

# Foshan Haitian Flavouring and Food Company Ltd.

Underlying Financial Statements  
for the years ended  
December 31, 2022, 2023 and 2024



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## Independent auditor's report to the directors of Foshan Haitian Flavouring and Food Company Ltd.

*(incorporated in the People's Republic of China with limited liability)*

### Opinion

We have audited the consolidated financial statements of Foshan Haitian Flavouring and Food Company Ltd. ("the Company") and its subsidiaries ("the Group") set out on pages 4 to 94, which comprise the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2022, 2023 and 2024, the consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements for each of the years ended December 31, 2022, 2023 and 2024 and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the Company's and the Group's financial position as at December 31, 2022, 2023 and 2024 and of the Group's consolidated financial performance and the Group's consolidated cash flows for each of the years ended December 31, 2022, 2023 and 2024 in accordance with the basis of preparation and presentation set out in note 1 to the consolidated financial statements.

### Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the People's Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## **Emphasis of Matter – Basis of Preparation and Presentation**

We draw attention to note 1 to the consolidated financial statements, which describes the basis of preparation and presentation. The consolidated financial statements are prepared for the purpose of the preparation of a prospectus by the directors of the Company in connection with the initial public offering of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited. As a result, the consolidated financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

## **Responsibilities of the directors for the consolidated financial statements**

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with the basis of preparation and presentation set out in note 1 to the consolidated financial statements and for such internal control as the directors of the Company determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

## **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. The report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.





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

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

We communicate with the directors of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Certified Public Accountants*  
8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

June 11, 2025

# Consolidated statements of profit or loss

(Expressed in RMB)

|  | Note | Year ended December 31, |                     |                     |
|--|------|-------------------------|---------------------|---------------------|
|  |      | 2022<br>RMB'000         | 2023<br>RMB'000     | 2024<br>RMB'000     |
| <b>Revenue</b>   | 4    | 25,609,652              | 24,559,312          | 26,900,978          |
| Cost of sales  |      | <u>(16,679,019)</u>     | <u>(16,222,544)</u> | <u>(17,175,902)</u> |
| <b>Gross profit</b>  |      | 8,930,633               | 8,336,768           | 9,725,076           |
| Other revenue  | 5    | 894,358                 | 748,533             | 712,801             |
| Other net income   | 6    | 151,254                 | 225,143             | 263,233             |
| Selling and marketing expenses   |      | (1,378,054)             | (1,305,747)         | (1,628,602)         |
| Administrative expenses  |      | (449,008)               | (534,411)           | (595,339)           |
| Research and development costs   | 8(c) | (751,339)               | (715,418)           | (839,532)           |
| Provision for expected credit losses<br>on trade and other receivables |      | (2,592)                 | (203)               | (1,041)             |
| Provision for impairment losses  | 7    | <u>(16,551)</u>         | <u>(3,739)</u>      | <u>(99,553)</u>     |
| <b>Profit from operations</b>  |      | 7,378,701               | 6,750,926           | 7,537,043           |
| Finance costs  | 8(a) | <u>(14,496)</u>         | <u>(11,888)</u>     | <u>(23,961)</u>     |
| <b>Profit before taxation</b>  | 8    | 7,364,205               | 6,739,038           | 7,513,082           |
| Income tax   | 9    | <u>(1,161,039)</u>      | <u>(1,096,851)</u>  | <u>(1,157,221)</u>  |
| <b>Profit for the year</b>   |      | <u>6,203,166</u>        | <u>5,642,187</u>    | <u>6,355,861</u>    |
| <b>Attributable to:</b>  |      |                         |                     |                     |
| Equity shareholders of the<br>Company                                  |      | 6,197,717               | 5,626,625           | 6,344,126           |
| Non-controlling interests  |      | <u>5,449</u>            | <u>15,562</u>       | <u>11,735</u>       |
| <b>Profit for the year</b>   |      | <u>6,203,166</u>        | <u>5,642,187</u>    | <u>6,355,861</u>    |
| <b>Earnings per share</b>  | 12   |                         |                     |                     |
| Basic and diluted (RMB)  |      | <u>1.11</u>             | <u>1.01</u>         | <u>1.14</u>         |

The accompanying notes are integral part of the consolidated financial statements.

# Consolidated statements of profit or loss and other comprehensive income

(Expressed in RMB)

|   | Year ended December 31, |                  |                  |
|---|-------------------------|------------------|------------------|
|   | 2022<br>RMB'000         | 2023<br>RMB'000  | 2024<br>RMB'000  |
| <b>Profit for the year</b>  | <u>6,203,166</u>        | <u>5,642,187</u> | <u>6,355,861</u> |
| <b>Other comprehensive income for the year (after tax and reclassification adjustments)</b>               |                         |                  |                  |
| <b>Items that may be reclassified subsequently to profit or loss:</b>                                     |                         |                  |                  |
| Exchange differences on translation of financial statements of subsidiaries outside of the mainland China | <u>-</u>                | <u>(9)</u>       | <u>(5,073)</u>   |
| <b>Other comprehensive income for the year</b>  | <u>-</u>                | <u>(9)</u>       | <u>(5,073)</u>   |
| <b>Total comprehensive income for the year</b>  | <u>6,203,166</u>        | <u>5,642,178</u> | <u>6,350,788</u> |
| <b>Attributable to:</b>   |                         |                  |                  |
| Equity shareholders of the Company  | 6,197,717               | 5,626,616        | 6,339,053        |
| Non-controlling interests   | <u>5,449</u>            | <u>15,562</u>    | <u>11,735</u>    |
| <b>Total comprehensive income for the year</b>  | <u>6,203,166</u>        | <u>5,642,178</u> | <u>6,350,788</u> |

The accompanying notes are integral part of the consolidated financial statements.

# Consolidated statements of financial position

(Expressed in RMB)

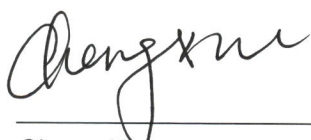
|  |       | As at December 31, |                   |                   |
|--|-------|--------------------|-------------------|-------------------|
|  | Note  | 2022<br>RMB'000    | 2023<br>RMB'000   | 2024<br>RMB'000   |
| <b>Non-current assets</b>  |       |                    |                   |                   |
| Property, plant and equipment  | 13    | 5,397,675          | 6,073,857         | 6,533,073         |
| Right-of-use assets  | 14    | 681,871            | 857,180           | 880,608           |
| Investment property  |       | 4,131              | 3,775             | 3,437             |
| Intangible assets  | 15    | 46,202             | 40,128            | 35,536            |
| Goodwill   | 16    | 210,428            | 210,428           | 112,937           |
| Other financial assets at fair value through profit or loss ("FVPL") | 19    | 100                | 100               | 100               |
| Other receivables  | 22    | 91,854             | 9,708             | 61,219            |
| Deferred tax assets  | 30(b) | 653,326            | 453,922           | 389,416           |
|  |       | <u>7,085,587</u>   | <u>7,649,098</u>  | <u>8,016,326</u>  |
| <b>Current assets</b>  |       |                    |                   |                   |
| Inventories  | 20    | 2,391,641          | 2,618,773         | 2,525,274         |
| Trade receivables  | 21    | 188,395            | 223,149           | 242,632           |
| Other receivables  | 22    | 88,582             | 402,107           | 341,891           |
| Other financial assets at FVPL                                       | 19    | 6,081,663          | 5,841,005         | 7,617,576         |
| Term deposits and certificates of deposits                           | 23    | 9,040,109          | 8,830,381         | 10,199,512        |
| Restricted cash  | 23    | 31,163             | 17,924            | 8,393             |
| Cash and cash equivalents  | 23    | 9,152,035          | 12,841,080        | 11,906,831        |
|  |       | <u>26,973,588</u>  | <u>30,774,419</u> | <u>32,842,109</u> |
| <b>Current liabilities</b>   |       |                    |                   |                   |
| Trade and bills payable  | 24    | 1,300,262          | 1,861,489         | 1,946,575         |
| Other payables   | 25    | 1,864,286          | 1,505,192         | 1,603,007         |
| Contract liabilities   | 26    | 2,948,111          | 4,527,027         | 4,335,313         |
| Bank loans   | 27    | 136,698            | 381,249           | 309,465           |
| Lease liabilities  | 28    | 15,287             | 12,741            | 14,770            |
| Current taxation   | 30(a) | 328,856            | 222,925           | 337,785           |
| Other current liabilities  | 26    | 125,791            | 425,614           | 438,876           |
|  |       | <u>6,719,291</u>   | <u>8,936,237</u>  | <u>8,985,791</u>  |
| <b>Net current assets</b>  |       | <u>20,254,297</u>  | <u>21,838,182</u> | <u>23,856,318</u> |
| <b>Total assets less current liabilities</b>                         |       | <u>27,339,884</u>  | <u>29,487,280</u> | <u>31,872,644</u> |
| <b>Non-current liabilities</b>                                       |       |                    |                   |                   |
| Bank loans and other borrowing                                       | 27    | 112,653            | 89,270            | 52,200            |
| Lease liabilities  | 28    | 29,746             | 30,186            | 28,591            |
| Deferred income  | 29    | 279,166            | 303,224           | 358,519           |
| Deferred tax liabilities   | 30(b) | 33,840             | 31,624            | 31,390            |
|  |       | <u>455,405</u>     | <u>454,304</u>    | <u>470,700</u>    |
| <b>NET ASSETS</b>  |       | <u>26,884,479</u>  | <u>29,032,976</u> | <u>31,401,944</u> |

# Consolidated statements of financial position (continued)

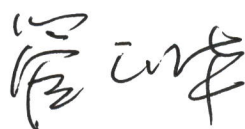
(Expressed in RMB)

|   |       | As at December 31, |            |            |
|---|-------|--------------------|------------|------------|
|   | Note  | 2022               | 2023       | 2024       |
|   |       | RMB'000            | RMB'000    | RMB'000    |
| CAPITAL AND RESERVES  |       |                    |            |            |
| Share capital   | 31(c) | 4,633,834          | 5,560,601  | 5,560,601  |
| Treasury shares   | 31(d) | -                  | (249,998)  | (563,842)  |
| Reserves  | 31(e) | 21,763,843         | 23,220,009 | 25,898,650 |
| Total equity attributable to equity shareholders of the Company |       | 26,397,677         | 28,530,612 | 30,895,409 |
| Non-controlling interests                                       |       | 486,802            | 502,364    | 506,535    |
| TOTAL EQUITY  |       | 26,884,479         | 29,032,976 | 31,401,944 |

Approved and authorised for issue by the board of directors on June 11, 2025.



Cheng Xue  
Executive Director and  
Chairwoman of the Board



Guan Jianghua  
Executive Director

The accompanying notes are integral part of the consolidated financial statements.



# Statements of financial position of the Company

(Expressed in RMB)

|  |       | As at December 31, |                   |                   |
|--|-------|--------------------|-------------------|-------------------|
|  | Note  | 2022               | 2023              | 2024              |
|  |       | RMB'000            | RMB'000           | RMB'000           |
| <b>Non-current assets</b>                    |       |                    |                   |                   |
| Property, plant and equipment                |       | 28,203             | 23,431            | 19,312            |
| Right-of-use assets                          |       | 29,887             | 15,916            | 15,956            |
| Investment property                          |       | 1,796              | 1,640             | 1,502             |
| Intangible assets                            |       | 8,761              | 10,314            | 13,208            |
| Investments in subsidiaries                  | 18    | 1,489,109          | 1,549,109         | 1,490,409         |
| Other financial assets at FVPL               | 19    | 100                | 100               | 100               |
| Deferred tax assets                          | 30(b) | 521,466            | 315,486           | 236,892           |
|  |       | <u>2,079,322</u>   | <u>1,915,996</u>  | <u>1,777,379</u>  |
| <b>Current assets</b>                        |       |                    |                   |                   |
| Inventories                                  | 20    | 9,616              | 8,892             | 7,859             |
| Other receivables                            | 22    | 11,076,462         | 8,466,670         | 5,476,568         |
| Other financial assets at FVPL               | 19    | 2,624,927          | 3,611,520         | 4,727,412         |
| Term deposits and certificates of deposits   | 23    | 4,222,485          | 7,901,954         | 8,858,412         |
| Cash and cash equivalents                    | 23    | 7,191,574          | 8,640,855         | 5,151,010         |
|  |       | <u>25,125,064</u>  | <u>28,629,891</u> | <u>24,221,261</u> |
| <b>Current liabilities</b>                   |       |                    |                   |                   |
| Trade and bills payable                      | 24    | 1,683              | 450,289           | 612,489           |
| Other payables                               | 25    | 6,819,986          | 5,582,644         | 1,407,867         |
| Contract liabilities                         | 26    | 2,659,323          | 4,113,858         | 4,002,681         |
| Lease liabilities                            | 28    | 14,350             | 7,570             | 7,584             |
| Current taxation                             | 30(a) | 35,698             | 35,675            | 82,876            |
| Other current liabilities                    | 26    | 100,100            | 380,787           | 401,947           |
|  |       | <u>9,631,140</u>   | <u>10,570,823</u> | <u>6,515,444</u>  |
| <b>Net current assets</b>                    |       | <u>15,493,924</u>  | <u>18,059,068</u> | <u>17,705,817</u> |
| <b>Total assets less current liabilities</b> |       | <u>17,573,246</u>  | <u>19,975,064</u> | <u>19,483,196</u> |

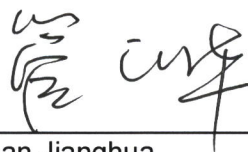
Statements of financial position of the Company (continued)  
(Expressed in RMB)

|                                |       | As at December 31, |                   |                   |
|--------------------------------|-------|--------------------|-------------------|-------------------|
|                                | Note  | 2022<br>RMB'000    | 2023<br>RMB'000   | 2024<br>RMB'000   |
| <b>Non-current liabilities</b> |       |                    |                   |                   |
| Lease liabilities              | 28    | 17,133             | 9,533             | 9,245             |
| Deferred income                | 29    | 2,451              | 5,304             | 5,094             |
|                                |       | <u>19,584</u>      | <u>14,837</u>     | <u>14,339</u>     |
| <b>NET ASSETS</b>              |       |                    |                   |                   |
|                                |       | <u>17,553,662</u>  | <u>19,960,227</u> | <u>19,468,857</u> |
| <b>CAPITAL AND RESERVES</b>    |       |                    |                   |                   |
| Share capital                  | 31(c) | 4,633,834          | 5,560,601         | 5,560,601         |
| Treasury shares                | 31(d) | -                  | (249,998)         | (563,842)         |
| Reserves                       | 31(e) | <u>12,919,828</u>  | <u>14,649,624</u> | <u>14,472,098</u> |
| <b>TOTAL EQUITY</b>            |       |                    |                   |                   |
|                                |       | <u>17,553,662</u>  | <u>19,960,227</u> | <u>19,468,857</u> |

Approved and authorised for issue by the board of directors on June 11, 2025.



Cheng Xue  
Executive Director and  
Chairwoman of the Board



Guan Jianghua  
Executive Director

The accompanying notes are integral part of the consolidated financial statements.

## Consolidated statements of changes in equity

(Expressed in RMB)

|  | Attributable to equity shareholders of the Company |   |  |   |                             | Non-controlling interests<br>RMB'000 | Total equity<br>RMB'000 |
|--|--|---|--|---|-----------------------------|--------------------------------------|-------------------------|
|  | Share capital<br>RMB'000<br>(note 31(c))           | Capital reserve<br>RMB'000<br>(note 31(e)(i)) | Statutory reserve<br>RMB'000<br>(note 31(e)(ii)) | Other reserve<br>RMB'000<br>(note 31(e)(iii)) | Retained profits<br>RMB'000 | Sub-total<br>RMB'000                 |                         |
| Balance at January 1, 2022   | 4,212,576  | 95,860  | 2,175,976  | 46,639  | 16,870,467                  | 23,401,518                           | 23,499,849              |
| Changes in equity for 2022:  |  |   |  |   |                             |                                      |                         |
| Profit for the year  | -  | -   | -  | -   | 6,197,717                   | 6,197,717                            | 6,203,166               |
| Total comprehensive income   | -  | -   | -  | -   | 6,197,717                   | 6,197,717                            | 6,203,166               |
| Appropriation to statutory reserve                                       | -  | -   | 286,319  | -   | (286,319)                   | -                                    | -                       |
| Dividends approved and paid in respect of the previous year (note 31(b)) | -  | -   | -  | -   | (3,201,558)                 | (3,201,558)                          | (3,201,558)             |
| Bonus issue (note 31(c)(iii))  | 421,258  | -   | -  | -   | (421,258)                   | -                                    | -                       |
| Acquisition of subsidiaries (note 17)                                    | -  | -   | -  | -   | -                           | -                                    | 383,022                 |
| Balance at December 31, 2022   | 4,633,834  | 95,860  | 2,462,295  | 46,639  | 19,159,049                  | 26,397,677                           | 26,884,479              |

# Consolidated statements of changes in equity (continued)

(Expressed in RMB)

|  | Attributable to equity shareholders of the Company |  |  |   |   |  |                                | Non-controlling interests<br>RMB'000 | Total equity<br>RMB'000 |
|--|--|--|--|---|---|--|--------------------------------|--------------------------------------|-------------------------|
|  | Share capital<br>RMB'000<br>(note 31(c))           | Treasury<br>reserve<br>RMB'000<br>(note 31(d)) | Capital<br>reserve<br>RMB'000<br>(note 31(e)(i)) | Statutory<br>reserve<br>RMB'000<br>(note 31(e)(ii)) | Other reserve<br>RMB'000<br>(note 31(e)(iii)) | Exchange<br>reserve<br>RMB'000<br>(note 31(e)(iv)) | Retained<br>profits<br>RMB'000 | Sub-total<br>RMB'000                 |                         |
| Balance at January 1, 2023   | 4,633,834  | -  | 95,860   | 2,462,295   | 46,639  | -  | 19,159,049                     | 26,397,677                           | 26,884,479              |
| Changes in equity for 2023:  |  |  |  |   |   |  |                                |                                      |                         |
| Profit for the Year  | -  | -  | -  | -   | -   | -  | 5,626,625                      | 5,626,625                            | 5,642,187               |
| Other comprehensive income   | -  | -  | -  | -   | -   | (9)  | -                              | (9)                                  | (9)                     |
| Total comprehensive income   | -  | -  | -  | -   | -   | (9)  | 5,626,625                      | 5,626,616                            | 5,642,178               |
| Repurchase of own shares (note 31(d))                                    | -  | (249,998)                                      | -  | -   | -   | -  | -                              | (249,998)                            | (249,998)               |
| Appropriation to statutory reserve                                       | -  | -  | -  | 544,005   | -   | -  | (544,005)                      | -                                    | -                       |
| Dividends approved and paid in respect of the previous year (note 31(b)) | -  | -  | -  | -   | -   | -  | (3,243,683)                    | (3,243,683)                          | (3,243,683)             |
| Bonus issue (note 31(c)(iii))  | 926,767  | -  | -  | -   | -   | -  | (926,767)                      | -                                    | -                       |
| Balance at December 31, 2023   | 5,560,601  | (249,998)                                      | 95,860   | 3,006,300   | 46,639  | (9)  | 20,071,219                     | 28,530,612                           | 28,032,976              |



## Consolidated statements of changes in equity (continued)

(Expressed in RMB)

|  | Attributable to equity shareholders of the Company |  |   |  |   |   |                             | Non-controlling interests<br>RMB'000 | Total equity<br>RMB'000 |
|--|--|--|---|--|---|---|-----------------------------|--------------------------------------|-------------------------|
|  | Share capital<br>RMB'000<br>(note 31(c))           | Treasury shares<br>RMB'000<br>(note 31(d)) | Capital reserve<br>RMB'000<br>(note 31(e)(i)) | Statutory reserve<br>RMB'000<br>(note 31(e)(ii)) | Other reserve<br>RMB'000<br>(note 31(e)(iii)) | Exchange reserve<br>RMB'000<br>(note 31(e)(iv)) | Retained profits<br>RMB'000 | Sub-total<br>RMB'000                 |                         |
| Balance at January 1, 2024   | 5,560,601  | (249,998)                                  | 95,860  | 3,006,300  | 46,639  | (9)   | 20,071,219                  | 28,530,612                           | 29,032,976              |
| Changes in equity for 2024:  |  |  |   |  |   |   |                             |                                      |                         |
| Profit for the year  | -  | -  | -   | -  | -   | -   | 6,344,126                   | 6,344,126                            | 6,355,861               |
| Other comprehensive income   | -  | -  | -   | -  | -   | (5,073)   | -                           | (5,073)                              | (5,073)                 |
| Total comprehensive income   | -  | -  | -   | -  | -   | (5,073)   | 6,344,126                   | 6,339,053                            | 6,350,788               |
| Repurchase of own shares (note 31(d))                                    | -  | (313,844)                                  | -   | -  | -   | -   | -                           | (313,844)                            | (313,844)               |
| Appropriation to statutory reserve                                       | -  | -  | -   | 69,596   | -   | -   | (69,596)                    | -                                    | -                       |
| Dividends approved and paid in respect of the previous year (note 31(b)) | -  | -  | -   | -  | -   | -   | (3,660,412)                 | (3,660,412)                          | (3,667,976)             |
| Balance at December 31, 2024   | 5,560,601  | (563,842)                                  | 95,860  | 3,075,896  | 46,639  | (5,082)   | 22,685,337                  | 30,895,409                           | 31,401,944              |

The accompanying notes are integral part of the consolidated financial statements.

## Consolidated cash flow statements

(Expressed in RMB)

|  |       | Year ended December 31, |                  |                    |
|--|-------|-------------------------|------------------|--------------------|
|  | Note  | 2022<br>RMB'000         | 2023<br>RMB'000  | 2024<br>RMB'000    |
| <b>Operating activities</b>  |       |                         |                  |                    |
| Cash generated from operations   | 23(d) | 5,065,810               | 8,361,245        | 7,821,799          |
| Income tax paid  |       | (1,235,496)             | (1,005,594)      | (978,089)          |
| <b>Net cash generated from operating activities</b>  |       | <u>3,830,314</u>        | <u>7,355,651</u> | <u>6,843,710</u>   |
| <b>Investing activities</b>  |       |                         |                  |                    |
| Payment for purchase of property, plant and equipment, right-of-use assets and intangible assets |       | (1,517,900)             | (1,924,150)      | (1,575,700)        |
| Proceeds from disposal of property, plant and equipment and intangible assets                    |       | 5,066                   | 1,813            | 16,629             |
| Proceeds from maturity of term deposits and certificates of deposits                             |       | 4,940,000               | 6,780,000        | 5,212,050          |
| Placement of term deposits and certificates of deposits  |       | (8,016,050)             | (6,376,000)      | (6,527,747)        |
| Purchase of other financial assets at FVPL   |       | (7,674,000)             | (7,212,630)      | (10,457,000)       |
| Proceeds from disposal of other financial assets at FVPL   |       | 7,111,527               | 7,683,415        | 8,917,784          |
| Interest received  |       | 566,133                 | 396,450          | 487,840            |
| (Payment for)/withdrawal of deposits for a derivative financial instrument                       |       | -                       | (150,000)        | 150,000            |
| Payments for acquisition of subsidiaries, net of cash acquired                                   |       | (73,304)                | (18,900)         | -                  |
| <b>Net cash used in investing activities</b>   |       | <u>(4,658,528)</u>      | <u>(820,002)</u> | <u>(3,776,144)</u> |

## Consolidated cash flow statements (continued)

(Expressed in RMB)

|   |       | Year ended December 31, |                    |                    |
|---|-------|-------------------------|--------------------|--------------------|
|   | Note  | 2022<br>RMB'000         | 2023<br>RMB'000    | 2024<br>RMB'000    |
| <b>Financing activities</b>   |       |                         |                    |                    |
| Payment for repurchase of own shares  |       | -                       | (249,998)          | (313,844)          |
| Proceeds from bank loans  | 23(e) | 251,009                 | 517,920            | 356,506            |
| Proceeds from discount of bills receivable due from the Company by a subsidiary | 23(e) | 700,000                 | 1,050,000          | 1,486,477          |
| Payment for expired bills payable due to a subsidiary from the Company          | 23(e) | (1,142,500)             | (600,000)          | (1,350,000)        |
| Repayments of bank loans  | 23(e) | (259,489)               | (296,769)          | (465,361)          |
| Repayment of borrowings from non-controlling shareholders                       | 23(e) | (331,902)               | -                  | -                  |
| Lease payments  | 23(e) | (20,795)                | (18,380)           | (26,379)           |
| Dividends paid to equity shareholders of the Company                            |       | (3,201,558)             | (3,243,683)        | (3,660,412)        |
| Dividends paid to non-controlling shareholders                                  |       | -                       | -                  | (7,564)            |
| Interest paid   | 23(e) | (12,528)                | (9,720)            | (21,818)           |
| <b>Net cash used in financing activities</b>                                    |       | <u>(4,017,763)</u>      | <u>(2,850,630)</u> | <u>(4,002,395)</u> |
| <b>Net (decrease)/increase in cash and cash equivalents</b>                     |       | (4,845,977)             | 3,685,019          | (934,829)          |
| <b>Effect of foreign exchange rate changes</b>                                  |       | (2,786)                 | 4,026              | 580                |
| <b>Cash and cash equivalents at the beginning of the year</b>                   |       | <u>14,000,798</u>       | <u>9,152,035</u>   | <u>12,841,080</u>  |
| <b>Cash and cash equivalents at the end of the year</b>                         | 23(a) | <u>9,152,035</u>        | <u>12,841,080</u>  | <u>11,906,831</u>  |

The accompanying notes are integral part of the consolidated financial statements.

# Notes to the consolidated financial statements

*(Expressed in thousands of RMB, unless otherwise indicated)*

## **1 Basis of preparation and presentation of the consolidated financial statements**

Foshan Haitian Flavouring and Food Company Ltd. (“佛山市海天調味食品股份有限公司”), hereinafter referred to as the “Company”, was established in Foshan City, Guangdong Province, the People’s Republic of China (the “PRC”) on April 8, 2000 as a limited liability company under the PRC Company Law. In November 2010, the Company was converted into a joint stock limited liability company. In February 2014, the Company’s A Shares were listed on Shanghai Stock Exchange (“the A Share Listing”).

The Company and its subsidiaries (hereinafter collectively referred to as “the Group”) are principally engaged in the manufacturing and sales of soy sauce, oyster sauce, flavored sauce, specialty condiment products and others.

The financial statements of the Company and its subsidiaries for which there are statutory requirements were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries in which they were incorporated and/or established. The Company’s statutory financial statements for the years ended December 31, 2022, 2023 and 2024 were audited by KPMG Huazhen LLP 畢馬威華振會計師事務所 (特殊普通合夥).



## 1 Basis of preparation and presentation of the consolidated financial statements (continued)

As at December 31, 2022, 2023 and 2024, and as at the date of issue of the consolidated financial statements, the Company has direct or indirect interests in the following principal subsidiaries, all of which are private companies:

| Company name  | Place and date of incorporation/establishment | Particulars of issued and paid-up capital | Effective interest held by the Group |                         |      | At the date of issue of the consolidated financial statements | Principal activities and place of operation  |
|---|---|---|--------------------------------------|-------------------------|------|---|--|
|   |   |   |                                      |                         |      |   |  |
|   |   |   | 2022                                 | As at December 31, 2023 | 2024 |   |  |
| Directly held by the Company  |   |   |                                      |                         |      |   |  |
| Hensil Worldwide Investments Limited ("Hensil Worldwide")             | British Virgin Island ("BVI")                 |   |                                      |                         |      |   |  |
| (興兆環球投資有限公司) (iv)   | July 4, 2001                                  | USD1                                      | 100%                                 | 100%                    | 100% | 100%  | Equity investment; BVI                       |
| Haitian Vinegar Industry Group Limited ("Vinegar Group")              | PRC   |   |                                      |                         |      |   | Manufacturing of condiments; PRC             |
| (海天醋業集團有限公司) (i)(v)   | March 25, 2014                                | RMB10,000,000                             | 100%                                 | 100%                    | 100% | 100%  | Sales of condiments, food and beverages; PRC |
| Guangdong Xiaokang Technology Co., Ltd. ("Xiaokang Technology")       | PRC   |   |                                      |                         |      |   | Manufacturing of condiments; PRC             |
| (廣東小康科技有限公司) (i)(iii)   | June 22, 2017                                 | RMB10,000,000                             | 100%                                 | 100%                    | 100% | 100%  | Sales of condiments, food and beverages; PRC |
| Foshan Haitian (Nanning) Seasoning Food Co., Ltd. ("Nanning Haitian") | PRC   |   |                                      |                         |      |   | Manufacturing of condiments; PRC             |
| (佛山市海天(南寧)調味食品有限公司) (i)(iii)  | January 23, 2020                              | RMB50,000,000                             | 100%                                 | 100%                    | 100% | 100%  | Manufacturing of condiments; PRC             |

# 1 Basis of preparation and presentation of the consolidated financial statements (continued)

| Company name  | Place and date of incorporation/establishment | Particulars of issued and paid-up capital | Effective interest held by the Group |      |      | At the date of issue of the consolidated financial statements | Principal activities and place of operation |
|---|---|---|--------------------------------------|------|------|---|---|
|   |   |   |                                      |      |      |   |   |
|   |   |   | As at December 31, 2022              | 2023 | 2024 |   |   |
| Haitian Oyster Sauce (Tianjin) Group Co., Ltd. ("Tianjin Oyster")   |   |   |                                      |      |      |   |   |
| (海天蠔油 (天津) 集團有限公司) (i)(iii)   | PRC   |   |                                      |      |      |   |   |
| Foshan Haitian (Suqian) Seasoning Food Co., Ltd. ("Suqian Haitian") | February 7, 2021                              | RMB 1,000,000                             | 100%                                 | 100% | 100% | 100%  | Sales of condiments; PRC                    |
| (佛山市海天 (宿遷) 調味食品有限公司) (i)(iii)                                      | PRC   |   |                                      |      |      |   | Manufacturing of condiments; PRC            |
| Haitian Brewing Food Co., Ltd. ("Haitian Niangzao")                 | August 25, 2021                               | RMB 100,000,000                           | 100%                                 | 100% | 100% | 100%  | Sales of condiments; PRC                    |
| (海天釀造食品有限公司)(i)(ii)   | PRC   |   |                                      |      |      |   |   |
|   | January 10, 2022                              | RMB 25,000,000                            | 100%                                 | 100% | 100% | 100%  | Sales of condiments; PRC                    |

# 1 Basis of preparation and presentation of the consolidated financial statements (continued)

| Company name  | Place and date of incorporation /establishment | Particulars of issued and paid-up capital | Effective interest held by the Group |                         |      | At the date of issue of the consolidated financial statements | Principal activities and place of operation |
|---|--|---|--------------------------------------|-------------------------|------|---|---|
|   |  |   |                                      |                         |      |   |   |
|   |  |   | 2022                                 | As at December 31, 2023 | 2024 |   |   |
| Foshan Haitian (Gaoming) Flavoring Food Co., Ltd. ("Gaoming Haitian")<br>(佛山市海天 (高明) 調味食品有限公司) (i)(iii) | PRC<br>June 7, 2004                            | RMB 50,000,000                            | 100%                                 | 100%                    | 100% | Manufacturing of condiments; PRC                              |   |
| <i>Indirectly held by the Company</i>   |  |   |                                      |                         |      |   |   |
| Zhejiang Haitian Vinegar Wine Marketing Co., Ltd. ("Zhejiang Cuiju")<br>(浙江海天醋酒營銷有限公司) (i)(iii)         | PRC<br>September 1, 2021                       | RMB 10,000,000                            | 100%                                 | 100%                    | 100% | Sales of condiments; PRC                                      |   |

## 1 Basis of preparation and presentation of the consolidated financial statements (continued)

Notes:

- (i) The English translation of the company names is for reference only. The official names of these companies are in Chinese. These companies were all limited liability companies under the law of the PRC.
- (ii) The statutory financial statements of this entity for the year ended December 31, 2022 were prepared in accordance with the Accounting Standards for Business Enterprises applicable to the enterprises in the PRC and were audited by KPMG Huazhen LLP. No audited financial statements were prepared for this entity for the years ended December 31, 2023 and 2024.
- (iii) The statutory financial statements of these entities for the years ended December 31, 2022, 2023 and 2024 were prepared in accordance with the Accounting Standards for Business Enterprises applicable to the enterprises in the PRC. The statutory financial statements for the years ended December 31, 2022, 2023 and 2024 were audited by KPMG Huazhen LLP.
- (iv) The audited financial statements of this entity for the years ended December 31, 2022, 2023 and 2024 were prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities. The audited financial statements for the years ended December 31, 2022, 2023 and 2024 were audited by Tony Kwok Tung Ng & Co., Certified Public Accountants.
- (v) The statutory financial statements of this entity for the years ended December 31, 2022, 2023 and 2024 were prepared in accordance with the Accounting Standards for Business Enterprises applicable to the enterprises in the PRC. The statutory financial statements for the years ended December 31, 2022, 2023 and 2024 were audited by Suqian Gongxing Certified Public Accountants Co., Ltd..
- (vi) The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets and liabilities of the Group.

All companies comprising the Group have adopted December 31 as their financial year end date.

The consolidated financial statements have been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). As the Group's first consolidated financial statements prepared in accordance with IFRS Accounting Standards, IFRS 1 "*First-time Adoption of International Financial Reporting Standards*" have been applied save for certain presentation and disclosure provisions therein. The date of transition to IFRS Accounting Standards was January 1, 2022. Further details of the material accounting policy information adopted are set out in note 2.



## **1 Basis of preparation and presentation of the consolidated financial statements (continued)**

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing the consolidated financial statements, the Group has adopted all applicable new and revised IFRS Accounting Standards effective for the accounting period beginning on January 1, 2024, except for any new standards or interpretations that are not yet effective for the accounting period beginning on January 1, 2024. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period beginning on January 1, 2024 are set out in note 36.

The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements.

The consolidated financial statements are presented in Renminbi ("RMB"), rounded to the nearest thousand ("RMB'000"), unless otherwise indicated.

## **2 Material accounting policy information**

### **(a) Basis of measurement**

The measurement basis used in the preparation of the financial statements is the historical cost basis, except for certain financial assets measured at their fair value (see note 2(e)).

### **(b) Use of estimates and judgements**

The preparation of the financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

## **2 Material accounting policy information (continued)**

### **(c) Subsidiaries and non-controlling interests**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group elects to measure the non-controlling interests ("NCI") at the NCI's proportionate share of the subsidiary's net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statements of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(j)(ii)).

### **(d) Goodwill**

Goodwill represents the excess of

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognized immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses (see note 2(j)(ii)).

## **2 Material accounting policy information (continued)**

### **(e) Other investments in securities**

The Group's policies for investments in securities, other than investments in subsidiaries, are set out below.

Investments in securities are recognized/derecognized on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognized directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 32(e). These investments are subsequently accounted for as follows, depending on their classification.

#### **(i) Non-equity investments**

Non-equity investments are classified as FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognized in profit or loss.

#### **(ii) Equity investments**

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognized in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognized in profit or loss as other income (see note 2(t)(ii)(d)).

### **(f) Investment property**

Investment property is initially measured at cost. After initial recognition, the Group chooses the cost model to measure all of its investment properties.

Depreciation is calculated on the straight-line basis to write off the cost to its residual value over its estimated useful life. The estimated useful lives are as follows:

|             |          |
|-------------|----------|
| - Buildings | 20 years |
|-------------|----------|

The carrying amounts of investment properties measured using the cost method are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Any gain or loss on disposal of investment property is recognized in profit or loss. Rental income from investment properties is recognized in accordance with note 2(t)(ii)(a).

## **2 Material accounting policy information (continued)**

### **(g) Property, plant and equipment**

Property, plant and equipment are stated at cost, which includes capitalized borrowing costs, less accumulated depreciation and any impairment losses (see note 2(j)(ii)).

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gains or losses on disposal of an item of property, plant and equipment is recognized in profit or loss.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss as follows:

- Land-use rights, other leased properties, machinery and equipment are depreciated over the unexpired term of lease
- Buildings 5 - 30 years
- Machinery and equipment 2 - 15 years
- Vehicles 3 - 10 years
- Office equipment and others 2 - 10 years
- Leasehold improvements 2 - 5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Construction in progress is stated at cost less impairment losses (see note 2(j)(ii)). Cost comprises direct costs of construction as well as interest expense capitalized during the periods of construction and installation. Capitalization of these costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.



## 2 Material accounting policy information (continued)

### (h) *Intangible assets (other than goodwill)*

Expenditure on research and development activities is recognized in profit or loss as incurred.

Intangible assets acquired by the Group with finite useful lives are measured at cost less accumulated amortization and impairment losses (see note 2(j)(ii)).

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line basis over their estimated useful lives, if any, and is generally recognized in profit or loss.

The following intangible assets with finite useful lives are amortized from the date they are available for use and their estimated useful lives are as follows:

- |  |              |
|--|--------------|
| - Enterprise resource planning system and other software | 2 - 10 years |
| - Trademark and others                                   | 3 - 10 years |

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

### (i) *Leased assets*

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

#### (i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognizes a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalize the lease on a lease-by-lease basis. If not capitalized, the associated lease payments are recognized in profit or loss on a systematic basis over the lease term.

Where the lease is capitalized, the lease liability is initially recognized at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortized cost and interest expense is recognized using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

## 2 Material accounting policy information (continued)

The right-of-use asset recognized when a lease is capitalized is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(g) and 2(j)(ii)).

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortized cost (see notes 2(e)(i), 2(t)(ii)(b) and 2(j)(i)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the financial statements, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

### (ii) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognized in accordance with note 2(t)(ii)(a).

## **2 Material accounting policy information (continued)**

### **(j) Credit losses and impairment of assets**

#### **(i) Credit losses from financial instruments**

The Group recognizes a loss allowance for expected credit losses ("ECLs") on financial assets measured at amortized cost, non-equity securities measured at fair value through other comprehensive income and lease receivables.

##### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

- fixed-rate financial assets, trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected live of the instrument is less than 12 months); and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade and bills receivables are always measured at an amount equal to lifetime ECLs.

## 2 Material accounting policy information (continued)

### *Significant increases in credit risk*

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

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

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the financial asset is 90 days past due

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in non-equity securities that are measured at FVOCI (recycling), for which the loss allowance is recognized in OCI and accumulated in the fair value reserve (recycling) does not reduce the carrying amount of the financial assets in the consolidated statements of financial position.

### *Credit-impaired financial assets*

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

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

## **2 Material accounting policy information (continued)**

### *Write-off policy*

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

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

### **(ii) Impairment of other non-current assets**

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

### **(k) Inventories**

Inventories are measured at the lower of cost and net realizable value.

Cost is calculated using weighted average cost formula and comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

## **2 Material accounting policy information (continued)**

### **(l) Trade and other receivables**

A receivable is recognized when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortized cost (see note 2(j)(i)).

### **(m) Cash and cash equivalents and restricted cash**

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks, term deposits and certificates of deposits held for the purpose of meeting short-term cash commitments that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value.

Guarantee deposits which are restricted to use are presented separately in consolidated statements of financial position as "Restricted cash". Restricted cash is excluded from cash and cash equivalents in the consolidated cash flow statements.

Cash and cash equivalents, term deposits, certificates of deposits and restricted cash are assessed for ECLs in accordance with the policy set out in note 2(j)(i).

### **(n) Trade and other payables**

Trade and other payables are initially recognized at fair value. Subsequent to initial recognition, trade and other payables are stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

### **(o) Interest-bearing borrowings**

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortized cost using the effective interest method. Interest expense is recognized in accordance with note 2(v).

### **(p) Contract liabilities**

A contract liability is recognized when the customer pays non-refundable consideration before the Group recognizes the related revenue (see note 2(t)(i)). A contract liability is also recognized if the Group has an unconditional right to receive non-refundable consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable is also recognized (see note 2(l)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2(t)(ii)(b)).

## **2 Material accounting policy information (continued)**

### **(q) Employee benefits**

#### **(i) Short-term employee benefits and contributions to defined contribution retirement plans**

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

#### **(ii) Termination benefits**

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring.

### **(r) Income tax**

Income tax expense comprises current tax and deferred tax. It is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognized deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

## **2 Material accounting policy information (continued)**

Deferred tax assets are recognized for unused tax losses, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

### **(s) Provisions and contingent liabilities**

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognized for any expected reimbursement that would be virtually certain. The amount recognized for the reimbursement is limited to the carrying amount of the provision.



## **2 Material accounting policy information (continued)**

### **(t) Revenue and other income**

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Further details of the Group's revenue and other income recognition policies are as follows:

#### **(i) Revenue from contracts with customers**

The Group is the principal for its revenue transactions and recognizes revenue on a gross basis. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Revenue is recognized when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax.

##### **(a) Sales of flavoring products**

Revenue is recognized when the products are delivered to customers at the locations specified in the sales orders or sales contracts, or when the products are despatched if the customers designate the Group as the carrier. Revenue is recognized based on the price agreed in the contract net of the expected sales rebates and customer incentives to be paid to customers.

##### **(b) Revenue from transportation services**

Revenue from transportation services is recognized over time.

##### **(c) Other practical expedients applied**

For sales contracts that had an original expected duration of one year or less, the Group has not disclosed the information related to the aggregated amount of the transaction price allocated to the remaining performance obligations in accordance with paragraph 121(a) of IFRS 15.

## **2 Material accounting policy information (continued)**

### **(ii) Revenue from other sources and other income**

#### **(a) Rental income from operating leases**

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

#### **(b) Interest income**

Interest income is recognized using the effective interest method. The “effective interest rate” is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

#### **(c) Government grants**

Government grants are recognized in the statements of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are recognized by setting up the grant as deferred income that is recognized in profit or loss on a systematic basis over the useful life of the asset.

#### **(d) Dividends**

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

## **2 Material accounting policy information (continued)**

### **(u) Translation of foreign currencies**

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss.

The assets and liabilities of foreign operations are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognized, but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

### **(v) Borrowing costs**

Borrowing costs are expensed in the period in which they are incurred.

## **2 Material accounting policy information (continued)**

### **(w) Related parties**

- (a) A person, or a close member of that person's family, is related to the Group if 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 the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
  - (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) both entities 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).
  - (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 Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

### **(x) Segment reporting**

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

## **2 Material accounting policy information (continued)**

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

According to the Group's internal organisational structure, management requirements and internal reporting system, the nature, production process, sales methods and customer types of the Group's products are similar. The Group's operations and strategies operate as a whole. The financial information provided by the chief operating decision maker does not contain profit or loss information for each operating activity. Therefore, the management believes that the Group has only one reportable segment and the Group is not required to prepare a segment report.

## **3 Critical accounting judgements, estimates and assumptions**

In the process of applying the Group's accounting policies, management has made the following judgments, estimates and assumptions which have the most significant effect on the amounts recognized in the financial statements:

### **(a) *Impairment of goodwill***

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

Value in use is determined using the discounted cash flow method. Due to inherent risk associated with estimations in the timing and magnitude of the future cash flows, the estimated recoverable amount of the assets may be different from its actual recoverable amount and the Group's profit or loss could be affected by the accuracy of the estimations. Changes in facts and circumstances may result in revisions to the estimates of recoverable amount, which would affect profit or loss in future years.

### **(b) *Net realizable value of inventories***

Net realizable value of inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated cost necessary to make the sale. These estimates are based on the current market conditions and the historical experience of selling products with similar nature. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down made in prior years and affect the Group's profit or loss and net assets value. The Group reassesses these estimates annually.

### 3 Critical accounting judgements, estimates and assumptions (continued)

#### (c) Useful lives of property, plant and equipment

Property, plant and equipment is depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expenses for future periods are adjusted prospectively if there are significant changes from previous estimates.

### 4 Revenue and segment reporting

#### (a) Revenue

The principal activities of the Group are manufacturing and sales of soy sauce, oyster sauce, flavored sauce, specialty condiment products and others.

##### (i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products and services is as follows:

|  | Year ended December 31, |                   |                   |
|--|-------------------------|-------------------|-------------------|
|  | 2022<br>RMB'000         | 2023<br>RMB'000   | 2024<br>RMB'000   |
| <b>Revenue from contracts with customers within the scope of IFRS 15</b> |                         |                   |                   |
| <i>Disaggregated by major products and services</i>                      |                         |                   |                   |
| Sales of soy sauce products  | 13,861,182              | 12,637,386        | 13,757,879        |
| Sales of oyster sauce products   | 4,416,535               | 4,251,221         | 4,615,205         |
| Sales of flavored sauce products   | 2,584,009               | 2,427,007         | 2,668,946         |
| Sales of specialty condiment products and others                         | 2,932,177               | 3,499,473         | 4,085,756         |
| Others (note)  | 1,796,665               | 1,722,231         | 1,750,336         |
|  | <u>25,590,568</u>       | <u>24,537,318</u> | <u>26,878,122</u> |
| <b>Revenue from other sources</b>  |                         |                   |                   |
| Rental income  | <u>19,084</u>           | <u>21,994</u>     | <u>22,856</u>     |
|  | <u>25,609,652</u>       | <u>24,559,312</u> | <u>26,900,978</u> |

Note: Others primarily consist of sales of raw materials, packaging materials, by-products and others, and logistics and transportation services income.

#### 4 Revenue and segment reporting (continued)

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is as follows:

|  | <i>Year ended December 31,</i> |                        |                        |
|--|--------------------------------|------------------------|------------------------|
|  | <i>2022</i><br>RMB'000         | <i>2023</i><br>RMB'000 | <i>2024</i><br>RMB'000 |
| <b>Revenue from contracts with customers</b> |                                |                        |                        |
| Point in time                                | 24,853,611                     | 23,845,149             | 26,222,393             |
| Over time                                    | <u>736,957</u>                 | <u>692,169</u>         | <u>655,729</u>         |
|  | <u>25,590,568</u>              | <u>24,537,318</u>      | <u>26,878,122</u>      |

The Group's customer base is diversified, and the Group did not have any customer with whom transactions have exceeded 10% of the Group's aggregate revenue for each of the years ended December 31, 2022, 2023 and 2024.

The Group applies the practical expedient in paragraph 121 of IFRS 15 of not disclosing the transaction price allocated to the remaining performance obligation as the original expected duration of substantially all the contracts of the Group are within one year or less.

##### **(b) Segment reporting**

Operating segments are identified on the basis of internal reports that the Group's most senior executive management reviews regularly in allocating resources to segments and in assessing their performances.

The Group's most senior executive management makes resources allocation decisions based on internal management functions and assess the Group's business performance as one integrated business instead of by separate business lines or geographical regions. Accordingly, the Group has only one operating segment and therefore, no segment information is presented.

##### **(i) Geographic information**

Substantially all of the Group's revenue and non-current assets are generated and located in the PRC. Accordingly, no segment analysis based on geographical locations is provided.

## 5 Other revenue

|   | Year ended December 31, |                 |                 |
|---|-------------------------|-----------------|-----------------|
|   | 2022<br>RMB'000         | 2023<br>RMB'000 | 2024<br>RMB'000 |
| Interest income                         | 750,174                 | 604,372         | 527,623         |
| Government grants (note (a))            | 143,894                 | 73,704          | 91,440          |
| Additional deduction for VAT (note (b)) | -                       | 70,457          | 93,738          |
| Others                                  | 290                     | -               | -               |
|   | <u>894,358</u>          | <u>748,533</u>  | <u>712,801</u>  |

Notes:

### (a) Government grants

Government grants represent various forms of incentives and subsidies granted to the Group by the local government authorities in the PRC.

### (b) Additional deduction for VAT

Pursuant to the Notice on the Additional Value-added Tax ("VAT") Credit Policy for Advanced Manufacturing Enterprises (Announcement [2023] No. 43) issued by the Ministry of Finance and the State Taxation Administration, advanced manufacturing enterprises are eligible for a 5% additional VAT deduction based on deductible input VAT in the period from January 1, 2023 to December 31, 2027.

## 6 Other net income

|   | Year ended December 31, |                 |                 |
|---|-------------------------|-----------------|-----------------|
|   | 2022<br>RMB'000         | 2023<br>RMB'000 | 2024<br>RMB'000 |
| Net fair value changes on other financial assets at FVPL        | 134,372                 | 230,126         | 237,355         |
| Net gains/(losses) on disposal of property, plant and equipment | 851                     | (951)           | 8,091           |
| Net foreign exchange gains                                      | 3,767                   | 1,374           | 10,511          |
| Others  | 12,264                  | (5,406)         | 7,276           |
|   | <u>151,254</u>          | <u>225,143</u>  | <u>263,233</u>  |

## 7 Provision for impairment losses

|   | Year ended December 31, |                 |                 |
|---|-------------------------|-----------------|-----------------|
|   | 2022<br>RMB'000         | 2023<br>RMB'000 | 2024<br>RMB'000 |
| Provision for impairment losses on goodwill | 15,488                  | -               | 97,491          |
| Others                                      | 1,063                   | 3,739           | 2,062           |
|   | <u>16,551</u>           | <u>3,739</u>    | <u>99,553</u>   |



## 8 Profit before taxation

Profit before taxation is arrived at after charging:

### (a) Finance costs

|  | Year ended December 31, |               |               |
|--|-------------------------|---------------|---------------|
|  | 2022                    | 2023          | 2024          |
|  | RMB'000                 | RMB'000       | RMB'000       |
| Interest on bank loans and other borrowing | 12,380                  | 9,737         | 21,819        |
| Interest on lease liabilities              | 2,116                   | 2,151         | 2,142         |
|  | <u>14,496</u>           | <u>11,888</u> | <u>23,961</u> |

### (b) Staff costs (including directors' and supervisors' emoluments)

|  | Year ended December 31, |                  |                  |
|--|-------------------------|------------------|------------------|
|  | 2022                    | 2023             | 2024             |
|  | RMB'000                 | RMB'000          | RMB'000          |
| Salaries, wages and other benefits                     | 1,361,160               | 1,422,006        | 1,808,118        |
| Contributions to defined contribution retirement plans | 59,655                  | 70,170           | 83,168           |
|  | <u>1,420,815</u>        | <u>1,492,176</u> | <u>1,891,286</u> |

The Group's PRC entities participate in defined contribution retirement benefit schemes (the "Schemes") organised by the PRC municipal and provincial government authorities, whereby the PRC entities are required to make contribution at the rates required by different local government authorities. The local government authorities are responsible for the pension obligations payable to the retired employees covered under the Schemes.

The Group has no other material obligations for payments of pension benefits beyond the contributions above.

### (c) Other items

|  | Year ended December 31, |                |                |
|--|-------------------------|----------------|----------------|
|  | 2022                    | 2023           | 2024           |
|  | RMB'000                 | RMB'000        | RMB'000        |
| Amortization cost of intangible assets (note 15) | 11,929                  | 11,930         | 12,756         |
| Depreciation charge                              |                         |                |                |
| - Property, plant and equipment (note 13)        | 798,512                 | 879,589        | 853,333        |
| - Right-of-use assets (note 14)                  | 26,386                  | 33,503         | 39,643         |
| - Investment properties                          | 365                     | 356            | 338            |
|  | <u>825,263</u>          | <u>913,448</u> | <u>893,314</u> |
| Auditors' remuneration                           | 3,837                   | 3,731          | 4,553          |
| Cost of inventories                              | 13,967,282              | 13,716,828     | 14,521,966     |
| Logistics costs                                  | 1,451,277               | 1,340,434      | 1,449,240      |
| Research and development expenses (note(i))      | 751,339                 | 715,418        | 839,532        |

## 8 Profit before taxation (continued)

Note: (i) During the years ended December 31, 2022, 2023 and 2024, research and development expenses include RMB709,400,000, RMB666,786,000, and RMB767,875,000, respectively relating to cost of inventories, staff costs and depreciation expenses, which are also included in the respective total amounts disclosed separately above or in note 8(b) for each of these types of expenses.

## 9 Income tax in the consolidated statements of profit or loss

### (a) Taxation in the consolidated statements of profit or loss represents:

|  | Year ended December 31, |                  |                  |
|--|-------------------------|------------------|------------------|
|  | 2022                    | 2023             | 2024             |
|  | RMB'000                 | RMB'000          | RMB'000          |
| <b>Current tax – PRC corporate income tax (“CIT”)</b>          |                         |                  |                  |
| Provision for the year   | 1,113,245               | 898,613          | 1,099,497        |
| Under/(over) - provision in respect of prior years             | 4,468                   | 1,050            | (6,548)          |
|  | <u>1,117,713</u>        | <u>899,663</u>   | <u>1,092,949</u> |
| <b>Deferred tax</b>  |                         |                  |                  |
| Origination and reversal of temporary differences (note 30(b)) | <u>43,326</u>           | <u>197,188</u>   | <u>64,272</u>    |
|  | <u>1,161,039</u>        | <u>1,096,851</u> | <u>1,157,221</u> |

### (b) Reconciliation between tax expense and accounting profit at applicable tax rates:

|   | Year ended December 31, |                  |                  |
|---|-------------------------|------------------|------------------|
|   | 2022                    | 2023             | 2024             |
|   | RMB'000                 | RMB'000          | RMB'000          |
| Profit before taxation  | <u>7,364,205</u>        | <u>6,739,038</u> | <u>7,513,082</u> |
| Tax at the tax rate of 25%  | 1,841,051               | 1,684,760        | 1,878,271        |
| Effect of different tax rates applicable to subsidiaries (notes (i)(ii)(iii))                 | (587,032)               | (508,159)        | (657,455)        |
| Tax effect of additional deduction for qualified research and development expenses (note (i)) | (109,964)               | (88,342)         | (107,905)        |
| Tax effect of non-deductible expenses   | 1,811                   | 7,487            | 37,624           |
| Under/(over) - provision in prior periods   | 4,468                   | 1,050            | (6,548)          |
| Effect of expired unused tax losses recognized in prior years                                 | 6,935                   | -                | 14,018           |
| Others  | <u>3,770</u>            | <u>55</u>        | <u>(784)</u>     |
| Actual tax expense  | <u>1,161,039</u>        | <u>1,096,851</u> | <u>1,157,221</u> |

## 9 Income tax in the consolidated statements of profit or loss (continued)

Notes:

### (i) PRC corporate income tax ("CIT")

The income tax provision of the Group in respect of its operations in mainland China was calculated at tax rate of 25% on the assessable profits for the periods presented, based on the existing legislation, interpretation and practices in respect thereof, except for the subsidiaries below.

Certain subsidiaries of the Company in the mainland China were subject to the following preferential corporate income tax policies for years ended December 31, 2022, 2023 and 2024:

- Certain subsidiaries of the Company in the mainland China were approved as "High and New Technology Enterprises", and they were subject to a preferential corporate income tax rate of 15%;
- Certain subsidiaries of the Company were entitled to other tax concessions, mainly including the preferential tax rate of 15% applicable to some subsidiaries and the preferential tax rate of 9% applicable to one subsidiary. These subsidiaries located in certain areas of the mainland China, can enjoy the preferential tax rate upon fulfilment of certain requirements of the respective local governments application conditions of relevant preferential policies; and
- Certain subsidiaries of the Company in the mainland China fulfil the micro and small enterprises qualification under the PRC corporate income tax system. Therefore, partial assessable profits of these subsidiaries were subject to the preferential income tax rate of 20%.

Hensil Worldwide which was incorporated in the British Virgin Islands was deemed as domestic registered resident enterprise since 2014 and subject to CIT tax rate of 25% on the assessable profits. In addition, equity investment income (including dividends) received from other resident enterprise by Hensil Worldwide was qualified for income tax exemption since 2014.

The additional deduction for qualified research and development expenses mainly represents an additional 100% tax deduction on eligible research and development expenses incurred by certain subsidiaries during the years ended December 31, 2022, 2023 and 2024.

### (ii) Hong Kong profits tax

The provision for Hong Kong Profits Tax for the years ended December 31, 2023 and 2024 is calculated at 16.5% of the estimated assessable profits for the year, except for one subsidiary of the Company which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first Hong Kong dollars ("HKD") 2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5% for the years ended December 31, 2023 and 2024.

## **9 Income tax in the consolidated statements of profit or loss (continued)**

### **(iii) Corporate income tax in other jurisdictions**

The income tax rates of the subsidiaries in Vietnam and Indonesia are 20% and 22%, respectively.

### **(c) *Pillar Two income taxes***

In 2021, the Organisation for Economic Co-operation and Development published the Global Anti-Base Erosion Model Rules ("Pillar Two model rules") for a new global minimum tax reform applicable to large multinational enterprises. Certain jurisdictions in which the Group operates have implemented Pillar Two income tax legislation based on this framework, and those Pillar Two income tax laws became effective on January 1, 2024.

Vietnam, where Haday Vietnam Company Limited and Haday Vietnam Food Company Limited operate, introduced Pillar Two global minimum tax rules which include an income inclusion rule (IIR) and qualified domestic minimum top-up tax effective from January 1, 2024. However, no provision was made for the Pillar Two global minimum tax as Haday Vietnam Company Limited and Haday Vietnam Food Company Limited did not earn any taxable income for the year ended December 31, 2024.

The Group has applied the temporary mandatory exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes and accounted for the tax as current tax when incurred.

Other jurisdictions in which the Group operates are in the process of implementing their Pillar Two income tax legislation. Therefore, it is possible that the Group may be subject to additional Pillar Two income taxes in those jurisdictions in the future.

## 10 Directors' and supervisors' emoluments

Details of directors' and supervisors' emoluments during the years ended December 31, 2022, 2023 and 2024 are as follows:

For the year ended December 31, 2022

|  | <i>Directors' fees</i><br>RMB'000 | <i>Salaries, allowances and other benefits</i><br>RMB'000 | <i>Discretionary bonuses</i><br>RMB'000 | <i>Retirement scheme contributions</i><br>RMB'000 | <i>Total</i><br>RMB'000 |
|--|-----------------------------------|---|---|---|-------------------------|
| <b>Executive directors</b>                 |                                   |   |   |   |                         |
| Mr.Pang Kang (vii)                         | -                                 | 1,735   | 5,274                                   | -   | 7,009                   |
| Ms.Cheng Xue                               | -                                 | 1,660   | 5,355                                   | 42  | 7,057                   |
| Mr.Guan Jianghua                           | -                                 | 1,140   | 2,473                                   | 42  | 3,655                   |
| Mr.Chen Junyang (vii)                      | -                                 | 720   | 1,343                                   | 42  | 2,105                   |
| Mr. Wen Zhizhou                            | -                                 | 1,074   | 1,476                                   | 42  | 2,592                   |
| Mr.Liao Changhui                           | -                                 | 47  | 34                                      | 2   | 83                      |
| Mr.He Tingwei (i)                          | -                                 | 1,153   | 560                                     | 3   | 1,716                   |
| Mr.Huang Shuliang (ii)                     | -                                 | 620   | 1,200                                   | 42  | 1,862                   |
| <b>Independent non-executive directors</b> |                                   |   |   |   |                         |
| Mr.Zhu Tao (iii)                           | 80                                | -   | -                                       | -   | 80                      |
| Mr.Chao Gang (iii)                         | 151                               | -   | -                                       | -   | 151                     |
| Mr.Sun Zhanli (iii)                        | 151                               | -   | -                                       | -   | 151                     |
| Ms.Shen Hongtao (iv)                       | 80                                | -   | -                                       | -   | 80                      |
| Mr.Sun Yuanming (iv)                       | 9                                 | -   | -                                       | -   | 9                       |
| Mr.Xu Jiali (iv)                           | 9                                 | -   | -                                       | -   | 9                       |
| <b>Supervisors</b>                         |                                   |   |   |   |                         |
| Mr.Gui Junqiang (v)                        | -                                 | 601   | 420                                     | 19  | 1,040                   |
| Ms.Chen Min                                | -                                 | 637   | 123                                     | 19  | 779                     |
| Mr.Li Jun (vi)                             | -                                 | 558   | 275                                     | 18  | 851                     |
| Mr.Tong Xing (x)                           | -                                 | 77  | 17                                      | 2   | 96                      |
|  | 480                               | 10,022  | 18,550                                  | 273   | 29,325                  |

For the year ended December 31, 2023

|  | <i>Directors' fees</i><br>RMB'000 | <i>Salaries, allowances and other benefits</i><br>RMB'000 | <i>Discretionary bonuses</i><br>RMB'000 | <i>Retirement scheme contributions</i><br>RMB'000 | <i>Total</i><br>RMB'000 |
|--|-----------------------------------|---|---|---|-------------------------|
| <b>Executive directors</b>                 |                                   |   |   |   |                         |
| Mr.Pang Kang (vii)                         | -                                 | 2,401   | 3,149                                   | -   | 5,550                   |
| Ms.Cheng Xue                               | -                                 | 2,447   | 4,208                                   | 43  | 6,698                   |
| Mr.Guan Jianghua                           | -                                 | 1,307   | 2,446                                   | 43  | 3,796                   |
| Mr.Chen Junyang (vii)                      | -                                 | 1,008   | 1,027                                   | 43  | 2,078                   |
| Mr.Wen Zhizhou                             | -                                 | 1,169   | 1,129                                   | 43  | 2,341                   |
| Mr.Liao Changhui                           | -                                 | 861   | 850                                     | 18  | 1,729                   |
| <b>Independent non-executive directors</b> |                                   |   |   |   |                         |
| Ms.Shen Hongtao (iv)                       | 200                               | -   | -                                       | -   | 200                     |
| Mr.Sun Yuanming (iv)                       | 200                               | -   | -                                       | -   | 200                     |
| Mr.Xu Jiali (iv)                           | 200                               | -   | -                                       | -   | 200                     |
| <b>Supervisors</b>                         |                                   |   |   |   |                         |
| Ms.Chen Min                                | -                                 | 620   | 204                                     | 18  | 842                     |
| Mr.Tong Xing (x)                           | -                                 | 998   | 244                                     | 18  | 1,260                   |
| Mr.Huang Shuliang                          | -                                 | 760   | 973                                     | 43  | 1,776                   |
|  | 600                               | 11,571  | 14,230                                  | 269   | 26,670                  |

## 10 Directors' and supervisors' emoluments (continued)

For the year ended December 31, 2024

|  | Directors' fees<br>RMB'000 | Salaries, allowances and other benefits<br>RMB'000 | Discretionary bonuses<br>RMB'000 | Retirement scheme contributions<br>RMB'000 | Total<br>RMB'000 |
|--|----------------------------|--|----------------------------------|--|------------------|
| <b>Executive directors</b>                 |                            |  |                                  |  |                  |
| Mr.Pang Kang (vii)                         | -                          | 2,594  | 2,886                            | -  | 5,480            |
| Ms.Cheng Xue                               | -                          | 6,448  | 2,637                            | 49   | 9,134            |
| Mr.Guan Jianghua                           | -                          | 4,452  | 1,532                            | 49   | 6,033            |
| Mr.Chen Junyang (vii)                      | -                          | 723  | 1,054                            | 35   | 1,812            |
| Mr.Wen Zhizhou                             | -                          | 1,182  | 1,449                            | 49   | 2,680            |
| Mr.Liao Changhui                           | -                          | 1,247  | 1,438                            | 20   | 2,705            |
| Mr.Huang Wenbiao (viii)                    | -                          | 306  | 981                              | 14   | 1,301            |
| Mr.Dai Wen (viii)                          | -                          | 311  | 502                              | 5  | 818              |
| <b>Independent non-executive directors</b> |                            |  |                                  |  |                  |
| Ms.Shen Hongtao (iv)                       | 150                        | -  | -                                | -  | 150              |
| Mr.Sun Yuanming (iv)                       | 150                        | -  | -                                | -  | 150              |
| Mr.Xu Jiali (iv)                           | 150                        | -  | -                                | -  | 150              |
| Mr.Zhang Kechun (ix)                       | 86                         | -  | -                                | -  | 86               |
| Mr.Qu Wenzhou (ix)                         | 86                         | -  | -                                | -  | 86               |
| Mr.Ding Bangqing (ix)                      | 86                         | -  | -                                | -  | 86               |
| <b>Supervisors</b>                         |                            |  |                                  |  |                  |
| Ms.Chen Min                                | -                          | 623  | 323                              | 20   | 966              |
| Mr.Tong Xing (x)                           | -                          | 737  | 649                              | 15   | 1,401            |
| Mr.Huang Shuliang                          | -                          | 747  | 1,248                            | 49   | 2,044            |
| Mr.He Tao (xi)                             | -                          | 155  | 93                               | 5  | 253              |
|  | <u>708</u>                 | <u>19,525</u>                                      | <u>14,792</u>                    | <u>310</u>                                 | <u>35,335</u>    |

- (i) Mr. He Tingwei resigned as the executive director of the Company in December 2022.
- (ii) Mr. Huang Shuliang served as executive director and supervisor of the Company in 2022 and resigned as the executive director of the Company in December 2022.
- (iii) Mr.Zhu Tao resigned as independent non-executive director of the Company in March 2022, Mr.Chao Gang and Mr.Sun Zhanli resigned as independent non-executive directors of the Company in December 2022.
- (iv) Ms.Shen Hongtao was appointed as independent non-executive director of the Company in July 2022, Mr.Sun Yuanming and Mr.Xu Jiali were appointed as independent non-executive directors in December 2022 and all of the above non-executive directors resigned in September 2024.
- (v) Mr.Gui Junqiang resigned as the supervisor of the Company in December 2022.
- (vi) Mr.Li Jun resigned as the supervisor of the Company in December 2022.
- (vii) Mr.Pang Kang and Mr.Chen Junyang resigned as the executive directors of the Company in September 2024.
- (viii) Mr.Huang Wenbiao and Mr.Dai Wen were appointed as executive directors of the Company in September 2024.

## 10 Directors' and supervisors' emoluments (continued)

- (ix) Mr.Zhang Kechun, Mr.Qu Wenzhou and Mr.Ding Bangqing were appointed as independent non-executive directors of the Company in September 2024.
- (x) Mr.Tong Xing resigned as the supervisor of the Company in September 2024.
- (xi) Mr.He Tao was appointed as supervisor of the Company in September 2024.

During the years ended December 31, 2022, 2023 and 2024, the executive directors and the supervisors have provided management services in connection with the management of the affairs of the Company or its subsidiaries undertaking. Since the emoluments as directors, supervisors or management cannot be distinguished from each other, emoluments as the mentioned roles are disclosed on a combined basis.

During the years ended December 31, 2022, 2023 and 2024, no emoluments was paid by the Group to the directors or supervisors as an inducement to join or upon joining the Group or as compensation for loss of office. No director or supervisor has waived or agreed to waive any emoluments during the years ended December 31, 2022, 2023 and 2024.

## 11 Individuals with highest remuneration

For the years ended December 31, 2022, 2023 and 2024, of the five individuals with the highest remuneration, 5, 5, and 3 are directors whose remunerations are disclosed in note 10.

The aggregate remuneration in respect of the remaining individuals are as follows:

|   | Year ended December 31, |          |              |
|---|-------------------------|----------|--------------|
|   | 2022                    | 2023     | 2024         |
|   | RMB'000                 | RMB'000  | RMB'000      |
| Salaries, allowances and other emoluments | -                       | -        | 2,955        |
| Discretionary bonuses                     | -                       | -        | 5,001        |
| Retirement scheme contributions           | -                       | -        | 99           |
|   | <u>-</u>                | <u>-</u> | <u>8,055</u> |

The remuneration of the above individuals with the highest remuneration are within the following bands:

|                               | Year ended December 31,  |                          |                          |
|-------------------------------|--------------------------|--------------------------|--------------------------|
|                               | 2022                     | 2023                     | 2024                     |
|                               | Number of<br>individuals | Number of<br>individuals | Number of<br>individuals |
| HKD 3,500,001 - HKD 4,000,000 | -                        | -                        | 1                        |
| HKD 5,000,001 - HKD 5,500,000 | -                        | -                        | 1                        |

## 12 Earnings per share

### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company for the years ended December 31, 2022, 2023 and 2024 and the weighted average number of ordinary shares in issue or deemed to be in issue for the respective year, calculated as follows:

- (i) Profit attributable to equity shareholders of the Company used in basic earnings per share calculation

|   | Year ended December 31, |                  |                  |
|---|-------------------------|------------------|------------------|
|   | 2022                    | 2023             | 2024             |
|   | RMB'000                 | RMB'000          | RMB'000          |
| Profit attributable to equity shareholders of the Company | <u>6,197,717</u>        | <u>5,626,625</u> | <u>6,344,126</u> |

- (ii) Weighted-average number of ordinary shares

|   | Year ended December 31, |                  |                  |
|---|-------------------------|------------------|------------------|
|   | 2022                    | 2023             | 2024             |
|   | '000                    | '000             | '000             |
| Issued ordinary shares at the beginning of the year               | 4,212,576               | 4,633,834        | 5,560,601        |
| Effect of bonus issue (note 31(c)(ii))                            | 1,348,025               | 926,767          | -                |
| Effect of shares repurchased in previous years (note 31 (d))      | -                       | -                | (6,758)          |
| Effect of shares repurchased during the year (note 31 (d))        | <u>-</u>                | <u>(503)</u>     | <u>(7,193)</u>   |
| Weighted average number of ordinary shares at the end of the year | <u>5,560,601</u>        | <u>5,560,098</u> | <u>5,546,650</u> |

The weighted average number of ordinary shares has been adjusted retrospectively from 1 January 2022 for the effect of bonus issues in 2022 and 2023 (see Note 31(c)(ii)).

### (b) Diluted earnings per share

During the years ended December 31, 2022, 2023 and 2024, there were no dilutive potential ordinary shares issued. Therefore, diluted earnings per share is the same as basic earnings per share.



### 13 Property, plant and equipment

#### (a) Reconciliation of carrying amount

The Group:

Cost:

|   | Buildings<br>RMB'000 | Machinery<br>and equipment<br>RMB'000 | Vehicles<br>RMB'000 | Office equipment<br>and others<br>RMB'000 | Construction in<br>progress<br>RMB'000 | Leasehold<br>improvements<br>RMB'000 | Total<br>RMB'000 |
|---|----------------------|---------------------------------------|---------------------|---|--|--------------------------------------|------------------|
| At January 1, 2022  | 2,145,777            | 5,226,584                             | 5,586               | 10,383                                    | 923,164                                | 9,469                                | 8,320,963        |
| Additions   | 238                  | 1,068                                 | 182                 | 241                                       | 1,209,068                              | 3,736                                | 1,214,533        |
| Business combinations through acquisition of subsidiaries (note 17) |                      |                                       |                     |   |  |                                      |                  |
| Transfer from construction in progress                              | 337,227              | 68,238                                | 3,284               | 2,721                                     | 39,846                                 | -                                    | 451,316          |
| Transfer to intangible assets                                       | 267,823              | 699,218                               | -                   | 9,523                                     | (980,857)                              | 4,293                                | -                |
| Disposals   | -                    | (14,448)                              | (104)               | (265)                                     | (11,343)                               | -                                    | (11,343)         |
|   | -                    | -                                     | -                   | -   | -                                      | -                                    | (14,817)         |
| At December 31, 2022 and January 1, 2023                            | 2,751,065            | 5,980,660                             | 8,948               | 22,603                                    | 1,179,878                              | 17,498                               | 9,960,652        |
| Additions   | 794                  | 19,657                                | 428                 | 1,525                                     | 1,541,555                              | -                                    | 1,563,959        |
| Transfer from construction in progress                              | 630,379              | 618,957                               | 1,319               | 5,239                                     | (1,255,894)                            | -                                    | -                |
| Transfer to intangible assets                                       | -                    | -                                     | -                   | -   | (5,424)                                | -                                    | (5,424)          |
| Disposals   | (699)                | (51,736)                              | (1,629)             | (525)                                     | -                                      | (116)                                | (54,705)         |
| At December 31, 2023 and January 1, 2024                            | 3,381,539            | 6,567,538                             | 9,066               | 28,842                                    | 1,460,115                              | 17,382                               | 11,464,482       |
| Additions   | 2,064                | 46,980                                | 440                 | 711                                       | 1,274,361                              | 2,095                                | 1,326,651        |
| Transfer from construction in progress                              | 579,609              | 669,635                               | 106                 | 1,457                                     | (1,250,807)                            | -                                    | -                |
| Transfer to intangible assets                                       | -                    | -                                     | -                   | -   | (8,033)                                | -                                    | (8,033)          |
| Disposals   | -                    | (26,954)                              | (614)               | (480)                                     | -                                      | -                                    | (28,048)         |
| At December 31, 2024  | 3,963,212            | 7,257,199                             | 8,998               | 30,530                                    | 1,475,636                              | 19,477                               | 12,755,052       |

### 13 Property, plant and equipment (continued)

|  | Buildings<br>RMB'000 | Machinery<br>and equipment<br>RMB'000 | Vehicles<br>RMB'000 | Office equipment<br>and others<br>RMB'000 | Construction in<br>progress<br>RMB'000 | Leasehold<br>improvements<br>RMB'000 | Total<br>RMB'000 |
|--|----------------------|---------------------------------------|---------------------|---|--|--------------------------------------|------------------|
| <b>Accumulated depreciation:</b>         |                      |                                       |                     |   |  |                                      |                  |
| At January 1, 2022                       | (802,357)            | (2,961,979)                           | (4,282)             | (5,489)                                   | -                                      | (1,248)                              | (3,775,355)      |
| Charge for the year                      | (133,110)            | (652,155)                             | (1,194)             | (6,816)                                   | -                                      | (5,237)                              | (798,512)        |
| Written back on disposals                | -                    | 10,579                                | 82                  | 229                                       | -                                      | -                                    | 10,890           |
| At December 31, 2022 and January 1, 2023 | (935,467)            | (3,603,555)                           | (5,394)             | (12,076)                                  | -                                      | (6,485)                              | (4,562,977)      |
| Charge for the year                      | (154,279)            | (711,867)                             | (1,056)             | (5,990)                                   | -                                      | (6,397)                              | (879,589)        |
| Written back on disposals                | 420                  | 49,556                                | 1,346               | 503                                       | -                                      | 116                                  | 51,941           |
| At December 31, 2023 and January 1, 2024 | (1,089,326)          | (4,265,866)                           | (5,104)             | (17,563)                                  | -                                      | (12,766)                             | (5,390,625)      |
| Charge for the year                      | (186,181)            | (654,450)                             | (1,224)             | (6,747)                                   | -                                      | (4,731)                              | (853,333)        |
| Written back on disposals                | -                    | 21,067                                | 559                 | 353                                       | -                                      | -                                    | 21,979           |
| At December 31, 2024                     | (1,275,507)          | (4,899,249)                           | (5,769)             | (23,957)                                  | -                                      | (17,497)                             | (6,221,979)      |
| <b>Net book value:</b>                   |                      |                                       |                     |   |  |                                      |                  |
| At December 31, 2022                     | 1,815,598            | 2,377,105                             | 3,554               | 10,527                                    | 1,179,878                              | 11,013                               | 5,397,675        |
| At December 31, 2023                     | 2,292,213            | 2,301,672                             | 3,962               | 11,279                                    | 1,460,115                              | 4,616                                | 6,073,857        |
| At December 31, 2024                     | 2,687,705            | 2,357,950                             | 3,229               | 6,573                                     | 1,475,636                              | 1,980                                | 6,533,073        |

As at December 31, 2022, 2023 and 2024, the Group was in the process of applying for certificates of ownership for certain properties located in mainland China with carrying amounts of RMB179,618,000, RMB661,020,000, and RMB109,531,000, respectively. The directors of the Group are of the opinion that the use of and the conduct of operating activities at these properties are not affected by the fact that the Group has not yet obtained the relevant property title certificates.

### 13 Property, plant and equipment (continued)

#### (b) Buildings leased out under operating leases

The Group:

|  | <i>Buildings</i><br>RMB'000 |
|--|-----------------------------|
| <b>Cost:</b>                             |                             |
| At January 1, 2022                       | 29,600                      |
| Additions                                | <u>55,888</u>               |
| At December 31, 2022 and January 1, 2023 | 85,488                      |
| Additions                                | 401                         |
| Decrease                                 | <u>(685)</u>                |
| At December 31, 2023 and January 1, 2024 | 85,204                      |
| Additions                                | 80,348                      |
| Decrease                                 | <u>(70,079)</u>             |
| At December 31, 2024                     | <u>95,473</u>               |
| <b>Accumulated depreciation:</b>         |                             |
| At January 1, 2022                       | (8,025)                     |
| Charge for the year                      | (3,927)                     |
| Additions                                | <u>(20,381)</u>             |
| At December 31, 2022 and January 1, 2023 | (32,333)                    |
| Charge for the year                      | (9,647)                     |
| Additions                                | (326)                       |
| Decrease                                 | <u>490</u>                  |
| At December 31, 2023 and January 1, 2024 | (41,816)                    |
| Charge for the year                      | (4,393)                     |
| Additions                                | (45,310)                    |
| Decrease                                 | <u>29,641</u>               |
| At December 31, 2024                     | <u>(61,878)</u>             |
| <b>Net book value:</b>                   |                             |
| At December 31, 2022                     | <u>53,155</u>               |
| At December 31, 2023                     | <u>43,388</u>               |
| At December 31, 2024                     | <u>33,595</u>               |

## 14 Right-of-use assets

### Reconciliation of carrying amount

The Group:

|   | <i>Land-use rights</i><br>RMB'000 | <i>Other properties,<br/>machinery and<br/>equipment</i><br>RMB'000 | <i>Total</i><br>RMB'000 |
|---|-----------------------------------|---|-------------------------|
| <b>Cost:</b>  |                                   |   |                         |
| At January 1, 2022  | 418,476                           | 84,533  | 503,009                 |
| Additions   | 188,679                           | -   | 188,679                 |
| Business combinations through acquisition of subsidiaries (note 17) | 105,377                           | -   | 105,377                 |
| Reductions due to early termination                                 | -                                 | (15,318)  | (15,318)                |
| At December 31, 2022 and January 1, 2023                            | 712,532                           | 69,215  | 781,747                 |
| Additions   | 194,689                           | 14,123  | 208,812                 |
| At December 31, 2023 and January 1, 2024                            | 907,221                           | 83,338  | 990,559                 |
| Additions   | 40,866                            | 24,649  | 65,515                  |
| Decrease due to early termination                                   | -                                 | (2,553)   | (2,553)                 |
| Decrease due to expiration of leases                                | -                                 | (54,671)  | (54,671)                |
| Exchange adjustment   | -                                 | 22  | 22                      |
| At December 31, 2024  | 948,087                           | 50,785  | 998,872                 |
| <b>Accumulated depreciation:</b>                                    |                                   |   |                         |
| At January 1, 2022  | (55,907)                          | (20,888)  | (76,795)                |
| Charge for the year   | (8,619)                           | (17,767)  | (26,386)                |
| Reductions due to early termination                                 | -                                 | 3,305   | 3,305                   |
| At December 31, 2022 and January 1, 2023                            | (64,526)                          | (35,350)  | (99,876)                |
| Charge for the year   | (16,692)                          | (16,811)  | (33,503)                |
| At December 31, 2023 and January 1, 2024                            | (81,218)                          | (52,161)  | (133,379)               |
| Charge for the year   | (19,131)                          | (20,512)  | (39,643)                |
| Decrease due to early termination                                   | -                                 | 84  | 84                      |
| Decrease due to expiration of leases                                | -                                 | 54,671  | 54,671                  |
| Exchange adjustment   | -                                 | 3   | 3                       |
| At December 31, 2024  | (100,349)                         | (17,915)  | (118,264)               |
| <b>Net book value:</b>  |                                   |   |                         |
| At December 31, 2022  | 648,006                           | 33,865  | 681,871                 |
| At December 31, 2023  | 826,003                           | 31,177  | 857,180                 |
| At December 31, 2024  | 847,738                           | 32,870  | 880,608                 |

## 14 Right-of-use assets (continued)

The Group's land-use rights on leasehold land are located in the PRC. Depreciation is recognized in profit or loss on a straight-line basis over the respective periods of the land-use rights, which are 22 to 70 years, 22 to 70 years, and 22 to 70 years as at December 31, 2022, 2023 and 2024, respectively.

The Group leases other offices, machinery equipment, dormitories and warehouses expiring from 3 to 16 years, 3 to 16 years, and 1 to 16 years as at December 31, 2022, 2023 and 2024, respectively. Some leases include an option to renew the lease when all terms are renegotiated. None of the leases includes variable lease payments.

The analysis of expense items in relation to leases recognized in the Group's profit or loss is as follows:

|  | <i>Year ended December 31,</i> |               |               |
|--|--------------------------------|---------------|---------------|
|  | <i>2022</i>                    | <i>2023</i>   | <i>2024</i>   |
|  | RMB'000                        | RMB'000       | RMB'000       |
| Interest on lease liabilities              | 2,116                          | 2,151         | 2,142         |
| Depreciation charge of right-of-use assets | 26,386                         | 33,503        | 39,643        |
| Expense relating to short-term leases      | 2,226                          | 1,781         | 4,823         |
|  | <u>30,728</u>                  | <u>37,435</u> | <u>46,608</u> |

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in note 23(f) and note 28.

## 15 Intangible assets

The Group:

|  | <i>Enterprise<br/>resource planning<br/>system</i><br>RMB'000 | <i>Other software</i><br>RMB'000 | <i>Trademark and<br/>others</i><br>RMB'000 | <i>Total</i><br>RMB'000 |
|--|---|----------------------------------|--|-------------------------|
| <b>Cost:</b>   |   |                                  |  |                         |
| At January 1, 2022   | 15,578  | 7,967                            | 30,207                                     | 53,752                  |
| Additions  | -   | 1,491                            | 1,389                                      | 2,880                   |
| Transfer from construction in progress                                 | 1,323   | 6,847                            | 3,173                                      | 11,343                  |
| Business combinations through<br>acquisition of subsidiaries (note 17) | -   | 340                              | 19,510                                     | 19,850                  |
| Disposals  | -   | (37)                             | -  | (37)                    |
| At December 31, 2022 and January 1,<br>2023                            | 16,901  | 16,608                           | 54,279                                     | 87,788                  |
| Additions  | -   | 21                               | 411  | 432                     |
| Transfer from construction in progress                                 | -   | 5,424                            | -  | 5,424                   |
| At December 31, 2023 and January 1,<br>2024                            | 16,901  | 22,053                           | 54,690                                     | 93,644                  |
| Additions  | -   | 131                              | -  | 131                     |
| Transfer from construction in progress                                 | -   | 7,641                            | 392  | 8,033                   |
| At December 31, 2024   | 16,901  | 29,825                           | 55,082                                     | 101,808                 |
| <b>Accumulated amortization:</b>                                       |   |                                  |  |                         |
| At January 1, 2022   | (15,578)  | (4,723)                          | (9,367)                                    | (29,668)                |
| Charge for the year  | (125)   | (1,704)                          | (10,100)                                   | (11,929)                |
| Written back on disposals  | -   | 11                               | -  | 11                      |
| At December 31, 2022 and January 1,<br>2023                            | (15,703)  | (6,416)                          | (19,467)                                   | (41,586)                |
| Charge for the year  | (280)   | (2,989)                          | (8,661)                                    | (11,930)                |
| At December 31, 2023 and January 1,<br>2024                            | (15,983)  | (9,405)                          | (28,128)                                   | (53,516)                |
| Charge for the year  | (279)   | (4,616)                          | (7,861)                                    | (12,756)                |
| At December 31, 2024   | (16,262)  | (14,021)                         | (35,989)                                   | (66,272)                |
| <b>Net book value:</b>   |   |                                  |  |                         |
| At December 31, 2022   | 1,198   | 10,192                           | 34,812                                     | 46,202                  |
| At December 31, 2023   | 918   | 12,648                           | 26,562                                     | 40,128                  |
| At December 31, 2024   | 639   | 15,804                           | 19,093                                     | 35,536                  |

## 16 Goodwill

|   | RMB'000          |
|---|------------------|
| <b>Cost:</b>  |                  |
| At January 1, 2022  | 47,756           |
| Arising from business combination (note 17)                                       | <u>195,338</u>   |
| At December 31, 2022, December 31, 2023, January 1, 2024<br>and December 31, 2024 | <u>243,094</u>   |
| <b>Accumulated impairment losses:</b>   |                  |
| At January 1, 2022  | (17,178)         |
| Addition  | <u>(15,488)</u>  |
| At December 31, 2022, December 31, 2023 and January 1, 2024                       | (32,666)         |
| Addition  | <u>(97,491)</u>  |
| At December 31, 2024  | <u>(130,157)</u> |
| <b>Carrying amount:</b>   |                  |
| At December 31, 2022  | <u>210,428</u>   |
| At December 31, 2023  | <u>210,428</u>   |
| At December 31, 2024  | <u>112,937</u>   |

### Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units (CGU) identified according to business types as follows:

|  | As at December 31<br>2022,<br>RMB'000 | As at December 31<br>2023,<br>RMB'000 | As at December 31<br>2024,<br>RMB'000 |
|--|---------------------------------------|---------------------------------------|---------------------------------------|
| <b>Cost:</b>   |                                       |                                       |                                       |
| Zhejiang Jiu Sheng Camellia Oil Technology Co., Ltd. ("Zhejiang Jiusheng") | 97,847                                | 97,847                                | 97,847                                |
| Honghe Hongbin Food Co., Ltd. ("Honghe Hongbin")                           | 97,491                                | 97,491                                | 97,491                                |
| Others   | 47,756                                | 47,756                                | 47,756                                |
| <b>Accumulated impairment losses:</b>                                      |                                       |                                       |                                       |
| Zhejiang Jiusheng  | -                                     | -                                     | -                                     |
| Honghe Hongbin   | -                                     | -                                     | (97,491)                              |
| Others   | <u>(32,666)</u>                       | <u>(32,666)</u>                       | <u>(32,666)</u>                       |
|  | <u>210,428</u>                        | <u>210,428</u>                        | <u>112,937</u>                        |

## 16 Goodwill (continued)

### (a) Zhejiang Jiusheng CGU

The recoverable amount of the Zhejiang Jiusheng CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. The discount rates used are pre-tax and reflect specific risks relating to the relevant businesses.

|  | As at December 31, |           |           |
|--|--------------------|-----------|-----------|
|  | 2022               | 2023      | 2024      |
| Annual growth rate of revenue during five-year forecast period | 18% - 24%          | 14% - 19% | 12% - 25% |
| Gross profit margin  | 39% - 41%          | 34% - 37% | 30% - 34% |
| Pre-tax discount rate  | 13.82%             | 13.82%    | 14.75%    |

The headroom calculated based on the recoverable amounts deducting the carrying amount of the Zhejiang Jiusheng CGU as at December 31, 2022, 2023 and 2024 is RMB509,284,000, RMB267,700,000 and RMB327,448,000, respectively.

### (b) Honghe Hongbin CGU

Due to the adverse change in the market in 2024, management expected the selling price of Honghe Hongbin's products would decrease, which had a negative impact on the relevant products' gross profit. When preparing the consolidated financial statements for the nine months ended 30 September 2024, management consider there is an indicator of goodwill impairment, and performed the goodwill impairment test in September 2024. The carrying amount of the Honghe Hongbin CGU was determined to be higher than its recoverable amount. Accordingly, goodwill allocated to the Honghe Hongbin CGU of RMB97,491,000 is fully impaired and the relevant impairment loss was recognized in "Provision for impairment losses" during the year ended December 31, 2024.

The recoverable amount of the Honghe Hongbin CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. The discount rates used are pre-tax and reflect specific risks relating to the relevant businesses.

|  | As at December 31, |           | As at              |
|--|--------------------|-----------|--------------------|
|  | 2022               | 2023      | September 30, 2024 |
| Annual growth rate of revenue during five-year forecast period | 15% - 48%          | 13% - 36% | 5% - 29%           |
| Gross profit margin  | 19% - 23%          | 18% - 24% | 14% - 21%          |
| Pre-tax discount rate  | 14.75%             | 14.75%    | 15.28%             |

The headroom calculated based on the recoverable amounts deducting the carrying amount of the Honghe Hongbin CGU as at December 31, 2022 and 2023 is RMB35,541,000 and RMB6,676,000, respectively.



## 16 Goodwill (continued)

### (c) Sensitivity analysis

Management have undertaken sensitivity analysis on the impairment test of Zhejiang Jiusheng CGU and Honghe Hongbin CGU. The following table sets forth the hypothetical changes to the percentage points of annual growth rate of revenue during five-year forecast period, gross profit margin and pre-tax discount rate that would, in isolation, have removed the remaining headroom respectively as at December 31, 2022, 2023 and 2024:

|  | <i>As at December 31, 2022</i> |                           | <i>As at December 31, 2023</i> |                           | <i>As at December 31, 2024</i> |
|--|--------------------------------|---------------------------|--------------------------------|---------------------------|--------------------------------|
|  | <i>Zhejiang Jiusheng CGU</i>   | <i>Honghe Hongbin CGU</i> | <i>Zhejiang Jiusheng CGU</i>   | <i>Honghe Hongbin CGU</i> | <i>Zhejiang Jiusheng CGU</i>   |
| Annual growth rate of revenue during five-year forecast period | 7.28%                          | 0.86%                     | 4.26%                          | 0.13%                     | 5.13%                          |
| Gross profit margin  | 9.59%                          | 0.64%                     | 5.00%                          | 0.10%                     | 5.51%                          |
| Pre-tax discount rate  | 10.54%                         | 0.46%                     | 5.50%                          | 0.07%                     | 7.55%                          |

The directors of the Company are of the view that, except for the Honghe Hongbin CGU, a reasonably possible change in a key parameter will not cause the carrying amount of the relevant CGUs to exceed the respective recoverable amounts as at December 31, 2022, 2023 and 2024.

## 17 Acquisitions of subsidiaries

### (a) Zhejiang Jiusheng

In January 2022, the Group acquired of 67% equity interest in Zhejiang Jiusheng from Ms. Shi Yuhua and Mr. Zhang Xiangjie (the then controlling shareholders of Zhejiang Jiusheng) at consideration of RMB440,181,000. Zhejiang Jiusheng principally engages in manufacturing and sales of camellia oil products. The above acquisition was made as part of the Group's strategy to expand its market share in different types of condiments products.

From the post acquisition date to December 31, 2022, Zhejiang Jiusheng contributed revenue of RMB272,903,000 and profit of RMB26,567,000 to the Group's results.

## 17 Acquisitions of subsidiaries (continued)

The fair values of the identifiable assets and liabilities acquired as at the date of acquisition are set out as follows:

|  | <i>Fair Value</i><br>RMB'000 |
|--|------------------------------|
| Property, plant and equipment          | 93,826                       |
| Right-of-use assets                    | 21,715                       |
| Intangible assets                      | 9,595                        |
| Other financial assets at FVPL         | 7,000                        |
| Deferred tax assets                    | 2,065                        |
| Inventories                            | 99,917                       |
| Trade receivables                      | 34,283                       |
| Other receivables                      | 13,001                       |
| Cash and cash equivalents              | 326,781                      |
| Restricted cash                        | 558                          |
| Trade payables                         | (7,745)                      |
| Other payables                         | (22,493)                     |
| Contract liabilities                   | (4,700)                      |
| Bank loans and other borrowing         | (53,239)                     |
| Deferred tax liabilities               | (9,618)                      |
|  | <hr/>                        |
| Total identifiable net assets acquired | 510,946                      |
|  | <hr/>                        |
| Non-controlling interests (33%)        | 168,612                      |
| Cash consideration                     | 440,181                      |
| Goodwill arising on acquisition        | 97,847                       |
|  | <hr/>                        |

### (b) *Honghe Hongbin*

In May 2022, the Group acquired of 67% equity interest in Honghe Hongbin from Ms. Tao Jinlin and Mr. Ren Hongbin (the then controlling shareholders of Honghe Hongbin) at consideration of RMB532,808,000. Honghe Hongbin principally engages in manufacturing and sales of pickled chili products. The above acquisition was made as part of the Group's strategy to expand its market share in different types of condiments products.

From the post acquisition date to December 31, 2022, Honghe Hongbin contributed revenue of RMB179,838,000 and profit of RMB2,657,000 to the Group's results.

## 17 Acquisitions of subsidiaries (continued)

The fair values of the identifiable assets and liabilities acquired as at the date of acquisition are set out as follows:

|  | <i>Fair Value</i><br>RMB'000 |
|--|------------------------------|
| Property, plant and equipment          | 357,490                      |
| Right-of-use assets                    | 83,662                       |
| Intangible assets                      | 10,255                       |
| Inventories                            | 101,495                      |
| Trade receivables                      | 23,239                       |
| Other receivables                      | 10,777                       |
| Cash and cash equivalents              | 554,004                      |
| Trade payables                         | (6,425)                      |
| Other payables                         | (367,265)                    |
| Contract liabilities                   | (4,085)                      |
| Bank loans                             | (100,140)                    |
| Deferred tax liabilities               | (13,280)                     |
|  | <hr/>                        |
| Total identifiable net assets acquired | 649,727                      |
|  | <hr/>                        |
| Non-controlling interests (33%)        | 214,410                      |
| Cash consideration                     | 532,808                      |
| Goodwill arising on acquisition        | 97,491                       |
|  | <hr/>                        |

The Group incurred transaction costs of RMB1,294,000 in connection with the above two acquisitions. The transaction costs have been included in administrative expenses in the consolidated statement of profit or loss.

An analysis of the cash flows in respect of the above two acquisitions are as follows.

|  | <i>Year ended</i><br><i>December 31,</i><br><i>2022</i><br>RMB'000 |
|--|--|
| Total cash consideration   | (972,989)  |
| Cash consideration payable (note (i))  | 18,900   |
| Cash and cash balances acquired  | 880,785  |
|  | <hr/>  |
| Net outflow of cash and cash equivalents included in cash flows used in investing activities | (73,304)   |
|  | <hr/>  |

Note: (i) Cash consideration payable is fully settled in September 2023.

If the above mentioned two acquisitions had occurred on January 1, 2022, management estimates the consolidated revenue for year ended December 31, 2022 would have been RMB25,671,854,000 and consolidated profit for the year ended December 31, 2022 would have been RMB6,222,845,000.

## 17 Acquisitions of subsidiaries (continued)

Non-controlling interests recognized at the acquisition date were measured by reference to the non-controlling interests' proportionate share of the acquiree's identifiable net assets.

## 18 Investments in subsidiaries

The carrying amounts of investments in subsidiaries of the Company is listed below:

|                         | <i>As at December 31,</i> |                  |                  |
|-------------------------|---------------------------|------------------|------------------|
|                         | <i>2022</i>               | <i>2023</i>      | <i>2024</i>      |
|                         | <i>RMB'000</i>            | <i>RMB'000</i>   | <i>RMB'000</i>   |
| <b>Cost</b>             | 1,499,109                 | 1,559,109        | 1,597,900        |
| <b>Less: impairment</b> | (10,000)                  | (10,000)         | (107,491)        |
|                         | <u>1,489,109</u>          | <u>1,549,109</u> | <u>1,490,409</u> |

Further details of the principal subsidiaries of the Group are set out in note 1.

The subsidiaries of the Group do not have material non-controlling interest.

The impairment losses of investment in Honghe Hongbin amounted to RMB97,491,000 recognized during the year ended December 31, 2024 (note 16(b)).

## 19 Other Financial assets at fair value through profit or loss

The Group:

|                            | <i>Note</i> | <i>As at December 31,</i> |                  |                  |
|----------------------------|-------------|---------------------------|------------------|------------------|
|                            |             | <i>2022</i>               | <i>2023</i>      | <i>2024</i>      |
|                            |             | <i>RMB'000</i>            | <i>RMB'000</i>   | <i>RMB'000</i>   |
| <b>Non-current:</b>        |             |                           |                  |                  |
| Equity securities          |             | 100                       | 100              | 100              |
| <b>Current:</b>            |             |                           |                  |                  |
| Wealth management products | (i)         | 6,081,663                 | 5,841,005        | 7,518,580        |
| Listed securities          |             | -                         | -                | 98,996           |
|                            |             | <u>6,081,663</u>          | <u>5,841,005</u> | <u>7,617,576</u> |
|                            |             | <u>6,081,763</u>          | <u>5,841,105</u> | <u>7,617,676</u> |

## 19 Other Financial assets at fair value through profit or loss (continued)

The Company:

|                            | Note | As at December 31, |                  |                  |
|----------------------------|------|--------------------|------------------|------------------|
|                            |      | 2022<br>RMB'000    | 2023<br>RMB'000  | 2024<br>RMB'000  |
| <b>Non-current:</b>        |      |                    |                  |                  |
| Equity securities          |      | 100                | 100              | 100              |
| <b>Current:</b>            |      |                    |                  |                  |
| Wealth management products | (i)  | 2,624,927          | 3,611,520        | 4,727,412        |
|                            |      | <u>2,625,027</u>   | <u>3,611,620</u> | <u>4,727,512</u> |

### (i) Wealth management products

The wealth management products were issued by banks with variable investment income and can be redeemed on demand or in a short-term.

## 20 Inventories

### (a) Inventories in the statements of financial position comprises:

The Group:

|                                 | As at December 31, |                  |                  |
|---------------------------------|--------------------|------------------|------------------|
|                                 | 2022<br>RMB'000    | 2023<br>RMB'000  | 2024<br>RMB'000  |
| Raw materials                   | 318,101            | 212,772          | 210,128          |
| Work in progress                | 1,553,902          | 1,469,434        | 1,319,870        |
| Finished goods                  | 421,402            | 832,177          | 886,731          |
| Packaging materials             | 64,976             | 69,687           | 73,995           |
| Low value consumables           | 34,323             | 34,545           | 32,744           |
| Others                          | -                  | 3,897            | 5,076            |
|                                 | <u>2,392,704</u>   | <u>2,622,512</u> | <u>2,528,544</u> |
| Less: write-down of inventories | <u>(1,063)</u>     | <u>(3,739)</u>   | <u>(3,270)</u>   |
| Total                           | <u>2,391,641</u>   | <u>2,618,773</u> | <u>2,525,274</u> |

The Company:

|                       | As at December 31, |                 |                 |
|-----------------------|--------------------|-----------------|-----------------|
|                       | 2022<br>RMB'000    | 2023<br>RMB'000 | 2024<br>RMB'000 |
| Finished goods        | 1,688              | 1,314           | 2,746           |
| Packaging materials   | 48                 | 17              | 17              |
| Low value consumables | <u>7,880</u>       | <u>7,561</u>    | <u>5,096</u>    |
|                       | <u>9,616</u>       | <u>8,892</u>    | <u>7,859</u>    |

## 20 Inventories (continued)

- (b) *The analysis of the amount of inventories recognized as an expense and included in profit or loss is as follows:*

The Group:

|  | <i>Year ended December 31,</i> |                   |                   |
|--|--------------------------------|-------------------|-------------------|
|  | <i>2022</i>                    | <i>2023</i>       | <i>2024</i>       |
|  | <i>RMB'000</i>                 | <i>RMB'000</i>    | <i>RMB'000</i>    |
| Carrying amount of inventories sold  | 13,413,820                     | 13,207,937        | 13,950,948        |
| Carrying amount of inventories recognized as research and development expenses | 552,399                        | 505,152           | 568,956           |
| Write-down of inventories  | 1,063                          | 3,739             | 2,062             |
|  | <u>13,967,282</u>              | <u>13,716,828</u> | <u>14,521,966</u> |

## 21 Trade receivables

The Group:

|                      | <i>As at December 31,</i> |                 |                 |
|----------------------|---------------------------|-----------------|-----------------|
|                      | <i>2022</i>               | <i>2023</i>     | <i>2024</i>     |
|                      | <i>RMB'000</i>            | <i>RMB'000</i>  | <i>RMB'000</i>  |
| <b>Current</b>       |                           |                 |                 |
| Trade receivables    | 199,771                   | 234,511         | 254,507         |
| Bills receivable     | -                         | -               | 371             |
| Less: loss allowance | <u>(11,376)</u>           | <u>(11,362)</u> | <u>(12,246)</u> |
| <b>Total</b>         | <u>188,395</u>            | <u>223,149</u>  | <u>242,632</u>  |

All of the trade and bills receivables in current portion are expected to be recovered or recognized as expense within one year.

### ***Aging analysis***

As of the end of each reporting period, the aging analysis of trade and bills receivable, based on the invoice date, is as follows:

The Group:

|               | <i>As at December 31,</i> |                |                |
|---------------|---------------------------|----------------|----------------|
|               | <i>2022</i>               | <i>2023</i>    | <i>2024</i>    |
|               | <i>RMB'000</i>            | <i>RMB'000</i> | <i>RMB'000</i> |
| Within 1 year | 196,567                   | 232,540        | 251,728        |
| 1 to 2 years  | 2,644                     | 1,611          | 2,053          |
| 2 to 3 years  | 329                       | 74             | 737            |
| Over 3 years  | <u>231</u>                | <u>286</u>     | <u>360</u>     |
|               | <u>199,771</u>            | <u>234,511</u> | <u>254,878</u> |

Trade receivables are due within 90 days from the date of billing. Debtors with balances that are more than 6 months past due are requested to settle all outstanding balances before any further credit is granted.

## 22 Other receivables

The Group:

|   | <i>As at December 31,</i> |                 |                 |
|---|---------------------------|-----------------|-----------------|
|   | 2022<br>RMB'000           | 2023<br>RMB'000 | 2024<br>RMB'000 |
| <b>Current</b>  |                           |                 |                 |
| Amounts due from related parties                          | 2,190                     | 3,559           | 3,325           |
| Other receivables   | 8,548                     | 28,010          | 15,281          |
| Deposits for a derivative financial instrument            | -                         | 150,000         | -               |
|   | 10,738                    | 181,569         | 18,606          |
| Prepayments for materials                                 | 25,304                    | 19,263          | 34,294          |
| Deductible input VAT and others                           | 52,540                    | 201,275         | 288,991         |
|   | 88,582                    | 402,107         | 341,891         |
| <b>Non-current</b>  |                           |                 |                 |
| Prepayments for purchase of property, plant and equipment | 4,267                     | 9,708           | 61,219          |
| Deposits for acquisition of land-use rights               | 84,376                    | -               | -               |
| Other receivables   | 3,211                     | -               | -               |
|   | 91,854                    | 9,708           | 61,219          |
| <b>Total</b>  | <b>180,436</b>            | <b>411,815</b>  | <b>403,110</b>  |

The Company:

|  | <i>As at December 31,</i> |                 |                 |
|--|---------------------------|-----------------|-----------------|
|  | 2022<br>RMB'000           | 2023<br>RMB'000 | 2024<br>RMB'000 |
| <b>Current</b>                                 |                           |                 |                 |
| Amounts due from subsidiaries                  | 4,595,252                 | 3,562,200       | 2,805,593       |
| Dividends receivables from subsidiaries        | 6,479,000                 | 4,750,000       | 2,670,000       |
| Deposits for a derivative financial instrument | -                         | 150,000         | -               |
| Other receivables                              | 2,210                     | 4,470           | 975             |
|  | 11,076,462                | 8,466,670       | 5,476,568       |

All of the other receivables in current portion are expected to be recovered or recognized as expense within one year.

**23 Cash and cash equivalents, term deposits, certificates of deposits and restricted cash, and other cash flow information**

**(a) Cash and cash equivalents comprise:**

The Group:

|  | <i>As at December 31,</i> |                   |                   |
|--|---------------------------|-------------------|-------------------|
|  | <i>2022</i>               | <i>2023</i>       | <i>2024</i>       |
|  | <i>RMB'000</i>            | <i>RMB'000</i>    | <i>RMB'000</i>    |
| Cash at bank and in hand, and cash equivalents | <u>9,152,035</u>          | <u>12,841,080</u> | <u>11,906,831</u> |

The Company:

|  | <i>As at December 31,</i> |                  |                  |
|--|---------------------------|------------------|------------------|
|  | <i>2022</i>               | <i>2023</i>      | <i>2024</i>      |
|  | <i>RMB'000</i>            | <i>RMB'000</i>   | <i>RMB'000</i>   |
| Cash at bank and in hand, and cash equivalents | <u>7,191,574</u>          | <u>8,640,855</u> | <u>5,151,010</u> |

**(i) Classification as cash equivalents**

For the purpose of presentation in the consolidated statements of cash flows, cash equivalents include term deposits and certificates of deposits held for the purpose of meeting short-term cash commitments.

**(b) Term deposits and certificates of deposits comprise:**

The Group:

|                                     | <i>As at December 31,</i> |                  |                   |
|-------------------------------------|---------------------------|------------------|-------------------|
|                                     | <i>2022</i>               | <i>2023</i>      | <i>2024</i>       |
|                                     | <i>RMB'000</i>            | <i>RMB'000</i>   | <i>RMB'000</i>    |
| Term deposits (note (i))            | 5,229,999                 | 4,805,377        | 5,327,793         |
| Certificates of deposits (note (i)) | <u>3,810,110</u>          | <u>4,025,004</u> | <u>4,871,719</u>  |
|                                     | <u>9,040,109</u>          | <u>8,830,381</u> | <u>10,199,512</u> |

The Company:

|                                     | <i>As at December 31,</i> |                  |                  |
|-------------------------------------|---------------------------|------------------|------------------|
|                                     | <i>2022</i>               | <i>2023</i>      | <i>2024</i>      |
|                                     | <i>RMB'000</i>            | <i>RMB'000</i>   | <i>RMB'000</i>   |
| Term deposits (note (i))            | 1,986,509                 | 4,143,664        | 4,599,554        |
| Certificates of deposits (note (i)) | <u>2,235,976</u>          | <u>3,758,290</u> | <u>4,258,858</u> |
|                                     | <u>4,222,485</u>          | <u>7,901,954</u> | <u>8,858,412</u> |

**(i) The balance of term deposits and certificates of deposits mainly comprise term deposits and certificates of deposits with terms over three months and related accrued interest.**



**23 Cash and cash equivalents, term deposits, certificates of deposits and restricted cash, and other cash flow information (continued)**

**(c) Restricted cash**

The Group:

|                               | <i>As at December 31,</i> |                |                |
|-------------------------------|---------------------------|----------------|----------------|
|                               | <i>2022</i>               | <i>2023</i>    | <i>2024</i>    |
|                               | <i>RMB'000</i>            | <i>RMB'000</i> | <i>RMB'000</i> |
| Guarantee deposits (note (i)) | <u>31,163</u>             | <u>17,924</u>  | <u>8,393</u>   |

- (i) The balance of guarantee deposits mainly comprise letter of credit guarantee deposits and third-party payment platforms guarantee deposits which are both restricted.

**(d) Reconciliation of profit before taxation to cash generated from operations:**

|   |             | <i>Year ended December 31,</i> |                  |                  |
|---|-------------|--------------------------------|------------------|------------------|
|   | <i>Note</i> | <i>2022</i>                    | <i>2023</i>      | <i>2024</i>      |
|   |             | <i>RMB'000</i>                 | <i>RMB'000</i>   | <i>RMB'000</i>   |
| Profit before taxation  |             | 7,364,205                      | 6,739,038        | 7,513,082        |
| Adjustments for:  |             |                                |                  |                  |
| Depreciation  | 8(c)        | 825,263                        | 913,448          | 893,314          |
| Amortization  | 8(c)        | 11,929                         | 11,930           | 12,756           |
| Provision for expected credit losses on trade and other receivables |             | 2,592                          | 203              | 1,041            |
| Provision for impairment losses                                     | 7           | 16,551                         | 3,739            | 99,553           |
| Interest income   | 5           | (750,174)                      | (604,372)        | (527,623)        |
| Finance costs   | 8(a)        | 14,496                         | 11,888           | 23,961           |
| Net fair value changes on other financial assets at FVPL            | 6           | (134,372)                      | (230,126)        | (237,355)        |
| (Gain)/loss arising from disposal of property, plant and equipment  | 6           | (851)                          | 951              | (8,091)          |
| Changes in working capital:   |             |                                |                  |                  |
| Decrease/(increase) in inventories                                  |             | 35,526                         | (229,808)        | 93,968           |
| Increase in trade receivables                                       |             | (77,519)                       | (34,957)         | (20,524)         |
| Decrease/(increase) in other receivables                            |             | 39,042                         | (145,486)        | (101,509)        |
| (Decrease)/increase in trade and bills payable                      |             | (344,938)                      | 111,226          | (51,391)         |
| (Decrease)/increase in other payables                               |             | (153,455)                      | 210,597          | 267,036          |
| (Decrease)/increase in deferred income                              |             | (13,190)                       | 24,058           | 55,295           |
| (Decrease)/increase in contract liabilities                         |             | <u>(1,769,295)</u>             | <u>1,578,916</u> | <u>(191,714)</u> |
| Cash generated from operations                                      |             | <u>5,065,810</u>               | <u>8,361,245</u> | <u>7,821,799</u> |

## 23 Cash and cash equivalents, term deposits, certificates of deposits and restricted cash, and other cash flow information (continued)

### (e) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statements as cash flows from financing activities.

|   | <i>Bank loans and<br/>other borrowing</i><br>RMB'000<br>(note 27) | <i>Lease liabilities</i><br>RMB'000<br>(note 28) | <i>Bills payable</i><br>RMB'000<br>(note 24) | <i>Other payables</i><br>RMB'000<br>(note 25) | <i>Total</i><br>RMB'000 |
|---|---|--|--|---|-------------------------|
| Balance at January 1, 2022  | 104,600   | 75,466   | 442,500                                      | -   | 622,566                 |
| <b>Changes from financing cash flows:</b>                                       |   |  |  |   |                         |
| Proceeds from bank loans  | 251,009   | -  | -  | -   | 251,009                 |
| Repayment of bank loans   | (259,489)   | -  | -  | -   | (259,489)               |
| Repayment of borrowings from non-controlling shareholders                       | -   | -  | -  | (331,902)                                     | (331,902)               |
| Lease payments  | -   | (20,795)   | -  | -   | (20,795)                |
| Interest paid   | (12,528)  | -  | -  | -   | (12,528)                |
| Proceeds from discount of bills receivable due from the Company by a subsidiary | -   | -  | 700,000                                      | -   | 700,000                 |
| Payment for expired bills payable due to a subsidiary from the Company          | -   | -  | (1,142,500)                                  | -   | (1,142,500)             |
| Total changes from financing cash flows   | (21,008)  | (20,795)   | (442,500)                                    | (331,902)                                     | (816,205)               |
| <b>Other changes:</b>   |   |  |  |   |                         |
| Interests incurred during the year (note 8(a))                                  | 12,380  | 2,116  | -  | -   | 14,496                  |
| Decrease in lease liabilities   | -   | (11,754)   | -  | -   | (11,754)                |
| Increase from business combinations   | 153,379   | -  | -  | 331,902                                       | 485,281                 |
| Total other changes   | 165,759   | (9,638)  | -  | 331,902                                       | 488,023                 |
| Balance at December 31, 2022  | 249,351   | 45,033   | -  | -   | 294,384                 |

|   | <i>Bank loans and<br/>other borrowing</i><br>RMB'000<br>(note 27) | <i>Lease liabilities</i><br>RMB'000<br>(note 28) | <i>Bills payable</i><br>RMB'000<br>(note 24) | <i>Total</i><br>RMB'000 |
|---|---|--|--|-------------------------|
| Balance at January 1, 2023  | 249,351   | 45,033   | -  | 294,384                 |
| <b>Changes from financing cash flows:</b>                                       |   |  |  |                         |
| Proceeds from bank loans  | 517,920   | -  | -  | 517,920                 |
| Repayment of bank loans   | (296,769)   | -  | -  | (296,769)               |
| Lease payments  | -   | (18,380)   | -  | (18,380)                |
| Interest paid   | (9,720)   | -  | -  | (9,720)                 |
| Proceeds from discount of bills receivable due from the Company by a subsidiary | -   | -  | 1,050,000                                    | 1,050,000               |
| Payment for expired bills payable due to a subsidiary from the Company          | -   | -  | (600,000)                                    | (600,000)               |
| Total changes from financing cash flows   | 211,431   | (18,380)   | 450,000                                      | 643,051                 |
| <b>Other changes:</b>   |   |  |  |                         |
| Interests incurred during the year (note 8(a))                                  | 9,737   | 2,151  | -  | 11,888                  |
| Increase in lease liabilities   | -   | 14,123   | -  | 14,123                  |
| Total other changes   | 9,737   | 16,274   | -  | 26,011                  |
| Balance at December 31, 2023  | 470,519   | 42,927   | 450,000                                      | 963,446                 |

**23 Cash and cash equivalents, term deposits, certificates of deposits and restricted cash, and other cash flow information (continued)**

|  | <i>Bank loans and<br/>other borrowing<br/>RMB'000<br/>(note 27)</i> | <i>Lease liabilities<br/>RMB'000<br/>(note 28)</i> | <i>Bills payable<br/>RMB'000<br/>(note 24)</i> | <i>Total<br/>RMB'000</i> |
|--|---|--|--|--------------------------|
| Balance at January 1, 2024   | 470,519   | 42,927   | 450,000  | 963,446                  |
| <b>Changes from financing cash flows:</b>  |   |  |  |                          |
| Proceeds from bank loans   | 356,506   | -  | -  | 356,506                  |
| Repayment of bank loans  | (465,361)   | -  | -  | (465,361)                |
| Lease payments   | -   | (26,379)   | -  | (26,379)                 |
| Interest paid  | (21,818)  | -  | -  | (21,818)                 |
| Proceeds from discount of bills receivable<br>due from the Company by a subsidiary | -   | -  | 1,486,477                                      | 1,486,477                |
| Payment for expired bills payable due to a<br>subsidiary from the Company          | -   | -  | (1,350,000)                                    | (1,350,000)              |
| Total changes from financing cash flows  | (130,673)   | (26,379)   | 136,477  | (20,575)                 |
| <b>Other changes:</b>  |   |  |  |                          |
| Interests incurred during the year (note 8(a))                                     | 21,819  | 2,142  | -  | 23,961                   |
| Increase in lease liabilities  | -   | 24,649   | -  | 24,649                   |
| Exchange adjustment  | -   | 22   | -  | 22                       |
| Total other changes  | 21,819  | 26,813   | -  | 48,632                   |
| Balance at December 31, 2024   | 361,665   | 43,361   | 586,477  | 991,503                  |

**(f) Total cash outflow for leases**

Amounts included in the consolidated cash flow statements for leases comprises the following, which are related to lease rentals paid:

|                             | <i>Year ended December 31,</i> |                         |                         |
|-----------------------------|--------------------------------|-------------------------|-------------------------|
|                             | <i>2022<br/>RMB'000</i>        | <i>2023<br/>RMB'000</i> | <i>2024<br/>RMB'000</i> |
| Within operating cash flows | 2,226                          | 1,781                   | 4,823                   |
| Within financing cash flows | 20,795                         | 18,380                  | 26,379                  |
|                             | <u>23,021</u>                  | <u>20,161</u>           | <u>31,202</u>           |

## 24 Trade and bills payable

The Group:

|                              | <i>As at December 31,</i> |                  |                  |
|------------------------------|---------------------------|------------------|------------------|
|                              | 2022                      | 2023             | 2024             |
|                              | RMB'000                   | RMB'000          | RMB'000          |
| Trade payables               | 1,300,262                 | 1,403,495        | 1,360,098        |
| - third parties (notes (ii)) | 1,124,517                 | 1,269,873        | 1,224,340        |
| - related parties            | 175,745                   | 133,622          | 135,758          |
| Bills payable                | -                         | 457,994          | 586,477          |
|                              | <u>1,300,262</u>          | <u>1,861,489</u> | <u>1,946,575</u> |

The Company:

|                   | <i>As at December 31,</i> |                |                |
|-------------------|---------------------------|----------------|----------------|
|                   | 2022                      | 2023           | 2024           |
|                   | RMB'000                   | RMB'000        | RMB'000        |
| Trade payables    | 1,683                     | 289            | 26,012         |
| - third parties   | 1,671                     | -              | 89             |
| - related parties | 12                        | -              | -              |
| - subsidiaries    | -                         | 289            | 25,923         |
| Bills payable     | -                         | 450,000        | 586,477        |
|                   | <u>1,683</u>              | <u>450,289</u> | <u>612,489</u> |

Notes:

- (i) All trade and bills payable (including amounts due to related parties and subsidiaries) are expected to be settled within one year or are repayable on demand.
- (ii) Since 2023, the Group's certain suppliers has entered into factoring arrangements with Guangdong Haitian Commercial Factoring Company Limited ("Haitian Factoring"), an entity controlled by the immediate shareholder of the Group. Under these arrangements, the Group's suppliers transfer the receivables due from the Group to Haitian Factoring before the original due dates, and the Group settle these trade payables with Haitian Factoring upon the due date. The receivables due from the Group that certain suppliers transferred to Haitian Factoring as at December 31, 2023, and 2024 amounted to RMB211,767,000 and RMB203,245,000 respectively. Trade payables that the Group settled with Haitian Factoring under above arrangement amounted to RMB2,370,155,000 and RMB2,863,186,000 in aggregate during the years ended December 31, 2023 and 2024.

## 24 Trade and bills payable (continued)

As of the end of each reporting period, the ageing analysis of trade payables based on the invoice date, is as follows:

The Group:

|               | <i>As at December 31,</i> |                  |                  |
|---------------|---------------------------|------------------|------------------|
|               | <i>2022</i>               | <i>2023</i>      | <i>2024</i>      |
|               | <i>RMB'000</i>            | <i>RMB'000</i>   | <i>RMB'000</i>   |
| Within 1 year | <u>1,300,262</u>          | <u>1,403,495</u> | <u>1,360,098</u> |
|               | <u>1,300,262</u>          | <u>1,403,495</u> | <u>1,360,098</u> |

The Company:

|               | <i>As at December 31,</i> |                |                |
|---------------|---------------------------|----------------|----------------|
|               | <i>2022</i>               | <i>2023</i>    | <i>2024</i>    |
|               | <i>RMB'000</i>            | <i>RMB'000</i> | <i>RMB'000</i> |
| Within 1 year | <u>1,683</u>              | <u>289</u>     | <u>26,012</u>  |
|               | <u>1,683</u>              | <u>289</u>     | <u>26,012</u>  |

## 25 Other payables

The Group:

|   | <i>As at December 31,</i> |                  |                  |
|---|---------------------------|------------------|------------------|
|   | <i>2022</i>               | <i>2023</i>      | <i>2024</i>      |
|   | <i>RMB'000</i>            | <i>RMB'000</i>   | <i>RMB'000</i>   |
| Other taxes payable                           | 150,142                   | 63,930           | 76,320           |
| Payroll payables                              | 669,279                   | 593,659          | 664,673          |
| Amounts due to related parties                | 3,087                     | 4,815            | 3,858            |
| Deposits due to suppliers                     | 149,941                   | 156,203          | 154,877          |
| Accrual for marketing expenses                | 310,028                   | 273,963          | 227,760          |
| Accrual for transportation expenses           | 291,017                   | 225,064          | 261,592          |
| Payables for equipment and construction       | 201,447                   | 148,837          | 157,538          |
| Consideration for acquisition of a subsidiary | 18,900                    | -                | -                |
| Others  | <u>70,445</u>             | <u>38,721</u>    | <u>56,389</u>    |
|   | <u>1,864,286</u>          | <u>1,505,192</u> | <u>1,603,007</u> |

## 25 Other payables (continued)

The Company:

|   | <i>As at December 31,</i> |                  |                  |
|---|---------------------------|------------------|------------------|
|   | <i>2022</i>               | <i>2023</i>      | <i>2024</i>      |
|   | <i>RMB'000</i>            | <i>RMB'000</i>   | <i>RMB'000</i>   |
| Other taxes payable                     | 28,348                    | 22,029           | 31,436           |
| Payroll payables                        | 459,333                   | 386,398          | 421,842          |
| Amounts due to subsidiaries             | 6,251,612                 | 5,098,266        | 870,266          |
| Deposits due to suppliers               | 4,628                     | 7,087            | 7,084            |
| Accrual for marketing expenses          | 72,189                    | 53,786           | 69,252           |
| Payables for equipment and construction | 238                       | 239              | 178              |
| Others                                  | 3,638                     | 14,839           | 7,809            |
|   | <u>6,819,986</u>          | <u>5,582,644</u> | <u>1,407,867</u> |

All other payables (including amounts due to related parties and subsidiaries) are expected to be settled within one year or are repayable on demand.

## 26 Contract liabilities

Contract liabilities mainly represents the advance payments (exclude output VAT) from customers, for which the underlying goods are yet to be provided. The output VAT contained in the advance payments has been classified under other current liabilities.

The Group:

|                     | <i>As at December 31,</i> |                  |                  |
|---------------------|---------------------------|------------------|------------------|
|                     | <i>2022</i>               | <i>2023</i>      | <i>2024</i>      |
|                     | <i>RMB'000</i>            | <i>RMB'000</i>   | <i>RMB'000</i>   |
| Receipts in advance | <u>2,948,111</u>          | <u>4,527,027</u> | <u>4,335,313</u> |

The Company:

|                     | <i>As at December 31,</i> |                  |                  |
|---------------------|---------------------------|------------------|------------------|
|                     | <i>2022</i>               | <i>2023</i>      | <i>2024</i>      |
|                     | <i>RMB'000</i>            | <i>RMB'000</i>   | <i>RMB'000</i>   |
| Receipts in advance | <u>2,659,323</u>          | <u>4,113,858</u> | <u>4,002,681</u> |

## 26 Contract liabilities (continued)

Movement of contract liabilities are as follows:

The Group:

|  | <i>As at December 31,</i> |                |                |
|--|---------------------------|----------------|----------------|
|  | <i>2022</i>               | <i>2023</i>    | <i>2024</i>    |
|  | <i>RMB'000</i>            | <i>RMB'000</i> | <i>RMB'000</i> |
| Balance at the beginning of the year   | 4,708,621                 | 2,948,111      | 4,527,027      |
| Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the year | (4,606,385)               | (2,948,111)    | (4,527,027)    |
| Increase in contract liabilities as a result of billing in advance of sales activities   | 2,845,875                 | 4,527,027      | 4,335,313      |
| Balance at the end of the year   | 2,948,111                 | 4,527,027      | 4,335,313      |

The Company:

|  | <i>As at December 31,</i> |                |                |
|--|---------------------------|----------------|----------------|
|  | <i>2022</i>               | <i>2023</i>    | <i>2024</i>    |
|  | <i>RMB'000</i>            | <i>RMB'000</i> | <i>RMB'000</i> |
| Balance at the beginning of the year   | 4,435,222                 | 2,659,323      | 4,113,858      |
| Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the year | (4,435,222)               | (2,659,323)    | (4,113,858)    |
| Increase in contract liabilities as a result of billing in advance of sales activities   | 2,659,323                 | 4,113,858      | 4,002,681      |
| Balance at the end of the year   | 2,659,323                 | 4,113,858      | 4,002,681      |

## 27 Bank loans and other borrowing

(a) *The Group's bank loans and other borrowing comprised:*

|   | <i>As at December 31,</i> |                |                |
|---|---------------------------|----------------|----------------|
|   | <i>2022</i>               | <i>2023</i>    | <i>2024</i>    |
|   | <i>RMB'000</i>            | <i>RMB'000</i> | <i>RMB'000</i> |
| <b>Current</b>                          |                           |                |                |
| Short-term bank loans                   | 131,720                   | 362,645        | 293,465        |
| Current portion of long-term bank loans | 4,978                     | 18,604         | 16,000         |
|   | 136,698                   | 381,249        | 309,465        |
| <b>Non-current</b>                      |                           |                |                |
| Long-term bank loans                    | 93,653                    | 70,270         | 33,200         |
| Other borrowing                         | 19,000                    | 19,000         | 19,000         |
|   | 112,653                   | 89,270         | 52,200         |
|   | 249,351                   | 470,519        | 361,665        |

## 27 Bank loans and other borrowing (continued)

(b) *The analysis of the repayment schedule of bank loans and other borrowing is as follows:*

|                                  | <i>As at December 31,</i> |                |                |
|----------------------------------|---------------------------|----------------|----------------|
|                                  | <i>2022</i>               | <i>2023</i>    | <i>2024</i>    |
|                                  | <i>RMB'000</i>            | <i>RMB'000</i> | <i>RMB'000</i> |
| Within 1 year or on demand       | 136,698                   | 381,249        | 309,465        |
| After 1 year but within 2 years  | 8,897                     | 24,172         | 52,200         |
| After 2 years but within 5 years | 103,756                   | 65,098         | -              |
|                                  | <u>112,653</u>            | <u>89,270</u>  | <u>52,200</u>  |
|                                  | <u>249,351</u>            | <u>470,519</u> | <u>361,665</u> |

(i) As at December 31, 2022, 2023 and 2024, all bank loans and other borrowing of the Group are unsecured and unguaranteed.

## 28 Lease liabilities

As at the end of each reporting period, the lease liabilities were repayable as follows:

The Group:

|                                  | <i>As at December 31,</i> |                |                |
|----------------------------------|---------------------------|----------------|----------------|
|                                  | <i>2022</i>               | <i>2023</i>    | <i>2024</i>    |
|                                  | <i>RMB'000</i>            | <i>RMB'000</i> | <i>RMB'000</i> |
| Within 1 year                    | 15,287                    | 12,741         | 14,770         |
| After 1 year but within 2 years  | 8,021                     | 5,727          | 5,024          |
| After 2 years but within 5 years | 2,600                     | 5,455          | 4,906          |
| After 5 years                    | 19,125                    | 19,004         | 18,661         |
|                                  | <u>29,746</u>             | <u>30,186</u>  | <u>28,591</u>  |
|                                  | <u>45,033</u>             | <u>42,927</u>  | <u>43,361</u>  |

The Company:

|                                  | <i>As at December 31,</i> |                |                |
|----------------------------------|---------------------------|----------------|----------------|
|                                  | <i>2022</i>               | <i>2023</i>    | <i>2024</i>    |
|                                  | <i>RMB'000</i>            | <i>RMB'000</i> | <i>RMB'000</i> |
| Within 1 year                    | 14,350                    | 7,570          | 7,584          |
| After 1 year but within 2 years  | 7,570                     | 263            | 321            |
| After 2 years but within 5 years | 830                       | 869            | 942            |
| After 5 years                    | 8,733                     | 8,401          | 7,982          |
|                                  | <u>17,133</u>             | <u>9,533</u>   | <u>9,245</u>   |
|                                  | <u>31,483</u>             | <u>17,103</u>  | <u>16,829</u>  |



## 29 Deferred income

The Group:

|                              | <i>As at December 31,</i> |                |                |
|------------------------------|---------------------------|----------------|----------------|
|                              | <i>2022</i>               | <i>2023</i>    | <i>2024</i>    |
|                              | <i>RMB'000</i>            | <i>RMB'000</i> | <i>RMB'000</i> |
| At the beginning of the year | 292,356                   | 279,166        | 303,224        |
| Additions                    | 52,041                    | 71,138         | 124,235        |
| Credited to profit or loss   | (65,231)                  | (47,080)       | (68,940)       |
| At the end of the year       | <u>279,166</u>            | <u>303,224</u> | <u>358,519</u> |

The Company:

|                              | <i>As at December 31,</i> |                |                |
|------------------------------|---------------------------|----------------|----------------|
|                              | <i>2022</i>               | <i>2023</i>    | <i>2024</i>    |
|                              | <i>RMB'000</i>            | <i>RMB'000</i> | <i>RMB'000</i> |
| At the beginning of the year | 2,518                     | 2,451          | 5,304          |
| Additions                    | 300                       | 3,300          | 1,300          |
| Credited to profit or loss   | (367)                     | (447)          | (1,510)        |
| At the end of the year       | <u>2,451</u>              | <u>5,304</u>   | <u>5,094</u>   |

As at December 31, 2022, December 31, 2023 and December 31, 2024, deferred income of the Group mainly represented various grants received from governments for construction of property, plant and equipment, and development of digital and intelligent transformation. Government grants relating to compensation of assets are recognized as other income on a straight-line basis over the expected useful life of the relevant assets.

### 30 Income tax in the statements of financial position

(a) *Current taxation in the statements of financial position represents:*

The Group:

|  | <i>As at December 31,</i> |                    |                  |
|--|---------------------------|--------------------|------------------|
|  | <i>2022</i>               | <i>2023</i>        | <i>2024</i>      |
|  | <i>RMB'000</i>            | <i>RMB'000</i>     | <i>RMB'000</i>   |
| At the beginning of the year                                 | 446,639                   | 328,856            | 222,925          |
| Provision for current year (note 9(a))                       | 1,113,245                 | 898,613            | 1,099,497        |
| Under/(over)-provision in respect of prior years (note 9(a)) | 4,468                     | 1,050              | (6,548)          |
| Income tax paid  | <u>(1,235,496)</u>        | <u>(1,005,594)</u> | <u>(978,089)</u> |
| At the end of the year                                       | <u>328,856</u>            | <u>222,925</u>     | <u>337,785</u>   |

The Company:

|  | <i>As at December 31,</i> |                 |                  |
|--|---------------------------|-----------------|------------------|
|  | <i>2022</i>               | <i>2023</i>     | <i>2024</i>      |
|  | <i>RMB'000</i>            | <i>RMB'000</i>  | <i>RMB'000</i>   |
| At the beginning of the year                     | 106,754                   | 35,698          | 35,675           |
| Provision for current year                       | 114,350                   | 85,571          | 148,951          |
| (Over)/under-provision in respect of prior years | (1,870)                   | 84              | 36               |
| Income tax paid                                  | <u>(183,536)</u>          | <u>(85,678)</u> | <u>(101,786)</u> |
| At the end of the year                           | <u>35,698</u>             | <u>35,675</u>   | <u>82,876</u>    |

**30 Income tax in the statements of financial position (continued)**

**(b) Deferred tax assets and liabilities recognized:**

**(i) Movement of each component of deferred tax assets and liabilities**

The components of deferred tax (assets)/liabilities recognized in the statements of financial position and the movements during the year are as follows:

The Group:

|   | Employee<br>benefits<br>RMB'000 | Depreciation<br>allowances<br>difference<br>RMB'000 | Government<br>grants<br>RMB'000 | Sales rebate<br>RMB'000 | Unused tax<br>losses<br>RMB'000 | Lease<br>liabilities<br>RMB'000 | Right-of-use<br>assets<br>RMB'000 | Changes in<br>fair value<br>RMB'000 | Business<br>combinations<br>RMB'000 | Others<br>RMB'000 | Total<br>RMB'000 |
|---|---------------------------------|---|---------------------------------|-------------------------|---------------------------------|---------------------------------|-----------------------------------|-------------------------------------|-------------------------------------|-------------------|------------------|
| Balance at January 1, 2022                        | (81,457)                        | (20,872)  | (61,103)                        | (533,256)               | (12,699)                        | (18,846)                        | 18,408                            | 13,842                              | 14,703                              | (2,365)           | (683,645)        |
| Charged/(credited) to profit or loss              | 18,890                          | (14,155)  | 2,450                           | 49,152                  | 2,784                           | 6,541                           | (6,803)                           | (8,381)                             | (5,335)                             | (1,817)           | 43,326           |
| Acquisition of subsidiaries                       | -                               | -   | -                               | -                       | (3,195)                         | -                               | -                                 | -                                   | 20,431                              | 3,597             | 20,833           |
| Balance at December 31, 2022, and January 1, 2023 | (62,567)                        | (35,027)  | (58,653)                        | (484,104)               | (13,110)                        | (12,305)                        | 11,605                            | 5,461                               | 29,799                              | (585)             | (619,486)        |
| Charged/(credited) to profit or loss              | 17,362                          | (15,068)  | 10,322                          | 178,963                 | (6,841)                         | 3,647                           | (3,462)                           | 14,749                              | (2,751)                             | 267               | 197,188          |
| Balance at December 31, 2023, and January 1, 2024 | (45,205)                        | (50,095)  | (48,331)                        | (305,141)               | (19,951)                        | (8,658)                         | 8,143                             | 20,210                              | 27,048                              | (318)             | (422,298)        |
| Charged/(credited) to profit or loss              | 11,578                          | 1,916   | (10,524)                        | 64,949                  | (5,918)                         | (1,448)                         | 1,424                             | 4,988                               | (2,600)                             | (93)              | 64,272           |
| Balance at December 31, 2024                      | (33,627)                        | (48,179)  | (58,855)                        | (240,192)               | (25,869)                        | (10,106)                        | 9,567                             | 25,198                              | 24,448                              | (411)             | (358,026)        |

### 30 Income tax in the statements of financial position (continued)

The Company:

|  | Employee benefits<br>RMB'000 | Government grants<br>RMB'000 | Sales rebate<br>RMB'000 | Changes in fair<br>value<br>RMB'000 | Others<br>RMB'000 | Total<br>RMB'000 |
|--|------------------------------|------------------------------|-------------------------|-------------------------------------|-------------------|------------------|
| Balance at January 1, 2022                           | (65,874)                     | (629)                        | (533,256)               | 13,659                              | (2,165)           | (588,265)        |
| Charged/(credited) to profit or loss                 | 19,297                       | 17                           | 60,083                  | (12,427)                            | (171)             | 66,799           |
| Balance at December 31, 2022, and<br>January 1, 2023 | (46,577)                     | (612)                        | (473,173)               | 1,232                               | (2,336)           | (521,466)        |
| Charged/(credited) to profit or loss                 | 15,483                       | (713)                        | 176,946                 | 14,148                              | 116               | 205,980          |
| Balance at December 31, 2023, and<br>January 1, 2024 | (31,094)                     | (1,325)                      | (296,227)               | 15,380                              | (2,220)           | (315,486)        |
| Charged/(credited) to profit or loss                 | 8,251                        | (1,947)                      | 68,329                  | 3,973                               | (12)              | 78,594           |
| Balance at December 31, 2024                         | (22,843)                     | (3,272)                      | (227,898)               | 19,353                              | (2,232)           | (236,892)        |

### 30 Income tax in the statements of financial position (continued)

#### (ii) Reconciliation to the statements of financial position

The Group:

|  | <i>As at December 31,</i> |                  |                  |
|--|---------------------------|------------------|------------------|
|  | <i>2022</i>               | <i>2023</i>      | <i>2024</i>      |
|  | <i>RMB'000</i>            | <i>RMB'000</i>   | <i>RMB'000</i>   |
| Net deferred tax assets recognized in the consolidated statements of financial position      | (653,326)                 | (453,922)        | (389,416)        |
| Net deferred tax liabilities recognized in the consolidated statements of financial position | 33,840                    | 31,624           | 31,390           |
|  | <u>(619,486)</u>          | <u>(422,298)</u> | <u>(358,026)</u> |

The Company:

|  | <i>As at December 31,</i> |                  |                  |
|--|---------------------------|------------------|------------------|
|  | <i>2022</i>               | <i>2023</i>      | <i>2024</i>      |
|  | <i>RMB'000</i>            | <i>RMB'000</i>   | <i>RMB'000</i>   |
| Net deferred tax assets recognized in the Company's statements of financial position | (521,466)                 | (315,486)        | (236,892)        |
|  | <u>(521,466)</u>          | <u>(315,486)</u> | <u>(236,892)</u> |

As at December 31, 2022, December 31, 2023 and December 31, 2024, the Group and the Company have no significant unrecognized deferred tax assets or deferred tax liabilities.

## 31 Capital, reserves and dividends

### (a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company's individual components of equity are set out below:

|   | Share capital<br>RMB'000 | Treasury<br>shares<br>RMB'000 | Capital<br>reserve<br>RMB'000 | Statutory<br>reserve<br>RMB'000 | Other reserve<br>RMB'000 | Retained<br>profits<br>RMB'000 | Total<br>RMB'000 |
|---|--------------------------|-------------------------------|-------------------------------|---------------------------------|--------------------------|--------------------------------|------------------|
| At January 1, 2022  | 4,212,576                | -                             | 141,864                       | 2,106,288                       | 36,957                   | 7,118,706                      | 13,616,391       |
| Changes in equity for 2022:                                 |                          |                               |                               |                                 |                          |                                |                  |
| Profit and total comprehensive income for the year          | -                        | -                             | -                             | -                               | -                        | 7,138,829                      | 7,138,829        |
| Appropriation to statutory reserve                          | -                        | -                             | -                             | 210,629                         | -                        | (210,629)                      | -                |
| Dividends approved and paid in respect of the previous year | -                        | -                             | -                             | -                               | -                        | (3,201,558)                    | (3,201,558)      |
| Bonus issue   | 421,258                  | -                             | -                             | -                               | -                        | (421,258)                      | -                |
| At December 31, 2022, and January 1, 2023                   | 4,633,834                | -                             | 141,864                       | 2,316,917                       | 36,957                   | 10,424,090                     | 17,553,662       |
| Changes in equity for 2023:                                 |                          |                               |                               |                                 |                          |                                |                  |
| Profit and total comprehensive income for the year          | -                        | -                             | -                             | -                               | -                        | 5,900,246                      | 5,900,246        |
| Repurchase of own shares                                    | -                        | (249,998)                     | -                             | -                               | -                        | -                              | (249,998)        |
| Appropriation to statutory reserve                          | -                        | -                             | -                             | 463,383                         | -                        | (463,383)                      | -                |
| Dividends approved and paid in respect of the previous year | -                        | -                             | -                             | -                               | -                        | (3,243,683)                    | (3,243,683)      |
| Bonus issue   | 926,767                  | -                             | -                             | -                               | -                        | (926,767)                      | -                |
| At December 31, 2023, and January 1, 2024                   | 5,560,601                | (249,998)                     | 141,864                       | 2,780,300                       | 36,957                   | 11,690,503                     | 19,960,227       |
| Changes in equity for 2024:                                 |                          |                               |                               |                                 |                          |                                |                  |
| Profit and total comprehensive income for the year          | -                        | -                             | -                             | -                               | -                        | 3,482,886                      | 3,482,886        |
| Repurchase of own shares                                    | -                        | (313,844)                     | -                             | -                               | -                        | -                              | (313,844)        |
| Dividends approved and paid in respect of the previous year | -                        | -                             | -                             | -                               | -                        | (3,660,412)                    | (3,660,412)      |
| At December 31, 2024  | 5,560,601                | (563,842)                     | 141,864                       | 2,780,300                       | 36,957                   | 11,512,977                     | 19,468,857       |

### 31 Capital, reserves and dividends (continued)

#### (b) Dividends

|  | Year ended December 31, |                  |                  |
|--|-------------------------|------------------|------------------|
|  | 2022<br>RMB'000         | 2023<br>RMB'000  | 2024<br>RMB'000  |
| <b>Ordinary A shares</b>   |                         |                  |                  |
| Final dividends in respect of the previous year, declared and paid during the year (tax inclusive) | 3,201,558               | 3,243,683        | 3,660,412        |
|  | <u>3,201,558</u>        | <u>3,243,683</u> | <u>3,660,412</u> |

The final dividends of RMB0.76, RMB0.70 and RMB0.66 per share (tax inclusive) in respect of the years ended December 31, 2021, 2022 and 2023 were approved by the Annual General Meeting of the Company.

The final dividends for the year ended December 31, 2024 of RMB8.60 per 10 shares (tax inclusive), in an aggregate amount of approximately RMB4,773,268,000, has been approved by the shareholders in the annual general meeting after the end of the reporting period and has not been recognized as a liability as at December 31, 2024.

#### (c) Share capital

##### (i) Issued share capital of the Company

|  | Number of<br>shares ('000) | RMB'000          |
|--|----------------------------|------------------|
| <b>Ordinary shares, issued and fully paid:</b>               |                            |                  |
| At January 1, 2022   | 4,212,576                  | 4,212,576        |
| Bonus issue  | <u>421,258</u>             | <u>421,258</u>   |
| At December 31, 2022, and January 1, 2023                    | 4,633,834                  | 4,633,834        |
| Bonus issue  | <u>926,767</u>             | <u>926,767</u>   |
| At December 31, 2023, January 1, 2024, and December 31, 2024 | <u>5,560,601</u>           | <u>5,560,601</u> |

The par value of ordinary shares of the Company is RMB1 each.

##### (ii) Bonus issue

On April 23, 2022, the Company made a bonus issue on the basis of 1 bonus share for every 10 existing shares held by shareholders. A total of 421,257,617 ordinary shares were issued pursuant to the bonus issue.

On May 16, 2023, the Company made a bonus issue on the basis of 2 bonus share for every 10 existing shares held by shareholders. A total of 926,766,757 ordinary shares were issued pursuant to the bonus issue.

### 31 Capital, reserves and dividends (continued)

#### (d) Treasury shares

During the years ended December 31, 2023 and 2024, the Company repurchased its own ordinary A shares as follows:

|                              | <i>As at December 31,</i> |                |
|------------------------------|---------------------------|----------------|
|                              | <i>2023</i>               | <i>2024</i>    |
|                              | <i>RMB'000</i>            | <i>RMB'000</i> |
| At the beginning of the year | -                         | 249,998        |
| Repurchase of own shares     | 249,998                   | 313,844        |
| At the end of the year       | 249,998                   | 563,842        |

During the years ended December 31, 2023 and 2024, the Company repurchased 6,757,692 and 8,531,799 shares in total, on the Shanghai Stock Exchange for an aggregate consideration of RMB249,998,000 and RMB313,844,000, respectively, the details of repurchase information are as follows. And the shares held as at December 31, 2024 including 10,289,491 shares held as treasury shares and 5,000,000 shares held under the 2024 employee stock ownership plan, which are mainly used for future share award scheme.

| <i>Year</i> | <i>Number of<br/>shares<br/>repurchased</i> | <i>Highest price<br/>paid per share<br/>RMB</i> | <i>Lowest price<br/>paid per share<br/>RMB</i> | <i>Aggregate price<br/>paid<br/>RMB</i> |
|-------------|---|---|--|---|
| 2023        | 6,757,692                                   | 39.13   | 34.01  | 249,998,000                             |
| 2024        | 8,531,799                                   | 41.81   | 33.05  | 313,844,000                             |
|             | 15,289,491                                  |   |  | 563,842,000                             |



### **31 Capital, reserves and dividends (continued)**

#### **(e) Nature and purpose of reserves**

##### **(i) Capital reserve**

The capital reserve comprises the difference between the consideration and the par value of the issued and paid-up shares of the Company.

##### **(ii) Statutory reserve**

According to the PRC laws, the PRC subsidiaries of the Group and the Company are required to set up two statutory reserve funds, general reserve fund and staff general fund. General reserve fund was set up by appropriating at least 10% of the entity's annual profit after taxation, as determined under PRC regulations, until the balance of the fund equals to 50% of the entity's registered capital. This fund can be used to make up previous years' losses or to convert into paid-in capital. Transfer from retained profits to staff general fund is made at the discretion of the board of directors of the entities.

##### **(iii) Other reserve**

Other reserve of the Group mainly represented merger reserves resulted from business combination in prior years respectively involving entities under common control.

##### **(iv) Exchange reserve**

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of the Group's subsidiaries outside the mainland China which are dealt with in accordance with the accounting policies set out in note 2(u).

#### **(f) Capital management**

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

## 32 Financial risk management and fair values

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

### (a) *Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents, term deposits, certificates of deposits and restricted cash and financial assets measured at fair value through profit or loss are limited because the counterparties are banks with sound credit ratings, for which the Group considers to have low credit risk.

The Group does not provide any guarantees which would expose the Group to credit risk.

#### ***Trade receivables***

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Normally, the Group does not obtain collateral from customers.

As the Group's customer base is diversified, the Group has no significant concentration of credit risk in individual customers, or industries or countries in which the customers operate.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience indicates significantly different loss patterns for different customer segments, the loss allowance based on past due status is further distinguished between the Group's different customer bases.

## 32 Financial risk management and fair values (continued)

The expected credit loss as at December 31, 2022, 2023 and 2024 was determined as follows for each customers group of trade receivables due from sales of flavoring products and transportation services, respectively:

| <i>As at December 31, 2022</i>                         |                                 |   |                                  |
|--|---------------------------------|---|----------------------------------|
|  | <i>Expected loss rates</i><br>% | <i>Gross carrying amount</i><br>RMB'000 | <i>Loss allowance</i><br>RMB'000 |
| <b>Trade receivables - sales of flavoring products</b> |                                 |   |                                  |
| Current (not past due)                                 | 5%                              | 121,732                                 | 6,087                            |
| Less than 1 year past due                              | 10%                             | 13,960                                  | 1,396                            |
| More than 1 year past due                              | 100%                            | 3,204                                   | 3,204                            |
|  |                                 | <u>138,896</u>                          | <u>10,687</u>                    |
| <b>Trade receivables - transportation services</b>     |                                 |   |                                  |
| Current (not past due)                                 | 1%                              | 56,866                                  | 569                              |
| Less than 1 year past due                              | 3%                              | 4,009                                   | 120                              |
|  |                                 | <u>60,875</u>                           | <u>689</u>                       |
|  |                                 | <u>199,771</u>                          | <u>11,376</u>                    |
| <i>As at December 31, 2023</i>                         |                                 |   |                                  |
|  | <i>Expected loss rates</i><br>% | <i>Gross carrying amount</i><br>RMB'000 | <i>Loss allowance</i><br>RMB'000 |
| <b>Trade receivables - sales of flavoring products</b> |                                 |   |                                  |
| Current (not past due)                                 | 5%                              | 168,382                                 | 8,419                            |
| Less than 1 year past due                              | 10%                             | 3,635                                   | 363                              |
| More than 1 year past due                              | 100%                            | 1,971                                   | 1,971                            |
|  |                                 | <u>173,988</u>                          | <u>10,753</u>                    |
| <b>Trade receivables - transportation services</b>     |                                 |   |                                  |
| Current (not past due)                                 | 1%                              | 60,365                                  | 604                              |
| Less than 1 year past due                              | 3%                              | 158                                     | 5                                |
|  |                                 | <u>60,523</u>                           | <u>609</u>                       |
|  |                                 | <u>234,511</u>                          | <u>11,362</u>                    |

## 32 Financial risk management and fair values (continued)

|   | <i>As at December 31, 2024</i>  |   |                                  |
|---|---------------------------------|---|----------------------------------|
|   | <i>Expected loss rates</i><br>% | <i>Gross carrying amount</i><br>RMB'000 | <i>Loss allowance</i><br>RMB'000 |
| <b>Trade receivables - sales of flavoring product</b> |                                 |   |                                  |
| Current (not past due)                                | 5%                              | 159,718                                 | 7,986                            |
| Less than 1 year past due                             | 10%                             | 1,940                                   | 194                              |
| More than 1 year past due                             | 100%                            | 3,150                                   | 3,150                            |
|   |                                 | <u>164,808</u>                          | <u>11,330</u>                    |
| <b>Trade receivables - transportation services</b>    |                                 |   |                                  |
| Current (not past due)                                | 1%                              | 88,743                                  | 887                              |
| Less than 1 year past due                             | 3%                              | 956                                     | 29                               |
|   |                                 | <u>89,699</u>                           | <u>916</u>                       |
|   |                                 | <u>254,507</u>                          | <u>12,246</u>                    |

Expected loss rates are based on actual loss experience over the past three years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

The loss rates remained constant for the years ended December 31, 2022, 2023 and 2024, because the Group considers that there has been no significant change in the Group's customer base, the historical loss experience or the aging pattern of those financial assets for the years ended December 31, 2022, 2023 and 2024.

Movement in the loss allowance account in respect of trade receivables during the years ended December 31, 2022, 2023 and 2024 is as follows:

|                             | <i>As at December 31,</i> |                        |                        |
|-----------------------------|---------------------------|------------------------|------------------------|
|                             | <i>2022</i><br>RMB'000    | <i>2023</i><br>RMB'000 | <i>2024</i><br>RMB'000 |
| At beginning of the year    | 3,857                     | 11,376                 | 11,362                 |
| Acquisition of subsidiaries | 4,927                     | -                      | -                      |
| Loss allowance recognized   | 2,642                     | 2,674                  | 3,382                  |
| Loss allowance reversed     | (50)                      | (2,471)                | (2,341)                |
| Amounts written off         | -                         | (217)                  | (157)                  |
| At the end of the year      | <u>11,376</u>             | <u>11,362</u>          | <u>12,246</u>          |

The directors of the Company consider the Group's exposure to credit risk arising from other receivables is not significant as the balances of other receivables as at December 31, 2022, 2023 and 2024 mainly are deposits or deductible input VAT and no significant actual losses were experienced historically by the Group.

## 32 Financial risk management and fair values (continued)

### (b) Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations of cash flows.

The following table details the remaining contractual maturities as at the end of the reporting periods of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting periods) and the earliest date the Group can be required to pay:

| As at December 31, 2022        |   |   |  |                                 |  |                               |
|--------------------------------|---|---|--|---------------------------------|--|-------------------------------|
|                                | Within<br>1 year or<br>on demand<br>RMB'000 | More than<br>1 year but<br>within<br>2 years<br>RMB'000 | More than<br>2 years but<br>within<br>5 years<br>RMB'000 | More than<br>5 years<br>RMB'000 | Total<br>contractual<br>undiscounted<br>cash flow<br>RMB'000 | Carrying<br>amount<br>RMB'000 |
| Trade and bills payable        | 1,300,262                                   | -   | -  | -                               | 1,300,262  | 1,300,262                     |
| Other payables                 | 1,044,865                                   | -   | -  | -                               | 1,044,865  | 1,044,865                     |
| Bank loans and other borrowing | 140,293                                     | 13,802  | 110,484  | -                               | 264,579  | 249,351                       |
| Lease liabilities              | 21,156                                      | 9,234   | 5,622  | 26,267                          | 62,279   | 45,033                        |
|                                | <u>2,506,576</u>                            | <u>23,036</u>   | <u>116,106</u>   | <u>26,267</u>                   | <u>2,671,985</u>   | <u>2,639,511</u>              |
| As at December 31, 2023        |   |   |  |                                 |  |                               |
|                                | Within<br>1 year or<br>on demand<br>RMB'000 | More than<br>1 year but<br>within<br>2 years<br>RMB'000 | More than<br>2 years but<br>within<br>5 years<br>RMB'000 | More than<br>5 years<br>RMB'000 | Total<br>contractual<br>undiscounted<br>cash flow<br>RMB'000 | Carrying<br>amount<br>RMB'000 |
| Trade and bills payable        | 1,861,489                                   | -   | -  | -                               | 1,861,489  | 1,861,489                     |
| Other payables                 | 847,603                                     | -   | -  | -                               | 847,603  | 847,603                       |
| Bank loans and other borrowing | 388,342                                     | 27,785  | 68,372   | -                               | 484,499  | 470,519                       |
| Lease liabilities              | 15,909                                      | 5,942   | 7,845  | 24,322                          | 54,018   | 42,927                        |
|                                | <u>3,113,343</u>                            | <u>33,727</u>   | <u>76,217</u>  | <u>24,322</u>                   | <u>3,247,609</u>   | <u>3,222,538</u>              |
| As at December 31, 2024        |   |   |  |                                 |  |                               |
|                                | Within<br>1 year or<br>on demand<br>RMB'000 | More than<br>1 year but<br>within<br>2 years<br>RMB'000 | More than<br>2 years but<br>within<br>5 years<br>RMB'000 | More than<br>5 years<br>RMB'000 | Total<br>contractual<br>undiscounted<br>cash flow<br>RMB'000 | Carrying<br>amount<br>RMB'000 |
| Trade and bills payable        | 1,946,575                                   | -   | -  | -                               | 1,946,575  | 1,946,575                     |
| Other payables                 | 862,015                                     | -   | -  | -                               | 862,015  | 862,015                       |
| Bank loans and other borrowing | 312,738                                     | 53,461  | -  | -                               | 366,199  | 361,665                       |
| Lease liabilities              | 17,529                                      | 6,201   | 7,847  | 23,073                          | 54,650   | 43,361                        |
|                                | <u>3,138,857</u>                            | <u>59,662</u>   | <u>7,847</u>   | <u>23,073</u>                   | <u>3,229,439</u>   | <u>3,213,616</u>              |

## 32 Financial risk management and fair values (continued)

### (c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from the Group's cash and cash equivalents, term deposits, certificates of deposits, restricted cash, bank loans and borrowing. The Group does not use financial derivatives to hedge against the interest rate risk. However, if interest rate fluctuates significantly, appropriate measures would be taken to manage interest risk exposure. The Group's interest rate profile as monitored by management is set out in (i) below.

#### (i) Interest rate profile

The following table, as reported to the management of the Group, details the interest rate profile of the Group's financial instruments at the end of the reporting periods.

|  | As at December 31, 2022    |                   | As at December 31, 2023    |                   | As at December 31, 2024    |                   |
|--|----------------------------|-------------------|----------------------------|-------------------|----------------------------|-------------------|
|  | Effective<br>interest rate | Amount<br>RMB'000 | Effective<br>interest rate | Amount<br>RMB'000 | Effective<br>interest rate | Amount<br>RMB'000 |
| <b>Fixed rate instruments:</b>             |                            |                   |                            |                   |                            |                   |
| Financial assets                           |                            |                   |                            |                   |                            |                   |
| Term deposits and certificates of deposits | 3.25% ~ 4.13%              | 8,736,050         | 3.00% ~ 3.99%              | 8,332,050         | 0.01% ~ 4.20%              | 9,647,747         |
| Cash and cash equivalents                  | 0.30% ~ 1.45%              | 5,700,000         | 0.30% ~ 3.50%              | 9,725,000         | 1.97% ~ 4.50%              | 7,190,722         |
|  |                            | <u>14,436,050</u> |                            | <u>18,057,050</u> |                            | <u>16,838,469</u> |
| Financial liabilities                      |                            |                   |                            |                   |                            |                   |
| Bank loans                                 | 3.15% ~ 3.50%              | (131,720)         | 2.70% ~ 3.00%              | (362,645)         | 2.30% ~ 2.90%              | (293,465)         |
| Other borrowing                            | 6.00%                      | (19,000)          | 6.00%                      | (19,000)          | 6.00%                      | (19,000)          |
| Lease liabilities                          | 4.75% ~ 4.90%              | (45,033)          | 4.75% ~ 4.90%              | (42,927)          | 3.95% ~ 4.90%              | (43,361)          |
|  |                            | <u>(195,753)</u>  |                            | <u>(424,572)</u>  |                            | <u>(355,826)</u>  |
|  |                            | <u>14,240,297</u> |                            | <u>17,632,478</u> |                            | <u>16,482,643</u> |
| <b>Variable rate instruments:</b>          |                            |                   |                            |                   |                            |                   |
| Financial assets                           |                            |                   |                            |                   |                            |                   |
| Cash and cash equivalents                  | 0.01% ~ 2.60%              | 3,451,988         | 0.01% ~ 2.40%              | 3,116,080         | 0.01% ~ 2.40%              | 4,716,109         |
| Restricted cash                            | 0.01% ~ 2.60%              | 31,163            | 0.01% ~ 2.40%              | 17,924            | 0.01% ~ 2.40%              | 8,393             |
|  |                            | <u>3,483,151</u>  |                            | <u>3,134,004</u>  |                            | <u>4,724,502</u>  |
| Financial liabilities                      |                            |                   |                            |                   |                            |                   |
| Bank loans                                 | 4.10%                      | (98,631)          | 3.00% ~ 3.95%              | (88,874)          | 2.80% ~ 2.85%              | (49,200)          |
|  |                            | <u>(98,631)</u>   |                            | <u>(88,874)</u>   |                            | <u>(49,200)</u>   |
|  |                            | <u>3,384,520</u>  |                            | <u>3,045,130</u>  |                            | <u>4,675,302</u>  |

## 32 Financial risk management and fair values (continued)

### (ii) Sensitivity analysis

At December 31, 2022, 2023 and 2024, it is estimated that a general increase/decrease of 25 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's profit after tax and retained profits by approximately RMB6,605,000, RMB7,162,000 and RMB9,310,000 respectively.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise assuming that the change in interest rates had occurred at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate nonderivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained profits) is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis during the years ended December 31, 2022, 2023 and 2024.

### (d) Foreign currency risk

The Group is exposed to foreign currency risk primarily through sales which give rise to cash balances and receivables that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States dollars ("USD"), Euros ("EUR"), HKD and RMB. The Group manages this risk as follows:

#### (i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognized assets denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the period end date.

|                           | As at December 31, |               |             |               |               |             |               |              |                  |
|---------------------------|--------------------|---------------|-------------|---------------|---------------|-------------|---------------|--------------|------------------|
|                           | 2022<br>USD        | 2022<br>EUR   | 2022<br>HKD | 2023<br>USD   | 2023<br>EUR   | 2023<br>HKD | 2024<br>USD   | 2024<br>EUR  | 2024<br>HKD      |
|                           | RMB'000            | RMB'000       | RMB'000     | RMB'000       | RMB'000       | RMB'000     | RMB'000       | RMB'000      | RMB'000          |
| Cash and cash equivalents | 10,701             | 27,698        | 128         | 20,745        | 11,200        | 205         | 23,537        | 2,567        | 168              |
| Trade receivables         | 100                | -             | -           | 4,101         | -             | -           | 4,264         | -            | -                |
|                           | <u>10,801</u>      | <u>27,698</u> | <u>128</u>  | <u>24,846</u> | <u>11,200</u> | <u>205</u>  | <u>27,801</u> | <u>2,567</u> | <u>168</u>       |
|                           |                    |               |             |               |               |             |               |              | <u>1,413,168</u> |

#### (ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

## 32 Financial risk management and fair values (continued)

|     | As at December 31,                                      |   |   |   |   |   |
|-----|---|---|---|---|---|---|
|     | 2022  |   | 2023  |   | 2024  |   |
|     | Increase/<br>(decrease)<br>in foreign<br>exchange rates | Effect on<br>profit after tax<br>and retained<br>profits<br>RMB'000 | Increase/<br>(decrease)<br>in foreign<br>exchange rates | Effect on<br>profit after tax<br>and retained<br>profits<br>RMB'000 | Increase/<br>(decrease)<br>in foreign<br>exchange rates | Effect on<br>profit after tax<br>and retained<br>profits<br>RMB'000 |
| USD | 9%<br>(9%)  | 798<br>(798)  | 2%<br>(2%)  | 330<br>(330)  | 1%<br>(1%)  | 325<br>(325)  |
| EUR | 9%<br>(9%)  | 2,155<br>(2,155)  | 2%<br>(2%)  | 76<br>(76)  | 1%<br>(1%)  | 35<br>(35)  |
| HKD | 9%<br>(9%)  | 9<br>(9)  | 2%<br>(2%)  | 3<br>(3)  | 1%<br>(1%)  | 2<br>(2)  |
| RMB | 9%<br>(9%)  | -<br>-  | 2%<br>(2%)  | -<br>-  | 1%<br>(1%)  | 17,607<br>(17,607)  |

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis is performed on the same basis during the years ended December 31, 2022, 2023 and 2024.

### (e) Fair value measurement

#### (i) Financial assets measured at fair value

##### Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs



## 32 Financial risk management and fair values (continued)

Analysis on fair value measurement of financial instruments as at December 31, 2022, 2023 and 2024 are as follows:

|                                  | Fair value at<br>December 31,<br>2022,<br>RMB'000 | Fair value measurement at December 31, 2022, categorised<br>into |                  |          |
|----------------------------------|---|--|------------------|----------|
|                                  |   | Level 1  | Level 2          | Level 3  |
| Recurring fair value measurement |   |  |                  |          |
| Other financial assets at FVPL   |   |  |                  |          |
| - Wealth management products     | 6,081,663   | -  | 6,081,663        | -        |
| - Equity securities              | 100   | -  | 100              | -        |
|                                  | <u>6,081,763</u>                                  | <u>-</u>   | <u>6,081,763</u> | <u>-</u> |
|                                  |   |  |                  |          |
|                                  | Fair value at<br>December 31,<br>2023,<br>RMB'000 | Fair value measurement at December 31, 2023, categorised<br>into |                  |          |
|                                  |   | Level 1  | Level 2          | Level 3  |
| Recurring fair value measurement |   |  |                  |          |
| Other financial assets at FVPL   |   |  |                  |          |
| - Wealth management products     | 5,841,005   | -  | 5,841,005        | -        |
| - Equity securities              | 100   | -  | 100              | -        |
|                                  | <u>5,841,105</u>                                  | <u>-</u>   | <u>5,841,105</u> | <u>-</u> |
|                                  |   |  |                  |          |
|                                  | Fair value at<br>December 31,<br>2024,<br>RMB'000 | Fair value measurement at December 31, 2024, categorised<br>into |                  |          |
|                                  |   | Level 1  | Level 2          | Level 3  |
| Recurring fair value measurement |   |  |                  |          |
| Other financial assets at FVPL   |   |  |                  |          |
| - Wealth management products     | 7,518,580   | -  | 7,518,580        | -        |
| - Equity securities              | 100   | -  | 100              | -        |
| - Listed securities              | 98,996  | 98,996   | -                | -        |
|                                  | <u>7,617,676</u>                                  | <u>98,996</u>  | <u>7,518,680</u> | <u>-</u> |

During the years ended December 31, 2022, 2023 and 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The listed securities are accounted for at fair value in level 1 and measured by referencing to the stock price.

### *Valuation techniques and inputs used in Level 2 fair value measurements*

The fair value of wealth management products in Level 2 is measured by referencing to the net asset value published by the banks.

### (ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortized cost are not materially different from their fair values as at December 31, 2022, 2023 and 2024.

### 33 Commitments

Capital commitments outstanding at the end of the reporting periods not provided for in the consolidated financial statements were as follows:

|   | <i>As at December 31,</i> |             |             |
|---|---------------------------|-------------|-------------|
|   | <i>2022</i>               | <i>2023</i> | <i>2024</i> |
|   | RMB'000                   | RMB'000     | RMB'000     |
| Contracted for purchase for property, plant and equipment | 1,550,163                 | 831,516     | 704,563     |

### 34 Material related party transactions

#### (a) *Key management personnel remuneration*

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and supervisors as disclosed in note 10 and certain of the highest paid employees as disclosed in note 11, is as follows:

|                              | <i>Year ended December 31,</i> |               |               |
|------------------------------|--------------------------------|---------------|---------------|
|                              | <i>2022</i>                    | <i>2023</i>   | <i>2024</i>   |
|                              | RMB'000                        | RMB'000       | RMB'000       |
| Short-term employee benefits | 34,068                         | 32,840        | 43,603        |
| Post-employment benefits     | 417                            | 394           | 432           |
|                              | <u>34,485</u>                  | <u>33,234</u> | <u>44,035</u> |

Total remuneration is included in "staff costs" (see note 8(b)).

### 34 Material related party transactions (continued)

#### (b) Names and relationships with related parties

In addition to the related party information disclosed in note 24 of these consolidated financial statements, the Group entered into the following material related party transactions during the years ended December 31, 2022, 2023 and 2024.

| <i>Name of related party</i>   | <i>Relationship with the Group</i>                            |
|--|---|
| Guangdong Haitian Group Co., Ltd. ("Guangdong Haitian")<br>广东海天集团股份有限公司        | The immediate parent company of the Group                     |
| Foshan Tianbo Packaging Co., Ltd.<br>佛山天玻包装有限公司                                | Entity controlled by Guangdong Haitian                        |
| Foshan Tianyuan Real Estate Co., Ltd.<br>佛山市天原房地产有限公司                          | Entity controlled by Guangdong Haitian                        |
| Foshan Tiande Technology Co., Ltd.<br>佛山市天德科技有限公司                              | Entity controlled by Guangdong Haitian                        |
| Foshan Haiye Investment Development Co., Ltd.<br>佛山市海业投资发展有限公司                 | Entity controlled by Guangdong Haitian                        |
| Foshan Yuebo Industrial Co., Ltd.<br>佛山市粤玻实业有限公司                               | Entity over which Guangdong Haitian has significant influence |
| Foshan Haipeng Trade Development Co., Ltd.<br>佛山市海鹏贸易发展有限公司                    | Entity controlled by Guangdong Haitian                        |
| Nanning Yuebo Glass Industrial Co., Ltd.<br>南宁粤玻实业有限公司                         | Entity over which Guangdong Haitian has significant influence |
| Jiaxing Haitian Small Loan Co., Ltd.<br>嘉兴海天小额贷款有限公司                           | Entity controlled by Guangdong Haitian                        |
| Tiandian (Guangdong) Biotechnology Co., Ltd.<br>天典 (广东) 生物科技有限公司               | Entity controlled by Guangdong Haitian                        |
| Tianye (Nanning) Biotechnology Co., Ltd.<br>天叶 (南宁) 生物科技有限公司                   | Entity controlled by Guangdong Haitian                        |
| Tiankang Logistics (Foshan) Co., Ltd.<br>天康物流 (佛山) 有限公司                        | Entity controlled by Guangdong Haitian                        |
| Tianbo Packaging Group Co., Ltd.<br>天玻包装集团有限公司                                 | Entity controlled by Guangdong Haitian                        |
| Tianyan (Tianjin) High tech Co., Ltd.<br>天眼 (天津) 高新科技有限公司                      | Entity controlled by Guangdong Haitian                        |
| Tiannuobo (Guangdong) Intelligent Equipment Co., Ltd.<br>天诺博 (广东) 智能装备有限公司     | Entity controlled by Guangdong Haitian                        |
| Taibao (Guangdong) Animal Nutrition Technology Co., Ltd.<br>它宝 (广东) 动物营养科技有限公司 | Entity controlled by Guangdong Haitian                        |
| Anhui Tianzhuang International Trade Co., Ltd.<br>安徽天庄国际贸易有限公司                 | Entity controlled by Guangdong Haitian                        |
| Guangdong Tianqi Biotechnology Co., Ltd.<br>广东天企生物科技有限公司                       | Entity controlled by Guangdong Haitian                        |
| Guangdong Tiankang Logistics Co., Ltd.<br>广东天康物流有限公司                           | Entity controlled by Guangdong Haitian                        |
| Guangdong Tianniang Intelligent Equipment Co., Ltd.<br>广东天酿智能装备有限公司            | Entity controlled by Guangdong Haitian                        |

### 34 Material related party transactions (continued)

| <i>Name of related party</i>   | <i>Relationship with the Group</i>                            |
|--|---|
| Guangdong Yami Intelligent Information Technology Co., Ltd.<br>广东娅米智能信息科技有限公司                  | Entity controlled by Guangdong Haitian                        |
| Guangdong Haitian Cloud Computing Co., Ltd.<br>广东海天云计算有限公司                                     | Entity controlled by Guangdong Haitian                        |
| Guangdong Haitian Innovation Technology Co., Ltd.<br>广东海天创新技术有限公司                              | Entity controlled by Guangdong Haitian                        |
| Guangdong Haitian Yami Education Technology Co., Ltd.<br>广东海天娅米教育科技有限公司                        | Entity controlled by Guangdong Haitian                        |
| Guangdong Haifuda Investment Development Co., Ltd.<br>广东海富达投资发展有限公司                            | Entity controlled by Guangdong Haitian                        |
| Guangdong Guanzheng Quality Inspection Co., Ltd.<br>广东规正质量检测有限公司                               | Entity controlled by Guangdong Haitian                        |
| It is a Health Technology Co., Ltd.<br>是一健康科技有限公司  | Entity controlled by Guangdong Haitian                        |
| Jiangsu Tianjiang Biotechnology Co., Ltd.<br>江苏天将生物科技有限公司                                      | Entity controlled by Guangdong Haitian                        |
| Jiangsu Tianbo Packaging Limited Company.<br>江苏天玻包装有限公司  | Entity controlled by Guangdong Haitian                        |
| Jiangsu Tianlong Renewable Resources Co., Ltd.<br>江苏天隆再生资源有限公司                                 | Entity controlled by Guangdong Haitian                        |
| Jiangmen Yuebo Industrial Co., Ltd.<br>江门粤玻实业有限公司  | Entity over which Guangdong Haitian has significant influence |
| Guangdong Haitian Commercial Factoring Co., Ltd.<br>广东海天商业保理有限公司                               | Entity controlled by Guangdong Haitian                        |
| Haitian Group (Foshan) Investment Development Co., Ltd.<br>海天集团 (佛山) 投资发展有限公司                  | Entity controlled by Guangdong Haitian                        |
| Haiju (Nanning) Energy and Environmental Protection Technology Co., Ltd.<br>海炬 (南宁) 能源环保科技有限公司 | Entity controlled by Guangdong Haitian                        |
| Haiju (Jiangsu) Energy and Environmental Protection Technology Co., Ltd.<br>海炬 (江苏) 能源环保科技有限公司 | Entity controlled by Guangdong Haitian                        |
| Haiju Energy Environmental Protection Technology Co., Ltd.<br>海炬能源环保科技有限公司                     | Entity controlled by Guangdong Haitian                        |
| Hubei Yuebo Industrial Co., Ltd. (note (i))<br>湖北粤玻实业有限公司                                      | Entity over which Guangdong Haitian has significant influence |
| Yangjiang Yuebo Industrial Co., Ltd. (note (i))<br>阳江粤玻实业有限公司                                  | Entity over which Guangdong Haitian has significant influence |
| Xianzhiran (Tianjin) Biotechnology Co., Ltd.<br>鲜之然 (天津) 生物技术有限公司                              | Entity controlled by Guangdong Haitian                        |
| Xianzhiran (Guangdong) Biotechnology Co., Ltd.<br>鲜之然 (广东) 生物技术有限公司                            | Entity controlled by Guangdong Haitian                        |
| Xianzhiran Biotechnology Group Co., Ltd.<br>鲜之然生物科技集团有限公司                                      | Entity controlled by Guangdong Haitian                        |

\* The official names of the above entities are in Chinese. The English translation are for identification only.

### 34 Material related party transactions (continued)

Note (i): Guangdong Haitian fully disposed of its interests over these entities in August 2023 and these entities were no longer related parties of the Group since the date of disposal.

#### (c) Transactions with related parties

Apart from disclosures made in note 24 of the consolidated financial statements, the Group entered into the following material related party transactions during the years ended December 31, 2022, 2023 and 2024.

|   | Year ended December 31, |                  |                  |
|---|-------------------------|------------------|------------------|
|   | 2022                    | 2023             | 2024             |
|   | RMB'000                 | RMB'000          | RMB'000          |
| <b>Purchases of goods and services</b>                          |                         |                  |                  |
| Guangdong Haitian and entities controlled by Guangdong Haitian  | 839,407                 | 921,210          | 911,168          |
| Entities over which Guangdong Haitian has significant influence | 510,612                 | 410,278          | 413,203          |
|   | <u>1,350,019</u>        | <u>1,331,488</u> | <u>1,324,371</u> |
| <b>Sales of goods and rendering of services</b>                 |                         |                  |                  |
| Guangdong Haitian and entities controlled by Guangdong Haitian  | 25,571                  | 35,945           | 71,673           |
| Entities over which Guangdong Haitian has significant influence | -                       | -                | 106              |
|   | <u>25,571</u>           | <u>35,945</u>    | <u>71,779</u>    |
| <b>Expense relating to short-term leases</b>                    |                         |                  |                  |
| Guangdong Haitian and entities controlled by Guangdong Haitian  | -                       | -                | 2,925            |
| <b>Provision of rental services</b>                             |                         |                  |                  |
| Guangdong Haitian and entities controlled by Guangdong Haitian  | 3,875                   | 3,407            | 2,628            |
| <b>Purchases of property, plant and equipment</b>               |                         |                  |                  |
| Guangdong Haitian and entities controlled by Guangdong Haitian  | 122,491                 | 139,551          | 142,179          |
| <b>Sales of property, plant and equipment</b>                   |                         |                  |                  |
| Guangdong Haitian and entities controlled by Guangdong Haitian  | 4,225                   | 3,235            | 44               |

### 34 Material related party transactions (continued)

#### (i) Leasing arrangements

Our Group has entered into several lease agreements with lease periods of 1 to 3 years with Guangdong Haitian and entities controlled by Guangdong Haitian to lease certain premises, machinery and equipment. During the years ended December 31, 2022, 2023 and 2024, the Group settled the lease payments with amounts of RMB18,029,000, RMB17,373,000 and RMB19,740,000 for the above rental services, and interests generated from these leasing arrangements are RMB2,202,000, RMB1,229,000 and RMB4,310,000, respectively.

During the years ended December 31, 2023 and 2024, the Group entered into new lease agreements with Guangdong Haitian and entities controlled by Guangdong Haitian for use of premises, machinery and equipment and therefore recognised right-of-use assets and lease liabilities of RMB13,103,000 and RMB14,472,000 respectively, while no new lease arrangements conducted during the year ended December 31, 2022.

- (ii) Since 2024, certain distributors of the Group entered into the loan agreements independently with Jiaxing Haitian Small Loan Company Limited ("Jiaxing Haitian"), an entity controlled by Guangdong Haitian. Pursuant to the agreements, Jiaxing Haitian agreed to make the direct payment to the Group on behalf of distributors as distributors' prepayments for purchase of flavoring products, and the above advance payments are regarded as Jiaxing Haitian's loans to distributors. During the year ended December 31, 2024, the total amount received by the Group from Jiaxing Haitian, as the distributors' prepayments, are RMB325,939,000 in aggregate. The Group does not provide any guarantee over Jiaxing Haitian's loans to distributors.

#### (d) Balances with related parties

The Group:

|   | As at December 31, |                |                |
|---|--------------------|----------------|----------------|
|   | 2022               | 2023           | 2024           |
|   | RMB'000            | RMB'000        | RMB'000        |
| <b>Trade related:</b>   |                    |                |                |
| <b>Other receivables</b>  |                    |                |                |
| Guangdong Haitian and entities controlled by Guangdong Haitian  | 2,190              | 3,559          | 3,282          |
| Entities over which Guangdong Haitian has significant influence | -                  | -              | 43             |
|   | <u>2,190</u>       | <u>3,559</u>   | <u>3,325</u>   |
| <b>Trade payables</b>   |                    |                |                |
| Guangdong Haitian and entities controlled by Guangdong Haitian  | 102,902            | 63,044         | 56,938         |
| Entities over which Guangdong Haitian has significant influence | 72,843             | 70,578         | 78,820         |
|   | <u>175,745</u>     | <u>133,622</u> | <u>135,758</u> |
| <b>Other payables</b>   |                    |                |                |
| Guangdong Haitian and entities controlled by Guangdong Haitian  | 1,437              | 3,465          | 2,508          |
| Entities over which Guangdong Haitian has significant influence | 1,650              | 1,350          | 1,350          |
|   | <u>3,087</u>       | <u>4,815</u>   | <u>3,858</u>   |

### 35 Immediate and ultimate controlling party

The directors of the Company consider the immediate holding party of the Company as at December 31, 2022, 2023 and 2024 was Guangdong Haitian.

The ultimate controlling party of the Company was Mr. Pang Kang, Ms. Cheng Xue, Mr. Guan Jianghua, Mr. Chen Junyang, Mr. Wen Zhizhou and Mr. Liao Changhui, which signed acting-in-concert agreement.

### 36 Possible impact of amendments, new standards and interpretations issued but not yet effective for the accounting period beginning on January 1, 2024

Up to the date of issue of the consolidated financial statements, the IASB has issued a number of new or amended standards, which are not yet effective for the accounting period beginning on January 1, 2024 and which have not been adopted in the consolidated financial statements.

|  | <i>Effective for<br/>accounting periods<br/>beginning on or after</i> |
|--|---|
| Amendments to IAS 21, <i>Lack of Exchangeability</i>   | January 1, 2025   |
| Amendments to IFRS 9 and IFRS 7, <i>Amendments to the Classification and Measurement of Financial Instruments</i>              | January 1, 2026   |
| Annual Improvements to IFRS Accounting Standards – Volume 11   | January 1, 2026   |
| IFRS 18, <i>Presentation and Disclosure in Financial Statements</i>  | January 1, 2027   |
| IFRS 19, <i>Subsidiaries without Public Accountability: Disclosures</i>  | January 1, 2027   |
| Amendments to IFRS 10 and IAS 28, <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> | To be determined  |

The Group is in the process of making an assessment of what the impact of these developments are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's financial performance and financial position.

### 37 Significant non-adjusting events

Subsequent to the end of the reporting period, a final dividend in respect of the year ended December 31, 2024 of RMB8.60 per 10 shares (tax inclusive), in an aggregate amount of approximately RMB4,773,268,000 has been approved by the shareholders in the annual general meeting.