CHINA KANGDA FOOD COMPANY LIMITED
中國康大食品有限公司
(Incorporated in Bermuda with limited liability)

(Hong Kong Stock Code (Primary Listing): 834)
(Singapore Stock Code (Secondary Listing): P74)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the "**Board**") of directors (the "**Director(s)**") of China Kangda Food Company Limited (the "**Company**") is pleased to announce its audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2024 together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	5	**1,650,509**	1,657,308
Cost of sales		**(1,576,546)**	(1,562,176)
Gross profit		**73,963**	95,132
Other income and other gains	5	**11,577**	29,628
Selling and distribution costs		**(46,122)**	(53,318)
Administrative expenses		**(36,149)**	(47,202)
Reversal of provision for impairment loss on trade receivables		**5,726**	–
Other operating expenses		**(13,731)**	(14,523)
Finance costs	7	**(16,901)**	(18,030)

	Notes	**2024** *RMB'000*	2023 *RMB'000*
Loss before taxation	*6*	**(21,637)**	(8,313)
Income tax credit	*8*	**31**	270
Loss for the year		**(21,606)**	(8,043)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences in translating foreign operations		**(112)**	(79)
Other comprehensive income for the year		**(112)**	(79)
Total comprehensive income for the year		**(21,718)**	(8,122)
Loss for the year attributable to:			
Owners of the Company		**(21,473)**	(8,353)
Non-controlling interests		**(133)**	310
		(21,606)	(8,043)
Total comprehensive income for the year attributable to:			
Owners of the Company		**(21,585)**	(8,432)
Non-controlling interests		**(133)**	310
		(21,718)	(8,122)
Loss per share for loss attributable to the owners of the Company during the year	*10*		
Basic *(RMB cents)*		**(4.86)**	(1.93)
Diluted *(RMB cents)*		**(4.86)**	(1.93)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**223,680**	269,752
Investment property		**176,454**	115,606
Goodwill		**56,355**	56,355
Biological assets		**29,026**	27,829
Right-of-use assets		**170,352**	188,135
Deferred tax assets		**–**	44
Loan receivable		**13,500**	17,520
Total non-current assets		**669,367**	675,241
Current assets			
Biological assets		**20,656**	19,881
Loan receivable		**6,500**	–
Inventories		**104,995**	114,918
Trade and bills receivables	*11*	**91,297**	92,003
Prepayments, other receivables and deposits		**72,306**	72,828
Amount due from a related party		**4,232**	–
Pledged deposits		**120,000**	255,000
Cash and cash equivalents		**234,209**	284,307
		654,195	838,937
Assets classified as held for sale		**–**	67,949
Total current assets		**654,195**	906,886

	Notes	**2024** *RMB'000*	2023 *RMB'000*
Current liabilities			
Trade and bills payables	*12*	**269,811**	414,021
Accrued liabilities and other payables		**92,931**	95,027
Contract liabilities		**16,144**	9,656
Interest-bearing bank borrowings		**149,500**	188,000
Amount due to a related party		**–**	26,305
Loans from related parties		**38,993**	35,905
Loans from immediate holding company		**94,024**	92,099
Deferred government grants		**3,568**	4,087
Lease liabilities		**13,875**	9,940
Tax payables		**1,900**	1,419
		680,746	876,459
Liabilities associated with assets classified as held for sale		**–**	30,656
Total current liabilities		**680,746**	907,115
Net current liabilities		**(26,551)**	(229)
Total assets less current liabilities		**642,816**	675,012

	2024	2023
	RMB'000	*RMB'000*
Non-current liabilities		
Deferred government grants	**14,425**	15,473
Lease liabilities	**90,880**	104,717
Deferred tax liabilities	**1,147**	1,222
Total non-current liabilities	**106,452**	121,412
Net assets	**536,364**	553,600
EQUITY		
Equity attributable to the owners of the Company		
Share capital	**116,750**	112,176
Reserves	**408,618**	430,295
	525,368	542,471
Non-controlling interests	**10,996**	11,129
Total equity	**536,364**	553,600

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. CORPORATE INFORMATION

China Kangda Food Company Limited (the "**Company**") was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda on 28 April 2006. The registered office of the Company is located at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM10, Bermuda. The principal place of business of the Company is located at No. 8399, Binhai Boulevard, Huangdao District, Qingdao, the People's Republic of China. The Company's shares are primary listed on the Main Board of The Stock Exchange of Hong Kong Limited and secondary listed in the Main Board of the Singapore Exchange Securities Trading Limited.

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries (together with the Company referred as the "**Group**") are production and trading of food products, breeding and sale of livestock, poultry and rabbits.

In the opinion of the Company's directors (the "**Directors**"), the Company's immediate holding company is Zenith Hope Limited, incorporated in British Virgin Islands and the Company's ultimate holding company is Eternal Myriad Limited, incorporated in British Virgin Islands.

The Group's operations are principally conducted in the People's Republic of China (the "**PRC**"), excluding Hong Kong and Macau.

2. APPLICATIONS OF IFRS® ACCOUNTING STANDARDS

(a) Adoption of revised IFRS Accounting Standards – first effective on 1 January 2024

In the current year, the Group has applied for the first time the following revised IFRS Accounting Standards and amendments issued by International Accounting Standards Board ("**IASB**") which is relevant to and effective for the Group's consolidated financial statements for annual period beginning on 1 January 2024:

Amendments to IAS 1	Classification of Liabilities as Current or Non-current (the "**2020 Amendments**")
Amendments to IAS 1	Non-current Liabilities with Covenants (the "**2022 Amendments**")
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The nature and impact of the revised IFRS Accounting Standards that is applicable to the Group is described below.

Amendments to IAS 1, Classification of Liabilities as Current or Non-current

The amendments clarify the requirements on classifying liabilities as current or non-current. The 2020 Amendments provide clarification that if an entity's right to defer settlement of a liability is subject to compliance with future covenants, the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The 2020 Amendments also clarify the situations that are considered as a settlement of a liability.

Amendments to IAS 1, Non-current Liabilities with Covenants

The amendments clarify how to treat liabilities that are subject to covenants to be complied with, at a date subsequent to the reporting period. The 2022 Amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The 2022 Amendments clarify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current.

Amendments to IAS 7 and IFRS 7, Supplier Finance Arrangements

The amendments introduce new disclosure requirements to enhance the transparency of supplier finance arrangements ("**SFA**") and their effects on an entity's liabilities, cash flows and exposure to liquidity risk in response to investors' concerns that some entities' SFA are not sufficiently visible, hindering investors' analysis.

Other than the abovementioned, the amended IFRS Accounting Standards that are effective from 1 January 2024 did not have any significant impact on the Group's accounting policies.

(b) New/Revised IFRS Accounting Standards that have been issued but are not yet effective

The following new/revised IFRS Accounting Standards, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to IAS 21 and IFRS 1	Lack of Exchangeability[1]
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Amendments to IFRS 1, IFRS 7, IFRS9, IFRS10 and IAS 7	Annual Improvements to IFRS Accounting Standards – Volume 11[2]
IFRS 18	Presentation and Disclosure in Financial Statements[3]
IFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

Notes:

1 *Effective for annual periods beginning on or after 1 January 2025*
2 *Effective for annual periods beginning on or after 1 January 2026*
3 *Effective for annual periods beginning on or after 1 January 2027*
4 *No mandatory effective date yet determined by available for adoption*

Amendments to IAS 21 and IFRS 1, Lack of Exchangeability

The amendments require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide.

Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments

The key areas of the amendments include:

– clarifying the classification of financial assets with environmental, social and corporate governance (ESG) and other similar features;

– clarifying the date on which a financial asset or financial liability is derecognised;

– introducing an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if specified criteria are met;

– clarifying the requirements for classifying financial assets with non-recourse features and contractually linked instruments; and

– additional disclosure requirements regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features, for example, features tied to ESG-linked targets.

Amendments to IFRS 1, IFRS 7, IFRS9, IFRS10 and IAS 7, Annual Improvements to IFRS Accounting Standards

The annual improvements amended a number of standards, including:

– IFRS 9 Financial Instrument – Transaction price. The amendment deletes the reference to 'transaction price' and revises the wording around it in paragraph 5.1.3; and removes the reference to IFRS 15 in Appendix A.

– IFRS 9 Financial Instrument – Lessee derecognition of lease liabilities. The amendment clarifies a lessee's accounting for derecognition of a lease liability by adding a cross-reference to paragraph 3.3.3 of IFRS 9 in paragraph 2.1(b)(ii) of IFRS 9.

- IFRS 7 Financial Instruments: Disclosures – Gain or loss on derecognition. The amendment replaces the reference to paragraph 27A of IFRS 7, a paragraph that no longer exists, with a reference to paragraphs 72-73 of IFRS 13; and replaces the phrase 'inputs that were not based on observable market data' with 'unobservable inputs'.

- IFRS 1 First-time Adoption of International Financial Reporting Standards – Hedge accounting by a first-time adopter. The amendment replaces the word 'conditions' with 'qualifying criteria' and adds cross-references to paragraph 6.4.1 of IFRS 9 in paragraphs B5–B6 of IFRS 1. This is to ensure consistency with the wording in IFRS 9.

- IFRS 10 Consolidated Financial Statement – Determination of a 'de facto' agent. The amendment clarifies the requirements in paragraph B74 of IFRS 10.

- IAS 7 Statement of Cash Flows – Cost method. The amendment replaces the term 'cost method', a term that is no longer defined in IFRS Accounting Standards, with 'at cost' in paragraph 37 of IAS 7.

IFRS 18, Presentation and Disclosure in Financial Statements

IFRS 18 introduces the following three sets of new requirements to improve entities' reporting of financial performance and give investors a better basis for analysing and comparing entities:

- Presentation of new defined subtotals in the statement of profit or loss;

- Disclosures about management-defined performance measures; and

- Enhanced requirements for grouping (aggregation and disaggregation) of information.

IFRS 18 supersedes IAS 1 Presentation of Financial Statements. Requirements in IAS 1 that are unchanged have been transferred to IFRS 18, IAS 8 Basis of Preparation of Financial Statements (formerly known as IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors) and IFRS 7 Financial Instruments: Disclosures.

IFRS 19, Subsidiaries without Public Accountability: Disclosures

IFRS 19 is a disclosure-only standard. It permits eligible subsidiaries to use IFRSs with reduced disclosures.

Amendments to IFRS 10 and IAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. When the transaction with an associate or joint venture that is accounted for using the equity method, any gains or losses resulting from the loss of control of a subsidiary that does not contain a business are recognised in the profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, any gains or losses resulting from the remeasurement of retained interest in any former subsidiary (that has become an associate or a joint venture) to fair value are recognised in the profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The Directors of the Company are in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. They have concluded that the adoption of the above-mentioned amendments and new standards in the future is not expected to have significant impact on the Group's consolidated financial statements except for the following:

(i) The directors anticipate that the adoption of IFRS 18 may change the presentation of consolidated income statement and more disclosures would be made.

(ii) The directors expect that amendments to IFRS 9 and IFRS 7 may have potential impact on the classification and measurement of financial instruments that would have on the Group's consolidated financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards which collective term includes all applicable individual IFRS® Accounting Standards and Interpretations approved by the IASB, and all applicable individual IAS® Standards and Interpretations as originated by the Board of the International Accounting Standards Committee and adopted by the IASB. The consolidated financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(b) Basis of measurement and going concern assumption

The consolidated financial statements have been prepared under the historical cost basis except for biological assets which are stated at fair values less costs to sell and financial assets at fair value though other comprehensive income which are stated at fair values as explained in the accounting policies set out below. It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates.

In preparing the consolidated financial statements, the Directors considered that the Group is able to continue as a going concern notwithstanding that the Group incurred a loss attributable to the owners of the Company of approximately RMB21,473,000 during the year ended 31 December 2024, and as of that date, the Group had net current liabilities of approximately RMB26,551,000. As at 31 December 2024, the Group had bank borrowings of RMB149,500,000, loans from related parties of RMB38,993,000 and loans from immediate holding company of RMB94,024,000, totalling approximately RMB282,517,000 as at 31 December 2024 that are repayable within 12 months from 31 December 2024, while the Group only maintained its cash and cash equivalents of RMB234,209,000.

The related party loan of RMB36,670,000 under a deed (the "**New Deed**") with Hong Kong High Quality Limited ("**High Quality**") dated 21 March 2024 (the "**Related Party Loan**") is about to mature on 22 April 2025. According to the New Deed, in the event of the Company's default of the New Deed, High Quality shall be at liberty to take legal action against the Company, including but not limited to issuing a fresh petition against the Company without further notice to the Company, and the Company undertakes not to oppose the new petition by reason of the withdrawal of the petition and/or whatsoever. In addition, the second related party loan of RMB2,323,000 from another related party (the "**2nd Related Party Loan**") is also about to mature on 22 April 2025.

When assessing the appropriateness of the use of the going concern basis for the preparation of the consolidated financial statements, the Directors have prepared a cash flow forecast covering a period of 12 months from the date of approval of these consolidated financial statements. The Directors have given careful consideration to the future liquidity and performance of the Group and the Group's available sources of financing, having regard to the following plans and measure, in assessing whether the Group will have sufficient financial resources to continue as a going concern:

1. The Group has been actively negotiating with the Group's existing lenders to seek renewal of extension for repayment of the Group's bank borrowings. Subsequent to the end of the reporting period, amongst all of the bank borrowings of RMB149,500,000 recorded in the current liabilities, the Group obtained several written confirmations from several the Group's bankers, which confirmed to renew bank borrowings of RMB69,000,000 in total to the Group for another year upon the maturity of the bank borrowings. All these bank borrowings will mature in 2026. The Group also obtained a letter of intent from a Group's major banker in relation to bank borrowings of RMB70,500,000 in total which indicate their intention to provide a facility of RMB100,000,000 in 2025. However, the tenor of the bank borrowings are subject to formal approval by the bank at the date of maturity of these bank borrowings in 2025;

2. The Group obtained a written confirmation from its immediate holding company, which confirmed to renew the outstanding loan balances of RMB94,024,000 to the Group for another year upon the maturity;

3. The Group has been actively negotiating with High Quality to formulate and agree a settlement plan or to extend the repayment period regarding the Related Party Loan before maturity;

4. The Group has been actively negotiating with the lender of the 2nd Related Party Loan to formulate and agree a settlement plan or to extend the repayment period regarding the 2nd Related Party Loan before maturity;

5. The Group will explore the availability of alternative source of financing; and

6. The Group continues to expand its production volume by improving the efficiency of its facilities and implementing measures to tighten cost controls over various operating expenses in order to improve its profitability and cash inflow from its operations in the future.

The Directors believe that the aforementioned financing/business plans and operational measures will be successful, based on the continuous efforts and commitment given by the management and consider that Group would have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due over the period of the cash flow forecast and therefore it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Directors will be able to achieve the plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through the following:

1. Successfully negotiating with the Group's existing lenders to seek renewal of extension for repayment of the Group's bank and other borrowings;

2. Successfully negotiating with High Quality to formulate and agree a settlement plan or to extend the repayment period regarding the Related Party Loan before maturity and to avoid the issue of a winding-up petition by High Quality against the Company in the event that the Company failed to agree a settlement plan or to extend the repayment period after maturity;

3. Successfully negotiating with the lender of the 2nd Related Party Loan to formulate and agree a settlement plan or to extend the repayment period regarding the 2nd Related Party Loan before maturity;

4. Successfully obtaining new sources of financing as and when needed; and

5. Successfully expanding its production volume by improving the efficiency of its facilities and implementing measures to tighten cost controls over various operating expenses.

These indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern, and therefore that the Group may not be able to realise its assets and discharges its liabilities in the normal course of business.

Should the Group fail to achieve the intended effects resulting from the plans and measures as mentioned above, it might not be able to continue to operate as a going concern, and adjustments would have to be made in the consolidated financial statements to write down the carrying values of the Group's assets to their net realisable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of such adjustments has not yet been reflected in the consolidated financial statements.

(c) Functional and presentation currency

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is the same as the functional currency of the Company and its subsidiaries in the PRC.

4. SEGMENT INFORMATION

Information regarding the Group's reportable segments as provided to the Directors is set out below:

	2024				
	Processed foods *RMB'000*	**Chilled and frozen rabbit meat** *RMB'000*	**Chilled and frozen chicken meat** *RMB'000*	**Other products** *RMB'000*	**Total** *RMB'000*
Revenue from external customers and reportable segment revenue, recognised at a point in time	**757,760**	**175,479**	**694,892**	**22,378**	**1,650,509**
Reportable segment profit/(loss)	**74,514**	**(25,674)**	**(29,111)**	**1,324**	**21,053**
Depreciation of property, plant and equipment	**(15,647)**	**(3,624)**	**(14,349)**	**(462)**	**(34,082)**
Depreciation of right-of-use assets	**(8,544)**	**(1,978)**	**(7,835)**	**(252)**	**(18,609)**
Depreciation of investment property	**–**	**(11,911)**	**–**	**–**	**(11,911)**
Loss on disposal of property, plant and equipment	**(549)**	**(127)**	**(504)**	**(16)**	**(1,196)**
Gain from termination of lease contracts	**–**	**593**	**–**	**–**	**593**
Reversal of provision for impairment loss on trade receivables	**2,628**	**609**	**2,411**	**78**	**5,726**
Written-down of inventories	**(3,700)**	**–**	**–**	**–**	**(3,700)**
Timing of revenue recognition					
At a point in time	**757,760**	**175,479**	**694,892**	**22,378**	**1,650,509**

	2023				
	Processed foods	Chilled and frozen rabbit meat	Chilled and frozen chicken meat	Other products	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers and reportable segment revenue, recognised at a point in time	797,592	187,990	643,667	28,059	1,657,308
Reportable segment profit/(loss)	51,710	2,578	(22,155)	621	32,754
Depreciation of property, plant and equipment	(15,587)	(3,674)	(12,578)	(548)	(32,387)
Depreciation of right-of-use assets	(7,557)	(1,783)	(6,097)	(266)	(15,703)
Depreciation of investment property	–	(11,292)	–	–	(11,292)
Loss on disposal of property, plant and equipment	(281)	(66)	(226)	(10)	(583)
Loss on disposal of investment property	–	(1,186)	–	–	(1,186)
Gain from termination of lease contracts	–	1,284	2,719	–	4,003
Timing of revenue recognition					
At a point in time	797,592	187,990	643,667	28,059	1,657,308

Reportable segment revenue represented revenue of the Group in the consolidated statement of comprehensive income. A reconciliation between the reportable segment profit and the Group's loss before taxation is set out below:

	2024	2023
	RMB'000	*RMB'000*
Reportable segment profit	**21,053**	32,754
Other income and other gains	**10,984**	25,625
Administrative expenses	**(36,149)**	(47,202)
Other operating expenses	**(624)**	(1,460)
Finance costs	**(16,901)**	(18,030)
Loss before taxation	**(21,637)**	(8,313)

A reconciliation between the reportable segment depreciation of property, plant and equipment and the Group's depreciation of property, plant and equipment is set out below:

	2024	2023
	RMB'000	*RMB'000*
Reportable depreciation of property, plant and equipment	**(34,082)**	(32,387)
Depreciation of property, plant and equipment under administrative expenses	**(6,099)**	(9,489)
Consolidated depreciation of property, plant and equipment	**(40,181)**	(41,876)

The following table set out information about the disaggregated revenue and geographical location of the Group's revenue from external customers. The geographical location of customers is determined based on the location at which the goods were delivered.

	2024	2023
	RMB'000	*RMB'000*
Local (Country of domicile)		
PRC	**1,246,198**	1,220,168
Export (Foreign countries)		
Japan	**152,343**	152,687
Europe#	**226,055**	252,673
Others	**25,913**	31,780
	1,650,509	1,657,308

Principally include Germany and Ireland

For the year ended 31 December 2024, revenue from one customer of the Group's chilled and frozen chicken meat and processed foods segments amounted to RMB212,835,000 (2023: RMB236,496,000), which represented 10% or more of the Group's revenues.

5. REVENUE AND OTHER INCOME AND OTHER GAINS

An analysis of the Group's revenue is as follows:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sale of goods	**1,650,509**	1,657,308

The following table provides information about trade and bills receivables and contract liabilities from contracts with customers.

	2024	2023
	RMB'000	*RMB'000*
Trade and bills receivables	**91,297**	92,003
Contract liabilities	**16,144**	9,656

The contract liabilities as at 31 December 2023 mainly related to the advance consideration received from customers which had been recognised as revenue for the year ended 31 December 2024.

As at 31 December 2024, the advance consideration received from customers of RMB16,144,000 represents unfulfilled performance obligations under the Group's existing contracts of RMB34,549,000. This amount represents revenue expected to be recognised in the future. The Group will recognise the expected revenue in future when performance obligations is completed, which is expected to occur within one year.

An analysis of the Group's other income and other gains is as follows:

	2024	2023
	RMB'000	*RMB'000*
Other income and other gains		
Interest income on financial assets stated at amortised cost	**2,073**	4,407
Amortisation of deferred income on government grants	**4,567**	4,737
Government grants related to income*	**127**	5,109
(Losses)/Gains arising from changes in fair value less estimated costs to sell of biological assets, net	**(11,025)**	1,170
Insurance claims	**1,256**	–
Gain from termination of lease contracts	**593**	4,003
Rental income	**9,461**	5,200
Waiver of interest payables of other borrowings	**–**	1,680
Others	**4,525**	3,322
	11,577	29,628

* *For the year ended 31 December 2024, various government grants have been received mainly from Shandong Provincial Department of Human Resources and Social Security（山東省人力資源和社會保障廳）to support the Group in maintaining employment levels. There are no unfulfilled conditions or contingencies related to these grants.*

6. LOSS BEFORE TAXATION

The Group's loss before taxation is arrived at after charging/(crediting):

	2024	2023
	RMB'000	*RMB'000*
Cost of inventories recognised as an expense	**1,247,640**	1,335,003
Depreciation of property, plant and equipment*	**40,181**	41,876
Depreciation of right-of-use assets*	**18,609**	15,703
Depreciation of investment property*	**11,911**	11,292
Auditor's remunerations		
– Audit services	**1,822**	1,972
– Non-audit services	**92**	90
Employees costs (including Directors' remuneration)	**202,295**	213,198
Retirement scheme contribution	**11,111**	5,516
Total employees costs#	**213,406**	218,714
Loss on disposal of property, plant and equipment^	**1,196**	583
Loss on disposal of investment property^	**–**	1,186
Written-down of inventories@	**3,700**	–
Exchange gain, net	**(1,036)**	(5,308)

* *Depreciation of approximately RMB52,635,000 (2023: RMB48,020,000), approximately RMB56,000 (2023: RMB71,000), approximately RMB6,099,000 (2023: RMB9,489,000) and approximately RMB11,911,000 (2023: RMB11,291,000) has been charged to cost of sales, selling and distribution costs, administrative expenses and other operating expenses respectively, for the year ended 31 December 2024.*

#	*Total employees costs of approximately RMB178,780,000 (2023: RMB179,153,000), approximately RMB20,501,000 (2023: RMB18,331,000) and approximately RMB14,125,000 (2023: RMB21,230,000) has been charged to cost of sales, selling and distribution costs and administrative expenses, respectively, for the year ended 31 December 2024.*
^	*Loss on disposal of property, plant and equipment and loss on disposal of investment property were included in other operating expenses for the years ended 31 December 2024 and 2023.*
@	*Written-down of inventories was included in cost of sales for the year ended 31 December 2024.*

7. FINANCE COSTS

	2024	2023
	RMB'000	*RMB'000*
Interest charges on bank borrowings	**9,333**	12,304
Interest on lease liabilities	**7,568**	5,726
	16,901	18,030

8. INCOME TAX CREDIT

	2024	2023
	RMB'000	*RMB'000*
Deferred tax credit	**(31)**	(270)
Total income tax credit	**(31)**	(270)

No Hong Kong profits tax has been provided for the year ended 31 December 2024 as the Group did not derive any assessable profit arising in Hong Kong during the year (2023: Nil).

PRC corporate income tax is provided at the rates applicable to the subsidiaries in the PRC on the income for statutory reporting purpose, adjusted for income and expense items which are not assessable or deductible for income tax purposes based on existing PRC income tax regulations, practices and interpretations thereof.

Qingdao Kangda Foods Co., Ltd. ("**Kangda Foods**") and Shandong Kaijia Food Company Limited ("**Kaijia Food**") are established and operating in the PRC and subject to PRC corporate income tax. According to the PRC Corporate Income Tax Law, the profit arising from agricultural, poultry and primary food processing businesses of Kangda Foods and Kaijia Food are exempted from PRC corporate income tax. The taxable profits of Kangda Foods arising from profit from business other than agricultural, poultry and primary food processing are subject to corporate income tax at 25% for the years ended 31 December 2024 and 2023.

Under the PRC Corporate Income Tax Law and Implementation Rules, enterprises that engage in qualifying agricultural business are eligible for certain tax benefits, including full exemption of corporate income tax on profits derived from such business. Qingdao Kangda Animal Rearing Company Ltd., Qingdao Kangda Rabbit Company Ltd. and Gaomi Kaijia Rearing Co., Ltd. engaged in qualifying agricultural business, which include breeding and sales of livestock, and are entitled to full exemption of corporate income tax during the years ended 31 December 2024 and 2023.

A reconciliation of the income tax credit and the accounting loss at applicable tax rates is presented below:

	2024	2023
	RMB'000	*RMB'000*
Loss before taxation	**(21,637)**	(8,313)
Tax calculated at the rates applicable to respective tax jurisdictions concerned	**(5,409)**	(2,078)
Tax effect of non-deductible expenses	**2,609**	6,485
Tax effect of non-taxable income	**(1,432)**	(917)
Tax holiday and other tax benefits of PRC subsidiaries	**(14,207)**	(5,152)
Tax effect on current year's unrecognised tax losses	**18,439**	1,662
Tax effect of temporary differences not recognised	**(31)**	(270)
Income tax credit	**(31)**	(270)

9. DIVIDENDS

The board of Directors did not recommend any payment of dividends during the year (2023: Nil).

10. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately of RMB21,473,000 (2023: RMB8,353,000) and on the weighted average number of 442,153,000 (2023: 432,948,000) ordinary shares in issue during the year.

For the years ended 31 December 2024 and 2023, the Company did not have any dilutive potential ordinary shares. Accordingly, diluted loss per share is the same as basic loss per share.

11. TRADE AND BILLS RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**87,200**	98,292
Bills receivables	**5,410**	750
Less: provision for impairment	**(1,313)**	(7,039)
Trade and bills receivables – net	**91,297**	92,003

Trade and bills receivables are non-interest bearing and are generally on terms of 30 to 90 days. They are recognised at their original invoice amounts which represent their fair values at initial recognition.

The ageing analysis of trade and bills receivables (net of impairment made) based on invoice dates as at the reporting date is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 30 days	**71,867**	81,542
31-60 days	**15,368**	9,626
61-90 days	**2,725**	835
Over 90 days	**1,337**	–
	91,297	92,003

Before accepting any new customer, the Group will assess the potential customer's credit quality and set credit limits for that customer. Limits attributed to customers are reviewed once a year.

The maximum exposure to credit risk for trade and bills receivables at the reporting date by geographic region is:

	2024	2023
	RMB'000	*RMB'000*
PRC	**47,209**	60,831
Japan	**4,344**	5,309
Europe	**36,930**	24,339
Others	**2,814**	1,524
	91,297	92,003

At 31 December 2024, the Group endorsed certain notes receivable accepted by banks in the PRC (the "**Endorsed Notes**") to certain of its suppliers in order to settle the trade and other payables due to these suppliers with an aggregate carrying amount of RMB295,800,000 (2023: RMB289,250,000). The Endorsed Notes had a maturity from one to six months at the end of the reporting period. In accordance with the relevant laws and regulations in the PRC, the holders of the Endorsed Notes have a right of recourse against the Group if the accepting banks default (the "**Continuing Involvement**"). In the opinion of the Directors, the Group has transferred substantially all risks and rewards relating to the Endorsed Notes. Accordingly, it has derecognised the full carrying amounts of the Endorsed Notes and the associated trade and other payables. The maximum exposure to loss from the Group's Continuing Involvement in the Endorsed Notes and the undiscounted cash flows to repurchase these Endorsed Notes is equal to their carrying amounts. In the opinion of the Directors, the fair values of the Group's Continuing Involvement in the Endorsed Notes are not significant.

During the year, the Group has not recognised any gain or loss on the date of transfer of the Endorsed Notes. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The endorsement has been made evenly throughout the year.

12. TRADE AND BILLS PAYABLES

Trade payables are non-interest bearing and are normally settled on terms of 60 days. Bills payables refer to payables due to third party supplies which were guaranteed by bank for settlement in accordance to banking facilities and are non-interest bearing, secured by the pledged deposits, guaranteed by a subsidiary and are normally settled on terms of 180 days.

	2024	2023
	RMB'000	*RMB'000*
Trade payables	**117,811**	73,221
Bills payables	**152,000**	340,800
	269,811	414,021

The ageing analysis of trade and bills payables based on invoice dates as at the reporting date is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 60 days	**204,162**	287,229
61-90 days	**10,382**	25,159
91-120 days	**18,684**	14,379
Over 120 days	**36,583**	87,254
	269,811	414,021

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the fiscal year 2024 ("**FY2024**"), the business environment was full of challenges, due to increasing trade protectionism and downturn pressure of macroeconomic. The Group recorded a loss attributable to owners of the Company of approximately RMB21.5 million, representing an increase of loss of RMB13.1 million, or 157.1%, as compared to approximately RMB8.4 million loss making for fiscal year 2023 ("**FY2023**").

The Group continued to adopt stable operation strategy. The revenue decreased by 0.4% from approximately RMB1,657.3 million for FY2023 to approximately RMB1,650.5 million for FY2024. The increase of loss making was a net impact of the following: i) decrease in income on government grants of RMB4.4 million, ii) decrease in gross profit of RMB21.2 million due to decrease in revenue and gross profit margin; and iii) decrease in other income of RMB12.0 million due to decrease in recognition of gain arising from changes in fair value less estimated costs to sell of biological assets and no disposal gain recognized in FY2024.

PROSPECT

Being a company focusing on consumer products industry, our business is always affected by economic growth, consumers' preferences, industry cycle and animal epidemics. In FY2024, with re-emergence of trade protectionism and global recession, the whole consumer industry is facing complicated external environment and greater challenges. Despite the challenges, with our products being consumer staples, all the above uncertainties will have limited impact on our business.

The food industry will continue to face challenges with low growth rate and intense competition. With consumption upgrades, food safety and healthiness have become the focus of consumers' attention, which has always been our priority. With our stringent quality control and food safety systems, we will continue to provide customers with high quality products. To maintain overall profitability and to enhance the competitiveness and resistance against market risk, the Group will increase investment in research and development of new products, focus on high value-added processed foods, safeguard business relationship with major customers and proactively explore new markets and new customers.

We will continue to optimise product portfolios, enhance cost management, promote brand building and expand new sales channels to strengthen the core competence and improve the overall performance of the Group.

OPERATING AND FINANCIAL REVIEW

Revenue by products

	FY2024 ***RMB'000***	FY2023 *RMB'000*	% Change *+/(-)*
Processed food	757,760	797,592	(5.0)
Chilled and frozen chicken meat	694,892	643,667	8.0
Chilled and frozen rabbit meat	175,479	187,990	(6.7)
Other products	22,378	28,059	(20.2)
Total	1,650,509	1,657,308	(0.4)

Revenue derived from the production and sales of processed food, chilled and frozen chicken meat, chilled and frozen rabbit meat and other products contributed 45.9%, 42.1%, 10.6%, and 1.4% of the revenue for FY2024 (FY2023: 48.1%, 38.8%, 11.3%, and 1.8%), respectively. The contribution of processed food, chilled and frozen rabbit meat and other products decreased by 5.0%, 6.7% and 20.2%, respectively, while the contribution of chilled and frozen chicken meat increased by 8.0%.

Processed Food Products

Revenue derived from the production and sales of processed food products decreased by 5.0% to approximately RMB757.8 million for FY2024. Affected by the intense competition from other domestic suppliers, domestic revenue of processed food decreased.

Chilled and Frozen Chicken Meat

Revenue derived from the production and sales of chilled and frozen chicken meat increased by 8.0% to approximately RMB694.9 million for FY2024. With the consumption market recovering, the demand of chilled and frozen chicken meat increased, the Group actively released production capacity and increased slaughter volume to meet market demand.

Chilled and Frozen Rabbit Meat

The sales of chilled and frozen rabbit meat products decreased by 6.7% to approximately RMB175.5 million for FY2024. Slowing demand of rabbit meat in overseas markets led to the sales decline of chilled and frozen rabbit meat in FY2024.

Other Products

Revenue derived from the production and sale of other products decreased by 20.2% to RMB22.4 million for FY2024. Due to changes in the market environment, the Group actively reduced the production and sale of pet food, and focused resources on processed food and chilled and frozen chicken meat.

REVENUE BY GEOGRAPHICAL MARKETS

	FY2024	FY2023	% Change
	RMB'000	*RMB'000*	*+/(-)*
PRC	**1,246,198**	1,220,168	2.1
Export	**404,311**	437,140	(7.5)
Total	**1,650,509**	1,657,308	(0.4)

On a geographical basis, our revenue from PRC and overseas contributed 75.5% and 24.5% of the revenue for FY2024 (FY2023: 73.6% and 26.4%), respectively. Revenue from PRC sales increased by 2.1% to RMB1,246.2 million for FY2024. Revenue derived from chilled and frozen chicken meat contributed the majority of domestic sales revenue growth. Revenue from export sales decreased by 7.5% to RMB404.3 million for FY2024. The decrease in seafood sales led to the decrease in overseas revenue.

Profitability

Gross Profit and Margin

	FY2024	**FY2024**	FY2023	FY2023	Change	% Change
	RMB'000	***Margin %***	*RMB'000*	*Margin %*	*RMB'000*	*+/(-)*
Processed food	**93,610**	**12.4**	96,758	12.1	(3,148)	(3.3)
Chicken meat	**(11,600)**	**(1.7)**	(23,046)	(3.6)	11,446	49.7
Rabbit meat	**(9,934)**	**(5.7)**	19,886	10.6	(29,820)	(150.0)
Other products	**1,887**	**8.4**	1,534	5.5	353	23.0
Total	**73,963**	**4.5**	95,132	5.7	(21,169)	(22.3)

The overall gross profit margin was 4.5% for FY2024, representing a decrease of 1.2 percentage points from 5.7% for FY2023.

Processed Food Products

Processed food products were our main profit contributor. The gross margin slightly increased from 12.1% for FY2023 to 12.4% for FY2024. The increase was a result of increase in overseas sales of processed food products with higher gross profit margin.

Chilled and Frozen Chicken Meat

The gross profit margin of chilled and frozen chicken meat slightly increased from -3.6% for FY2023 to -1.7% for FY2024. The increase was mainly due to the increase in market price of breeder chickens in FY2024.

Chilled and Frozen Rabbit Meat

The gross profit margin of chilled and frozen rabbit meat decreased from 10.6% for FY2023 to -5.7% for FY2024. The decrease was attributable to the slowing demand of rabbit meat in overseas markets and the decrease of selling price of oversea sales of chilled and frozen rabbit meat in FY2024.

Other Products

Other products were mainly pet food products, and chicken and rabbit meat by-products. The gross profit margin of other products increased from 5.5% for FY2023 to 8.4% for FY2024. Increase in gross profit of other products was a result of cessation of pet food business, which incurred a gross loss in FY2023 due to sale of residual pet food stock at discounted price.

Other Income

Other income for FY2024 was RMB11.6 million, representing a decrease of RMB18.0 million from RMB29.6 million for FY2023. Other income comprised mainly government grants, rental income, interest income on financial assets, loss arising from changes in fair value less estimated costs to sell of biological assets amounting to RMB4.7 million, RMB9.5 million, RMB2.1 million and RMB(11.0) million, respectively. The decrease in other income was mainly due to the net impact of the following: i) decrease of RMB12.2 million in recognition of gain arising from changes in fair value less estimated costs to sell of biological assets as a result of decrease in market price of breeder chickens, ii) decrease of RMB5.2 million in income on government grants.

Selling and Distribution Expenses

Selling and distribution expenses comprised mainly salary and welfare, transportation costs, advertisement costs, etc. The decrease in marketing activities led to less advertising and promotion expenses incurred in FY2024.

Administrative Expenses

Administrative expenses comprised mainly staff costs, professional fees, depreciation charge, travelling expenses and other miscellaneous administrative expenses. The main reason for the decrease in administrative expenses was due to recognition of foreign exchange gain of RMB1.0 million for FY2024 (FY2023: gain of RMB5.3 million) and deduction of remunerations of executive Directors.

Other Operating Expenses

Other operating expenses for FY2024 was RMB13.7 million, representing a decrease of RMB0.8 million from RMB14.5 million for FY2023. The decrease was mainly due to the decrease in loss on disposal of investment property of RMB1.2 million.

Finance costs

Finance costs decreased by 6.3% to approximately RMB16.9 million for FY2024, mainly due to the decrease in average balance of bank borrowings in FY2024.

Taxation

Income taxation included current year tax provision and deferred tax credit. The Group recorded a deferred tax credit of RMB0.03 million in FY2024.

Review of the Group's Financial Position as at 31 December 2024

The Group's property, plant and equipment decreased by 17.1% to approximately RMB223.7 million as at 31 December 2024 mainly due to recognition of depreciation charges, reclassification of RMB65.8 million to investment property and reclassification of RMB42.7 million from assets held for sale.

The investment property represented leasehold buildings in property, plant and equipment and right-of-use assets in relation to rabbit farms held to earn rental income. The investment property was stated at cost less accumulated depreciation as the fair value cannot be reliably measured since there were no active market prices for similar properties. The investment property increased by 52.6% to RMB176.5 million as at 31 December 2024. The reclassification of RMB65.8 million from property, plant and equipment led to the increase in investment property.

Right-of-use assets represented operating lease assets and prepaid premium for land leases. The right-of-use assets decreased by 9.5% to RMB170.4 million as at 31 December 2024. The depreciated charges led to the decrease in right-of-use assets.

Biological assets mainly referred to breeder chickens, hatchable eggs and progeny chickens for sale and consumption in production, progeny rabbits and breeder rabbits. These biological assets were valued by an independent professional valuer as at 31 December 2024 with reference to market-determined prices. Reclassification of RMB2.8 million from assets classified as held for sale was the main reason for the increase in biological assets.

Inventories decreased by 8.6% to approximately RMB105.0 million as at 31 December 2024. The decrease is mainly due to maintenance of more inventories for favorable market trend at the year-end of FY2023. The inventory turnover days for FY2024 were 25.6 days as compared to 32.4 days for FY2023.

Trade and bills receivables decreased by 0.8% to approximately RMB91.3 million as at 31 December 2024. Revenue slightly decreased in FY2024 and more trade receivables were collected at the end of the year, which led to a decrease in trade and bills receivables. The trade and bills receivables turnover days was 20.3 days for FY2024 as compared to 27.9 days for FY2023.

The pledged deposits were secured against the bills payables and a bank borrowing of the Group. The pledged deposits decreased by RMB135.0 million to approximately RMB120.0 million as at 31 December 2024. Less bills payables were issued to settle purchase payment, deposits pledged for bills payables decreased accordingly.

The cash and cash equivalents decreased by approximately 17.6% to approximately RMB234.2 million as at 31 December 2024. The decrease was mainly due to less trade receivables were collected in FY2024.

Trade and bills payables decreased by 34.8% to approximately RMB269.8 million as at 31 December 2024. The decrease was mainly due to accelerated payment to suppliers.

Accrued liabilities and other payables as at 31 December 2024 represented payables for salary and welfare payables, accrued expenses and deposit received. Accrued liabilities and other payables amounted to RMB92.9 million as at 31 December 2024, which remained stable as compared with 31 December 2023.

The interest-bearing bank borrowing balances as at 31 December 2024 decreased by RMB38.5 million to approximately RMB149.5 million after taking into account the additional borrowings of approximately RMB200.5 million, repayment of the borrowings of approximately RMB268.5 million and reclassification from liabilities associated with assets held for sale of approximately RMB29.5 million during FY 2024.

Loans from related parties represented the Related Party Loan of RMB36.7 million from High Quality and the 2nd Related Party Loan of RMB2.3 million from another related party ("**the New RP Lender**"), the director of which is a relative of Gao Yanxu, the Company's executive director. On 21 March 2024, the Company entered into the New Deed with High Quality, pursuant to which, the term of the loan of HK$39,000,000 had been extended and the loan will become due and payable on 22 April 2025 (or any later date as agreed between the parties). For further details, please refer to the Company's announcement dated 21 March 2024. The 2nd Related Party Loan is unsecured, interest bearing at 4% p.a. and repayable on 22 April 2025.

Loans from immediate holding company increased by RMB1.9 million to RMB94.0 million as at 31 December 2024. The loan is interest-free, unsecured and repayable within one year.

Lease liabilities represented the present value of the lease payments that are not yet paid. The current and non-current lease liabilities decreased by RMB9.9 million to RMB104.8 million as at 31 December 2024. The decrease in lease liabilities was a result of repayment of rentals during FY2024.

CAPITAL STRUCTURE

As at 31 December 2024, the Group had net assets of approximately RMB536.4million (31 December 2023: RMB553.6 million), comprising non-current assets of approximately RMB669.4 million (31 December 2023: RMB675.2 million), and current assets of approximately RMB654.2million (31 December 2023: RMB906.9 million). The Group recorded a net current liability position of approximately RMB26.6 million as at 31 December 2024 (31 December 2023: RMB0.2 million), which primarily consisted of cash and cash equivalents balances amounted to approximately RMB234.2 million (31 December 2023: RMB284.3 million). Moreover, inventories amounted to approximately RMB105.0 million as at 31 December 2024 (31 December 2023: RMB114.9 million) and trade and bills receivables amounted to approximately RMB91.3 million as at 31 December 2024 (31 December 2023: RMB92.0 million) were also major current assets. Major current liabilities are trade and bills payables, interest-bearing bank borrowings and loans from related parties which, as at 31 December 2024 amounted to approximately RMB269.8million (31 December 2023: RMB414.0 million), approximately RMB149.5 million (31 December 2023: RMB188.0 million) and approximately RMB39.0 million (31 December 2023: 35.9 million), respectively.

LIQUIDITY AND FINANCIAL RESOURCES AND GOING CONCERN UNCERTAINTY

As at 31 December 2024, the Group has cash and cash equivalent of approximately RMB234.2 million (31 December 2023: RMB284.3 million) and had total interest-bearing bank borrowings of approximately RMB149.5 million (31 December 2023: RMB188.0 million), amount due to related parties of approximately RMB0 million (31 December 2023: RMB26.3 million), loans from related parties of approximately RMB39.0 million (31 December 2023: 35.9 million), loans from immediate holding company of RMB94.0 million (31 December 2023: RMB92.1 million) and lease liabilities of RMB104.8 million (31 December 2023: RMB114.7 million), respectively. The Group's interest-bearing bank borrowings were debts with interest rate ranging from 3.00% to 3.80% (31 December 2023: 3.55% to 4.50%) per annum. The Group's loans from immediate holding company and loan from a related party were interest-free, repayable on demand and repayable on 22 April 2025 (or any later date as agreed between the parties), respectively.

The gearing ratio for the Group was 74% as at 31 December 2024 (31 December 2023: 84.2%), based on total debt of approximately RMB387.3 million (31 December 2023: RMB457.0 million) and equity attributable to Company's owners of approximately RMB525.4 million (31 December 2023: RMB542.5 million). The Group would serve its debts primarily with cash flow generated from its operation, seeking renewal of the outstanding bank borrowings and new banking facilities and exploring the availability of alternative source of financing. The Board is confident that the Group has adequate financial resources to meet its future debt repayment and support its working capital requirement and future expansion.

Details regarding uncertainty on the going concern of the Group is set out in note 3 BASIS OF PREPARATION to the consolidated financial statements. Despite the existence of such uncertainty, the Board is of the view that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Based on the accounting estimates and assumptions used in preparation of the consolidated financial statements, the Directors had reviewed and deliberated, notwithstanding that the Group's current liability exceeded its current assets and the significant bank and other borrowings and its short-term repayment term, considered the operations of the Group can continue as a going concern.

The Directors had also taken into consideration of the followings and were of the view that the Group will have sufficient working capital to finance its operations in the next twelve months from 31 December 2024:–

1. Expand production volume by improving the efficiency of facilities and implement measures to tighten cost controls over various operating expenses.

2. Active negotiation with banks to seek renewal of outstanding bank borrowings.

3. Active exploration of the availability of alternative source of financing.

4. Negotiate and set out the settlement plan or to extend the repayment period of loans from related parties.

FOREIGN CURRENCY EXPOSURE

The following table details the Group's exposures as at FY2024 to foreign currency risk from the financial assets and financial liabilities denominated in a currency other than the functional currency to which the Group's entities relate:

	USD *RMB'000*	EURO *RMB'000*	JPY *RMB'000*	CHF *RMB'000*	SGD *RMB'000*	HK$ *RMB'000*
Financial assets						
Trade receivables	36,141	7,095	313	–	–	–
Cash and bank balances	3,738	–	940	–	3	620
	39,879	7,095	1,253	–	3	620
Financial liabilities						
Loan from a related party	–	–	–	–	–	38,993

In view of the nature of the Group's business, which spans several countries, foreign exchange risks will continue to be an integral aspect of its risk profile in the future. Currently, the Group neither has a formal foreign currency hedging policy nor conducts hedging exercise to reduce foreign currency exposure. The Group will continue to monitor its foreign exchange exposure.

CAPITAL COMMITMENTS

As at 31 December 2024, the Group's capital commitment which had been contracted for but not provided in the consolidated financial statements amounted to approximately RMB3.2 million (31 December 2023: RMB5.8 million).

CHARGE ON ASSETS

Total secured interest-bearing bank borrowings were approximately RMB149.5 million as at 31 December 2024 (31 December 2023: RMB188.0 million).

As at 31 December 2024, the Group's interest-bearing bank borrowings were guaranteed by certain related parties of the Group, secured against pledge of the Group's certain property, plant and equipment, right-of-use assets, cash and bank deposits and a former subsidiary and a related party's certain property, plant and equipment.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have any material contingent liabilities (31 December 2023: Nil).

EMPLOYEES AND EMOLUMENT POLICY

As at 31 December 2024, the Group employed a total of 2,344 employees (31 December 2023: 2,300 employees) in the PRC. The Group's emolument policy is formulated based on the industry practices and performance of individual employee. During the year under review, the total employees costs (including Directors' emoluments) were approximately RMB213.4 million (FY2023: RMB218.7 million). The Company did not adopt any share option scheme for its employees.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

On 2 December 2022, the Group (i) entered into several sale and purchase agreements ("**SPAs**") in relation to the disposal of all the equity interest (being 70.0286%) of Kangda-Eurolap Rabbit, a non-wholly owned subsidiary of the Company and certain properties, machinery and equipment for breeding rabbits held by the Group to connected persons at an aggregate cash consideration of RMB74,940,000 (the "**Disposals**"); and (ii) a sale and purchase agreement with an independent third-party in relation to the acquisition of properties, machinery and equipment in relation to breeding chicken held by an independent third-party at an aggregate cash consideration of RMB17,800,000 (the "**Acquisition**").

On 14 March 2024, the Disposals and the Acquisition were terminated due to macro-economic situations and market conditions. According to the termination agreements, no party shall be required to pay any fee or other compensation to any party thereafter. For further details, please refer to the Company's announcement dated 14 March 2024.

Except for investment in subsidiaries, the Group did not hold any significant investment in equity interest in other companies. The Group did not have any material acquisitions or disposals of subsidiaries or associated companies or joint ventures during the year ended 31 December 2024.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries (including sale of treasury shares (as defined in the Listing Rules)) during the year ended 31 December 2024. The Company did not hold any treasury shares as of 31 December 2024.

EXTRACT OF THE AUDITORS' REPORT

The following is an extract of the independent auditor's report on the Group's annual financial statements for the year ended 31 December 2024:

"**Disclaimer of Opinion**

We were engaged to audit the consolidated financial statements of China Kangda Food Company Limited (the "**Company**") and its subsidiaries (together the "**Group**"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

We do not express an opinion on the consolidated financial statements of the Group due to potential interaction of the multiple uncertainties relating to going concern and the possible cumulative effects on the consolidated financial statements are described in the "Basis for Disclaimer of Opinion" section of our report. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

Multiple uncertainties relating to going concern

As set out in note 3(b) to the consolidated financial statements, the Group incurred a loss attributable to the owners of the Company of approximately RMB21,473,000 during the year ended 31 December 2024, and as of that date, the Group had net current liabilities of approximately RMB26,551,000. As at 31 December 2024, the Group had bank borrowings of RMB149,500,000, loans from related parties of RMB38,993,000 and loans from immediate holding company of RMB94,024,000, totalling approximately RMB282,517,000 as at 31 December 2024 that are repayable within 12 months from 31 December 2024, while the Group only maintained its cash and cash equivalents of RMB234,209,000.

As disclosed in note 30, the Related Party Loan of RMB36,670,000 under the New Deed dated 21 March 2024 is about to mature on 22 April 2025. According to the New Deed, in the event of the Company's default of the New Deed, the lender of the Related Party Loan shall be at liberty to take legal action against the Company, including but not limited to issuing a fresh petition against the Company without further notice to the Company, and the Company undertakes not to oppose the new petition by reason of the withdrawal of the petition and/or whatsoever. In addition, the 2nd Related Party Loan (also defined in note 30) of RMB2,323,000 is also about to mature on 22 April 2025.

When assessing the appropriateness of the use of the going concern basis for the preparation of the consolidated financial statements, the directors of the Company have prepared a cash flow forecast covering a period of 12 months from the date of approval of the consolidated financial statements. Certain plans and measures have been taken by the Group to improve its liquidity and financial position are detailed in note 3(b) to the consolidated financial statements.

The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the successful outcomes of the Group's plans and measures to mitigate its liquidity pressure as set out in note 3(b) to the consolidated financial statements, including (i) successfully negotiating with the Group's existing lenders to seek renewal of extension for repayment of the Group's bank and other borrowings; (ii) successfully negotiating with the lender of the Related Party Loan to formulate and agree a settlement plan or to extend the repayment period of the Related Party Loan before maturity and to avoid the issue of a winding-up petition by the lender of the Related Party Loan against the Company in the event that the Company failed to agree a settlement plan or to extend the repayment period after maturity; (iii) successfully negotiating with the lender of the 2nd Related Party Loan to formulate and agree a settlement plan or to extend the repayment period of the 2nd Related Party Loan before maturity; (iv) successfully obtaining new sources of financing as and when needed; and (v) successfully expanding its production volume by improving the efficiency of its facilities and implementing measures to tighten cost controls over various operating expenses.

These indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern, and therefore that the Group may not be able to realise its assets and discharges its liabilities in the normal course of business. As a result of these multiple uncertainties, the potential interaction of these uncertainties, and the possible cumulative effect thereof, we were unable to form an opinion as to whether the going concern basis of preparation is appropriate.

Should the Group fail to achieve the intended effects result from the plans and measures as mentioned in note 3(b) to the consolidated financial statements, it might not be able to continue to operate as a going concern, and adjustments would have to be made in the consolidated financial statements to write down the carrying values of the Group's assets to their net realisable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of such adjustments has not yet been reflected in the consolidated financial statements."

THE COMPANY AND THE AUDIT COMMITTEE'S VIEW AND THE PLAN TO ADDRESS THE DISCLAIMER OF AUDIT OPINION

The fundamental reason for the disclaimer of audit opinion (the "**Disclaimer**") made by the independent auditor for year ended 31 December 2024 is the potential interaction of the multiple uncertainties relating to going concern and the possible cumulative effect on the consolidated financial statements. Even though the Group has taken plans and measures to mitigate its liquidity pressure and improve its financial position, which are set out in note 3(b) to the consolidated financial statements in this preliminary announcement, whether the Group will be able to continue as a going concern would depend on the successful outcome of the plans and measures.

Given the execution of the plans and measures by the Group are in progress as at the date of the approval for issuance of the consolidated financial statements, in view of the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements, the independent auditor is unable to form an opinion as to whether the going concern basis of preparation of the consolidated financial statements of the Group is appropriate and the independent auditor disclaims its opinion on the consolidated financial statements of the Group in respect of year ended 31 December 2024.

The audit committee of the Company has reviewed the Disclaimer for the year ended 31 December 2024 and has well noted the basis thereof. The management has reviewed the impact of the Disclaimer on the Group and considers that it does not have significant impact on the Group's daily operation subject to successful outcome of the measures as set out in note 3(b) to the consolidated financial statements.

There was no disagreement between the views of the audit committee of the Company and the management in respect of (i) the Disclaimer and (ii) the Company's plan to address the Disclaimer.

The Company will make further announcements in relation to the aforementioned if and when required.

AUDIT COMMITTEE

The audit committee of the Company had reviewed with the management of the Group regarding the accounting principles and standards adopted by the Group, and discussed auditing, internal control and financial reporting matters including the review of the Company's audited consolidated financial statements and this announcement for the year ended 31 December 2024.

CODE ON CORPORATE GOVERNANCE PRACTICE

During the year ended 31 December 2024, the Company has complied with all applicable code provisions (the "**Code Provision(s)**") set out in the Corporate Governance Code as contained in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), save for the deviations as listed below:

Code Provision C.2.1 of the Corporate Governance Code states that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

During the period from 1 January 2024 and 25 January 2024, Mr. Fang Yu was the chairman of the Board and CEO. With his extensive experience in the financial industry, the Board believes that vesting the roles of both chairman of the Board and CEO in the same person provides the Company with strong and consistent leadership, allows for effective and efficient planning and implementation of business decisions and strategies, and is beneficial to the business prospects and management of the Group. Although Mr. Fang Yu performs both the roles of chairman of the Board and CEO, the division of responsibilities between the chairman of the Board and CEO is clearly established. The two roles are performed by Mr. Fang Yu distinctly.

On 26 January 2024, Ms. Lang Ying succeeded the roles of chairlady of the Board and CEO following her appointment as Director on the same date. Despite the deviation from Code Provision C.2.1 of the Corporate Governance Code, the Board believes that the appointment of Ms. Lang Ying as both chairlady of the Board and CEO can provide the Group with consistent leadership going forward and allow more effective implementation of the overall strategy of the Group. Furthermore, this structure does not compromise the balance of power and authority, as major decisions are made in consultation with the Board. The current senior management team of the Group also possesses rich knowledge and experience in different professional fields to assist Ms. Lang Ying to make decisions about the businesses and operations of the Group. The Company considers that it is the long-term objective of the Company to have these two roles performed by separate individuals when suitable candidates are identified.

Code Provision C.1.8 of the Corporate Governance Code states that an issuer should arrange appropriate insurance cover in respect of legal action against its directors.

During FY2024, the Company has not arranged liability insurance for the Directors in respect of legal proceedings that may be brought against the Directors due to the activities of the Company. The Company's Bye-Laws provides that each Director shall be entitled to be indemnified out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which he or she may incur or sustain in or about the execution of his/her duty. However, as the Company considered its risk management and internal control systems are effective and constantly under review, and as all the executive Directors are familiar with the operation of the Group, the Company believes that the risk of the Directors being sued or getting involved in litigation in their capacity as Directors is relatively low, and hence the Company is of the view that the benefits of the insurance may not outweigh the cost.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules (the "**Model Code**"). Having made specific enquiry of the Directors, all the Directors confirmed that they had complied with the required standards as set out in the Model Code for the year ended 31 December 2024.

IMPORTANT EVENTS AFTER REPORTING PERIOD

Subsequent to 31 December 2024 and up to the date of this announcement, so far as the Directors are aware, there have been no significant events that have materially affected the Group.

PUBLICATION OF RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024 AND ANNUAL REPORT

This final results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk), SGX-ST (www.sgx.com) and the Company (www.kangdafood.com). The Company's annual report for the year ended 31 December 2024 will also be published on the aforesaid websites in due course.

ANNUAL GENERAL MEETING

The notice of the forthcoming annual general meeting of the Company (the "**AGM**"), which contains the date, time and place of the forthcoming AGM, as well as details of the period during which the register of members and the registration of share transfers is closed, will be published and despatched to the shareholders of the Company in due course.

DIVIDEND

The Directors do not recommend the payment of a final dividend for FY2024 (FY2023: Nil).

SCOPE OF WORK OF THE AUDITOR ON THIS PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by BDO Limited on the preliminary announcement.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank the Group's management and staff for their dedication and commitment throughout the year. Besides, I would like to thank all shareholders of the Company, business partners, customers, and vendors for their support and encouragement given to the Group in the past years. My thanks are also extended to the lawyers, auditors, consultants and relevant enterprises who always give us help and support. We will do all our best and we wish you all the best for the upcoming year.

On behalf of the Board
China Kangda Food Company Limited
Lang Ying
Executive Director

Hong Kong and Singapore, 31 March 2025

As at the date of this announcement, the executive Directors are Ms. Lang Ying, Mr. Gao Yanxu and Mr. An Fengjun; and the independent non-executive Directors are Mr. Hua Shi, Ms. Li Ying and Mr. Wang Cheng.