



金嗓子控股集團有限公司

GOLDEN THROAT HOLDINGS GROUP COMPANY LIMITED

(Incorporated under the laws of the Cayman Islands with limited liability of its members)

Stock code: 06896

Interim Report

2022







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COMPANY PROFILE



Golden Throat Holdings Group Company Limited (the “Company”, together with its subsidiaries, the “Group” or “Golden Throat”) is a leading manufacturer of lozenges in China. In October 2021, in the 2021 overall statistical ranking of China nonprescription medicines enterprises and product brands, Golden Throat Lozenges (OTC) stood out among many products and was awarded No. 1 amongst Chinese traditional medicines (Throat) by China Nonprescription Medicines Association. It ranked 43rd amongst the nonprescription manufacturing enterprises in the 2021 overall statistical ranking of China non-prescription medicines enterprises and product brands. It was also listed in the Top 500 Chinese Brands at the 14th China Brand Festival in August 2020, and won the honour of “2019 Top 100 Chinese Medicine Enterprises in China Pharmaceutical Industry” in the Top 100 Pharmaceutical Enterprises in China Conference in August 2020.

The Group’s history dates back to 1956 when Liuzhou No. 2 Sweet Factory (柳州市糖果二廠), the predecessor of Guangxi Golden Throat Co., Ltd. (an indirect wholly-owned subsidiary of the Company), was established. The Company was incorporated in the Cayman Islands on 2 September 2014 as an exempted company with limited liability. The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 15 July 2015 (the “Listing Date”). Currently, the Group has developed into a modern integrated group mainly engaging in the manufacture and sale of lozenges and other pharmaceutical and food products.

CORPORATE INFORMATION

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Ms. JIANG Peizhen

EXECUTIVE DIRECTORS

Mr. ZENG Yong
Mr. HUANG Jianping
Mr. ZENG Kexiong
Mr. HE Jinqiang

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LI Hua
Mr. ZHU Jierong
Mr. CHENG Yiqun

AUDIT COMMITTEE

Mr. ZHU Jierong (*Chairman*)
Mr. LI Hua
Mr. CHENG Yiqun

REMUNERATION COMMITTEE

Mr. LI Hua (*Chairman*)
Mr. CHENG Yiqun
Mr. HE Jinqiang

NOMINATION COMMITTEE

Ms. JIANG Peizhen (*Chairman*)
Mr. ZHU Jierong
Mr. CHENG Yiqun

COMPANY SECRETARY

Ms. LEE Angel Pui Shan

AUTHORISED REPRESENTATIVES

Mr. HE Jinqiang
Ms. LEE Angel Pui Shan

REGISTERED OFFICE

Cricket Square
Hutchins Drive
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Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Guangxi Zhuang Autonomous Region
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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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COMPANY'S WEBSITE

www.goldenthroat.com

STOCK CODE

06896



CORPORATE INFORMATION (CONTINUED)

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL BANK

Agricultural Bank of China Limited
Liuzhou Lixin Sub-branch
No. 33 Lixin Road
Liuzhou
Guangxi Zhuang Autonomous Region
China

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services
Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

LEGAL ADVISER

Slaughter and May
47th Floor, Jardine House
One Connaught Place
Central, Hong Kong

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay
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FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2022:

- The Group's revenue decreased by approximately RMB61.2 million or 16.4% to approximately RMB312.1 million, as compared to the six months ended 30 June 2021.
- The Group's gross profit decreased by approximately RMB48.5 million or 17.6% to approximately RMB227.1 million, as compared to the six months ended 30 June 2021.
- The Group's earnings before interest, taxes, depreciation and amortisation decreased by approximately RMB19.4 million or 16.4% to approximately RMB99.1 million, as compared to the six months ended 30 June 2021.
- Profit attributable to equity holders of the Company decreased by approximately RMB24.8 million or 30.4% to approximately RMB56.7 million, as compared to the year ended 31 December 2021.



DEFINITIONS

Unless otherwise defined, capitalised terms in this report shall have the meanings ascribed to them below:

“ASEAN”	Association of Southeast Asian Nations
“Audit Committee”	the audit committee of the Board
“Board”	the board of directors of the Company
“CG Code”	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
“Company” of “Golden Throat”	Golden Throat Holdings Group Company Limited (金嗓子控股集團有限公司), an exempted company incorporated with limited liability in the Cayman Islands on 2 September 2014
“Director(s)”	director(s) of the Company
“Family Trust”	an irrevocable discretionary trust settled by Mr. ZENG Yong as the settlor pursuant to a trust arrangement dated 25 February 2015 in respect of the shares in Jin Jiang Global
“Golden Throat Lozenges (OTC)”	Golden Throat Lozenge (金嗓子喉片), one of the Group’s key products and approved as a type of over-the-counter medicine.
“Golden Throat Lozenge Series Products”	Golden Throat Lozenge Series Products (金嗓子喉寶系列產品), one of the Group’s key products and approved as food products.
“HKD” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IPO Proceeds”	the net proceeds from the listing of the Shares on the Stock Exchange
“Jin Jiang Global”	Jin Jiang Global Investment Company Limited, a company incorporated in the British Virgin Islands and its issued shares are held by Sovereign Trust International Limited as trustee for the benefit of Mr. ZENG Yong and his children and descendants, and one of the Controlling Shareholders

DEFINITIONS (CONTINUED)

“Listing” or “IPO”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“NMPA”	China National Medical Products Administration (中國國家藥品監督管理局), formerly known as China Food and Drug Administration (中國國家食品藥品監督管理總局)
“OTC”	pharmaceutical product(s) which may, upon receiving the NMPA’s approval, be sold over the counter in China at dispensers, pharmacies or retail outlets without requiring a prescription by a medical practitioner
“PRC” or “China”	the People’s Republic of China, for the purpose of this report only, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus of the Company dated 30 June 2015 in respect of the global offering of the Shares
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Shareholder(s)”	holder(s) of any Share(s)
“Share(s)”	ordinary share(s) in the capital of the Company with a nominal value of US\$0.000025 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“United States”	the United States of America, its territories, its possessions and all its jurisdiction
“US\$” or “USD”	United States dollars, the lawful currency of the United States



MANAGEMENT DISCUSSION AND ANALYSIS

This management discussion and analysis was prepared on 24 August 2022 (the date of this interim report). It shall be read in conjunction with the unaudited interim condensed consolidated financial statements and notes of the Group for the six months ended 30 June 2022.

Unless otherwise stated, all data in the Management Discussion and Analysis section of this report are rounded to one decimal place.

BUSINESS REVIEW

The Group is a leading manufacturer of lozenges in China. In October 2021, in the 2021 overall statistical ranking of China nonprescription medicines enterprises and product brands, Golden Throat Lozenges (OTC) stood out among many products and was awarded No. 1 amongst Chinese traditional medicines (Throat) by China Nonprescription Medicines Association. It ranked 43rd amongst the nonprescription manufacturing enterprises in the 2021 overall statistical ranking of China non-prescription medicines enterprises and product brands. It was also listed in the Top 500 Chinese Brands at the 14th China Brand Festival in August 2020. In August 2020, the Group claimed the title of “2019 China Traditional Medicines Pharmaceutical Industry Top 100 Enterprise” at the China Pharmaceutical Industry Top 100 Annual Assembly. Currently, the Group has developed into a modern integrated group mainly engaging in the manufacture and sale of lozenges and other pharmaceutical and food products.

Since early 2020, in response to the sudden outbreak of novel coronavirus (“COVID-19”) pandemic, the Group proactively responded and took the initiative to resume production, as well as using all domestic and overseas resources to actively organise anti-pandemic materials and fundraising. Due to the impact of the COVID-19 pandemic in the first half of 2022, the offline business of Golden Throat Lozenges (OTC) and Golden Throat Lozenges Series Products was affected to a certain extent.

In 2022, the Group will continue to optimise and enrich its product portfolio based on consumer demand. It will also continue to strengthen its organisational capabilities, allocate resources based on customer-focused operations and digital marketing, promote organisational capability enhancement and establish a new logic for the Group’s product growth, with a view to achieving sound and healthy development of the Group in future.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Key Products

The Group reports its revenue by three product categories, which include Golden Throat Lozenges (OTC), Golden Throat Lozenge Series Products and other products.

Golden Throat Lozenges (OTC) – OTC medicine

The Group's flagship product is Golden Throat Lozenges (OTC), which was launched in 1994. It is a type of lozenge mainly designed to relieve symptoms of sore and dry throat and hoarse voice caused by acute pharyngitis. Golden Throat Lozenges (OTC) was approved as OTC medicine by the NMPA, as such they can be purchased by the public in pharmacies without requiring the prescription of a qualified medical professional.

As of 30 June 2022, Golden Throat Lozenges (OTC) were exported to the United States, Canada, the European Union, Australia, Southeast Asia, Middle East, Mexico, Mongolia and Africa, across five continents of the world.

During the six months ended 30 June 2022, the Group's sales of Golden Throat Lozenges (OTC) accounted for approximately 89.4% of its total revenue.



Golden Throat Lozenge Series Products – Food

The Group's other key products are Golden Throat Lozenge Series Products, which include seven products comprising of Dule Lozenges (都樂含片), sugar-free Dule Lozenges and five other sugar-free flavours of this series, namely orange (香橙), fructus momordicae (羅漢果), chrysanthemum (桑菊), American ginseng (西洋參) and hawthorn (山楂).

A major difference between Golden Throat Lozenges (OTC) and Golden Throat Lozenge Series Products is that the former is approved as OTC medicine, whereas the latter is approved as food products. The sugar-free series of Golden Throat Lozenge Series Products was launched in 2013, which supplements the Group's original sales channel and provides consumers with more diversified choices in response to consumer differentiation.

As of 30 June 2022, Golden Throat Lozenge Series Products were exported to 17 countries and regions.

During the six months ended 30 June 2022, the Group's revenue from the sales of Golden Throat Lozenge Series Products accounted for approximately 9.7% of its total revenue.

Other Products

Sales of the Group's other products accounted for approximately 0.9% of the Group's revenue for the six months ended 30 June 2022. Two of the Group's other products are Yinxyngye Tablet (銀杏葉片) and Golden Throat Prebiotics (腸寶). Yinxyngye Tablet is mainly designed to facilitate blood circulation, remove blood stasis and dredge energy channels and was approved as a prescription medicine by the NMPA.

Golden Throat Prebiotics (金嗓子腸寶), also known as prebiotics, is the Group's new product and an exclusive nutrition for probiotics. It uses the targeting properties of prebiotics to deliver exclusive nutrition favored by probiotics to specific parts of the probiotic-rich intestine. This results in a significant increase in intestinal probiotics, especially the number and proportion of bifidobacteria. It also increases intestinal probiotics to promote intestinal health.

In June 2022, the Golden Throat compound probiotic lozenges, which was developed by the Group and the scientific research team of "Food Microbial Function Development" of Beijing Agricultural College, was launched. To address the lack of self-developed probiotics in China, we have developed six kinds of proprietary probiotic bacteria in three new flavors in Golden Throat compound probiotic lozenges. We are committed to using "Chinese bacteria" to improve the physique of Chinese people. Golden Throat Compound Probiotics adopts the internationally leading three-layer embedding technology, 360-degree thermal radiation freeze-drying technology, and automatic ingredient fermentation and cultivation system.

RESEARCH AND DEVELOPMENT

The Group's business has significantly benefited from its strong track record in research and development. Since 1994, the Group has successfully developed 31 new products for which it has obtained manufacturing permits, including eight pharmaceutical products (including Jinyin Sanqi Capsule (金銀三七膠囊)), 21 food products, one health supplement and one medical apparatus product.

The Group's research and development activities are conducted both in-house and through collaborations with external research institutions, such as hospitals, institutes for drug research and other companies.

Sales, Marketing and Distribution

Branding

The Group believes that strong brand recognition and customer loyalty are key to the recognition of the "Golden Throat (金嗓子)" brand. In 2017, "Golden Throat (金嗓子)" brand was selected as a world famous brand by the China America Branding Strategy Forum and in the same year, the Company was ranked amongst the listed companies on the Forbes China Up-and-Comers List. At the China Financial Market Awards 2019, Golden Throat stood out for its excellent performance in brand value, and was awarded the Best Brand Value Award. It also won the Huapu Award at the 13th China Brand Festival in August 2019. In May 2021, the Golden Throat brand story "The Treasure of Each Other" won the Gold Award for film and television works at the 21st IAI Design Awards. In October 2021, in the 2021 overall statistical ranking of China nonprescription medicines enterprises and product brands, Golden Throat Lozenges (OTC) stood out among many products and was awarded No. 1 amongst Chinese traditional medicines (Throat) by China Nonprescription Medicines Association and ranked 43 amongst the non-prescription medicines enterprises.

Distribution Network

The Group has established an extensive and structured sales and distribution network throughout China for its (i) OTC medicines; (ii) food products; and (iii) prescription medicines. As at 30 June 2022, substantially all of the Group's revenue was generated from sales to distributors.

As of 30 June 2022, the Group's distribution network covers all provinces, autonomous regions and municipalities in the PRC. In 2022, after the integration of distributor channels, the Group will further strengthen cooperation with leading distributors and chain pharmacies, and continue to expand into new markets. In addition, the Group supplies grassroots pharmacies and clinics through an online drug procurement platform, and further streamlines the procurement process for distributors.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

As mentioned above, the Group also has a presence in various overseas markets for its products, including the United States, Canada, Russia, Japan, the European Union, Australia, Southeast Asia, Middle East, Mexico and Africa. Its export has covered the five continents of the world. The Group has actively responded to China's top-level strategy – the national "Belt and Road" initiative, of which 10 ASEAN countries play a vital role in its strategy. Up to now, the Company has successfully entered into agency agreements with all of the 10 ASEAN countries, and its products were exported to nine countries, except Laos.

In October 2018, the Group established Golden Throat Lozenge flagship store on online platform Taobao Tmall, with the addition of online exclusive Golden Throat Lozenge Series Products, which include six products comprising of Golden Throat Lozenge Dule Lozenges and five other flavours (including mint, chrysanthemum, red tangerine, fructus momordicae and American ginseng) and various fruit candies. Now, the dual development of retail pharmacies and online sales contributes to the development of an efficient and comprehensive distribution system.

In 2022, against the backdrop of the global COVID-19 outbreak, the sales of the Group's product were more or less affected by the recurrence of the pandemic in some regions in China.

PROMOTERS

As of 30 June 2022, the Group has entered into certain products promotion cooperation agreements with 11 promoters. The primary reasons for engaging the promoters in certain regions are: (i) their knowledge of local markets and substantial experience in promoting products; and (ii) their familiarity with local municipal level agents and that the Group can benefit from their facilitation and ongoing feedback of such local markets.

MARKET REVIEW

In recent years, as the global pharmaceutical market grows steadily with the growth of global population and the increasing level of ageing population, the demand for and the types of medical services and medicines have been rising. Besides, the rising living standard gives rise to the increasing awareness of health management among the citizens, which has fostered the steady development of the global pharmaceutical market. Throat diseases are common and are frequently triggered. Given that the particulate matter 2.5 (PM2.5) has been at an unhealthy level in most of the major cities in China for a long time in recent years, air pollution is one of the main causes of respiratory infections, especially pharyngitis. In view of the air pollution problem, consumers are more concerned about protecting their throats, and the pharmaceutical and lozenge market in China is expected to grow continuously. Furthermore, young people these days also pay attention to throat products that can effectively remove oral odor that cool the throat and refresh the mind. The flagship products of the Group, Golden Throat Lozenges (OTC) and Golden Throat Lozenge Series Products, cover a wide range of pharmacies and supermarkets to provide consumers with purchasing channels that are more convenient.

PRC consumers' health awareness has been increasing year by year, which resulted in higher spending on health related products including, amongst others, health food and medicines. Consumers nowadays care more about life quality and health than before, and are getting more familiar with many brands of OTC medicines. In addition, the inconvenience and time needed for seeing doctors due to shortage of medical resources also drive consumers to treat themselves at home by purchasing OTC medicines when they encounter common ailments or chronic diseases.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Future Expansion and Upgrading Plan

In the future, the Group will remain committed to consumers' demand, continue to optimise and enrich its product portfolio, persistently strengthen its organisational capabilities, allocate resources to focus on customer-centric operation and digital marketing, thereby promoting the enhancement of its organisational capabilities and forming a new growth logic of the Group's products so as to realise positive and healthy development of the Group, and continuing to strengthen its leading position in the lozenge market and expand its market share in the PRC pharmaceutical and food products markets.

The impact of the outbreak of the COVID-19 pandemic in early 2020 had a profound effect on economic development, industry patterns and lifestyles. Despite the short-term turmoil, people have become more concerned about their physical and mental health, the opportunities for the industry will only continue to grow, and the market is still full of momentum and hope. In view of this, the Group will continue to strengthen its "single brand, multi-category, multi-channel" development strategy. Focusing on product, channel and retail operation capabilities as well as supply chain management, the Group will continue to attract consumers' attention through creative features, exclusive product sales and innovative diversified channel development to enrich the brand image and impact.

Since 2020, residents' out-of-home consumption has decreased, online consumption has become the main consumption scenario, and e-commerce and new retail have continued to develop. After the Group's Golden Throat WeChat Mini Program Mall was launched in early 2020, we continue to expand online sales channels in 2022. We believe that there will be new breakthroughs in online business in the future. In order to further enhance the popularity of the Group's products and its brand awareness and image in China, the Group will continue to maintain and promote its "Golden Throat" brand, aiming to build it into an effective, safe and curative throat lozenge brand in China. The Group plans to expand and strengthen its media marketing and publicity efforts by increasing advertisements in the wider Internet media. The Group's professional marketing team will continue to work closely with distributors to design and carry out efficient targeted marketing and promotional campaigns.

The Group also intends to increase its production capacity by constructing a new production base to meet the market demand for its Golden Throat Lozenges (OTC). As of 30 June 2022, plants and office buildings, the commissioning and trial production stage of the production line of a new medicine production and research and development base of the Group located at Luwei Industrial Concentration Area, Liuzhou, Guangxi Zhuang Autonomous Region were completed and the Group gradually relocated in the second half of 2021. The new production base covers a usable area of about 60,000 square meters, including research and development centers, production plants, warehouses and administrative office buildings. The fully automated production line in the production plant will improve the efficiency of the production process. A brand-new modern production enterprise will be formed with the new production and research and development base, new factories, new workflow and new production lines, which will completely upgrade the management platform and manufacturing platform of the factories, comprehensively improving the manufacturing quality and technology content of the products, enhancing the comprehensive competitiveness of the Company, and will lay a solid foundation for expanding and strengthening the Company.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

In 2021, the Group selected a piece of land covering an area of 48 mu in the south of the new drug production and R&D base as the site for the second phase of the new Golden Throat Base, which is expected to have a usable area of approximately 50,000 square meters after completion. According to the plan, a food production plant and a food research and development center will be built. After completion, a high-tech R&D team, smart manufacturing and smart sales will be introduced to develop more comprehensive health products.

The second phase of the Golden Throat new base will help build the core leading position of the Golden Throat Doctor Workstation, the Golden Throat Professor Workstation, the Golden Throat Research Institute, the Golden Throat Gastrointestinal Research Institute, and the Golden Throat Heart and Brain Research Institute, facilitate the development of new products such as genetic medicines, traditional Chinese medicine prescriptions, specialty medical devices, and specialty health foods. The implementation of the second phase of the Golden Throat project will create continuous innovation to promote the development of the Golden Throat health industry. As of 30 June 2022, the second phase of the Golden Throat new base is in the initial stage of construction.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2022, the Group's revenue decreased by approximately RMB61.2 million or 16.4% to approximately RMB312.1 million, as compared to approximately RMB373.3 million for the six months ended 30 June 2021.

For the six months ended 30 June 2022, the Group's revenue generated from sales of Golden Throat Lozenges (OTC) was approximately RMB279.1 million, representing a decrease of approximately RMB54.2 million or 16.3% as compared to approximately RMB333.3 million for the six months ended 30 June 2021. The decrease in the Group's total revenue, and in the revenue generated from the sales of Golden Throat Lozenges (OTC), was mainly due to the sales of Golden Throat Lozenges (OTC) was more or less affected by the recurrence of COVID-19 pandemic in some regions in China during the first half of 2022.

For the six months ended 30 June 2022, the Group's revenue from the sales of the Golden Throat Lozenge Series Products amounted to approximately RMB30.2 million as compared to approximately RMB35.2 million for the six months ended 30 June 2021, representing a decrease of approximately RMB5.0 million or 14.2%, which was mainly attributable to the fact that sales volume decreased as a result of the influence of COVID-19 pandemic in some regions in China.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

For the six months ended 30 June 2022, the Group's revenue from sales of other products amounted to approximately RMB2.8 million as compared to approximately RMB4.8 million for the six months ended 30 June 2021, representing a decrease of approximately RMB2.0 million or 41.7%, which was mainly attributable to the fact that sales volume decreased as a result of the influence of COVID-19 pandemic in some regions in China.

The table below sets forth, for the periods indicated, the sales volume, revenue, cost, gross margin, unit price and unit cost of the Group's key products.

	For the six months ended 30 June 2022 (Unaudited)					
	Sales volume <i>Boxes '000</i>	Revenue <i>RMB'000</i>	Cost <i>RMB'000</i>	Gross margin %	Unit price <i>RMB</i>	Unit cost <i>RMB</i>
Golden Throat Lozenges (OTC)	39,888	279,084	70,146	74.9	7.0	1.8
Golden Throat Lozenge Series Products	5,248	30,170	10,201	66.2	5.7	1.9

	For the six months ended 30 June 2021 (Unaudited)					
	Sales volume <i>Boxes '000</i>	Revenue <i>RMB'000</i>	Cost <i>RMB'000</i>	Gross margin %	Unit price <i>RMB</i>	Unit cost <i>RMB</i>
Golden Throat Lozenges (OTC)	52,320	333,338	79,573	76.1	6.4	1.5
Golden Throat Lozenge Series Products	6,803	35,172	13,929	60.4	5.2	2.0

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Cost of Sales

The Group's cost of sales consists primarily of cost of materials, labor costs, depreciation and other costs relating to its production of Golden Throat Lozenges (OTC), Golden Throat Lozenges Series Products and other products.

The Group's cost of sales decreased from approximately RMB97.7 million for the six months ended 30 June 2021 to approximately RMB85.0 million for the six months ended 30 June 2022. The decrease in cost of sales of the Group for the six months ended 30 June 2022 was primarily because of the decrease in the sales of Golden Throat Lozenges (OTC).

The table below sets forth, for the periods indicated, the components of the cost of sales and each component as a percentage of total cost of sales.

	For the six months ended 30 June 2022 (Unaudited)		For the six months ended 30 June 2021 (Unaudited)	
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>
Materials	52,958	62.3%	68,199	69.8%
Labor costs	17,867	21.0%	20,496	21.0%
Depreciation	7,967	9.4%	5,238	5.4%
Other costs	6,253	7.3%	3,751	3.8%
Total	85,045	100.0%	97,684	100%

Gross Profit

Gross profit represents the excess of revenue over the cost of sales.

For the six months ended 30 June 2022, the Group's gross profit decreased to approximately RMB227.1 million, as compared to approximately RMB275.6 million for the six months ended 30 June 2021, representing a decrease of approximately RMB48.5 million or 17.6%. The decrease in the Group's gross profit was mainly due to the decrease in the Group's sales. The Group's gross profit margin decreased to 72.8% for the six months ended 30 June 2022 from 73.8% for the corresponding period of 2021.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Other Income and Gains

The Group's other income and gains mainly comprised government grants and interest income. For the six months ended 30 June 2022, the Group's other income and gains decreased to approximately RMB10.9 million, as compared to approximately RMB20.1 million for the six months ended 30 June 2021, representing a decrease of approximately RMB9.2 million, mainly due to exchange losses incurred by the Group in the current period, while exchange gains were incurred in the corresponding period of 2021.

Selling and Distribution Expenses

The Group's selling and distribution expenses primarily consisted of (i) advertising expenses; (ii) marketing expenses; (iii) employee benefit expenses; and (iv) other miscellaneous expenses. For the six months ended 30 June 2022, the Group's selling and distribution expenses amounted to approximately RMB119.3 million, as compared to approximately RMB147.9 million for the six months ended 30 June 2021, representing a decrease of approximately RMB28.6 million or 19.3%. The decrease was primarily due to COVID-19 pandemic resulting in the decrease in marketing expenses.

Administrative Expenses

The Group's administrative expenses primarily consisted of (i) salary and welfare expenses for management and administrative personnel; (ii) travel and office expenses; (iii) research and development costs; (iv) depreciation and amortisation costs; (v) amortisation of right-of-use assets; (vi) professional services fees, and (vii) other miscellaneous expenses. For the six months ended 30 June 2022, the Group's administrative expenses amounted to approximately RMB36.8 million, as compared to approximately RMB46.7 million for the six months ended 30 June 2021, representing a decrease of approximately RMB9.9 million or 21.2%. The decrease was primarily due to the decrease in depreciation.

Other Expenses

Other expenses of the Group mainly include (i) exchange losses and (ii) donation expenses. For the six months ended 30 June 2022, the Group's other expenses amounted to approximately RMB1.7 million, as compared to approximately RMB0.6 million for the six months ended 30 June 2021, representing an increase of approximately RMB1.1 million. The change was not material as compared to the corresponding period of previous year.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Finance Costs

For the six months ended 30 June 2022, the Group's finance costs amounted to approximately RMB4.6 million, as compared to approximately RMB2.9 million for the six months ended 30 June 2021, representing an increase of approximately RMB1.7 million or 58.6%. The increase was mainly due to the increase in interest-bearing bank borrowings.

Income Tax Expense

For the six months ended 30 June 2022, the Group's income tax expense amounted to approximately RMB18.9 million, as compared to approximately RMB16.1 million for the six months ended 30 June 2021, representing an increase of approximately RMB2.8 million or 17.4%. The effective tax rate for the six months ended 30 June 2022 and the corresponding period of 2021 was 25.0% and 16.5%, respectively.

Net Profit

The Group's net profit for the six months ended 30 June 2022 was approximately RMB56.7 million, as compared to approximately RMB81.5 million for the six months ended 30 June 2021, representing a decrease of approximately RMB24.8 million or 30.4%. The decrease in the Group's net profit was mainly due to the decrease in the Group's sales. For the reasons of decrease in the Group's sales, please refer to the section headed "Revenue" above.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Net Current Assets

As at 30 June 2022, the Group had net current assets of approximately RMB809.8 million, as compared to approximately RMB855.7 million as at 31 December 2021. The current ratio of the Group was approximately 2.6 and 2.5 as at 30 June 2022 and 31 December 2021, respectively.

Borrowings and the Pledge of Assets

As at 30 June 2022, the Group had an aggregate interest-bearing bank borrowings and other borrowings of approximately RMB305.8 million, as compared to approximately RMB235.0 million as at 31 December 2021. All the bank borrowings are repayable within one year. As compared with 31 December 2021, the increase in bank borrowings and other borrowings was for the purpose of replenishing the working capital required for the Group.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

As of 30 June 2022, all bank loans bear interest at a fixed interest rate. For details of such borrowings please refer to note 13 of the Group's interim condensed consolidated financial statements.

The Group continues to manage its financial position and capital structure with a solid equity base, adequate working capital and credit facilities. The Group has various policies governing accounting control, as well as credit and foreign exchange risks and treasury management. The Group has also been paying close attention to asset and liability management, including liquidity risks and currency risks.

As at 30 June 2022, certain of the Group's bank loans were secured by:

- (i) the pledge of the Group's bills receivables amounting to RMB20,579,000 (31 December 2021: RMB17,529,000);
- (ii) the pledge of certain of the Group's deposits amounting to RMB64,863,000 (31 December 2021: RMB55,072,000);
- (iii) mortgages over the Group's leasehold land, which had a net carrying value of approximately RMB13,366,000 (31 December 2021: Nil); and
- (iv) mortgages over the Group's buildings, which had a net carrying value of approximately RMB3,273,000 (31 December 2021: Nil).

A director of the Group, Ms. Jiang Peizhen, has guaranteed certain of the Group's bank loans amounting to RMB50,000,000 as at 30 June 2022 (31 December 2021: RMB50,000,000).

Gearing Ratio

As of 30 June 2022, the gearing ratio of the Group, which is calculated by dividing total borrowings by total equity, increased to approximately 23.3% from approximately 17.2% as of 31 December 2021.

Contingent Liabilities

As of 30 June 2022, the Group did not have any significant contingent liabilities.

Foreign Exchange Risk

The Group's transactions are mainly denominated and settled in RMB. The Group had certain amounts of deposits in HKD and USD, amounting to approximately HK\$3.1 million and US\$11.4 million as of 30 June 2022, respectively. The Group has exposure to foreign exchange risk that arises from fluctuations in the exchange rates of HKD to RMB and USD to RMB.

For the six months ended 30 June 2022, the Group did not use any financial instruments to hedge its foreign exchange risk.

EMPLOYEES AND EMOLUMENTS POLICY

As at 30 June 2022, the Group employed a total of 937 full-time employees, as compared to a total of 952 full-time employees as of 30 June 2021. The staff costs, including Directors' emoluments but excluding any contributions to pension scheme, were approximately RMB36.1 million for the six months ended 30 June 2022 as compared to approximately RMB35.3 million for the corresponding period in 2021. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employees. In addition to a basic salary, year-end bonuses are offered to those staff with outstanding performances to attract and retain capable employees of the Group. Moreover, the Company also adopted a share option scheme on 8 June 2017, the purpose of which is to enable the Board to grant share options to selected participants as incentives or rewards for their contribution or potential contribution to the development and growth of the Group. With respect to training, the Company proactively arranges its employees to study the newly promulgated laws and regulations in the PRC so as to ensure that products produced by the Group are in compliance with the laws and regulations. The Group also organises various training programmes targeting employees from different business departments and functions. For example, there are training programmes in relation to knowledge of Chinese medicinal herbs and Chinese medicine decoction pieces as well as the training in relation to production quality standard of pharmaceutical products, equipment maintenance and repair and so forth. All of these are designed to provide support to the technological development and team building of the Group.

SIGNIFICANT INVESTMENTS HELD AND MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

For the six months ended 30 June 2022, the Group did not hold any significant investments or make any material acquisitions or disposals of subsidiaries, associates or joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 30 June 2022, the Group did not have any future plans for material investments or capital assets.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Group does not have any significant events after the Reporting Period.

PROSPECTS

As a national brand, Golden Throat has withstood the test of the market and consumers. At present, under the market trend of consumption upgrade, the original intention of the Group to provide health services to consumers will not change. Currently, the Company is striving to build a new base as the Golden Throat Health Industrial Park. In the next ten years, the Golden Throat Healthy Development Plan will focus on enhancing the core competitiveness of the Group.

In 2022, the Group will continue to seek to strengthen its leading position in the lozenge market and continue to expand its market share in the PRC pharmaceutical and food markets. Moreover, the Group will aim to increase its production capacities, expand its product portfolio and strengthen its research and development capabilities. It will enhance its food and other pharmaceutical businesses and promote synergies across different product segments. The Group will aim to enhance its brand recognition through effective and targeted marketing efforts, and will continue to expand its distribution network, to refine associated infrastructure and to leverage on its existing distribution network to promote different products.

USE OF NET PROCEEDS FROM LISTING

The IPO Proceeds (including the additional proceeds pursuant to the partial exercise of the over allotment option), after deducting underwriting fees and related expenses, amounted to approximately HK\$909.6 million. Details of the use of the IPO Proceeds are set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

On 30 March 2022, the Board resolved to change part of the unutilized use of net IPO Proceeds of approximately HK\$190 million (representing approximately 21% of the total IPO Proceeds) originally intended to be used for conversion of headquarters into a food production plant and food research centre to construction of food production plant and food research center. For details of the change in the use of the IPO proceeds, please refer to the Company’s announcement dated 30 March 2022.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

From the Listing Date to 30 June 2022, the Group had utilised approximately HK\$643.99 million, representing approximately 70.8% of the IPO Proceeds. Set out below is a summary of the utilised and unutilised IPO Proceeds:

Revised use of IPO Proceeds

	Amounts Utilised as of 30 June 2022 HK\$'000	Balance Unutilised as of 30 June 2022 HK\$'000
Construction in Luowei Industrial Concentration Area	208,982	–
Construction of food production plant and food research center	–	189,984
Market expansion	286,685	–
Product development	47,380	34,947
Establishment of Chinese herbs processing base	–	37,997
Refinement and upgrade of electronic code system	9,979	2,686
General working capital	90,960	–
Total	643,986	263,614

As at 30 June 2022, the Group has not utilized any IPO Proceeds in relation to the establishment of a Chinese herbs processing base on our current site in Laibin, Guangxi Zhuang Autonomous Region. The Group plans to spend approximately HK\$37,997,000 (or approximately 4% of the IPO Proceeds) on the aforementioned project and commence the project in 2023. The unutilized IPO Proceeds are expected to be utilized by 2028.

INTERIM DIVIDEND

The Board did not recommend the declaration of any interim dividend for the six months ended 30 June 2022.

CORPORATE GOVERNANCE/OTHER INFORMATION

COMPLIANCE WITH CG CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as its own code of corporate governance. Save as disclosed below, the Company complied with all the applicable code provisions set out in the CG Code during the six months ended 30 June 2022.

Under code provision C.1.8 of the CG Code, an issuer should arrange appropriate insurance cover in respect of legal action against its directors. According to the CG Code, where an issuer considers that the code provisions of the CG code can be dispensed while applying the principles of good corporate governance, the issuer may choose to deviate from the code provisions (i.e. adopt action(s) or step(s) other than those set out in the code provisions). The Company did not arrange the above-mentioned insurance cover. The Board believes that with regular and timely communications among the Directors and the management of the Group, potential claims and legal actions against the Directors can be handled effectively without the need for insurance to be maintained. The Board will regularly review the procedures in handling potential claims and legal actions and take into account the requirements of the Directors and will monitor the need for making such an arrangement.

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. After having made specific enquiry to all Directors, the Company confirmed that all of the Directors complied with the required standards set out in the Model Code during the six months ended 30 June 2022.

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

There was no purchase, sale or redemption of any listed securities of the Company by the Company or any of its subsidiaries during the six months ended 30 June 2022.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The Audit Committee together with the Board have reviewed the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2022. The Audit Committee has also reviewed the effectiveness of the Group's risk management and internal control systems and considered such systems in place to be effective and adequate.

The interim results for the six months ended 30 June 2022 are unaudited.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2022, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were recorded in the register kept by the Company pursuant to section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long Positions in the Shares, underlying Shares and debentures of the Company:

Name of Directors	Capacity/Nature of interest	Number of Shares held	Approximate percentage of the total issued Shares
Mr. ZENG Yong ⁽⁴⁾	Founder of a discretionary trust Beneficial owner	511,963,200	69.79%
		4,050,500	
		516,013,700	
Ms. JIANG Peizhen ⁽⁵⁾	Interest through controlled corporation ⁽⁴⁾	58,937,400	7.97%
Mr. HUANG Jianping ⁽⁶⁾	Beneficiary of a trust	17,100,000	2.31%
Mr. ZENG Kexiong ⁽⁷⁾	Beneficiary of a trust	17,100,000	2.31%
Mr. HE Jinqiang ⁽⁸⁾	Beneficiary of a trust	17,100,000	2.31%

Notes:

- (1) Unless the context otherwise requires, terms used in these notes have the meanings prescribed to them in the Prospectus.
- (2) The calculation is based on the total number of 739,302,000 Shares in issue as at 30 June 2022.
- (3) The Senior Management Trust and the Employees Trust were combined on 10 July 2017, and the Employees Trust has been replaced.

CORPORATE GOVERNANCE/OTHER INFORMATION (CONTINUED)

- (4) The Family Trust, an irrevocable discretionary trust established by Mr. ZENG Yong (as the settlor) for the benefit of Mr. ZENG Yong and his children and descendants with Sovereign Trust International Limited acting as the trustee, holds the entire issued share capital of Golden Throat International through Jin Jiang Global. As a result, Mr. ZENG Yong is deemed to be interested in 453,025,800 Shares held by Golden Throat International (which is 100% owned by Jin Jiang Global). Mr. ZENG is also the settlor of the Senior Management Trust which holds the 7.97% (or 58,937,400 Shares) of the issued share capital of the Company immediately after the completion of the global offering and the partial exercise of the over-allotment option. Furthermore, for so long as Jin Chen Employee Holdings Limited holds or controls shares in the Company, all voting rights attaching to such shares shall be exercised by an investment review panel consisting of Ms. JIANG Peizhen and/or such other person(s) as they may wish to appoint. Mr. ZENG Yong also holds 4,050,500 Shares, as a result, Mr. ZENG is deemed to be interested in 516,013,700 Shares in aggregate.
- (5) Ms. JIANG Peizhen is the protector of the Senior Management Trust. For so long as Jin Chen Employee Holdings Limited holds or controls shares in the Company, all voting rights attaching to such shares shall be exercised by an investment review panel consisting of Ms. JIANG Peizhen and/or such other person(s) as they may wish to appoint. As a result, Ms. JIANG Peizhen is deemed to be interested in 58,937,400 Shares of the Company.
- (6) The Senior Management Trust, an irrevocable discretionary trust established by Mr. ZENG Yong (as the settlor) for the benefit of certain senior management employed or formerly employed by Guangxi Golden Throat and their dependents including Mr. HUANG Jianping, with Jin Chen Employee Holdings Limited as the trustee, holds the entire issued share capital of Jin Qing Global. Accordingly, Mr. HUANG Jianping is deemed to be interested in 17,100,000 Shares held by Jin Qing Global.
- (7) The Senior Management Trust, an irrevocable discretionary trust established by Mr. ZENG Yong (as the settlor) for the benefit of certain senior management employed or formerly employed by Guangxi Golden Throat and their dependents including Mr. ZENG Kexiong, with Jin Chen Employee Holdings Limited as the trustee, holds the entire issued share capital of Jin Qing Global. Accordingly, Mr. ZENG Kexiong is deemed to be interested in 17,100,000 Shares held by Jin Qing Global.
- (8) The Senior Management Trust, an irrevocable discretionary trust established by Mr. ZENG Yong (as the settlor) for the benefit of certain senior management employed or formerly employed by Guangxi Golden Throat and their dependents including Mr. HE Jinqiang, with Jin Chen Employee Holdings Limited as the trustee, holds the entire issued share capital of Jin Qing Global. Accordingly, Mr. HE Jinqiang is deemed to be interested in 17,100,000 Shares held by Jin Qing Global.

Save as disclosed above, as at 30 June 2022, so far as is known to the Directors of the Company, none of the Directors or chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register kept by the Company pursuant to section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

No rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company were granted by the Company to any Director or their respective spouse or children under 18 years of age, nor were any such rights exercised by them, nor was the Company or any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate during the six months ended 30 June 2022.

SHARE OPTION SCHEME

At the annual general meeting of the Company held on 8 June 2017, the shareholders of the Company approved the adoption of the share option scheme of the Company (the "Share Option Scheme"). The purpose of the Share Option Scheme is to enable the Board to grant share options to selected participants as incentives or rewards for their contribution or potential contribution to the development and growth of the Group. The Share Option Scheme shall be valid and effective for a period of 10 years commencing on its adoption date. For details of the Share Option Scheme, please refer to the circular of the Company dated 28 April 2017.

No share options have been granted, exercised, cancelled or lapsed under the Share Option Scheme during the six months ended 30 June 2022, and there were no outstanding share options as at 1 January 2022 and 30 June 2022, respectively.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2022, to the knowledge of the Directors, the interests or short positions of the following persons (excluding the Directors or chief executives of the Company, whose interests are disclosed on pages 25 to 26 above) in the Shares or underlying Shares of the Company, which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

CORPORATE GOVERNANCE/OTHER INFORMATION (CONTINUED)

Name	Capacity/Nature of interest	Number of Shares held	Approximate percentage of the total issued Shares
Family Trust ⁽⁴⁾	Interest through controlled corporation	453,025,800	61.28%
Sovereign Trust International Limited ⁽⁴⁾	Trustee of a discretionary trust	453,025,800	61.28%
Jin Jiang Global ⁽⁴⁾	Interest through controlled corporation	453,025,800	61.28%
Golden Throat International	Beneficial owner	453,025,800	61.28%
Senior Management Trust ⁽⁵⁾	Interest through controlled corporation	58,937,400	7.97%
Jin Chen Employee Holdings Limited ⁽⁶⁾	Trustee of a discretionary trust	58,937,400	7.97%
Jin Chen Global	Beneficial owner	41,837,400	5.66%

Notes:

- (1) Terms used in these notes have the meanings prescribed to them in the Prospectus.
- (2) All interests stated are long positions.
- (3) The calculation is based on the total number of 739,302,000 Shares in issue as at 30 June 2022.
- (4) The Family Trust, an irrevocable discretionary trust established by Mr. ZENG Yong (as the settlor) for the benefit of Mr. ZENG Yong and his children and descendants. Sovereign Trust International Limited is the trustee of the Family Trust and holds 100% issued share capital of Jin Jiang Global, which then holds 100% issued share capital of Golden Throat International, thus the Family Trust, Sovereign Trust International Limited and Jin Jiang Global are each deemed to be interested in the 453,025,800 Shares held by Golden Throat International, which represents 61.28% of the issued share capital of the Company.
- (5) The Senior Management Trust and the Employees Trust were combined on 10 July 2017, and the Employees Trust has been replaced.
- (6) Jin Chen Employee Holdings Limited, the trustee of the Senior Management Trust, holds 100% of issued share capital of Jin Chen Global, which holds 41,837,400 Shares of the Company, and Jin Qing Global, which holds 17,100,000 Shares of the Company, and thus holds, in aggregate, 58,937,400 Shares of the Company. As a result, Jin Chen Employee Holdings Limited is deemed to be interested in 7.97% of the issued share capital of the Company.

Save as disclosed above, as at 30 June 2022, the Directors are not aware of any other person (excluding the Directors or chief executives of the Company, whose interests are disclosed on pages 25 to 26 above) who has interests or short positions in the Shares or underlying Shares of the Company, which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

CHANGES IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVES

There has been no change in the information of Directors and chief executives required to be disclosed pursuant to Rule 13.51(2) and 13.51B of the Listing Rules since the publication of the 2021 Annual Report of the Company.

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2022

	Notes	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
REVENUE	5	312,112	373,290
Cost of sales		(85,045)	(97,684)
Gross profit		227,067	275,606
Other income and gains		10,939	20,092
Selling and distribution expenses		(119,258)	(147,891)
Administrative expenses		(36,819)	(46,658)
Other expenses		(1,740)	(586)
Finance costs		(4,550)	(2,943)
PROFIT BEFORE TAX	6	75,639	97,620
Income tax expense	7	(18,907)	(16,109)
PROFIT FOR THE PERIOD		56,732	81,511
Attributable to:			
Owners of the parent	9	56,732	81,511
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted		RMB8 cents	RMB11 cents

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2022

	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
PROFIT FOR THE PERIOD	56,732	81,511
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	2,036	(4,071)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	2,036	(4,071)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	2,036	(4,071)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	58,768	77,440
Attributable to:		
Owners of the parent	58,768	77,440

Interim Condensed Consolidated Statement of Financial Position

30 June 2022

	Notes	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	437,398	445,996
Advance payments for property, plant and equipment		1,081	478
Right-of-use assets		51,801	53,336
Prepayments, other receivables and other assets		–	108
Deferred tax assets		15,151	18,363
Total non-current assets		505,431	518,281
CURRENT ASSETS			
Inventories		108,599	64,963
Trade and bills receivables	11	188,648	415,971
Prepayments, other receivables and other assets		85,028	95,594
Due from related parties	15(c)(i)	479	459
Financial assets at fair value through profit or loss		40,000	80,000
Pledged deposits		64,863	55,072
Cash and cash equivalents		831,579	722,839
Total current assets		1,319,196	1,434,898
CURRENT LIABILITIES			
Trade payables	12	20,180	21,829
Other payables and accruals		166,435	283,712
Interest-bearing bank and other borrowings	13	305,814	234,999
Due to a director	15(c)(ii)	226	216
Due to related parties	15(c)(iii)	864	860
Tax payable		15,560	37,236
Government grants		316	366
Total current liabilities		509,395	579,218
NET CURRENT ASSETS		809,801	855,680
TOTAL ASSETS LESS CURRENT LIABILITIES		1,315,232	1,373,961

Interim Condensed Consolidated Statement of Financial Position (Continued)

30 June 2022

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES	1,315,232	1,373,961
NON-CURRENT LIABILITIES		
Other payables and accruals	800	890
Government grants	208	341
Deferred tax liabilities	–	7,587
Total non-current liabilities	1,008	8,818
Net assets	1,314,224	1,365,143
EQUITY		
Equity attributable to owners of the parent		
Share capital	113	113
Share premium	675,410	675,410
Reserves	638,701	689,620
Total equity	1,314,224	1,365,143

Interim Condensed Consolidated Statement of Changes In Equity

For the six months ended 30 June 2022

		Attributable to owners of the parent							
		Share capital	Share premium account	Capital reserves*	Statutory and other surplus reserves*	Other reserves*	Exchange fluctuation reserve*	Retained profits*	Total equity
Note		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	At 1 January 2022 (audited)	113	675,410	8,952	220,916	(24)	52,242	407,534	1,365,143
	Profit for the period	-	-	-	-	-	-	56,732	56,732
	Other comprehensive income for the period:								
	Exchange differences on translation of foreign operations	-	-	-	-	-	2,036	-	2,036
	Total comprehensive income for the period	-	-	-	-	-	2,036	56,732	58,768
	Dividend declared	8	-	-	-	-	-	(109,687)	(109,687)
	At 30 June 2022 (unaudited)	113	675,410	8,952	220,916	(24)	54,278	354,579	1,314,224

* These reserve accounts comprise the consolidated reserves of RMB638,701,000 in the interim condensed consolidated statement of financial position as at 30 June 2022.

Interim Condensed Consolidated Statement of Changes In Equity (Continued)

For the six months ended 30 June 2021

	Attributable to owners of the parent								
	Note	Share capital RMB'000	Share premium account RMB'000	Capital reserves RMB'000	Statutory and other surplus reserves RMB'000	Other reserves RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total equity RMB'000
At 1 January 2021 (audited)		113	675,410	8,952	204,558	(24)	58,522	272,811	1,220,342
Profit for the period		-	-	-	-	-	-	81,511	81,511
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations		-	-	-	-	-	(4,071)	-	(4,071)
Total comprehensive income for the period		-	-	-	-	-	(4,071)	81,511	77,440
Dividend declared	8	-	-	-	-	-	-	(37,122)	(37,122)
At 30 June 2021 (unaudited)		113	675,410	8,952	204,558	(24)	54,451	317,200	1,260,660

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	75,639	97,620
Adjustments for:		
Depreciation of property, plant and equipment	16,926	16,237
Depreciation of right-of-use assets	1,942	1,731
Recognition of government grants	(183)	(183)
Gain on disposal of items of property, plant and equipment	(88)	–
Investment income from financial assets at fair value through profit or loss	(1,254)	(381)
Foreign exchange differences, net	1,473	(3,095)
Bank interest income	(7,435)	(8,427)
Finance costs	4,550	2,943
Impairment of trade receivables, net	310	36
Impairment of other receivables, net	–	(14)
Write-down of inventories to net realisable value	–	2
	91,880	106,469
Increase in inventories	(43,636)	(31,149)
Decrease in trade and bills receivables	227,013	73,123
Decrease/(increase) in prepayments, other receivables and other assets	10,674	(37,871)
(Decrease)/increase in trade payables	(1,649)	11,347
Increase in amounts due from related parties	(20)	–
Increase in amounts due to related parties	4	–
Increase in amounts due to a director	10	–
(Decrease)/increase in other payables and accruals	(117,277)	15,527
Cash generated from operations	166,999	137,446
Interest received	7,435	8,470
Interest paid	(4,550)	(2,943)
Income tax paid	(44,958)	(39,067)
Net cash flows from operating activities	124,926	103,906

Interim Condensed Consolidated Statement of Cash Flows (Continued)

For the six months ended 30 June 2022

	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Net cash flows from operating activities	124,926	103,906
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(9,145)	(36,353)
Acquisition of land use rights	-	(7,902)
Purchases of financial assets at fair value through profit or loss	(126,000)	(206,990)
Proceeds from disposal of financial assets at fair value through profit or loss	167,254	85,381
Increase in time deposits with original maturity of over three months	(55,000)	-
Proceeds from disposal of items of property, plant and equipment	212	-
Net cash flows used in investing activities	(22,679)	(165,864)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank loans	196,111	210,348
Repayment of bank loans	(125,097)	(152,450)
Principal portion of lease payments	(199)	-
Dividends paid to shareholders	(109,687)	(37,122)
Increase in pledged deposits	(9,791)	(15,879)
Net cash flows (used in)/from financing activities	(48,663)	4,897
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
	53,584	(57,061)
Cash and cash equivalents at beginning of period	712,839	705,537
Effect of foreign exchange rate changes, net	156	(846)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		
	766,579	647,630
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position	831,579	647,630
Time deposits with original maturity of over than three months when acquired	(65,000)	-
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows	766,579	647,630

Notes To The Interim Condensed Consolidated Financial Information

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 2 September 2014. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Group is principally involved in the manufacture and sale of pharmaceutical, healthcare food and other products.

On 15 July 2015, the Company achieved a successful listing on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

In the opinion of the directors, the holding company of the Company is Golden Throat International Holdings Limited, which was incorporated in British Virgin Islands.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2021.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period’s financial information.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018-2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(continued)

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 3 replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 January 2021, the amendments did not have any impact on the financial position or performance of the Group.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(continued)

- (c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- (d) *Annual Improvements to HKFRSs 2018-2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:
- (i) HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.
 - (ii) HKFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their products and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resources allocation and performance assessment.

5. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
<i>Revenue from contracts with customers</i>	312,104	373,263
<i>Revenue from other sources</i>		
Gross rental income	8	27
	312,112	373,290

All of the Group's revenue generated from the sale of goods was recognised at a point in time during the period.

6. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Cost of inventories sold	85,045	97,684
Depreciation of property, plant and equipment	16,926	16,237
Depreciation of right-of-use assets	1,942	1,731
Investment income from financial assets at fair value through profit or loss	(1,254)	(381)
Bank interest income	(7,435)	(8,427)
Foreign exchange differences, net	1,473	(3,095)
Gain on disposal of items of property, plant and equipment	(88)	–

7. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate. The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly is not subject to income tax. The Group's subsidiary incorporated in Hong Kong is not liable for profits tax as it did not have any assessable profits arising in Hong Kong during the period.

The provision for Mainland China income tax has been made at the applicable income tax rate of 25% on the assessable profits of certain PRC subsidiaries of the Group in accordance with the PRC Corporate Income Tax Law. Two subsidiaries of the group in Mainland China are qualified as companies under the development strategy of China western region and were subject to tax at a preferential income tax rate of 15% (2021: 15%) for the period. Other two subsidiaries of the group in Mainland China were entitled to a preferential income tax rate of 20% (2021: 20%) as small and micro enterprises with the first RMB1,000,000 of annual taxable income eligible for a 87.50% (2021: 87.5%) reduction and the income between RMB1,000,000 and RMB3,000,000 eligible for a 75% (2021: 50%) reduction.

The income tax expense of the Group during the period is analysed as follows:

	For the six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Current tax:		
Charge for the period	23,282	23,188
Deferred tax	(4,375)	(7,079)
Total tax charge for the period	18,907	16,109

8. DIVIDENDS

	For the six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Final declared and paid – HK\$0.18 (2021: HK\$0.06) per ordinary share	109,687	37,122

The Board did not declare any interim dividend for the six months ended 30 June 2022 (the six months ended 30 June 2021: Nil).

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

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 739,302,000 (2021: 739,302,000) in issue during the period.

The calculation of basic earnings per share attributable to ordinary equity holders of the parent is based on the following data:

	For the six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	56,732	81,511

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT *(continued)*

	Number of shares For the six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	739,302,000	739,302,000

The Group did not have any dilutive potential ordinary shares during the period.

10. PROPERTY, PLANT AND EQUIPMENT

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Carrying amount at beginning of period/year	445,996	461,460
Additions	8,452	17,773
Depreciation provided during the period/year	(16,926)	(33,125)
Disposals	(124)	(112)
Carrying amount at end of period/year	437,398	445,996

At 30 June 2022, certain of the Group's buildings with a net carrying amount of approximately RMB3,273,000 (31 December 2021: Nil) were pledged to secure bank loans granted to the Group (note 13).

11. TRADE AND BILLS RECEIVABLES

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Trade receivables	34,881	25,538
Bills receivable	155,285	391,641
	190,166	417,179
Impairment	(1,518)	(1,208)
	188,648	415,971

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Less than 3 months	25,680	20,771
3 to 6 months	287	421
6 to 12 months	6,602	2,062
1 to 2 years	415	743
Over 2 years	379	333
	33,363	24,330

At 30 June 2022, certain of the Group's bills receivable amounting to RMB20,579,000 (31 December 2021: RMB17,529,000) were pledged to secure bank loans granted to the Group (note 13).

Notes To The Interim Condensed Consolidated Financial Information (Continued)

12. TRADE PAYABLES

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

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Less than 3 months	16,153	16,876
3 to 6 months	1,692	595
6 to 12 months	580	1,005
1 to 2 years	589	2,185
Over 2 years	1,166	1,168
	20,180	21,829

13. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Maturity	30 June 2022		31 December 2021	
		Effective interest rate (%)	RMB'000	Effective interest rate (%)	RMB'000
Current					
Lease liabilities	Within 1 year	4.75	203	4.75	402
Bank loans – secured	Within 1 year	1.70-4.35	169,500	1.70-4.35	118,500
Bank loans – unsecured	Within 1 year	3.85	119,900	3.85	50,000
Discounted bills receivable	Within 1 year	2.00-2.80	16,211	2.20-3.50	66,097
			305,814		234,999
Analysed into:					
Bank loans repayable:					
Within one year or on demand			305,611		234,597
Other borrowings repayable:					
Within one year or on demand			203		402
			305,814		234,999

13. INTEREST-BEARING BANK AND OTHER BORROWINGS *(continued)*

Notes:

- a) Certain of the Group's bank loans are secured by:
- (i) the pledge of the Group's bills receivable amounting to RMB20,579,000 (31 December 2021: RMB17,529,000) (note 11);
 - (ii) the pledge of certain of the Group's deposits amounting to RMB64,863,000 (31 December 2021: RMB55,072,000);
 - (iii) mortgages over the Group's leasehold land, which had a net carrying value of approximately RMB13,366,000 (31 December 2021: Nil); and
 - (iv) mortgages over the Group's buildings, which had a net carrying value of approximately RMB3,273,000 (31 December 2021: Nil) (note 10).
- b) A director of the Group, Ms. Jiang Peizhen, has guaranteed certain of the Group's bank loans amounting to RMB50,000,000 as at 30 June 2022 (31 December 2021: RMB50,000,000) (note 15).

14. COMMITMENTS

At the end of the reporting period, the Group had the following capital commitments:

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Contracted, but not provided for:		
Buildings	3,251	3,142
Plant and machinery	637	2,342
	3,888	5,484

15. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in this financial information, the Group had the following transactions with related parties during the period:

	Note	For the six months ended 30 June	
		2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
An entity ultimately controlled by a director Guangxi Changbao Biological Technology Co., Ltd. ("Changbao")			
Purchases of products	(i)	363	4,618

Note:

- (i) The purchase prices were determined by arm's length negotiation between the Group and the related party.
- (b) Other transactions with related parties:
- A director of the Group, Ms. Jiang Peizhen, has guaranteed certain of the Group's bank loans amounting to RMB50,000,000 (31 December 2021: RMB50,000,000) as at 30 June 2022 (note 13).
- (c) Outstanding balances with related parties:
- (i) The Group had an outstanding balance due from related parties of RMB479,000 (31 December 2021: RMB459,000) as at the end of the reporting period. The outstanding balance is unsecured, non-interest-bearing and payable on demand.
- (ii) The Group had an outstanding balance due to a director of RMB226,000 (31 December 2021: RMB216,000) as at the end of the reporting period. The balance is unsecured, non-interest-bearing and repayable on demand.
- (iii) The Group had an outstanding balance due to related parties of RMB864,000 (31 December 2021: RMB860,000) as at the end of the reporting period. This balance is unsecured, interest-free and has no fixed terms of repayment.

15. RELATED PARTY TRANSACTIONS *(continued)*

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

	For the six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Short-term employee benefits	6,033	5,909
Pension scheme contributions	311	287
Total compensation paid to key management personnel	6,344	6,196

16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade receivables, financial assets included in prepayments, other receivables and other assets, due from/to a director and related parties, trade payables, financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments. The fair values of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the fixed interest rates of these instruments or the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the finance manager. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the finance manager. The valuation process and results are discussed with the directors once a year for annual financial reporting.

16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

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

The Group invests in unlisted investments, which represent wealth management products issued by banks in Mainland China. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The fair values of the bills receivable classified as financial assets at fair value through other comprehensive income under HKFRS 9 have been calculated by discounting the expected future cash flows, which are the par values of the bills receivable. In addition, the bills receivable will mature within one year, and thus their fair values approximate to their carrying values.

Fair value hierarchy

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

Assets measured at fair value:

As at 30 June 2022 (unaudited)

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss	–	40,000	–	40,000
Bills receivable	–	155,285	–	155,285
	–	195,285	–	195,285

16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy *(continued)*

Assets measured at fair value: *(continued)*

As at 31 December 2021 (audited)

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss	–	80,000	–	80,000
Bills receivable	–	391,641	–	391,641
	–	471,641	–	471,641

The Group did not have any financial liabilities measured at fair value as at 30 June 2022 (31 December 2021: Nil).

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (six months ended 30 June 2021: Nil).