



# 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 2024



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# 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, 2024 (the “Reporting Period”) together with the comparative figures for the corresponding period in 2023.

## SUMMARY OF FINANCIAL RESULTS

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

	For the six months ended June 30,		
	<b>2024</b> (Unaudited)	2023 (Restated)	Change (+/-)
Revenue	<b>806,010</b>	781,955	+3.1%
Gross profit	<b>212,718</b>	239,196	-11.1%
Earnings before interest, tax, depreciation and amortisation* (EBITDA)	<b>97,826</b>	117,619	-16.8%
Profit attributable to owners of the Company	<b>21,564</b>	28,799	-25.1%
Earnings per share			
From continuing and discontinued operations			
— Basic (RMB cents)	<b>5.20</b>	6.94	-25.1%
Form continuing operations			
— Basic (RMB cents)	<b>5.32</b>	12.47	-57.3%
	<b>As at June 30, 2024</b> (Unaudited)	As at December 31, 2023 (Audited)	Change (+/-)
Total assets	<b>2,139,937</b>	2,180,792	-1.9%
Total liabilities	<b>1,158,153</b>	1,176,779	-1.6%
Total equity	<b>981,784</b>	1,004,013	-2.2%

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



# CHAIRMAN'S STATEMENT

Dear Shareholders,

## STICKING TOGETHER TO OUR CORPORATE MISSIONS IS THE DRIVE OF OUR SUCCESS

The Group's consolidated revenue rose year-on-year by 3.1% to approximately RMB806.0 million as compared with the same period in 2023. However, profit attributable to owners of the Company for the Reporting Period amounted to approximately RMB21.6 million dropped by 25.1% year-on-year mainly due to the decline in revenue of our biscuits segments by approximately 77.9 million or 11.1% from corresponding period last year. The snack and leisure food industry is full of challenges in the first half of 2024 and we expect it will be continuing in the second half of this year. Despite those challenges and uncertainties surrounded us say for an example constant changing customers' preferences; global economic uncertainties; and fluctuations in raw materials prices, we believed the resilience and the strength of the Jiashili model will give 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. We are looking forward to the future as the Group will continue to focus our efforts in the following areas, to drive further growth of the Group's business and thereby creating greater value for its shareholders. (i) capture the opportunities of consumer upgrades through continuous product innovations, thereby adhering to its diversified and good value-for-money product strategies, focusing on enhancement of product quality, optimisation of product portfolio and strengthening market position of our key products in terms of operation; (ii) expand our distribution channels, strengthen our traditional distribution network, and further develop other new market access such as snack food branded stores and other channels in order to increase market penetration and (iii) explore investment opportunities in consumer goods companies with fast-growing potential and synergy with the Group's business, alliances with strategic investment partners to facilitate long-term development and business growth of the Group.

## OUTLOOK

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 of the Group and it is their commitment to providing customers with a reliable service. Looking ahead to the second half of 2024, with the further strengthening of domestic demand, the consumption trend will be transformed into new development momentum, driving the iterative evolution of the consumer goods industry and making the trend of the strong gets stronger prominent. The Group will continue to seize the opportunity of development and continue to improve product quality and promote product upgrade in response to the market trend of healthy consumption. The Group will strive to ensure that it continues to achieve satisfactory results by implementing prudent measures and improving operational efficiency to sustain the profit margin without compromising the product quality. The Group expects the demand for the Group's products will be increasing in the second half of 2024 and will bring satisfactory sales performance and profitability to the group in the highly competitive market.

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 30, 2024

# MANAGEMENT DISCUSSION AND ANALYSIS

## INDUSTRY ENVIRONMENT

In the first half of 2024, the gross domestic product (“GDP”) of the People’s Republic of China (the “PRC” or “China”) recorded a year-on-year increase of 5.0% and total retail sales of consumer goods increased by 3.7% year-on-year. The government has launched a series of policies to promote consumption, which aims to boost market demand and consumer confidence, providing strong market support for the Group. With the continuous active demand for cultural tourism consumption and festive consumption, the continuous innovation and expansion for consumption scenarios and the further boost of the consumer market, new growth opportunities have been brought to enterprises and brands. Regarding the consumption sector, consumption concepts have been extended from functionality to enjoyment and healing, with consumers focusing on self-fulfillment and seeking emotional value through more diversified experiences and explorations, while at the same time becoming more prudent and foresightful in their consumption decisions. Enterprises with the ability to provide high quality and a strong brand image will capture larger market shares. On the other hand, diversification of demand has prompted the segmentation of product category and channel and urged businesses to extend to multiple categories and pipelines from single ones, thereby accelerating industry upgrade and increasing concentration. Advantages of leading enterprises in aspects of product research and development, brand promotion, channel coverage and client development are further highlighted, while the iterative evolution in the consumer goods industry and the trend of “the strong gets stronger” will become more prominent.

## REVIEW OF THE CONTINUING OPERATION FOR THE FIRST HALF OF 2024

### Business Review

Jiashili’s biscuits have been brand lasted for more than 68 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 biscuits series.
- II. Pasta: Spaghetti and macaroni.
- III. Flour: Wheat flour.
- IV. Others: Other famous products: such as crackers, cookies, candies, bread, mooncakes and other products.

### Disposal of business

In the first quarter of 2024, the Group entered into an agreement to dispose of 100% equity interest of our indirect wholly-owned subsidiary Quancheng for a consideration of approximately RMB44,000,000, thus accordingly the assets and liabilities attributable to Quancheng are classified as a discontinued operation held for sale and are presented separately in the condensed consolidated financial statement. Please refer note 10 in this report for more details.

## Operation Review

During the Reporting Period, the Group recorded a revenue of approximately RMB806.0 million (first half of 2023: approximately RMB782.0 million), representing an increase of 3.1% as compared with the corresponding period of last year. Gross profit of the Group decreased from approximately RMB239.2 million to approximately RMB212.7 million in the first half of 2024, representing a drop of 11.1% from the corresponding period of last year. The gross profit margin of the Group has decreased to 26.4% in the first half of 2024, representing a decrease of 4.2 percentage points from the same period last year, which was mainly due to the increase in the cost of certain raw materials. The profit attributable to owners of the Company amounted to approximately RMB21.6 million (first half of 2023: approximately RMB28.8 million), representing a decline of 25.1% as compared with the corresponding period of last year. The Group's net cash inflow generated from operation for the first half of 2024 was amounted to approximately RMB44.2 million representing an increase of 6,337.5% as compared with the corresponding period of last year.

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.

## Our business model

With rising income levels and increasingly divergent consumption habits, the trend of consumption upgrade is positive, imposing higher demands on the innovation capabilities of enterprises. The Group attaches great importance to innovation, focusing on brand, product and marketing innovation to consolidate its core competitiveness as a leader in the industry. During the first half of 2024, the Group accelerated the research and development of new products, product upgrade and digital marketing to seize the opportunities brought by new traffic and new scenarios. In terms of digital marketing, the Group has increased its online investment, leveraging the appeal of its spokesperson to expand traffic, and through big data analysis, the Group has been able to precipitate the brand's own fan base, optimize its product portfolio and increase the conversion rate of transactions. The Group has drawn the attention of young consumers with stereoscopic marketing, such as achieving deeper communication with consumers and expanding word-of-mouth promotion through TikTok, Xiaohongshu and other social media. The Group's online business is committed to enriching customers' purchasing channels and creating a convenient, safe and efficient business model that continuously brings more convenience to consumers. While maintaining the traditional e-commerce business foundation, we have strategically deployed our resources into the field of universal interest-based e-commerce, which is represented by platforms like Douyin Shop (抖音商城) and Kuaishou (快手). In terms of operation, the Group continued to strengthen its channel advantages to adapt to the market trends, and improved channel efficiency to the fullest by upgrading channel quality and expanding emerging channels. In terms of channel quality, the Group enhanced the operational efficiency of our sales team in a comprehensive manner through a number of measures such as team structural optimization, distributor reorganization and incentive policy optimization. In terms of channel expansion, we proactively deployed traditional channel, modern channel and new retail channel by means of rational matching of products, teams and channels. On the traditional channel side, our leading position in the industry was consolidated thanks to our in-depth and delicate efforts and the precise and targeted sales plans formulated. On the modern channel side, we expanded the coverage of our outlets and increased high-end product promotions, resulting in further improvement in our penetration rate. On the emerging channel side, we delved into new platforms and strengthened resource allocation.

### Financial Review

During the Reporting Period, Group's revenue from continuing operations recorded an increase by 3.1% year-on-year to RMB806.0 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:

Continuing operations Revenue by products	For the six months ended June 30,		% of changes in revenue 2024 vs 2023 (increase/ decrease) +/-
	2024 RMB (million)	2023 RMB (million)	
Sweet Single piece biscuits	245.8	263.6	-6.8%
Salty Single piece biscuits	22.7	25.4	-10.6%
Sandwich biscuits	191.8	217.0	-11.6%
Wafers	69.5	86.4	-19.6%
Coarse grain biscuits	26.2	27.7	-5.4%
Other biscuits	65.6	79.4	-17.4%
Biscuits series	621.6	699.5	-11.1%
Pasta	68.1	59.1	+15.2%
Flour	92.2	—	—
Others	15.1	23.4	-35.5%
Total	797.0	782.0	+1.9%

Revenue from the biscuits business amounted to approximately RMB621.6 million, representing a decrease of 11.1% as compared with the corresponding period of last year, which accounted for 77.1% of the Group's total revenue. Revenue from the pasta business amounted to approximately RMB68.1 million, representing an increase of 15.2% as compared with the corresponding period of last year, which accounted for 8.4% of the Group's total revenue. Revenue from the flour business amounted to approximately RMB92.2 million which accounted for 11.4% of the Group's total revenue.

### Cost of sales and gross profit

In the first half of 2024, The Group's overall gross profit decreased from approximately RMB239.2 million to approximately RMB212.7 million compared with the same period last year. Accordingly, gross profit margin dropped by 4.2 percentage points as compared with the corresponding period in 2023. The drop in gross profit and decline in gross profit margin year-on-year was mainly due to the unfavorable impacts on costs of certain raw materials and drop in sales volume of biscuits business. The gross profit of biscuits segments was amounted to approximately RMB188.9 million in the Reporting Period representing a decrease of 16.8% as compared with the corresponding period of last year, while the gross profit margin of biscuits segments was dropped by 2.1 percentage points to 30.4% in the Reporting Period (first half of 2023: 32.5%). The gross profit of pasta segments in the Reporting Period was amounted to approximately RMB14.9 million representing a surge of 55.1% as compared with the corresponding period of last year, while the gross profit margin of pasta segments was also increased by 5.6 percentage points to 21.8% in the Reporting Period (first half of 2023: 16.2%).

### Other income

During the Reporting Period other income has increased by 16.0% to approximately RMB26.2 million from approximately RMB22.6 million as compared with the same period last year. The increase was primarily due to increase in interest received from loan receivables and sale of scrap and packaging materials.

### 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, the selling and distribution expenses was amounted to approximately RMB97.2 million or decreased by 0.1% year-on-year thanks to the efficient control on our logistic and distribution network and effective implementation of our advertising and promotions programmes.

### Administrative expenses

During the Reporting Period, the amounts of administrative expenses was approximately RMB53.6 million, representing an increase of approximately RMB7.9 million or 17.3% over the same period last year. Such increase was primarily attributable to the expansion of production facilities to meet customer demand.

### 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, 2024 decreased by approximately RMB23.2 million to approximately RMB149.6 million (December 31, 2023: approximately RMB172.8 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. Accordingly, the inventory turnover days<sup>1</sup> for the Reporting Period was 50 days, increased by 6 days as compared with that as at December 31, 2023.

<sup>1</sup> 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 channel distributors and supermarkets together with bills receivables and other deposits and prepayments. The Group's trade, bills and other receivables as at June 30, 2024 was approximately RMB208.7 million, decreased by 7.9% from approximately RMB226.7 million as at December 31, 2023. Accordingly, the trade, bills and other receivables turnover days<sup>2</sup> for the Reporting Period was 50 days, increased by 8 days as compared with that as at December 31, 2023.

<sup>2</sup> 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, 2024, the Group had bank balances and cash amounted to approximately RMB276.2 million (as at December 31, 2023: approximately RMB290.1 million). Total bank borrowings as at June 30, 2024 amounted to approximately RMB746.6 million, an increase of 7.2% from December 31, 2023 as to finance our expansion and investment in the Reporting Period. As at June 30, 2024 the gross gearing ratio (defined as total bank borrowings over total equity) was 76.0% (as at December 31, 2023: 69.3%). As at June 30, 2024 the net gearing ratio (defined as total bank borrowings minus bank balances and cash over total equity) was 47.9% (as at December 31, 2023: 40.4%). The Group will from time to time adopt prudent financial management policy to address changing financial conditions.

As at June 30, 2024, the Group's net current liabilities was approximately RMB92.9 million (as at December 31, 2023: net current assets approximately RMB28.4 million). The current ratio of the Group as at June 30, 2024 was 0.89 (as at December 31, 2023: 1.03). As at June 30, 2024, the net cash inflow generated from operation was amounted to approximately RMB44.2 million representing an increase of approximately RMB44.9 million or 6,337.5% from the corresponding period of last year. The Board 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.

### PROSPECT

After years of development, the biscuit market has become more mature. Product upgrading will become an important driver for market development, and companies with high-end advantages will reap more market share. As a household name in China's market, Jiashili has great brand awareness, with a comprehensive product portfolio covering a variety of consumption scenarios and consumption groups. In terms of channels, Jiashili focused on the main channels for young consumers, expanding the retail store chain coverage and broadening consumer groups through channel coverage. In terms of terminal management, it standardized the shelf image and introduced smaller-sized packaging suitable for sales in the convenience channel to drive rapid expansion of channel penetration. The Group's first half performance was facing many difficulties and challenges but we should remain focus, in view of the highly competitive nature of the industry. The Group will continue to remain vigilant and adaptable to market shifts. Nevertheless, the Group will focus on streamlining the operations and enhancing brand awareness as well as to continue to maintain and improve product quality. The Group will leverage operational efficiencies and cost saving initiative to ensure that a better performance is achieved. 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, 2024 the Group had total of 2,684 full-time employees (excluding part-time and short term labour) (June 30, 2023: 2,184). 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, 2024, the total employee benefits expenses (including Directors' and chief executive's remuneration) were approximately RMB131.4 million (for the six months ended June 30, 2023: approximately RMB127.0 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 four 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 four independent non-executive Directors, namely Mr. Kam Robert, Mr. Wan Ngar Yin, David, Mr. Ma Xiaoqiang and Mr. Zhang Ziwen. 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, 2024. 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 2024.

## 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, 2024, 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 <sup>(2)</sup>	310,472,000 (L) <sup>(1)</sup>	74.81%
Mr. Huang	Kaiyuan Investments Limited ("Kaiyuan")	Interests of controlled corporation <sup>(3)</sup>	100 (L) <sup>(1)</sup>	100%
Mr. Huang	Great Logistics Global Limited ("Great Logistics")	Beneficial owner	1 (L) <sup>(1)</sup>	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, 2024, 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 <sup>(1)</sup> , interest in family member <sup>(2)</sup> /Long position	310,472,000	74.81%
Ms. Huang Cuihong	Interest in controlled corporation <sup>(1)</sup> ; interest in family member <sup>(2)</sup> /Long position	310,472,000	74.81%
Ms. Huang Xianxian	Interest in controlled corporation <sup>(1)</sup> ; interest in family member <sup>(2)</sup> /Long position	310,472,000	74.81%
Ms. Huang Rujiao	Interest in controlled corporation <sup>(1)</sup> ; interest in family member <sup>(2)</sup> /Long position	310,472,000	74.81%
Ms. Huang Rujun	Interest in controlled corporation <sup>(1)</sup> ; interest in family member <sup>(2)</sup> /Long position	310,472,000	74.81%
Great Logistics	Interest in controlled corporation <sup>(1)</sup> ; interest in family member <sup>(2)</sup> /Long position	310,472,000	74.81%
Great Logistics	Beneficial interest/Long position	34,304,000	8.26%
Grand Wing Investments Limited ("Grand Wing")	Interest in controlled corporation <sup>(1)</sup> ; interest in family member <sup>(2)</sup> /Long position	276,168,000	66.55%
Intelligent Pro Investments Limited ("Intelligent Pro")	Interest in controlled corporation <sup>(1)</sup> ; interest in family member <sup>(2)</sup> /Long position	276,168,000	66.55%
Jade Isle Global Limited ("Jade Isle")	Interest in controlled corporation <sup>(1)</sup> ; interest in family member <sup>(2)</sup> /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 <sup>(1)</sup> ; interest in family member <sup>(2)</sup> /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

# 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 48, which comprise the condensed consolidated statement of financial position as of June 30, 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. 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 30, 2024

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2024

	NOTES	Six months ended June 30,	
		2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited) (restated)
<b>Continuing operations</b>			
Revenue	3	806,010	781,955
Cost of sales		(593,292)	(542,759)
Gross profit		212,718	239,196
Other income	5	26,246	22,630
Selling and distribution expenses		(97,234)	(97,356)
Administrative expenses		(53,598)	(45,690)
Other expenses	6	(39,004)	(29,689)
Impairment losses recognised under expected credit loss (“ECL”) model, net	21	(5,960)	(10,188)
Other gains and losses	7	2,285	2,398
Share of results of associates		(519)	(791)
Share of results of a joint venture		—	(3,073)
Finance costs	8	(18,293)	(16,866)
Profit before tax		26,641	60,571
Income tax expense	9	(10,260)	(13,345)
Profit for the period from continuing operations		16,381	47,226
<b>Discontinued operations</b>			
Loss for the period from discontinued operations	11	(501)	(22,944)
Profit for the period		15,880	24,282
<b>Other comprehensive expense</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		(1,007)	—
Total comprehensive income for the period	10	14,873	24,282

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2024

	NOTES	Six months ended June 30,	
		2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited) (restated)
Profit (loss) for the period attributable to owners of the Company:			
– from continuing operations		22,065	51,743
– from discontinued operations		(501)	(22,944)
		21,564	28,799
Loss for the period attributable to non-controlling interests:			
– from continuing operations		(5,684)	(4,517)
		15,880	24,282
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		20,557	28,799
Non-controlling interests		(5,684)	(4,517)
		14,873	24,282
Total comprehensive income (expense) for the period attributable to owners of the Company:			
– from continuing operations		21,058	51,743
– from discontinued operations		(501)	(22,944)
		20,557	28,799
Earnings per share	13		
From continuing and discontinued operations			
– Basic (RMB cents)		5.20	6.94
From continuing operations			
– Basic (RMB cents)		5.32	12.47



# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At June 30, 2024

	NOTES	June 30, 2024 RMB'000 (unaudited)	December 31, 2023 RMB'000 (audited) (restated)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	14	698,790	696,891
Right-of-use assets	14	252,816	257,328
Investment properties	14	29,128	30,083
Intangible assets	14	90,896	97,288
Goodwill		54,197	65,085
Interests in associates	15	20,266	20,775
Financial assets at fair value through profit or loss ("FVTPL")	16	124,309	93,666
Loan receivables	17	76,356	789
Amount due from an associate	20a	7,000	—
Deferred tax assets		4,254	4,276
Other receivables and deposits	18	2,467	2,899
Deposits paid for acquisition of right-of-use assets and property, plant and equipment		1,974	2,156
		<b>1,362,453</b>	1,271,236
<b>CURRENT ASSETS</b>			
Inventories		149,550	172,779
Trade, bills and other receivables	18	208,723	226,680
Loan receivables	17	57,978	151,622
Amounts due from associates	20a	40,078	46,137
Amounts due from non-controlling shareholders of subsidiaries	20b	8,565	6,909
Amounts due from related parties	20c	56	45
Loans to non-controlling shareholders of subsidiaries	19	5,300	6,879
Income tax recoverable		5,700	5,269
Pledged/restricted bank deposits	28	2,098	3,150
Cash and cash equivalents		276,183	290,086
		<b>754,231</b>	909,556
Assets classified as held for sale	11	23,253	—
		<b>777,484</b>	909,556

## Condensed Consolidated Statement of Financial Position

At June 30, 2024

		<b>June 30, 2024</b> <b>RMB'000</b> <b>(unaudited)</b>	December 31, 2023 RMB'000 (audited) (restated)
<b>CURRENT LIABILITIES</b>			
Trade, bills and other payables	22	218,589	262,062
Contract liabilities		69,210	90,264
Income tax payables		13,936	18,765
Bank borrowings	24	555,368	503,248
Other borrowing	25	995	934
Amount due to a non-controlling shareholder of a subsidiary	23	9	9
Amounts due to related parties	23	38	63
Amounts due to associates	23	23	127
Deferred income		2,071	2,071
Lease liabilities		3,425	3,599
		<b>863,664</b>	881,142
Liabilities associated with assets classified as held for sale	11	6,699	—
		<b>870,363</b>	881,142
<b>NET CURRENT (LIABILITIES) ASSETS</b>		<b>(92,879)</b>	28,414
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,269,574</b>	1,299,650
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		4,489	8,410
Deferred income		43,811	44,846
Bank borrowings	24	191,210	192,912
Other borrowing	25	1,128	1,640
Lease liabilities		47,152	47,829
		<b>287,790</b>	295,637
<b>NET ASSETS</b>		<b>981,784</b>	1,004,013
<b>CAPITAL AND RESERVES</b>			
Share capital	26	3,285	3,285
Reserves		946,849	964,094
Equity attributable to owners of the Company		950,134	967,379
Non-controlling interests		31,650	36,634
<b>TOTAL EQUITY</b>		<b>981,784</b>	1,004,013

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2024

Attributable to owners of the Company

	Share capital	Share premium	Special reserve	Contribution reserve	Statutory reserve	Translation reserve	Other reserve	Accumulated profits	Sub-Total	Non-controlling interests	Total
	RMB'000	RMB'000 (note a)	RMB'000 (note b)	RMB'000	RMB'000 (note c)	RMB'000	RMB'000 (note d)	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023 (audited)	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 (expense) 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 12)	–	(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
At January 1, 2024 (audited)	<b>3,285</b>	<b>161,420</b>	<b>(107,000)</b>	<b>18,333</b>	<b>216,546</b>	<b>(898)</b>	<b>(58,702)</b>	<b>734,395</b>	<b>967,379</b>	<b>36,634</b>	<b>1,004,013</b>
Profit (loss) for the period	–	–	–	–	–	–	–	21,564	21,564	(5,684)	15,880
Other comprehensive expense for the period	–	–	–	–	–	(1,007)	–	–	(1,007)	–	(1,007)
Total comprehensive (expense) income for the period	–	–	–	–	–	(1,007)	–	21,564	20,557	(5,684)	14,873
Capital contribution from a non-controlling shareholder of a subsidiary (note e)	–	–	–	–	–	–	–	–	–	700	700
Dividends recognised as distribution (note 12)	–	(37,802)	–	–	–	–	–	–	(37,802)	–	(37,802)
At June 30, 2024 (unaudited)	<b>3,285</b>	<b>123,618</b>	<b>(107,000)</b>	<b>18,333</b>	<b>216,546</b>	<b>(1,905)</b>	<b>(58,702)</b>	<b>755,959</b>	<b>950,134</b>	<b>31,650</b>	<b>981,784</b>

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 RMB144,525,000 (unaudited) and RMB144,596,000 (unaudited) as at June 30, 2024 and 2023, 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 RMB72,021,000 (unaudited) and RMB72,054,000 (unaudited) as at June 30, 2024 and 2023, respectively, can be used to expand the existing operations of the relevant subsidiaries.
- Other reserve represents the share capital and share premium of the acquiree amounting to approximately RMB76,298,000 less the payment consideration amounting to RMB135,000,000 pursuant to a business combination under common control, which accounted for as a deemed distribution to the shareholder of approximately RMB58,702,000.
- For the six months ended June 30, 2024, the amount represents capital contribution from a non-controlling shareholder of a subsidiary in form of cash contribution of RMB700,000.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2024

	<b>Six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
NET CASH FROM (USED IN) OPERATING ACTIVITIES	<b>44,224</b>	(709)
INVESTING ACTIVITIES		
Purchase of financial assets at FVTPL	<b>(26,800)</b>	—
Purchases of property, plant and equipment	<b>(44,951)</b>	(36,590)
Purchases of intangible assets	<b>(192)</b>	(3,000)
Payments for right-of-use assets	<b>(328)</b>	(27,068)
Payments for rental deposits	<b>(87)</b>	(350)
New loan receivables advanced	<b>(88,100)</b>	(3,000)
Repayments of loan receivables	<b>92,340</b>	2,121
Release of pledged bank deposits	<b>1,052</b>	99
Interest received	<b>16,418</b>	3,090
Deposits paid for acquisition of property, plant and equipment	<b>—</b>	(83,835)
Others	<b>970</b>	266
NET CASH USED IN INVESTING ACTIVITIES	<b>(49,678)</b>	(148,267)
FINANCING ACTIVITIES		
New bank borrowings raised	<b>360,200</b>	494,490
Repayments of bank borrowings	<b>(309,782)</b>	(309,322)
Repayments of other borrowing	<b>(451)</b>	—
Interest paid on borrowings	<b>(17,101)</b>	(14,181)
Dividends paid	<b>(37,802)</b>	—
Capital contribution from a non-controlling shareholder of a subsidiary	<b>700</b>	—
Others	<b>(3,105)</b>	(2,989)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	<b>(7,341)</b>	167,998
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<b>(12,795)</b>	19,022
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<b>290,086</b>	320,301
Effect of foreign exchange rate changes	<b>6</b>	71
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, comprising cash and cash equivalents	<b>277,297</b>	339,394
Analysis of cash and cash equivalents as at June 30, represented by cash and cash equivalents held by:		
— the Group	<b>276,183</b>	339,394
— the disposal subsidiary held for sale	<b>1,114</b>	—



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2024

## 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 the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

In preparing the condensed consolidation financial statements, the directors of the Company have given careful consideration to the future liquidity of the Company in light of the fact that the Group’s current liabilities exceeded its current assets by approximately RMB92,879,000 as at June 30, 2024.

In view of the above circumstances, the directors of the Company have given careful consideration to the future liquidity and financial position of the Group and its available sources of financing in assessing whether the Company have sufficient financial resources to continue as going concern. Certain plans and measures have been taken to mitigate the liquidity position and improve the financial position which include, but not limited to, the followings:

The directors of the Company have, at the time of approving the condensed consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future after considering below:

- As at June 30, 2024, the Group has undrawn bank facilities of approximately RMB82,823,000 available to the Group;
- The Group estimates to generate adequate cash inflow from operating activities in expected timeline;
- The Group assesses the cash sufficiency for coming twelve months from the date of this report; and
- The Group expects the short-term revolving bank borrowings of RMB426,900,000 would be refinanced upon maturity based on previous experience.

The directors of the Company are of the opinion that, taken into account of the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operation and to meet its financial obligations for at least twelve months from the date of approval of these condensed consolidated financial statements. Accordingly, these condensed consolidated financial statements have been prepared on a going concern basis.

## 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”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2024 are the same as those presented in the Group’s annual financial statements for the year ended December 31, 2023.

### 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 January 1, 2024 for the preparation of the Group’s condensed consolidated financial statements:

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

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.

## 3. REVENUE FROM CONTRACTS WITH CUSTOMERS

An analysis of the Group’s revenue from major products and service are set out in note 4 as such analysis form part of the segment information reported to the management of the Group. The Group’s food products revenue and hotel service revenue are recognised at a point in time and over time, respectively.

	<b>Six months ended June 30,</b>	
	<b>2024</b>	2023
	<b>RMB’000</b>	RMB’000
	<b>(unaudited)</b>	(unaudited)
		(restated)
<b>Continuing operations</b>		
<b>Sales channels</b>		
Distributors	<b>771,139</b>	779,762
Supermarkets	<b>1,475</b>	2,193
Retail customers	<b>33,396</b>	—
Total	<b>806,010</b>	781,955
<b>Timing of revenue recognition</b>		
A point in time	<b>796,951</b>	781,955
Over time (note a)	<b>9,059</b>	—
Total	<b>806,010</b>	781,955

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

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

	Six months ended June 30,	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited) (restated)
<b>Geographical markets</b>		
The PRC (country of domicile)	804,849	780,337
Others (note b)	1,161	1,618
<b>Total</b>	<b>806,010</b>	781,955

Notes:

- (a) The Group provides hotel services to retail customers in Kaiping City, Guangdong Province. Hotel revenue from room rental is recognised over time during the period of stay for the hotel guests. Revenue from other ancillary services is generally recognised at the point in time when the services are rendered.
- (b) Others represent export sales to locations other than the PRC.

### 4. OPERATING SEGMENTS

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 or service delivered or provided.

The CODM reviews operating results and financial information on a product or service category by product or service category basis. For operating segments that exhibit similar long-term financial performance as they have similar economic characteristics, and are using similar production processes to produce goods and distribute or sell 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.

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

1. Biscuit products
2. Pasta products
3. Flour products

In addition to the above reportable segments, none of the other operating segments, such as bread products, mooncake products, candies products and hotel service, met the quantitative thresholds for the reportable segments in both current and prior periods. Accordingly, they were grouped in "Others".

**4. OPERATING SEGMENTS** (continued)**Segment revenue and results****Continuing operations**

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

**Six months ended June 30, 2024**

	<b>Biscuit products RMB'000 (unaudited)</b>	<b>Pasta products RMB'000 (unaudited)</b>	<b>Flour products RMB'000 (unaudited)</b>	<b>Others RMB'000 (unaudited)</b>	<b>Total RMB'000 (unaudited)</b>
Segment revenue					
External sales	621,581	68,089	92,178	24,162	806,010
Inter-segment sales	2,037	43	53,296	417	55,793
	623,618	68,132	145,474	24,579	861,803
Segment results	188,872	14,858	8,079	909	212,718
Other income					26,246
Selling and distribution expenses					(97,234)
Administrative expenses					(53,598)
Other expenses					(39,004)
Impairment losses recognised under ECL model, net					(5,960)
Other gains and losses					2,285
Share of results of associates					(519)
Finance costs					(18,293)
Profit before tax from continuing operations					26,641



Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

**4. OPERATING SEGMENTS** *(continued)*

**Segment revenue and results** *(continued)*

**Six months ended June 30, 2023**

	Biscuit products RMB'000 (unaudited)	Pasta products RMB'000 (unaudited)	Others RMB'000 (unaudited) (restated)	Total RMB'000 (unaudited) (restated)
Segment revenue				
External sales	699,485	59,050	23,420	781,955
Inter-segment sales	1,507	1,195	1,288	3,990
	700,992	60,245	24,708	785,945
Segment results	227,018	9,577	2,601	239,196
Other income				22,630
Selling and distribution expenses				(97,356)
Administrative expenses				(45,690)
Other expenses				(29,689)
Impairment losses recognised under ECL model, net				(10,188)
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 from continuing operations				60,571

**4. OPERATING SEGMENTS** (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 and service.

	<b>Six months ended June 30,</b>	
	<b>2024</b> <b>RMB'000</b> <b>(unaudited)</b>	<b>2023</b> <b>RMB'000</b> <b>(unaudited)</b> <b>(restated)</b>
<b>Continuing operations</b>		
<b>Revenue by products</b>		
Biscuit		
– Sweet single piece biscuits	<b>245,758</b>	263,637
– Salty single piece biscuits	<b>22,702</b>	25,420
– Sandwich biscuits	<b>191,769</b>	217,023
– Wafers	<b>69,501</b>	86,353
– Coarse grain biscuits	<b>26,219</b>	27,684
– Other biscuits	<b>65,632</b>	79,368
Pasta	<b>621,581</b>	699,485
Flour	<b>68,089</b>	59,050
Others (note)	<b>92,178</b>	—
	<b>15,103</b>	23,420
	<b>796,951</b>	781,955
<b>Revenue by services</b>		
Hotel services	<b>9,059</b>	—
<b>Total</b>	<b>806,010</b>	781,955

Note: Others represent miscellaneous products other than biscuits, pasta, flour, such as bread, mooncake and candies.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

### 5. OTHER INCOME

	Six months ended June 30,	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited) (restated)
<b>Continuing operations</b>		
Government grants (note)	6,528	6,365
Interest income on:		
– bank deposits	1,621	1,938
– loan receivables	4,890	1,143
– loan to a joint venture	–	3,509
– loans to non-controlling shareholders of subsidiaries	203	201
– advance to immediate holding company	–	4,739
– advance to third parties	233	–
Sales of scrap and packaging materials	10,301	2,366
Rental income	2,294	2,255
Other non-operating income	176	114
	<b>26,246</b>	<b>22,630</b>

Note: Government grants represents incentive subsidies received from local government for improvement of working capital and compensation for 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,	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited) (restated)
<b>Continuing operations</b>		
Research expenses	25,939	24,978
Donation expenses	4,578	1,660
Cost of scrap and packaging materials sold	5,850	1,116
Building lease expenses	1,472	873
Other non-operating expenses	1,165	1,062
	<b>39,004</b>	<b>29,689</b>

**7. OTHER GAINS AND LOSSES**

	<b>Six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Continuing operations</b>		
Net foreign exchange losses	(16)	(843)
(Losses) gains on disposal of property, plant and equipment	(1,542)	90
Fair value gain on financial assets at FVTPL	3,843	3,151
	<b>2,285</b>	<b>2,398</b>

**8. FINANCE COSTS**

	<b>Six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Continuing operations</b>		
Interest expenses on:		
Bank borrowings	16,942	15,679
Other borrowing	159	—
Lease liabilities	1,192	1,187
	<b>18,293</b>	<b>16,866</b>

**9. INCOME TAX EXPENSE**

	<b>Six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Continuing operations</b>		
PRC Enterprise Income Tax ("EIT")		
— Current tax	14,159	13,083
Deferred tax	(3,899)	262
	<b>10,260</b>	<b>13,345</b>

No provision for Hong Kong Profits Tax has been made for the six months ended June 30, 2024 and 2023 as the Group has no assessable profits arising in Hong Kong.



## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

### 9. INCOME TAX EXPENSE *(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 2022 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 2022 to 2024.

Guangdong Kailan Flour Co. Limited\* 廣東開蘭麵粉有限公司 (“Kailan Flour”) engages in manufacture and sale of flour. According to Cai Shui 2008 No. 149, a joint circular of Ministry of Finance and State Administration of Taxation, wheat preliminary processing for flour is in the scope of EIT exemption. Kailan Flour is registered with Kaiping Administration for Market Regulation to be eligible to grain processing.

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 – CONTINUING OPERATIONS**

	<b>Six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
		<b>(restated)</b>
<b>Continuing operations</b>		
Profit for the period from continuing operations has been arrived at after charging the following items:		
Directors' and chief executive's remuneration	<b>2,706</b>	1,320
Other employee benefits expenses:		
– Salaries and allowances	<b>116,538</b>	114,263
– Contributions to retirement benefits scheme	<b>12,159</b>	11,456
Total employee benefits expenses	<b>131,403</b>	127,039
Depreciation of property, plant and equipment	<b>39,465</b>	31,764
Depreciation of right-of-use assets	<b>5,888</b>	4,829
Depreciation of investment properties	<b>955</b>	617
Amortisation of intangible assets (included in cost of sales)	<b>6,584</b>	2,937
Total depreciation and amortisation	<b>52,892</b>	40,147
Expenses relating to short-term leases	<b>1,403</b>	787
Cost of inventories recognised as expenses with no impairment of inventories recognised	<b>587,945</b>	542,759

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

### 11. DISCONTINUED OPERATION HELD FOR SALE

In February 2024, according to the civil mediation document issued by the court in the PRC, the Group entered into a settlement agreement with several third parties to dispose of its 100% equity interest in Guangdong Quancheng Great Healthy Beverage Co. Limited\* 廣東全成大健康飲品有限公司 (“Quancheng”) for a consideration of approximately RMB44,000,000. Quancheng is engaged in manufacturing and selling of soymilk in the PRC. The assets and liabilities attributable to Quancheng, which are expected to be sold within twelve months, have been classified as a discontinued operation held for sale and are presented separately in the condensed consolidated statement of financial position. The disposal is still in process as at the report date.

The net proceeds of disposal are expected to exceed the net carrying amount of the disposal company and accordingly, no impairment loss has been recognised.

The loss for the period from the discontinued operation is set out below. The comparative figures in the condensed consolidated statement of profit or loss and other comprehensive income have been restated to re-present the soymilk operation as a discontinued operation.

\* English name for identification purpose only.

	<b>Six months ended June 30,</b>	
	<b>2024</b> <b>RMB'000</b> <b>(unaudited)</b>	<b>2023</b> <b>RMB'000</b> <b>(unaudited)</b>
Revenue	<b>10,991</b>	14,047
Cost of sales	<b>(8,896)</b>	(11,111)
Gross profit	<b>2,095</b>	2,936
Other income	<b>280</b>	246
Selling and distribution expenses	<b>(2,000)</b>	(2,742)
Administrative expenses	<b>(382)</b>	(255)
Other expenses	<b>(103)</b>	(120)
Impairment losses recognised under ECL model, net	<b>(391)</b>	(23,009)
Loss before tax	<b>(501)</b>	(22,944)
Income tax expense	<b>—</b>	—
Loss for the period	<b>(501)</b>	(22,944)

**11. DISCONTINUED OPERATION HELD FOR SALE** (continued)

Cash flows from discontinued operation:

	<b>Six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Net cash (outflow) inflow from operating activities	<b>(1,536)</b>	434
Net cash inflow from investing activities	<b>340</b>	220
Net cash inflow from financing activities	<b>—</b>	—

The major classes of assets and liabilities of the discontinued operation classified as held for sale are as follows:

	<b>June 30,</b>
	<b>2024</b>
	<b>RMB'000</b>
	<b>(unaudited)</b>
Property, plant and equipment	<b>1,185</b>
Inventories	<b>4,465</b>
Goodwill	<b>10,888</b>
Trade, bills and other receivables	<b>4,052</b>
Loan receivables	<b>1,549</b>
Cash and cash equivalents	<b>1,114</b>
<b>Total assets classified as held for sale</b>	<b>23,253</b>
Trade, bills and other payables	<b>6,410</b>
Contract liabilities	<b>289</b>
<b>Total liabilities classified as held for sale</b>	<b>6,699</b>

**12. DIVIDENDS**

During the six months ended June 30, 2024, a final dividend of HK10 cents per share in respect of the year ended December 31, 2023, amounting to HK\$41,500,000 (equivalent to approximately RMB37,802,000) (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 approximately RMB18,210,000)) was recognised as distribution to the owners of the Company.

Subsequent to the end of both interim periods, the directors of the Company do not recommend the payment of an interim dividend for the six months ended June 30, 2024 and 2023.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

### 13. EARNINGS PER SHARE

#### From continuing and discontinued operations

The calculation of basic earnings per share from continuing and discontinued operations attributable to the owners of the Company is based on the following data:

	Six months ended June 30,	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
<b>Earnings</b>		
Profit for the period attributable to owners of the Company for the purposes of basic earnings per share	21,564	28,799

	Six months ended June 30,	
	2024 '000	2023 '000
<b>Number of shares</b>		
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, 2024 and 2023 were presented as there were no potential ordinary shares in issue for both periods.

#### From continuing operations

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

	Six months ended June 30,	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Earnings figures are calculated as follow:		
Profit for the period attributable to owners of the Company	21,564	28,799
Add: loss for the period from discontinued operations	501	22,944
Profit for the purpose of calculating basic earnings per share from continuing operations	22,065	51,743

The denominators used are the same as those detailed above for both basic earnings per share.

### 13. EARNINGS PER SHARE *(continued)*

#### From discontinued operations

Basic loss per share from discontinued operations is RMB0.12 cents per share (six months ended June 30, 2023: RMB5.53 cents per share), based on the loss for the period from discontinued operations of RMB501,000 (six months ended June 30, 2023: RMB22,944,000) and the denominators detailed above for basic loss per share.

### 14. PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS, INVESTMENT PROPERTIES AND INTANGIBLE ASSETS

During the six months ended June 30, 2024, the Group had addition of approximately RMB45,090,000 (six months ended June 30, 2023: RMB39,176,000) on property, plant and equipment in order to upgrade its operating capacities.

During the six months ended June 30, 2024, the Group disposed of certain plant and equipment with an aggregate carrying amount of RMB2,499,000 (six months ended June 30, 2023: RMB177,000) for cash consideration of RMB957,000 (six months ended June 30, 2023: RMB267,000), resulting in a loss on disposal of RMB1,542,000 (six months ended June 30, 2023: gain on disposal of RMB90,000).

During the six months ended June 30, 2024, the Group had no addition on investment properties. 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 to an independent third party for two years. The building was reclassified from the property, plant and equipment to investment property upon the commencement of the lease.

During the six months ended June 30, 2024, the Group entered into several new lease agreements with lease terms ranged from two to three years (six months ended June 30, 2023: six to 50 years). On the date of lease commencement, the Group recognised right-of-use assets of RMB1,390,000 (six months ended June 30, 2023: RMB28,103,000) and lease liabilities of RMB1,058,000 (six months ended June 30, 2023: RMB1,035,000).

During the six months ended June 30, 2024, the Group had addition of RMB192,000 (six months ended June 30, 2023: RMB3,000,000) on intangible assets in order to obtain a licence for operating online sale (six months ended June 30, 2023: planting a new rice species).

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

### 15. INTERESTS IN ASSOCIATES

	<b>June 30, 2024 RMB'000 (unaudited)</b>	December 31, 2023 RMB'000 (audited)
Cost of investments in associates — unlisted	22,821	22,821
Share of post-acquisition results of associates	(2,608)	(2,089)
Exchange adjustments	53	43
	<b>20,266</b>	20,775

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, 2024	December 31, 2023	June 30, 2024	December 31, 2023	
Hong Kong Ruishiyue (International) Food Co., Limited ("HK Ruishiyue") 香港瑞士樂(國際)食品有限公司	Hong Kong	5%	5%	33%	33%	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

\* English name for identification purpose only.



**16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>June 30, 2024 RMB'000 (unaudited)</b>	December 31, 2023 RMB'000 (audited)
Financial assets designated at FVTPL:		
— unlisted equity investment in the PRC (note a)	<b>28,668</b>	—
— unlisted equity investment fund in the PRC (note b)	<b>95,641</b>	93,666
	<b>124,309</b>	93,666

## Notes:

- (a) In March 2024, the Group entered into a capital increase agreement with other two independent third parties to invest in 佛山市三水區運發有限公司 Foshan Sanshui Yunfa Co., Limited\* (“Yunfa”), which engages in transportation services in the PRC. The unlisted equity investment is classified as a non-current asset and accounted for as a financial asset at FVTPL.

As at June 30, 2024, the fair value of Yunfa is amounting to RMB28,668,000 with fair value gain recognised in profit or loss of RMB1,868,000 for the current period.

- (b) 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. The unlisted equity investment fund is classified as a non-current asset and accounted for as a financial asset at FVTPL.

As at June 30, 2024, the fair value of the unlisted equity investment fund is amounting to RMB95,641,000 (December 31, 2023: RMB93,666,000) with fair value gain recognised in profit or loss of RMB1,975,000 for the current period (six months ended June 30, 2023: RMB3,151,000).

The fair value of the financial assets at FVTPL at June 30, 2024 and December 31, 2023 have 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.

\* English name for identification purpose only.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

### 17. LOAN RECEIVABLES

	<b>June 30, 2024 RMB'000 (unaudited)</b>	December 31, 2023 RMB'000 (audited)
Fixed-rate loan receivables	<b>151,141</b>	190,694
Less: allowance for ECL	<b>(16,807)</b>	(38,283)
Loan receivables, net	<b>134,334</b>	152,411
Analysed as		
Current	<b>57,978</b>	151,622
Non-current	<b>76,356</b>	789
	<b>134,334</b>	152,411

The effective interest rate of the loan receivables is ranged from 0.0% to 18.0% (December 31, 2023: 0.0% to 18.0%) per annum.

As at June 30, 2024, included in the Group's loan receivables balance are debtors with aggregate carrying amount of RMB32,540,000 (December 31, 2023: RMB54,786,000) 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, 2024, the carrying amount of loan receivables amounting to RMB29,512,000 (December 31, 2023: RMB29,512,000) are secured by collaterals such as land, retail stores, manufacturing plant and residential building (December 31, 2023: 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, 2024 is accumulated impairment losses of RMB16,807,000 (December 31, 2023: RMB38,283,000). During the six months ended June 30, 2024, an impairment loss under ECL model of RMB768,000 (six months ended June 30, 2023: RMB24,000) was recognised in the profit or loss for the loan receivables.

**17. LOAN RECEIVABLES** (continued)

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

	<b>June 30, 2024</b>	December 31, 2023
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(audited)
Fixed-rate loan receivables		
Within 1 year	<b>62,541</b>	189,905
Over 1 year but within 2 years	<b>2,000</b>	789
Over 2 years but within than 5 years	<b>86,600</b>	—
	<b>151,141</b>	190,694

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

	<b>June 30, 2024</b>	December 31, 2023
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(audited)
Trade and bills receivables	<b>42,372</b>	63,124
Less: allowance for ECL	<b>(11,427)</b>	(7,884)
Total trade and bills receivables, net	<b>30,945</b>	55,240
Prepayments for purchase of raw materials (note a)	<b>55,569</b>	55,323
Other tax recoverable (note b)	<b>37,908</b>	37,290
Other receivables, net of allowance (note c)	<b>56,456</b>	25,385
Other prepayments (note d)	<b>18,948</b>	46,050
Temporary payment on behalf of bakery stores	<b>10,147</b>	8,642
Rental and utility deposits	<b>1,217</b>	1,649
	<b>211,190</b>	229,579
Less: amount shown under current assets	<b>(208,723)</b>	(226,680)
Amount shown under non-current assets as other receivables and deposits (note e)	<b>2,467</b>	2,899

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

### 18. TRADE, BILLS AND OTHER RECEIVABLES AND 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, which approximated the respective revenue recognition, at the end of the reporting period:

	<b>June 30, 2024 RMB'000 (unaudited)</b>	December 31, 2023 RMB'000 (audited)
Within 2 months	<b>23,711</b>	40,199
Over 2 months but within 3 months	<b>2,569</b>	11,143
Over 3 months but within 6 months	<b>4,665</b>	3,898
	<b>30,945</b>	55,240

As at June 30, 2024, total bills receivables amounting to RMB807,000 (December 31, 2023: RMB230,000) 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 of prepayments for sugar, palm oil, flour, wheat and packaging materials.
- (b) The amount mainly comprised of value added tax deductible to be certified.
- (c) Other receivables net of allowance represent logistic deposits, advances to staff and other miscellaneous deposits, which are unsecured and non-interest bearing.

During the six months ended June 30, 2024, the Group terminated the cooperation with two logistics suppliers. Included in the other receivables balances at June 30, 2024 are approximately RMB28,000,000 prepayments to be refunded from these suppliers.

During the six months ended June 30, 2024, the Group has reversed an impairment loss of RMB285,000 (six months ended June 30, 2023: recognised an impairment loss of RMB830,000) on other receivables in the profit or loss.

- (d) Other prepayments represent prepaid logistic fee and fuel, water, electricity charges and other miscellaneous fee for production.
- (e) The amount represents i) rental and utility deposits due after one year and ii) advances to other company due after one year and therefore, classified as non-current.

## 19. 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, 2023: RMB23,300,000) and interest receivables of RMB2,594,000 (2023: RMB2,594,000), of which RMB20,594,000 (December 31, 2023: RMB20,594,000) 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, 2024 is accumulated impairment losses of RMB20,594,000 (December 31, 2023: RMB19,015,000). During the six months ended June 30, 2024, an impairment loss under ECL model of RMB1,579,000 (six months ended June 30, 2023: RMB1,792,000) was recognised in the profit or loss for the loans to non-controlling shareholders of subsidiaries.

The principal value of RMB18,000,000 (December 31, 2023: RMB18,000,000) is non-trade in nature, secured by 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, 2023: current). The remaining principal value of RMB5,300,000 (December 31, 2023: RMB5,300,000) is non-trade in nature, secured by the non-controlling shareholder's equity interests in the subsidiary. The amount is repayable within one year and therefore classified as current (December 31, 2023: current).

## 20. AMOUNTS DUE FROM ASSOCIATES, NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES AND RELATED PARTIES

### a) Amounts due from associates

	June 30, 2024 RMB'000 (unaudited)	December 31, 2023 RMB'000 (audited)
Trade receivables	558	485
Prepayment for purchase of goods	39,520	37,652
Distribution deposit	7,000	8,000
	<b>47,078</b>	46,137
Analysed as		
Current	40,078	46,137
Non-current (note)	7,000	—
	<b>47,078</b>	46,137

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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

**20. AMOUNTS DUE FROM ASSOCIATES, NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES AND RELATED PARTIES** *(continued)*

**a) Amounts due from associates** *(continued)*

The following is an analysis of trade receivables by age, presented based on the delivery of goods, which approximated the respective revenue recognition dates at the end of the reporting period.

	<b>June 30, 2024 RMB'000 (unaudited)</b>	December 31, 2023 RMB'000 (audited)
Within 2 months	414	381
Over 2 months but within 3 months	144	104
	<b>558</b>	485

Note: the amount represents distribution deposit due after one year and therefore, classified as non-current.

**b) Amounts due from non-controlling shareholders of subsidiaries**

	<b>June 30, 2024 RMB'000 (unaudited)</b>	December 31, 2023 RMB'000 (audited)
Trade receivables	23,674	21,905
Less: allowance for ECL	<b>(15,198)</b>	(15,085)
Total trade receivables, net	<b>8,476</b>	6,820
Other receivables, net of allowance	<b>89</b>	89
Amounts due from non-controlling shareholders of subsidiaries, net	<b>8,565</b>	6,909



## 20. AMOUNTS DUE FROM ASSOCIATES, NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES AND RELATED PARTIES *(continued)*

### b) Amounts due from non-controlling shareholders of subsidiaries *(continued)*

The amounts are unsecured, non-interest bearing and repayable on demand. The amounts will be repaid within one year.

The following is an analysis of trade receivables by age, net of allowance for ECL, presented based on the delivery of goods, which approximated the respective revenue recognition dates at the end of the reporting period.

	June 30, 2024 RMB'000 (unaudited)	December 31, 2023 RMB'000 (audited)
Within 2 months	5,108	6,820
Over 2 months but within 3 months	2,023	—
Over 3 months but within 6 months	1,345	—
	<b>8,476</b>	6,820

### c) 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,	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited) (restated)
Impairment losses recognised (reversed) in respect of		
— loan to a joint venture	—	3,147
— loans to non-controlling shareholders of subsidiaries	1,579	1,792
— loan receivables	768	24
— amounts due from non-controlling shareholders of subsidiaries	113	1,299
— trade receivables	3,785	3,096
— other receivables	(285)	830
	<b>5,960</b>	10,188

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, 2024 are the same as those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2023.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

### 22. TRADE, BILLS AND OTHER PAYABLES

	<b>June 30, 2024 RMB'000 (unaudited)</b>	December 31, 2023 RMB'000 (audited)
Trade payables	<b>89,456</b>	138,677
Bills payables	<b>60,000</b>	32,000
Total trade and bills payables	<b>149,456</b>	170,677
Accrued expenses	<b>18,430</b>	23,312
Transportation fee payables	<b>12,098</b>	20,303
Payroll and welfare payables	<b>24,614</b>	32,504
Other tax payables	<b>8,305</b>	7,217
Other payables	<b>5,686</b>	8,049
	<b>218,589</b>	262,062

#### Trade and bills payables

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

	<b>June 30, 2024 RMB'000 (unaudited)</b>	December 31, 2023 RMB'000 (audited)
Within 3 months	<b>88,162</b>	166,206
Over 3 months but within 6 months	<b>30,369</b>	651
Over 6 months but within 1 year	<b>30,173</b>	2,326
Over 1 year	<b>752</b>	1,494
	<b>149,456</b>	170,677

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:

	<b>June 30, 2024 RMB'000 (unaudited)</b>	December 31, 2023 RMB'000 (audited)
Within 3 months	—	2,000
Over 3 months but within 6 months	<b>60,000</b>	—
Over 6 months but within 1 year	—	30,000
	<b>60,000</b>	32,000

## 23. AMOUNTS DUE TO A NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY, RELATED PARTIES AND ASSOCIATES

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

## 24. BANK BORROWINGS

During the six months ended June 30, 2024, the Group obtained new bank borrowings amounting to RMB360,200,000 (six months ended June 30, 2023: RMB494,490,000) and repaid bank borrowings amounted to RMB309,782,000 (six months ended June 30, 2023: RMB309,322,000). At June 30, 2024, the borrowings carry interest at fixed rates ranging from 2.70% to 4.15% (December 31, 2023: 3.15% to 3.70%) per annum or variable rates ranging from 2.44% to 3.70% (December 31, 2023: 3.25% to 4.90%) per annum.

## 25. OTHER BORROWING

The Group entered into a financial arrangement with a third party. Under the arrangement, the Group received RMB3,000,000 from the third party with effective interest rate of 13.35%. The principal is unsecured. As at June 30, 2024, the principal value of RMB995,000 (December 31, 2023: RMB934,000) is repayable within one year and therefore classified as current, the remaining principal value of RMB1,128,000 (December 31, 2023: RMB1,640,000) is repayable more than one year and therefore classified as non-current.

## 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)
<b>Authorised:</b>		
At January 1, 2023, June 30, 2023, January 1, 2024 and June 30, 2024		
— Ordinary shares of HK\$0.01 each	8,000,000,000	80,000,000
<b>Issued and fully paid:</b>		
At January 1, 2023, June 30, 2023, January 1, 2024 and June 30, 2024		
— Ordinary shares of HK\$0.01 each	415,000,000	4,150,000
		<b>At June 30, 2024 and December 31, 2023</b>
		RMB'000 (unaudited)
Presented in the condensed consolidated financial statements		<b>3,285</b>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

### 27. CAPITAL COMMITMENTS

	<b>June 30, 2024</b>	December 31, 2023
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(audited)
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	<b>23,639</b>	19,715
Capital expenditure in respect of the capital injections to the unlisted equity investment fund but not provided in the condensed consolidated financial statements (note)	<b>34,500</b>	34,500
Capital expenditure in respect of the capital injection of a third party but not provided in the consolidated financial statements	<b>1,250</b>	1,250

Note: 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, 2024, 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.

### 28. PLEDGED/RESTRICTED ASSETS

As at June 30, 2024 and December 31, 2023, the following assets were pledged to secure banking facilities granted to the Group or frozen by court:

	<b>June 30, 2024</b>	December 31, 2023
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(audited)
Property, plant and equipment	—	1,772
Right-of-use assets	—	385
Bank deposits	<b>2,098</b>	3,150
	<b>2,098</b>	5,307

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

	Relationship	Six months ended June 30,	
		2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
<b>Sale of goods (note a)</b>			
Shenzhen Jianiushi Food Co. Limited* 深圳嘉牛士有限公司 (“Jianiushi”)	Non-controlling shareholder of a subsidiary	13,133	8,065
Guangdong Ruishiyue Food Co., Limited* 廣東瑞士樂食品有限公司 (“GD Ruishiyue”)	Associate (note b)	982	287
Guangdong Zhongchen Industrial Group Co. Limited* 廣東中晨實業集團有限公司	Subsidiary of ultimate controlling shareholder	32	—
		14,147	8,352
<b>Purchase of goods (note a)</b>			
GD Ruishiyue	Associate (note b)	13,863	17,414
Tianjianjun	Associate	1	209
Guangdong Fengjia Food Co. Limited* 廣東豐嘉食品有限公司 (“Fengjia”)	Joint venture (note c)	—	57,438
		13,864	75,061
<b>Interest income</b>			
Jianiushi (note d)	Non-controlling shareholder of a subsidiary	203	201
Fengjia (note d)	Joint venture (note c)	—	3,509
Kaiyuan Investments Limited 開元投資有限公司 (note e)	Immediate holding company	—	4,739
		203	8,449

\* English name for identification purpose only.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

### 29. RELATED PARTY DISCLOSURES *(continued)*

#### Related Party Transactions *(continued)*

Notes:

- (a) The amounts represent the sales and purchases of biscuits, flour, pasta and confectioneries. The transactions were entered into in the normal course of business of the Group at terms mutually agreed between the parties.
- (b) GD Ruishiyue is the subsidiary of HK Ruishiyue.
- (c) Fengjia has become a subsidiary of the Group since August 28, 2023.
- (d) The amounts represent the interest income on loans to a joint venture and a non-controlling shareholder of a subsidiary.
- (e) The amount represents the interest income on advance to immediate holding company for acquisition of a subsidiary.

#### Related party balances

Details of balances with the Group's related parties are set out in notes 19, 20 and 23.

#### Key management personnel

The remuneration of key management personnel including the directors' remuneration during the six months ended June 30, 2024 and 2023 were as follows:

	Six months ended June 30,	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Short-term benefits	3,181	2,084
Post-employment benefits	15	17
	<b>3,196</b>	2,101



### 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, 2024 (unaudited)	December 31, 2023 (audited)			
Financial assets at FVTPL-unlisted equity investment in the PRC (note a)	RMB28,668,000	N/A	Level 3	Market approach.  The market value is identified by similar market transaction after appropriate adjustment.	The higher the market value, the higher the fair value. (note a)
Financial assets at FVTPL-unlisted equity investment fund in the PRC (note b)	RMB95,641,000	RMB93,666,000	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 b)

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

### 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)*

Notes:

- (a) An increase in market value of similar market transaction would result in an increase in the fair value measurement of Yunfa, and vice versa. A 3% (2023: not applicable) increase in the underlying market value, holding all other variables constant, would increase the fair value of Yunfa by approximately RMB860,000 (2023: not applicable).
- (b) 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% (2023: 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 RMB2,869,000 (2023: RMB2,810,000).

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

#### Reconciliation of Level 3 fair value measurements

	Financial assets At FVTPL RMB'000 (unaudited)
<b>As at January 1, 2023</b>	107,131
Fair value gain recognised in profit or loss	3,151
<b>As at June 30, 2023</b>	110,282
<b>As at January 1, 2024</b>	93,666
Addition of Yunfa	26,800
Fair value gain recognised in profit or loss	3,843
<b>As at June 30, 2024</b>	124,309

#### (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.