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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF YEEPER NUTRITION TECHNOLOGY (QINGDAO) GROUP CO., LTD., HAITONG INTERNATIONAL CAPITAL LIMITED AND CHINA SECURITIES (INTERNATIONAL) CORPORATE FINANCE COMPANY LIMITED

Introduction

We report on the historical financial information of Yeeper Nutrition Technology (Qingdao) Group Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-76, which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended December 31, 2023, 2024 and 2025 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2023, 2024 and 2025 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-3 to I-76 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 the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

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

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

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at December 31, 2023, 2024 and 2025 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

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

Adjustments

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

Dividends

We refer to note 12 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

[●]
Certified Public Accountants
Hong Kong
[date]

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

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

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		Year ended December 31,								
		2023			2024			2025		
	Notes	Results before biological assets fair value adjustments	Biological assets fair value adjustments	Total	Results before biological assets fair value adjustments	Biological assets fair value adjustments	Total	Results before biological assets fair value adjustments	Biological assets fair value adjustments	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
REVENUE	5	1,614,258	–	1,614,258	1,762,229	–	1,762,229	1,863,555	–	1,863,555
Cost of sales		(829,341)	20,271	(809,070)	(945,347)	61,999	(883,348)	(962,750)	43,823	(918,927)
Gross profit		784,917	20,271	805,188	816,882	61,999	878,881	900,805	43,823	944,628
Other income and gains	5	42,959	–	42,959	26,153	–	26,153	30,183	–	30,183
Selling and distribution expenses		(371,415)	–	(371,415)	(432,407)	–	(432,407)	(507,467)	–	(507,467)
Administrative expenses		(168,745)	–	(168,745)	(141,121)	–	(141,121)	(153,527)	–	(153,527)
(Impairment losses)/reversal of impairment losses on financial assets, net		431	–	431	(7)	–	(7)	(1,738)	–	(1,738)
Other expenses	6	(14,814)	–	(14,814)	(3,318)	–	(3,318)	(9,673)	–	(9,673)
Changes in fair value less costs to sell of biological assets	18	–	(33,549)	(33,549)	–	(62,522)	(62,522)	–	(28,567)	(28,567)
Finance costs	8	(21,821)	–	(21,821)	(24,637)	–	(24,637)	(20,232)	–	(20,232)
PROFIT BEFORE TAX	7	251,512	(13,278)	238,234	241,545	(523)	241,022	238,351	15,256	253,607
Income tax expense	11	(70,519)	–	(70,519)	(68,930)	–	(68,930)	(70,970)	–	(70,970)
PROFIT FOR THE YEAR		180,993	(13,278)	167,715	172,615	(523)	172,092	167,381	15,256	182,637
Attributable to:										
Owners of the parent				139,575			172,092			182,637
Non-controlling interests				28,140			–			–
				167,715			172,092			182,637
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT										
Basic and diluted (RMB)	13			0.72			0.79			0.72

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended December 31,								
	2023			2024			2025		
	Results before biological assets fair value adjustments	Biological assets fair value adjustments	Total	Results before biological assets fair value adjustments	Biological assets fair value adjustments	Total	Results before biological assets fair value adjustments	Biological assets fair value adjustments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
PROFIT FOR THE YEAR			167,715			172,092			182,637
OTHER COMPREHENSIVE INCOME/(LOSS)									
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:									
Exchange differences on translation of foreign operations	.	.	4,270	.	.	(21,816)	.	.	12,117
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	.	.	4,270	.	.	(21,816)	.	.	12,117
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:									
Equity investments designated at fair value through other comprehensive income/(loss):									
Changes in fair value			–			2,371			(565)
Income tax effect	.	.	–	.	.	(593)	.	.	141
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	.	.	–	.	.	1,778	.	.	(424)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	.	.	4,270	.	.	(20,038)	.	.	11,693
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	:	:	171,985	:	:	152,054	:	:	194,330
Attributable to:									
Owners of the parent			143,848			152,054			194,330
Non-controlling interests			28,137			–			–
			171,985			152,054			194,330

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	December 31, 2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	14	796,088	855,573	907,328
Right-of-use assets	15	83,705	78,634	84,934
Intangible assets	16	1,001	1,353	1,629
Financial investments	17	7,066	9,437	8,872
Biological assets	18	113,366	92,507	113,223
Long-term prepayments	22	71,965	12,466	25,730
Time deposits	23	–	20,000	20,000
Deferred tax assets	19	51,931	57,121	58,654
Total non-current assets		1,125,122	1,127,091	1,220,370
CURRENT ASSETS				
Inventories	20	718,854	787,912	778,689
Trade and bills receivables	21	59,529	56,269	57,244
Prepayments, other receivables and other assets	22	93,542	108,876	115,113
Financial investments	17	20,164	995	5,013
Time deposits	23	8,160	5,595	11,120
Restricted cash	23	67,204	57,772	91,984
Cash and cash equivalents	23	346,790	337,100	471,829
Total current assets		1,314,243	1,354,519	1,530,992
CURRENT LIABILITIES				
Trade and bills payables	24	263,836	263,552	268,539
Other payables and accruals	25	396,703	258,634	271,818
Contract liabilities	26	264,106	194,725	212,122
Interest-bearing bank and other borrowings	27	412,272	508,774	502,004
Lease liabilities	15	4,462	2,895	5,672
Tax payable		28,007	29,629	36,664
Total current liabilities		1,369,386	1,258,209	1,296,819
NET CURRENT ASSETS/ (LIABILITIES)		(55,143)	96,310	234,173
TOTAL ASSETS LESS CURRENT LIABILITIES		1,069,979	1,223,401	1,454,543
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	27	247,688	200,018	198,349
Lease liabilities	15	7,903	8,475	12,977
Deferred income	28	21,987	36,336	38,518
Deferred tax liabilities	19	2,317	2,581	717
Total non-current liabilities		279,895	247,410	250,561
Net assets		790,084	975,991	1,203,982
EQUITY				
Equity attributable to owners of the parent				
Paid-in capital	29	210,895	223,562	–
Share capital	29	–	–	261,000
Reserves	31	579,189	752,429	942,982
Total equity		790,084	975,991	1,203,982

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2023

	Attributable to owners of the parent									
	Paid-in capital	Capital reserve*	Share-based payment reserve*	Statutory surplus reserve*	Fair value reserve of financial assets at fair value through other comprehensive income*	Exchange fluctuation reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000 (note 29)	*RMB'000 (note 31)*	*RMB'000 (note 31)*	*RMB'000 (note 31)*	*RMB'000*	*RMB'000 (note 31)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	131,127	16,041	139,308	46,904	3,800	(7,985)	449,049	778,244	83,158	861,402
Profit for the year	–	–	–	–	–	–	139,575	139,575	28,140	167,715
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations	–	–	–	–	–	4,273	–	4,273	(3)	4,270
Total comprehensive income for the year	–	–	–	–	–	4,273	139,575	143,848	28,137	171,985
Capital contribution from shareholders	25,000	–	–	–	–	–	–	25,000	–	25,000
Capital contribution in relation to the share award scheme	54,768	122,019	(93,892)	–	–	–	–	82,895	–	82,895
Equity-settled share-based payment arrangements *(note 30)*	–	–	33,518	–	–	–	–	33,518	–	33,518
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	(94,791)	(94,791)
Acquisition of non-controlling interests	–	(24,381)	–	–	–	–	–	(24,381)	(16,504)	(40,885)
Dividends declared	–	–	–	–	–	–	(249,040)	(249,040)	–	(249,040)
Appropriation to statutory surplus reserve	–	–	–	54,533	–	–	(54,533)	–	–	–
At December 31, 2023	210,895	113,679	78,934	101,437	3,800	(3,712)	285,051	790,084	–	790,084

Year ended December 31, 2024

	Paid-in capital	Capital reserve*	Share-based payment reserve*	Statutory surplus reserve*	Fair value reserve of financial assets at fair value through other comprehensive income*	Exchange fluctuation reserve*	Retained profits*	Total
	RMB'000 *(note 29)*	*RMB'000* *(note 31)*	*RMB'000* *(note 31)*	*RMB'000* *(note 31)*	*RMB'000*	*RMB'000* *(note 31)*	*RMB'000*	*RMB'000*
At January 1, 2024	210,895	113,679	78,934	101,437	3,800	(3,712)	285,051	790,084
Profit for the year	–	–	–	–	–	–	172,092	172,092
Other comprehensive income/(loss) for the year:								
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	–	–	–	–	1,778	–	–	1,778
Exchange differences on translation of foreign operations	–	–	–	–	–	(21,816)	–	(21,816)
Total comprehensive income for the year	–	–	–	–	1,778	(21,816)	172,092	152,054
Capital contribution in relation to the share award scheme	12,667	30,363	(23,909)	–	–	–	–	19,121
Equity-settled share-based payment arrangements *(note 30)*	–	–	14,732	–	–	–	–	14,732
Appropriation to statutory surplus reserve	–	–	–	22,699	–	–	(22,699)	–
At December 31, 2024	223,562	144,042	69,757	124,136	5,578	(25,528)	434,444	975,991

Year ended December 31, 2025

	Paid-in capital	Share capital	Capital reserve*	Share-based payment reserve*	Statutory surplus reserve*	Fair value reserve of financial assets at fair value through other comprehensive income*	Exchange fluctuation reserve*	Retained profits*	Total
	RMB'000 *(note 29)*	*RMB'000* *(note 29)*	*RMB'000* *(note 31)*	*RMB'000* *(note 31)*	*RMB'000* *(note 31)*	*RMB'000*	*RMB'000* *(note 31)*	*RMB'000*	*RMB'000*
At January 1, 2025	223,562	–	144,042	69,757	124,136	5,578	(25,528)	434,444	975,991
Profit for the year	–	–	–	–	–	–	–	182,637	182,637
Other comprehensive income/(loss) for the year:									
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	–	–	–	–	–	(424)	–	–	(424)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	12,117	–	12,117
Total comprehensive income for the year	–	–	–	–	–	(424)	12,117	182,637	194,330
Capital contribution in relation to the share award scheme	37,438	–	78,174	(58,818)	–	–	–	–	56,794
Equity-settled share-based payment arrangements (note 30)	–	–	–	6,867	–	–	–	–	6,867
Dividends declared	–	–	–	–	–	–	–	(30,000)	(30,000)
Conversion into a joint stock company	(261,000)	261,000	21,464	–	(21,464)	–	–	–	–
Appropriation to statutory surplus reserve	–	–	–	–	23,270	–	–	(23,270)	–
At December 31, 2025	–	261,000	243,680	17,806	125,942	5,154	(13,411)	563,811	1,203,982

* These reserve accounts represent the total consolidated reserves of RMB579,189,000, RMB752,429,000 and RMB942,982,000 in the consolidated statements of financial position as at December 31, 2023, 2024 and 2025, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended December 31,		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		238,234	241,022	253,607
Adjustments for:				
Finance costs	*8*	21,821	24,637	20,232
Bank interest income	*5*	(3,957)	(2,747)	(2,786)
Investment income from structured deposits	*5*	(233)	(149)	(32)
Losses on disposal of items of property, plant and equipment	*6*	345	1,139	2,330
Gains on a lease termination	*15(c)*	(217)	(111)	–
Changes in fair value less costs to sell of biological assets	*18*	33,549	62,522	28,567
Fair value gains on structured deposits	*5*	(105)	–	(13)
Depreciation of property, plant and equipment	*7*	53,040	65,486	72,805
Depreciation of right-of-use assets	*7*	8,617	8,897	8,862
Amortization of intangible assets	*7*	594	419	650
Amortization of long-term prepayments		4,739	895	4,183
Assets-related government grants released	*28*	(233)	(3,657)	(5,611)
Equity-settled share-based payment expenses	*30*	33,518	14,732	6,867
Impairment of/(reversal of impairment of) financial assets, net	*7*	(431)	7	1,738
Write-down of inventories to net realizable value	*7*	9,738	19,558	23,527
Impairment losses on property, plant and equipment	*6, 14*	9,084	–	–
Effect of foreign exchange rate changes, net		(5,182)	(5,030)	(5,689)
		402,921	427,620	409,237
Increase in inventories		(118,356)	(88,616)	(14,304)
Decrease/(increase) in trade and bills receivables		1,416	3,213	(2,752)
Decrease/(increase) in prepayments, other receivables and other assets		24,745	(17,376)	38
(Increase)/decrease in restricted cash		(4)	534	(9,067)
Increase/(decrease) in trade and bills payables		18,091	(284)	4,987
Increase in other payables and accruals		9,078	14,637	21,359
(Decrease)/increase in contract liabilities		(12,631)	(69,381)	17,397
Increase in deferred income	*28*	–	–	1,850
Cash generated from operations		325,260	270,347	428,745
Interest received		3,700	2,005	1,666
Income tax paid		(85,670)	(70,856)	(69,786)
Net cash flows from operating activities		243,290	201,496	360,625

	Notes	Year ended December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS USED IN INVESTING ACTIVITIES				
Interest received		147	172	2
Purchases of items of property, plant, equipment		(186,957)	(92,840)	(126,940)
Proceeds from disposal of items of property, plant and equipment		873	1,870	362
Purchases of intangible assets		(488)	(800)	(873)
Additions to biological assets		(65,557)	(58,235)	(42,039)
Proceeds from disposal of biological assets		1,456	9,788	3,095
Receipt of government grants for property, plant and equipment	*28*	23,945	22,720	7,313
Purchases of structured deposits		(106,202)	(38,000)	(73,000)
Proceeds from redemption of structured deposits		106,208	53,139	68,000
Investment income received from structured deposits		233	149	32
Placement of time deposits with original maturity over three months		(8,050)	(25,000)	(30,000)
Proceeds from maturity of time deposits with original maturity over three months		10,590	8,160	25,595
Purchases of debt investments		–	(995)	–
Proceeds from maturity of debt investments		–	5,000	995
Net cash flows used in investing activities		(223,802)	(114,872)	(167,458)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of [**REDACTED**]		[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Capital contribution in relation to the share award scheme		82,895	19,121	56,794
Capital contribution from shareholders		25,000	–	–
New bank borrowings		531,994	536,637	594,205
Repayment of bank borrowings		(386,489)	(545,041)	(608,411)
New other borrowings		145,438	180,383	184,997
Repayment of other borrowings		(162,041)	(128,774)	(181,166)
Decrease in restricted cash		36,287	111,561	101,990
Increase in restricted cash		(74,969)	(102,663)	(127,135)
New loans from related parties		15,000	–	–
Repayment of loans from related parties		–	(8,211)	(5,000)
Acquisition of non-controlling interests		(19,487)	(37,398)	(500)
Principal portion of lease payments		(8,656)	(4,192)	(7,927)
Interest portion of lease payments		(862)	(631)	(993)
Dividends paid		(172,695)	(67,673)	(44,929)
Dividends paid to non-controlling shareholders		(64,791)	(30,000)	–
Interest paid		(18,496)	(20,950)	(17,318)
Net cash flows used in financing activities		(71,872)	(97,831)	(58,840)

	Notes	Year ended December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(52,384)	(11,207)	134,327
Cash and cash equivalents at beginning of year		387,613	346,790	337,100
Effect of foreign exchange rate changes, net		11,561	1,517	402
CASH AND CASH EQUIVALENTS AT END OF YEAR		346,790	337,100	471,829
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances and time deposits	23	422,154	420,467	594,933
Less: Time deposits with original maturity over three months when acquired	23	8,160	25,595	31,120
Restricted cash	23	67,204	57,772	91,984
Cash and cash equivalents as stated in the statements of cash flows and statements of financial position		346,790	337,100	471,829

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		December 31,		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*14*	283	13,194	14,916
Right-of-use assets	*15*	1,519	1,481	1,443
Intangible assets	*16*	263	399	329
Long-term prepayments	*22*	–	–	1,308
Investments in subsidiaries	*1*	734,486	757,981	778,913
Deferred tax assets	*19*	–	–	755
Financial investments	*17*	7,066	9,437	8,872
Total non-current assets		743,617	782,492	806,536
CURRENT ASSETS				
Prepayments, other receivables and other assets	*22*	263,459	329,741	301,297
Cash and cash equivalents	*23*	10,829	3,566	2,410
Total current assets		274,288	333,307	303,707
CURRENT LIABILITIES				
Trade and bills payables	*24*	46	46	91
Other payables and accruals	*25*	529,674	526,401	531,518
Interest-bearing bank and other borrowings	*27*	21,300	42,124	21,621
Tax payable		1,605	99	99
Total current liabilities		552,625	568,670	553,329
NET CURRENT LIABILITIES		(278,337)	(235,363)	(249,622)
TOTAL ASSETS LESS CURRENT LIABILITIES		465,280	547,129	556,914
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	*27*	–	18,555	8,962
Deferred tax liabilities	*19*	1,267	1,859	–
Total non-current liabilities		1,267	20,414	8,962
Net assets		464,013	526,715	547,952
EQUITY				
Paid-in capital	*29*	210,895	223,562	–
Share capital	*29*	–	–	261,000
Reserves	*31*	253,118	303,153	286,952
Total equity		464,013	526,715	547,952

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

The Company was established in the People's Republic of China (the "PRC") on July 24, 2012 as a limited liability company. The Company was converted into a joint stock company with limited liability in June 18, 2025, and its name was changed from Yeeper Dairy (Qingdao) Group Co., Ltd.* (宜品乳業(青島)集團有限公司) to Yeeper Nutrition Technology (Qingdao) Group Co., Ltd.* (宜品營養科技(青島)集團股份有限公司). The registered office of the Company is located at 168, Weihai West Road, Guhe Subdistrict Office, Laixi City, Qingdao City, Shandong Province, PRC.

During the Relevant Periods, the Group was principally engaged in development, production and sale of dairy products. In the opinion of the directors, Mr. MU Shanbo is the ultimate controlling shareholder of the Company.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	Place and date of incorporation/registration and place of operations	Nominal value of issued ordinary share capital/registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Bei'an Yeeper Nuka Dairy Co., Ltd.* (北安宜品努卡乳業有限公司) *(note (c))*	PRC/Chinese mainland June 2, 2004	RMB50,000,000	100%	–	Manufacture of dairy products
Heilongjiang Yeeper Dairy Co., Ltd.* (黑龍江宜品乳業有限公司) *(note (c))*	PRC/Chinese mainland May 17, 1997	RMB30,000,000	100%	–	Manufacture of dairy products
Heilongjiang Aubecca Nutritional Food Co., Ltd.* (黑龍江歐貝嘉營養食品有限公司) *(note (c))*	PRC/Chinese mainland May 8, 2007	RMB10,800,000	100%	–	Manufacture of dairy products
Yeeper (Qingdao) Goat Milk Products Co., Ltd.* (宜品(青島)羊乳製品有限公司) *(note (c))*	PRC/Chinese mainland September 22, 2020	RMB250,000,000	100%	–	Manufacture of dairy products
HAM Co., Ltd. *(note (c))*	Korea April 1, 2021	Korea Won ("KRW") 4,804,270,000	100%	–	Manufacture of dairy products
OHSUNG Co., Ltd. *(note (c))*	Korea December 26, 2023	KRW6,677,860,000	100%	–	Manufacture of dairy products
Oviganic Iberica S.L. *(note (b))*	Spain June 29, 2001	Euro ("EUR") 4,350,877.7	–	100%	Manufacture of dairy products
Queserias Prado S.L. *(note (b))*	Spain March 31, 1982	EUR120,202.42	–	100%	Manufacture of dairy products
Qingdao Neighbor Trade Co., Ltd.* (青島若比鄰貿易有限公司) *(note (c))*	PRC/Chinese mainland September 7, 2007	RMB50,000,000	100%	–	Sale of dairy products
Qingdao OMK International Trade Co., Ltd.* (青島歐米國際經貿有限公司) *(note (c))*	PRC/Chinese mainland May 26, 2020	RMB10,000,000	100%	–	Sale of dairy products
Bei'an Youte Dairy Co., Ltd.* (北安優特乳品有限公司) *(note (a))*	PRC/Chinese mainland May 8, 2018	RMB5,000,000	100%	–	Sale of dairy products
Biovinatur Iberica S.L. *(note (c))*	Spain October 10, 2018	EUR3,000	–	100%	Sale of dairy products
Qingdao Grand Upward Trade Co., Ltd.* (青島鴻騫貿易有限公司) *(note (c))*	PRC/Chinese mainland August 5, 2021	RMB5,000,000	100%	–	Sale of dairy products
Changsha Bekari Nutrient Products Co., Ltd.* ("Changsha Bekari") (長沙蓓康僖營養品有限公司) *(note (c))*	PRC/Chinese mainland December 21, 2016	RMB2,000,000	64%	36%	Sale of dairy products
Jiangxi HAM Qibo Nutritional Products Co., Ltd.* ("HAM Qibo") (江西漢姆啟鉑營養品有限公司) *(note (c))*	PRC/Chinese mainland May 14, 2019	RMB3,000,000	–	100%	Sale of dairy products
Qingdao Sheep Era Dairy Products Co., Ltd.* (青島純羊時代羊乳製品有限公司) *(note (c))*	PRC/Chinese mainland November 6, 2020	RMB5,000,000	100%	–	Sale of dairy products

Name	Place and date of incorporation/registration and place of operations	Nominal value of issued ordinary share capital/registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Yeeper Organic Dairy (Qingdao) Co., Ltd.* (宜品愛尼可乳業(青島)有限公司) *(note (c))*	PRC/Chinese mainland September 18, 2020	RMB5,000,000	100%	–	Sale of dairy products
Qingdao Organic Food Co., Ltd.* (青島愛尼可食品有限公司) *(note (c))*	PRC/Chinese mainland July 22, 2011	RMB1,000,000	100%	–	Sale of dairy products
Ningbo Yeeper Food Co., Ltd.* (寧波宜品食品有限公司) *(note (c))*	PRC/Chinese mainland May 15, 2018	RMB5,000,000	100%	–	Sale of dairy products
Yeeper Sheep Dairy Products (Qingdao) Co., Ltd.* (宜品綿羊乳製品(青島)有限公司) *(note (c))*	PRC/Chinese mainland September 10, 2020	RMB5,000,000	100%	–	Sale of dairy products
Qingdao Yeeper Infant Food Co., Ltd.* (青島宜品嬰幼兒食品有限公司) *(note (c))*	PRC/Chinese mainland March 1, 2018	RMB7,000,000	100%	–	Sale of dairy products
Qingdao Euland Dairy Co., Ltd.* (青島歐能多乳業有限公司) *(note (c))*	PRC/Chinese mainland November 6, 2020	RMB5,000,000	100%	–	Sale of dairy products
Hunan Euland Dairy Co., Ltd.* (湖南歐能多乳業有限公司) *(note (c))*	PRC/Chinese mainland December 8, 2020	RMB2,000,000	100%	–	Sale of dairy products
Yeeper Special Medical (Qingdao) Nutritional Food Co., Ltd.* (宜品特醫(青島)營養食品有限公司) *(note (c))*	PRC/Chinese mainland June 8, 2021	RMB5,000,000	100%	–	Sale of dairy products
Qingdao Yeeper Health Food Co., Ltd.* (青島宜品健康食品有限公司) *(note (c))*	PRC/Chinese mainland September 24, 2024	RMB10,000,000	100%	–	Sale of dairy products
Qingdao Yide Nutritional Food Co., Ltd.* (青島宜德營養食品有限公司) *(note (c))*	PRC/Chinese mainland November 12, 2024	RMB1,000,000	–	100%	Sale of dairy products
Qingdao Yeeper Nutrition Food Co., Ltd.* (青島宜品營養食品有限公司) *(note (c))*	PRC/Chinese mainland March 24, 2025	RMB1,000,000	100%	–	Sale of dairy products
Qingdao HAM Nutritional Food Co., Ltd.* (青島瀚姆營養食品有限公司) *(note (c))*	PRC/Chinese mainland September 4, 2018	RMB2,000,000	100%	–	Sale of dairy products
Qingdao Yunzhibei Nutritional Food Co., Ltd.* (青島雲之唄營養食品有限公司) *(note (c))*	PRC/Chinese mainland April 17, 2019	RMB10,000,000	100%	–	Animal husbandry
Qingdao Yunbo Culture Technology Co., Ltd.* (青島雲博文化科技有限公司) *(note (c))*	PRC/Chinese mainland April 26, 2021	RMB1,000,000	100%	–	Technology promotion and application services
Heilongjiang MianMianDee Agriculture And Animal Husbandry Co., Ltd.* (黑龍江綿綿颭農牧業有限公司) *(note (c))*	PRC/Chinese mainland March 29, 2021	RMB30,000,000	100%	–	Animal husbandry
Qingdao Aote Sheep Co., Ltd.* (青島奧特種羊有限公司) *(note (c))*	PRC/Chinese mainland March 29, 2003	RMB500,000	100%	–	Animal husbandry
Qingdao Yiyangqianxi Agriculture and Animal Husbandry Technology Co., Ltd.* (青島宜羊千僖農牧科技有限公司) *(note (c))*	PRC/Chinese mainland April 25, 2021	RMB10,000,000	100%	–	Animal husbandry
Heilongjiang Yiyangqianxi Dairy Sheep Breeding Co., Ltd.* (黑龍江宜羊千僖奶羊養殖有限公司) *(note (c))*	PRC/Chinese mainland June 20, 2024	RMB5,000,000	–	100%	Animal husbandry

* The English names of the companies registered in PRC represent the best efforts made by management of the Company to translate the Chinese names of the companies as they do not have official English names.

Notes:

a. The statutory financial statements of the entity for the year ended December 31, 2023 prepared in accordance with the Accounting Standards for Business Enterprises ("ASBEs") were audited by Beijing Hongchangtai Certified Public Accountants (General Partnership) (北京弘昌泰會計師事務所(普通合夥)), certified public accountants registered in China. No audited financial statements have been prepared for the entity for the years ended December 31, 2024 and 2025, as the entity was not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdiction of registration.

b. The statutory financial statements of these entities for the years ended December 31, 2023 and 2024 prepared in accordance with Spanish General Accounting Plan were audited by CAPELLA Auditores, S.L.P., certified public accountants registered in Spain. As at the date of this report, the statutory financial statements of these entities for the year ended December 31, 2025 were not yet available.

c. No audited financial statements have been prepared for these entities for the years ended December 31, 2023, 2024 and 2025, as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdiction of registration.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board ("IASB"). All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for equity investment designated at fair value through other comprehensive income, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and biological assets which have been measured at fair value.

The Historical Financial Information has been prepared under the going concern basis notwithstanding the fact that, at December 31, 2025, the Company recorded net current liabilities amounting to RMB249,622,000. The net current liabilities of the Company primarily arose from the use of its cash and cash equivalents for the ongoing investments in its subsidiaries. In the opinion of the directors of the Company, taking into account that (i) the Company has control over cash resources of the subsidiaries, and (ii) there are anticipated cash flows to be generated from the Group's operations based on the Group's cash flow projection prepared by the management of the Group for the period not less than twelve months from December 31, 2025. Accordingly, the directors of the Company consider it is appropriate to prepare the Historical Financial Information on a going concern basis.

Basis of consolidation

The Historical Financial Information includes the financial statements of the Company and its subsidiaries for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

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

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

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

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

IFRS 18	*Presentation and Disclosure in Financial Statements*[2]
IFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[1]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IAS 21	*Translation to a Hyperinflationary Presentation Currency*[2]
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[1]

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

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

3 No mandatory effective date yet determined but available for adoption

Further information about those new and amended IFRS Accounting Standards is described below:

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

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS Accounting Standards. IFRS 19 was amended in April 2025 to include IFRS Accounting Standards in the eligibility criteria for applying the standard. The standard was further amended in October 2025 to (i) remove disclosure objectives from IFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to IFRS 18 for entities that use these measures. Earlier application is permitted. Some of the Company's subsidiaries are considering the application of IFRS 19 and its amendments in their specified financial statements.

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

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

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

Amendments to IAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of IAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial information.

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

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

- IFRS 9 *Financial Instruments:* The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognize any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial information.

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

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

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Business combinations

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

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

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

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

Fair value measurement

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

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

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

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

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Impairment of non-financial assets

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

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

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

Related parties

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

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

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

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

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

Freehold land	Not depreciated
Buildings	1.90% to 4.75%
Machinery	4.75% to 19.00%
Office equipment and electronic devices	9.50% to 31.67%
Motor vehicles	9.50% to 19.00%

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

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

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets

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

Trademarks

Trademarks are stated at cost less any impairment losses and are amortized on the straight-line basis over their estimated useful lives of 10 years.

Software

Purchased software is stated at cost less any impairment loss and are amortized on the straight-line basis over their estimated useful lives of 2 to 10 years, which are mainly determined by reference to the licensed period of the purchased software.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalized and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Biological assets

Biological assets comprise dairy cows, dairy goats and sheep. Biological assets are measured on initial recognition and at the end of each of the Relevant Periods at their fair values less costs to sell, with any resultant gain or loss recognized in the profit or loss for the period in which it arises. Costs to sell are the incremental costs directly attributable to the disposal of an asset, mainly transportation costs, excluding finance costs and income taxes. The fair values of dairy cows, dairy goats and sheep are determined based on their present location and condition and is determined independently by professional valuers.

The feeding costs and other related costs including staff costs, depreciation and amortization charge, utility costs and consumables incurred for raising of heifers and calves as well as lambs, young goats and sheep are capitalized, until such time as the heifers and calves, lambs, young goats and sheep begin to produce milk.

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

Leasehold land	3 to 50 years
Plant and properties	2 to 10 years

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

(b) Lease liabilities

Lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

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

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

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

Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

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

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

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

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

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

Financial assets at fair value through profit or loss

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

Derecognition of financial assets

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the

Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

Impairment of financial assets

The Group recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

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

At the end of each of the Relevant Periods, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

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

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

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

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, or payables as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables and accruals, and interest-bearing bank and other borrowings.

Subsequent measurement

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

Financial liabilities at amortized cost (trade and other payables, and borrowings)

After initial recognition, trade and bills payables, other payables and accruals, and interest-bearing bank and other borrowings are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or canceled, or expires.

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Inventories

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

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

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

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

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

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual installments.

Revenue recognition

Revenue from contracts with customers

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

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

(a) Sale of dairy products

Revenue from the sale of dairy products, mainly comprising goat/sheep milk infant formula, food for special medical purposes, cow milk infant formula, adult and children milk powder, OEM and dairy product related materials, is recognized at the point in time when control of the asset is transferred to the customer, generally on acceptance of the products by the customer. For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled.

(b) Sales incentive program

The Group operates the sales incentive program to provide additional incentives to distributors and customers that provide a material right to each of them when they purchase products of the Group.

The sales incentives can then be redeemed for free products, subject to a minimum number of incentives being obtained. The consideration received or receivable from the products sold is allocated between the incentives earned by the distributor incentive program members and the other components of the sales transactions. The amount allocated to the incentives earned by the distributor incentive program members, based on the relative stand-alone selling prices, is deferred with a contract liability recognized and the related contract liabilities are recognized as revenue until the incentives are redeemed when the Group fulfils its obligations to supply products.

Other income

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

Dividend income is recognized when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract liabilities

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

Share-based payments

The Group operates an employee share incentive plan for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined with reference to the fair value of the underlying share for share awards, further details of which are given in note 30 to the Historical Financial Information.

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

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

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

Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is canceled, it is treated as if it had vested on the date of cancelation, and any expense not yet recognized for the award is recognized immediately.

Other employee benefits

Pension scheme

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

Housing fund and other social insurances

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. These include housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group's liability in respect of these funds is limited to the contributions payable in each of the Relevant Periods.

Borrowing costs

All borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognized as a liability when they are approved by the shareholders in a general meeting.

Events after the reporting period

If the Group receives information after the end of the Relevant Periods, but prior to the date of authorization for issue, about conditions that existed at the end of the Relevant Periods, it will assess whether the information affects the amounts that it recognizes in the Historical Financial Information. The Group will adjust the amounts recognized in the Historical Financial Information to reflect any adjusting events after the end of the Relevant Periods and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the end of the Relevant Periods, the Group will not change the amounts recognized in the Historical Financial Information, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Foreign currencies

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

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

The functional currencies of the Group's subsidiaries not operating in the Chinese mainland are currencies other than RMB. As at the end of each of the Relevant Periods, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of each of the Relevant Periods and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions. The resulting exchange differences are recognized in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognized in the statement of profit or loss. For the purpose of the consolidated statements of cash flows, the cash flows of the Group's entities not operating in the Chinese mainland are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of such entities which arise throughout a particular year are translated into RMB at the weighted average exchange rates for that particular year.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

Judgments

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

Deferred tax assets

Deferred tax assets are recognized for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. Further details are contained in note 19 to the Historical Financial Information.

Identifying performance obligations in sales incentives

The Group operates the sales incentive program to provide additional incentives to distributors and customers that provide a material right to each of them when they purchase products of the Group. The Group assessed that the sales incentive program provide a material right to customers that they would not receive without entering into a contract. Consequently, the Group concludes that the promise to provide sales incentives to the customer is a performance obligation. The Group accounts for sales incentives as a separately identifiable component of the sales transaction(s) in which they are granted. The fair value of the consideration received or receivable in respect of the initial sale is allocated between the dairy products sold and the sales incentives granted. The allocation is made by reference to the relative standalone selling price.

Estimation uncertainty

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

Estimating the fair value of sales incentives

The fair value of the sales incentives is estimated by reference to the discount that the customer would obtain when redeeming the sales incentives for goods. The nominal value of this discount is reduced to take into account: (i) any discount that would be offered to customers who have not earned sales incentives from an initial sale; and (ii) the proportion of sales incentives that are expected to be forfeited by customers.

The Group recognizes revenue in respect of the sales incentives in the periods, and reflecting the pattern, in which sales incentives are redeemed. The amount of revenue recognized is based on the number of sales incentives that have been redeemed relative to the total number expected to be redeemed. The part of the consideration allocated to goods sold is recorded in gross sales of products in profit or loss and the deferred revenue is recorded in "Contract liabilities" in the consolidated statement of financial position. The deferred sales incentives at the end of each of the Relevant Periods are recorded in note 26 to the Historical Financial Information.

Fair values of dairy cows, dairy goats and sheep

The Group's dairy cows, dairy goats and sheep are valued at fair value less costs to sell. The fair values of dairy cows, dairy goats and sheep are determined based on either the market-determined prices as at the end of each of the Relevant Periods adjusted with reference to species, age, growing condition, cost incurred and expected yield of the milk to reflect differences in characteristics and/or stages of growth of dairy cows, dairy goats and sheep; or the present value of expected net cash flows from dairy cows, dairy goats and sheep discounted at a current market-determined rate, when market determined prices are unavailable. Any changes in the estimates may affect the fair values of dairy cows, dairy goats and sheep significantly. The independent qualified professional valuer and management review the assumptions and estimates periodically to identify any significant change in fair values of dairy cows, dairy goats and sheep. Further details are given in note 18 to the Historical Financial Information.

Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in the production and provision of products, or from a change in the market demand for the product output of the asset, expected usage of the asset, expected physical wear and tear, care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed at the end of each of the Relevant Periods based on changes in circumstances. Further details of the property, plant and equipment are set out in note 14 to the Historical Financial Information.

Provision of inventories

Net realizable value of inventories is based on estimated selling prices less any estimation costs to be incurred to completion and disposal. These estimates, based on the current market condition and the historical experience in selling goods of a similar nature, include but not limited to economic outlook, sales forecasts and the forecast market value for the inventory items. They could change significantly as a result of changes in market conditions. The Group reassesses the estimation at the end of each of the Relevant Periods. The carrying amount of inventories is disclosed in note 20 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

The Group principally focuses on the production and sale of dairy products. Information reported to the Group's chief operating decision maker, for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

Geographical information

(a) Revenue from external customers

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Chinese mainland	1,540,563	1,684,307	1,789,321
Spain	62,520	57,181	56,819
Other countries/regions	11,175	20,741	17,415
Total	1,614,258	1,762,229	1,863,555

The revenue information above is based on the locations of the customers.

(b) ***Non-current assets***

	December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Chinese mainland	772,344	757,695	800,297
Spain	210,550	212,781	265,424
Other countries/regions	83,231	70,057	67,123
Total	1,066,125	1,040,533	1,132,844

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

No revenue derived from sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for each of the Relevant Periods.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers	1,614,258	1,762,229	1,863,555

Revenue from contracts with customers

(a) ***Disaggregated revenue information***

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Types of goods			
Goat/sheep milk infant formula	926,438	1,032,745	1,009,353
Food for special medical purposes	130,365	218,617	339,393
Cow milk infant formula	158,929	138,771	125,776
Adult and children milk powder	96,993	112,993	112,275
OEM and dairy product related materials	290,610	247,805	264,483
Others	10,923	11,298	12,275
Total	1,614,258	1,762,229	1,863,555
Geographical markets			
Chinese mainland	1,540,563	1,684,307	1,789,321
Spain	62,520	57,181	56,819
Other countries/regions	11,175	20,741	17,415
Total	1,614,258	1,762,229	1,863,555
Timing of revenue recognition			
Goods transferred at a point in time	1,614,258	1,762,229	1,863,555

The following table shows the amounts of revenue recognized in each of the Relevant Periods that were included in the contract liabilities at the beginning of each reporting period:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Sale of dairy products	141,256	175,895	147,184
Deferred sales incentives	123,494	76,359	46,291
Total	264,750	252,254	193,475

(b) Performance obligations

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

Distribution partnerships

The performance obligation is satisfied upon delivery and acceptance of the dairy products. The Group generally requires distributors to make payments in advance before the delivery of products.

The Group provides incentives to distributors in the form of volume rebates, discount and other promotion. The distributors can then redeem such incentives for free goods and such incentives provide a material right to distributors. The consideration received or receivable from the dairy products sold is allocated to the incentives earned by distributors on a relative stand-alone selling prices which reflect the discount that distributors would obtain when redeeming the incentives, and deferred with contract liabilities recognized. Such contract liabilities are recognized as revenue until the incentives are redeemed when the Group fulfils its obligations to supply goods.

All the amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) are expected to be recognized as revenue within one year.

Direct sales

The Group's direct sales include (i) the sale of semi-finished dairy ingredients to enterprise customers, of which advance payment is required except for some major customers, where the trading terms are on credit with credit period ranging from one to six months from the date of invoice to these customers, and (ii) the online sale of finished products through e-commerce platforms, of which payments from end users are generally made to the e-commerce platforms before goods delivery and are remitted to the Group on a monthly basis. The performance obligation of direct sales is satisfied upon the delivery and acceptance of diary products by customers.

An analysis of other income and gains is as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Other income			
Government grants*	36,555	16,374	22,904
Bank interest income	3,957	2,747	2,786
Investment income from structured deposits	233	149	32
Distributor compensation income**	463	1,473	675
Others	915	2,373	3,773
Total other income	42,123	23,116	30,170
Gains			
Fair value gains on structured deposits	105	–	13
Gains on a lease termination	217	111	–
Foreign exchange gains, net	514	2,926	–
Total gains	836	3,037	13
Total other income and gains	42,959	26,153	30,183

* Government grants have been received for contributions made to certain districts where the Group's businesses operate. There were no unfulfilled conditions or contingencies relating to these grants.

** Distributor compensation income represents compensation received from distributors who sold products outside of the stipulated geographic sales region or other sales behaviours that are in breach of distribution agreements and other miscellaneous items.

6. OTHER EXPENSES

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Losses on disposal/write-off of items of property, plant and equipment	345	1,139	2,330
Impairment losses on property, plant and equipment	9,084	–	–
Donations	4,344	1,121	1,088
Foreign exchange losses, net	–	–	5,605
Others	1,041	1,058	650
Total	14,814	3,318	9,673

7. PROFIT BEFORE TAX

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

	Notes	Year ended December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Cost of inventories sold*		809,070	883,348	918,927
Depreciation of property, plant and equipment*	*14*	56,948	72,367	83,130
Less: Capitalized in biological assets		(3,908)	(6,881)	(10,325)
Total		53,040	65,486	72,805
Depreciation of right-of-use assets*	*15(a)*	8,617	8,897	8,862
Amortization of intangible assets*	*16*	596	433	664
Less: Capitalized in biological assets		(2)	(14)	(14)
Total		594	419	650
Research and development costs*		8,418	8,014	11,024
Lease payments not included in the measurement of lease liabilities	*15(c)*	1,225	1,696	1,092
[REDACTED]		**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Employee benefit expense (excluding directors', chief executive's and supervisors' remuneration *(note 9))*:				
Wages and salaries		201,234	219,746	232,067
Pension scheme contributions and social welfare		15,612	19,048	22,928
Equity-settled share-based payment expenses		17,984	11,395	6,493
Less: Capitalized in biological assets		(5,286)	(8,197)	(12,198)
Total		229,544	241,992	249,290
Impairment of/(reversal of impairment of) financial assets, net:				
Trade receivables	*21*	(565)	48	1,741
Financial assets included in prepayments, other receivables and other assets	*22*	134	(41)	(3)
Total		(431)	7	1,738
Write-down of inventories to net realizable value		9,738	19,558	23,527

* Cost of inventories sold and research and development expenses include write-down of inventories to net realizable value, expenses relating to depreciation of property, plant and equipment, depreciation of right-of-use assets and staff costs, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

8. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended December 31, 2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Interest on bank loans	14,902	18,939	15,454
Interest on other borrowings	6,057	5,067	3,785
Interest on lease liabilities	862	631	993
	21,821	24,637	20,232

9. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION

The remuneration of the Company's directors (including the chief executive) and supervisors during the Relevant Periods is summarized as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Fees	–	–	–
Other emoluments:			
Salaries, allowances and benefits in kind	3,528	3,476	3,580
Performance related bonuses	490	720	1,574
Share-based payment expenses	15,534	3,337	374
Pension scheme contributions and social welfare	214	237	264
Subtotal	19,766	7,770	5,792
Total	19,766	7,770	5,792

During the Relevant Periods, certain directors were granted share awards of the Company in respect of their services to the Group, under the share awarded scheme of the Group, further details of which are set out in note 30 to the Historical Financial Information. The fair value of such share awards, which has been recognized in profit or loss, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods is included in the above directors' and supervisors' remuneration disclosures.

(a) Independent non-executive directors

There were no fees and other emoluments payable to the independent non-executive directors during the Relevant Periods.

(b) Executive directors, the chief executive and supervisors

	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expenses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2023					
Executive directors:					
Mr. MU Shanbo* *(note (i))*	845	–	–	38	883
Mr. LIU Guomin *(note (ii))*	246	–	–	28	274
Mr. LIANG Xing *(note (ii))*	597	–	15,519	31	16,147
Ms. YU Haixia *(note (ii))*	510	144	–	32	686
Mr. LI Zhen *(note (ii))*	433	38	–	24	495
Subtotal	2,631	182	15,519	153	18,485
Supervisors:					
Mr. WANG Shuangrong *(note (iii))*	315	109	15	26	465
Mr. LOU Yang *(note (iii))*	365	140	–	16	521
Mr. CHEN Ruiting *(note (iii))*	120	23	–	19	162
Mr. MU Shanyong *(note (iv))*	97	36	–	–	133
Subtotal	897	308	15	61	1,281
Total	3,528	490	15,534	214	19,766

	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expenses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2024					
Executive directors:					
Mr. MU Shanbo* *(note (i))*	846	70	–	38	954
Mr. LIU Guomin *(note (ii))*	326	–	–	31	357
Mr. LIANG Xing *(note (ii))*	325	–	–	31	356
Ms. YU Haixia *(note (ii))*	596	77	3,318	38	4,029
Mr. LI Zhen *(note (ii))*	589	50	4	32	675
Subtotal	2,682	197	3,322	170	6,371

	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expenses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Supervisors:					
Mr. WANG Shuangrong *(note (iii))*	256	162	15	32	465
Mr. LOU Yang *(note (iii))*	310	278	–	15	603
Mr. CHEN Ruiting *(note (iii))*	96	70	–	20	186
Mr. MU Shanyong *(note (iv))*	132	13	–	–	145
Subtotal	794	523	15	67	1,399
Total	3,476	720	3,337	237	7,770

	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expenses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2025					
Executive directors:					
Mr. MU Shanbo* *(note (i))*	832	70	–	38	940
Mr. LIU Guomin *(note (ii))*	246	118	–	32	396
Mr. LIANG Xing *(note (ii))*	318	25	–	31	374
Ms. YU Haixia *(note (ii))*	463	375	–	38	876
Mr. LI Zhen *(note (ii))*	600	50	359	32	1,041
Subtotal	2,459	638	359	171	3,627
Supervisors:					
Mr. XIA Dunling *(note (v))*	365	265	–	26	656
Mr. WANG Shuangrong *(note (iii)(v))*	258	186	15	32	491
Mr. LOU Yang *(note (iii))*	310	300	–	16	626
Mr. CHEN Ruiting *(note (iii))*	109	69	–	19	197
Mr. MU Shanyong *(note (iv))*	79	116	–	–	195
Subtotal	1,121	936	15	93	2,165
Total	3,580	1,574	374	264	5,792

* Mr. MU Shanbo is also the chief executive of the Company.

Notes:

(i) Since January 26, 2018, Mr. MU Shanbo has been serving as the chairman of the board of directors of the Company, and on June 16, 2025, he was re-designated as an executive director of the Company.

(ii) On June 16, 2025, Mr. LIU Guomin, Mr. LIANG Xing, Ms. YU Haixia and Mr. LI Zhen were appointed as executive directors of the Company. The remuneration of Mr. LIU Guomin, Mr. LIANG Xing, Ms. YU Haixia and Mr. LI Zhen for the years ended December 31, 2023, 2024 and for the period from January 1, 2025 to June 16, 2025, which were paid for their services in connection with the management of the affairs of the Group before they were appointed as executive directors of the Company, is included in the table above. Mr. LI Zhen became an employee of the Group in April 2023, therefore, there was no remuneration paid to him by the Group for the year ended December 31, 2022.

(iii) On June 16, 2025, Mr. WANG Shuangrong, Mr. LOU Yang and Mr. CHEN Ruiting were appointed as supervisors of the Company. The remuneration of Mr. WANG Shuangrong, Mr. LOU Yang and Mr. CHEN Ruiting for the years ended December 31, 2023, 2024 and for the period from January 1, 2025 to June 16, 2025, which was paid for their services to the Group before they were appointed as supervisors of the Company, is included in the table above.

(iv) On July 24, 2012, Mr. MU Shanyong was appointed as a supervisor of the Company. On June 16, 2025, Mr. MU Shanyong resigned as a supervisor of the Company.

(v) On August 6, 2025, Mr. XIA Dunling was appointed and Mr. WANG Shuangrong resigned as the chairman of the Supervisory Committee. The remuneration of Mr. Xia Dunling for the year ended December 31, 2025, which was paid for his service to the Group before he was appointed as the chairman of the Supervisory Committee, is included in the table above.

On August 19, 2025, Ms. HONG Xiaoming, Mr. FENG Guohua and Mr. CHENG LIN were appointed as independent non-executive directors of the Company effective from the date on which the Company is to be [**REDACTED**] and on which [**REDACTED**] in the shares of the Company are to be first permitted to take place on The Stock Exchange of Hong Kong Limited. On March 21, 2026, Mr. LIU Xuesheng was appointed and Ms. HONG Xiaoming resigned as independent non-executive director of the Company.

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

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees for the years ended December 31, 2023, 2024 and 2025 included one, one and two directors, respectively. Details of the remuneration of the remaining four, four and three highest paid employees who are neither a director, chief executive, nor a supervisor of the Company for the years ended December 31, 2023, 2024 and 2025, respectively, are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	6,244	8,872	5,844
Performance related bonuses	836	2,492	4,500
Share-based payment expenses	149	4,889	–
Pension scheme contributions and social welfare	74	58	50
Total	7,303	16,311	10,394

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

	Year ended December 31,		
	2023	2024	2025
HK$1,000,001 to HK$1,500,000	1	–	–
HK$1,500,001 to HK$2,000,000	1	–	–
HK$2,500,001 to HK$3,000,000	2	1	–
HK$3,000,001 to HK$3,500,000	–	2	1
HK$3,500,001 to HK$4,000,000	–	–	1
HK$4,000,001 to HK$4,500,000	–	–	1
HK$8,000,001 to HK$8,500,000	–	1	–
Total	4	4	3

11. INCOME TAX

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

Chinese mainland

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the EIT rate for the Company and the Group's PRC subsidiaries is 25% unless those are entitled to preferential tax rates as set out below.

Certain subsidiaries of the Group have applied for the Small-Scaled Minimal Profit Corporate Income Tax Preferential Policy (the "Policy") announced by the PRC's State Administration of Taxation. Pursuant to the Policy announced by the PRC's State Administration of Taxation, for the period from January 1, 2023 to December 31, 2027, the annual taxable income of a Small-Scaled Minimal Profit Corporation shall be computed at a reduced rate of 25% as taxable income, and shall be levied at a reduced tax rate of 20%.

According to the prevailing tax rules and regulation of the EIT Law, certain subsidiaries of the Group in the PRC are exempted from enterprise income tax for taxable profit from the operation of agricultural business in the PRC for the Relevant Periods.

Republic of Korea

Republic of Korea adopts a progressive tax rate system in accordance with the local tax laws of Republic of Korea. Starting from 2023, for annual taxable income ranging from KRW200 million to KRW20 billion, a tax rate of 19% applies; and a 10% local income tax is levied on the basis of the taxable amount.

Under the Restriction of Tax Reduction and Exemption Act of the Republic of Korea, foreign-invested manufacturing enterprises located in foreign investment zones shall be entitled to a 100% exemption from corporate tax for the first 3 years starting from the date with taxable income, and a 50% reduction in corporate tax for the subsequent 2 years. Certain subsidiaries are entitled to the above policies.

Spain

The subsidiaries incorporated in Spain are subject to Spain profits tax at the statutory rate of 25% on any estimated assessable profits arising in Spain for the Relevant Periods.

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current – Chinese mainland	58,557	56,934	67,019
Current – Korea	502	7,139	2,306
Current – Spain	6,905	10,487	4,672
Deferred *(note 19)*	4,555	(5,630)	(3,027)
Total tax charge for the year	70,519	68,930	70,970

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

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Profit before tax	238,234	241,022	253,607
Tax at the statutory tax rates	59,559	60,255	63,402
Impact of different tax rates among subsidiaries	1,662	5,595	1,880
Income not subject to tax	(26)	–	–*
Effect on opening deferred tax of increase in rates	96	–	(926)
Expenses not deductible for tax	8,909	2,229	2,293
Additional deductible allowance for research and development expenses	(481)	(1,014)	–
Tax losses utilized from previous periods	(12)	(28)	(134)
Deductible temporary differences and tax losses not recognized	812	1,893	4,455
Tax charge at the Group's effective tax rate	70,519	68,930	70,970

* The amount is less than RMB1,000.

12. DIVIDENDS

On February 20, 2023, the Company declared dividends of RMB210,964,000 to its shareholders, of which RMB141,162,000, RMB60,745,000 and RMB9,057,000 were paid in 2023, 2024 and 2025, respectively.

On March 29, 2023, the Company declared dividends of RMB38,076,000 to its shareholders, of which RMB23,944,000, RMB6,928,000 and RMB7,204,000 were paid in 2023, 2024 and 2025, respectively.

On January 20, 2025, the Company declared dividends of RMB30,000,000 to its shareholders, of which RMB28,668,000 were paid in 2025.

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

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the Relevant Periods.

As described in note 29, the Company was converted into a joint stock company with limited liability. The Company's paid-in capital of RMB261,000,000 was converted into 261,000,000 shares of RMB1.00 each accordingly. For the purpose of computing basic and diluted earnings per share, the weighted average number of ordinary shares deemed to be outstanding before the Company's conversion into a joint stock company was determined assuming the conversion had occurred since January 1, 2023, at the exchange ratio established in the conversion in June 2025.

The Group had no potentially dilutive ordinary shares in issue during the Relevant Periods.

	Year ended December 31,		
	2023	2024	2025
Earnings			
Profit attributable to ordinary equity holders of the parent (RMB'000)	139,575	172,092	182,637
Shares			
Weighted average number of ordinary shares outstanding during the year	194,704,957	217,472,544	254,948,345
Earnings per share			
Basic and diluted (RMB)	0.72	0.79	0.72

14. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Machinery	Office equipment and electronic devices	Motor vehicles	Freehold land	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023:							
Cost	361,530	438,960	19,303	11,946	8,159	134,036	973,934
Accumulated depreciation and impairment	(65,449)	(161,225)	(6,442)	(3,719)	–	–	(236,835)
Net carrying amount	296,081	277,735	12,861	8,227	8,159	134,036	737,099
At January 1, 2023, net of accumulated depreciation and impairment	296,081	277,735	12,861	8,227	8,159	134,036	737,099
Additions	9,290	23,402	6,092	1,096	–	77,401	117,281
Depreciation provided during the year	(15,756)	(36,332)	(3,688)	(1,172)	–	–	(56,948)
Transfers	101,448	83,825	70	–	–	(185,343)	–
Disposals	–	(820)	(398)	–	–	–	(1,218)
Impairment	(6,744)	(2,340)	–	–	–	–	(9,084)
Exchange realignment	2,009	3,645	81	17	480	2,726	8,958
At December 31, 2023, net of accumulated depreciation and impairment	386,328	349,115	15,018	8,168	8,639	28,820	796,088
At December 31, 2023:							
Cost	465,138	546,137	25,044	13,083	8,639	28,820	1,086,861
Accumulated depreciation and impairment	(78,810)	(197,022)	(10,026)	(4,915)	–	–	(290,773)
Net carrying amount	386,328	349,115	15,018	8,168	8,639	28,820	796,088

	Buildings	Machinery	Office equipment and electronic devices	Motor vehicles	Freehold land	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024:							
Cost	465,138	546,137	25,044	13,083	8,639	28,820	1,086,861
Accumulated depreciation and impairment	(78,810)	(197,022)	(10,026)	(4,915)	–	–	(290,773)
Net carrying amount	386,328	349,115	15,018	8,168	8,639	28,820	796,088
At January 1, 2024, net of accumulated depreciation and impairment	386,328	349,115	15,018	8,168	8,639	28,820	796,088
Additions	885	30,976	3,664	9,517	–	106,736	151,778
Depreciation provided during the year	(18,989)	(47,709)	(4,025)	(1,644)	–	–	(72,367)
Transfers	42,450	18,658	376	–	–	(61,484)	–
Disposals	–	(2,345)	(391)	(273)	–	–	(3,009)
Exchange realignment	(6,839)	(7,466)	(190)	(79)	(367)	(1,976)	(16,917)
At December 31, 2024, net of accumulated depreciation and impairment	403,835	341,229	14,452	15,689	8,272	72,096	855,573
At December 31, 2024:							
Cost	496,782	570,587	28,042	21,828	8,272	72,096	1,197,607
Accumulated depreciation and impairment	(92,947)	(229,358)	(13,590)	(6,139)	–	–	(342,034)
Net carrying amount	403,835	341,229	14,452	15,689	8,272	72,096	855,573

	Buildings	Machinery	Office equipment and electronic devices	Motor vehicles	Freehold land	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2025:							
Cost	496,782	570,587	28,042	21,828	8,272	72,096	1,197,607
Accumulated depreciation and impairment	(92,947)	(229,358)	(13,590)	(6,139)	–	–	(342,034)
Net carrying amount	403,835	341,229	14,452	15,689	8,272	72,096	855,573
At January 1, 2025, net of accumulated depreciation and impairment	403,835	341,229	14,452	15,689	8,272	72,096	855,573
Additions	4,659	34,606	5,044	358	–	74,277	118,944
Depreciation provided during the year	(24,411)	(51,522)	(5,106)	(2,091)	–	–	(83,130)
Transfers	35,794	15,223	2,704	–	–	(53,721)	–
Disposals	(796)	(1,645)	(244)	(7)	–	–	(2,692)
Exchange realignment	4,313	9,358	98	19	779	4,066	18,633
At December 31, 2025, net of accumulated depreciation and impairment	423,394	347,249	16,948	13,968	9,051	96,718	907,328
At December 31, 2025:							
Cost	541,763	627,923	35,299	22,060	9,051	96,718	1,332,814
Accumulated depreciation and impairment	(118,369)	(280,674)	(18,351)	(8,092)	–	–	(425,486)
Net carrying amount	423,394	347,249	16,948	13,968	9,051	96,718	907,328

During the year ended December 31, 2023, the management identified certain buildings and machineries that were no longer in use and their recoverable amounts were assessed as zero, as such buildings and machineries are subject to replacement or demolition. Accordingly, impairment of RMB9,084,000 has been charged to profit or loss for the year ended December 31, 2023.

As at December 31, 2023, 2024 and 2025, certain of the Group's buildings with aggregate carrying amounts of approximately RMB72,637,000, RMB208,344,000 and RMB191,648,000, respectively, were pledged to secure certain interest-bearing bank borrowings of the Group (note 27).

As at December 31, 2023, 2024 and 2025, certain of the Group's plant and machinery with aggregate carrying amounts of approximately RMB16,551,000, RMB125,115,000 and RMB109,672,000, respectively, were pledged to secure certain interest-bearing bank borrowings of the Group (note 27).

As at December 31, 2023, 2024 and 2025, certain of the Group's motor vehicles with aggregate carrying amounts of approximately nil, RMB681,000 and RMB601,000, respectively, were pledged to secure certain interest-bearing bank borrowings of the Group (note 27).

As at December 31, 2023, 2024 and 2025, certain of the Group's tools, furniture and fixtures with aggregate carrying amounts of approximately nil, RMB4,120,000 and RMB2,833,000, respectively, were pledged to secure certain interest-bearing bank borrowings of the Group (note 27).

As at December 31, 2023, 2024 and , 2025, certain of the Group's machinery with aggregate carrying amounts of approximately RMB6,976,000, RMB5,293,000 and RMB3,660,000, respectively, was pledged to secure interest-bearing other borrowings of the Group (note 27) as granted by International Far Eastern Leasing Co., Ltd. (遠東國際融資租賃有限公司).

As at December 31, 2023, 2024 and 2025, certain of the Group's buildings with aggregate net book values of approximately RMB12,613,000, RMB11,373,000 and RMB10,029,000, respectively, did not have building ownership certificates registered under the names of the respective subsidiaries of the Company.

The Company

	Buildings
	RMB'000
December 31, 2023	
At January 1, 2023:	
Cost	5,658
Accumulated depreciation and impairment	(1,971)
Net carrying amount	3,687
At January 1, 2023, net of accumulated depreciation and impairment	3,687
Impairment	(2,867)
Depreciation provided during the year	(537)
At December 31, 2023, net of accumulated depreciation and impairment	283
At December 31, 2023:	
Cost	5,658
Accumulated depreciation and impairment	(5,375)
Net carrying amount	283

	Buildings
	RMB'000
December 31, 2024	
At January 1, 2024:	
Cost	5,658
Accumulated depreciation and impairment	(5,375)
Net carrying amount	283
At January 1, 2024, net of accumulated depreciation and impairment	283
Additions	12,911
At December 31, 2024, net of accumulated depreciation and impairment	13,194
At December 31, 2024:	
Cost	18,569
Accumulated depreciation and impairment	(5,375)
Net carrying amount	13,194

	Buildings
	RMB'000
December 31, 2025	
At January 1, 2025:	
Cost	18,569
Accumulated depreciation and impairment	(5,375)
Net carrying amount	13,194
At January 1, 2025, net of accumulated depreciation and impairment	13,194
Additions	2,341
Depreciation provided during the year	(619)
At December 31, 2025, net of accumulated depreciation and impairment	14,916
At December 31, 2025:	
Cost	20,910
Accumulated depreciation and impairment	(5,994)
Net carrying amount	14,916

As at December 31, 2023, 2024 and 2025, certain of the Company's buildings with aggregate carrying amounts of approximately nil, RMB12,911,000 and RMB12,291,000, respectively, were pledged to secure certain interest-bearing bank borrowings of the Company (note 27).

15. LEASES

The Group/Company as a lessee

The Group has lease contracts for various items of leasehold land and plant and properties used in its operations. For leasehold land of land use rights with periods of 50 years, lump sum payments were made upon the acquisition and no ongoing payments will be made under the terms of these land use rights. Except the aforementioned leasehold land, other leases of land generally have terms between 3 and 30 years, lease terms are negotiated on an individual basis and contain different payment terms and conditions, while plant and properties generally have lease terms between 2 and 8 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during each of the Relevant Periods are as follows:

The Group

	Leasehold land	Plant and properties	Total
	RMB'000	*RMB'000*	*RMB'000*
As at January 1, 2023	76,546	13,122	89,668
Additions	1,358	2,363	3,721
Depreciation charge	(2,406)	(6,211)	(8,617)
Exchange realignment	–	(46)	(46)
Lease termination	–	(1,021)	(1,021)
As at December 31, 2023 and January 1, 2024	75,498	8,207	83,705
Additions	1,150	3,191	4,341
Depreciation charge	(2,689)	(6,208)	(8,897)
Exchange realignment	–	(102)	(102)
Lease termination	–	(413)	(413)
As at December 31, 2024 and January 1, 2025	73,959	4,675	78,634
Additions	–	15,303	15,303
Depreciation charge	(3,228)	(5,634)	(8,862)
Exchange realignment	–	(141)	(141)
As at December 31, 2025	70,731	14,203	84,934

The Company

	Leasehold land
	RMB'000
As at January 1, 2023	1,557
Depreciation charge	(38)
As at December 31, 2023 and January 1, 2024	1,519
Depreciation charge	(38)
As at December 31, 2024 and January 1, 2025	1,481
Depreciation charge	(38)
As at December 31, 2025	1,443

As at December 31, 2023, 2024 and 2025, certain of the Group's leasehold land with aggregate carrying amount of RMB54,687,000, RMB53,536,000 and RMB59,224,000, were pledged to secure interest-bearing bank borrowings granted to the Group (note 27).

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during each of the Relevant Periods are as follows:

The Group

	December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at beginning of year	18,620	12,365	11,370
New leases	3,721	4,341	15,303
Accretion of interest recognized during the year	862	631	993
Payments	(9,518)	(4,823)	(8,920)
Exchange realignment	(82)	–	(97)
Lease termination	(1,238)	(1,144)	–
Carrying amount at end of year	12,365	11,370	18,649
Analyzed into:			
Current portion within one year	4,462	2,895	5,672
Non-current portion			
Repayable in the second year	1,835	2,004	6,520
Repayable in the third to fifth years, inclusive	2,344	2,398	4,460
Repayable beyond five years	3,724	4,073	1,997
Sub-total	7,903	8,475	12,977
Total	12,365	11,370	18,649

The maturity analysis of lease liabilities is disclosed in note 39 to the Historical Financial Information.

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

The Group

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Interest on lease liabilities	862	631	993
Depreciation charge of right-of-use assets	8,617	8,897	8,862
Expenses relating to short-term leases	1,068	1,376	924
Expenses relating to leases of low-value assets	157	320	168
Gains on lease termination	(217)	(111)	–
Total amount recognized in profit or loss	10,487	11,113	10,947

The Company

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Depreciation charge of right-of-use assets	38	38	38

(d) The total cash outflows for leases are disclosed in note 33 to the Historical Financial Information.

16. INTANGIBLE ASSETS

The Group

	Software	Trademarks	Total
	RMB'000	*RMB'000*	*RMB'000*
December 31, 2023			
At January 1, 2023:			
Cost	3,930	301	4,231
Accumulated amortization and impairment	(3,066)	(84)	(3,150)
Net carrying amount	864	217	1,081
At January 1, 2023, net of accumulated amortization	864	217	1,081
Additions	488	–	488
Amortization provided during the year	(574)	(22)	(596)
Exchange realignment	26	2	28
At December 31, 2023, net of accumulated amortization	804	197	1,001
At December 31, 2023:			
Cost	4,580	307	4,887
Accumulated amortization and impairment	(3,776)	(110)	(3,886)
Net carrying amount	804	197	1,001
December 31, 2024			
At January 1, 2024:			
Cost	4,580	307	4,887
Accumulated amortization	(3,776)	(110)	(3,886)
Net carrying amount	804	197	1,001
At January 1, 2024, net of accumulated amortization	804	197	1,001
Additions	800	–	800
Amortization provided during the year	(411)	(22)	(433)
Exchange realignment	(14)	(1)	(15)
At December 31, 2024, net of accumulated amortization	1,179	174	1,353
At December 31, 2024:			
Cost	5,247	303	5,550
Accumulated amortization	(4,068)	(129)	(4,197)
Net carrying amount	1,179	174	1,353
December 31, 2025			
At January 1, 2025:			
Cost	5,247	303	5,550
Accumulated amortization	(4,068)	(129)	(4,197)
Net carrying amount	1,179	174	1,353
At January 1, 2025, net of accumulated amortization	1,179	174	1,353
Additions	873	–	873
Amortization provided during the year	(642)	(22)	(664)
Exchange realignment	65	2	67
At December 31, 2025, net of accumulated amortization	1,475	154	1,629

	Software	Trademarks	Total
	RMB'000	*RMB'000*	*RMB'000*
At December 31, 2025:			
Cost	6,422	312	6,734
Accumulated amortization	(4,947)	(158)	(5,105)
Net carrying amount	1,475	154	1,629

The Company

	Software	Trademarks	Total
	RMB'000	*RMB'000*	*RMB'000*
December 31, 2023			
At January 1, 2023:			
Cost	53	200	253
Accumulated amortization	–	(18)	(18)
Net carrying amount	53	182	235
At January 1, 2023, net of accumulated amortization	53	182	235
Additions	91	–	91
Amortization provided during the year	(43)	(20)	(63)
At December 31, 2023, net of accumulated amortization	101	162	263
At December 31, 2023:			
Cost	144	200	344
Accumulated amortization	(43)	(38)	(81)
Net carrying amount	101	162	263
December 31, 2024			
At January 1, 2024:			
Cost	144	200	344
Accumulated amortization	(43)	(38)	(81)
Net carrying amount	101	162	263
At January 1, 2024, net of accumulated amortization	101	162	263
Additions	223	–	223
Amortization provided during the year	(67)	(20)	(87)
At December 31, 2024, net of accumulated amortization	257	142	399
At December 31, 2024:			
Cost	367	200	567
Accumulated amortization	(110)	(58)	(168)
Net carrying amount	257	142	399
December 31, 2025			
At January 1, 2025:			
Cost	367	200	567
Accumulated amortization	(110)	(58)	(168)
Net carrying amount	257	142	399
At January 1, 2025, net of accumulated amortization	257	142	399
Additions	191	–	191
Amortization provided during the year	(241)	(20)	(261)
At December 31, 2025, net of accumulated amortization	207	122	329
At December 31, 2025:			
Cost	558	200	758
Accumulated amortization	(351)	(78)	(429)
Net carrying amount	207	122	329

17. FINANCIAL INVESTMENTS

The Group

	December 31, 2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current:			
Equity investment designated at fair value through other comprehensive income			
Unlisted equity investment *(note (a))*			
Suzhou Yixi Biotech Co., Ltd.* (蘇州一兮生物技術有限公司)	7,066	9,437	8,872
Current:			
Financial assets at fair value through profit or loss			
Structured deposits *(note (b))*	15,139	–	5,013
Debt investment (note (c))	5,025	995	–
Total current financial investments	20,164	995	5,013

The Company

	December 31, 2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Equity investment designated at fair value through other comprehensive income			
Unlisted equity investments *(note (a))*			
Suzhou Yixi Biotech Co., Ltd.* (蘇州一兮生物技術有限公司)	7,066	9,437	8,872

Notes:

(a) The equity investment of Suzhou Yixi Biotech Co., Ltd.* (蘇州一兮生物技術有限公司) was irrevocably designated at fair value through other comprehensive income as the Group considers this investment to be strategic in nature.

(b) The structured deposits were issued by banks in Chinese mainland. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

(c) The debt investment with carrying amount of RMB5,025,000 is a three-year fixed-rate government bond purchased by the Group, which was purchased on November 1, 2021 and redeemed on November 1, 2024, with interest received on the redemption date.

The debt investment with carrying amount of RMB995,000 is a 68-day fixed-rate government bond purchased by the Group, which was purchased on December 20, 2024 and redeemed on February 26, 2025, with interest received on the redemption date.

* The English names of the companies registered in the PRC represent the best efforts made by management of the Company to translate the Chinese names of the companies as they do not have official English names.

18. BIOLOGICAL ASSETS

(A) Nature of activities

Dairy cows, dairy goats and sheep owned by the Group are primarily held to produce milk.

The Group's dairy cows contain heifers and calves and milkable cows, the dairy goats and sheep contain lambs, young goats and sheep, breeding goats and sheep as well as milkable goats and sheep. Heifers and calves, lambs and young goats and sheep held at the end of each of the Relevant Periods are dairy cows, goats and sheep that have not had their first calves or lambs.

The following table sets forth the number of our dairy cows, dairy goats and sheep, respectively, as of the dates indicated.

	December 31,		
	2023	2024	2025
Dairy cows			
Milkable cows	1,729	1,854	2,302
Heifers and calves	2,318	1,949	2,348
Total dairy cows	4,047	3,803	4,650
Dairy goats and sheep			
Lambs, young goats and sheep	7,000	2,230	2,329
Breeding goats and sheep	130	112	100
Milkable goats and sheep	1,865	5,428	6,867
Total dairy goats and sheep	8,995	7,770	9,296

In general, the Jersey heifers are inseminated with semen when they reach approximately 16 months old and the Holstein heifers are inseminated with semen when they reach approximately 13 months old. After approximately 9 months following a successful insemination, a calf is born and the dairy cow begins to produce raw milk and the lactation period begins. A milkable cow is typically milked for approximately 305 to 325 days before an approximately 70 days' dry period.

In general, lambs transform into young goats and sheep after 2 months of birth, and are inseminated with semen when they reach approximately 8 months. After approximately 5 months following a successful insemination, a lamb is born and the diary goat and sheep begins to produce raw milk and the lactation period begins. A milkable goat and sheep is typically milked for approximately 210 days before an approximately 60 days' dry period.

When a heifer, young goats and sheep begins to produce milk, it would be transferred to the category of milkable cows, milkable goats and sheep based on the estimated fair value on the date of transfer.

(B) Value of dairy cows, dairy goats and sheep

The value of dairy cows at the end of each of the Relevant Periods was as follows:

	Heifers and calves	Milkable cows	Total
	RMB'000	*RMB'000*	*RMB'000*
Balance as at January 1, 2023	51,150	–	51,150
Increases due to purchase	13,052	19,338	32,390
Increase due to raising (feeding costs and others)	31,341	–	31,341
Transfer	(33,658)	33,658	–
Decrease due to sales	(345)	(383)	(728)
Change in fair value less costs to sell of biological assets	(11,201)	(9,773)	(20,974)
Balance as at December 31, 2023 and January 1, 2024	50,339	42,840	93,179
Increases due to purchase	2,725	338	3,063
Increase due to raising (feeding costs and others)	35,532	–	35,532
Transfer	(38,583)	38,583	–
Decrease due to sales	(1,222)	(7,149)	(8,371)
Change in fair value less costs to sell of biological assets	(14,542)	(39,822)	(54,364)
Balance as at December 31, 2024 and January 1, 2025	34,249	34,790	69,039
Increase due to raising (feeding costs and others)	37,173	–	37,173
Transfer	(25,893)	25,893	–
Decrease due to sales	(890)	(1,000)	(1,890)
Change in fair value less costs to sell of biological assets	(4,020)	(12,422)	(16,442)
Balance as at December 31, 2025	40,619	47,261	87,880

The value of dairy goats and sheep at the end of each of the Relevant Periods was as follows:

	Lambs and young goats and sheep	Breeding goats and sheep	Milkable goats and sheep	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance as at January 1, 2023	13,033	273	794	14,100
Increases due to purchase	6,519	115	–	6,634
Increase due to raising (feeding costs and others)	12,756	–	–	12,756
Transfer	(7,756)	457	7,299	–
Decrease due to sales	(216)	(71)	(441)	(728)
Change in fair value less costs to sell of biological assets	(10,754)	(137)	(1,684)	(12,575)
Balance as at December 31, 2023 and January 1, 2024	13,582	637	5,968	20,187
Increases due to purchase	–	244	–	244
Increase due to raising (feeding costs and others)	12,612	–	–	12,612
Transfer	(24,160)	50	24,110	–
Decrease due to sales	(518)	(22)	(877)	(1,417)
Change in fair value less costs to sell of biological assets	2,719	131	(11,008)	(8,158)
Balance as at December 31, 2024 and January 1, 2025	4,235	1,040	18,193	23,468
Increases due to purchase	8,913	450	–	9,363
Increase due to raising (feeding costs and others)	5,842	–	–	5,842
Transfer	(9,383)	78	9,305	–
Decrease due to sales	(186)	(47)	(972)	(1,205)
Change in fair value less costs to sell of biological assets	(6,440)	(681)	(5,004)	(12,125)
Balance as at December 31, 2025	2,981	840	21,522	25,343

The Group's dairy cows, dairy goats and sheep in Chinese mainland were independently valued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"), a firm of independent qualified professional valuers. The fair value less costs to sell of the heifers and calves, dairy goats and sheep are determined with reference to the market prices of items with similar age, breed and genetic merit, as the market prices are available. There is no active market for milkable cows in the Chinese mainland, the fair values of milkable cows are determined using the multi-period excess earnings method, which is based on the discounted future cash flows to be generated by such milkable cows.

(C) DESCRIPTION OF VALUATION TECHNIQUES USED AND KEY INPUTS TO VALUATION ON BIOLOGICAL ASSETS

The fair value measurements of biological assets fall into level 3 of the fair value hierarchy. Below is a summary of the valuation techniques used and the significant unobservable inputs to the valuation of biological assets:

Type	Valuation technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value measurements
Heifers and calves	The fair value of the heifers purchased within 6 months prior to each reporting date is determined with adjustment by adding the feeding costs from the purchase date to the reporting date. For the calves and the rest of the heifers, the fair value of 14-month-old heifers is determined by referring to the market price of the actively traded market. The fair values of the heifers over 14 months of age are determined by adding the breeding costs required to raise the heifers from 14 months old to the respective specific ages plus the estimated margins that would be required by a raiser. The fair values of the heifers under 14 months of age and the fair values of the calves are determined by subtracting the breeding costs required to raise the heifers or calves from the respective specific ages to 14 months old and the margins that would be required by a raiser.	Estimated local market selling price of the Holstein heifer of 14 months old was RMB19,300, RMB18,800 and RMB19,300 per head as at December 31, 2023, 2024 and 2025, respectively. Estimated local market selling price of the Jersey heifer of 14 months old was RMB18,800, RMB18,300 and RMB19,100 per head as at December 31, 2023, 2024 and 2025, respectively.	An increase in the estimated local market selling price used would result in increase in the fair value of the heifer and calves, and vice versa.
Milkable cows. . .	The fair values of milkable cows are determined using the multi-period excess earnings method, which is based on the discounted future cash flows to be generated by such milkable cows.	Estimated feed costs of each Holstein mature cow per kg of raw milk used in the valuation process ranged from RMB2.51 to RMB2.77, RMB2.51 to RMB2.77 and RMB2.51 to RMB2.77 as at December 31, 2023, 2024 and 2025, respectively. Estimated feed costs of each Jersey mature cow per kg of raw milk used in the valuation process ranged from RMB3.48 to RMB3.84, RMB3.26 to RMB3.60 and RMB3.33 to RMB3.68 as at December 31, 2023, 2024 and 2025, respectively.	An increase in the estimated feed costs per kg of raw milk used would result in a decrease in the fair value of the milkable cows, and vice versa.

Type	Valuation technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value measurements
		A milkable cow could have as many as six lactation cycles.	An increase in the estimated average daily milk yield per head used would result in an increase in the fair value of milkable cows, and vice versa.
		Estimated average daily milk yield of each Holstein mature cow at each lactation cycle ranges from 27.57 kg to 31.92 kg, from 27.52 kg to 31.92 kg and from 28.39 kg to 31.92 kg as at December 31, 2023, 2024 and 2025, respectively.	
		Estimated average daily milk yield of each Jersey mature cow at each lactation cycle ranges from 17.08 kg to 25.62 kg, from 16.91 kg to 25.62 kg and from 17.08 kg to 25.62 kg during the projected period of six lactation cycles as at December 31, 2023, 2024 and 2025, respectively.	
		Estimated average prices of raw milk from Jersey mature cow per kg ranged from RMB6.12 to RMB6.76, RMB5.79 to RMB6.40, RMB6.04 to RMB6.67 as at December 31, 2023, 2024 and 2025, respectively.	An increase in the estimated average price of raw milk would result in an increase in the fair value of milkable cows, and vice versa.
		Estimated average prices of raw milk from Holstein mature cow per kg ranged from RMB4.86 to RMB5.36, RMB4.56 to RMB5.03, RMB4.56 to RMB5.03 as at December 31, 2023, 2024 and 2025, respectively.	
		Discount rate for estimated future cash flows used was 13%, 13% and 13% as at December 31, 2023, 2024 and 2025, respectively.	An increase in the estimated discount rate used would result in a decrease in the fair value measurement of milkable cows, and vice versa.

Type	Valuation technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value measurements
Lambs and young goats	The fair value of lambs and young goats is determined by reference to the local market selling price.	Estimated local market selling price of lambs and young goats per head ranged from RMB500 to RMB2,100, RMB460 to RMB2,500, RMB450 to RMB2,500 as at December 31, 2023, 2024 and 2025, respectively.	An increase in the estimated local market selling price used would result in increase in the fair value of the lambs and young goats, and vice versa.
Lambs and young sheep.	The fair value of lambs and young sheep is determined by reference to the local market selling price.	Estimated local market selling price of lambs and young sheep per head ranged from RMB1,000 to RMB2,200 as at December 31, 2025.	An increase in the estimated local market selling price used would result in increase in the fair value of the lambs and young sheep, and vice versa.
Breeding goats . .	The fair value of breeding goats is determined by reference to the local market selling price.	Estimated local market selling price of breeding goats was RMB10,000, RMB12,000 and RMB12,000 per head as at December 31, 2023, 2024 and 2025, respectively.	An increase in the estimated local market selling price used would result in increase in the fair value of the breeding goats, and vice versa.
Breeding sheep . .	The fair value of breeding sheep is determined by reference to the local market selling price.	Estimated local market selling price of breeding sheep was RMB15,000 as at December 31,2025.	An increase in the estimated local market selling price used would result in increase in the fair value of the breeding sheep, and vice versa.
Milkable goats . .	The fair value of milkable goats is determined by reference to the local market selling price.	Estimated local market selling price of a milkable goat was RMB3,200, RMB3,500 and RMB3,500 per head as at December 31, 2023, 2024 and 2025, respectively.	An increase in the estimated local market selling price used would result in increase in the fair value of the milkable goats, and vice versa.
Milkable sheep . .	The fair value of milkable sheep is determined by reference to the local market selling price.	Estimated local market selling price of milkable sheep was RMB4,000 as at December 31, 2025.	An increase in the estimated local market selling price used would result in increase in the fair value of the milkable sheep, and vice versa.

As at December 31, 2023, 2024 and 2025, certain of the Group's biological assets with aggregate carrying amounts of RMB27,538,000, RMB18,018,000 and RMB20,600,000 were pledged to secure interest-bearing bank borrowings granted to the Group (note 27).

19. DEFERRED TAX

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

The Group

Deferred tax assets

	Impairment of assets	Lease liabilities	Deferred sales incentives	Unrealized profits	Losses available for offsetting against future taxable profits	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	2,570	2,286	33,445	12,148	7,261	984	58,694
Deferred tax credited/(charged) to profit or loss during the year	1,484	(1,185)	(11,763)	6,562	(1,037)	518	(5,421)
Exchange realignment	8	(8)	–	–	130	16	146
Gross deferred tax assets at December 31, 2023	4,062	1,093	21,682	18,710	6,354	1,518	53,419
Deferred tax credited/(charged) to profit or loss during the year	748	(283)	(10,534)	8,544	6,548	(263)	4,760
Exchange realignment	(26)	–	–	–	(99)	(6)	(131)
Gross deferred tax assets at December 31, 2024	4,784	810	11,148	27,254	12,803	1,249	58,048
Deferred tax credited/(charged) to profit or loss during the year	1,472	1,556	2,282	(3,750)	3,869	(467)	4,962
Exchange realignment	9	(5)	–	–	192	6	202
Gross deferred tax assets at December 31, 2025	6,265	2,361	13,430	23,504	16,864	788	63,212

Deferred tax liabilities

	Right-of-use assets	Fair value adjustment arising from acquisition of subsidiaries	Fair value change of equity instruments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	2,363	1,033	1,276	4,672
Deferred tax credited/(charged) to profit or loss during the year	(778)	(115)	27	(866)
Exchange realignment	(1)	–	–	(1)
Gross deferred tax liabilities at December 31, 2023	1,584	918	1,303	3,805
Deferred tax credited to profit or loss during the year	(721)	(114)	(35)	(870)
Deferred tax charged to other comprehensive income during the year	–	–	593	593
Exchange realignment	(20)	–	–	(20)
Gross deferred tax liabilities at December 31, 2024	843	804	1,861	3,508
Deferred tax charged/(credited) to profit or loss during the year	2,047	(114)	2	1,935
Deferred tax credited to other comprehensive income during the year	–	–	(141)	(141)
Exchange realignment	(27)	–	–	(27)
Gross deferred tax liabilities at December 31, 2025	2,863	690	1,722	5,275

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

	December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax assets recognized in the consolidated statements of financial position	51,931	57,121	58,654
Net deferred tax liabilities recognized in the consolidated statements of financial position	2,317	2,581	717

Deferred tax assets have not been recognized in respect of the following items:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Tax losses	16,097	18,441	36,061
Deductible temporary differences	3,719	3,793	5,286
Total	19,816	22,234	41,347

The Group has tax losses arising in Chinese mainland of RMB16,097,000, RMB18,441,000 and RMB36,061,000 as at December 31, 2023, 2024 and 2025, respectively, that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognized in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilized.

The Company

Deferred tax assets

	Losses available for offsetting against future taxable profits
	RMB'000
At January 1, 2023	4
Deferred tax charged to profit or loss during the year	(4)
Gross deferred tax assets at December 31, 2023	–
Deferred tax credited to profit or loss during the year	–
Gross deferred tax assets at December 31, 2024	–
Deferred tax credited to profit or loss during the year	2,473
Gross deferred tax assets at December 31, 2025	2,473

Deferred tax liabilities

	Fair value change of equity instruments
	RMB'000
At January 1, 2023	1,267
Deferred tax credited to other comprehensive income during the year	–
Gross deferred tax liabilities at December 31, 2023	1,267
Deferred tax charged to other comprehensive income during the year	592
Gross deferred tax liabilities at December 31, 2024	1,859
Deferred tax credited to other comprehensive income during the year	(141)
Gross deferred tax liabilities at December 31, 2025	1,718

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

	December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax assets recognized in the statements of financial position of the Company	–	–	755
Net deferred tax liabilities recognized in the statements of financial position of the Company	1,267	1,859	–

Deferred tax assets have not been recognized in respect of the following items:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Tax losses	–	6,827	22,650
Deductible temporary differences	2,900	2,874	4,134
Total	2,900	9,701	26,784

The Company has tax losses arising in Chinese mainland of nil, RMB6,827,000 and RMB22,650,000 as at December 31, 2023, 2024 and 2025, respectively, that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognized in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilized.

20. INVENTORIES

The Group

	December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	405,698	460,801	479,459
Work in progress	183,292	160,857	155,516
Finished goods	106,856	136,874	108,125
Other materials	23,008	29,380	35,589
	718,854	787,912	778,689

As at December 31, 2023, 2024 and 2025, certain of the Group's inventories with aggregate carrying amounts of approximately RMB11,282,000, RMB5,519,000 and nil, respectively, were pledged to secure interest-bearing other borrowings of the Group (note 27).

21. TRADE AND BILLS RECEIVABLES

The Group

	December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	56,865	50,529	58,300
Impairment	(3,001)	(3,049)	(4,826)
Trade receivables, net	53,864	47,480	53,474
Bills receivable	5,665	8,789	3,770
Trade and bills receivables	59,529	56,269	57,244

The Group has a policy of requiring payment in advance from customers for the sale of products (other than cash and credit card sales), except for some major customers, where the trading terms are on credit. The Group grants a defined credit period usually ranging from one to six months from the date of invoice to these customers. The Group seeks to maintain strict control over its receivables to minimize credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The Group's trade receivables included amounts due from entities controlled by the controlling shareholder of the Company, which are repayable on the terms mutually agreed by the parties involved, further details of which are included in note 36 to the Historical Financial Information.

An aging analysis of the Group's trade receivables at the end of each of the Relevant Periods, based on the date of revenue recognition and net of loss allowance, is as follows:

	December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 12 months	53,040	45,915	48,528
13th to 24th months	764	1,563	4,437
25th to 36th months	60	2	509
	53,864	47,480	53,474

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

	December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	3,566	3,001	3,049
Impairment loss/(reversal of impairment loss), net *(note 7)*	(565)	48	1,741
Exchange realignment	–	–	36
At end of year	3,001	3,049	4,826

The increase/decrease in the loss allowance during the Relevant Periods was mainly due to the increase/decrease in the gross amounts of accounts receivable aged over one year.

An impairment analysis is performed at the end of each of the Relevant Periods using a provision matrix to measure expected credit losses. The provision rates are based on the aging for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of each of the Relevant Periods about past events, current conditions and forecasts of future economic conditions. Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at December 31, 2023

	Aging				
	Within 12 months	13th to 24th months	25th to 36th months	Over 36 months	Total
Provision on a collective basis:					
Expected credit loss rate	4.06%	30.80%	65.57%	100.00%	5.28%
Gross carrying amount (RMB'000)	55,285	1,104	175	301	56,865
Expected credit losses (RMB'000)	2,245	340	115	301	3,001

As at December 31, 2024

	Aging				
	Within 12 months	13th to 24th months	25th to 36th months	Over 36 months	Total
Provision on a collective basis:					
Expected credit loss rate	4.03%	29.48%	52.63%	100.00%	6.03%
Gross carrying amount (RMB'000)	47,841	2,217	5	466	50,529
Expected credit losses (RMB'000)	1,926	654	3	466	3,049

As at December 31, 2025

	Aging				
	Within 12 months	13th to 24th months	25th to 36th months	Over 36 months	Total
Provision on a collective basis:					
Expected credit loss rate	3.96%	29.00%	51.77%	100.00%	8.28%
Gross carrying amount (RMB'000)	50,529	6,249	1,056	466	58,300
Expected credit losses (RMB'000)	2,001	1,812	547	466	4,826

The Group's bills receivable were all aged within one year and were neither past due nor impaired.

As at December 31, 2023, 2024 and 2025, the Group endorsed certain bills receivable in Chinese mainland (the "Endorsed Bills") with a carrying amount of RMB4,664,000, RMB5,895,000 and RMB1,500,000, respectively, to certain of its suppliers in order to settle the trade payables due to such suppliers (the "Endorsement"). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognize the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties.

As at December 31, 2023, 2024 and 2025, certain bills receivable accepted by banks in Chinese mainland (the "Discounted Bills") were discounted to the banks in Chinese mainland with a carrying amount in aggregate of RMB57,803,000, nil, and nil, respectively. In accordance with the Law of Negotiable Instruments in Chinese mainland, the holders of the Discounted Bills have a right of recourse against the Group if the Chinese mainland banks default (the "Continuing Involvement"). In the opinion of the directors, the Group has not transferred substantially all risks and rewards relating to the Discounted Bills. The maximum exposure to loss from the Group's Continuing Involvement in the Discounted Bills and the undiscounted cash flows to repurchase these Discounted Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Discounted Bills are not significant. The proceeds received from the discount of the Discounted Bills with amounts of RMB57,803,000, nil, and nil was recorded as interest-bearing bank and other borrowings at December 31, 2023, 2024 and 2025, because the directors believe that the Group has retained the substantial risks and rewards, which include default risks relating to such Discounted Bills.

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current:			
Prepayments	28,903	27,089	27,363
Value-added tax recoverable and prepaid other tax	24,917	38,627	38,391
Deposits	22,212	21,815	20,587
Prepaid [**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Other receivables	20,766	24,560	28,537
	96,798	112,091	118,325
Impairment allowance	(3,256)	(3,215)	(3,212)
Total – current	93,542	108,876	115,113
Non-current:			
Long-term prepayments	71,965	12,466	25,730
Total	165,507	121,342	140,843

The Company

	December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current:			
Prepayments	–	881	605
Value-added tax recoverable and prepaid other tax	–	1,167	2,214
Amounts due from subsidiaries	240,478	271,697	252,909
Dividend receivables	20,143	55,256	42,086
Deposits	–	–	20
Prepaid [**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Other receivables	2,871	748	16
	263,492	329,749	301,297
Impairment allowance	(33)	(8)	–*
Total – current	263,459	329,741	301,297
Non-current			
Long-term prepayments	–	–	1,308
Total	263,459	329,741	302,605

* The amount is less than RMB1,000.

Impairment of deposits and other receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses. Amounts due from subsidiaries were unsecured, interest-free and repayable on demand.

Reconciliation of the allowance for deposits and other receivables is as follows:

The Group

	December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	3,122	3,256	3,215
Impairment loss/(reversal of impairment loss), net *(note 7)*	134	(41)	(3)
At end of year	3,256	3,215	3,212

The Company

	December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	15	33	8
Impairment loss/(reversal of impairment loss), net	18	(25)	(8)
At end of year	33	8	–*

* The amount is less than RMB1,000.

23. CASH AND CASH EQUIVALENTS, TIME DEPOSITS AND RESTRICTED CASH

The Group

	December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	407,324	394,872	563,813
Time deposits	14,830	25,595	31,120
Subtotal	422,154	420,467	594,933
Less:			
Time deposits with original maturity of over three months:			
Current portion	8,160	5,595	11,120
Non-current portion	–	20,000	20,000
Restricted cash			
Current portion	67,204	57,772	91,984
Total	346,790	337,100	471,829
Denominated in			
RMB	402,615	400,627	575,976
EUR	10,327	6,930	10,934
KRW	9,212	12,910	8,023
Total	422,154	420,467	594,933

The Company

	December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current			
Cash and bank balances	10,829	3,566	2,410

The RMB is not freely convertible into other currencies, however, under Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Long-term time deposits are placed for periods of three years and short-term deposits are available for withdrawals with varying periods of between one day and twelve months depending on the immediate cash requirements of the Group, and earn interest at the respective deposit rates. The bank balances, time deposits and restricted cash are deposited with creditworthy banks with no recent history of default.

As at December 31, 2023, 2024 and 2025, restricted cash of RMB684,000, RMB150,000 and RMB9,217,000, respectively, were related to the Group's bills payable.

As at December 31, 2023, 2024 and 2025, restricted cash of RMB66,520,000, RMB57,622,000 and RMB82,767,000, respectively, were pledged to interest-bearing bank and other borrowings (note 27).

24. TRADE AND BILLS PAYABLES

The Group

	December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	257,716	262,277	254,569
Bills payable	6,120	1,275	13,970
Total	263,836	263,552	268,539

An aging analysis of the trade payables as at the end of each of the Relevant Periods, based on the good or service received date, is as follows:

	December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 12 months	189,284	182,830	175,784
13th to 24th months	2,966	12,511	2,525
25th to 36th months	1,166	2,315	10,622
Over 36 months	64,300	64,621	65,638
Total	257,716	262,277	254,569

The Company

An aging analysis of the trade payables as at the end of each of the Relevant Periods, based on the good or service received date, is as follows:

	December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 12 months	15	–	45
13th to 24th months	31	15	–
25th to 36th months	–	31	15
Over 36 months	–	–	31
	46	46	91

The Group's trade payables included amounts due to related parties, which are repayable on the terms mutually agreed by the parties involved, further details of which are included in note 36 to the Historical Financial Information.

The trade payables are non-interest-bearing and are normally settled within 90 days upon receipt of the VAT invoice.

25. OTHER PAYABLES AND ACCRUALS

The Group

	December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Deferred income	1,963	5,264	8,067
Payroll and welfare payable	36,469	44,959	44,224
Other tax payables	30,061	29,947	46,501
Deposits received	18,491	27,707	29,935
Accrued expenses	25,317	37,988	39,958
Payables for purchase of long-term assets	84,636	71,291	80,742
Loans from related parties	22,376	14,165	9,165
Payables for acquisition of non-controlling interests	42,878	5,480	4,980
Dividend payables	113,934	16,261	1,332
Other payables	20,578	5,572	6,914
Total	396,703	258,634	271,818

The Company

	December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Payroll and welfare payable	766	1,231	1,276
Other tax payables	544	73	128
Due to subsidiaries	406,447	501,480	518,850
Accrued expenses	469	–	1,472
Loans from related parties	2,376	2,376	2,376
Payables for acquisition of non-controlling interests	32,592	4,980	4,980
Dividend payables	83,934	16,261	1,332
Other payables	2,546	–	1,104
Total	529,674	526,401	531,518

All financial liabilities above are unsecured, non-interest-bearing and repayable on demand.

The Group's other payables and accruals included amounts due to related parties, which are repayable on the terms mutually agreed by the parties involved, further details of which are included in note 36 to the Historical Financial Information.

26. CONTRACT LIABILITIES

	January 1,	December 31,		
	2023	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Sale of dairy products	141,994	176,565	148,389	162,105
Deferred sales incentives	134,743	87,541	46,336	50,017
Total	276,737	264,106	194,725	212,122

The increase/decrease in contract liabilities during the Relevant Periods was mainly due to the increase/decrease in short-term advances received for sales of dairy products, except for the year ended December 31, 2023 which is attributable to the decrease in deferred sales incentives.

27. INTEREST-BEARING BANK AND OTHER BORROWINGS

The Group

	As at December 31, 2023		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans – secured	2.50% – 4.80%	2024	169,004
Other borrowings – secured*	1.25% – 12.00%	2024	138,617
Other borrowings – unsecured***	3.45%	2024	21,300
Current portion of long-term bank loans – secured	1.10% – 6.00%	2024	73,341
Current portion of long-term other borrowings – secured**	5.06% – 7.32%	2024	10,010
Total – current			412,272
Non-current			
Bank loans – secured	1.10% – 6.00%	2025 – 2034	239,090
Other borrowings – secured**	5.06% – 7.32%	2025 – 2026	8,598
Total – non-current			247,688
Total			659,960

The Group

	As at December 31, 2024		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans – secured	1.93% – 6.00%	2025	202,479
Bank loans – unsecured	3.60% – 4.00%	2025	30,000
Other borrowings – secured*	2.40% – 12.00%	2025	166,193
Other borrowings – unsecured***	3.00%	2025	36,606
Current portion of long-term bank loans – secured	1.10% – 6.00%	2025	66,909
Current portion of long-term other borrowings – secured**	7.32%	2025	6,587
Total – current			508,774
Non-current			
Bank loans – secured	1.10% – 6.00%	2026 – 2039	198,007
Other borrowings – secured**	7.32%	2026	2,011
Total – non-current			200,018
Total			708,792

	As at December 31, 2025		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans – secured	1.97% – 3.65%	2026	195,611
Bank loans – unsecured	3.30% – 3.60%	2026	30,000
Other borrowings – secured*	1.30% – 3.13%	2026	191,204
Other borrowings – unsecured***	3.35%	2026	21,079
Current portion of long-term bank loans – secured	1.10% – 4.90%	2026	62,099
Current portion of long-term other borrowings – secured**	7.32%	2026	2,011
Total – current			502,004

	As at December 31, 2025		
	Effective interest rate (%)	Maturity	RMB'000
Non-current			
Bank loans – secured	1.10% - 4.90%	2027 – 2039	198,349
Total			700,353

* The Group discounted certain bills receivable and letter of credit to banks in exchange for cash in each of the Relevant Periods. The Group has retained the substantial risks and rewards, which include default risks relating to such discounted bills, and accordingly, it continued to recognize the full carrying amounts of the bills receivable and the associated cash received as secured other borrowings from the bank, the corresponding discount charges is recorded as interest expense. Further details are included in note 21 to the Historical Financial Information.

** Secured other borrowings were provided by International Far Eastern Leasing Co., Ltd. (遠東國際融資租賃有限公司) in each of the Relevant Periods, with the Group's certain machinery serving as collateral.

*** As at December 31, 2023, 2024 and 2025, unsecured other borrowing was from Qingdao Kangwang Investment Management Co., Ltd. (青島康旺投資管理有限公司), an entity controlled by the controlling shareholder of the Company. Further details are included in note 36 to the Historical Financial Information.

The Group

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

	December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
RMB	542,658	606,136	568,616
KRW	33,233	25,954	21,777
EUR	84,069	76,702	109,960
	659,960	708,792	700,353

An analysis of the carrying amounts of borrowings by type of interest rate is as follows:

	December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Fixed interest rate	630,924	581,477	605,054
Variable interest rate	29,036	127,315	95,299
Total	659,960	708,792	700,353

	December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Analyzed into:			
Bank loans repayable:			
Within one year	242,345	299,388	287,710
In the second year	60,194	67,697	57,948
In the third to fifth years, inclusive	143,285	93,671	106,976
Beyond five years	35,611	36,639	33,425
Subtotal	481,435	497,395	486,059
Other borrowings repayable:			
Within one year	169,927	209,386	214,294
In the second year	6,587	2,011	–
In the third to fifth years, inclusive	2,011	–	–
Subtotal	178,525	211,397	214,294
Total	659,960	708,792	700,353

The carrying amounts of the Group's assets at the end of each of the Relevant Periods which are securities in relation to the Group's bank and other borrowings are as follows:

		December 31,		
	Note	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Buildings and equipment	*14*	96,164	343,553	308,414
Leasehold land	*15*	54,687	53,536	59,224
Biological assets	*18*	27,538	18,018	20,600
Inventories	*20*	11,282	5,519	–
Investments in subsidiaries		–	21,722	21,722
Restricted cash	*23*	66,520	57,622	82,767

As at December 31, 2023, 2024 and 2025, certain of the Group's bank loans amounting to RMB318,439,000, RMB346,767,000 and nil, respectively, were guaranteed by Mr. MU Shanbo or jointly guaranteed by Mr. MU Shanbo and the Company or certain subsidiaries of the Company.

The guarantee granted by Mr. Mu to the Group was fully released in September, 2025.

The Company

	As at December 31, 2023		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Other borrowings – unsecured	3.45%	2024	21,300

	As at December 31, 2024		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Other borrowings – unsecured	3.35%	2025	36,606
Current portion of long-term bank loans – secured	3.55%-4.40%	2025	5,518
			42,124
Non-current			
Bank loans – secured	3.55%-4.40%	2026-2039	18,555
Total			60,679

	As at December 31, 2025		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Other borrowings – unsecured	3.00%	2026	21,079
Current portion of long-term bank loans – secured	3.55%-4.05%	2026	542
			21,621
Non-current			
Bank loans – secured	3.55%-4.05%	2027-2039	8,962
Total			30,583

The carrying amounts of the Company's assets at the end of each of the Relevant Periods which are securities in relation to the Company's bank and other borrowings are as follows:

	December 31,	
	2024	2025
	RMB'000	*RMB'000*
Buildings and equipment	12,911	12,291
Investments in subsidiaries	21,722	21,722

28. DEFERRED INCOME

The Group

	December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Government grants			
Asset-related grants *(a)*	23,950	41,600	44,877
Reimbursement of future expenses *(b)*	–	–	1,708
Total	23,950	41,600	46,585

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

	December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Balance at beginning of the year	235	23,950	41,600
Additions	23,945	22,720	9,163
Released to profit or loss	(233)	(3,657)	(5,611)
Exchange realignment	3	(1,413)	1,433
At end of year	23,950	41,600	46,585
Current portion	1,963	5,264	8,067
Non-current portion	21,987	36,336	38,518

Notes:

(a) Asset-related grants

The asset-related grants were mainly the subsidies received from the government in relation to the Group's property, plant and equipment.

(b) Reimbursement of future expenses

Government grants as the reimbursement of future expenses were mainly the subsidies received in relation to the Group's future research and development activities.

29. PAID-IN CAPITAL/SHARE CAPITAL

Paid-in capital

	Paid-in capital
	RMB'000
At January 1, 2023	131,127
Capital contribution in relation to the share award scheme *(note (i))*	54,768
Capital contribution by shareholders *(note (ii))*	25,000
At December 31, 2023 and January 1, 2024	210,895
Capital contribution in relation to the share award scheme *(note (iii))*	12,667
At December 31, 2024 and January 1, 2025	223,562
Capital contribution in relation to the share award scheme *(note (iv))*	37,438
At June 18, 2025	261,000

Share capital

A summary of movements in the share capital is as follows:

	Number of shares in issue	Share capital
		RMB'000
At June 18, 2025	–	–
Issue of ordinary shares upon conversion of the Company into a joint stock company *(note (v))*	261,000,000	261,000
At December 31, 2025	261,000,000	261,000

Notes:

(i) During the year ended December 31, 2023, the Company received capital contributions (the "Share Incentive Contributions") of RMB82,895,000 from share incentive platforms with respect to share award granted to certain directors and employees (the "Share Incentive Participants") under the share award scheme (the "Share Award Scheme"), as disclosed in (note 30) to the Historical Financial Information. The capital contributions increased the paid-in capital and capital reserve by RMB54,768,000 and RMB28,127,000, respectively.

(ii) During the year ended December 2023, the Company received capital contributions of RMB25,000,000 from Qingdao Kangwang Investment Management Co., Ltd. (青島康旺投資管理有限公司), an entity controlled by the controlling shareholder of the Company. The capital contributions increased the paid-in capital by RMB25,000,000.

(iii) During the year ended December 2024, the Company received capital contributions of RMB19,121,000 in relation to the Share Incentive Contributions. The capital contributions increased the paid-in capital and capital reserve by RMB12,667,000 and RMB6,454,000, respectively.

(iv) During the year ended December 31, 2025, the Company received capital contributions of RMB56,794,000 in relation to the Share Incentive Contributions. The capital contributions increased the paid-in capital and capital reserve by RMB37,438,000 and RMB19,356,000, respectively.

(v) As at June 18, 2025, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The paid-in capital of the Company as of the conversion base date, amounting to RMB261,000,000 were converted into 261,000,000 ordinary shares of RMB1.00 each.

30. SHARE-BASED PAYMENTS

The Group approved and adopted the Share Award Scheme for Share Incentive Participants in order to recognize the contributions of the Share Incentive Participants to the growth and development of the Group, and incentivize them to further promote the development of the Group.

In order to implement the Share Award Scheme, Qingdao Qiwang Investment Center (Limited Partnership) (青島啟旺投資中心(有限合夥)), Qingdao Zhenai Investment Center (Limited Partnership) (青島臻愛投資中心(有限合夥)), Qingdao Kunpeng Gongchuang Investment Enterprise (Limited Partnership) (青島鯤鵬共創投資企業(有限合夥)), Qingdao Ousheng Investment Center (Limited Partnership) (青島歐盛投資中心(有限合夥)), Tianjin Yiwang Enterprise Management Consulting Center (Limited Partnership) (天津益旺企業管理諮詢中心(有限合夥)), Qingdao Yiwang Investment Partnership Enterprise (Limited Partnership) (青島益旺投資合夥企業(有限合夥)), Qingdao Changhong Investment Center (Limited Partnership) (青島長虹投資中心(有限合夥)) and Qingdao Zhongwang Investment Center (Limited Partnership) (青島眾旺投資中心(有限合夥)) were established and designated as share incentive platforms to hold the shares specially awarded to the eligible participants as the ultimate beneficial owners.

During the year ended December 31, 2020, the Company granted 40,792,506 shares to the Share Incentive Participants through the share incentive platforms at a subscription price of RMB1.50 per share, of which 1,708,710 shares are subject to a service condition.

During the year ended December 31, 2021, the Company granted 9,278,900 shares and 18,000,000 shares to the Share Incentive Participants through the share incentive platforms at subscription prices of RMB1.50 per share and RMB1.60 per share, respectively, of which 1,639,000 shares are subject to a service condition.

During the year ended December 31, 2022, the Company granted 473,146 shares and 45,500 shares to the Share Incentive Participants through the share incentive platforms at subscription prices of RMB1.50 and RMB1.60 per share, respectively, of which 45,500 shares are subject to a service condition.

During the year ended December 31, 2023, the Company granted 14,589,880 shares, 50,000 shares, 59,500 shares and 79,300 shares to the Share Incentive Participants through the share incentive platforms at subscription prices of RMB1.50, RMB1.60, RMB1.62, and RMB1.63 per share, respectively, of which 4,911,574 shares are subject to a service condition.

During the year ended December 31, 2024, the Company granted 1,210,010 shares, 7,900 shares, 13,100 shares and 260,700 shares to the Share Incentive Participants through the share incentive platforms at subscription prices of RMB1.50, RMB1.59, RMB1.60, and RMB1.99 per share, respectively, of which 273,800 shares are subject to a service condition.

During the year ended December 31, 2025, the Company granted 58,921 shares and 11,800 shares to the Share Incentive Participants through the share incentive platforms at subscription prices of RMB1.50 and RMB1.60 per share, respectively, of which 70,721 shares are subject to a service condition.

The aforementioned service condition will be satisfied when the Share Incentive Participants continue to be employees of the Group upon the successfully [**REDACTED**] of the Company's share on a recognized stock exchange.

The fair values of the shares granted at the grant date were determined with reference to the fair value of the underlying share which was determined using a market-based technique, which were determined by the Group with the assistance of an independent third party valuation firm. The following table lists the key inputs to the model used:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Average enterprise value to sales ("EV/Sales")	1.14	1.15	1.15
Discount for lack of marketability	32.9%	34.8%	34.8%

Movements in the number of shares and their respective weighted average grant price under the Share Award Scheme were as follows:

	Year ended December 31, 2023		Year ended December 31, 2024		Year ended December 31, 2025	
	Weighted average grant price per share	Number of shares	Weighted average grant price per share	Number of shares	Weighted average grant price per share	Number of shares
	RMB		*RMB*		*RMB*	
At beginning of year	1.55	3,302,210	1.52	7,966,063	1.53	7,899,242
Granted during the year	1.50	14,778,680	1.59	1,491,711	1.52	70,721
Vested during the year	1.50	(9,867,106)	1.50	(1,217,911)	–	–
Forfeited during the year	1.58	(247,721)	1.58	(340,621)	1.52	(70,721)
At end of year	1.52	7,966,063	1.53	7,899,242	1.53	7,899,242

The aforesaid transactions have been accounted for as share-based payment transactions. During the years ended December 31, 2023, 2024 and 2025, the Group recognized expenses of RMB33,518,000, RMB14,732,000, and RMB6,867,000, respectively.

31. RESERVES

The Group

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

(i) Capital reserve

The capital reserve mainly represents the amount paid by shareholders for capital injection in excess of the nominal value of the shares issued, the amount arising from the conversion to a joint stock company, eliminating the portion which was converted into share capital, as well as the reserves resulting from transactions with non-controlling interests.

(ii) Share-based payment reserve

Share-based payment reserve of the Group is attributable to the fair value of share award granted to the Group's employees, less the corresponding grant price, details of which are set out in note 30 to the Historical Financial Information.

(iii) Statutory surplus reserve

In accordance with the Company Law of the PRC, companies registered in the PRC are required to allocate 10% of the statutory after-tax profits to the statutory surplus reserve until the cumulative total of the reserve reaches 50% of its registered capital. The statutory surplus reserve may be used to offset accumulated losses or be converted to increase the registered capital of such companies subject to approval from the relevant PRC authorities, provided that the balance after such conversion is not less than 25% of the registered capital. The statutory surplus reserve is not available for dividend distribution to shareholders of such companies.

(iv) Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations with functional currency other than RMB. The reserve is dealt with in accordance with the accounting policies set out in note 2.3 to the Historical Financial Information.

The Company

The amounts of the Company's reserves and the movements therein for the Relevant Periods are presented as follows:

	Capital reserve	Share-based payment reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Statutory surplus reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	14,286	150,498	3,800	6,539	58,306	233,429
Profit and total comprehensive income for the year	–	–	–	–	207,084	207,084
Capital contribution in relation to the share award scheme	122,019	(93,892)	–	–	–	28,127
Dividend declared	–	–	–	–	(249,040)	(249,040)
Appropriation to statutory surplus reserve	–	–	–	20,708	(20,708)	–
Equity-settled share-based payment arrangements	–	33,518	–	–	–	33,518
At December 31, 2023 and January 1, 2024	136,305	90,124	3,800	27,247	(4,358)	253,118
Profit for the year	–	–	–	–	27,071	27,071
Other comprehensive income for the year:						
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	1,778	–	–	1,778
Total comprehensive income for the year	–	–	1,778	–	27,071	28,849
Capital contribution in relation to the share award scheme	30,363	(23,909)	–	–	–	6,454
Appropriation to statutory surplus reserve	–	–	–	2,707	(2,707)	–
Equity-settled share-based payment arrangements	–	14,732	–	–	–	14,732

	Capital reserve	Share-based payment reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Statutory surplus reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At December 31, 2024 and January 1, 2025	166,668	80,947	5,578	29,954	20,006	303,153
Loss for the year	–	–	–	–	(12,000)	(12,000)
Other comprehensive loss for the year:						
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	(424)	–	–	(424)
Total comprehensive loss for the year	–	–	(424)	–	(12,000)	(12,424)
Capital contribution in relation to the share award scheme	78,174	(58,818)	–	–	–	19,356
Dividend declared	–	–	–	–	(30,000)	(30,000)
Conversion into a joint stock	21,464	–	–	(21,464)	–	–
Equity-settled share-based payment arrangements	–	6,867	–	–	–	6,867
At December 31, 2025	266,306	28,996	5,154	8,490	(21,994)	286,952

32. ACQUISITION OF NON-CONTROLLING INTERESTS

On March 29, 2023, Oviganic acquired 5% equity interests of Queserias Prado, increasing its ownership interest to 100%, at a cash consideration of RMB1,187,000, which was paid to the non-controlling shareholders in 2023. The carrying value of the net assets of Queserias Prado at that date was RMB171,000.

On September 20, 2023, the Company acquired 49% equity interests of Changsha Bekari, increasing its ownership interest to 100%, at a cash consideration of RMB27,612,000, which was paid to the non-controlling shareholders in 2024. The carrying value of the net assets of Changsha Bekari at that date was RMB9,257,000.

On September 22, 2023, Changsha Bekari acquired 20% equity interests of HAM Qibo, increasing its ownership interest to 100%, at a cash consideration of RMB12,086,000, of which RMB2,300,000 was paid to the non-controlling shareholders in 2023 and RMB9,786,000 was paid to the non-controlling shareholders in 2024. The carrying value of the net assets of HAM Qibo at that date was RMB7,418,000.

The following is a schedule of the additional interests acquired in Queserias Prado, Changsha Bekari and HAM Qibo:

	Queserias Prado	Changsha Bekari	HAM Qibo	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cash consideration paid to non-controlling shareholders	(1,187)	(27,612)	(12,086)	(40,885)
Carrying value of the additional interest in subsidiaries	(171)	9,257	7,418	16,504
Difference recognized in capital reserve	(1,358)	(18,355)	(4,668)	(24,381)

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the years ended December 31, 2023, 2024 and 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB3,721,000 and RMB4,341,000 and RMB15,303,000, respectively, in respect of lease arrangements for plant and properties. During the years ended December 31, 2023, certain proceeds of other borrowings of RMB13,912,000 were in the form of bills issued by banks in Chinese mainland of the same amounts.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank and other borrowings	Lease liabilities	Dividends payable	Other payables for acquisition of non-controlling interests	Other payables for loans from related parties	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	503,408	18,620	7,589	21,480	7,376	558,473
Changes from financing cash flows	110,406	(9,518)	(237,486)	(19,487)	15,000	(141,085)
New leases	–	3,721	–	–	–	3,721
Acquisition of non-controlling interests	–	–	–	40,885	–	40,885
Dividends declared	–	–	343,831	–	–	343,831
Non-cash proceeds	13,912	–	–	–	–	13,912
Interest expense	20,959	862	–	–	–	21,821
Lease termination	–	(1,238)	–	–	–	(1,238)
Foreign exchange movement	11,275	(82)	–	–	–	11,193
At December 31, 2023	659,960	12,365	113,934	42,878	22,376	851,513
At January 1, 2024	659,960	12,365	113,934	42,878	22,376	851,513
Changes from financing cash flows	22,255	(4,823)	(97,673)	(37,398)	(8,211)	(125,850)
New leases	–	4,341	–	–	–	4,341
Interest expense	24,006	631	–	–	–	24,637
Lease termination	–	(1,144)	–	–	–	(1,144)
Foreign exchange movement	2,571	–	–	–	–	2,571
At December 31, 2024	708,792	11,370	16,261	5,480	14,165	756,068
At January 1, 2025	708,792	11,370	16,261	5,480	14,165	756,068
Changes from financing cash flows	(27,693)	(8,920)	(44,929)	(500)	(5,000)	(87,042)
New leases	–	15,303	–	–	–	15,303
Dividends declared	–	–	30,000	–	–	30,000
Interest expense	19,239	993	–	–	–	20,232
Foreign exchange movement	15	(97)	–	–	–	(82)
At December 31, 2025	700,353	18,649	1,332	4,980	9,165	734,479

(c) Total cash outflow for leases

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

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within operating activities	1,225	1,696	1,092
Within financing activities	9,518	4,823	8,920
Total	10,743	6,519	10,012

34. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bills payable, and interest-bearing bank and other borrowings are included in notes 24 and 27, respectively, to the Historical Financial Information.

35. COMMITMENTS

The Group had the following capital commitments at the end of the each of the Relevant Periods:

	December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Contracted, but not provided for:			
Property, plant and equipment	75,445	22,562	14,363
Equity investment designated at fair value through other comprehensive income *(note)*	600	600	600
Total	76,045	23,162	14,963

Note: On March 29, 2021, the Group entered into an agreement with the shareholders of Guangzhou Meisuli Nutriment Co., Ltd. (廣州美素力營養品有限公司) ("Meisuli") to acquire a 3% equity interest in Meisuli through a transfer of registered capital in the amount of RMB600,000. As of December 31, 2025, as the stipulated capital contribution period has not yet been reached, the Group has not yet made any capital contribution.

36. RELATED PARTY TRANSACTIONS

(a) Names of and relationships with related parties:

The directors of the Company are of the view that the following parties were significant related parties of the Group that had material transactions or balances with the Group during the Relevant Periods:

Name of the related parties	Relationship with the Group
Mr. MU Shanbo	Director and controlling shareholder of the Company
Mr. MU Shanyong	A close family member of Mr. MU Shanbo and the then supervisor of the Company
Mr. YANG Yongjun	The key management personnel of the Group
Ms. OUYANG Yun	A close family member of Mr. YANG Yongjun
Qingdao Kangwang Investment Management Co., Ltd.* (青島康旺投資管理有限公司) ("Kangwang Investment")	Entity controlled by Mr. MU Shanbo
Hunan Ounengduo Dairy Co., Ltd.* (湖南歐能多乳品有限公司) ("Ounengduo")	Entity controlled by Mr. YANG Yongjun and his close family member
Heilongjiang Anbei Animal Husbandry Co., Ltd.* (黑龍江安北牧業有限公司) ("Heilongjiang Anbei")	Entity controlled by Mr. MU Shanbo and his close family member
Qingdao Qiwang Investment Center (Limited Partnership)* (青島啟旺投資中心(有限合夥)) ("Qiwang Investment")	Entity controlled by controlling shareholder of the Company

* The English names of the companies registered in the PRC represent the best efforts made by management of the Company to translate the Chinese names of the companies as they do not have official English names.

As at August 27, 2025, Hunan Ounengduo Dairy Co., Ltd (湖南歐能多乳品有限公司) has completed the deregistration process.

(b) Transactions with related parties:

In addition to the transactions disclosed elsewhere in the Historical Financial Information, the Group had the following material transactions with related parties during the Relevant Periods:

The Group

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Sales of goods			
Ounengduo	3,341	2,288	417
Heilongjiang Anbei	17	–	–
	3,358	2,288	417
Purchase of biological assets			
Heilongjiang Anbei	28,679	2,730	–
Purchase of goods			
Heilongjiang Anbei	18,773	–	–
Rental payments			
Heilongjiang Anbei	526	526	526
Interest expense			
Kangwang Investment	4	688	773

The above transactions were conducted in accordance with the terms and conditions mutually agreed by the parties involved.

(c) Outstanding balances with related parties:

The Group

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade related:			
Trade payables			
Heilongjiang Anbei	93,908	83,890	74,644
Non-trade related:			
Other receivables			
Qiwang Investment	2	2	–
Other payables and accruals			
Mr. MU Shanbo	24,817	18,637	2,376
Mr. MU Shanyong	3,780	3,780	3,780
Ms. OUYANG Yun	104	–	–
Ounengduo	5,000	5,000	–
Heilongjiang Anbei	29,244	9,519	9,801
	62,945	36,936	15,957
Interest-bearing bank and other borrowings			
Kangwang Investment	21,300	36,606	21,079

Non-trade payables mainly include payables for acquisition of non-controlling interests, dividends payables, and interest-free loans from Ounengduo and Heilongjiang Anbei.

At the end of each of the Relevant Periods, all the remaining balances due from/due to related parties were non-interest-bearing, unsecured and repayable on demand except for loan from Kangwang Investment, further details of which are included in note 27 to the Historical Financial Information.

According to the loan agreements signed between the Group and Kangwang Investment on December 28, 2023, Kangwang Investment agreed to provide loans with amounts of RMB21,500,000 at an annual rate of 3.45%, of which RMB200,000 was repaid in 2023 and RMB21,300,000 was repaid in 2024. According to the loan agreements signed between the Group and Kangwang Investment on September 20, 2024, Kangwang Investment agreed to provide loans with amounts of RMB 36,500,000 at an annual rate of 3.35%, of which RMB16,500,000 was repaid in 2025 and on September 19, 2025, a new loan agreement was entered into with Kangwang Investment in respect of the remaining principal of RMB20,000,000, with repayable date adjusted and the applicable annual interest rate adjusted to 3.00%.

Our Directors confirmed that the outstanding balance due to Kangwang Investment as well as other non-trade balances with related parties will be settled prior to the [**REDACTED**].

(d) Compensation of key management personnel of the Group:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, bonuses, allowances and benefits in kind	7,385	8,832	8,283
Performance related bonuses	1,353	2,375	6,564
Share-based payments	15,752	8,226	374
Pension scheme contributions	303	318	384
Total	24,793	19,751	15,605

Further details of directors' and the chief executive's emoluments are included in note 9 to the Historical Financial Information.

(e) Guarantee for bank and other borrowings

Certain of the Group's bank loans were guaranteed by Mr. MU Shanbo or jointly guaranteed by Mr. MU Shanbo and the Company or certain subsidiaries of the Company. Further details are included in note 27 to the Historical Financial Information.

37. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

As at December 31, 2023

Financial assets

	Financial assets at fair value through profit or loss - mandatorily designated as such	Financial assets at fair value through other comprehensive income - equity investments	Financial assets at amortized cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial investments	15,139	7,066	5,025	27,230
Trade and bills receivables	–	–	59,529	59,529
Financial assets included in prepayments, other receivables and other assets	–	–	39,722	39,722
Time deposits	–	–	8,160	8,160
Restricted cash	–	–	67,204	67,204
Cash and cash equivalents	–	–	346,790	346,790
	15,139	7,066	526,430	548,635

Financial liabilities

	Financial liabilities at amortized cost
	RMB'000
Financial liabilities included in other payables and accruals	328,210
Lease liabilities	12,365
Trade and bills payables	263,836
Interest-bearing bank and other borrowings	659,960
	1,264,371

As at December 31, 2024

Financial assets

	Financial assets at fair value through other comprehensive income - equity investments	Financial assets at amortized cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Financial investments	9,437	995	10,432
Trade and bills receivables	–	56,269	56,269
Financial assets included in prepayments, other receivables and other assets	–	43,160	43,160
Time deposits	–	25,595	25,595
Restricted cash	–	57,772	57,772
Cash and cash equivalents	–	337,100	337,100
	9,437	520,891	530,328

Financial liabilities

	Financial liabilities at amortized cost
	RMB'000
Financial liabilities included in other payables and accruals	178,464
Lease liabilities	11,370
Trade and bills payables	263,552
Interest-bearing bank and other borrowings	708,792
	1,162,178

As at December 31, 2025

Financial assets

	Financial assets at fair value through other comprehensive income - equity investments	Financial assets at amortized cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Financial investments	8,872	5,013	13,885
Trade and bills receivables	–	57,244	57,244
Financial assets included in prepayments, other receivables and other assets	–	49,359	49,359
Time deposits	–	31,120	31,120
Restricted cash	–	91,984	91,984
Cash and cash equivalents	–	471,829	471,829
	8,872	706,549	715,421

Financial liabilities

	Financial liabilities at amortized cost
	RMB'000
Financial liabilities included in other payables and accruals	173,026
Lease liabilities	18,649
Trade and bills payables	268,539
Interest-bearing bank and other borrowings	700,353
	1,160,567

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying amounts December 31,			Fair values December 31,		
	2023	2024	2025	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets						
Equity investment designated at fair value through other comprehensive income *(note 17)*	7,066	9,437	8,872	7,066	9,437	8,872
Financial assets at fair value through profit or loss *(note 17)*	15,139	–	5,013	15,139	–	5,013
Time deposits, non-current portion	–	20,000	20,000	–	20,678	21,138
Total	22,205	29,437	33,885	22,205	30,115	35,023
Financial liabilities						
Interest-bearing bank and other borrowings	659,960	708,792	700,353	661,719	721,494	710,266

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

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At the end of each of the Relevant Periods, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

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

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

The fair values of the non-current portion of time deposits, debt investments and interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows, using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at the end of each of the Relevant Periods were assessed to be insignificant.

The fair values of unlisted equity investments designated at fair value through other comprehensive income have been estimated with reference to the most recent transaction price of the shares.

Fair value hierarchy

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

Assets measured at fair value:

As at December 31, 2023

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through other comprehensive income	–	7,066	–	7,066
Financial assets at fair value through profit or loss	–	15,139	–	15,139

As at December 31, 2024

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through other comprehensive income	–	9,437	–	9,437

As at December 31, 2025

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through other comprehensive income	–	8,872	–	8,872
Financial assets at fair value through profit or loss	–	5,013	–	5,013

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

Assets for which fair values are disclosed:

As at December 31, 2024

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Time deposits, non-current portion	–	20,678	–	20,678

As at December 31, 2025

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Time deposits, non-current portion	–	21,138	–	21,138

Liabilities for which fair values are disclosed:

As at December 31, 2023

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	–	661,719	–	661,719

As at December 31, 2024

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	–	721,494	–	721,494

As at December 31, 2025

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	–	710,266	–	710,266

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the interest-bearing bank borrowings with floating interest rates. The Group's policy is to manage its interest cost using variable rate debts. The directors of the Group believe that the cash flow risk exposure arising from floating-rate bank borrowings is not significant. The Group continuously monitors interest rate levels and, in the event that market expectations for interest rate hikes are clear or interest rates are expected to rise, the Group will leverage its credit rating and differentiated financing advantages to replace floating-rate debt facing interest rate hike risks with other financing instruments.

	Increase/(decrease) in basis point	Increase/(decrease) in profit before tax
		RMB'000
As at December 31, 2023		
RMB	50	(145)
RMB	(50)	145
As at December 31, 2024		
RMB	50	(637)
RMB	(50)	637
As at December 31, 2025		
RMB	50	(476)
RMB	(50)	476

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in the KRW exchange rates, with all other variables held constant, of the Group's profit before tax (arising from KRW denominated financial instruments).

	Increase/(decrease) in foreign currency/ RMB rate	Increase/(decrease) in profit before tax
	rate %	*RMB'000*
As at December 31, 2023		
If RMB weakens against KRW	5	(7,670)
If RMB strengthens against KRW	(5)	7,670
As at December 31, 2024		
If RMB weakens against KRW	5	(2,092)
If RMB strengthens against KRW	(5)	2,092
As at December 31, 2025		
If RMB weakens against KRW	5	(3,601)
If RMB strengthens against KRW	(5)	3,601

Credit risk

The Group trades only with recognized and creditworthy parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, debt investments, restricted cash, time deposits and financial assets included in prepayments, other receivables and other assets, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each Relevant Periods.

The amounts presented are gross carrying amounts for financial assets.

As at December 31, 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	–	–	–	62,530	62,530
Financial assets included in prepayments, other receivables and other assets					
– Normal**	39,970	–	–	–	39,970
– Doubtful**	–	–	3,008	–	3,008
Time deposits					
– Not yet past due	8,160	–	–	–	8,160
Restricted cash					
– Not yet past due	67,204	–	–	–	67,204
Debt Investments					
– Not yet past due	5,025	–	–	–	5,025
Cash and cash equivalents					
– Not yet past due	346,790	–	–	–	346,790
	467,149	–	3,008	62,530	532,687

As at December 31, 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	–	–	–	59,318	59,318
Financial assets included in prepayments, other receivables and other assets					
– Normal**	43,367	–	–	–	43,367
– Doubtful**	–	–	3,008	–	3,008
Time deposits					
– Not yet past due	5,595	–	–	–	5,595
Restricted cash					
– Not yet past due	57,772	–	–	–	57,772
Debt Investments					
– Not yet past due	995	–	–	–	995
Cash and cash equivalents					
– Not yet past due	337,100	–	–	–	337,100
	444,829	–	3,008	59,318	507,155

As at December 31, 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	–	–	–	62,070	62,070
Financial assets included in prepayments, other receivables and other assets					
– Normal**	54,920	–	–	–	54,920
– Doubtful**	–	–	3,008	–	3,008
Time deposits					
– Not yet past due	11,120	–	–	–	11,120
Restricted cash					
– Not yet past due	91,984	–	–	–	91,984
Cash and cash equivalents					
– Not yet past due	471,829	–	–	–	471,829
	629,853	–	3,008	62,070	694,931

* For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 21.

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

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and bills receivables, financial assets included in prepayments, other receivables and other assets are disclosed in notes 21 and 22 to the Historical Financial Information.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade and bills receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings and lease liabilities.

The maturity profile of the Group's financial liabilities as at the end of the each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

December 31, 2023

	On demand or less than 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities included in other payables and accruals	328,210	–	–	328,210
Interest-bearing bank and other borrowings	424,030	227,570	40,950	692,550
Lease liabilities	4,737	4,773	6,439	15,949
Trade and bills payables	263,836	–	–	263,836
	1,020,813	232,343	47,389	1,300,545

December 31, 2024

	On demand or less than 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities included in other payables and accruals	178,464	–	–	178,464
Interest-bearing bank and other borrowings	520,046	169,293	51,936	741,275
Lease liabilities	3,263	4,944	6,586	14,793
Trade and bills payables	263,552	–	–	263,552
	965,325	174,237	58,522	1,198,084

December 31, 2025

	On demand or less than 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities included in other payables and accruals	173,026	–	–	173,026
Interest-bearing bank and other borrowings	510,995	174,014	41,917	726,926
Lease liabilities	6,266	11,313	3,918	21,497
Trade and bills payables	268,539	–	–	268,539
	958,826	185,327	45,835	1,189,988

Capital management

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

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

The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. The Group aims to maintain the gearing ratio at a reasonable level. Net debt includes trade and bills payables, financial liabilities included in other payables and accruals, interest-bearing bank and other borrowings and lease liabilities, less cash and cash equivalents. Capital represents equity attributable to owners of the Company. The gearing ratios at the end of each of the Relevant Periods are as follows:

	December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills payables	263,836	263,552	268,539
Financial liabilities included in other payables and accruals	328,210	178,464	173,026

	December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	659,960	708,792	700,353
Lease liabilities	12,365	11,370	18,649
Less: Cash and cash equivalents	346,790	337,100	471,829
Net debt	917,581	825,078	688,738
Equity attributable to owners of the parent	790,084	975,991	1,203,982
Capital and net debt	1,707,665	1,801,069	1,892,720
Gearing ratio	54%	46%	36%

40. EVENTS AFTER THE RELEVANT PERIODS

No significant subsequent events the Company have occurred after December 31, 2025 and up to the date of this report.

41. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to December 31, 2025.