

嘉士利®

嘉士利集團有限公司 JIASHILI GROUP LIMITED

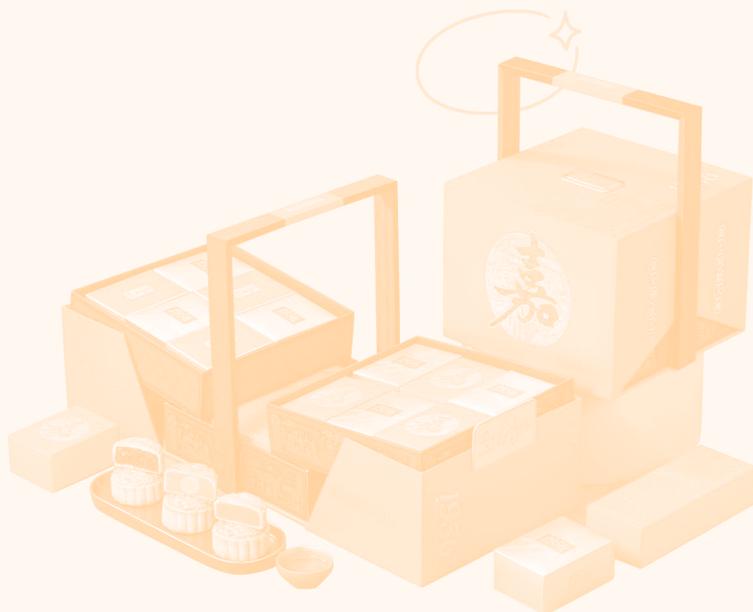
(Incorporated in the Cayman Islands with limited liability)
Stock Code : 1285



INTERIM REPORT 2023

CONTENTS

Financial Highlights	2
Chairman's Statement	3
Management Discussion and Analysis	4
Other Information	9
Report on Review of Condensed Consolidated Financial Statements	13
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	14
Condensed Consolidated Statement of Financial Position	15
Condensed Consolidated Statement of Changes in Equity	17
Condensed Consolidated Statement of Cash Flows	18
Notes to the Condensed Consolidated Financial Statements	19



FINANCIAL HIGHLIGHTS

The board (the “Board”) of directors (the “Directors”) of Jiashili Group Limited (the “Company” or “Jiashili”) is pleased to present the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “Group”, “we” or “our”) for the six months ended June 30, 2023 (the “Reporting Period”) together with the comparative figures for the corresponding period in 2022.

SUMMARY OF FINANCIAL RESULTS

(All amounts are expressed in thousands of Renminbi (“RMB”) except per share data)

	For the six months ended June 30,		
	(Unaudited) 2023	2022 (Restated)	Change
Revenue	796,002	782,649	+1.7%
Gross profit	242,132	183,225	+32.2%
Earnings before interest, tax, depreciation and amortisation* (EBITDA)	94,675	52,761	+79.4%
Profit attributable to owners of the Company	28,799	1,346	+2,039.6%
Earnings per share			
— Basic (RMB cents)	6.94	0.32	+2,068.6%

	As at		
	June 30, 2023 (Unaudited)	December 31, 2022 (Audited) (Restated)	Change
Total assets	2,232,720	2,120,775	+5.3%
Total liabilities	1,265,057	1,117,184	+13.2%
Total equity	967,663	1,003,591	-3.6%

* Include profit/loss before tax but excluding finance costs and total depreciation and amortisation.

CHAIRMAN'S STATEMENT

Dear Shareholders,

OUR PEOPLE ARE THE ENGINE OF OUR SUCCESS

The first half of the financial year 2023 was a satisfactory one for the Jiashili Group. The Group's consolidated revenue rose year-on-year by +1.7% to approximately RMB796.0 million as compared with the same period in 2022. Profit attributable to owners of the Company for the Reporting Period amounted to approximately RMB28.8 million increased by 2,039.6% year-on-year mainly due to (i) the favorable impacts of declining costs of raw materials; (ii) effective implementation of expenses saving programme; and (iii) costs saving due to efficient monitoring and increased efficiency on production process. The resilience of the Group's performance, despite significant raw materials price inflation, pandemic-related business mix shifts and supply chain disruptions demonstrates the strength of the Jiashili model. This performance over the last three and a half years gives me even greater confidence in the Group's ability to adapt to changing circumstances, the benefits of the Group's diversification, the dedication of our people, and the depth of our partnerships with customers, all of which continue to support the longer term growth of the business. I am confident these elements will continue to support future performance.

STRATEGIC PRIORITIES

We continue to pursue a strategy of developing the business through a combination of organic growth, operational improvements and acquisition growth. The recent establishment of business in manufacturing and selling of low/stable sugar rice ("wentang mi, 穩糖米") and acquisition of integrated health centre in the first half of 2023 evidenced the Group's growth strategy in expanding product portfolio aiming in high-potential market - i.e. big health industry. In addition, the acquisition of pasta business proved to be a successful one, in the first half of 2023, the revenue generated from pasta products amounted to approximately RMB59.0 million, increase of 46.0% ahead of the corresponding period of last year. Without unforeseen circumstances, we expect the revenue of pasta will be in the range of RMB120 million to RMB135 million for the whole year of 2023.

The picture for the first half of 2023 is mixed on the cost side. While cost of raw material prices and the security of supply had still been a major concern for us at the start of the year, this tense situation has calmed down in the meantime. Subject to price developments in the second half of this year, we are currently seeing the situation ease. However, the prices of raw materials and intermediate products such as packaging material, remain high. Many of our snack brands enjoy wide consumer acceptance and are among the leading brands sold in the marketplace in China. We sell our brands in highly competitive markets with many other global multinational, national, regional and local firms. Some of our competitors are large companies with significant resources and substantial international operations. Competition in our product categories is based on product innovation, product quality, price, brand recognition and loyalty, effectiveness of marketing and promotional activity, the ability to identify and satisfy consumer preferences, as well as convenience and service. We have also experienced increased competition from other snack items, and through innovation and acquisitions, we are continuing to expand the boundaries of our brands to capture new snacking occasions.

OUTLOOK

Even in challenging times characterized by inflation and cost pressure, the Jiashili Group is very well positioned and continues to write its success story. Product diversification and the continuous strengthening of the brand are proving to be strategic decisions with foresight. Our people are a key asset for the Group's success and it is their commitment to providing customers with a reliable service that has helped Jiashili to navigate the supply chain challenges faced over the past years and the impact of inflation.

I would like to thank all of my wonderful colleagues, who have worked tirelessly to help deliver our missions and values-Jiashili, benefit the nation and benefit to all people 嘉士利、利國家、利大家。My thanks also go to my exceptional member of the Board and management team for their continued leadership across the Group, which has been particularly important again in this difficult period. Last but not least, I would like to extend on the Company behalf, my heartfelt gratitude to the shareholders, customers, suppliers and business partners and associates of the Group for their continuing support and confidence in the Company.

Jiashili Group Limited
Huang Xianming
Chairman of the Board
August 29, 2023

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the beginning of 2023, the People's Republic of China (the "PRC" or "China") government has adjusted and optimized its pandemic prevention policies fully lifting of pandemic control measures. The PRC retail consumption market recovered rapidly in the first half of 2023. For the six months ended June 30, 2023, the total retail sales of consumer goods increased by 8.2% year-on-year according to the latest data released by the National Bureau of Statistics of China. Jiashili's biscuits have been brand lasted for more than 67 years since 1956. Our products are distributed to 31 Provinces and Municipalities and 310 prefecture-level cities with more than 660 stock keeping units offered to market in the country. It is also a household name and has won the love of all ethnic groups. Apart from distributing domestically, the Group also exports its products to other countries.

The products produced and distributed by the Group can be summarized into the following product ranges:

- I. Biscuits: Sweet and Salty single piece, Sandwich, Wafers and other series.
- II. Pasta: Spaghetti and Macaroni.
- III. Other biscuits and other grocery products: Crackers, Cookies, Candies, Bread, Mooncakes and other products.

We are operating on consumer products industry, our business is always affected by economic growth, consumers' spending preference, snack food industry cycle, cost of our major materials, intense competition and other global events such as world-wide COVID-19 pandemic, with re-emergence of trade protectionism and global recession, the whole consumer industry is facing complicated external environment and greater challenges. Notwithstanding these challenges, the Group registered an increase in revenue of about 1.7% to approximately RMB796.0 million from RMB782.6 million in the corresponding last period. The revenue improvements are mainly due to swift response to these challenges. During the long and successful history of Jiashili, we have mastered many crises and once again we have proven that our Group is up to the local challenges. Our objectives are to produce quality, popular and preferred biscuits and leisure snack products where you can share anytime, anywhere. Over the year, we have been adhering to the business philosophy of "Jiashili, benefit the nation and benefit to all people 嘉士利、利國家、利大家" to provide delicious and high quality biscuits to the customers in China.

Review of the 2023 first half

During the Reporting Period we have continued to invest and execute on our strategic priorities to ensure we can continue to deliver growth in the markets in which we operate. The first half of the financial year 2023 was a successful one for the Jiashili Group. Revenue in the first-half of 2023 has been increased by 1.7% year-on-year to approximately RMB796.0 million. The result show that, thanks to our strong brand positioning, high quality standards and committed employees, we were able to achieve very good results even in a volatile market environment. Raw materials cost prices were eased and declined in the Reporting Period and as a consequence gross profit were increased from approximately RMB183.2 million to approximately RMB242.1 million compared with the same period last year, increased by 32.2% year-on-year. Overall gross profit margin of the Group has increased to 30.4% in the first half of 2023, representing an increase of 7.0 percentage points from the same period last year. Profit after tax increased from approximately RMB0.2 million to approximately RMB24.3 million compared with the same period last year, increased by 11,141.7% year-on-year. Such increase in after-tax profit was mainly attributable to (i) increased marketing efforts and successful product positioning and product portfolio mix; (ii) the favorable impacts of declining costs of raw materials in the Reporting Period; and (iii) stringent control on monitoring production costs and implements various systems and processes to increase productivity, efficiency and efficient implementation of expenses savings programme.

New business

The Group adopted business strategy of diversified product category aiming at providing different food and snack categories with different portfolios to customers in the China market. Dare to accept innovative idea and product development are the driving force for the Group's continuous development. We continue to pursue a consistent and proven strategy of developing the business through a combination of organic growth, operational improvements and acquisition growth.

Pursuant to the circular dated March 25, 2023, the Group announced the acquisition of a property plans to establish an integrated healthcare, macrobiotics, agronomy, research, leisure and tourism-oriented centre in Kaiping, primarily serving the diabetics with suitable and nutritious meals and low-GI rice. As at the date of this report, the acquisition has yet to be completed. The acquisition aligns with the Group's strategy to expand its business in the health and wellness industry.

In the second quarter of 2023, the Group had completed the acquisition of Guangdong Kangli Food Company Limited* (廣東康力食品有限公司), engaging in manufacturing and selling pasta and macaroni products widen our product offerings to meet customers demand for more healthier products.

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.

FINANCIAL REVIEW

During the Reporting Period, Group's revenue recorded an increase by 1.7% year-on-year to RMB796.0 million. Breakdown of the revenue by product category for the Reporting Period and the comparative figures for the same period last year are as follows:

Revenue	For the six months ended June 30,		% of changes in revenue 2023 vs 2022
	2023 RMB (million)	2022 RMB (million)	
Sweet Single piece biscuits	263.6	267.1	-1.3%
Salty Single piece biscuits	25.4	24.9	2.0%
Sandwich biscuits	217.0	251.3	-13.6%
Wafers	86.4	82.4	4.9%
Coarse grain biscuits	27.7	38.8	-28.6%
Other biscuits products	79.4	63.5	25.0%
Pasta	59.0	40.4	46.0%
Others	37.5	14.3	162.2%
Total	796.0	782.7	1.7%

* English name for identification purpose only

Breakdown of revenue by products

Sweet single piece biscuits

During the Reporting Period, revenue from sweet single piece biscuits recorded a slight decline of 1.3% to approximately RMB263.6 million as compared with the same period last year. The decrease was mainly driven by consumers switching their consumption preference and pattern. The Group's strategy will explore market repositioning to gain more market acceptance.

Salty single piece biscuits

During the Reporting Period, the revenue generated from salty single piece biscuits was registered an increase by approximately RMB0.5 million to RMB25.4 million representing a slight increase of 2.0% year-on-year from the same period of last year.

Sandwich biscuits

Turning to sandwiches biscuits, consists mainly fruit jam sandwiches biscuits (果樂果香). In the first half of 2023, revenue generated from sandwich biscuits recorded a drop by 13.6% year-on-year to approximately RMB217.0 million. The series of fruit jam sandwich biscuits was the Group's revenue generating power engine and received wide market acceptance and attention since introduction to the market. The Group maintained the majority market share and expected an increase in marketing efforts and promotion in the second half of this year.

Wafers

During the Reporting Period, the revenue generated from wafers amounted to approximately RMB86.4 million, increase of 4.9% ahead of the corresponding period of last year. The results were primarily attributable to the success of the Group's marketing and pricing strategy and the continuing market acceptance.

Coarse grain biscuits

During the Reporting Period, revenue of coarse grain biscuit amounted to approximately RMB27.7 million, representing a decline of 28.6% as compared with the same period last year. Market repositioning and marketing channel restructuring is underway for coarse grain biscuits.

Other biscuits products

It is the Group's policy of actively seeking to expand different mix of products with different brands and flavors to meet customer's demands. Other biscuits products include mainly Jiuzhou cookie (九洲曲奇), cream crackers, Ruishiyue products series (瑞士樂系列) and others. During the Reporting Period, revenue from other biscuits products increased by 25.0% to approximately RMB79.4 million as compared with the same period last year.

Pasta

In the second quarter of 2023, the Group completed the acquisition of pasta business from our controlling shareholders, during the Reporting Period, the revenue generated from pasta products amounted to approximately RMB59.0 million, increase of 46.0% ahead of the corresponding period of last year.

Others

Others represents non-biscuits related miscellaneous items mainly consists of short self-life bread, mooncakes, soymilk and other confectionery products. During the Reporting Period, the revenue generated from other products amounted to approximately RMB37.5 million, representing an increase of 162.2% as compared with the same period last year.

Cost of sales and gross profit

In the first half of 2023, gross profit increased from approximately RMB183.2 million to approximately RMB242.1 million compared with the same period last year. Accordingly, gross profit margin rose by 7.0 percentage points as compared with the corresponding period in 2022. The increase in gross profit and gross profit margin year-on-year was mainly due to the favorable impacts on reduction of purchase costs of our raw materials and productivity improvements of our efficient utilization of production plants.

Other income

During the Reporting Period other income has decreased by 11.2% to approximately RMB22.9 million from approximately RMB25.8 million as compared with the same period last year. The decrease was primarily due to drop in income of government grants and reduction of interests income from loan receivables.

Selling and distribution expenses

Selling and distribution expenses primarily composed of advertising and promotion expenses, delivery and transportation expenses and selling administration expenses. During the Reporting Period, such expense was decreased by approximately RMB13.2 million or 11.6% year-on-year, to approximately RMB100.1 million. It was primarily due to the efficient control on our logistic and distribution network system and effective implementation of our advertising and promotions programmes.

Administrative expenses

During the Reporting Period, the amounts of administrative expenses was approximately RMB45.9 million, representing an increase of approximately RMB2.8 million or 6.5% over the same period last year. Such increase was primarily in line with our Group's sales objective.

Inventories

The Group's inventories consist mainly of raw materials (consists of palm oil, sugar and flour), packaging materials and finished goods. The inventories balance as at June 30, 2023 decreased by approximately RMB8.6 million to approximately RMB106.0 million (December 31, 2022: approximately RMB114.5 million) as compared to the beginning of the Reporting Period, which was attributable to the early preparation of products for the Lunar Chinese New Year sales. The inventory turnover days* for the Reporting Period was 36 days.

* Inventory turnover days were calculated based on the average of inventory balances as at the beginning and the end of the year or period divided by cost of sales multiplied by the number of days in the year or period.

Trade, bills and other receivables

The Group's trade, bills and other receivables refer to the Group's trade receivable balance from its customers, primarily including distributors and KA together with bills receivables and other deposits and prepayments. The Group's trade, bills and other receivables as at June 30, 2023 was approximately RMB181.9 million, increased by 14.8% from approximately RMB158.4 million as at December 31, 2022. The trade, bills and other receivables turnover days* for the Reporting Period was 39 days.

* Trade, bills and other receivables turnover days were calculated based on the average of trade, bills and other receivables balances as at the beginning and the end of the year or period divided by revenue multiplied by the number of days in the year or period.

Financial and liquidity position

We finance our operations and capital expenditure primarily by internally generated cash flows as well as banking facilities provided by our principal bankers. As at June 30, 2023, the Group had bank balances and cash amounted to approximately RMB339.4 million (as at December 31, 2022: approximately RMB320.3 million). Total bank borrowings as at June 30, 2023 amounted to approximately RMB788.4 million, an increase of 30.7% from December 31, 2022 as to finance our expansion and investment in the Reporting Period. As at June 30, 2023 the gross gearing ratio (defined as total bank borrowings over total equity) was 81.5% (as at December 31, 2022: 60.1%). As at June 30, 2023 the net gearing ratio (defined as total bank borrowings minus bank balances and cash over total equity) was 46.4% (as at December 31, 2022: 28.2%). The Group will from time to time adopt prudent financial management policy to address changing financial conditions.

As at June 30, 2023, the Group's net current assets was approximately RMB6.8 million (as at December 31, 2022: net current assets approximately RMB54.1 million). Current ratio of the Group as at June 30, 2023 was 1.01 (as at December 31, 2022: 1.06). The Group believed that we are in a strong and healthy position and has sufficient resources to support our working capital requirements and meet our foreseeable capital expenditure.

Contingent liabilities and guarantees

As at June 30, 2023, the Group did not provide any guarantees for any third party and had no significant contingent liabilities.

PROSPECT

Despite the expected slowdown in economic growth due to global financial conditions and the consumer behavior of Chinese consumers towards biscuits and snack remains highly situation-driven, we expect biscuits market to grow as it is a popular and good snack and leisure food product. The Group envisages that the industry is poised to continue to grow and evolve to meet the changing demands of consumers and will strive to continue to maintain and improve product quality. The Group will focus on maintaining the market share and product competitiveness in order to increase the popularity of Jiashili biscuits in the industry. The Group will continue to optimise product portfolios adopting diversified strategy in order to increase revenue. Taking into account of the aforesaid and barring any unforeseen circumstances, the Group is cautiously optimistic that the business operations for the second half of this year to be satisfactory.

OTHER INFORMATION

HUMAN RESOURCES AND REMUNERATION OF EMPLOYEES

As at June 30, 2023 the Group had total of 2,184 full-time employees (excluding part-time and short term labour) (December 31, 2022: 2,427) The Group's employees are remunerated with reference to their positions, performance, experience and prevailing salary trends in the market. The remuneration package of our employees includes fixed salary, commissions and allowances (where applicable), and performance based year-end bonuses having regard to the performance of the Group and individual. For the six months ended June 30, 2023, the total employee benefits expenses (including Directors' and chief executive's remuneration) were approximately RMB128.2 million (for the six months ended June 30, 2022: approximately RMB131.7 million).

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining and ensuring high standards of corporate governance practices. In the opinion of the Directors, the Company has adopted the principles and applicable code provisions of Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong (the "Listing Rules") as its own code of corporate governance. Since the date of its listing and up to the date of this report, the Company has complied with the code provisions under the CG Code except for deviation during the Reporting Period which is summarised as below.

Code Provision C.2.1

As stipulated in the Code provision C.2.1 of the Code, the role of chairman and chief executive should be separated and should not be performed by the same individual. As the duties of chairman and chief executive of the Company are performed by Mr. Huang Xianming ("Mr. Huang"), the Company has deviated from the Code provision C.2.1 of the CG Code. As all major decisions are made in consultation with all members of the Board, and currently there are three independent non-executive Directors on the Board offering independent advises and providing fresh perspectives to the Company. In regard of this, the Board is of the view that it is appropriate this management structure is effective for the Group's operations and sufficient checks and balances are in place and in the best interests of the Company for Mr. Huang to hold both positions as it helps to maintain the continuity of the policies and the stability of the operations of the Company. The Board will also continue to review and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company.

COMPLIANCE WITH MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiries of all Directors, all Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the Reporting Period.

AUDIT COMMITTEE

The audit committee comprises three independent non-executive Directors, namely Mr. Kam Robert, Mr. Wan Ngar Yin, David and Mr. Ma Xiaoqiang. The audit committee together with the management, has reviewed constantly the accounting principles and practices adopted by the Group, discussed auditing, internal control and financial reporting matters and reviewed the financial results of the Group. The audit committee has reviewed and discussed the interim results of the Group for the six months ended June 30, 2023. The audit committee has no disagreement with the accounting treatment adopted by the Company.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the first half of 2023.

INTERIM DIVIDEND

The Board has decided not to declare an interim dividend. The Directors consider that this is prudent given the focus on managing the Group's cashflow positions in the second half of this financial year. We will consider the declaration of a dividend at the year end in the light of operating for the full financial year and the financial circumstances at that time.

DIRECTORS' INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR THE ASSOCIATED CORPORATION

As at June 30, 2023, the interests or short positions of our Directors and chief executive of our Company in the shares, underlying shares and debentures of our Company or any associated corporation (within the meaning of Part XV of Securities and Futures Ordinance (the "SFO")) which have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have taken under such provisions), or required, pursuant to section 352 of the SFO, to be entered in the register referred to therein are as follows:

Name of Directors	Company/name of associated corporation	Capacity	Number and class of securities	Approximate percentage of Issued share capital
Mr. Huang Xianming, ("Mr. Huang")	The Company	Interests of controlled corporation ⁽²⁾	310,472,000 (L) ⁽¹⁾	74.81%
Mr. Huang	Kaiyuan Investments Limited ("Kaiyuan")	Interests of controlled corporation ⁽³⁾	100 (L) ⁽¹⁾	100%
Mr. Huang	Great Logistics Global Limited ("Great Logistics")	Beneficial owner	1 (L) ⁽¹⁾	100%

Notes:

- (1) The Letter "L" denotes our Directors' long position in the shares or the relevant associated corporation.
- (2) The relevant shares are held by Kaiyuan, which is in turn held as to 80% by Great Logistics, a company wholly-owned by Mr. Huang, and the remaining 20% of Kaiyuan are held by four entities wholly-owned by Mr. Huang's family comprising, Ms. Huang Cuihong, Ms. Huang Rujun, Ms. Huang Rujiao and Ms. Huang Xianxian.
- (3) Kaiyuan is held as to 80% by Great Logistics and 20% by four entities, which are all wholly-owned by Mr. Huang's family comprising, Ms. Huang Cuihong, Ms. Huang Rujun, Ms. Huang Rujiao and Ms. Huang Xianxian.

INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at June 30, 2023, the following persons have an interest or a short position in the shares required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Division 2 and 3 of Part XV of the SFO as recorded in the register to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholders	Capacity/Nature of interest	Number of shares held	Approximate percentage of issued share capital
Mr. Huang	Interest in controlled corporation ⁽¹⁾ ; interest in family member ⁽²⁾ /Long position	310,472,000	74.81%
Ms. Huang Cuihong	Interest in controlled corporation ⁽¹⁾ ; interest in family member ⁽²⁾ /Long position	310,472,000	74.81%
Ms. Huang Xianxian	Interest in controlled corporation ⁽¹⁾ ; interest in family member ⁽²⁾ /Long position	310,472,000	74.81%
Ms. Huang Rujiao	Interest in controlled corporation ⁽¹⁾ ; interest in family member ⁽²⁾ /Long position	310,472,000	74.81%
Ms. Huang Rujun	Interest in controlled corporation ⁽¹⁾ ; interest in family member ⁽²⁾ /Long position	310,472,000	74.81%
Great Logistics	Interest in controlled corporation ⁽¹⁾ ; interest in family member ⁽²⁾ /Long position	310,472,000	74.81%
Grand Wing Investments Limited ("Grand Wing")	Interest in controlled corporation ⁽¹⁾ ; interest in family member ⁽²⁾ /Long position	276,168,000	66.55%
Intelligent Pro Investments Limited ("Intelligent Pro")	Interest in controlled corporation ⁽¹⁾ ; interest in family member ⁽²⁾ /Long position	276,168,000	66.55%
Jade Isle Global Limited ("Jade Isle")	Interest in controlled corporation ⁽¹⁾ ; interest in family member ⁽²⁾ /Long position	276,168,000	66.55%
Kaiyuan	Beneficial interest/Long position	276,168,000	66.55%
Prestige Choice Investments (Overseas) Limited ("Prestige Choice Overseas")	Interest in controlled corporation ⁽¹⁾ ; interest in family member ⁽²⁾ /Long position	276,168,000	66.55%

Other Information

Notes:

- (1) Kaiyuan was held as to 80% by Mr. Huang (through his investment holding company Great Logistics) and as to 5% by each of Ms. Huang Cuihong, Ms. Huang Xianxian, Ms. Huang Rujiao and Ms. Huang Rujun, through their investment holding companies, namely Jade Isle, Prestige Choice Overseas, Grand Wing and Intelligent Pro respectively.
- (2) In addition to Mr. Huang, Huang's Family consist of Ms. Huang Cuihong, Ms. Huang Xianxian, Ms. Huang Rujiao and Ms. Huang Rujun. Ms. Huang Cuihong is the spouse of Mr. Huang, while Ms. Huang Xianxian, Ms. Huang Rujiao and Ms. Huang Rujun are the sisters of Mr. Huang, and therefore they are deemed to be parties acting in concert with Mr. Huang and are deemed to be interested in the shares in the Company in which Mr. Huang is interested, and Mr. Huang is deemed to be interested in the shares in which Huang's Family is interested, and vice versa.

Save as disclosed above, as at the date of this report, no person, other than the Directors or chief executive of the Company had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2023

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF JIASHILI GROUP LIMITED

嘉士利集團有限公司

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Jiashili Group Limited (the “Company”) and its subsidiaries (collectively referred to as “the Group”) set out on pages 14 to 46, which comprise the condensed consolidated statement of financial position as of June 30, 2023 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

August 29, 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2023

	NOTES	Six months ended June 30,	
		2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited) (restated)
Revenue	3	796,002	782,649
Cost of sales		(553,870)	(599,424)
Gross profit		242,132	183,225
Other income	5	22,876	25,770
Selling and distribution expenses		(100,098)	(113,257)
Administrative expenses		(45,945)	(43,136)
Other expenses	6	(29,809)	(30,914)
Impairment losses recognised under expected credit loss (“ECL”) model, net	21	(33,197)	(5,656)
Other gains and losses	7	2,398	(787)
Share of results of associates		(791)	(2,065)
Share of results of a joint venture		(3,073)	1,040
Finance costs	8	(16,866)	(18,411)
Profit (loss) before tax		37,627	(4,191)
Income tax (expense) credit	9	(13,345)	4,407
Profit and total comprehensive income for the period	10	24,282	216
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		28,799	1,346
Non-controlling interests		(4,517)	(1,130)
		24,282	216
Earnings per share	12		
— Basic (RMB cents)		6.94	0.32

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At June 30, 2023

	NOTES	June 30, 2023 RMB'000 (unaudited)	December 31, 2022 RMB'000 (unaudited) (restated)
NON-CURRENT ASSETS			
Property, plant and equipment	13	510,878	504,871
Right-of-use assets	13	235,903	212,629
Investment properties	13	16,867	16,290
Intangible assets	13	31,711	31,648
Goodwill		38,337	38,337
Interests in associates	14	21,040	21,788
Interest in a joint venture	15	1,561	4,634
Financial assets at fair value through profit or loss ("FVTPL")	16	110,282	107,131
Loan to a joint venture	17a	159,521	158,949
Loan to a non-controlling shareholder of a subsidiary	17b	5,174	4,947
Loan receivables	19	28,714	27,221
Deferred tax assets		2,038	2,711
Other receivables and deposits	18	2,092	1,775
Deposits paid for acquisition of right-of-use assets and property, plant and equipment		79,073	12,586
		1,243,191	1,145,517
CURRENT ASSETS			
Inventories		105,962	114,546
Trade, bills and other receivables	18	181,864	158,369
Loan receivables	19	120,277	143,125
Amounts due from associates	20a	44,857	48,879
Amounts due from non-controlling shareholders of subsidiaries	20b	4,921	2,866
Amounts due from a joint venture	20c	177,104	175,594
Amounts due from related parties	20d	3,029	16
Loan to a non-controlling shareholder of a subsidiary	17b	7,589	9,608
Income tax recoverable		4,532	1,855
Pledged/restricted bank deposits	28	—	99
Bank balances and cash		339,394	320,301
		989,529	975,258

Condensed Consolidated Statement of Financial Position

At June 30, 2023

	NOTES	June 30, 2023 RMB'000 (unaudited)	December 31, 2022 RMB'000 (unaudited) (restated)
CURRENT LIABILITIES			
Trade, bills and other payables	22	254,250	276,945
Contract liabilities		49,613	100,070
Income tax payables		13,355	20,437
Bank borrowings	25	608,921	510,524
Other borrowing		1,226	—
Amount due to a non-controlling shareholder of a subsidiary	23	—	6
Amounts due to related parties	24a	37,287	18
Amount due to an associate	23	—	10
Amount due to a director	23	—	3,000
Amounts due to a joint venture	24b	12,572	4,734
Deferred income		1,929	1,929
Lease liabilities		3,603	3,475
		982,756	921,148
NET CURRENT ASSETS			
		6,773	54,110
TOTAL ASSETS LESS CURRENT LIABILITIES			
		1,249,964	1,199,627
NON-CURRENT LIABILITIES			
Deferred tax liabilities		8,253	8,664
Deferred income		43,248	44,289
Bank borrowings	25	179,461	92,690
Other borrowing		1,774	—
Lease liabilities		49,565	50,393
		282,301	196,036
NET ASSETS			
		967,663	1,003,591
CAPITAL AND RESERVES			
Share capital	26	3,285	3,285
Reserves		929,873	961,284
Equity attributable to owners of the Company		933,158	964,569
Non-controlling interests		34,505	39,022
TOTAL EQUITY			
		967,663	1,003,591

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2023

	Attributable to owners of the Company							Non-controlling		Total
	Share capital	Share premium	Special reserve	Contribution reserve	Statutory reserves	Other reserves	Accumulated profits	Sub-Total	interests	
	RMB'000	RMB'000 (note a)	RMB'000 (note b)	RMB'000	RMB'000 (note c)	RMB'000 (note d)	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2022 (audited)	3,285	197,448	(107,000)	18,333	203,586	–	635,529	951,181	30,647	981,828
Retrospective adjustments of business combination	–	–	–	–	483	76,298	(17,199)	59,582	8,330	67,912
At January 1, 2022 (unaudited) (restated)	3,285	197,448	(107,000)	18,333	204,069	76,298	618,330	1,010,763	38,977	1,049,740
Profit (loss) and total comprehensive income for the period	–	–	–	–	–	–	1,346	1,346	(1,130)	216
Business combination under common control	–	–	–	–	–	(93,000)	–	(93,000)	–	(93,000)
Transfer	–	–	–	–	653	–	(653)	–	–	–
Dividends recognised as distribution (note 11)	–	(17,745)	–	–	–	–	–	(17,745)	–	(17,745)
At June 30, 2022 (unaudited) (restated)	3,285	179,703	(107,000)	18,333	204,722	(16,702)	619,023	901,364	37,847	939,211
At January 1, 2023 (audited)	3,285	179,630	(107,000)	18,333	204,239	–	691,850	990,337	31,122	1,021,459
Retrospective adjustments of business combination	–	–	–	–	483	(16,702)	(9,549)	(25,768)	7,900	(17,868)
At January 1, 2023 (unaudited) (restated)	3,285	179,630	(107,000)	18,333	204,722	(16,702)	682,301	964,569	39,022	1,003,591
Profit (loss) and total comprehensive income for the period	–	–	–	–	–	–	28,799	28,799	(4,517)	24,282
Business combination under common control	–	–	–	–	–	(42,000)	–	(42,000)	–	(42,000)
Transfer	–	–	–	–	11,928	–	(11,928)	–	–	–
Dividends recognised as distribution (note 11)	–	(18,210)	–	–	–	–	–	(18,210)	–	(18,210)
At June 30, 2023 (unaudited)	3,285	161,420	(107,000)	18,333	216,650	(58,702)	699,172	933,158	34,505	967,663

Notes:

- The application of share premium account is governed by the Company's Articles of Association and the Cayman Islands Companies Law, which provides that the share premium account may be applied in paying distributions or dividends to members, provided immediately following the date on which distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business.
- Amount represents the paid-in capital of the subsidiaries acquired of RMB120 million less the payment of cash to the ultimate controlling shareholder of RMB227 million in May 2014 pursuant to a group reorganisation resulting in a reduction of net assets of the Group, which accounted for as a deemed distribution recognised in equity directly.
- Statutory reserves comprise statutory surplus reserve and discretionary surplus reserve of the group subsidiaries established in the People's Republic of China (the "PRC"), which are non-distributable and the transfer to these reserves is determined according to the relevant laws in the PRC and by the directors of the relevant subsidiaries in accordance with their articles of association. Statutory surplus reserve amounting to approximately RMB144,596,000 (unaudited) and RMB136,643,000 (unaudited) (restated) as at June 30, 2023 and 2022, respectively, can be used to make up for previous year's losses or convert into additional capital of the relevant subsidiaries. Discretionary surplus reserve amounting to approximately RMB72,054,000 (unaudited) and RMB68,079,000 (unaudited) as at June 30, 2023 and 2022, respectively, can be used to expand the existing operations of the relevant subsidiaries.
- As at January 1, 2022, the amount represents the share capital and share premium of the acquiree. As stated in note 1.1, during the six months ended June 30, 2022, the Group completed initial payment consideration of RMB93,000,000 for the acquisition which has been accounted for as business combination under common control. In April 2023, the acquisition was completed and the remaining payment consideration of RMB42,000,000 was accounted for as deemed distribution to the shareholder.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2023

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
		(restated)
NET CASH USED IN OPERATING ACTIVITIES	(709)	(79,328)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(36,590)	(11,442)
Purchase of intangible asset	(3,000)	—
Payments for right-for-use assets	(27,068)	—
Payment for rental deposit	(350)	—
New loan receivables advanced	(3,000)	(47,000)
Repayment of loan receivables	2,121	2,000
Repayment of loans from a joint venture	—	7,500
Release of pledged bank deposits	99	21,044
Placement of restricted bank deposits	—	(116)
Investment in an associate	—	(10,000)
Interest received	3,090	11,312
Deposits paid for acquisition of property, plant and equipment	(83,835)	—
Others	266	491
NET CASH USED IN INVESTING ACTIVITIES	(148,267)	(26,211)
FINANCING ACTIVITIES		
New bank loans raised	494,490	490,500
Repayments of bank loans	(309,322)	(401,562)
Interest paid on bank borrowings	(14,181)	(17,063)
Consideration paid for acquisition of a subsidiary	—	(93,000)
Others	(2,989)	(2,926)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	167,998	(24,051)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	19,022	(129,590)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	320,301	395,510
Effect of foreign exchange rate changes	71	300
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, comprising bank balances and cash	339,394	266,220

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2023

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 (“IAS 34”) Interim Financial Reporting issued by the International Accounting Standards Board (“IASB”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

1.1 Merger Accounting

The Group accounts for all its business combinations involving entities under common control using the principles of merger accounting.

In the current period, the Company acquired 100% interests in Guangdong Kangli Food Co. Limited* 廣東康力食品有限公司 (“Kangli”) from Koni (Hong Kong) Food Investment Limited with a total cash consideration of RMB135,000,000 (the “Acquisition”). The Company acquired control over Kangli and its subsidiary (collectively “Kangli Group”) on April 19, 2023. Kangli Group is engaged in the manufacturing and sales of pasta.

The Company and Kangli are under common control of Mr. Huang Xianming, the ultimate controlling shareholder of both before and after the Acquisition. Therefore, it was regarded as a common control combination and accounted for using the principles of merger accounting. The financial statements of Kangli Group are included in the Group’s consolidated financial statements as if the Acquisition had occurred from the date when the ultimate controlling shareholder first obtained control. Therefore, the comparative figures of the condensed consolidated financial statements of the Group as at December 31, 2022 and for the six-month period ended June 30, 2022 have been restated.

* English name for identification purpose only.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

1. BASIS OF PREPARATION *(continued)*

1.2 Restatements

The summarised effect of restatements on the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended June 30, 2022 in applying the principles of merger accounting is as follows:

	The Group (as previously reported) RMB'000 (audited)	Kangli Group RMB'000 (unaudited)	Adjustments for business combination under common control RMB'000 (unaudited)	The Group (restated) RMB'000 (unaudited)
Revenue	742,783	40,370	(504)	782,649
Cost of sales	(566,339)	(33,589)	504	(599,424)
Gross profit	176,444	6,781	—	183,225
Other income	25,760	10	—	25,770
Selling and distribution expenses	(110,580)	(2,677)	—	(113,257)
Administrative expenses	(41,323)	(1,813)	—	(43,136)
Other expenses	(30,892)	(22)	—	(30,914)
Impairment losses recognised under				
ECL model, net	(5,656)	—	—	(5,656)
Other gains and losses	(768)	(19)	—	(787)
Share of results of associates	(2,065)	—	—	(2,065)
Share of results of a joint venture	1,040	—	—	1,040
Finance costs	(18,259)	(152)	—	(18,411)
(Loss) profit before tax	(6,299)	2,108	—	(4,191)
Income tax credit	4,353	54	—	4,407
(Loss) profit and total comprehensive (expense) income for the period	(1,946)	2,162	—	216
(Loss) profit and total comprehensive (expense) income for the period attributable to:				
Owners of the Company	(816)	2,162	—	1,346
Non-controlling interests	(1,130)	—	—	(1,130)
	(1,946)	2,162	—	216

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

1. BASIS OF PREPARATION (continued)**1.2 Restatements** (continued)

The summarised effect of restatements on the condensed consolidated statement of financial position as at December 31, 2022 in applying the principles of merger accounting is as follows:

	The Group (as previously reported) RMB'000 (audited)	Kangli Group RMB'000 (unaudited)	Adjustments for business combination under common control RMB'000 (unaudited)	The Group (restated) RMB'000 (unaudited)
NON-CURRENT ASSETS				
Property, plant and equipment	448,795	56,076	—	504,871
Right-of-use assets	204,175	8,454	—	212,629
Investment properties	10,603	5,687	—	16,290
Intangible assets	31,648	—	—	31,648
Goodwill	38,337	—	—	38,337
Interests in associates	21,788	—	—	21,788
Interest in a joint venture	4,634	—	—	4,634
FVTPL	107,131	—	—	107,131
Loan to a joint venture	158,949	—	—	158,949
Loan to a non-controlling shareholder of a subsidiary	—	—	4,947	4,947
Loan receivables	32,168	—	(4,947)	27,221
Deferred tax assets	2,711	—	—	2,711
Other receivables and deposits	1,775	—	—	1,775
Deposits paid for acquisition of right-of-use assets and property, plant and equipment	12,000	586	—	12,586
Deposit paid for acquisition of a subsidiary	93,000	—	(93,000)	—
	1,167,714	70,803	(93,000)	1,145,517
CURRENT ASSETS				
Inventories	104,729	9,817	—	114,546
Trade, bills and other receivables	145,376	12,993	—	158,369
Loan receivables	143,125	—	—	143,125
Amounts due from associates	48,879	—	—	48,879
Amounts due from a non-controlling shareholder of a subsidiary	—	2,866	—	2,866
Amounts due from a joint venture	175,594	—	—	175,594
Amount due from a related party	16	—	—	16
Loan to a non-controlling shareholder of a subsidiary	9,608	—	—	9,608
Income tax recoverable	1,855	—	—	1,855
Pledged/restricted bank deposits	99	—	—	99
Bank balances and cash	310,108	10,193	—	320,301
	939,389	35,869	—	975,258

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

1. BASIS OF PREPARATION (continued)

1.2 Restatements (continued)

	The Group (as previously reported) RMB'000 (audited)	Kangli Group RMB'000 (unaudited)	Adjustments for business combination under common control RMB'000 (unaudited)	The Group (restated) RMB'000 (unaudited)
CURRENT LIABILITIES				
Trade, bills and other payables	267,269	9,676	—	276,945
Contract liabilities	92,092	7,978	—	100,070
Income tax payables	19,859	578	—	20,437
Bank borrowings	510,524	—	—	510,524
Amount due to a non-controlling shareholder of a subsidiary	—	6	—	6
Amounts due to related parties	226	(208)	—	18
Amount due to an associate	10	—	—	10
Amount due to a director	—	3,000	—	3,000
Amounts due to a joint venture	—	4,734	—	4,734
Deferred income	1,929	—	—	1,929
Lease liabilities	3,475	—	—	3,475
	895,384	25,764	—	921,148
NET CURRENT ASSETS	44,005	10,105	—	54,110
TOTAL ASSETS LESS CURRENT LIABILITIES	1,211,719	80,908	(93,000)	1,199,627
NON-CURRENT LIABILITIES				
Deferred tax liabilities	8,388	276	—	8,664
Deferred income	44,289	—	—	44,289
Bank borrowings	87,190	5,500	—	92,690
Lease liabilities	50,393	—	—	50,393
	190,260	5,776	—	196,036
NET ASSETS	1,021,459	75,132	(93,000)	1,003,591
CAPITAL AND RESERVES				
Share capital	3,285	52,000	(52,000)	3,285
Reserves	987,052	15,232	(41,000)	961,284
Equity attributable to owners of the Company	990,337	67,232	(93,000)	964,569
Non-controlling interests	31,122	7,900	—	39,022
TOTAL EQUITY	1,021,459	75,132	(93,000)	1,003,591

1. BASIS OF PREPARATION *(continued)***1.2 Restatements** *(continued)*

The effect of restatement on the Group's earnings per share for the six months ended June 30, 2022 in applying the principles of merger accounting is as follows:

	Six months ended June 30, 2022 RMB cents
Basic	
Unaudited and originally stated	(0.20)
Adjustments arising from business combination under common control	0.52
Unaudited and restated	0.32

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than change in accounting policies resulting from application of amendments to International Financial Reporting Standards ("IFRSs") and additional accounting policies related to merger accounting for business combination involving businesses under common control which became relevant to the Group as below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2023 are the same as those presented in the Group's annual financial statements for the year ended December 31, 2022.

Merger accounting for business combination involving businesses under common control

The condensed consolidated financial statements incorporate the financial statements items of the combining businesses in which the common control combination occurs as if they had been combined from the date when the combining businesses first came under the control of the controlling party.

The net assets of the combining businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination.

The condensed consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining businesses from the earliest date presented or since the date when the combining businesses first came under the common control, where this is a shorter period.

The comparative amounts in the condensed consolidated financial statements are presented as if the businesses had been combined at the beginning of the previous reporting period or when they first came under common control, whichever is shorter.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Application of Amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatory effective for the annual period beginning on or after January 1, 2023 for the preparation of the Group's condensed consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two model Rules

Except for the amendments to IFRSs mentioned below, the directors of the Company anticipate that the application of the amendments to IFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2.1 Impacts and changes in accounting policies on application of Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

2.1.1 Accounting policies

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the condensed consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

2.1.2 Transition and summary of effects

As disclosed in the Group's annual financial statements for the year ended December 31, 2022, the Group previously applied the IAS 12 requirements to assets and liabilities arising from a single transaction separately and temporary differences on initial recognition on the relevant assets and liabilities were not recognised due to application of the initial recognition exemption. In accordance with the transition provision, the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after January 1, 2022.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

2.1 Impacts and changes in accounting policies on application of Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction *(continued)*

2.1.2 Transition and summary of effects *(continued)*

The application of the amendments has had no material impact on the Group's financial position and performance.

2.2 Impacts on application of Amendments to IAS 12 Income Taxes International Tax Reform-Pillar Two model Rules

IAS 12 is amended to add the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the "Pillar Two legislation"). The amendments require that entities shall apply the amendments immediately upon issuance. The amendments also require that entities shall disclose separately its current tax expense/income related to Pillar Two income taxes, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after January 1, 2023.

The Group is yet to apply the temporary exception during the current interim period because the Group's entities are operating in jurisdictions which the Pillar Two legislation has not yet been enacted or substantially enacted. The Group will disclose known or reasonably estimable information that helps users of financial statements to understand the Group's exposure to Pillar Two income taxes in the Group's annual consolidated financial statements in which the Pillar Two legislation has been enacted or substantially enacted and will disclose separately current tax expense/income related to Pillar Two income taxes when it is in effect.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

An analysis of the Group's revenue from major products is set out in note 4 as such analysis form part of the segment information reported to the management of the Group. All of the Group's revenue is recognised at a point in time.

	Six months ended June 30,	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited) (restated)
Sales channels		
Distributors	793,809	781,589
Supermarkets	2,193	1,060
Total	796,002	782,649

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

3. REVENUE FROM CONTRACTS WITH CUSTOMERS *(continued)*

	Six months ended June 30,	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited) (restated)
Geographical markets		
The PRC (Country of domicile)	794,384	781,211
Others (note)	1,618	1,438
Total	796,002	782,649

Note: Others represent export sales to locations other than the PRC.

4. SEGMENT INFORMATION

Information reported to the executive directors of the Group, being the chief operating decision maker ("CODM"), for the purpose of resource allocation and assessment of segment performance focuses on types of products manufactured and sold. The CODM reviews operating results and financial information on a product by product basis. Each individual type of product constitutes an operating segment. For operating segments that exhibit similar long-term financial performance as they have similar economic characteristics, and are produced by using similar production processes and are distributed and sold to similar classes of customers, their segment results are aggregated into one reportable segment. The CODM assesses the performance of the operating segments based on a measure of segment profit or loss which represents the gross profit of each operation segment.

During the period, the Group commenced the business engaging in pasta products along with the acquisition of Kangli (as detailed in note 1), and it is considered as a new operating and reportable segment by the CODM.

Specifically, the Group's reportable segments under IFRS 8 *Operating Segments* are as follows:

1. Biscuit products
2. Pasta products

In addition to the above reportable segments, none of the other operating segments met the quantitative thresholds for the reportable segments in both current and prior periods. Accordingly, they were grouped in "Others".

4. SEGMENT INFORMATION (continued)**Segment revenue and results**

The following is an analysis of the Group's revenue and results by reportable and operating segments.

Six months ended June 30, 2023

	Biscuit products RMB'000 (unaudited)	Pasta products RMB'000 (unaudited)	Others RMB'000 (unaudited)	Total RMB'000 (unaudited)
Revenue	699,485	59,050	37,467	796,002
Segment results	227,018	9,577	5,537	242,132
Other income				22,876
Selling and distribution expenses				(100,098)
Administrative expenses				(45,945)
Other expenses				(29,809)
Impairment losses recognised under ECL model, net				(33,197)
Other gains and losses				2,398
Share of results of associates				(791)
Share of results of a joint venture				(3,073)
Finance costs				(16,866)
Profit before tax				37,627

Six months ended June 30, 2022

	Biscuit products RMB'000 (unaudited)	Pasta products RMB'000 (unaudited)	Others RMB'000 (unaudited) (restated)	Total RMB'000 (unaudited) (restated)
Revenue	727,945	40,370	14,334	782,649
Segment results	174,412	6,850	1,963	183,225
Other income				25,770
Selling and distribution expenses				(113,257)
Administrative expenses				(43,136)
Other expenses				(30,914)
Impairment losses recognised under ECL model, net				(5,656)
Other gains and losses				(787)
Share of results of associates				(2,065)
Share of results of a joint venture				1,040
Finance costs				(18,411)
Loss before tax				(4,191)

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

4. SEGMENT INFORMATION *(continued)*

Segment assets and liabilities

The consolidated assets and consolidated liabilities of the Group are regularly reviewed by CODM as a whole. Therefore, the measure of total segment assets and total segment liabilities by operating and reportable segments is not presented.

Revenue from major products

The following is an analysis of the Group's revenue from its major products.

	Six months ended June 30,	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited) (restated)
Revenue by products		
Biscuit		
— Sweet single piece biscuits	263,637	267,085
— Salty single piece biscuits	25,420	24,925
— Sandwich biscuits	217,023	251,254
— Wafers	86,353	82,394
— Coarse grain biscuits	27,684	38,751
— Other biscuits products	79,368	63,536
	699,485	727,945
Pasta	59,050	40,370
Others (note)	37,467	14,334
Total	796,002	782,649

Note: Others represent miscellaneous products other than biscuits and pastas, such as bread, candies and soymilk.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

5. OTHER INCOME

	Six months ended June 30,	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited) (restated)
Government grants (note)	6,365	7,625
Interest income on:		
– bank deposits	1,941	2,754
– loan receivables	1,143	8,330
– loans to a joint venture	3,509	3,865
– loans to non-controlling shareholders of subsidiaries	201	901
– advance to a related party	4,739	—
Sales of packaging materials	2,609	1,170
Rental income	2,255	762
Other non-operating income	114	363
	22,876	25,770

Note: Government grants represents incentive subsidies received from local government for improvement of working capital and compensation of research and development expenses incurred as well as government subsidies for the compensation of capital expenditures on plant and machinery and right-of-use assets which are deferred and amortised to profit or loss over the estimated useful lives of the respective assets when they are ready to use.

6. OTHER EXPENSES

	Six months ended June 30,	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited) (restated)
Research and development expenses	24,978	30,349
Donation expenses	1,660	231
Packaging materials costs	1,165	—
Building lease expenses	873	—
Other non-operating expenses	1,133	334
	29,809	30,914

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

7. OTHER GAINS AND LOSSES

	Six months ended June 30,	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited) (restated)
Net foreign exchange (losses) gains	(843)	119
Gains (losses) on disposal of property, plant and equipment	90	(13)
Fair value gain (loss) on financial assets at FVTPL	3,151	(893)
	2,398	(787)

8. FINANCE COSTS

	Six months ended June 30,	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited) (restated)
Interest expenses on:		
Bank borrowings	15,679	17,063
Lease liabilities	1,187	1,348
	16,866	18,411

9. INCOME TAX EXPENSE (CREDIT)

	Six months ended June 30,	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited) (restated)
PRC Enterprise Income Tax ("EIT") — Current tax	13,083	2,039
Deferred tax expense (credit)	262	(6,446)
	13,345	(4,407)

No provision for Hong Kong Profits Tax has been made for the six months ended June 30, 2023 and 2022 as the Group has no assessable profits arising in Hong Kong.

9. INCOME TAX EXPENSE (CREDIT) (continued)

Guangdong Jiashili Food Group Company Limited* (廣東嘉士利食品集團有限公司) (“Guangdong Jiashili”) was accredited as a High-New Technology Enterprise by the Science and Technology Bureau of Guangdong Province (廣東省科學技術廳) and relevant authorities in the PRC with effect from January 2021 for a term of three years. Guangdong Jiashili was registered with the local tax authority to be eligible to the reduced 15% EIT rate for three years from 2021 to 2023.

For other group entities in the PRC, under the Law of the PRC on EIT (the “EIT Law”) and Implementation Regulations of the EIT Law, the EIT rate was 25% for both periods.

According to Cai Shui 2008 No. 1, a joint circular of Ministry of Finance and State Administration of Taxation, dividend distributed out of the profits generated since January 1, 2008 by a PRC entity to a non-PRC tax resident shall be subject to withholding EIT pursuant to Articles 3 and 19 of the EIT Law.

The Company’s subsidiaries that are PRC tax resident are required to withhold the PRC withholding EIT of 10% on dividend payment to their non-PRC resident immediate holding company.

* English name for identification purpose only.

10. PROFIT FOR THE PERIOD

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
		(restated)
Profit for the period has been arrived at after charging:		
Directors' and chief executive's remuneration	1,320	1,965
Other employee benefits expenses:		
– Salaries and allowances	115,317	117,786
– Contributions to retirement benefits scheme	11,570	11,982
Total employee benefits expenses	128,207	131,733
Depreciation of property, plant and equipment	31,799	30,306
Depreciation of right-of-use assets	4,829	4,908
Depreciation of investment properties	617	364
Amortisation of intangible assets (included in cost of sales)	2,937	2,963
Total depreciation and amortisation	40,182	38,541
Expenses relating to short-term leases	787	374
Cost of inventories recognised as expenses with no impairment of inventories recognised	553,870	599,424

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

11. DIVIDENDS

During the six months ended June 30, 2023, a final dividend of HK5 cents per share in respect of the year ended December 31, 2022, amounting to HK\$20,750,000 (equivalent to RMB18,210,000) (six months ended June 30, 2022: a final dividend of HK5 cents per share in respect of the year ended December 31, 2021, amounting to HK\$20,750,000 (equivalent to RMB17,745,000)) was recognised as distribution to the owners of the Company.

Subsequent to the end of both interim periods, the directors of the Company does not recommend the payment of an interim dividend for the six months ended June 30, 2023 and 2022.

12. EARNINGS PER SHARE

The calculation of basic earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended June 30,	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited) (restated)
Earnings		
Profit for the period attributable to owners of the Company for the purposes of basic earnings per share	28,799	1,346

	Six months ended June 30,	
	2023 '000	2022 '000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	415,000	415,000

No diluted earnings per share for both six months ended June 30, 2022 and 2021 were presented as there were no potential ordinary shares in issue for both periods.

13. PROPERTY, PLANT AND EQUIPMENT/RIGHT-OF-USE ASSETS/INVESTMENT PROPERTIES/INTANGIBLE ASSETS

During the six months ended June 30, 2023, the Group had addition of approximately RMB39,176,000 (six months ended June 30, 2022: RMB11,442,000 (restated)) on property, plant and equipment in order to upgrade its operating capacities.

During the six months ended June 30, 2023, the Group disposed of certain plant and equipment with an aggregate carrying amount of RMB177,000 (six months ended June 30, 2022: RMB504,000 (restated)) for cash proceeds of RMB267,000 (six months ended June 30, 2022: RMB491,000 (restated)), resulting in a gain on disposal of RMB90,000 (six months ended June 30, 2022: loss on disposal of RMB13,000 (restated)).

13. PROPERTY, PLANT AND EQUIPMENT/RIGHT-OF-USE ASSETS/INVESTMENT PROPERTIES/INTANGIBLE ASSETS (continued)

During the six months ended June 30, 2023, the Group entered into an agreement to lease out a building with a carrying amount of RMB1,194,000 (six months ended June 30, 2022: RMB11,345,000) to an independent third party for two years (six months ended June 30, 2022: six years). The building is reclassified from the property, plant and equipment to investment property upon the commencement of the lease.

During the six months ended June 30, 2023, the Group entered into several new lease agreements to obtain land use rights with lease terms ranged from 6 to 50 years. On the date of lease commencement, the Group recognised right-of-use assets of RMB28,103,000 and lease liabilities of RMB1,035,000. The Group had no addition on right-of-use assets during the six months ended June 30, 2022.

During the six months ended June 30, 2023, the Group had addition of RMB3,000,000 (six months ended June 30, 2022: nil) on intangible assets in order to obtain a licence for planting a new rice species.

14. INTERESTS IN ASSOCIATES

	June 30, 2023 RMB'000 (unaudited)	December 31, 2022 RMB'000 (unaudited)
Cost of investments in associates — unlisted	22,821	22,821
Share of post-acquisition results of associates	(1,848)	(1,057)
Exchange adjustments	67	24
	21,040	21,788

Details of the Group's associates at the end of the reporting periods are as follow:

Name of associates	Place of incorporation/ establishment/ principal place of business	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activity
		June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022	
Hong Kong Ruishiyue (International) Food Co., Limited 香港瑞士樂(國際)食品有限公司	Hong Kong	5%	5%	50%	50%	Investment holding and manufacture and sale of candies and biscuits
Chengdu Tianjianjun Agricultural Technology Co., Limited* 成都天健君農業科技有限公司 ("Tianjianjun")	The PRC	35%	35%	20%	20%	Manufacture and sale of rice

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

15. INTEREST IN A JOINT VENTURE

	June 30, 2023 RMB'000 (unaudited)	December 31, 2022 RMB'000 (unaudited)
Cost of investment in a joint venture	10,200	10,200
Share of post-acquisition results of a joint venture	(8,639)	(5,566)
	1,561	4,634

Details of the Group's joint venture at the end of the reporting periods are as follow:

Name of joint venture	Place of establishment/ principal place of business	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activity
		June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022	
		Guangdong Fengjia Food Co. Limited* 廣東豐嘉食品有限公司 ("Fengjia")	The PRC	51%	51%	

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

In 2019, the Group entered into a limited partnership agreement for setting up an unlisted equity investment fund, 青島嘉匯股權投資基金合夥企業(有限合夥) Tsingtao Jia Hui Equity Investment Fund (Limited Partnership) ("Jia Hui LLP"), with three independent third parties. Pursuant to the limited partnership agreement, RMB103.5 million is to be contributed by the Group as a limited partner. Jia Hui LLP was set up on May 16, 2019. As at June 30, 2023 and December 31, 2022, the unlisted equity investment fund is classified as a non-current asset, of which Jia Hui LLP consists of six years term to maturity. Management of the Jia Hui LLP shall vest exclusively to the general partner of Jia Hui LLP ("GP"). Limited partners of Jia Hui LLP shall have the exclusive authority to monitor and oversight the behaviour of the GP and they shall not involve in the daily operation and are not allowed to act on behalf of the Jia Hui LLP externally. Jia Hui LLP is accounted for as a financial asset at FVTPL.

As at June 30, 2023, the fair value of the unlisted equity investment fund is amounting to RMB110,282,000 (December 31, 2022: RMB107,131,000) with fair value gain recognised in profit or loss of RMB3,151,000 for the current period (six months ended June 30, 2022: fair value loss recognised in profit or loss of RMB893,000).

The fair value of the Group's unlisted equity investment fund at June 30, 2023 and December 31, 2022 has been arrived at on the basis of valuation carried out by Asset Appraisal Limited ("Asset Appraisal"), an independent qualified professional valuer not connected with the Group. Asset Appraisal is a registered firm of the Hong Kong Institute of Surveyors, and has appropriate qualifications and experience.

17. LOANS TO A JOINT VENTURE AND NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES

a) Loan to a joint venture

The amount represents loan advanced to Fengjia, a joint venture, with an aggregated principal value of RMB150,000,000 (December 31, 2022: RMB150,000,000) and accrued interest of RMB18,308,000 (December 31, 2022: RMB14,589,000). Included in the carrying amount of loan to a joint venture as at June 30, 2023 is accumulated impairment losses of RMB8,787,000 (December 31, 2022: RMB5,640,000). During the six months ended June 30, 2023, an impairment loss under ECL model of RMB3,147,000 (six months ended June 30, 2022: RMB129,000) was recognised in the profit or loss for the loans to a joint venture. The amount is non-trade in nature, secured by 100% interest of Guangdong Kailan Flour Co. Limited* 廣東開蘭麵粉有限公司, the wholly-owned subsidiary of Fengjia, and interest bearing at 5% per annum. The Group expects the loan, including the accrued interest, would be recovered more than one year, therefore, the amounts are classified as non-current.

b) Loans to non-controlling shareholders of subsidiaries

The amounts represent loans advanced to non-controlling shareholders of subsidiaries, with aggregated principal value of RMB23,300,000 (December 31, 2022: RMB23,300,000 (restated)), of which RMB18,000,000 (December 31, 2022: nil) has been past due as at the report date. Included in the carrying amount of loans to non-controlling shareholders of subsidiaries as at June 30, 2023 is accumulated impairment losses of RMB10,537,000 (December 31, 2022: RMB8,745,000 (restated)). During the six months ended June 30, 2023, an impairment loss under ECL model of RMB1,792,000 was recognised (six months ended June 30, 2022: RMB990,000 was reversed (restated)) in the profit or loss for the loans to non-controlling shareholders of subsidiaries. The principal value of RMB18,000,000 (December 31, 2022: RMB18,000,000) is non-trade in nature, secured with the non-controlling shareholder's equity interests in the subsidiary, 60% equity interest of the non-controlling shareholder and 5.17% equity interest of an entity in the PRC, and interest bearing at 8% per annum. The amount is repayable within one year and therefore classified as current (December 31, 2022: current). The remaining principal value of RMB5,300,000 (December 31, 2022: RMB5,300,000 (restated)) is non-trade in nature, secured by the non-controlling shareholder's equity interests in the subsidiary. The amount is repayable by the end of 2024 and therefore classified as non-current (December 31, 2022: non-current (restated)).

* English name for identification purpose only.

18. TRADE, BILLS AND OTHER RECEIVABLES/OTHER RECEIVABLES AND DEPOSITS

	June 30, 2023 RMB'000 (unaudited)	December 31, 2022 RMB'000 (unaudited) (restated)
Trade and bills receivables	28,680	46,077
Less: allowance for ECL	(8,733)	(6,470)
Total trade and bills receivables, net	19,947	39,607
Prepayments for purchase of raw materials (note a)	43,571	31,661
Other receivables, net of allowance (note b)	35,130	18,657
Value-added tax recoverable	29,922	17,149
Other prepayments (note c)	51,687	51,303
Rental and utility deposits	3,699	1,767
	183,956	160,144
Less: amount shown under current assets	(181,864)	(158,369)
Amount shown under non-current assets as other receivables and deposits (note d)	2,092	1,775

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

18. TRADE, BILLS AND OTHER RECEIVABLES/OTHER RECEIVABLES AND DEPOSITS

(continued)

Trade and bills receivables

The following is an analysis of trade and bills receivables by age, net of allowance for ECL, presented based on the date of delivery of goods or the receipt date of bills receivables, which approximated the respective revenue recognition, at the end of the reporting period:

	June 30, 2023 RMB'000 (unaudited)	December 31, 2022 RMB'000 (unaudited) (restated)
Within 2 months	14,556	22,757
Over 2 months but within 3 months	2,842	1,546
Over 3 months but within 6 months	1,045	15,304
Over 6 months but within 1 year	1,504	—
	19,947	39,607

As at June 30, 2023, total bills receivables amounting to RMB4,202,000 (December 31, 2022: RMB6,208,000) are held by the Group for future settlement of trade receivables. The Group continues to recognise their full carrying amounts at the end of the reporting period. All bills receivables held by the Group are with a maturity period of less than one year.

Prepayment, other receivables and deposits

Notes:

- (a) Prepayments for purchase of raw materials mainly comprised prepayments for packaging materials.
- (b) Other receivables net of allowance represent advances to other company, advances to staff and other miscellaneous deposits, which are unsecured, non-interest bearing.

During the six months ended June 30, 2023, the Group has provided an impairment loss of RMB1,581,000 (six months ended June 30, 2022: RMB2,991,000) on other receivables.
- (c) Other prepayments represent prepaid logistic fee to logistics companies to maintain a long-term cooperation relationship and enjoy preferential price offered by the suppliers.
- (d) The amount represents i) rental and utility deposits due after one year, ii) advances to staff due after one year and iii) advances to other company due after one year and therefore, classified as non-current.

19. LOAN RECEIVABLES

	June 30, 2023 RMB'000 (unaudited)	December 31, 2022 RMB'000 (unaudited) (restated)
Fixed-rate loan receivables	181,195	180,316
Less: allowance for ECL	(32,204)	(9,970)
Loan receivables, net	148,991	170,346
Analysed as		
Current	120,277	143,125
Non-current	28,714	27,221
	148,991	170,346

The effective interest rate of the loan receivables is ranged from 0.0% to 18.0% (December 31, 2022: 0.0% to 18.0%) per annum.

As at June 30, 2023, included in the Group's loan receivables balance are debtors with aggregate carrying amount of RMB54,786,000 (December 31, 2022: RMB31,512,000) which are past due as at the reporting date, of which RMB53,757,000 (December 31, 2022: RMB31,512,000) has been past due 90 days or more. The directors of the Company consider credit risks have increased significantly and those past due more than 90 days are considered as credit-impaired.

As at June 30, 2023, the carrying amount of loan receivables amounting to RMB29,512,000 (December 31, 2022: RMB29,512,000) are secured by collaterals such as land, retail stores, manufacturing plant and residential building (December 31, 2022: land, retail stores, manufacturing plant and residential building). The Group is not permitted to sell or repledge the collaterals in the absence of default by the borrower. There has not been any significant changes in the quality of the collateral held for the loan receivables. The Group has not recognised a loss allowance for the loan receivables as a result of these collaterals.

Included in the carrying amount of loan receivables as at June 30, 2023 is accumulated impairment losses of RMB32,204,000 (December 31, 2022: RMB9,970,000 (restated)). During the six months ended June 30, 2023, an impairment loss under ECL model of RMB22,234,000 (six months ended June 30, 2022: RMB3,435,000 (restated)) was recognised in the profit or loss for the loan receivables.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

19. LOAN RECEIVABLES *(continued)*

The exposure of the Group's fixed-rate loan receivables to their contractual maturity dates are as follows:

	June 30, 2023 RMB'000 (unaudited)	December 31, 2022 RMB'000 (unaudited) (restated)
Fixed-rate loan receivables		
Within 1 year	150,805	151,316
Over 1 year but within 2 years	30,200	29,000
Over 2 years but within than 5 years	190	—
	181,195	180,316

20. AMOUNTS DUE FROM ASSOCIATES/NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES/A JOINT VENTURE/RELATED PARTIES

a) Amounts due from associates

The amounts represent trade receivables of RMB463,000 (December 31, 2022: RMB569,000), other receivables of RMB7,000,000 (December 31, 2022: RMB10,000,000) and purchase prepayments of RMB37,394,000 (December 31, 2022: RMB38,310,000). The amounts are unsecured, non-interest bearing and in the opinion of the directors of the Company, the amounts will be repaid or utilised to set off the Group's future purchase or sales from the associates within one year.

b) Amounts due from non-controlling shareholders of subsidiaries

The amounts represent trade receivables of RMB19,661,000 (December 31, 2022: RMB16,307,000 (restated)), interest receivables of RMB2,594,000 (December 31, 2022: RMB2,594,000) and other receivables of RMB30,000 (December 31, 2022: RMB30,000). Included in the carrying amount of amounts due from non-controlling shareholders of subsidiaries as at June 30, 2023 is accumulated impairment losses of RMB17,364,000 (December 31, 2022: RMB16,065,000 (restated)). The amounts are unsecured, non-interest bearing and will be repaid or utilised within one year.

c) Amounts due from a joint venture

The amounts represent advance of RMB60,000,000 (December 31, 2022: RMB60,000,000) and purchase prepayment for raw materials of RMB120,783,000 (December 31, 2022: RMB119,273,000). Included in the carrying amount of amounts due from a joint venture as at June 30, 2023 is accumulated impairment losses of RMB3,679,000 (December 31, 2022: RMB3,679,000). The amounts are unsecured, non-interest bearing and repayable on demand. The amounts will be repaid or utilised to set off the Group's future purchase from the joint venture within one year.

d) Amounts due from related parties

The amounts are unsecured, non-interest bearing and repayable on demand.

21. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS SUBJECT TO ECL MODEL

	Six months ended June 30,	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited) (restated)
Impairment losses recognised (reversed) in respect of		
– loans to a joint venture	3,147	129
– loans to non-controlling shareholders of subsidiaries	1,792	(990)
– loan receivables	22,234	3,435
– amounts due from non-controlling shareholders of subsidiaries	1,299	(2,405)
– amounts due from a joint venture	—	3,449
– trade receivables	3,144	(953)
– other receivables	1,581	2,991
	33,197	5,656

The basis of determining the inputs, assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended June 30, 2023 are the same as those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2022.

22. TRADE, BILLS AND OTHER PAYABLES

	June 30, 2023 RMB'000 (unaudited)	December 31, 2022 RMB'000 (unaudited) (restated)
Trade payables	89,525	162,595
Bills payables	64,000	6,080
Total trade and bills payables	153,525	168,675
Accrued expenses	25,462	28,029
Transportation fee payables	11,291	21,556
Payroll and welfare payables	30,709	36,433
Other tax payables	9,101	17,709
Dividend payables	19,131	—
Other payables	5,031	4,543
	254,250	276,945

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

22. TRADE, BILLS AND OTHER PAYABLES (continued)

Trade and bills payables

The following is an analysis of trade payables by age, presented based on the invoice date at the end of each reporting period:

	June 30, 2023 RMB'000 (unaudited)	December 31, 2022 RMB'000 (unaudited) (restated)
Within 3 months	86,189	156,332
Over 3 months but within 6 months	1,127	5,593
Over 6 months but within 1 year	768	262
Over 1 year	1,441	408
	89,525	162,595

All bills payables are due within one year. The following is an analysis of bills payables by maturity date at the end of each reporting period:

	June 30, 2023 RMB'000 (unaudited)	December 31, 2022 RMB'000 (unaudited)
Within 3 months	2,000	6,080
Over 3 months but within 6 months	62,000	—
	64,000	6,080

23. AMOUNTS DUE TO A NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY/AN ASSOCIATE AND A DIRECTOR

The amounts are unsecured, non-interest bearing and repayable on demand.

24. AMOUNTS DUE TO RELATED PARTIES AND A JOINT VENTURE

a) Amounts due to related parties

The amount of RMB37,261,000 (December 31, 2022: nil) is unsecured which represents the remaining consideration payable for the acquisition of Kangli. The remaining amount is unsecured, non-interest bearing and repayable on demand.

b) Amounts due to a joint venture

The amounts are unsecured and non-interest bearing which represent the trade payable for the purchase of flour from the joint venture.

24. AMOUNTS DUE TO RELATED PARTIES AND A JOINT VENTURE (continued)**b) Amounts due to a joint venture** (continued)

The following is an analysis of amounts due to a joint venture by age, presented based on the invoice date at the end of the reporting period:

	June 30, 2023 RMB'000 (unaudited)	December 31, 2022 RMB'000 (unaudited) (restated)
Within 3 months	11,173	4,493
Over 3 months but within 6 months	1,399	241
	12,572	4,734

25. BANK BORROWINGS

During the six months ended June 30, 2023, the Group obtained new bank loans amounting to RMB494,490,000 (six months ended June 30, 2022: RMB490,500,000) and repaid bank loans amounted to RMB309,322,000 (six months ended June 30, 2022: RMB401,562,000). At June 30, 2023, the loans carry interest at fixed rates ranging from 2.55 % to 3.80% (December 31, 2022: 3.00% to 3.80%) per annum or variable rates ranging from 3.10% to 4.55% (December 31, 2022: 3.45% to 4.55%) per annum.

26. SHARE CAPITAL

The movements in the Company's authorised and issued ordinary share capital are as follows:

	Number of shares	Share capital HK\$ (unaudited)
Authorised:		
At January 1, 2022, June 30, 2022, January 1, 2023 and June 30, 2023 — Ordinary shares of HK\$0.01 each	8,000,000,000	80,000,000
Issued and fully paid:		
At January 1, 2022, June 30, 2022, January 1, 2023 and June 30, 2023 — Ordinary shares of HK\$0.01 each	415,000,000	4,150,000
		At June 30, 2023 and December 31, 2022 RMB'000 (unaudited)
Presented in the condensed consolidated financial statements		3,285

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

27. CAPITAL COMMITMENTS

	June 30, 2023 RMB'000 (unaudited)	December 31, 2022 RMB'000 (unaudited)
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	75,030	29,132
Capital expenditure in respect of the capital injections to the unlisted equity investment fund but not provided in the condensed consolidated financial statements (note a)	34,500	34,500
Capital expenditure in respect of the acquisition of a subsidiary but not provided in the consolidated financial statements (note b)	—	42,000

Notes:

- (a) On December 20, 2019, the Group entered into a capital increase agreement on Jia Hui LLP with three independent third parties. Pursuant to the capital increase agreement, the registered capital of the Jia Hui LLP, shall further increase by RMB50 million to RMB200 million (the "Capital Increase"). Pursuant to the Capital Increase agreement, the Group shall make further capital contribution of RMB34.5 million. Upon the completion of the Capital Increase, the total capital contribution to the unlisted equity invest fund by the Group would be RMB138 million, representing 69% of the enlarged registered capital of Jia Hui LLP, which remains unchanged from that prior to the Capital Increase. As at June 30, 2023, the Group has yet to pay the further capital contribution to the Jia Hui LLP. Details of the investment in the unlisted equity investment fund are set out in note 16.
- (b) The amount represents the remaining consideration payment for the acquisition of Kangli.

28. PLEDGED/RESTRICTED ASSETS

As at June 30, 2023 and December 31, 2022, the following assets were pledged to secure banking facilities granted to the Group or frozen by court:

	June 30, 2023 RMB'000 (unaudited)	December 31, 2022 RMB'000 (unaudited) (restated)
Property, plant and equipment	1,671	1,772
Right-of-use assets	380	385
Pledged/restricted bank deposits	—	99
	2,051	2,256

29. RELATED PARTY DISCLOSURES**Related Party Transactions**

	Relationship	Six months ended June 30,	
		2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited) (restated)
Sale of goods (note a)			
Shenzhen Jianiushi Food Co. Limited* 深圳嘉牛士有限公司 (“Jianiushi”)	Non-controlling shareholder of a subsidiary	8,065	351
Guangdong Ruishiyue Food Co., Limited* 廣東瑞士樂食品有限公司 (“Guangdong Ruishiyue”)	Associate	287	859
		8,352	1,210
Purchase of goods (note a)			
Fengjia	Joint venture	57,438	64,963
Guangdong Ruishiyue	Associate	17,414	13,407
Tianjianjun	Associate	209	32
Kaiping Jiarun Investment Co., Limited* 開平市嘉潤投資有限公司 (“Kaiping Jiarun”) (note b)	Associate	—	1,148
		75,061	79,550
Interest income			
Kangli (Hong Kong) food investment Co., Limited (“Kangli HK”) 康力(香港)食品投資有限公司 (note c)	Related party	4,739	—
Fengjia (note d)	Joint venture	3,509	3,865
Jianiushi (note d)	Non-controlling shareholder of a subsidiary	201	227
Guangdong Jinpingguo Co. Limited* 廣東金蘋果有限公司 (note d)	Non-controlling shareholder of a subsidiary	—	674
		8,449	4,766
Lease contract on building			
Guangdong Zhongchen Industrial Group Co. Limited* (“Zhongchen”) 廣東中晨實業集團有限公司 (note e)	Related party	5	—

* English name for identification purpose only.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

29. RELATED PARTY DISCLOSURES *(continued)*

Related Party Transactions *(continued)*

Notes:

- (a) The amounts represent the sales and purchases of biscuits, flour, candies, soymilk, pasta and rice. The transactions were entered into in the normal course of business of the Group at terms mutually agreed between the parties.
- (b) Kaiping Jiarun has become a subsidiary of the Group since October 20, 2022.
- (c) Kangli HK is currently owned by Mr. Huang Xianming. The amount represents the interest income on advance to a related party..
- (d) The amounts represents the interest income on loans to a joint venture and non-controlling shareholders of subsidiaries.
- (e) Zhongchen is currently owned by Mr. Huang Xianming. The amount represents the lease payment for a building with a lease term of 1 year starting from January 2023.

Related party balances

Details of balances with the Group's related parties are set out in notes 17, 20, 23 and 24.

Key management personnel

The remuneration of key management personnel including the directors' remuneration during the six months ended June 30, 2023 and 2022 were as follows:

	Six months ended June 30,	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Short-term benefits	2,084	2,702
Post-employment benefits	17	20
	2,101	2,722

30. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENT

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that included inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Relationship of unobservable inputs to fair value
	June 30, 2023 (unaudited)	December 31, 2022 (unaudited)			
Financial assets at FVTPL-unlisted equity investment fund in the PRC	RMB110,282,000	RMB107,131,000	Level 3	Asset based approach. The net asset value is identified by subtracting the total liabilities of these investments from total assets.	The higher the net asset value, the higher the fair value. (note)

Note: An increase in the net assets of the unlisted equity investment fund would result in an increase in the fair value measurement of the unlisted equity investment fund, and vice versa. A 3% (2022: 3%) increase in the underlying assets value, holding all other variables constant, would increase the fair value of the unlisted equity investment fund by approximately RMB3,308,000 (2022: RMB3,214,000).

There were no transfer between Level 1, 2 and 3 in the both periods.

30. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENT *(continued)***(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis** *(continued)***Reconciliation of Level 3 fair value measurements**

	Financial assets At FVTPL unlisted equity investment fund RMB'000 (unaudited)
As at January 1, 2022	104,168
Fair value loss recognised in profit or loss	(893)
As at June 30, 2022	103,275
As at January 1, 2023	107,131
Fair value gain recognised in profit or loss	3,151
As at June 30, 2023	110,282

(ii) Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amounts of other financial assets and financial liabilities at amortised cost recognised in the condensed consolidated financial statements using discounted cash flow valuation technique approximate their fair values.

31. EVENT AFTER THE REPORT PERIOD

On August 10, 2023, the Group entered into an equity transfer agreement with Beidahuang Fengyuan Group Co., Limited* 北大荒豐緣集團有限公司 for acquisition of the remaining 49% equity interest in Fengjia for a total cash consideration of RMB9,800,000 which has been paid as of the date of this report. The transaction was completed on August 28, 2023. Fengjia has become an indirect wholly-owned subsidiary of the Group from a joint venture since then.

* English name for identification purpose only.