. The anti-dilution right is a derivative financial instrument measured at fair value through profit or loss, of which the fair value was considered to nil as the directors of Company were of the opinion that the Company can avoid the activation of the anti-dilution by not issuing any further shares at lower price. In 2023, the Company and relevant investors have entered into supplementary agreements to permanently cancel all the abovementioned shareholders’ special rights, resulting in the derecognition of relevant financial liabilities and an increase the capital reserve of RMB5,896,058,077.00.

38. OTHER COMPREHENSIVE INCOME

2024

RMB

Items	Amount incurred in the year						December 31, 2024
	January 1, 2024	Pre-tax amount incurred	Less: Previously recognised in other comprehensive income and transferred to retained earnings in the current period	Less: related income tax	Other comprehensive income after tax attributable to owners of the Company	Other comprehensive income after tax attributable to minority shareholders	
Changes in fair value of investment in other equity instruments	-	7,400,000.00	-	1,850,000.00	5,550,000.00	-	5,550,000.00

2023

RMB

Items	Amount incurred in the year						December 31, 2023
	January 1, 2023	Pre-tax amount incurred	Less: Previously recognised in other comprehensive income and transferred to retained earnings in the current period	Less: related income tax	Other comprehensive income after tax attributable to owners of the Company	Other comprehensive income after tax attributable to minority shareholders	
Changes in fair value of investment in other equity instruments	349,000.00	(1,755,000.00)	(1,406,000.00)	-	(1,755,000.00)	-	-

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39. SURPLUS RESERVE

2024

RMB

Items	January 1, 2024	Additions	Decreases	December 31, 2024
Statutory surplus reserve	–	81,532,790.99	–	81,532,790.99
Total	–	81,532,790.99	–	81,532,790.99

In 2024, the Company appropriated RMB81,532,790.99 to the statutory surplus reserve.

2023

RMB

Items	January 1, 2023	Additions	Decreases	December 31, 2023
Statutory surplus reserve	31,185,401.13	–	(31,185,401.13)	–
Discretionary surplus reserve	14,843,652.40	–	(14,843,652.40)	–
Total	46,029,053.53	–	(46,029,053.53)	–

In December 2023, the Company was restructured in its entirety into a joint stock limited company, resulting in a reduction of surplus reserve of RMB46,029,053.53.

40. RETAINED EARNINGS

RMB

Items	Amount
Retained earnings as at January 1, 2023	617,212,752.58
Add: Net loss attributable to owners of the Company for the year	(21,441,711.81)
Less: Distribution to shareholders	530,000,000.00
Less: Other comprehensive income transferred to retained earnings	1,406,000.00
Less: Decrease due to the restructuring of the Company in its entirety into a joint stock limited company	(1,420,395,480.00)
Retained earnings as at December 31, 2023	1,484,760,520.77
Add: Net profit attributable to owners of the Company for the year	1,017,483,751.06
Less: Distribution to shareholders	362,500,000.00
Less: Appropriation for surplus reserve	81,532,790.99
Retained earnings as at December 31, 2024	2,058,211,480.84

Note 1: Appropriation for statutory surplus reserve

According to the PRC Company Law and the Articles of Association of the Company, the Company is required to transfer 10% of their respective net profits to the statutory reserve until the reserve balance reaches 50% of the registered capital.

Note 2: Surplus reserve appropriated by subsidiaries

As at December 31, 2024 and December 31, 2023, the balance of the Group’s retained earnings includes the surplus reserve appropriated by subsidiaries amounting to RMB988,006,242.28 and RMB900,654,801.29, respectively.

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Note 3: Dividends declared to shareholders of the Company during each reporting period:

RMB

Items	2024	2023
Dividend declared	362,500,000.00	530,000,000.00

Note: Pursuant to the approval of extraordinary general meeting of shareholders on November 6, 2024, a dividend of RMB0.50 per share with a total amount of RMB362,500,000.00 was declared to shareholders, and the dividends was paid in November 2024. Pursuant to the approval of extraordinary general meeting of shareholders on September 13, 2023, a dividend of RMB0.74 per share with a total amount of RMB530,000,000.00 was declared to shareholders, and the dividends of RMB336,986,890.00 was paid in November 2023 and the dividends of RMB193,013,110.00 was paid in March 2024, respectively.

41. REVENUE AND OPERATING COSTS

(1) Revenue and operating costs

RMB

Items	2024		2023	
	Revenue	Operating costs	Revenue	Operating costs
Principal activities	19,056,894,321.26	12,182,421,901.34	16,623,964,037.07	10,633,773,724.02
Other operating activities	775,595,336.57	776,287,931.89	922,211,210.05	908,808,233.54
Total	19,832,489,657.83	12,958,709,833.23	17,546,175,247.12	11,542,581,957.56

(2) Revenue from principal activities

RMB

Items	2024			
	Formula	Liquid milk and other dairy products	Dairy farming	Total
By sales channel:				
Distributors	4,696,740,192.85	9,587,904,340.84	–	14,284,644,533.69
Direct sales	674,051,359.27	2,706,434,459.86	1,391,763,968.44	4,772,249,787.57
Total	5,370,791,552.12	12,294,338,800.70	1,391,763,968.44	19,056,894,321.26
By geographical regions:				
Chinese Mainland	5,370,791,552.12	12,294,095,788.18	1,391,763,968.44	19,056,651,308.74
Overseas	–	243,012.52	–	243,012.52
Total	5,370,791,552.12	12,294,338,800.70	1,391,763,968.44	19,056,894,321.26
By timing of revenue recognition:				
At a point in time	5,370,791,552.12	12,294,338,800.70	1,391,763,968.44	19,056,894,321.26
Over time	–	–	–	–
Total	5,370,791,552.12	12,294,338,800.70	1,391,763,968.44	19,056,894,321.26

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RMB

Items	2023			
	Formula	Liquid milk and other dairy products	Dairy farming	Total
By sales channel:				
Distributors	4,839,182,004.07	8,223,190,809.65	402,060.42	13,062,774,874.14
Direct sales	590,007,296.18	2,130,560,246.90	840,621,619.85	3,561,189,162.93
Total	<u>5,429,189,300.25</u>	<u>10,353,751,056.55</u>	<u>841,023,680.27</u>	<u>16,623,964,037.07</u>
By geographical regions:				
Chinese Mainland	5,427,421,093.72	10,353,751,056.55	841,023,680.27	16,622,195,830.54
Overseas	1,768,206.53	–	–	1,768,206.53
Total	<u>5,429,189,300.25</u>	<u>10,353,751,056.55</u>	<u>841,023,680.27</u>	<u>16,623,964,037.07</u>
By timing of revenue recognition:				
At a point in time	5,429,189,300.25	10,353,751,056.55	841,023,680.27	16,623,964,037.07
Over time	–	–	–	–
Total	<u>5,429,189,300.25</u>	<u>10,353,751,056.55</u>	<u>841,023,680.27</u>	<u>16,623,964,037.07</u>

(3) Revenue/costs from other operating activities

RMB

Items	2024		2023	
	Revenue	Cost	Revenue	Cost
Sales of materials	236,881,043.21	263,076,496.79	271,914,818.01	279,781,833.38
Sales of non-staple food products	227,771,246.20	227,978,853.15	324,270,170.12	321,529,543.57
Consigned processing	117,488,189.63	117,394,940.65	195,946,216.37	194,217,114.01
Sales of packaging materials	108,940,582.26	98,040,779.64	85,612,443.94	74,812,728.95
Others	84,514,275.27	69,796,861.66	44,467,561.61	38,467,013.63
Total	<u>775,595,336.57</u>	<u>776,287,931.89</u>	<u>922,211,210.05</u>	<u>908,808,233.54</u>

42. TAXES AND SURCHARGES

RMB

Items	2024	2023
Urban maintenance and construction tax	47,940,184.17	44,845,771.89
Real estate tax	27,572,895.22	24,429,197.29
Education surcharge	21,493,947.37	20,343,269.03
Stamp tax	20,760,729.10	20,518,200.17
Local education surcharge	14,330,775.23	13,605,327.39
Land use tax	14,028,410.91	12,895,116.61
Resource tax	3,857,511.48	2,463,028.37
Other taxes	1,948,750.81	1,002,374.09
Total	<u>151,933,204.29</u>	<u>140,102,284.84</u>

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43. SELLING AND DISTRIBUTION EXPENSES

RMB

Items	2024	2023
Advertising expenses	1,108,142,856.83	1,552,361,352.09
Employee remuneration	971,892,658.67	857,951,263.00
Selling and promotion expenses	848,496,343.41	753,822,372.74
Travel and business development expenses	159,618,460.86	134,954,563.71
Advisory service fee	122,328,193.86	137,164,934.40
Storage and handling fee	41,844,997.99	37,894,561.31
Depreciation and amortisation	25,024,991.12	21,112,478.57
Conference fee	30,716,878.68	30,038,045.26
Share-based payment expenses	16,296,218.41	16,000,681.00
Others	52,749,136.87	59,683,277.74
Total	3,377,110,736.70	3,600,983,529.82

44. GENERAL AND ADMINISTRATIVE EXPENSES

RMB

Items	2024	2023
Employee remuneration	504,449,924.49	486,509,366.83
Depreciation and amortisation	129,575,804.85	122,975,115.45
Travel and business development expenses	35,087,989.20	35,766,266.56
Share-based payment expenses	25,475,008.12	23,642,513.63
Disability employment security fund	17,089,838.28	14,620,125.19
Inspection and maintenance cost	17,013,798.78	25,502,129.95
Advisory service fee	16,085,695.21	44,605,605.94
Energy expenses	15,643,570.02	18,599,604.24
Office expenses	12,139,821.48	20,970,701.37
[REDACTED]	[REDACTED]	[REDACTED]
Others	77,867,258.63	58,984,668.68
Total	856,308,756.05	853,297,450.29

45. RESEARCH AND DEVELOPMENT EXPENSES

RMB

Items	2024	2023
Employee remuneration	46,534,450.70	38,212,558.07
Technology R&D and testing expenses	23,969,850.27	28,242,157.41
Depreciation and amortisation	14,457,466.48	14,463,727.84
Advisory service fee	8,258,173.85	13,863,521.65
Share-based payment expenses	(1,881,124.36)	1,770,109.62
Others	7,407,833.16	9,451,406.52
Total	98,746,650.10	106,003,481.11

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46. FINANCIAL EXPENSES

	<i>RMB</i>	
<u>Items</u>	<u>2024</u>	<u>2023</u>
Interest expenses (<i>Notes 1-2</i>)	404,835,162.36	940,418,596.57
Less: interest income	12,220,223.22	29,503,523.57
Bank charges	1,480,425.63	2,125,588.56
Foreign exchange losses	7,536,633.12	15,486,165.64
Total	<u>401,631,997.89</u>	<u>928,526,827.20</u>

Note 1: Among which, the interest expenses on lease liabilities in 2024 and 2023 were RMB24,133,180.68 and RMB20,807,951.78, respectively.

Note 2: The interest expense on financial liabilities related to the shareholders’ with special rights (as detailed in Note (VI) 37 (6)) in 2023 was RMB554,428,126.29.

47. INVESTMENT INCOME

	<i>RMB</i>	
<u>Items</u>	<u>2024</u>	<u>2023</u>
Losses from long-term equity investments accounted for using the equity method	(3,612,550.45)	(8,041,648.52)
Dividends income from other equity instruments	994,044.18	2,151,772.05
(Losses) gains arising from remeasuring the original equity interests/remained equity interests at fair value due to the acquisition/disposal of subsidiaries	(1,229,113.02)	19,404,195.69
(Losses) gains from disposal of long-term equity investments	(163,881.74)	7,039,033.57
Interests income from entrusted loans	–	5,894,536.53
Interests income and disposal loss from derivative financial instruments	8,352,069.76	4,531,535.06
Others	8,134,581.77	34,685.83
Total	<u>12,475,150.50</u>	<u>31,014,110.21</u>

48. OTHER INCOME

	<i>RMB</i>	
<u>Items</u>	<u>2024</u>	<u>2023</u>
Government grants directly recognised as other income	55,010,806.30	70,854,789.97
Government grants transferred from deferred income	167,374,863.81	164,497,104.59
Total	<u>222,385,670.11</u>	<u>235,351,894.56</u>

49. LOSSES FROM CHANGES IN FAIR VALUES

	<i>RMB</i>	
<u>Items</u>	<u>2024</u>	<u>2023</u>
Losses from changes in fair value of derivative financial instruments	(15,146,280.26)	(318,144.12)
Total	<u>(15,146,280.26)</u>	<u>(318,144.12)</u>

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50. CREDIT IMPAIRMENT REVERSAL (LOSS)

<i>RMB</i>		
<u>Items</u>	<u>2024</u>	<u>2023</u>
Credit impairment reversal (losses) on accounts receivable . . .	18,980,793.82	(36,926,265.18)
Credit impairment losses on other receivables	(2,286,397.83)	(4,657,722.62)
Credit impairment reversal on long-term receivables	2,479,002.58	–
Total	<u>19,173,398.57</u>	<u>(41,583,987.80)</u>

51. ASSET IMPAIRMENT LOSSES

<i>RMB</i>		
<u>Items</u>	<u>2024</u>	<u>2023</u>
Loss on long-term equity investment impairment	(64,000,000.00)	(4,057,671.36)
Loss on inventories write-down	(66,937,740.35)	(136,290,873.96)
Loss on productive biological assets impairment	(35,070,000.00)	(98,447,093.14)
Loss on fixed assets impairment	(27,468,276.44)	(14,336,801.33)
Loss on intangible assets impairment	(12,000,000.00)	–
Loss on goodwill impairment	(229,666,367.13)	–
Total	<u>(435,142,383.92)</u>	<u>(253,132,439.79)</u>

52. LOSSES FROM ASSET DISPOSALS

<i>RMB</i>		
<u>Items</u>	<u>2024</u>	<u>2023</u>
Losses on disposal of biological assets	(394,095,090.02)	(213,706,305.91)
Gains on disposal of right-of-use assets	1,606,522.64	396,037.20
(Losses) gains on disposal of fixed assets	(4,681,562.22)	7,946,219.94
Total	<u>(397,170,129.60)</u>	<u>(205,364,048.77)</u>

53. NON-OPERATING INCOME

<i>RMB</i>		
<u>Items</u>	<u>2024</u>	<u>2023</u>
Scrap income	21,726,244.28	17,856,495.08
Others	31,227,900.60	23,669,020.62
Total	<u>52,954,144.88</u>	<u>41,525,515.70</u>

54. NON-OPERATING EXPENSES

<i>RMB</i>		
<u>Items</u>	<u>2024</u>	<u>2023</u>
Donation expenditure	5,192,842.06	17,677,419.36
Others	16,812,460.79	18,464,007.92
Total	<u>22,005,302.85</u>	<u>36,141,427.28</u>

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55. INCOME TAX EXPENSES

(1) Statement of income tax expenses

	<i>RMB</i>	
Items	2024	2023
Current tax expenses	126,984,557.26	89,872,220.80
Deferred tax expenses	184,071,012.02	50,578,921.92
Total	311,055,569.28	140,451,142.72

(2) Reconciliation between income tax expenses and the accounting profit

	<i>RMB</i>	
Items	2024	2023
Profit before income tax	1,425,572,747.00	146,031,189.01
Income tax expenses calculated at tax rate of 25%	356,393,186.75	36,507,797.25
Effect of different tax rates applied by subsidiaries and tax rate changes	2,211,876.17	4,419,909.82
Effect of non-deductible costs, expenses and losses	71,450,717.16	169,765,097.50
Effect of deductible temporary differences or tax losses not recognised for deferred tax assets	16,467,206.35	14,135,101.30
Effect of adjustments of income taxes in respect of prior years	(393,893.32)	(9,113,732.64)
Effect of non-taxable operations	(118,895,273.91)	(45,079,404.17)
Effect of super deduction of research and development expenses	(13,370,569.64)	(18,237,843.54)
Effect of utilising deductible temporary differences or tax losses not recognised for deferred tax assets previously	(2,807,680.28)	(11,945,782.80)
Income tax expenses	311,055,569.28	140,451,142.72

56. CASH FLOW STATEMENT

(1) Cash Flows from Operating Activities

Proceeds from other operating activities

	<i>RMB</i>	
Items	2024	2023
Recovery of deposits, guarantees and advances paid by distributors	1,030,207,057.59	935,065,143.77
Government grants received	197,083,869.43	170,368,212.65
Scrap income	21,726,244.28	17,856,495.08
Interest income on demand deposits	10,797,404.21	21,558,010.57
Others	29,366,534.17	25,822,736.86
Total	1,289,181,109.68	1,170,670,598.93

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Payments for other operating activities

	<i>RMB</i>	
Items	2024	2023
Advertising expenses	1,476,067,554.64	1,403,694,899.37
Selling and promotion expenses	844,916,634.05	810,672,789.56
Advisory service fee	146,672,062.92	195,634,061.99
Travel and business development expenses	194,706,450.06	170,720,830.27
Payment of deposits, guarantees and advances paid by distributors	1,101,355,730.32	866,465,464.33
Technology R&D and testing expenses	23,969,850.27	28,242,157.41
Donation expenditure	5,192,842.06	17,677,419.36
Conference fees	30,716,878.68	30,038,045.26
Others	34,293,919.66	29,088,632.59
Total	3,857,891,922.66	3,552,234,300.14

(2) Cash Flows used in Investing Activities

Proceeds from significant investing activities

	<i>RMB</i>	
Items	2024	2023
Sales of financial products	–	650,000,000.00
Total	–	650,000,000.00

Payments for significant investing activities

	<i>RMB</i>	
Items	2024	2023
Purchase of financial products	–	650,000,000.00
Acquisition of subsidiaries	–	654,932,748.55
Investment in associates	–	210,000,000.00
Total	–	1,514,932,748.55

Proceeds from other investing activities

	<i>RMB</i>	
Items	2024	2023
Recovery of loan receivables	5,000,000.00	64,139,608.00
Others	8,134,581.78	–
Total	13,134,581.78	64,139,608.00

Payments for other investing activities

	<i>RMB</i>	
Items	2024	2023
Payments of loan receivables	10,405,000.00	80,351,000.00
Total	10,405,000.00	80,351,000.00

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(3) Cash Flows (used in)/from Financing Activities

Proceeds from other financing activities

	RMB	
Items	2024	2023
Receipt of poverty alleviation funds and loan payables, etc.	17,200,000.00	7,000,000.00
Receipt of dividends from prepaid equity investments	–	6,603,238.19
Total	17,200,000.00	13,603,238.19

Payments for other financing activities

	RMB	
Items	2024	2023
Payments for lease liabilities	86,235,162.09	67,553,491.36
Payments of poverty alleviation funds and loan payables, etc.	24,467,355.99	133,532,422.43
Payments for acquisition of minority shareholders’ equity interests	92,298,307.00	176,296,420.00
[REDACTED]	[REDACTED]	[REDACTED]
Prepaid lease payments	–	8,641,016.00
Total	204,741,826.51	386,751,621.49

Changes in liabilities arising from financing activities

2024

	RMB						
Items	January 1, 2024	Additions		Decreases		December 31, 2024	
		Cash	Non-cash	Cash	Non-cash	Decrease due to disposal of subsidiaries	
Long-term and short-term borrowings (including long-term borrowings due within one year)	9,802,286,511.00	5,670,999,691.81	386,586,495.24	6,000,034,077.28	–	226,821,112.78	9,633,017,507.99
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Dividends payable	205,463,323.42	–	371,288,043.44	576,751,366.86	–	–	–
Long-term payables (including long-term payables due within one year)	194,631,886.52	17,200,000.00	3,244,103.48	24,467,355.99	–	17,500,000.00	173,108,634.01
Lease liabilities (including lease liabilities due within one year)	454,604,168.66	–	218,490,526.43	86,235,162.09	31,224,268.23	159,820,188.33	395,815,076.44
Total	10,656,653,246.58	5,688,199,691.81	981,683,730.63	6,689,228,963.65	31,224,268.23	404,141,301.11	10,201,942,136.03

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2023

RMB

Items	January 1, 2023	Additions			Decreases			December 31, 2023
		Cash	Non-cash	Increase from business combinations	Cash	Non-cash	Decrease due to disposal of subsidiaries	
Long-term and short-term borrowings (including long-term borrowings due within one year)	6,647,957,349.27	6,975,330,103.03	382,859,100.82	609,108,230.44	4,812,968,272.56	-	-	9,802,286,511.00
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other payables (financing-related)	51,188,297.01	6,603,238.19	-	-	46,598,354.80	11,193,180.40	-	-
Dividends payable	17,292,138.67	-	530,000,000.00	-	341,828,815.25	-	-	205,463,323.42
Long-term payables (including long-term payables due within one year)	5,535,514,156.39	7,000,000.00	554,428,126.29	80,681,748.47	86,934,067.63	5,896,058,077.00	-	194,631,886.52
Lease liabilities (including lease liabilities due within one year)	436,770,167.63	-	92,236,223.36	8,942,022.93	67,553,491.36	13,914,606.06	1,876,147.84	454,604,168.66
Total	12,688,722,108.97	6,988,933,341.22	1,559,919,079.15	698,732,001.84	5,356,611,273.30	5,921,165,863.46	1,876,147.84	10,656,653,246.58

57. SUPPLEMENTARY INFORMATION FOR THE CASH FLOW STATEMENT

(1) Supplement to the cash flow statement

RMB

Supplementary information	2024	2023
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	1,114,517,177.72	5,580,046.29
Add: Credit impairment (reversals)/loss	(19,173,398.57)	41,583,987.80
Provision for impairment of assets	435,142,383.92	253,132,439.79
Depreciation of fixed assets and productive biological assets	1,338,374,815.34	1,077,716,927.10
Depreciation of right-of-use assets	49,227,116.05	45,437,482.67
Amortisation of intangible assets	55,112,773.44	41,275,462.50
Amortisation of long-term deferred expenses	23,640,307.70	23,376,678.58
Losses from asset disposals	397,170,129.60	205,364,048.77
Losses on retirement of fixed assets	7,618,842.62	8,352,316.94
Losses on changes in fair values	15,146,280.26	318,144.12
Financial expenses	403,968,210.34	945,320,650.64
Investment income	(12,475,150.50)	(31,014,110.21)
Share-based payments	40,172,243.88	41,828,229.62
Amortisation of deferred income	(167,374,863.81)	(164,497,104.59)
Decrease in deferred tax assets	193,051,298.14	59,592,127.65
Decrease in deferred tax liabilities	(8,980,286.12)	(9,013,205.73)
(Increase) decrease in inventories	(314,895,661.69)	20,028,824.42
Increase in operating receivables	(88,820,091.18)	(237,267,984.16)
Increase (decrease) in operating payables	69,105,877.35	(304,104,225.19)
Net Cash Flow from Operating Activities	3,530,528,004.49	2,023,010,737.01

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Supplementary information	2024	2023
2. Significant investing and financing activities that do not involve cash receipts and payments:		
Increase in right-of-use assets	194,357,345.75	71,428,271.58
3. Net changes in cash and cash equivalents:		
Cash and cash equivalents at the end of the year	1,477,387,281.44	1,354,463,409.84
Less: Cash and cash equivalents at the beginning of the year	1,354,463,409.84	1,550,566,622.74
Net increase (decrease) in cash and cash equivalents	<u>122,923,871.60</u>	<u>(196,103,212.90)</u>

(2) Net payments for acquisitions of subsidiaries

2023

RMB

Items	Amount
Cash or cash equivalents paid in the current year for business combinations occurred in the current year	595,799,200.00
Including: Lesson Dairy	65,799,200.00
Xi’an Yinqiao	500,000,000.00
Sikeqi Hebei	30,000,000.00
Less: Cash and cash equivalents held by the subsidiaries at the acquisition date	323,094,419.89
Including: Lesson Dairy	230,635,944.67
Xi’an Yinqiao	90,386,239.61
Sikeqi Hebei	2,072,235.61
Add: Cash and cash equivalents paid in the year for business combination occurred in the previous period	382,227,968.44
Including: Derong Packaging	<u>382,227,968.44</u>
Net payments for acquisitions of subsidiaries	<u>654,932,748.55</u>

(3) Net (payments) proceeds from disposals of subsidiaries

2024

RMB

Items	Amount
Proceeds received in the current year from disposals of subsidiaries occurred in the current year	14,560,000.00
Including: Junhong Animal Husbandry, Junkang Animal Husbandry	14,560,000.00
Zanhuang Jiale yuan	-
Less: Cash and cash equivalents held by the subsidiaries on the date of loss of control . . .	102,203,045.68
Including: Junhong Animal Husbandry, Junkang Animal Husbandry	100,950,463.44
Zanhuang Jiale yuan	<u>1,252,582.24</u>
Net payments from disposals of subsidiaries	<u>(87,643,045.68)</u>

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2023

RMB

	Amount
Proceeds received in the current year from disposal of subsidiary occurred in the current year	30,787,200.00
Including: Pinyuan Biotechnology	30,787,200.00
Less: Cash and cash equivalents held by the subsidiary on the date of loss of control	1,926,195.82
Including: Pinyuan Biotechnology	1,926,195.82
Net proceeds from disposals of subsidiary	<u>28,861,004.18</u>

(4) Composition of cash and cash equivalents

RMB

Items	December 31, 2024	December 31, 2023
I. Cash	1,477,387,281.44	1,354,463,409.84
Including: Cash on hand	–	15,041.05
Bank deposits available on demand	1,466,856,901.91	1,323,075,278.00
Other monetary funds available on demand	10,530,379.53	31,373,090.79
II. Cash equivalents	–	–
III. Cash and cash equivalents at the end of the year	<u>1,477,387,281.44</u>	<u>1,354,463,409.84</u>

(5) Monetary funds that are not cash and cash equivalents

RMB

Items	December 31, 2024	December 31, 2023	Reason
Bill deposits	89,713,906.59	97,554,097.95	Restricted use
Letter of guaranteed deposits	4,551,565.00	4,471,565.00	Restricted use
Letter of credit deposits	–	16,600,000.00	Restricted use
Other restrictions	12,953,596.02	15,900,951.77	Unable to use on demand
Total	<u>107,219,067.61</u>	<u>134,526,614.72</u>	/

58. EARNINGS (LOSSES) PER SHARE

(1) Basic earnings per share

The numerator is calculated as follows:

RMB

Items	2024	2023
Net profit (loss) attributable to owners of the Company for the year	1,017,483,751.06	(21,441,711.81)
Numerator for basic earnings per share calculation	<u>1,017,483,751.06</u>	<u>(21,441,711.81)</u>

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The denominator is calculated as follows:

	<i>Share</i>	
<u>Items</u>	<u>2024</u>	<u>2023</u>
Number of ordinary shares issued at the beginning of the year	720,000,000.00	705,600,002.31
Add: Weighted average number of additional ordinary shares acquired by employee share ownership platforms for the year	–	5,602,190.88
Denominator for basic earnings per share calculation	<u>720,000,000.00</u>	<u>711,202,193.19</u>

Note: To enhance the comparability of earnings per share during the Track Record Periods, the numbers of ordinary shares mentioned above have been adjusted to reflect the impact of the restructuring into a joint stock limited company.

(2) Diluted earnings per share

The numerator is calculated as follows:

	<i>RMB</i>	
<u>Items</u>	<u>2024</u>	<u>2023</u>
Net profit (loss) attributable to the owners of the Company for the year	1,017,483,751.06	(21,441,711.81)
Numerator for diluted earnings per share calculation	<u>1,017,483,751.06</u>	<u>(21,441,711.81)</u>

The denominator is calculated as follows:

	<i>Share</i>	
<u>Items</u>	<u>2024</u>	<u>2023</u>
Number of ordinary shares issued at the beginning of the year	720,000,000.00	705,600,002.31
Add: Weighted average number of additional ordinary shares acquired by employee share ownership platforms for the year	–	5,602,190.88
Dilutive effect of share option incentive plans	–	4,613,976.03
Denominator for diluted earnings per share calculation	<u>720,000,000.00</u>	<u>715,816,169.22</u>

(3) Earnings (losses) per share

	<i>RMB</i>	
<u>Items</u>	<u>2024</u>	<u>2023</u>
Basic earnings (losses) per share	1.41	(0.03)
Diluted earnings (losses) per share	<u>1.41</u>	<u>(0.03)</u>

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(VII) CHANGES IN THE SCOPE OF CONSOLIDATION

1. Business combination involving enterprises not under common control

(1) Business combinations involving enterprises not under common control during the Track Record Period

RMB

Name of acquiree	Acquisition date	Consideration	Equity interests proportion after acquisition (%)	Equity acquisition method	Acquisition date	Determination basis of acquisition date	Revenue of the acquiree from the acquisition date to the end of the year	Net (loss) profit of the acquiree from the acquisition date to the end of the year
Lesson Dairy	July 31, 2023	539,595,819.60	57.90%	Purchases	July 31, 2023	The Company obtained control over the acquiree on the acquisition date.	402,640,389.13	(5,642,236.76)
Xi’an Yinqiao	July 31, 2023	500,000,000.00	80%	Purchases	July 31, 2023	The Company obtained control over the acquiree on the acquisition date.	367,674,453.31	(12,398,895.51)
Sikeqi Hebei	July 1, 2023	56,338,400.00	60%	Purchases	July 1, 2023	The Company obtained control over the acquiree on the acquisition date.	54,936,679.62	1,633,068.45

(2) Consideration of business combinations and goodwill

2023

RMB

Consideration of business combinations	Sikeqi Hebei	Lesson Dairy	Xi’an Yinqiao	Total
– Cash	30,000,000.00	501,001,819.60	500,000,000.00	1,031,001,819.60
– Acquisition date fair value of equity interests held before the acquisition date	26,338,400.00	38,594,000.00	–	64,932,400.00
Less: Share of identifiable net assets acquired	33,218,530.91	410,235,330.96	324,622,019.12	768,075,880.99
Goodwill	23,119,869.09	129,360,488.64	175,377,980.88	327,858,338.61

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(3) Identifiable assets and liabilities of the acquiree at the acquisition date

2023

RMB

	Sikeqi Hebei		Lesson Dairy		Xi’an Yinqiao		Total	
	Fair value at the acquisition date	Carrying amount at the acquisition date	Fair value at the acquisition date	Carrying amount at the acquisition date	Fair value at the acquisition date	Carrying amount at the acquisition date	Fair value at the acquisition date	Carrying amount at the acquisition date
Assets:								
Cash at bank and on hand	2,072,235.61	2,072,235.61	230,635,944.67	230,635,944.67	90,386,239.61	90,386,239.61	323,094,419.89	323,094,419.89
Held-for-trading financial assets	-	-	-	-	1,400,813.40	1,400,813.40	1,400,813.40	1,400,813.40
Bills receivable	-	-	-	-	30,000,000.00	30,000,000.00	30,000,000.00	30,000,000.00
Accounts receivable	1,755,857.18	1,755,857.18	75,565,979.67	75,565,979.67	30,122,143.19	30,122,143.19	107,443,980.04	107,443,980.04
Prepayments	12,721,830.35	12,721,830.35	24,101,764.74	24,101,764.74	3,908,523.52	3,908,523.52	40,732,118.61	40,732,118.61
Other receivables	2,098,242.15	2,098,242.15	16,637,199.69	16,637,199.69	11,353,569.60	11,353,569.60	30,089,011.44	30,089,011.44
Inventories	12,141,777.25	11,737,311.80	56,995,000.00	55,567,747.04	75,948,104.21	71,936,878.33	145,084,881.46	139,241,937.17
Other current assets	4,009,208.62	4,009,208.62	8,197,675.20	8,197,675.20	1,097,786.16	1,097,786.16	13,304,669.98	13,304,669.98
Long-term equity investments	-	-	7,419,784.46	7,419,784.46	37,449,509.46	37,449,509.46	44,869,293.92	44,869,293.92
Investment in other equity instruments	-	-	9,190,000.00	9,190,000.00	-	-	9,190,000.00	9,190,000.00
Fixed assets	41,728,910.00	39,589,122.77	613,066,900.00	599,322,777.62	248,440,186.57	248,965,186.57	903,235,996.57	887,877,086.96
Construction in progress	7,770,172.48	7,770,172.48	5,952,635.00	5,952,635.00	3,157,012.77	3,157,012.77	16,879,820.25	16,879,820.25
Productive biological assets	-	-	99,178,000.00	95,353,514.61	-	-	99,178,000.00	95,353,514.61
Right-of-use assets	-	-	19,670,381.31	19,670,381.31	-	-	19,670,381.31	19,670,381.31
Intangible assets	42,004,692.54	46,225.85	356,150,000.00	34,673,001.20	346,917,962.60	46,486,462.60	745,072,655.14	81,205,689.65
Long-term deferred expenses	436,893.27	436,893.27	10,389,592.86	10,389,592.86	-	-	10,826,486.13	10,826,486.13
Deferred tax assets	-	-	3,604,553.52	7,354,806.07	5,439,812.87	5,439,812.87	9,044,366.39	12,794,618.94
Other non-current assets	-	-	8,427,000.00	8,427,000.00	3,453,286.40	3,453,286.40	11,880,286.40	11,880,286.40

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RMB

	Sikeqi Hebei		Lesson Dairy		Xi’an Yinqiao		Total	
	Fair value at the acquisition date	Carrying amount at the acquisition date	Fair value at the acquisition date	Carrying amount at the acquisition date	Fair value at the acquisition date	Carrying amount at the acquisition date	Fair value at the acquisition date	Carrying amount at the acquisition date
Liabilities:								
Short-term borrowings	-	-	77,182,222.22	77,182,222.22	135,000,000.00	135,000,000.00	212,182,222.22	212,182,222.22
Accounts payable	14,520,726.29	14,520,726.29	101,155,352.68	101,155,352.68	126,507,242.46	126,507,242.46	242,183,321.43	242,183,321.43
Contract liabilities	2,931,794.54	2,931,794.54	6,841,872.59	6,841,872.59	14,094,190.44	14,094,190.44	23,867,857.57	23,867,857.57
Employee benefits payable	1,184,504.98	1,184,504.98	10,632,881.42	10,632,881.42	14,093,335.70	14,093,335.70	25,910,722.10	25,910,722.10
Taxes payable	422,805.27	422,805.27	2,114,683.46	2,114,683.46	5,261,604.46	5,261,604.46	7,799,093.19	7,799,093.19
Other payables	7,206,746.51	7,206,746.51	91,783,844.20	91,783,844.20	104,843,120.69	104,843,120.69	203,833,711.40	203,833,711.40
Non-current liabilities due								
within one year	-	-	208,563,077.05	209,759,968.85	-	-	208,563,077.05	209,759,968.85
Other current liabilities	3,398,394.27	3,398,394.27	22,566,972.88	22,566,972.88	37,910,273.83	37,910,273.83	63,875,640.98	63,875,640.98
Long-term borrowings	5,400,000.00	5,400,000.00	183,600,000.00	183,600,000.00	-	-	189,000,000.00	189,000,000.00
Lease liabilities	-	-	8,942,022.93	8,942,022.93	-	-	8,942,022.93	8,942,022.93
Long-term payables	1,772,514.24	1,772,514.24	72,102,321.33	84,235,888.06	-	-	73,874,835.57	86,008,402.30
Provisions	-	-	671,121.73	671,121.73	-	-	671,121.73	671,121.73
Deferred income	-	-	-	65,076,020.30	-	-	-	65,076,020.30
Deferred tax liabilities	11,125,679.84	-	50,497,256.12	-	45,587,658.89	-	107,210,594.85	-
Net assets	78,776,653.51	45,399,613.98	708,528,782.51	343,896,952.82	405,777,523.89	147,447,456.90	1,193,082,959.91	536,744,023.70
Less: Non-controlling interests	45,558,122.60	-	298,293,451.55	-	81,155,504.77	-	425,007,078.92	-
Net assets acquired	33,218,530.91	-	410,235,330.96	-	324,622,019.12	-	768,075,880.99	-

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2. Disposal of subsidiaries

In 2024, the Group disposed of partial equity interests in Junhong Animal Husbandry, Junkang Animal Husbandry, and Zanhuang Jiale Yuan, resulting in loss of control of these entities. The disposal information for Junhong Animal Husbandry and Junkang Animal Husbandry is as follows:

RMB

<u>Items</u>	<u>Amount</u>
Name of subsidiaries	Junhong Animal Husbandry, Junkang Animal Husbandry
Date of loss of control	November 30, 2024
Disposal proceeds for loss of control	43,680,000.00
Disposal percentage of equity interests when loss of control (%)	6.00
Disposal method of loss of control	Equity transfer
Basis for determining when loss of control	The relevant equity and net assets have been settled, and the registration with the administration for industry and commerce has been completed.
Difference between the disposal consideration and the share of net assets of the subsidiaries attributable to the disposed equity interests in the consolidated financial statements	(163,881.74)
Percentage of retained equity interests at the date of loss of control (%)	45.00
Carrying amount of the retained equity interests in the consolidated financial statements at the date of loss of control	328,829,113.02
Fair value of the retained equity interests on the consolidated financial statements at the date of loss of control	327,600,000.00
Loss arising from the remeasurement of retained equity interests at fair value	(1,229,113.02)
Method and key assumptions for determining fair value of the retained equity interests in the consolidated financial statements at the date of loss of control	Asset-based approach
The amount of other comprehensive income related to the equity investments held by former subsidiaries transferred to profit or loss or retained earnings	N/A

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In 2023, the Group disposed of partial equity interests in Pinyuan Biotechnology, resulting in a loss of control of Pinyuan Biotechnology and its subsidiaries. The disposal information is as follows:

RMB

<u>Items</u>	<u>Amount</u>
Name of subsidiaries	Pinyuan Biotechnology and its subsidiaries
Date of loss of control	December 29, 2023
Disposal proceeds for loss of control	30,787,200.00
Disposal percentage of equity interests when loss of control (%)	71.95
Disposal method of loss of control	Equity transfer
Basis for determining when loss of control	The relevant equity and net assets have been settled, and the registration with the administration for industry and commerce has been completed.
Difference between the disposal consideration and the share of net assets of the subsidiaries attributable to the disposed equity interests in the consolidated financial statements	5,431,712.57
Percentage of retained equity interests at the date of loss of control (%)	28.05
Carrying amount of the retained equity interests in the consolidated financial statements at the date of loss of control	9,882,858.37
Fair value of the retained equity interests on the consolidated financial statements at the date of loss of control	11,218,300.00
Gain arising from the remeasurement of retained equity interests at fair value	1,335,441.63
Method and key assumptions for determining fair value of the retained equity interests in the consolidated financial statements at the date of loss of control	Asset-based approach
The amount of other comprehensive income related to the equity investments held by former subsidiaries transferred to profit or loss or retained earnings	N/A

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3. Other reasons for changes in scope of consolidation

(1) Subsidiaries established during the Track Record Period:

Name of company	Establishment date
Weixian Leyuanjia	February 2023
Xiangyun Leyuan	April 2023
Tianchang Leyuan	March 2023
Junlebao South China Dairy (Guangdong) Co., Ltd. (君樂寶華南乳業(廣東)有限公司) (“Junlebao South China”)	June 2023
Haixing Leyuan	August 2023
Zhengyang Leyuan	September 2023
Junlebao (Hebei) Enterprise Management Co., Ltd. (君樂寶(河北)企業管理有限公司) (“Junlebao Enterprise Management”)	October 2023
Anhui Junlebao Dairy Co., Ltd. (安徽君樂寶乳業有 限公司) (“Anhui Junlebao”)	November 2023
Aisen Biotechnology (Hainan) Co., Ltd. (愛森生物科 技(海南)有限公司) (“Aisen Biotechnology Hainan”)	November 2023
Direct Global Genetics (Singapore) Pte. Ltd.	December 2023
Junlebao Hong Kong	February 2024
Hebei Jintaipu Trading Co., Ltd (河北金泰普商貿有 限公司) (“Hebei Jintaipu”)	August 2024

(2) Subsidiary deregistration during the Track Record Period:

Name of company	Deregistration date
Daming Leyuanjia	February 2023
Shenze Jiasi	April 2023
Hebei Junlebao E-commerce Co., Ltd. (河北君樂寶電子商務)	August 2023
Huanghua Junchuang	October 2023
Zhengyang Junchang Trading Co., Ltd. (正陽君暢商 貿有限公司) (“Zhengyang Junchang”)	August 2024
Leyuan Junjie	November 2024
Shijiazhuang Baokuwang Trading Co., Ltd. (石家莊 寶庫旺商貿有限公司) (“Shijiazhuang Baokuwang”)	December 2024

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(VIII) INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Composition of the Group

Subsidiaries	Principal place of operation	Registered capital	Establishment date	Place of registration	Nature of business	Equity interests proportion as at date of the report (Unaudited)				Equity interests proportion as at December 31, 2024				Equity interests proportion as at December 31, 2023		Acquisition method
						Direct		Indirect		Direct		Indirect		Direct	Indirect	
(RMB'000)																
Leyuan Animal Husbandry	Shijiazhuang, Hebei	210,000.00	August 16, 2013	Shijiazhuang, Hebei	Dairy farming	100.00%	-	-	-	100.00%	-	-	-	100.00%	-	Establishment or investment and other methods
Leyuan Weixian	Xingtai, Hebei	24,600.00	January 24, 2014	Xingtai, Hebei	Dairy farming	-	100.00%	-	100.00%	-	-	-	100.00%	-	-	Establishment or investment and other methods
Leyuan Jumbang	Xingtai, Hebei	19,200.00	March 10, 2016	Xingtai, Hebei	Dairy farming	-	100.00%	-	100.00%	-	-	-	100.00%	-	-	Establishment or investment and other methods
Leyuan Xingtang	Shijiazhuang, Hebei	5,950.00	March 6, 2014	Shijiazhuang, Hebei	Dairy farming	-	100.00%	-	100.00%	-	-	-	100.00%	-	-	Establishment or investment and other methods
Xuzhou Leyuan	Xuzhou, Jiangsu	10,000.00	April 24, 2014	Xuzhou, Jiangsu	Dairy farming	-	60.00%	-	60.00%	-	-	-	60.00%	-	-	Establishment or investment and other methods

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Subsidiaries	Principal place of operation	Registered capital	Establishment date	Place of registration	Nature of business	Equity interests proportion as at date of the report (Unaudited)		Equity interests proportion as at December 31, 2024		Equity interests proportion as at December 31, 2023		Acquisition method
						Direct	Indirect	Direct	Indirect	Direct	Indirect	
		(RMB'0'000)										
Junsheng Animal Husbandry	Shijiazhuang, Hebei	10,000.00	April 28, 2016	Shijiazhuang, Hebei	Dairy farming	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Leyuan Zhengyang	Zhumadian, Henan	13,000.00	December 13, 2016	Zhumadian, Henan	Dairy farming	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Junhong Animal Husbandry	Xingtai, Hebei	12,000.00	April 6, 2017	Xingtai, Hebei	Dairy farming	-	Note (VI) 10	-	Note (VI) 10	-	51.00%	Establishment or investment and other methods
Youzhi Animal Husbandry	Zhangjiakou, Hebei	6,830.00	August 3, 2017	Zhangjiakou, Hebei	Dairy farming	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Junxiang Animal Husbandry	Xingtai, Hebei	20,000.00	January 18, 2019	Xingtai, Hebei	Dairy farming	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Junkang Animal Husbandry	Xingtai, Hebei	15,000.00	April 25, 2019	Xingtai, Hebei	Dairy farming	-	Note (VI) 10	-	Note (VI) 10	-	51.00%	Establishment or investment and other methods
Baixiang Junchuang	Xingtai, Hebei	1,506.00	May 5, 2019	Xingtai, Hebei	Dairy farming	-	100.00%	-	58.53%	-	58.53%	Establishment or investment and other methods

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Subsidiaries	Principal place of operation	Registered capital	Establishment date	Place of registration	Nature of business	Equity interests proportion as at date of the report (Unaudited)		Equity interests proportion as at December 31, 2024		Equity interests proportion as at December 31, 2023		Acquisition method
						Direct	Indirect	Direct	Indirect	Direct	Indirect	
(RMB'0'000)												
Leyuan Handan	Handan, Hebei	20,000.00	June 25, 2019	Handan, Hebei	Dairy farming	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Junchuang Animal Husbandry	Shijiazhuang, Hebei	4,000.00	September 23, 2019	Shijiazhuang, Hebei	Dairy farming	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Huanghua Leyuanjia	Cangzhou, Hebei	1,000.00	December 23, 2021	Cangzhou, Hebei	Dairy farming	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Junchuang Yimu	Shijiazhuang, Hebei	14,000.00	December 23, 2021	Shijiazhuang, Hebei	Dairy farming	-	81.40%	-	81.40%	-	81.40%	Establishment or investment and other methods
Junchuang Ermu	Shijiazhuang, Hebei	3,500.00	December 22, 2021	Shijiazhuang, Hebei	Dairy farming	-	54.29%	-	54.29%	-	54.29%	Establishment or investment and other methods
Junliyuan Animal Husbandry	Shijiazhuang, Hebei	1,960.00	December 21, 2020	Shijiazhuang, Hebei	Dairy farming	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Leyuan Jaer	Shijiazhuang, Hebei	3,000.00	January 18, 2022	Shijiazhuang, Hebei	Dairy farming	-	96.00%	-	96.00%	-	96.00%	Establishment or investment and other methods

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Subsidiaries	Principal place of operation	Registered capital	Establishment date	Place of registration	Nature of business	Equity interests proportion as at date of the report (Unaudited)		Equity interests proportion as at December 31, 2024		Equity interests proportion as at December 31, 2023		Acquisition method
						Direct	Indirect	Direct	Indirect	Direct	Indirect	
		(RMB'0'000)										
Zanhuang Jiale Yuan . . .	Shijiazhuang, Hebei	2,062.98	March 28, 2022	Shijiazhuang, Hebei	Dairy farming	-	Note (VI) 10	-	Note (VI) 10	-	50.40%	Establishment or investment and other methods
Leyuan Jiasan	Shijiazhuang, Hebei	300.00	March 28, 2022	Shijiazhuang, Hebei	Dairy farming	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Lixian Leyuanjia	Baoding, Hebei	300.00	March 28, 2022	Baoding, Hebei	Dairy farming	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Gaoyang Leyuanjia	Baoding, Hebei	300.00	March 28, 2022	Baoding, Hebei	Dairy farming	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Leyuan Jiasen	Xingtai, Hebei	3,300.00	April 11, 2022	Xingtai, Hebei	Dairy farming	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Leyuan Jiasi	Xingtai, Hebei	11,765.00	April 13, 2022	Xingtai, Hebei	Dairy farming	-	75.78%	-	75.78%	-	75.78%	Establishment or investment and other methods
Quyuan Jiale Yuan	Baoding, Hebei	10,484.00	July 29, 2022	Baoding, Hebei	Dairy farming	-	-	-	52.46%	-	52.46%	Establishment or investment and other methods

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Subsidiaries	Principal place of operation	Registered capital	Establishment date	Place of registration	Nature of business	Equity interests proportion as at date of the report (Unaudited)		Equity interests proportion as at December 31, 2024		Equity interests proportion as at December 31, 2023		Acquisition method
						Direct	Indirect	Direct	Indirect	Direct	Indirect	
(RMB'0'000)												
Weixian Leyuanjia	Handan, Hebei	300.00	February 3, 2023	Handan, Hebei	Dairy farming	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Haixing Leyuan	Cangzhou, Hebei	200.00	August 15, 2023	Cangzhou, Hebei	Dairy farming	-	50.20%	-	50.20%	-	50.20%	Establishment or investment and other methods
Leyuan Junfeng	Tangshan, Hebei	20,000.00	September 14, 2021	Tangshan, Hebei	Dairy farming	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Junyue Feed	Xingtai, Hebei	500.00	July 10, 2020	Xingtai, Hebei	Production and sale of feed	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Leyuan Zhangbei	Zhangjiakou, Hebei	5,000.00	August 14, 2020	Zhangjiakou, Hebei	Dairy farming	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Junnong Feed	Zhangjiakou, Hebei	1,000.00	September 4, 2020	Zhangjiakou, Hebei	Sale of feed	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Leyuan Junkai	Xingtai, Hebei	3,000.00	November 28, 2020	Xingtai, Hebei	Beef cattle and dairy farming	-	71.67%	-	71.67%	-	71.67%	Establishment or investment and other methods

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Subsidiaries	Principal place of operation	Registered capital	Establishment date	Place of registration	Nature of business	Equity interests proportion as at date of the report (Unaudited)		Equity interests proportion as at December 31, 2024		Equity interests proportion as at December 31, 2023		Acquisition method
						Direct	Indirect	Direct	Indirect	Direct	Indirect	
		(RMB'0'000)										
Leyuan Junjie	Cangzhou, Hebei	12,000.00	April 7, 2021	Cangzhou, Hebei	Dairy farming	-	-	-	-	100.00%	-	Establishment or investment and other methods
Leyuan Junhui	Cangzhou, Hebei	20,000.00	December 28, 2021	Cangzhou, Hebei	Dairy farming	-	55.00%	-	55.00%	-	-	Establishment or investment and other methods
Pinyuan Biotechnology (Note (VII) 2).	Shijiazhuang, Hebei	4,000.00	March 25, 2021	Shijiazhuang, Hebei	Breeding cattle	-	Note 2	-	Note 2	-	-	Establishment or investment and other methods
Pinyuan Breeding Cattle	Xingtai, Hebei	9,000.00	December 15, 2021	Xingtai, Hebei	Breeding cattle	-	100.00%	-	100.00%	-	-	Establishment or investment and other methods
Hebei Junben Trading Co., Ltd. (河北君奔貿易有限公司) (“Junben Trading”)	Tangshan, Hebei	500.00	June 25, 2021	Tangshan, Hebei	Wholesale	-	Note 2	-	Note 2	-	-	Establishment or investment and other methods
Aisen Technology	Texas, USA	1,150.00 (USD)	January 3, 2022	Texas, USA	Breeding cattle	-	Note 2	-	Note 2	-	-	Establishment or investment and other methods
Aisen Biotechnology Hainan	Chengmai, Hainan	1,200.00	November 1, 2023	Chengmai, Hainan	Breeding cattle	-	Note 2	-	Note 2	-	-	Establishment or investment and other methods

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Subsidiaries	Principal place of operation	Registered capital	Establishment date	Place of registration	Nature of business	Equity interests proportion as at date of the report (Unaudited)		Equity interests proportion as at December 31, 2024		Equity interests proportion as at December 31, 2023		Acquisition method
						Direct	Indirect	Direct	Indirect	Direct	Indirect	
		(RMB'0'000)										
Direct Global Genetics (Singapore) Pte. Ltd.	Singapore	0.10 (SGD)	December 21, 2023	Singapore	Breeding cattle	-	Note 2	-	Note 2	-	Note 2	Establishment or investment and other methods
Junao Zanhuang	Shijiazhuang, Hebei	7,000.00	June 29, 2020	Shijiazhuang, Hebei	Dairy farming	-	93.11%	-	93.11%	-	93.11%	Establishment or investment and other methods
Xinxiang Leyuan	Xinxiang, Henan	30,000.00	May 20, 2022	Xinxiang, Henan	Dairy farming	-	65.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Xiangyun Leyuan	Dali Bai Autonomous Prefecture, Yunnan	10,000.00	April 18, 2023	Dali Bai Autonomous Prefecture, Yunnan	Dairy farming	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Tianchang Leyuan	Tianchang, Anhui	20,000.00	March 1, 2023	Tianchang, Anhui	Dairy farming	-	70.00%	-	70.00%	-	70.00%	Establishment or investment and other methods
Zhengyang Leyuan	Zhumadian, Henan	20,000.00	September 28, 2023	Zhumadian, Henan	Dairy farming	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Banner Animal Husbandry	Zhangjiakou, Hebei	31,000.00	November 1, 2020	Zhangjiakou, Hebei	Dairy farming	71.36%	-	71.36%	-	71.36%	-	Business combinations involving enterprises not under common control

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Subsidiaries	Principal place of operation	Registered capital	Establishment date	Place of registration	Nature of business	Equity interests proportion as at date of the report (Unaudited)		Equity interests proportion as at December 31, 2024		Equity interests proportion as at December 31, 2023		Acquisition method
						Direct	Indirect	Direct	Indirect	Direct	Indirect	
(RMB'0'000)												
Hebei Guanwei	Shijiazhuang, Hebei	965.00	July 30, 1996	Shijiazhuang, Hebei	Production and sale of dairy products	100.00%	-	100.00%	-	100.00%	-	Business combinations involving enterprises not under common control
Shijiazhuang Junlebao Taihang Dairy Co., Ltd. (石家庄君樂太行乳業有限公司) (“Taihang Dairy”)	Shijiazhuang, Hebei	12,000.00	September 12, 2006	Shijiazhuang, Hebei	Production and sale of dairy products	100.00%	-	100.00%	-	100.00%	-	Business combinations involving enterprises not under common control
Hebei Junlebao Junchang Dairy Co., Ltd. (河北君樂太行乳業有限公司) (“Junchang Dairy”)	Tangshan, Hebei	15,000.00	January 2, 2019	Tangshan, Hebei	Production and sale of dairy products	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Banner Dairy	Zhangjiakou, Hebei	30,000.00	February 26, 2013	Zhangjiakou, Hebei	Production and sale of dairy products	71.36%	-	71.36%	-	71.36%	-	Business combinations involving enterprises not under common control

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Subsidiaries	Principal place of operation	Registered capital	Establishment date	Place of registration	Nature of business	Equity interests proportion				Acquisition method		
						as at date of the report (Unaudited)		as at December 31, 2024			as at December 31, 2023	
						Direct	Indirect	Direct	Indirect		Direct	Indirect
(RMB'0'000)												
Hebei Junlebao Lingshang Dairy Co., Ltd. (河北君樂寶領航乳業有限公司) (“Lingshang Dairy”)	Zhangjiakou, Hebei	15,900.00	January 11, 2019	Zhangjiakou, Hebei	Production and sale of dairy products	-	71.36%	-	71.36%	-	71.36%	Establishment or investment and other methods
Hebei Junlebao Junheng Dairy Co., Ltd. (河北君樂寶君恒乳業有限公司) (“Junheng Dairy”)	Shijiazhuang, Hebei	10,000.00	November 17, 2016	Shijiazhuang, Hebei	Production and sale of dairy products	100.00%	-	100.00%	-	100.00%	-	Establishment or investment and other methods
Leshi Dairy	Shijiazhuang, Hebei	2,900.03	December 5, 2001	Shijiazhuang, Hebei	Production and sale of dairy products	86.45%	-	86.45%	-	71.91%	-	Business combinations involving enterprises not under common control
Junyuan Dairy	Shijiazhuang, Hebei	16,800.00	September 5, 2014	Shijiazhuang, Hebei	Production and sale of dairy products	-	86.45%	-	70.30%	-	56.23%	Establishment or investment and other methods

(Note 3)

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Subsidiaries	Principal place of operation	Registered capital	Establishment date	Place of registration	Nature of business	Equity interests proportion as at date of the report (Unaudited)		Equity interests proportion as at December 31, 2024		Equity interests proportion as at December 31, 2023		Acquisition method
						Direct	Indirect	Direct	Indirect	Direct	Indirect	
(RMB'0'000)												
Hebei Junlebao Juncheng Dairy Co., Ltd. (河北君樂寶君誠乳業有限公司) (“Juncheng Dairy”) (Note 3)	Shijiazhuang, Hebei	15,000.00	December 21, 2018	Shijiazhuang, Hebei	Production and sale of dairy products	-	86.45%	-	70.30%	-	56.23%	Establishment or investment and other methods
Baoding Junlebao	Baoding, Hebei	3,254.00	August 25, 2003	Baoding, Hebei	Production and sale of dairy products	99.70%	-	99.70%	-	99.70%	-	Business combinations involving enterprises not under common control
Jiangsu Junlebao	Xuzhou, Jiangsu	16,700.00	March 8, 2004	Xuzhou, Jiangsu	Production and sale of dairy products	51.00%	-	51.00%	-	51.00%	-	Establishment or investment and other methods
Shijiazhuang Yongsheng Dairy Co., Ltd. (石家莊永盛乳業有限公司) (“Yongsheng Dairy”)	Shijiazhuang, Hebei	44,000.00	September 25, 2007	Shijiazhuang, Hebei	Production and sale of dairy products	100.00%	-	100.00%	-	100.00%	-	Establishment or investment and other methods

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Subsidiaries	Principal place of operation	Registered capital (RMB'0'000)	Establishment date	Place of registration	Nature of business	Equity interests proportion as at date of the report (Unaudited)		Equity interests proportion as at December 31, 2024		Equity interests proportion as at December 31, 2023		Acquisition method
						Direct	Indirect	Direct	Indirect	Direct	Indirect	
Siping Junlebao Dairy Co., Ltd. (四平君樂寶乳業有限公司) (“Siping Junlebao”)	Siping, Jilin	43,500.00	April 17, 2015	Siping, Jilin	Production and sale of dairy products	100.00%	-	100.00%	-	100.00%	-	Business combinations involving enterprises not under common control
Zhengyang Junlebao	Zhumadian, Henan	22,500.00	September 30, 2015	Zhumadian, Henan	Production and sale of dairy products	100.00%	-	100.00%	-	100.00%	-	Establishment or investment and other methods
Weixian Junlebao	Xingtai, Hebei	5,000.00	January 11, 2018	Xingtai, Hebei	Sale of dairy products	100.00%	-	100.00%	-	100.00%	-	Establishment or investment and other methods
Handan Junlebao	Handan, Hebei	10,000.00	June 25, 2019	Handan, Hebei	Production and sale of dairy products	100.00%	-	100.00%	-	100.00%	-	Establishment or investment and other methods
Cangzhou Junlebao	Cangzhou, Hebei	10,000.00	November 25, 2019	Cangzhou, Hebei	Production and sale of dairy products	100.00%	-	100.00%	-	100.00%	-	Establishment or investment and other methods
Zhengyang Junchang	Zhumadian, Henan	100.00	August 18, 2017	Zhumadian, Henan	Sale of dairy products	-	-	-	-	100.00%	-	Establishment or investment and other methods

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Subsidiaries	Principal place of operation	Registered capital	Establishment date	Place of registration	Nature of business	Equity interests proportion as at date of the report (Unaudited)		Equity interests proportion as at December 31, 2024		Equity interests proportion as at December 31, 2023		Acquisition method
						Direct	Indirect	Direct	Indirect	Direct	Indirect	
(RMB'0'000)												
Junlebao Dairy (Shanghai) Co., Ltd. (君樂寶乳業(上海)有限公司) (“Shanghai Junlebao”)	Jinshan, Shanghai	300.00	November 6, 2017	Jinshan, Shanghai	Sale of dairy products	100.00%	-	100.00%	-	100.00%	-	Business combinations involving enterprises not under common control
Shanghai Chunxiang	Jinshan, Shanghai	100.00	December 24, 2015	Jinshan, Shanghai	Sale of dairy products	-	-	100.00%	-	100.00%	-	Business combinations involving enterprises not under common control
Beijing Junbao Liye Trading Co., Ltd. (北京君寶立業商貿有限公司) (“Beijing Junbao”)	Miyun, Beijing	200.00	March 6, 2019	Miyun, Beijing	Sale of dairy products	100.00%	-	100.00%	-	100.00%	-	Business combinations involving enterprises not under common control
Guangdong Junlebao	Guangzhou, Guangdong	1,000.00	July 1, 2022	Guangzhou, Guangdong	Sale of dairy products	100.00%	-	100.00%	-	100.00%	-	Establishment or investment and other methods
Derong Packaging	Shijiazhuang, Hebei	8,382.00	November 23, 2012	Shijiazhuang, Hebei	Production and sale of packaging materials	99.99%	0.01%	99.99%	0.01%	99.99%	0.01%	Business combinations involving enterprises not under common control

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Subsidiaries	Principal place of operation	Registered capital	Establishment date	Place of registration	Nature of business	Equity interests proportion as at date of the report (Unaudited)				Equity interests proportion as at December 31, 2024		Equity interests proportion as at December 31, 2023		Acquisition method
						Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	
(RMB'0'000)														
Siping Derong	Siping, Jilin	100.00	May 25, 2016	Siping, Jilin	Production and sale of packaging materials	-	100.00%	-	100.00%	-	-	100.00%	-	Business combinations involving enterprises not under common control
Zhengyang Derong	Zhumadian, Henan	100.00	March 4, 2016	Zhumadian, Henan	Production and sale of packaging materials	-	100.00%	-	100.00%	-	-	100.00%	-	Business combinations involving enterprises not under common control
Shijiazhuang Delian Plastic Packaging Container Co., Ltd. (石家庄德聯塑料包裝容器有限公司)	Shijiazhuang, Hebei	300.00	September 24, 2013	Shijiazhuang, Hebei	Production and sale of packaging materials	-	51.00%	-	51.00%	-	-	51.00%	-	Business combinations involving enterprises not under common control
Weixian Derong	Xingtai, Hebei	100.00	January 29, 2021	Xingtai, Hebei	Production and sale of packaging materials	-	100.00%	-	100.00%	-	-	100.00%	-	Business combinations involving enterprises not under common control
Shijiazhuang Baokuwang	Shijiazhuang, Hebei	100.00	February 20, 2014	Shijiazhuang, Hebei	Sale of dairy products	-	-	-	-	100.00%	-	-	-	Establishment or investment and other methods

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Subsidiaries	Principal place of operation	Registered capital	Establishment date	Place of registration	Nature of business	Equity interests proportion						
						as at date of the report (Unaudited)		as at December 31, 2024		as at December 31, 2023		
						Direct	Indirect	Direct	Indirect	Direct	Indirect	
Shijiazhuang Junlebao Real Estate Development Co., Ltd. (石家莊君樂寶房地產開發有限公司) (“Real Estate Company”) (Note 4).	Shijiazhuang, Hebei	29,500.00	August 3, 2017	Shijiazhuang, Hebei	Development and operation of property	100.00%	-	100.00%	-	100.00%	-	Establishment or investment and other methods
Junxiang Property (Note 4)	Shijiazhuang, Hebei	50.00	March 30, 2022	Shijiazhuang, Hebei	Property management	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Junlebao South China	Jiangmen, Guangdong	15,000.00	June 7, 2023	Jiangmen, Guangdong	Production and sale of dairy products	100.00%	-	100.00%	-	100.00%	-	Establishment or investment and other methods
Xi’an Yinqiao	Xi’an, Shaanxi	15,000.00	June 19, 2023	Xi’an, Shaanxi	Production and sale of dairy products	80.00%	-	80.00%	-	80.00%	-	Business combinations involving enterprises not under common control
Yoyou Zhichun	Xi’an, Shaanxi	200.00	January 6, 2021	Xi’an, Shaanxi	Sale of dairy products	-	80.00%	-	80.00%	-	80.00%	Business combinations involving enterprises not under common control

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Subsidiaries	Principal place of operation	Registered capital	Establishment date	Place of registration	Nature of business	Equity interests proportion as at date of the report (Unaudited)		Equity interests proportion as at December 31, 2024		Equity interests proportion as at December 31, 2023		Acquisition method
						Direct	Indirect	Direct	Indirect	Direct	Indirect	
(RMB'0'000)												
Sikeqi Hebei	Shijiazhuang, Hebei	750.00	April 11, 2019	Shijiazhuang, Hebei	Sale of dairy products	82.51%	-	82.51%	-	72.51%	-	Business combinations involving enterprises not under common control
Sikeqi Shandong	Zaozhuang, Shandong	1,155.00	April 15, 2021	Zaozhuang, Shandong	Production and sale of dairy products	-	46.79%	-	46.79%	-	41.12%	Business combinations involving enterprises not under common control
Dali Lesson Dairy	Dali Bai Autonomous Prefecture, Yunnan	5,380.00	April 6, 2001	Dali Bai Autonomous Prefecture, Yunnan	Production and sale of dairy products	57.90%	-	57.90%	-	57.90%	-	Business combinations involving enterprises not under common control
Dali Yuning	Dali Bai Autonomous Prefecture, Yunnan	2,000.00	May 22, 2019	Dali Bai Autonomous Prefecture, Yunnan	Dairy farming	-	57.90%	-	57.90%	-	57.90%	Business combinations involving enterprises not under common control
Yunnan Lesson Dairy	Dali Bai Autonomous Prefecture, Yunnan	5,380.00	May 30, 2018	Dali Bai Autonomous Prefecture, Yunnan	Production and sale of dairy products	57.90%	-	57.90%	-	57.90%	-	Business combinations involving enterprises not under common control

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Subsidiaries	Principal place of operation	Registered capital	Establishment date	Place of registration	Nature of business	Equity interests proportion as at date of the report (Unaudited)		Equity interests proportion as at December 31, 2024		Equity interests proportion as at December 31, 2023		Acquisition method
						Direct	Indirect	Direct	Indirect	Direct	Indirect	
Yunnan Animal Husbandry	Dali Bai Autonomous Prefecture, Yunnan	20,000.00	December 18, 2018	Dali Bai Autonomous Prefecture, Yunnan	Dairy farming	-	57.90%	-	57.90%	-	57.90%	Business combinations involving enterprises not under common control
Yunfei Animal Husbandry	Dali Bai Autonomous Prefecture, Yunnan	2,000.00	May 11, 2022	Dali Bai Autonomous Prefecture, Yunnan	Dairy farming	-	57.90%	-	57.90%	-	57.90%	Business combinations involving enterprises not under common control
Yunxiang Animal Husbandry	Dali Bai Autonomous Prefecture, Yunnan	4,600.00	January 18, 2022	Dali Bai Autonomous Prefecture, Yunnan	Dairy farming	-	57.90%	-	57.90%	-	57.90%	Business combinations involving enterprises not under common control
Junlebao Enterprise Management	Shijiazhuang, Hebei	50,000.00	October 24, 2023	Shijiazhuang, Hebei	Headquarters management for enterprises	100.00%	-	100.00%	-	100.00%	-	Establishment or investment and other methods
Anhui Junlebao Dairy	Chuzhou, Anhui	15,000.00	November 27, 2023	Chuzhou, Anhui	Production and sale of dairy products	100.00%	-	100.00%	-	100.00%	-	Establishment or investment and other methods
Hebei Jintaiju	Shijiazhuang, Hebei	1,000.00	August 6, 2024	Shijiazhuang, Hebei	Sale of dairy products	100.00%	-	100.00%	-	-	-	Establishment or investment and other methods

(RMB'0'000)

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Subsidiaries	Principal place of operation	Registered capital	Establishment date	Place of registration	Nature of business	Equity interests proportion as at date of the report (Unaudited)		Equity interests proportion as at December 31, 2024		Equity interests proportion as at December 31, 2023		Acquisition method
						Direct	Indirect	Direct	Indirect	Direct	Indirect	
		(RMB'0'000)										
Junlebao Hong Kong	Hong Kong, China	1.00 (HKD)	February 8, 2024	Hong Kong, China	External investment	-	100.00%	-	100.00%	-	-	Establishment or investment and other methods
Pingshan Junhe	Shijiazhuang, Hebei	1,960.00	June 2, 2020	Shijiazhuang, Hebei	Dairy farming	-	100.00%	-	100.00%	-	-	Establishment or investment and other methods
Junlebao Hong Kong International Trading	Hong Kong, China	1,000.00	July 17, 2025	Hong Kong, China	Sale of dairy products	-	100.00%	-	-	-	-	Establishment or investment and other methods
Junlebao Special Medical (Hebei)	Shijiazhuang, Hebei	2,000.00	September 29, 2025	Shijiazhuang, Hebei	Sale of dairy products	-	60.00%	-	-	-	-	Establishment or investment and other methods

Note 1: The indirect equity interests proportion disclosed above represents the actual equity interests held by the Group.

Note 2: Junben Trading, Aisen Biotechnology, Aisen Biotechnology Haiman., and Direct Global Genetics (Singapore) Pte. Ltd. are wholly-owned subsidiaries of Pinyuan Biotechnology. In 2023, the Group disposed of a portion of its equity interests in Pinyuan Biotechnology, resulting in loss of control of Pinyuan Biotechnology and its subsidiaries, as detailed in Note (VII) 2.

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Reasons why the equity interests proportion held in subsidiary is different from the voting right proportion:

Note 3: Junyuan Dairy is jointly established by Leshi Dairy, a non-wholly owned subsidiary of the Company, and CDB Fund. As at December 31, 2024 and December 31, 2023, Leshi Dairy held 81.32% and 78.20% equity interests in Junyuan Dairy, respectively. Juncheng Dairy is a wholly owned subsidiary of Junyuan Dairy, with identical proportion of equity interests. Leshi Dairy has full control over the operations, investments, and financial policies of Junyuan Dairy through contractual arrangements, as detailed in Note (VI) 33. These contractual arrangements will expire on December 28, 2030. As at December 31, 2024 and December 31, 2023, CDB Fund’s remaining investment accounted for 18.68% and 21.80% of Junyuan Dairy’s registered capital, respectively. As at date of the report, Junyuan Dairy has fully repaid CDB Fund’s remaining investment.

Note 4: The Real Estate Company is jointly established by the Company and other shareholders. The Company has full control over the operations, investments, and financial policies of the Real Estate Company through contractual arrangements. These contractual arrangements were terminated in December 2023 upon the exit of other shareholders. Junxiang Property is a wholly-owned subsidiary established by the Real Estate Company in 2022.

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(2) *Significant non-wholly owned subsidiaries*

2024

RMB

<u>Name of subsidiaries</u>	<u>Equity interests proportion held by non-controlling shareholders</u>	<u>Comprehensive income (loss) attributable to non-controlling shareholders during the year</u>	<u>Dividends declared to non-controlling shareholders during the year</u>	<u>Balance of non-controlling interests at the end of the year</u>
Dali Lesson Dairy	42.10%	4,904,214.02	(4,216,315.01)	241,903,504.30
Banner Dairy and its subsidiaries (Note 1)	28.64%	5,062,904.21	–	154,683,594.23
Banner Animal Husbandry	28.64%	(3,518,784.89)	–	68,466,125.33
Jiangsu Junlebao	49.00%	21,091,605.81	–	139,699,507.23
Total		<u>27,539,939.15</u>	<u>(4,216,315.01)</u>	<u>604,752,731.09</u>

2023

RMB

<u>Name of subsidiaries</u>	<u>Equity interests proportion held by non-controlling shareholders</u>	<u>Comprehensive (loss) income attributable to non-controlling shareholders during the year</u>	<u>Acquisition of non-controlling interests in subsidiaries</u>	<u>Balance of non-controlling interests at the end of the year</u>
Dali Lesson Dairy	42.10%	(3,277,803.17)	–	241,215,605.29
Banner Dairy and its subsidiaries (Note 1)	28.64%	7,145,071.66	(37,379,198.37)	149,620,690.02
Banner Animal Husbandry	28.64%	(20,832,214.50)	(20,888,937.38)	71,984,910.22
Jiangsu Junlebao	49.00%	11,549,145.29	–	118,607,901.42
Junhong Animal Husbandry	49.00%	27,727,089.96	–	170,210,691.76
Junkang Animal Husbandry	49.00%	28,662,414.32	–	126,976,185.15
Total		<u>50,973,703.56</u>	<u>(58,268,135.75)</u>	<u>878,615,983.86</u>

Note 1: Banner Dairy and its subsidiaries include Banner Dairy and Linghang Dairy.

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(3) Material financial information of significant non-wholly owned subsidiaries

RMB

Name of subsidiaries	December 31, 2024					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Dali Lesson Dairy	387,789,254.45	424,367,083.88	812,156,338.33	206,157,296.72	31,111,241.81	237,268,538.53
Banner Dairy and its subsidiaries	722,209,576.42	708,222,991.15	1,430,432,567.57	744,072,470.93	221,600,347.33	965,672,818.26
Banner Animal Husbandry	301,770,346.88	1,503,337,210.87	1,805,107,557.75	1,418,875,523.48	2,603,773.56	1,421,479,297.04
Jiangsu Junlebao	232,784,388.72	371,364,026.28	604,148,415.00	199,145,836.60	119,961,689.36	319,107,525.96
Total	<u>1,644,553,566.47</u>	<u>3,007,291,312.18</u>	<u>4,651,844,878.65</u>	<u>2,568,251,127.73</u>	<u>375,277,052.06</u>	<u>2,943,528,179.79</u>

RMB

Name of subsidiaries	December 31, 2023					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Dali Lesson Dairy	373,601,253.92	442,928,073.12	816,529,327.04	241,982,288.52	1,293,298.26	243,275,586.78
Banner Dairy and its subsidiaries	686,039,710.45	792,982,148.67	1,479,021,859.12	684,056,709.89	347,883,138.08	1,031,939,847.97
Banner Animal Husbandry	262,142,121.55	1,440,210,179.65	1,702,352,301.20	1,303,607,591.68	2,830,188.71	1,306,437,780.39
Jiangsu Junlebao	117,971,573.06	406,380,326.58	524,351,899.64	148,002,859.03	134,352,245.05	282,355,104.08
Junhong Animal Husbandry	150,310,338.19	450,778,641.68	601,088,979.87	81,074,490.95	172,645,730.23	253,720,221.18
Junkang Animal Husbandry	224,005,939.53	516,100,814.51	740,106,754.04	256,089,364.40	224,882,317.91	480,971,682.31
Total	<u>1,814,070,936.70</u>	<u>4,049,380,184.21</u>	<u>5,863,451,120.91</u>	<u>2,714,813,304.47</u>	<u>883,886,918.24</u>	<u>3,598,700,222.71</u>

RMB

Name of subsidiaries	2024			
	Revenue	Net profit (loss)	Total comprehensive income (loss)	Cash flows from operating activities
Dali Lesson Dairy	826,049,171.90	11,648,964.42	11,648,964.42	5,113,003.15
Banner Dairy and its subsidiaries	707,512,492.90	17,677,738.16	17,677,738.16	(232,158,701.19)
Banner Animal Husbandry	716,875,960.00	(12,286,260.10)	(12,286,260.10)	244,081,227.99
Jiangsu Junlebao	<u>1,063,134,960.80</u>	<u>43,044,093.48</u>	<u>43,044,093.48</u>	<u>34,534,879.85</u>
Total	<u>3,313,572,585.60</u>	<u>60,084,535.96</u>	<u>60,084,535.96</u>	<u>51,570,409.80</u>

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RMB

Name of subsidiaries	2023			
	Revenue	Net (loss) profit	Total comprehensive (loss) income	Cash flows from operating activities
Dali Lesson Dairy	392,590,287.99	(7,785,755.75)	(7,785,755.75)	12,928,920.38
Banner Dairy and its subsidiaries	790,128,934.71	18,407,848.83	18,407,848.83	31,666,911.79
Banner Animal Husbandry	562,500,908.13	(73,976,520.20)	(73,976,520.20)	142,209,433.53
Jiangsu Junlebao	969,459,170.53	23,569,684.26	23,569,684.26	85,287,315.88
Junhong Animal Husbandry	393,239,442.33	56,585,897.87	56,585,897.87	118,894,153.60
Junkang Animal Husbandry	409,612,902.86	58,494,723.11	58,494,723.11	117,147,015.70
Total	<u>3,517,531,646.55</u>	<u>75,295,878.12</u>	<u>75,295,878.12</u>	<u>508,133,750.88</u>

2. Transactions that cause changes of the Group’s equity interests in subsidiaries but do not result in loss of control

(1) Significant changes of the Group’s equity interests in subsidiaries

In 2024, the Group further acquired a 14.54% equity interests in Leshi Dairy from its minority shareholders at a total consideration of RMB82,900,807.00. The difference of RMB57,092,487.54 between the consideration paid and the non-controlling interests acquired was recognised in capital reserve. In 2024, the minority shareholders of Sikeqi Hebei, the Group’s subsidiary, exercised their put option, and the Group further acquired a 10.00% equity interests in Sikeqi Hebei. The repurchase obligation had already been accounted for as other current liabilities as at December 31, 2023.

In 2023, the Group further acquired 6.20% and 6.20% equity interests from the minority shareholders of Banner Dairy and Banner Animal Husbandry, respectively, at a total consideration of RMB146,587,890.35. The difference of RMB88,319,754.60 between the consideration paid and the non-controlling interests acquired was recognised in capital reserve.

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ACCOUNTANTS’ REPORT

(2) Impact of transactions on non-controlling interests and owners’ equity attributable to owners of the Company

2024

RMB

	<u>Leshi Dairy</u>	<u>Sikeqi Hebei</u>	<u>Total</u>
Consideration	82,900,807.00	–	82,900,807.00
– Cash	82,900,807.00	–	82,900,807.00
Less: Share of net assets in subsidiaries based on the interests acquired	25,808,319.46	5,427,535.24	31,235,854.70
Differences	57,092,487.54	(5,427,535.24)	51,664,952.30
Including: Adjustment to capital reserve	<u>57,092,487.54</u>	<u>(5,427,535.24)</u>	<u>51,664,952.30</u>

2023

RMB

	<u>Banner Dairy</u>	<u>Banner Animal Husbandry</u>	<u>Others</u>	<u>Total</u>
Consideration	118,518,162.49	28,069,727.86	31,997,661.23	178,585,551.58
– Cash	118,518,162.49	28,069,727.86	31,997,661.23	178,585,551.58
Less: Share of net assets in subsidiaries based on the interests acquired	37,379,198.37	20,888,937.38	20,522,116.78	78,790,252.53
Differences	81,138,964.12	7,180,790.48	11,475,544.45	99,795,299.05
Including: Adjustment to capital reserve	<u>81,138,964.12</u>	<u>7,180,790.48</u>	<u>11,475,544.45</u>	<u>99,795,299.05</u>

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3. Interests in associates

(1) Significant associate

Name of the associate	Principal place of operation	Place of registration	Nature of business	Equity interests proportion (%)		Accounting treatments for investments in associate
				Direct	Indirect	
Mopai Group	Shanghai	Shanghai	Catering	-	30.00	Equity method

(2) Key financial information of significant associate

For the period from January 1, 2023 to December 31, 2024

RMB

	Balance as at December 31, 2024 and Amount incurred in 2024	Balance as at December 31, 2023 and Amount incurred from the acquisition date to December 31, 2023
	<u>Mopai Group</u>	<u>Mopai Group</u>
Current assets	112,696,963.77	192,960,961.64
Non-current assets	231,696,709.73	226,794,430.30
Total assets	<u>344,393,673.50</u>	<u>419,755,391.94</u>
Current liabilities	112,454,043.16	198,488,984.90
Non-current liabilities	58,970,020.54	54,250,000.00
Total liabilities	<u>171,424,063.70</u>	<u>252,738,984.90</u>
Net assets	172,969,609.80	167,016,407.04
Non-controlling interests	-	-
Net assets attributable to owners of the Company	172,969,609.80	167,016,407.04
Share of net assets calculated based on equity interests proportion	51,890,882.94	50,104,922.11
Adjustments		
- Goodwill	156,673,922.44	156,673,922.44
- Provision for impairment	(60,000,000.00)	-
- Others	1,463,439.41	1,463,439.41

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	Balance as at December 31, 2024 and Amount incurred in 2024	Balance as at December 31, 2023 and Amount incurred from the acquisition date to December 31, 2023
	Mopai Group	Mopai Group
Carrying amount of equity investments in associate	150,028,244.79	208,242,283.96
Revenue	579,873,159.36	55,983,940.31
Net profit (loss)	5,953,202.77	(5,859,053.48)
Other comprehensive income	—	—
Total comprehensive income (loss)	<u>5,953,202.77</u>	<u>(5,859,053.48)</u>
 Dividends received from associates for the year	 —	 —

(IX) RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

Financial instruments of the Group mainly include cash at bank and on hand, derivative financial assets, accounts receivable, bills receivable, other receivables, long-term receivables, investments in other equity instruments, derivative financial liabilities, accounts payable, bills payable, other payables, long-term payables, short-term borrowings, long-term borrowings and other current liabilities — obligation to repurchase non-controlling interests, etc. Details of these financial instruments are disclosed in Note (VI). The risks arising from such financial instruments and risk management policies adopted by the Group to minimize such risks are summarised below. The management of the Group manages and monitors these exposures to ensure that the above risks are kept within limits.

The Group adopts sensitivity analysis technique to analyse how the profit or loss for the current period or shareholders’ equity would have been affected by reasonably possible changes in the relevant risk variables. As it is unlikely that risk variables will change in an isolated manner, and the interdependence among risk variables will have significant effect on the amount ultimately influenced by the changes in a single risk variable, the following are based on the assumption that the change in each risk variable is on a stand-alone basis.

1. Risk management objectives and policies

The Group’s risk management objectives are to achieve a proper balance between risks and yield, minimise the adverse impacts of risks on the Group’s operation performance, and maximise the benefits of the shareholders. Based on these risk management objectives, the Group’s basic risk management strategy is to identify and analyse the Group’s exposure to various risks, establish an appropriate maximum tolerance to risk, implement risk management, and monitors regularly and effectively these exposures to ensure the risks are monitored at a certain level.

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ACCOUNTANTS’ REPORT

1.1 Market risk

1.1.1 Currency risk

Currency risk is the risk that losses will occur because of changes in foreign exchange rates. The Group’s principal activities are denominated and settled in RMB. As at December 31, 2024 and December 31, 2023, the balance of the Group’s assets and liabilities are both denominated in RMB except that the assets and liabilities set out below are denominated in USD and HKD. Currency risk arising from the assets and liabilities denominated in foreign currencies may have impact on the Group’s performance.

RMB

Items	December 31, 2024	December 31, 2023
Cash at bank and on hand – USD	44,227.42	1,177,403.26
Cash at bank and on hand – HKD	1,356,899.38	–
Long-term borrowings – USD	–	754,971,691.27
	–	754,971,691.27

Sensitivity analysis on currency risk

Where all other variables are held constant, the reasonably possible changes in the foreign exchange rate may have the following pre-tax effect on the profit or loss for the current period and owners’ equity:

RMB

Items	Changes in exchange rate	2024		2023	
		Effect on total profit	Effect on owners’ equity	Effect on total profit	Effect on owners’ equity
USD.	5% appreciation against RMB	2,211.37	2,211.37	(37,689,714.40)	(37,689,714.40)
USD.	5% depreciation against RMB	(2,211.37)	(2,211.37)	37,689,714.40	37,689,714.40
HKD	5% appreciation against RMB	67,844.97	67,844.97	–	–
HKD	5% depreciation against RMB	(67,844.97)	(67,844.97)	–	–
		–	–	–	–

Note: The impact of the above exchange rate changes has taken into account the effect of the forward foreign exchange contracts held by the Group.

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1.1.2 Interest rate risk — risk of changes in cash flows

The Group’s cash flow interest rate risk of financial instruments relates primarily to variable-rate short-term borrowings and long-term borrowings. As at December 31, 2024 and December 31, 2023, the Group’s long-term borrowings bearing interest at floating rates and short-term borrowings under revolving credit facilities amounted to RMB7,097,085,588.72 and RMB6,234,913,065.03, respectively. The Group continues to closely monitor the impact of interest rate changes on the Group’s interest rate risk.

Sensitivity analysis on interest rate risk

Where all other variables are held constant, the reasonably possible changes in the interest rate may have the following pre-tax effect on the profit or loss for the current period and owners’ equity:

RMB

Items	Changes in exchange rate	2024		2023	
		Effect on total profit	Effect on owners’ equity	Effect on total profit	Effect on owners’ equity
Bank borrowings . .	Increase 50 base points	(35,485,427.94)	(35,485,427.94)	(31,174,565.33)	(31,174,565.33)
Bank borrowings . .	Decrease 50 base points	35,485,427.94	35,485,427.94	31,174,565.33	31,174,565.33

The above sensitivity analysis assumes that interest rate changes occurred on December 31, 2024 and December 31, 2023, and the interest rate risk exposure is determined based on borrowings existing on those respective dates.

The impact of the above interest rate changes has taken into account the effect of the interest rate swap contracts held by the Group.

1.1.3 Interest rate risk — risk of changes in fair value

The Group’s risk of changes in fair value of financial instruments due to changes in interest rates relates primarily to fixed-rate financial assets and financial liabilities, including other receivables — third-party loan receivables, long-term receivables, fixed-rate short-term and long-term borrowings, non-current liabilities due within one year, lease liabilities and long-term payables (as detailed in Note (VI) 6, 9, 22, 31, 29, 32 and 33). The Group’s objective is to maintain an appropriate mix of fixed and floating rate instruments to manage interest rate risk, and to use derivatives such as interest rate swap contracts as appropriate for managing interest rate risk.

1.1.4 Other price risk

The Group’s price risk mainly arises from the investment in derivative financial instruments and investments in other equity instruments. The Group reduces the price risk associated with investment in equity instruments by holding multiple equity securities portfolios.

1.2 Credit risk

The Group’s maximum exposure to credit risk which will cause a financial loss to the Group is due to the failure of counterparties to fulfil an obligation, including the carrying amount of the financial assets recognised in the balance sheet of the Group.

In order to minimise the credit risk, the Group has special personnels for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recovery of the financial assets at each balance sheet date to ensure that adequate impairment provision is provided for relevant financial assets.

The credit risk on cash at bank and on hand is limited because they are only deposited with banks with high credit ratings.

As at December 31, 2024 and December 31, 2023, details of the Group’s accounts receivable from the top five customers and other receivables from the top five debtors are set out in Note (VI) 4 and Note (VI) 6, respectively. Apart from these, the Group had no other significant concentration of credit risk.

1.3 Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group’s operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

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The following is the maturity analysis for non-derivative financial liabilities and lease liabilities held by the Group which is based on undiscounted remaining contractual obligations:

December 31, 2024

RMB

<u>Items</u>	<u>Within 1 year (inclusive)</u>	<u>1-2 years (inclusive)</u>	<u>2-5 years (inclusive)</u>	<u>Over 5 years</u>	<u>Total</u>
Accounts payable	2,644,091,191.26	–	–	–	2,644,091,191.26
Bills payable	359,124,802.69	–	–	–	359,124,802.69
Other payables	1,543,445,020.79	–	–	–	1,543,445,020.79
Other current liabilities . . .	127,400,000.00	–	–	–	127,400,000.00
Lease liabilities (including due within one year) . . .	66,272,254.14	40,245,327.00	131,772,579.32	241,140,742.13	479,430,902.59
Long-term payables (including due within one year)	71,880,621.69	18,580,592.46	31,698,464.69	91,952,490.65	214,112,169.49
Short-term borrowings . . .	2,282,025,233.63	–	–	–	2,282,025,233.63
Long-term borrowings (including due within one year)	<u>2,456,672,290.59</u>	<u>1,515,795,521.58</u>	<u>3,462,314,698.55</u>	<u>330,522,197.09</u>	<u>7,765,304,707.81</u>

December 31, 2023

RMB

<u>Items</u>	<u>Within 1 year (inclusive)</u>	<u>1-2 years (inclusive)</u>	<u>2-5 years (inclusive)</u>	<u>Over 5 years</u>	<u>Total</u>
Accounts payable	2,561,563,218.03	–	–	–	2,561,563,218.03
Bills payable	277,266,483.87	–	–	–	277,266,483.87
Other payables	1,962,209,805.08	–	–	–	1,962,209,805.08
Other current liabilities . . .	137,450,000.00	–	–	–	137,450,000.00
Lease liabilities (including due within one year) . . .	75,438,088.87	69,158,604.18	160,064,953.31	279,844,143.14	584,505,789.50
Long-term payables (including due within one year)	32,021,174.39	80,127,318.97	54,316,403.90	62,592,843.19	229,057,740.45
Short-term borrowings . . .	1,975,353,210.14	–	–	–	1,975,353,210.14
Long-term borrowings (including due within one year)	<u>1,608,720,760.91</u>	<u>3,587,893,770.97</u>	<u>2,372,960,796.66</u>	<u>825,405,652.86</u>	<u>8,394,980,981.40</u>

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(X) DISCLOSURE OF FAIR VALUE

1. Fair value of assets and liabilities measured at fair value

The Group’s derivative financial assets/liabilities and investments in other equity instruments are measured at fair value at the end of each reporting period. The following table provides information on how the fair value of these financial assets/liabilities is determined.

RMB

Items	Fair value		Fair value hierarchy
	December 31, 2024	December 31, 2023	
Derivative financial assets – Interest rate swap contracts	–	17,512,193.95	Level 2
Derivative financial assets – Forward exchange contracts	–	7,314,950.63	Level 2
Investments in other equity instruments	<u>94,649,750.00</u>	<u>87,249,750.00</u>	Level 3

2. Valuation techniques used and the qualitative and quantitative information of key parameters for fair value measurements categorised within Level 2

RMB

Items	Fair value		Valuation techniques	Key parameters
	December 31, 2024	December 31, 2023		
Derivative financial assets – Interest rate swap contracts	–	17,512,193.95	Discounted cash flow method	Observable value of contract-linked underlying
Derivative financial assets – Forward exchange contracts	–	7,314,950.63	Discounted cash flow method	Observable value of contract-linked underlying

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3. Valuation techniques used and the qualitative and quantitative information of key parameters for recurring and non-recurring fair value measurements categorised within Level 3

RMB

Items	Fair value		Valuation techniques	Key parameters
	December 31, 2024	December 31, 2023		
Investments in other equity instruments – Mongolia Dairy Innovation	700,000.00	700,000.00	Market comparison approach	Price-to-Book Ratio
Investments in other equity instruments – Luquan Rural Commercial Bank	3,359,750.00	3,359,750.00	Market comparison approach	Price-to-Book Ratio
Investments in other equity instruments – Dali Rural Commercial Bank	9,190,000.00	9,190,000.00	Market comparison approach	Price-to-Book Ratio
Investments in other equity instruments – Inatural Bio-Tech	81,400,000.00	74,000,000.00	Price per share in the latest financing round	None

4. Reconciliation between the opening and closing balances of the assets that measured at recurring Level 3 fair value measurement

2024

RMB

Items	January 1, 2024	Transfer in/out of Level 3	Total losses or gains for the year		Purchase, issuance and settlement				December 31, 2024
			Recognised in other comprehensive income	Transfer to profit or loss for the year	Purchase	Issuance	Settlement	Other decreases	
Investment in other equity instruments – Mongolia Dairy Innovation	700,000.00	-	-	-	-	-	-	-	700,000.00
Investment in other equity instruments – Luquan Rural Commercial Bank	3,359,750.00	-	-	-	-	-	-	-	3,359,750.00

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Items	January 1, 2024	Transfer in/out of Level 3	Total losses or gains for the year		Purchase, issuance and settlement				December 31, 2024
			Recognised in other comprehensive income	Transfer to profit or loss for the year	Purchase	Issuance	Settlement	Other decreases	
Investment in other equity instruments – Dali Rural Commercial Bank	9,190,000.00	-	-	-	-	-	-	-	9,190,000.00
Investment in other equity instruments – Inatural Bio-Tech	74,000,000.00	-	7,400,000.00	-	-	-	-	-	81,400,000.00

2023

RMB

Items	January 1, 2023	Transfer in/out of Level 3	Total losses or gains for the year		Purchase, issuance and settlement				December 31, 2023
			Recognised in other comprehensive income	Transfer to profit or loss for the year	Purchase	Issuance	Settlement	Other decreases	
Derivative financial assets	45,362,000.00	-	-	(45,362,000.00)	-	-	-	-	-
Derivative financial liabilities	(29,201,000.00)	-	-	29,201,000.00	-	-	-	-	-
Investment in other equity instruments – Mongolia Dairy Innovation	700,000.00	-	-	-	-	-	-	-	700,000.00
Investment in other equity instruments – Luquan Rural Commercial Bank	3,359,750.00	-	-	-	-	-	-	-	3,359,750.00
Investment in other equity instruments – Dali Rural Commercial Bank	-	-	-	-	9,190,000.00	-	-	-	9,190,000.00
Investment in other equity instruments – Inatural Bio-Tech	-	-	-	-	74,000,000.00	-	-	-	74,000,000.00
Investment in other equity instruments – Lesson Dairy	40,349,000.00	-	(1,755,000.00)	-	-	-	(38,594,000.00)	-	-

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5. Fair value of financial assets and financial liabilities not measured at fair value

The management of the Group considers that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the Historical Financial Information approximate their fair values.

(XI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Major shareholders of the Company

Name of shareholders	Items	December 31, 2024	December 31, 2023	
Mr. Wei Lihua	Equity interests proportion	Direct equity interests proportion	37.5431%	37.5431%
		Indirect equity interests proportion	7.4615%	7.4615%
		Total	45.0046%	45.0046%
		Proportion of voting rights	45.0046%	45.0046%

The ultimate controlling party of the Company is Mr. Wei Lihua, whose equity interests proportion is presented based on the proportion of registered capital.

2. Subsidiaries of the Company

Details of the Company’s subsidiaries are set out in Note (VIII) interests in other entities.

3. Associates of the Company

Please refer to Note (VI) 10 for associates of the Group.

4. Other related parties having significant transactions with the Group are as follows:

Company	Related party relationship
Companies controlled by family members closely related to the ultimate controlling party of the Company (Note 1)	Legal entities directly or indirectly controlled by family members closely related to the ultimate controlling party of the Company

Note 1: The companies are controlled by family members closely related to the ultimate controlling party of the Company, mainly including Shijiazhuang Hetiande Trading Co., Ltd. (石家莊禾田德商貿有限公司) and Shijiazhuang Zhuangleizhenjiang Trading Co., Ltd. (石家莊磊真江商貿有限公司).

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5. Related party transactions

(1) Purchase and sales of goods, receipt and rendering of services

Purchase of goods/receipt of services:

RMB

Related party	Details of related party transactions	2024	2023
Zhangjiakou Chia Tai	Purchase of goods	179,842,443.45	178,024,451.74
Haixing Junyi	Purchase of goods	72,410,542.25	–
Pinyuan Biotechnology	Purchase of goods	42,131,927.85	–
Junkang Animal Husbandry	Purchase of goods	21,395,501.00	–
Junhong Animal Husbandry	Purchase of goods	19,831,064.00	–
Junrui Animal Husbandry (Note 1)	Purchase of goods	17,222,299.26	10,983,134.40
Junlebao Charity Foundation (河北省君樂寶公益基金會) (Note 2)	Donation expenditure	4,279,382.19	15,476,164.16
Sinong (Note 3)	Purchase of goods	–	16,006.03
Total		<u>357,113,160.00</u>	<u>204,499,756.33</u>

Note 1: Became an associate of the Group since September 2023.

Note 2: The Group’s transaction with Junlebao Charity Foundation is an unconditional donation to the foundation.

Note 3: The Group’s associate, in which the Group disposed of its corresponding equity in April 2023.

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Sales of goods/rendering of services:

RMB

Related party	Details of related party transactions	2024	2023
Shanghai Mopai	Sales of goods	69,310,959.63	300,495.69
Companies controlled by family members closely related to the ultimate controlling party of the Company	Sales of goods	66,266,570.48	24,825,338.75
Junyi Ermu	Sales of goods	18,707,366.95	2,989,970.66
Henan Junlebao	Sales of goods	17,769,948.93	3,046,202.74
Shanxi Junlebao	Sales of goods	14,823,667.90	–
Zhangjiakou Chia Tai	Sales of goods	11,581,734.40	–
Shandong Junlebao	Sales of goods	10,071,218.96	723,814.51
Haixing Junyi	Sales of goods	9,449,286.49	31,565,850.68
Pinyuan Biotechnology	Sales of goods	7,821,269.15	–
Pinyuan Biotechnology	Rendering of services	7,390,714.65	–
Beijing Junlebao	Sales of goods	5,267,224.87	–
Junrui Animal Husbandry	Sales of goods	1,902,488.94	3,068,019.08
Zhangjiakou Chia Tai	Rendering of services	1,018,357.48	1,007,081.14
Shanghai Mopai	Rendering of services	809,084.73	–
Dali Food	Sales of goods	51,032.77	–
Shaanxi Aomeihui	Sales of goods	–	33,027.52
Total		242,240,926.33	67,559,800.77

(2) *Leases from related parties*

December 31, 2024

The Group as the lessee

RMB

Lessor name	Types of leased assets	Rent paid		Interest expense on lease liabilities		Increased right-of-use assets	
		Amount for the period	Amount from the previous period	Amount for the period	Amount from the previous period	Amount for the period	Amount from the previous period
Dali Yunhe	Leased properties	–	–	–	–	73,977,618.49	–

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(3) Guarantees for related parties

December 31, 2024

RMB

<u>Guarantor</u>	<u>Guarantee</u>	<u>Balance of guarantee</u>	<u>Inception date of guarantee</u>	<u>Ending date of guarantee</u>
Leyuan Animal Husbandry	Haixing Junyi	1,680,000.00	18/09/2023	18/08/2029
Leyuan Animal Husbandry	Haixing Junyi	11,240,000.00	06/01/2023	05/01/2028
Leyuan Animal Husbandry	Haixing Junyi	6,744,000.00	07/09/2023	07/09/2026
The Company (Note 1)	Junkang Animal Husbandry	48,000,000.00	11/09/2023	11/09/2028
The Company (Note 1)	Junhong Animal Husbandry	23,000,000.00	28/09/2023	28/09/2028
Leyuan Animal Husbandry (Note 2)	Junkang Animal Husbandry	140,480,000.00	25/02/2020	22/02/2030
Real Estate Company	Tian Xiao (Note 3)	570,000.00	03/01/2024	02/01/2044
Real Estate Company	Tian Xiao	850,000.00	28/09/2023	27/09/2043
Real Estate Company	Liu Senyue (Note 3)	580,000.00	10/08/2023	10/08/2043

December 31, 2023

RMB

<u>Guarantor</u>	<u>Guarantee</u>	<u>Balance of guarantee</u>	<u>Inception date of guarantee</u>	<u>Ending date of guarantee</u>
Leyuan Animal Husbandry	Haixing Junyi	1,680,000.00	18/09/2023	18/08/2029
Leyuan Animal Husbandry	Haixing Junyi	11,240,000.00	06/01/2023	05/01/2028
Leyuan Animal Husbandry	Haixing Junyi	6,744,000.00	07/09/2023	07/09/2026
Real Estate Company	Tian Xiao	850,000.00	28/09/2023	27/09/2043
Real Estate Company	Liu Senyue	580,000.00	10/08/2023	10/08/2043

Note 1: As the other shareholder of Junhong Animal Husbandry and Junkang Animal Husbandry, Adopt Group has provided counter-guarantees according to its shareholding ratio of 49% since September 2023, and the counter-guarantee ratio was subsequently, adjusted to 55% in February 2025.

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Note 2: As the other shareholder of Junkang Animal Husbandry, Adopt Group has provided counter-guarantees according to its shareholding ratio of 49% since February 2020, and the counter-guarantee ratio was subsequently, adjusted to 55% in February 2025.

Note 3: Tian Xiao is a senior management personnel of the Group, and Liu Senyue is a family member closely related to a director of the Group.

(4) Compensation for key management personnel

RMB

Related party	2024	2023
Compensation for key management personnel	60,469,598.32	49,571,850.32
Including: Equity-settled share-based payments . . .	12,160,841.65	14,662,084.59

(5) Directors’, supervisors’ and chief executive’s emoluments

Year ended December 31, 2024

Items	Director’s Fee	Salaries, allowance and benefits in kind	Performance related bonuses	Contributions to retirement benefit scheme	Subtotal	Share-based payment	Total
<i>Executive directors</i>							
Mr. Wei Lihua	-	2,653,805.51	9,102,430.11	92,468.45	11,848,704.07	2,202,534.51	14,051,238.58
Ms. Wu Wennan	-	864,085.74	2,617,219.05	5,962.56	3,487,267.35	1,025,498.50	4,512,765.85
Ms. Huang Yafang	-	1,141,947.92	3,257,286.22	37,637.28	4,436,871.42	1,025,498.50	5,462,369.92
Mr. Liu Senmiao	-	1,699,953.92	5,204,926.02	37,637.28	6,942,517.22	1,136,091.47	8,078,608.69
Subtotal	-	6,359,793.09	20,181,861.40	173,705.57	26,715,360.06	5,389,622.98	32,104,983.04
<i>Non-executive directors</i>							
Mr. Guo Zhenwei	-	-	-	-	-	-	-
Ms. Yang Ying	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-
<i>Independent directors</i>							
Mr. Yang Wenjun	250,000.00	-	-	-	250,000.00	-	250,000.00
Mr. Liu Xiangdong	250,000.00	-	-	-	250,000.00	-	250,000.00
Ms. Wang Ying	250,000.00	-	-	-	250,000.00	-	250,000.00
Subtotal	750,000.00	-	-	-	750,000.00	-	750,000.00
<i>Supervisors</i>							
Mr. Guo Jingfeng	-	406,749.92	390,038.63	37,637.28	834,425.83	67,863.87	902,289.70
Ms. Feng Dan	-	-	-	-	-	-	-
Mr. Jiang Shuwang	-	899,949.92	1,479,900.65	37,637.28	2,417,487.85	1,265,897.36	3,683,385.21
Subtotal	-	1,306,699.84	1,869,939.28	75,274.56	3,251,913.68	1,333,761.23	4,585,674.91
Total	750,000.00	7,666,492.93	22,051,800.68	248,980.13	30,717,273.74	6,723,384.21	37,440,657.95

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Year ended December 31, 2023

Items	Director’s Fee	Salaries, allowance and benefits in kind	Performance related bonuses	Contributions to retirement benefit scheme	Subtotal	Share-based payment	Total
Executive directors							
Mr. Wei Lihua	-	2,455,455.22	4,237,126.75	35,791.01	6,728,372.98	2,746,773.39	9,475,146.37
Ms. Wu Wennan (Note 1)	-	72,210.37	199,502.53	2,981.28	274,694.18	118,977.07	393,671.25
Ms. Huang Yafang (Note 2)	-	95,307.57	662,856.97	2,981.28	761,145.82	119,176.38	880,322.20
Mr. Liu Senmiao	-	1,286,510.04	2,502,408.88	35,775.36	3,824,694.28	1,416,815.86	5,241,510.14
Mr. Wei Liqiang (Note 3)	-	308,036.14	370,148.60	34,386.08	712,570.82	626,909.67	1,339,480.49
Mr. Wang Shiwei (Note 4)	-	139,800.00	139,248.40	-	279,048.40	365,697.31	644,745.71
Mr. Jiang Shuwang (Note 8)	-	625,952.09	590,704.27	32,794.08	1,249,450.44	719,483.34	1,968,933.78
Subtotal	-	4,983,271.43	8,701,996.40	144,709.09	13,829,976.92	6,113,833.02	19,943,809.94
Non-executive directors							
<i>(Note 10)</i>							
Mr. Guo Zhenwei	-	-	-	-	-	-	-
Ms. Yang Ying	-	-	-	-	-	-	-
Mr. Lu Di (Note 5)	-	-	-	-	-	-	-
Mr. Feng Yue (Note 5)	-	-	-	-	-	-	-
Mr. Chen Shuo (Note 6)	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-
Independent directors							
Mr. Yang Wenjun (Note 7)	-	-	-	-	-	-	-
Mr. Liu Xiangdong (Note 7)	-	-	-	-	-	-	-
Ms. Wang Ying (Note 7)	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-
Supervisors							
Mr. Guo Jingfeng	-	385,726.66	421,930.35	35,775.36	843,432.37	84,632.81	928,065.18
Ms. Feng Dan (Note 10)	-	-	-	-	-	-	-
Mr. Jiang Shuwang (Note 8)	-	57,374.57	678,124.62	2,981.28	738,480.47	65,407.58	803,888.05
Mr. Su Lei (Note 9)	-	-	-	-	-	-	-
Subtotal	-	443,101.23	1,100,054.97	38,756.64	1,581,912.84	150,040.39	1,731,953.23
Total	-	5,426,372.66	9,802,051.37	183,465.73	15,411,889.76	6,263,873.41	21,675,763.17

Note 1: Ms. Wu Wennan was appointed as a director of the Company on December 11, 2023. The above-mentioned remuneration refers to the compensation paid to Ms. Wu Wennan during her tenure as an executive director of the Company.

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- Note 2:* Ms. Huang Yafang was appointed as a director of the Company on December 11, 2023. The above-mentioned remuneration refers to the compensation paid to Ms. Huang Yafang during her tenure as an executive director of the Company.
- Note 3:* Mr. Wei Liqiang resigned from his position as an executive director of the Company on December 10, 2023.
- Note 4:* Mr. Wang Shiwei resigned from his position as an executive director of the Company on July 24, 2023.
- Note 5:* Mr. Lu Di and Mr. Feng Yue served as non-executive directors of the Company from July 2023 to December 2023.
- Note 6:* Mr. Chen Shuo resigned from his position as a non-executive director of the Company on December 10, 2023.
- Note 7:* Mr. Yang Wenjun, Mr. Liu Xiangdong, and Ms. Wang Ying have served as independent directors of the Company since December 11, 2023. Mr. Yang Wenjun and Ms. Wang Ying were re-designated as independent non-executive directors in January 2026 and Mr. Liu Xiangdong was resigned from his position as an independent director of the Company in January 2026.
- Note 8:* Mr. Jiang Shuwang resigned from his position as an executive director of the Company on December 10, 2023, and has been appointed as a supervisor of the Company starting from December 11, 2023.
- Note 9:* Mr. Su Lei resigned from his position as a supervisor of the Company on December 10, 2023. The supervisor is appointed by a shareholder of the Company, and the Company does not bear any remuneration to him.
- Note 10:* Non-executive directors and the supervisor are appointed by the shareholders of the Company, and the Company does not bear any remuneration to them.

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.

(6) Five highest paid employees

The number of directors, supervisors, and other employees among the five highest-paid individuals are as follows:

<u>Items</u>	<u>2024</u>	<u>2023</u>
Directors, supervisors	2	2
Except for directors or supervisors	3	3
Total	<u>5</u>	<u>5</u>

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The total remuneration of individuals other than directors or supervisors among the five highest-paid persons are as follows:

Items	2024	2023
Salaries, allowance and benefits in kind	4,106,651.24	2,496,657.20
Performance related bonuses	9,889,880.63	9,250,739.25
Contributions to retirement benefit scheme	67,639.84	35,775.36
Subtotal	14,064,171.71	11,783,171.81
Share-based payment	3,275,030.39	3,800,075.68
Total	17,339,202.10	15,583,247.49

The highest remuneration range for personnel other than directors or supervisors is as follows:

Items	2024	2023
5,000,001 HKD to 5,500,000 HKD	–	1
5,500,001 HKD to 6,000,000 HKD	–	1
6,000,001 HKD to 6,500,000 HKD	3	1
Total	3	3

(7) Financing with related parties

Interest expenses

RMB

Related party	2024	2023
Wang Jiachun (<i>Note 1</i>)	–	666,700.00
He Handong (<i>Note 1</i>)	–	666,700.00
Total	–	1,333,400.00

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Borrowed from

RMB

<u>Related party</u>	<u>Amount</u>	<u>Inception date</u>	<u>Maturity date</u>
Wang Jiachun	6,000,000.00	13/9/2017	6/12/2023
Wang Jiachun	2,850,000.00	2/7/2018	20/12/2023
He Handong	6,000,000.00	13/9/2017	20/12/2023
He Handong	2,850,000.00	3/7/2018	20/12/2023
Wei Lihua	12,161,040.00	20/4/2016	9/1/2023
Wei Lihua	6,830,739.00	9/3/2017	9/1/2023
Wei Lihua	3,980,000.00	21/4/2017	9/1/2023
Hongqi Dairy Products Factory (Note 2)	2,492,710.00	9/3/2017	9/1/2023
Hongqi Dairy Products Factory	<u>1,885,798.00</u>	21/4/2017	9/1/2023

Lent to

<u>Related party</u>	<u>Amount</u>	<u>Inception date</u>	<u>Maturity date</u>
Hongqi Dairy Products Factory	<u>60,000,000.00</u>	28/6/2023	28/8/2023

Note 1: Wang Jiachun and He Handong are family members closely related to a director of this Group.

Note 2: Hongqi Dairy Products Factory was a shareholder which has significant influence on the Group. The Group actually received in advance a total amount of RMB60,056,445.00 from Hongqi Dairy Products Factory on July 7, 2023, comprising principal and interest.

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(8) Equity transactions

Details of related party transactions	Date of transaction	Acquirer	Seller	Proportion of equity interest	Amount of transaction (tax-inclusive)	Subject matter of the transaction
Purchase of equity in a subsidiary from a related party	October 2024	The Company	Wei Liqiang (Note 2)	13.61%	77,576,430.00	Leshi Dairy
Purchase of equity in a subsidiary from a related party	October 2024	The Company	Zhuhai Hengqin Baichuan Guangzhi No. 5 Enterprise Management Center (Limited Partnership) (“Zhuhai Hengqin Baichuan Guangzhi No. 5”) (Note 1)	0.93%	5,324,377.00	Leshi Dairy
Sale of equity to related parties	December 2023	Zhuhai Hengqin Lehuiruisheng (Note 1)	Leyuan Animal Husbandry	33.25%	14,227,100.00	Pinyuan Biotechnology
Purchase of equity in a subsidiary from a related party	April 2023	The Company	Wei Liqiang	0.56%	10,696,797.02	Banner Dairy
Purchase of equity in a subsidiary from a related party	April 2023	The Company	Wang Shiwei	1.09%	20,811,554.40	Banner Dairy
Purchase of equity in a subsidiary from a related party	April 2023	The Company	Wei Liqiang	0.56%	2,533,427.04	Banner Animal Husbandry
Purchase of equity in a subsidiary from a related party	April 2023	The Company	Wang Shiwei	1.09%	4,928,970.22	Banner Animal Husbandry
Purchase of equity in a subsidiary from a related party	October 2023	The Company	Zhuhai Hengqin Runde Zhiying Enterprise Management Center (Limited Partnership) (“Zhuhai Hengqin Runde Zhiying”) (Note 1)	10.29%	10,285,362.00	Sikeqi Hebei
Purchase of equity in a subsidiary from a related party	October 2023	The Company	Zhuhai Hengqin Baichuan Guangzhi Enterprise Management Center (Limited Partnership) (“Zhuhai Hengqin Baichuan Guangzhi”) (Note 1)	1.37%	1,371,348.00	Sikeqi Hebei
Purchase of equity in a subsidiary from a related party	December 2023	The Company	Zhuhai Hengqin Runde Zhiying (Note 1)	0.86%	857,119.65	Sikeqi Hebei
Purchase of equity in a subsidiary from a related party	December 2023	The Company	Wang Jiachun	14.70%	13,116,767.00	Real Estate Company
Purchase of equity in a subsidiary from a related party	December 2023	The Company	He Handong	14.70%	13,116,767.00	Real Estate Company
Purchase of equity in a subsidiary from a related party	November 2023	The Company	Hongqi Dairy Products Factory	49.00%	994,700.00	Hebei Guanwei

Note 1: Zhuhai Hengqin Lehuiruisheng, Zhuhai Hengqin Runde Zhiying, Zhuhai Hengqin Baichuan Guangzhi and Zhuhai Hengqin Baichuan Guangzhi No. 5 are legal entities controlled by Wei Lihua, the controlling shareholder and actual controller of the Group.

Note 2: Wei Liqiang is a family member closely related to the ultimate controlling party of the Company.

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6. Amounts due from/to related parties

(1) Receivables

<i>RMB</i>			
<u>Items</u>	<u>Related party</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts receivable . . .	Pinyuan Biotechnology	8,094,449.76	192,715.70
Accounts receivable . . .	Shanghai Mopai	7,783,918.50	325,928.20
Accounts receivable . . .	Haixing Junyi	3,750,823.75	19,427,472.77
Accounts receivable . . .	Zhangjiakou Chia Tai	3,342,128.11	211,861.89
Accounts receivable . . .	Junrui Animal Husbandry	1,508,446.83	3,580,711.55
Accounts receivable . . .	Junyi Ermu	1,203,035.00	2,988,666.99
Accounts receivable . . .	Credit loss allowance	(392,263.57)	(287,193.67)
	Subtotal	<u>25,290,538.38</u>	<u>26,440,163.43</u>
Other receivables	Junyi Ermu	12,996,500.00	49,760.67
Other receivables	Pinyuan Biotechnology	2,953,936.41	183,185.07
Other receivables	Shanghai Mopai	131,402.50	–
Other receivables	Zhangjiakou Chia Tai	77,757.02	–
Other receivables	Junrui Animal Husbandry	11,627.90	11,627.90
Other receivables	Haixing Junyi	–	5,775,400.00
Other receivables	Credit loss allowance	(391,747.90)	(144,027.87)
	Subtotal	<u>15,779,475.93</u>	<u>5,875,945.77</u>
Prepayments	Pinyuan Biotechnology	–	64,221.35
Prepayments	Junrui Animal Husbandry	–	40,318.50
	Subtotal	<u>–</u>	<u>104,539.85</u>
	Total	<u><u>41,070,014.31</u></u>	<u><u>32,420,649.05</u></u>

(2) Payables

<i>RMB</i>			
<u>Items</u>	<u>Related party</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts payable	Junkang Animal Husbandry	42,843,168.40	–
Accounts payable	Junhong Animal Husbandry	34,948,249.27	–
Accounts payable	Zhangjiakou Chia Tai	16,831,340.00	21,442,412.53
Accounts payable	Haixing Junyi	10,424,978.80	–
Accounts payable	Pinyuan Biotechnology	10,390,183.16	12,250,735.95

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Items	Related party	December 31, 2024	December 31, 2023
Accounts payable	Junrui Animal Husbandry	3,083,941.00	835,701.50
	Subtotal	<u>118,521,860.63</u>	<u>34,528,849.98</u>
Other payables	Pinyuan Biotechnology	10,010,793.86	–
Other payables	Haixing Junyi	6,730,453.25	–
Other payables	Junkang Animal Husbandry	4,524,276.21	–
Other payables	Junrui Animal Husbandry	2,244,153.80	–
Other payables	Companies controlled by family members closely related to the ultimate controlling party of the Company	120,000.00	110,000.00
Other payables	Shanxi Junlebao	110,000.00	–
Other payables	Henan Junlebao	100,000.00	100,000.00
Other payables	Shandong Junlebao	100,000.00	100,000.00
Other payables	Beijing Junlebao	100,000.00	–
Other payables	Other	50,000.00	–
	Subtotal	<u>24,089,677.12</u>	<u>310,000.00</u>
Contract liabilities	Directors, supervisor, and senior management personnel of the Group	21,209,924.75	19,129,307.32
Contract liabilities	Family members who have a close relationship with the directors of the Group	9,645,878.90	9,645,878.90
Contract liabilities	Companies controlled by family members closely related to the ultimate controlling party of the Company	3,794,455.91	4,527,031.78
Contract liabilities	Shanxi Junlebao	1,091,532.35	–
Contract liabilities	Henan Junlebao	685,133.36	–
Contract liabilities	Shandong Junlebao	55,587.18	–
Contract liabilities	Beijing Junlebao	50,652.85	–
Contract liabilities	Dali Food	825.61	–
	Subtotal	<u>36,533,990.91</u>	<u>33,302,218.00</u>

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RMB

Items	Related party	December 31, 2024	December 31, 2023
Dividends payable	Wei Lihua	–	108,978,430.00
Dividends payable	Zhuhai Hengqin Lehuiruisheng	–	35,840,190.00
Dividends payable	Zhuhai Hengqin Yuehui Xinghong	–	25,512,610.00
Dividends payable	Shijiazhuang Zhenlecheng	–	10,600,000.00
Dividends payable	Zhuhai Hengqin Yuehui Xinghong No.1	–	7,541,370.00
Dividends payable	Zhuhai Hengqin Runde Zhiying No. 2	–	1,278,360.00
	Subtotal	–	189,750,960.00
	Total	179,145,528.66	257,892,027.98

(XII) SHARE-BASED PAYMENTS

1. Overall information of share-based payments

Unit: Share

	Restricted shares	Stock option
As at January 1, 2023	8,087,389	1,140,482
Total number stock options converted to restricted stocks during the year	1,140,482	(1,140,482)
Total number restricted shares granted during the year	376,668	–
Total number restricted shares/share options lapsed during the year	(272,832)	–
Total number additional restricted shares arising from the Company’s restructuring into joint stock limited company during the year	98,660,430	–
As at December 31, 2023	107,992,137	–
Total number restricted shares granted during the year	2,696,896	–
Total number restricted shares lapsed during the year	(2,696,896)	–
As at December 31, 2024	107,992,137	–
Range of exercise prices and remaining contractual life of the restricted shares outstanding at the end of the year	Refer to other explanations	Refer to other explanations

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Other explanations:

According to the “2021 Employee Stock Ownership Plan (ESOP) of Shijiazhuang Junlebao Dairy Co., Ltd. “approved by the Company’s first shareholders’ meeting in 2021, and the “2021 Employee Stock Ownership Plan (ESOP) of Shijiazhuang Junlebao Dairy Co., Ltd. “further approved by the fourth meeting of the ninth board of directors held on May 12, 2021 (the “2021 ESOP”), the Company granted 8,087,389 restricted shares to the ESOP participants at a price of RMB150.2339 per share on May 12, 2021. The ESOP participants actually subscribed for 8,087,389 restricted shares. The vesting period for these restricted shares shall be from the granting date till the twelve months after the Company completes its [REDACTED] on any domestic or overseas securities exchange. The lock-up period shall be from the thirteenth month to the thirty-sixth month following the Company’s [REDACTED] on any domestic or overseas securities exchange.

According to the “Stock Option Incentive Plan of Shijiazhuang Junlebao Dairy Co., Ltd. “(the “2021 Stock Option Incentive Plan”) approved by the Company’s sixth shareholders’ meeting in 2021, the Company granted 1,086,219 stock options to the participants for the first time on December 30, 2021, with an exercise price of RMB1 per share. On April 1, 2022, the Company granted an additional 54,263 reserved stock options to the participants, with an exercise price of RMB1 per share. The exercise of the aforementioned stock options is subject to certain performance conditions and individual performance appraisal requirements. The stock options granted to the participants are subject to different vesting periods, which shall be from the granting date till twenty-four months after the Company completes its [REDACTED] on any domestic or overseas securities exchange.

According to the “Adjustment of the Company’s Stock Option Incentive Plan and implement a Restricted Shares Incentive Plan (the “2023 Restricted Shares Incentive Plan”)” approved by the Company’s third extraordinary shareholders’ meeting in 2023, the Company converted 1,140,482 shares of stock options granted under the 2021 Stock Option Incentive Plan into restricted shares, meanwhile, 103,836 shares of restricted shares were granted to the participants at a granting price of RMB1 per share, resulting in a total increase of registered capital of the Company by RMB1,244,318.00. Except for the change in the granting form, the terms and conditions, including the granting price, vesting period, and lock-up period of the restricted shares, remain consistent with those of the 2021 Stock Option Incentive Plan.

On December 15, 2023, the Company was restructured in its entirety into a joint stock limited company. The net assets were converted into shares at a ratio of 2.6563:1, equivalent to registered capital (share capital) of RMB720,000,000.00, totaling 720,000,000 shares. The outstanding restricted shares of the Company were proportionally increased by a total of 98,660,430 shares.

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2. Equity-settled share-based payments

RMB

	<u>Restricted shares</u>	<u>Stock option</u>
The method of determining the fair value of equity instruments at the grant date	Refer to other explanations	
The basis of determining the number of equity instruments expected to be vested	The Company makes best estimate of the number of restricted shares/options expected to be unlocked/vested at the end of vesting periods based on the number of restricted shares/options granted	
Reasons for the significant difference between the estimate in the current year and that in the prior year	N/A	
Cumulative amount of equity-settled share-based payments included in capital reserve as at December 31, 2023	76,269,555.57	–
Total expenses recognised arising from equity-settled share-based payments in 2023	41,828,229.62	–
Cumulative amount of equity-settled share-based payments included in capital reserve as at December 31, 2024	116,441,799.45	–
Total expenses recognised arising from equity-settled share-based payments in 2024	40,172,243.88	–

Other explanations:

For the restricted shares granted in 2024 and 2023, the Company refers to the fair value of the Company’s ordinary share at the grant date valued by the management of the Group or the recent equity transfer price of the Company’s ordinary share among shareholders as a reference for determining fair value, if appropriate.

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(XIII) COMMITMENTS AND CONTINGENCIES

1. Commitments

<u>Items</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Contracted for but not yet recognised in the financial statement		
– Purchase of long-term asset commitments . . .	379,492,871.79	727,186,099.91
Total	<u>379,492,871.79</u>	<u>727,186,099.91</u>

2. Contingencies

The Group’s subsidiary, the Real Estate Company, provides guarantees for mortgage loans of employees purchasing properties, in accordance with industry practice. These guarantees are primarily interim in nature, effective from the date the guarantee contract becomes effective until the property title deeds for the purchased units are issued, the mortgage registration procedures are completed, and the documents are delivered to and held by the bank. As at December 31, 2024, the total amount of such mortgage guarantees provided by the Group for employee purchasing properties was approximately RMB185 million. Currently, there have been no defaults by employees, and the Group considers the risks associated with these guarantees to be minimal, therefore, no provision for these guarantees is recognised in the Historical Financial Information.

(XIV) EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

Pursuant to the approval of extraordinary general meeting of shareholders on October 16, 2025, a dividend of RMB1.39 per share with a total amount of RMB1,000,000,000.00 was declared to shareholders, and the dividends was paid in December 2025.

Save as above mentioned event, the Group has no other significant events during the period from the end of Track Record Period to date of this report.

(XV) OTHER SIGNIFICANT EVENTS

1. Segment information

(1) Determination basis and accounting policies of reporting segments

The Group determines its operating segments based on its internal organisational structure, management requirements, and internal reporting system. Reportable segments are identified from these operating segments after considering materiality. Two or more operating segments may be aggregated into a single reportable segment if they exhibit similar economic characteristics and share similarities in areas such as the nature of products or services, types of customers, and methods of sales or service delivery. The Group’s management regularly

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reviews the operating results of these segments for resource allocation and performance evaluation purposes. As the review does not encompass the assets and liabilities of the operating segments, segment assets and segment liabilities are therefore not disclosed.

The Group has identified four reportable segments, which are determined based on the nature of business activities:

- Formula Business — Engaged in the production and sale of formula products.
- Liquid Milk and Other Dairy Products Business — Engaged in the production and sale of dairy products including yogurt, milk, dairy beverages, cheese, and butter, etc.
- Dairy Farming Business — Engaged in the production and sale of raw milk, feed, and other farming products.
- Other Businesses — Engaged in the production and sale of packaging materials, raw materials, and other products, also the provision of certain services, e.g. consigned processing service.

Segment information is presented in accordance with the accounting policies and measurement bases used for internal reporting to management, which are consistent with the accounting and measurement bases applied in the preparation of the financial statements.

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(2) Financial information of reporting segments

RMB

Items	2024							Total
	Formula	Liquid milk and Other dairy products	Dairy farming	Others	Unallocated amount	Inter-segment offsetting		
External revenue	5,370,791,552.12	12,294,338,800.70	1,391,763,968.44	775,595,336.57	-	-	19,832,489,657.83	
Inter-segment revenue	-	-	3,614,539,604.20	454,270,238.38	-	(4,068,809,842.58)	-	
Operating costs	(2,443,397,907.01)	(9,592,264,051.29)	(3,998,281,305.93)	(964,542,159.38)	-	4,039,775,590.38	(12,958,709,833.23)	
Interest income	13,989,881.80	1,570,374.68	1,825,160.71	1,753,797.10	28,588,356.29	(35,507,347.36)	12,220,223.22	
Interest expenses	(34,213,407.75)	(21,973,923.71)	(130,768,542.89)	(2,935,722.71)	(250,450,912.66)	35,507,347.36	(404,835,162.36)	
(Loss)/gain from long-term equity investments under equity method	-	(192,190.49)	(3,920,309.48)	499,949.52	-	-	(3,612,550.45)	
Significant non-cash expenses:								
Depreciation and amortisation expenses	(226,743,177.43)	(392,224,291.10)	(702,787,290.87)	(146,156,137.98)	-	1,555,884.85	(1,466,355,012.53)	
Losses on/(Reversal of) credit impairment	77.11	(15,386,169.38)	(2,625,748.93)	(1,161,557.37)	-	-	(19,173,398.57)	
Impairment losses of assets	107,857,346.35	158,796,392.11	45,206,219.19	183,282,426.27	-	(60,000,000.00)	435,142,383.92	
Other unallocated amount (Note)	-	-	-	-	(521,886,293.29)	-	(521,886,293.29)	
Total profit (loss)	1,201,374,267.81	572,645,113.53	336,413,904.79	9,431,105.84	(743,748,849.66)	49,457,204.69	1,425,572,747.00	

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RMB

2023

Items	Liquor milk and Other dairy products				Dairy farming	Others	Unallocated amount	Inter-segment offsetting	Total
	Formula								
External revenue	5,429,189,300.25	10,353,751,056.55	841,023,680.27	922,211,210.05	-	-	-	17,546,175,247.12	
Inter-segment revenue	-	-	2,906,195,269.71	330,037,845.06	-	-	(3,236,233,114.77)	-	
Operating costs	(2,738,988,620.33)	(7,972,267,897.59)	(3,106,469,250.81)	(944,366,911.11)	-	-	3,219,510,722.28	(11,542,581,957.56)	
Interest income	16,955,063.62	2,027,321.90	2,522,203.48	3,974,563.46	37,878,215.45	-	(33,854,044.34)	29,503,523.57	
Interest expenses	(33,495,105.60)	(13,971,241.02)	(124,257,653.40)	(4,652,087.28)	(797,896,553.61)	-	33,854,044.34	(940,418,596.57)	
Losses from long-term equity investments under equity method	-	(2,614,343.32)	(3,669,589.16)	(1,757,716.04)	-	-	-	(8,041,648.52)	
Significant non-cash expenses: Depreciation and amortisation expenses	(246,726,921.92)	(343,433,849.16)	(489,272,936.84)	(110,989,042.01)	-	-	2,616,199.08	(1,187,806,550.85)	
Losses on/(reversal of) credit impairment	-	39,170,336.10	(22,319.95)	2,435,971.65	-	-	-	41,583,987.80	
Impairment losses of assets	2,907,667.50	20,734,123.06	137,434,015.34	92,056,633.89	-	-	-	253,132,439.79	
Other unallocated amount (Note)	-	-	-	-	(625,445,884.13)	-	-	(625,445,884.13)	
Total profit (loss)	799,976,803.27	570,775,692.88	58,607,303.42	140,720,862.21	(1,385,464,222.29)	-	(38,585,250.48)	146,031,189.01	

Note: The other unallocated amount consists of general and administrative expenses related to headquarters functions, gains or losses from changes in fair values, and financial expenses incurred in support of the Group’s overall operations. These amounts are not allocated when assessing segments’ performance.

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External revenue by geographical area

RMB

Items	2024	2023
External revenue from Chinese Mainland	19,832,246,645.31	17,544,407,040.59
External revenue from Overseas	243,012.52	1,768,206.53
Total	19,832,489,657.83	17,546,175,247.12

Non-current assets by locations

RMB

Items	December 31, 2024	December 31, 2023
Domestic non-current assets	16,232,139,409.53	16,556,296,638.12
Foreign non-current assets	42,137,655.35	–
Total	16,274,277,064.88	16,556,296,638.12

Non-current assets do not include financial assets or deferred tax assets.

(3) Degree of reliance on major customers

In 2024 and 2023, no single customer accounted for more than 10% of the Group’s revenue.

2. Capital management

The Group manages its capital by optimising the structure of liabilities and owners’ equity so as to ensure the entities of the Group can continue as going concern and maximise the returns to shareholders. The Group’s capital structure consists of the Group’s net debt (Note (VI) 22, 31, 32 and 34) and owners’ equity (including share capital/paid-in capital, capital reserve, other comprehensive income, surplus reserve and retained earnings disclosed in Note (VI) 36 to Note (VI) 40).

The Group is not exposed to external compulsory capital management requirements. The management of the Group reviews its capital structure. The risk related to the capital cost and various capital are also considered as part of the review. During the Track Record Period, there were no changes to the Group’s capital management objectives, policies or procedures.

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(XVI) NOTES TO MAJOR ITEMS IN THE COMPANY’S HISTORICAL FINANCIAL INFORMATION

1. Accounts receivable

(1) Disclosed by aging

Based on the dates of delivery of goods or services, the aging analysis of accounts receivable is as follows:

RMB

Aging	December 31, 2024			December 31, 2023		
	Gross carrying amount	Credit loss allowance	Proportion of allowance	Gross carrying amount	Credit loss allowance	Proportion of allowance
			(%)			(%)
Within 1 year (inclusive) . . .	667,354,629.92	(8,030,557.53)	1.20	605,993,277.11	(10,047,323.53)	1.66
1-2 years (inclusive)	19,121,231.40	(5,509,217.50)	28.81	14,388,922.07	(1,968,378.91)	13.68
2-3 years (inclusive)	10,801,046.84	(901,154.31)	8.34	2,203,031.82	(2,203,031.82)	100.00
Over 3 years	2,341,653.04	(2,341,653.04)	100.00	933,614.44	(933,614.44)	100.00
Total	<u>699,618,561.20</u>	<u>(16,782,582.38)</u>	<u>2.40</u>	<u>623,518,845.44</u>	<u>(15,152,348.70)</u>	<u>2.43</u>

(2) Disclosed by credit loss provision method

RMB

Items	December 31, 2024				
	Gross carrying amount		Credit loss allowance		Carrying amount
	Amount	Percentage	Amount	Proportion of allowance	
		(%)		(%)	
Credit loss allowance assessed on an individual basis	2,589,085.07	0.37	(2,589,085.07)	100.00	-
Credit loss allowance assessed on a portfolio basis					
Intra-group companies	270,334,797.59	38.64	-	-	270,334,797.59
Distributors	1,254,715.67	0.18	(228,214.33)	18.19	1,026,501.34
E-commerce	241,014,887.27	34.45	(530,232.75)	0.22	240,484,654.52
KA customers	85,319,044.15	12.20	(8,842,018.81)	10.36	76,477,025.34
Special channels	97,750,292.16	13.97	(4,572,288.61)	4.68	93,178,003.55
Others	1,355,739.29	0.19	(20,742.81)	1.53	1,334,996.48
Total	<u>699,618,561.20</u>	<u>100.00</u>	<u>(16,782,582.38)</u>	<u>2.40</u>	<u>682,835,978.82</u>

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RMB

December 31, 2023					
Items	Gross carrying amount		Credit loss allowance		Carrying amount
	Amount	Percentage	Amount	Proportion of allowance	
		(%)		(%)	
Credit loss allowance assessed on an individual basis	-	-	-	-	-
Credit loss allowance assessed on a portfolio basis					
Intra-group companies	137,013,345.19	21.97	-	-	137,013,345.19
Distributors	11,575,032.29	1.86	(1,153,538.26)	9.97	10,421,494.03
E-commerce	233,534,565.90	37.45	(1,141,328.79)	0.49	232,393,237.11
KA customers	84,273,346.65	13.52	(5,133,162.36)	6.09	79,140,184.29
Special channels	151,884,907.05	24.36	(7,533,491.39)	4.96	144,351,415.66
Others	5,237,648.36	0.84	(190,827.90)	3.64	5,046,820.46
Total	<u>623,518,845.44</u>	<u>100.00</u>	<u>(15,152,348.70)</u>	<u>2.43</u>	<u>608,366,496.74</u>

Credit loss allowance assessed on an individual basis

RMB

December 31, 2024				
Name	Gross carrying amount	Credit loss allowance	Proportion of allowance	Reason for allowance
			(%)	
Customer III	2,116,520.91	(2,116,520.91)	100.00	The customer is experiencing operational difficulties, and the likelihood of collection is low.
Customer IV	472,564.16	(472,564.16)	100.00	The customer is experiencing operational difficulties, and the likelihood of collection is low.
Total	<u>2,589,085.07</u>	<u>(2,589,085.07)</u>	/ /	

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Credit loss allowance assessed on portfolios basis

As part of the Company’s credit risk management, in addition to assessing expected credit losses on an individual asset basis for accounts receivable with significantly different credit risk characteristics, the Company groups its accounts receivable into six portfolios based on common risk characteristics: intra-group companies, distributors, E-commerce, KA customers, special channels, and others. The aging of accounts receivable reflects the repayment capacity of various customers as the accounts receivable approach maturity. The Company uses the aging of accounts receivable, calculated from the date of delivery of goods or services, to evaluate expected credit losses for portfolios with similar risk characteristics.

As at December 31, 2024 and December 31, 2023, the credit risk exposure of accounts receivable for each portfolio and their lifetime expected credit losses are as follows:

RMB

<u>Intra-group companies</u>	<u>December 31, 2024</u>			
	<u>Expected credit loss rate</u>	<u>Gross carrying amount</u>	<u>Credit loss allowance</u>	<u>Carrying amount</u>
	(%)			
Within 1 year (inclusive)	–	246,822,891.16	–	246,822,891.16
1-2 years (inclusive)	–	13,612,013.90	–	13,612,013.90
2-3 years (inclusive)	–	9,899,892.53	–	9,899,892.53
Total		<u>270,334,797.59</u>	<u>–</u>	<u>270,334,797.59</u>

RMB

<u>Distributors</u>	<u>December 31, 2024</u>			
	<u>Expected credit loss rate</u>	<u>Gross carrying amount</u>	<u>Credit loss allowance</u>	<u>Carrying amount</u>
	(%)			
Within 1 year (inclusive)	2.15	1,049,056.04	(22,554.70)	1,026,501.34
1-2 years (inclusive)	100.00	18,951.59	(18,951.59)	–
2-3 years (inclusive)	100.00	28,807.77	(28,807.77)	–
Over 3 years	100.00	157,900.27	(157,900.27)	–
Total		<u>1,254,715.67</u>	<u>(228,214.33)</u>	<u>1,026,501.34</u>

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RMB

December 31, 2024				
E-commerce	Expected credit loss rate	Gross carrying amount	Credit loss allowance	Carrying amount
	(%)			
Within 1 year (inclusive)	0.22	241,014,887.27	(530,232.75)	240,484,654.52
Total		<u>241,014,887.27</u>	<u>(530,232.75)</u>	<u>240,484,654.52</u>

RMB

December 31, 2024				
KA customers	Expected credit loss rate	Gross carrying amount	Credit loss allowance	Carrying amount
	(%)			
Within 1 year (inclusive)	2.73	78,623,445.40	(2,146,420.06)	76,477,025.34
1-2 years (inclusive)	100.00	3,639,499.44	(3,639,499.44)	-
2-3 years (inclusive)	100.00	872,346.54	(872,346.54)	-
Over 3 years	100.00	2,183,752.77	(2,183,752.77)	-
Total		<u>85,319,044.15</u>	<u>(8,842,018.81)</u>	<u>76,477,025.34</u>

RMB

December 31, 2024				
Special channels	Expected credit loss rate	Gross carrying amount	Credit loss allowance	Carrying amount
	(%)			
Within 1 year (inclusive)	4.51	97,578,807.78	(4,400,804.23)	93,178,003.55
1-2 years (inclusive)	100.00	171,484.38	(171,484.38)	-
Total		<u>97,750,292.16</u>	<u>(4,572,288.61)</u>	<u>93,178,003.55</u>

RMB

December 31, 2024				
Others	Expected credit loss rate	Gross carrying amount	Credit loss allowance	Carrying amount
	(%)			
Within 1 year (inclusive)	1.53	1,355,739.29	(20,742.81)	1,334,996.48
Total		<u>1,355,739.29</u>	<u>(20,742.81)</u>	<u>1,334,996.48</u>

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RMB

Intra-group companies	December 31, 2023			
	Expected credit loss rate	Gross carrying amount	Credit loss allowance	Carrying amount
	(%)			
Within 1 year (inclusive)	–	124,592,802.03	–	124,592,802.03
1-2 years (inclusive)	–	12,420,543.16	–	12,420,543.16
Total		<u>137,013,345.19</u>	<u>–</u>	<u>137,013,345.19</u>

RMB

Distributors	December 31, 2023			
	Expected credit loss rate	Gross carrying amount	Credit loss allowance	Carrying amount
	(%)			
Within 1 year (inclusive)	1.79	10,611,438.78	(189,944.75)	10,421,494.03
1-2 years (inclusive)	100.00	29,979.07	(29,979.07)	–
Over 3 years	100.00	933,614.44	(933,614.44)	–
Total		<u>11,575,032.29</u>	<u>(1,153,538.26)</u>	<u>10,421,494.03</u>

RMB

E-commerce	December 31, 2023			
	Expected credit loss rate	Gross carrying amount	Credit loss allowance	Carrying amount
	(%)			
Within 1 year (inclusive)	0.21	232,882,289.92	(489,052.81)	232,393,237.11
1-2 years (inclusive)	100.00	632,996.93	(632,996.93)	–
2-3 years (inclusive)	100.00	19,279.05	(19,279.05)	–
Total		<u>233,534,565.90</u>	<u>(1,141,328.79)</u>	<u>232,393,237.11</u>

RMB

KA customers	December 31, 2023			
	Expected credit loss rate	Gross carrying amount	Credit loss allowance	Carrying amount
	(%)			
Within 1 year (inclusive)	2.20	80,920,433.83	(1,780,249.54)	79,140,184.29
1-2 years (inclusive)	100.00	1,169,160.05	(1,169,160.05)	–
2-3 years (inclusive)	100.00	2,183,752.77	(2,183,752.77)	–
Total		<u>84,273,346.65</u>	<u>(5,133,162.36)</u>	<u>79,140,184.29</u>

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RMB

Special channels	December 31, 2023			
	Expected credit loss rate	Gross carrying amount	Credit loss allowance	Carrying amount
	(%)			
Within 1 year (inclusive)	4.96	151,884,907.05	(7,533,491.39)	144,351,415.66
Total		<u>151,884,907.05</u>	<u>(7,533,491.39)</u>	<u>144,351,415.66</u>

RMB

Others	December 31, 2023			
	Expected credit loss rate	Gross carrying amount	Credit loss allowance	Carrying amount
	(%)			
Within 1 year (inclusive)	1.07	5,101,405.50	(54,585.04)	5,046,820.46
1-2 years (inclusive)	100.00	136,242.86	(136,242.86)	–
Total		<u>5,237,648.36</u>	<u>(190,827.90)</u>	<u>5,046,820.46</u>

(3) Changes in credit loss allowance for accounts receivables

2024

RMB

Category	January 1, 2024	Changes for the year			December 31, 2024
		Recognised	Reversed	Write-off	
Credit loss allowance assessed on an individual basis	–	2,589,085.07	–	–	2,589,085.07
Credit loss allowance assessed on a portfolio basis	<u>15,152,348.70</u>	<u>10,421,836.59</u>	<u>(10,047,323.53)</u>	<u>(1,333,364.45)</u>	<u>14,193,497.31</u>
Total	<u>15,152,348.70</u>	<u>13,010,921.66</u>	<u>(10,047,323.53)</u>	<u>(1,333,364.45)</u>	<u>16,782,582.38</u>

2023

RMB

Category	January 1, 2023	Changes for the year			December 31, 2023
		Recognised	Reversed	Write-off	
Credit loss allowance assessed on an individual basis	–	–	–	–	–
Credit loss allowance assessed on a portfolio basis	<u>6,150,462.19</u>	<u>11,316,056.80</u>	<u>(1,884,267.70)</u>	<u>(429,902.59)</u>	<u>15,152,348.70</u>
Total	<u>6,150,462.19</u>	<u>11,316,056.80</u>	<u>(1,884,267.70)</u>	<u>(429,902.59)</u>	<u>15,152,348.70</u>

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(4) Credit loss allowance assessed using the simplified approach under ECL model

2024

RMB

Items	2024		
	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
Balance as at January 1, 2024	10,047,323.53	5,105,025.17	15,152,348.70
Changes due to financial instruments recognised as at January 1, 2024			
– Transferred to credit-impaired	(288,773.92)	288,773.92	–
Impairment losses recognised	7,120,754.56	5,890,167.10	13,010,921.66
Impairment losses reversed	(9,758,549.61)	(288,773.92)	(10,047,323.53)
Write-off	–	(1,333,364.45)	(1,333,364.45)
December 31, 2024	<u>7,120,754.56</u>	<u>9,661,827.82</u>	<u>16,782,582.38</u>

2023

RMB

Items	2023		
	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
Balance as at January 1, 2023	1,967,794.70	4,182,667.49	6,150,462.19
Changes due to financial instruments recognised as at January 1, 2023			
– Transferred to credit-impaired	(83,527.00)	83,527.00	–
Impairment losses recognised	10,047,323.53	1,268,733.27	11,316,056.80
Impairment losses reversed	(1,884,267.70)	–	(1,884,267.70)
Write-off	–	(429,902.59)	(429,902.59)
December 31, 2023	<u>10,047,323.53</u>	<u>5,105,025.17</u>	<u>15,152,348.70</u>

(5) Accounts receivable actually written off in each year during the Track Record Period

There were no significant write-offs of accounts receivable in 2024 and 2023.

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(6) Five largest debtors by accounts receivable at the end of each year during the Track Record Period

December 31, 2024

RMB

<u>Name</u>	<u>Relationship with the Company</u>	<u>Gross carrying amount</u>	<u>Aging</u>	<u>Percentage of total balance</u>	<u>Credit loss allowance</u>
				(%)	
First	Third party	162,671,084.94	Within 1 year (inclusive)	23.25	(357,876.39)
Second	Third party	71,773,883.64	Within 1 year (inclusive)	10.26	(157,902.54)
Third	Intra-group companies	35,724,605.02	Within 1 year (inclusive)	5.11	–
Fourth	Intra-group companies	34,549,405.31	Within 1 year (inclusive)	4.94	–
Fifth	Intra-group companies	29,396,822.56	Within 1 year (inclusive)	4.20	–
Total		<u>334,115,801.47</u>		<u>47.76</u>	<u>(515,778.93)</u>

December 31, 2023

RMB

<u>Name</u>	<u>Relationship with the Company</u>	<u>Gross carrying amount</u>	<u>Aging</u>	<u>Percentage of total balance</u>	<u>Credit loss allowance</u>
				(%)	
First	Third party	175,502,977.40	Within 1 year (inclusive), 1-2 years (inclusive)	28.15	(375,414.82)
Second	Third party	56,698,450.06	Within 1 year (inclusive), 1-2 years (inclusive)	9.09	(145,181.56)
Third	Intra-group companies	34,311,129.02	Within 1 year (inclusive), 1-2 years (inclusive)	5.50	–

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Name	Relationship with the Company	Gross carrying amount	Aging	Percentage of total balance (%)	Credit loss allowance
Fourth	Intra-group companies	29,335,101.73	Within 1 year (inclusive), 1-2 years (inclusive)	4.70	–
Fifth	Third party	25,296,837.50	Within 1 year (inclusive)	4.06	(1,254,723.14)
Total		<u>321,144,495.71</u>		<u>51.50</u>	<u>(1,775,319.52)</u>

2. Other receivables

2.1 Summary of other receivables

RMB

Items	December 31, 2024	December 31, 2023
Interest receivable	178,317,602.80	169,862,903.69
Dividends receivable	–	480,000,000.00
Other receivables	<u>1,789,432,175.51</u>	<u>1,240,626,787.26</u>
Total	<u>1,967,749,778.31</u>	<u>1,890,489,690.95</u>

2.2 Interest receivable

RMB

Items	December 31, 2024	December 31, 2023
Interest on borrowings	<u>178,317,602.80</u>	<u>169,862,903.69</u>
Total	<u>178,317,602.80</u>	<u>169,862,903.69</u>

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2.3 Other receivables

(1) Disclosed by aging

RMB

Aging	As at December 31, 2024			As at December 31, 2023		
	Gross carrying amount	Credit loss allowance	Proportion of allowance (%)	Gross carrying amount	Credit loss allowance	Proportion of allowance (%)
Within 1 year (inclusive)	1,241,518,557.87	(54,188.13)	–	687,584,916.37	(2,990,690.29)	0.43
1-2 years (inclusive)	37,508,113.06	(352,099.98)	0.94	40,499,759.30	(2,543,010.79)	6.28
2-3 years (inclusive)	15,478,383.98	(44,386.93)	0.29	568,852,983.73	(70,197,977.91)	12.34
3-4 years (inclusive)	553,395,015.00	(70,230,532.52)	12.69	659,000.00	(100,125.78)	15.19
4-5 years (inclusive)	519,099.00	(14,212.63)	2.74	–	–	–
Over 5 years	14,025,956.69	(2,317,529.90)	16.52	20,662,954.16	(1,801,021.53)	8.72
Total	<u>1,862,445,125.60</u>	<u>(73,012,950.09)</u>	<u>3.92</u>	<u>1,318,259,613.56</u>	<u>(77,632,826.30)</u>	<u>5.89</u>

(2) Disclosed by the nature of other receivables

RMB

Nature	Gross carrying amount as at December 31, 2024	Gross carrying amount as at December 31, 2023
Other receivables from intra-group companies	1,842,323,057.00	1,282,716,313.15
Security deposits	15,453,528.89	15,972,604.35
Consideration receivables from asset disposals	–	4,041,746.14
Employee loans and petty cash	128,000.00	226,156.52
Others	4,540,539.71	15,302,793.40
Total	<u>1,862,445,125.60</u>	<u>1,318,259,613.56</u>

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(3) *Details of credit loss allowance*

Movements in credit loss allowance on other receivables are as follows

RMB

Items	2024			
	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
Balance as at January 1, 2024 . . .	70,365,036.69	–	7,267,789.61	77,632,826.30
Impairment losses recognised . . .	33,558.75	–	2,000.00	35,558.75
Impairment losses reversed	(163,764.81)	–	(293,410.56)	(457,175.37)
Write-off	–	–	(4,198,259.59)	(4,198,259.59)
Balance as at December 31, 2024	<u>70,234,830.63</u>	<u>–</u>	<u>2,778,119.46</u>	<u>73,012,950.09</u>

RMB

Items	2023			
	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
Balance as at January 1, 2023 . . .	70,448,884.87	–	4,260,087.98	74,708,972.85
Impairment losses recognised . . .	129,986.75	–	4,318,079.42	4,448,066.17
Impairment losses reversed	(213,834.93)	–	–	(213,834.93)
Write-off	–	–	(1,310,377.79)	(1,310,377.79)
Balance as at December 31, 2023	<u>70,365,036.69</u>	<u>–</u>	<u>7,267,789.61</u>	<u>77,632,826.30</u>

Other receivables that are individually significant and for which credit loss allowance are individually assessed at the end of the year:

RMB

Other receivables (by unit)	December 31, 2024			Reason
	Gross carrying amount	Credit loss allowance	Proportion of allowance (%)	
Real Estate Company	<u>567,870,000.00</u>	<u>(70,196,190.09)</u>	12.36	Note

Note: As at December 31, 2024, the balance receivable from the subsidiary, Real Estate Company, amounted to RMB567,870,000.00. Based on the expected future amounts recovery, the Company has recognised a credit loss allowance of RMB70,196,190.09 at the end of the year.

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RMB

Other receivables (by unit)	December 31, 2023			Reason
	Gross carrying amount	Credit loss allowance	Proportion of allowance (%)	
Real Estate Company	<u>570,512,080.00</u>	<u>(70,196,190.09)</u>	12.30	Note

Note: As at December 31, 2023, the balance receivable from the subsidiary, Real Estate Company, amounted to RMB570,512,080.00. Based on the expected future amounts recovery, the Company has recognised a credit loss allowance of RMB70,196,190.09 at the end of the year.

(4) *Actual write-offs of other receivables during the year*

There were no significant write-offs of other receivables in 2024 and 2023.

(5) *Five largest debtors by other receivables at the end of each year during the Track Record Period*

December 31, 2024

RMB

Name	Nature of the amount	Gross carrying amount	Aging	Percentage of total balance (%)	Credit loss allowance
First	Other receivables from intra-group companies	567,870,000.00	2-3 years (inclusive); 3-4 years (inclusive)	30.49	(70,196,190.09)
Second	Other receivables from intra-group companies	239,727,744.72	Within 1 year (inclusive); 1-2 years (inclusive)	12.87	–
Third	Other receivables from intra-group companies	150,000,000.00	Within 1 year (inclusive)	8.05	–
Fourth	Other receivables from intra-group companies	150,000,000.00	Within 1 year (inclusive)	8.05	–
Fifth	Other receivables from intra-group companies	100,818,955.39	Within 1 year (inclusive); 1-2 years (inclusive)	5.41	–
Total		<u>1,208,416,700.11</u>		<u>64.87</u>	<u>(70,196,190.09)</u>

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December 31, 2023

RMB

Name	Nature of the amount	Gross carrying amount	Aging	Percentage of total balance (%)	Credit loss allowance
First	Other receivables from intra-group companies	570,512,080.00	1-2 years (inclusive); 2-3 years (inclusive)	43.28	(70,196,190.09)
Second	Other receivables from intra-group companies	269,596,534.18	Within 1 year (inclusive)	20.45	–
Third	Other receivables from intra-group companies	113,521,115.82	Within 1 year (inclusive)	8.61	–
Fourth	Other receivables from intra-group companies	88,231,303.91	Within 1 year (inclusive)	6.69	–
Fifth	Other receivables from intra-group companies	45,000,000.00	Within 1 year (inclusive)	3.41	–
Total		<u>1,086,861,033.91</u>		<u>82.44</u>	<u>(70,196,190.09)</u>

3. Long-term equity investments

RMB

Investee	December 31, 2024			December 31, 2023		
	Cost	Provision for impairment	Carrying amount	Cost	Provision for impairment	Carrying amount
Investments in subsidiaries	6,664,677,103.01	(101,895,522.10)	6,562,781,580.91	6,487,196,870.56	(41,895,522.10)	6,445,301,348.46
Investments in associates	<u>4,999,749.77</u>	<u>(4,057,671.36)</u>	<u>942,078.41</u>	<u>5,061,705.94</u>	<u>(4,057,671.36)</u>	<u>1,004,034.58</u>
Total	<u>6,669,676,852.78</u>	<u>(105,953,193.46)</u>	<u>6,563,723,659.32</u>	<u>6,492,258,576.50</u>	<u>(45,953,193.46)</u>	<u>6,446,305,383.04</u>

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(1) Investments in subsidiaries

December 31, 2024

RMB

Investee	January 1, 2024	Changes for the year				December 31, 2024	Closing balance of impairment provision	Dividends declared for the year
		Additional investment	Reduction in investment	Provision for impairment loss	Share-based payments			
Leyuan Animal Husbandry	2,106,418,082.48	-	-	-	3,612,000.22	2,110,030,082.70	-	-
Banner Animal Husbandry	230,072,624.06	-	-	-	-	230,072,624.06	-	-
Hebei Guanwei	2,494,700.00	-	-	-	-	2,494,700.00	-	-
Taihang Dairy	116,679,173.22	-	-	-	167,193.63	116,846,366.85	-	-
Banner Dairy	315,133,101.73	-	-	-	566,565.00	315,699,666.73	-	-
Junheng Dairy	100,053,142.39	-	-	-	111,897.16	100,165,039.55	-	-
Leshi Dairy	84,599,440.94	82,900,807.00	-	-	138,241.22	167,638,489.16	-	-
Baoding Junlebao	18,055,114.72	-	-	-	42,729.10	18,097,843.82	-	-
Jiangsu Junlebao	68,701,151.40	-	-	-	-	68,701,151.40	-	-
Yongsheng Dairy	440,105,114.72	-	-	-	42,729.10	440,147,843.82	-	50,000,000.00
Siping Junlebao	440,140,000.00	-	-	-	-	440,140,000.00	-	-
Zhengyang Junlebao	225,105,114.72	-	-	-	42,729.10	225,147,843.82	-	-
Weixian Junlebao	50,105,114.72	-	-	-	42,729.10	50,147,843.82	-	150,000,000.00
Handan Junlebao	100,000,000.00	-	-	-	-	100,000,000.00	-	-
Cangzhou Junlebao	100,000,000.00	-	-	-	-	100,000,000.00	-	-
Zhengyang Junchang	1,000,000.00	-	(1,000,000.00)	-	-	-	-	13,830,080.86
Shanghai Junlebao	6,771,945.11	-	-	-	4,884,553.33	11,656,498.44	-	-
Beijing Junbao	11,557,638.27	-	-	-	2,399,442.57	13,957,080.84	-	-
Shijiazhuang Baokuwang	1,000,000.00	-	(1,000,000.00)	-	-	-	-	5,015,556.41
Guangdong Junlebao	11,004,397.46	-	-	-	1,052,840.66	12,057,238.12	-	-
Derong Packaging	585,016,197.33	-	-	-	-	585,016,197.33	-	49,994,050.00

APPENDIX I

ACCOUNTANTS’ REPORT

Investee	Changes for the year					Closing balance of impairment provision	Dividends declared for the year	
	January 1, 2024	Additional investment	Reduction in investment	Provision for impairment loss	Share-based payments			December 31, 2024
Real Estate Company	–	–	–	–	142,175.26	142,175.26	–	
Junlebao South China	47,190,000.00	12,000,000.00	–	–	–	59,190,000.00	–	
Xi’an Yingqiao	507,500,000.00	–	–	–	–	507,500,000.00	–	
Sikeqi Hebei	52,903,475.59	10,000,000.00	–	–	–	62,903,475.59	–	
Lesson Dairy	539,595,819.60	–	–	–	–	539,595,819.60	5,798,589.87	
Junlebao Enterprise Management	284,100,000.00	50,600,000.00	–	(60,000,000.00)	–	274,700,000.00	(60,000,000.00)	
Anhui Junlebao Dairy	–	733,600.00	–	–	–	733,600.00	–	
Hebei Jintaiyu	–	10,000,000.00	–	–	–	10,000,000.00	–	
Total	6,445,301,348.46	166,234,407.00	(2,000,000.00)	(60,000,000.00)	13,245,825.45	6,562,781,580.91	274,638,277.14	

December 31, 2023

Investee	Changes for the year					Closing balance of impairment provision	Dividends declared for the year	
	January 1, 2023	Additional investment	Reduction in investment	Provision for impairment loss	Share-based payments			December 31, 2023
Leyuan Animal Husbandry	2,102,876,843.52	–	–	–	3,541,238.96	2,106,418,082.48	–	
Banner Animal Husbandry	202,002,896.20	28,069,727.86	–	–	–	230,072,624.06	–	
Hebei Guanwei	1,500,000.00	994,700.00	–	–	–	2,494,700.00	–	
Taihang Dairy	112,429,570.75	4,127,500.00	–	–	122,102.47	116,679,173.22	–	
Banner Dairy	196,012,793.61	118,518,162.49	–	–	602,145.63	315,133,101.73	–	
Junheng Dairy	100,000,000.00	–	–	–	53,142.39	100,053,142.39	–	
Leshi Dairy	79,427,040.78	5,000,000.00	–	–	172,400.16	84,599,440.94	–	
Baoding Junlebao	11,551,827.40	6,450,000.00	–	–	53,287.32	18,055,114.72	–	

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Investee	Changes for the year					December 31, 2023	Closing balance of impairment provision	Dividends declared for the year
	January 1, 2023	Additional investment	Reduction in investment	Provision for impairment loss	Share-based payments			
Jiangsu Junlebao	65,546,951.40	3,154,200.00	-	-	-	68,701,151.40	-	
Yongsheng Dairy	440,051,827.40	-	-	-	53,287.32	440,105,114.72	-	
Siping Junlebao	440,140,000.00	-	-	-	-	440,140,000.00	-	
Zhengyang Junlebao	150,051,827.40	75,000,000.00	-	-	53,287.32	225,105,114.72	-	
Weixian Junlebao	50,051,827.40	-	-	-	53,287.32	50,105,114.72	-	
Handan Junlebao	100,042,681.38	-	-	-	(42,681.38)	100,000,000.00	-	
Cangzhou Junlebao	100,000,000.00	-	-	-	-	100,000,000.00	-	
Zhengyang Junchang	1,000,000.00	-	-	-	-	1,000,000.00	30,000,000.00	
Shanghai Junlebao	4,966,361.83	-	-	-	1,805,583.28	6,771,945.11	-	
Beijing Junbao	6,140,307.44	-	-	-	5,417,330.83	11,557,638.27	-	
Shijiazhuang Baokuwang	1,000,000.00	-	-	-	-	1,000,000.00	-	
Guangdong Junlebao	5,332,305.04	5,000,000.00	-	-	672,092.42	11,004,397.46	-	
Derong Packaging	585,016,197.33	-	-	-	-	585,016,197.33	-	
Real Estate Company	-	-	-	(67,522.10)	67,522.10	-	(41,895,522.10)	
Junlebao South China	-	47,190,000.00	-	-	-	47,190,000.00	-	
Xi’an Yinqiao	-	507,500,000.00	-	-	-	507,500,000.00	-	
Sikeqi Hebei	-	52,903,475.59	-	-	-	52,903,475.59	-	
Lesson Dairy	-	539,595,819.60	-	-	-	539,595,819.60	-	
Junlebao Enterprise Management	-	284,100,000.00	-	-	-	284,100,000.00	-	
Total	4,755,141,258.88	1,677,603,585.54	-	(67,522.10)	12,624,026.14	6,445,301,348.46	560,000,000.00	

APPENDIX I

ACCOUNTANTS’ REPORT

(2) Investments in associates

December 31, 2024

Investee	Changes for the year						Closing balance of impairment provision
	January 1, 2024	Additional investment	Reduction in investment	Investment profit or loss recognised under equity method	Declare and distribute cash dividends or profits	Provision for impairment loss	
Shanghai Cheespirit	–	–	–	–	–	–	(4,057,671.36)
Henan Junlebao	390,900.26	–	–	(86,399.33)	–	304,500.93	–
Shandong Junlebao	613,134.32	–	–	24,443.16	–	637,577.48	–
Total	1,004,034.58	–	–	(61,956.17)	–	942,078.41	(4,057,671.36)

RMB

December 31, 2023

Investee	Changes for the year						Closing balance of impairment provision
	January 1, 2023	Additional investment	Reduction in investment	Investment profit or loss recognised under equity method	Declare and distribute cash dividends or profits	Provision for impairment loss	
Sikeqi Hebei	6,427,854.18	–	(8,269,645.94)	1,841,791.76	–	–	–
Sinong	1,609,764.34	1,000,000.00	(1,969,713.38)	410,927.98	(1,050,978.94)	–	–
Shanghai Cheespirit	8,928,769.00	–	–	(4,871,097.64)	–	(4,057,671.36)	(4,057,671.36)
Henan Junlebao	–	400,000.00	–	(9,099.74)	–	390,900.26	–
Shandong Junlebao	–	600,000.00	–	13,134.32	–	613,134.32	–
Total	16,966,387.52	2,000,000.00	(10,239,359.32)	(2,614,343.32)	(1,050,978.94)	1,004,034.58	(4,057,671.36)

RMB

APPENDIX I

ACCOUNTANTS’ REPORT

4. Accounts payable

(1) *Disclosed by aging*

RMB

Aging	December 31, 2024	December 31, 2023
Within 1 year (inclusive)	1,652,184,101.32	1,410,282,752.84
1-2 years (inclusive)	71,995,855.24	6,357,851.64
2-3 years (inclusive)	62,392.00	600,725.80
Over 3 years	44,740.00	64,813.57
Total	1,724,287,088.56	1,417,306,143.85

Accounts payable are non-interest-bearing and are generally settled within 3 to 6 months.

(2) *Disclosed by the nature of accounts payable*

RMB

Items	December 31, 2024	December 31, 2023
Payables for purchase of goods (<i>Note</i>)	1,558,275,343.34	1,342,227,856.86
Payables for freight	166,011,745.22	75,078,286.99
Total	1,724,287,088.56	1,417,306,143.85

(3) *Accounts payable aged over one year*

As at December 31, 2024 and December 31, 2023, the Company had no significant accounts payable aged over one year and no significant accounts payable overdue but not yet paid.

5. Other payables

5.1 *Summary of other payables*

RMB

Items	December 31, 2024	December 31, 2023
Dividends payable	–	193,013,110.00
Other payables	844,173,115.96	1,112,612,674.68
Total	844,173,115.96	1,305,625,784.68

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ACCOUNTANTS’ REPORT

5.2 *Dividends payable*

RMB

Items	December 31, 2024	December 31, 2023
Dividends payable	–	193,013,110.00
Total	–	193,013,110.00

5.3 *Other payables*

(1) Disclosed by the nature of other payables:

RMB

Items	December 31, 2024	December 31, 2023
Out-of-pocket expenses payable to distributors	214,379,646.35	240,240,190.01
Security deposits	196,012,610.65	213,484,283.68
Loans payable to intra-group companies	133,722,270.45	–
Payables and accruals for advertising expenses	100,299,220.82	472,994,224.01
Accrued promotion and other expenses	96,934,065.23	97,752,101.09
Service fee payable	62,616,677.48	48,477,615.91
Payables for purchase of long-term asset	20,008,470.13	16,431,398.30
Payables for purchase of equity interests	602,500.00	–
Others	19,597,654.85	23,232,861.68
Total	844,173,115.96	1,112,612,674.68

(2) Significant other payables with aging of more than one year or overdue

As of December 31, 2024 and December 31, 2023, the Company had accounts payable to distributors that had been outstanding for more than one year, amounting to RMB25,792,932.71 and RMB19,873,834.65, respectively, and there were no other significant other payables aging more than one year or overdue but unpaid.

APPENDIX I

ACCOUNTANTS’ REPORT

6. Revenue and operating costs

(1) Revenue and operating costs

RMB

Items	2024		2023	
	Revenue	Operating costs	Revenue	Operating costs
Principal activities	15,630,436,415.84	11,251,489,943.20	14,183,033,096.36	9,961,845,737.06
Other operating activities	798,359,372.43	784,618,622.11	667,230,895.97	624,898,306.48
Total	<u>16,428,795,788.27</u>	<u>12,036,108,565.31</u>	<u>14,850,263,992.33</u>	<u>10,586,744,043.54</u>

(2) Revenue from principal activities

RMB

Categories of contracts	2024		
	Formula	Liquid milk and other dairy products	Total
By sales channel:			
Distributors	4,555,307,414.34	8,640,825,440.81	13,196,132,855.15
Direct sales	593,335,558.52	1,840,968,002.17	2,434,303,560.69
Total	<u>5,148,642,972.86</u>	<u>10,481,793,442.98</u>	<u>15,630,436,415.84</u>
By geographical regions:			
Chinese Mainland	5,148,642,972.86	10,481,750,644.46	15,630,393,617.32
Overseas	—	42,798.52	42,798.52
Total	<u>5,148,642,972.86</u>	<u>10,481,793,442.98</u>	<u>15,630,436,415.84</u>
By timing of revenue recognition:			
At a point in time	5,148,642,972.86	10,481,793,442.98	15,630,436,415.84
Over time	—	—	—
Total	<u>5,148,642,972.86</u>	<u>10,481,793,442.98</u>	<u>15,630,436,415.84</u>

APPENDIX I

ACCOUNTANTS’ REPORT

RMB

Categories of contracts	2023			
	Formula	Liquid milk and other dairy products	Dairy farming	Total
By sales channel:				
Distributors	4,198,916,813.08	8,081,055,156.92	–	12,279,971,970.00
Direct sales	544,147,509.85	1,347,095,774.31	11,817,842.20	1,903,061,126.36
Total	<u>4,743,064,322.93</u>	<u>9,428,150,931.23</u>	<u>11,817,842.20</u>	<u>14,183,033,096.36</u>
By geographical regions:				
Chinese Mainland	4,741,296,116.40	9,428,150,931.23	11,817,842.20	14,181,264,889.83
Overseas	1,768,206.53	–	–	1,768,206.53
Total	<u>4,743,064,322.93</u>	<u>9,428,150,931.23</u>	<u>11,817,842.20</u>	<u>14,183,033,096.36</u>
By timing of recognition:				
At a point in time	4,743,064,322.93	9,428,150,931.23	11,817,842.20	14,183,033,096.36
Over time	–	–	–	–
Total	<u>4,743,064,322.93</u>	<u>9,428,150,931.23</u>	<u>11,817,842.20</u>	<u>14,183,033,096.36</u>

(3) Revenue/costs from other operating activities

RMB

Items	2024		2023	
	Revenue	Cost	Revenue	Cost
Sales of materials	475,232,590.68	504,504,965.81	471,127,536.86	479,963,958.17
Sales of non-staple food products	160,353,915.00	158,504,934.69	113,798,723.64	113,119,544.06
Others	162,772,866.75	121,608,721.61	82,304,635.47	31,814,804.25
Total	<u>798,359,372.43</u>	<u>784,618,622.11</u>	<u>667,230,895.97</u>	<u>624,898,306.48</u>

APPENDIX I

ACCOUNTANTS' REPORT

7. Investment income

RMB

Items	2024	2023
Income from long-term equity investments accounted for using the cost method	274,638,277.14	560,000,000.00
Losses from long-term equity investments accounted for using the equity method	(61,956.17)	(2,614,343.32)
Dividends income from other equity instruments .	500,962.50	2,151,772.05
Interests income and disposal loss from derivative financial instruments	10,472,069.76	3,136,200.06
Interests income from entrusted loans	–	5,894,536.53
Others	–	34,286.62
Total	<u>285,549,353.23</u>	<u>568,602,451.94</u>

8. Amounts due from/to related parties

(1) Receivables

RMB

Name	Items	December 31, 2024	December 31, 2023
Accounts receivable . .	Intra-group companies	270,334,797.59	137,013,345.19
Accounts receivable . .	Other related parties	8,138,026.03	205,828.20
Accounts receivable . .	Provision for credit impairment	(124,295.28)	(2,211.69)
	Subtotal	<u>278,348,528.34</u>	<u>137,216,961.70</u>
Other receivables	Intra-group companies	1,842,323,057.00	1,282,716,313.15
Other receivables	Other related parties	66,024.77	176,244.33
Other receivables	Provision for credit impairment	(70,197,789.54)	(70,200,406.74)
	Subtotal	<u>1,772,191,292.23</u>	<u>1,212,692,150.74</u>
Prepayments	Other related parties	–	41,589.85
	Subtotal	<u>–</u>	<u>41,589.85</u>
Interest receivable . . .	Intra-group companies	178,317,602.80	169,862,903.69
	Subtotal	<u>178,317,602.80</u>	<u>169,862,903.69</u>
Dividends receivable .	Intra-group companies	–	480,000,000.00
	Subtotal	<u>–</u>	<u>480,000,000.00</u>
	Total	<u>2,228,857,423.37</u>	<u>1,999,813,605.98</u>

APPENDIX I

ACCOUNTANTS’ REPORT

(2) *Payables*

RMB

Name	Related party	December 31, 2024	December 31, 2023
Accounts payable	Intra-group companies	1,336,326,880.15	1,098,774,892.03
Accounts payable	Other related parties	5,933,657.27	–
	Subtotal	1,342,260,537.42	1,098,774,892.03
Other payables	Intra-group companies	208,820,266.02	48,701,785.94
Other payables	Other related parties	580,000.00	210,000.00
	Subtotal	209,400,266.02	48,911,785.94
Contract liabilities . . .	Intra-group companies	36,928,638.64	46,912.63
Contract liabilities . . .	Other related parties	5,677,361.65	1,976,559.60
	Subtotal	42,606,000.29	2,023,472.23
Dividends payable . . .	Other related parties	–	189,750,960.00
	Subtotal	–	189,750,960.00
Bills payable	Intra-group companies	93,840,547.06	326,476,254.20
	Subtotal	93,840,547.06	326,476,254.20
	Total	1,688,107,350.79	1,665,937,364.40

(XVII) SUBSEQUENT FINANCIAL STATEMENTS

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