



金嗓子控股集團有限公司

GOLDEN THROAT HOLDINGS GROUP COMPANY LIMITED

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

Stock code: 06896

2024

INTERIM REPORT






肠宝益生元 (新一代)
PREBIOTICS
 固体饮料
 净含量/规格: 200克 (10克x20包)
 主要原料获中国发明专利
 专利号: ZL 2009 1 014185.8
 HACCP 10012000
 生产许可证: 皖卫证字(2010)第001号
 本产品不能代替特殊医学用途配方食品、
 婴幼儿配方食品、保健食品等特殊食品

复合益生菌
 西香果微泡含片
 500亿CFU/瓶
 净含量: 200克
 保质期: 24个月
 生产日期见瓶底
 上海百味子健康食品股份有限公司

复合益生菌
 纳豆红曲含片
 3000亿CFU/瓶
 净含量: 200克
 保质期: 24个月
 生产日期见瓶底
 上海百味子健康食品股份有限公司

百味子健康食品
 江佩珍
金嗓子喉宝
 (无蔗糖) 都乐含片
 净含量: 200克
 保质期: 24个月
 生产日期见瓶底
 上海百味子健康食品股份有限公司


金嗓子喉片

Golden
Golden Throat Lozenge
 净含量: 200克
 保质期: 24个月
 生产日期见瓶底
 上海百味子健康食品股份有限公司

复合益生菌
 维生素C含片
 3000亿CFU/瓶
 净含量: 200克
 保质期: 24个月
 生产日期见瓶底
 上海百味子健康食品股份有限公司



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COMPANY PROFILE



Golden Throat Holdings Group Company Limited (the “Company”, together with its subsidiaries, the “Group”) is a leading manufacturer of lozenges in China. The Group’s history dates back to 1956 when Liuzhou No. 2 Sweet Factory (柳州市糖果二廠), the predecessor of Guangxi Golden Throat Co., Ltd. (an indirect wholly-owned subsidiary of the Company), was established. Currently, the Group has developed into a modern integrated group mainly engaging in the manufacture and sale of lozenges and other pharmaceutical and food products.

The Company was incorporated in the Cayman Islands on 2 September 2014 as an exempted company with limited liability. The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 15 July 2015 (the “Listing Date”).

CORPORATE INFORMATION



CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Ms. JIANG Peizhen

EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Ms. LEE Angel Pui Shan

AUTHORISED REPRESENTATIVES

Mr. HE Jinqiang
Ms. LEE Angel Pui Shan

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Guangxi Zhuang Autonomous Region
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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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COMPANY'S WEBSITE

www.goldenthroat.com

STOCK CODE

06896

CORPORATE INFORMATION (CONTINUED)

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
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Cayman Islands

PRINCIPAL BANK

Agricultural Bank of China Limited
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Liuzhou
Guangxi Zhuang Autonomous Region
China

HONG KONG SHARE REGISTRAR

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

LEGAL ADVISER

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

AUDITOR

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

FINANCIAL HIGHLIGHTS



For the six months ended 30 June 2024:

- The Group's revenue increased by approximately RMB44.9 million or 9.4% to approximately RMB524.5 million, as compared to the six months ended 30 June 2023.
- The Group's gross profit increased by approximately RMB29.7 million or 8.2% to approximately RMB391.8 million, as compared to the six months ended 30 June 2023.
- The Group's earnings before interest, taxes, depreciation and amortisation increased by approximately RMB14.4 million or 7.9% to approximately RMB195.6 million, as compared to the six months ended 30 June 2023.
- Profit attributable to equity holders of the Company increased by approximately RMB12.1 million or 9.9% to approximately RMB134.2 million, as compared to the six months ended 30 June 2023.
- The Board did not recommend the declaration of any interim dividend for the six months ended 30 June 2024.

DEFINITIONS

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

“ASEAN”	Association of Southeast Asian Nations
“Audit Committee”	the audit committee of the Board
“Board”	the board of directors of the Company
“CG Code”	the Corporate Governance Code contained in Appendix C1 to the Listing Rules
“Company”	Golden Throat Holdings Group Company Limited (金嗓子控股集團有限公司), an exempted company incorporated with limited liability in the Cayman Islands on 2 September 2014
“Controlling Shareholders”	has the meaning ascribed thereto in the Listing Rules and, unless the context otherwise requires, refers to Mr. ZENG Yong, the Family Trust, Jin Jiang Global and Golden Throat International
“Director(s)”	director(s) of the Company
“Family Trust”	an irrevocable discretionary trust settled by Mr. ZENG Yong as the settlor pursuant to a trust arrangement dated 25 February 2015 in respect of the shares in Jin Jiang Global
“Golden Throat International”	Golden Throat International Holdings Limited, a company incorporated in the British Virgin Islands and beneficially and wholly owned by Jin Jiang Global, and one of the Controlling Shareholders
“Golden Throat Lozenges (OTC)”	Golden Throat Lozenges (金嗓子喉片), one of the Group’s key products and approved as a type of over-the-counter medicine.
“Golden Throat Lozenge Series Products”	Golden Throat Lozenge Series Products (金嗓子喉寶系列產品), one of the Group’s key products and approved as food products.
“HKD” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

DEFINITIONS (CONTINUED)



“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IPO Proceeds”	the net proceeds from the listing of the Shares on the Stock Exchange
“Jin Chen Global”	Jin Chen Global Investment Company Limited, a company incorporated in the British Virgin Islands on 2 September 2014 and its issued shares are held by Jin Chen Employee Holdings Limited as trustee for the benefit of certain employees or former employees of Golden Throat Company and their dependants, and which is not a member of the Group
“Jin Jiang Global”	Jin Jiang Global Investment Company Limited, a company incorporated in the British Virgin Islands and its issued shares are held by Sovereign Trust International Limited as trustee for the benefit of Mr. ZENG Yong and his children and descendants, and one of the Controlling Shareholders
“Jin Qing Global”	Jin Qing Global Investment Company Limited, a company incorporated in the British Virgin Islands on 23 September 2014 and its issued shares are held by Jin Chen Employee Holdings Limited as trustee for the benefit of certain senior management of Golden Throat Company and their dependants, and which is not a member of the Group
“Listing” or “IPO”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“NMPA”	China National Medical Products Administration (中國國家藥品監督管理局), formerly known as China Food and Drug Administration (中國國家食品藥品監督管理總局)
“OTC”	pharmaceutical product(s) which may, upon receiving the NMPA’s approval, be sold over the counter in China at dispensers, pharmacies or retail outlets without requiring a prescription by a medical practitioner

DEFINITIONS (CONTINUED)

“PRC” or “China”	the People’s Republic of China, for the purpose of this report only, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus of the Company dated 30 June 2015 in respect of the global offering of the Shares
“Reporting Period”	the six months ended 30 June 2024
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Shareholder(s)”	holder(s) of any Share(s)
“Share(s)”	ordinary share(s) in the capital of the Company with a nominal value of US\$0.000025 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“United States”	the United States of America, its territories, its possessions and all its jurisdiction
“US\$” or “USD”	United States dollars, the lawful currency of the United States

MANAGEMENT DISCUSSION AND ANALYSIS



This Management Discussion and Analysis Section was prepared on 26 August 2024 (the date of this interim report). It shall be read in conjunction with the unaudited interim condensed consolidated financial statements and notes of the Group for the six months ended 30 June 2024.

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

BUSINESS REVIEW

The Group is a leading manufacturer of lozenges in China. In July 2024, the Group won two prestigious honors in the selection of 2024 China Financing Awards, namely the “Most Promising Listed Company Award (最具潛力上市公司獎)” and the “Annual Most Innovative Product Award (年度最具創新產品獎)”, by virtue of its good performance as well as outstanding product innovation capabilities. In February 2024, “Dule” brand, the main product of the Group, was awarded one of the third batch of China time-honored brands. In December 2023, the Group’s flagship product, Golden Throat Lozenges (OTC), was awarded the honor of Golden Single Product under the category of Chinese traditional medicines in the 2023 China Nonprescription Drug Evaluation by China Nonprescription Medicines Association, and in the 2023 overall statistical ranking of China nonprescription medicines enterprises and product brands, Golden Throat Lozenges (OTC) was awarded No. 1 amongst Chinese traditional medicines (throat) by China Nonprescription Medicines Association. Currently, the Group has developed into a modern integrated group mainly engaging in the manufacture and sale of lozenges, other pharmaceutical and biotech food.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Key Products

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

Golden Throat Lozenges (OTC) – over-the-counter medicine

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

As of 30 June 2024, Golden Throat Lozenges (OTC) were exported to the United States, Canada, the European Union, Australia, Southeast Asia, Middle East, Mexico, Mongolia and Africa, across five continents of the world.

For the six months ended 30 June 2024, the Group's sales of Golden Throat Lozenges (OTC) accounted for approximately 91.2% of its total revenue.





Golden Throat Lozenge Series Products – Food

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

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

As of 30 June 2024, Golden Throat Lozenge Series Products were exported to 23 countries and regions, with India added to the list in early 2024.

For the six months ended 30 June 2024, the Group's revenue from the sales of Golden Throat Lozenge Series Products accounted for approximately 8.3% of its total revenue.

Other Products

Sales of the Group's other products accounted for approximately 0.5% of the Group's total revenue for the six months ended 30 June 2024. One of the Group's other products are Yinxingye Tablet (銀杏葉片). Yinxingye Tablet is mainly designed to facilitate blood circulation, remove blood stasis and dredge energy channels and was approved as a prescription medicine by the NMPA.

Another one of the Group's other products is the Group's new product, Golden Throat Prebiotics (金嗓子腸寶), which is an exclusive nutrition for probiotics, also known as prebiotics. It uses the targeting properties of prebiotics to deliver exclusive nutrition favored by probiotics to specific parts of the probiotic-rich intestine. This results in a significant increase in intestinal probiotics, especially the number and proportion of bifidobacteria. It also increases intestinal probiotics to promote intestinal health. In March 2024, Golden Throat Intestinal Series (prebiotics) passed the test of relevant authorities in Hong Kong, and have entered into the Hong Kong market.

The Group launched a new product, Golden Throat Compound Probiotic Lozenges. The brand-new compound probiotic lozenges, Golden Throat Compound Probiotic Lozenges, was developed by the Group and the scientific research team of "Food Microbial Function Development" of Beijing Agricultural College, representing a breakthrough in China, where proprietary intellectual rights for probiotics are lacking. The new product is an active probiotic developed independently in China and has obtained six patents. It adopts the leading international technologies such as three-layer embedding technology and 360-degree thermal radiation freeze-drying technology to ensure the active quality of probiotics, and is committed to using "Chinese bacteria" to improve the physique of Chinese people.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Research and Development

The Group's business has significantly benefited from its strong track record in research and development. Since 1994, the Group has successfully developed 35 new products for which it has obtained manufacturing permits, including 8 pharmaceutical products (including Jinyin Sanqi Capsule (金銀三七膠囊)), 21 food products, 1 health supplement and 1 medical apparatus product.

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

The Group has undertaken the development of a number of classic famous prescriptions, and two of them have entered the pilot stage of drug development.

Sales, Marketing and Distribution

Branding

The Group believes that strong brand recognition and customer loyalty are key to the recognition of the "Golden Throat (金嗓子)" brand. In July 2024, the Group won two prestigious honors in the selection of 2024 China Financing Awards, namely the "Most Promising Listed Company Award (最具潛力上市公司獎)" and the "Annual Most Innovative Product Award (年度最具創新產品獎)", by virtue of its good performance as well as outstanding product innovation capabilities. In February 2024, "Dule" brand, the main product of the Group, was awarded one of the third batch of China time-honored brands. In December 2023, the Group's flagship product, Golden Throat Lozenges (OTC), was awarded the honor of Golden Single Product under the category of Chinese traditional medicines in the 2023 China Nonprescription Drug Evaluation by China Nonprescription Medicines Association, and in the 2023 overall statistical ranking of China nonprescription medicines enterprises and product brands, Golden Throat Lozenges (OTC) was awarded No. 1 amongst Chinese traditional medicines (throat) by China Nonprescription Medicines Association.



The Group started to employ its international communication strategy in 2023 by launching Golden Throat YouTube channel, inviting bloggers from Indonesia, Thailand, Singapore and other countries to cooperate on the overseas TikTok platform, and planning and producing a variety of short videos with different styles according to their respective characteristics, so as to promote Golden Throat to overseas users through a series of digital communication technologies. After completing the trial in the Southeast Asian market, Golden Throat strengthened its promotion in the European and American markets by making full use of the resources of overseas distributors to produce short videos of Golden Throat brand locally and focus on promotion on the YouTube platform. As of the date of this report, the total display volume of Golden Throat YouTube channel is nearly 80 million times, and the video viewing volume is over 4 million times.

As of 30 June 2024, Golden Throat Lozenge Series Products were exported to 23 countries and regions, with India added to the list in early 2024.

Distribution Network

The Group has established an extensive and structured sales and distribution network throughout China for its (i) over-the-counter medicines; (ii) food products; and (iii) prescription medicines. As at 30 June 2024, substantially all of the Group's revenue was generated from sales to distributors.

As of 30 June 2024, the Group's distribution network covers all provinces, autonomous regions and municipalities in the PRC. In 2024, the Group will continue to expand into new markets as it further strengthens its partnerships with its top distributors and pharmacy chains. In addition, the Group has further streamlined the procurement process for distributors by supplying primary pharmacies and clinics through an online drug procurement platform.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The Group also has a presence in various overseas markets for its products, including the United States, Canada, Japan, the European Union, Australia, Southeast Asia, Middle East, Mexico and Africa, with exports covering a total of 56 countries and regions across five continents of the world. The Group's Golden Throat Lozenges (OTC) was granted the MAL Pharmaceutical Registration Qualification by the Ministry of Health of Malaysia after a long-term rigorous examination and testing. In the second quarter of 2023, the first batch of Golden Throat Lozenges (OTC) will soon be available in mainstream hospitals and clinics at all levels in Malaysia. In March 2024, Golden Throat Intestinal Series (prebiotics) products passed the test of relevant authorities in Hong Kong, and have entered into the Hong Kong market.

The Group has actively responded to China's top-level strategy – the national “Belt and Road” initiative, of which 10 ASEAN countries play a vital role in its strategy. As of the date of this report, the Company has successfully entered into agency agreements with all of the 10 ASEAN countries, and its products have exported to nine countries, except Laos.

The Group established Golden Throat Lozenge Series Products flagship store on online platform Taobao Tmall, with the addition of online exclusive Golden Throat Lozenge Series Products, which include six products comprising of Golden Throat Lozenge Dule Lozenges and five other flavours (including mint, chrysanthemum, red tangerine (桔紅), fructus momordicae and American ginseng) and various fruit candies. In addition, Golden Throat Intestinal Series (prebiotics) and Golden Throat Compound Probiotic Lozenges are also available on Taobao Tmall flagship store.

Nowadays, the dual development of retail pharmacies and online sales has contributed to an efficient and comprehensive distribution system.

Promoters

As of 30 June 2024, the Group has entered into certain products promotion cooperation agreements with 11 promoters. The primary reasons for engaging the promoters in certain regions are: (i) their knowledge of local markets and substantial experience in promoting products; and (ii) their familiarity with local municipal level agents and that the Group can benefit from their facilitation and ongoing feedback of such local markets.



Market Review

In recent years, as the global pharmaceutical market grows steadily with the growth of global population and the increasing level of ageing population, the demand for and the types of medical services and medicines have been rising. Besides, the rising living standard gives rise to the increasing awareness of health management among the citizens, which has fostered the steady development of the global pharmaceutical market. Throat diseases are common and are frequently triggered. Given that the particulate matter 2.5 (PM2.5) has been at an unhealthy level in most of the major cities in China for a long time in recent years, air pollution is one of the main causes of respiratory infections, especially pharyngitis. In addition, broadcasters in the live broadcasting industry, singers, actors and teachers generally use their voices for a long time, with loud volume and frequent throat discomfort symptoms. Such consumers will also pay special attention to throat products. In view of the air pollution and excessive use of voice problem, consumers are more concerned about protecting their throats, and as consumers prefer natural herbal products, throat medicines containing more natural herbal ingredients will become more popular. The pharmaceutical and lozenge market in China is expected to grow continuously.

Since last year, Golden Throat Compound Probiotic Lozenges jointly developed by Golden Throat Group and the scientific research team of “Food Microbial Function Development” of Beijing Agricultural College was launched to market. The new product is an active probiotic that has obtained six patents by using strains with proprietary intellectual property rights. It adopts the leading international technologies such as three-layer embedding technology and 360-degree thermal radiation freeze-drying technology to ensure the active quality of probiotics.

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

In the post-COVID-19 era, the Group believes that two major health issues, namely immunity and gastrointestinal health, are receiving more attention from all age groups, which give rise to the health awareness in the probiotic and further enhanced the market’s reception of probiotic products. At present, the probiotic industry has high technical barriers and domestic raw materials are mainly dominated by imported brands. The Group believes that it is only possible to create a competitive brand in the market by possessing core technologies and the Group will continue to conduct research and development of its products in future.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

At the end of 2022, the Beijing Municipal Health Commission organized pharmaceutical, clinical and traditional Chinese medicine experts to formulate the Catalogue of Medicines for People Infected with COVID-19 (First Edition) (《新冠病毒感染者用藥目錄(第一版)》) with reference to the actual practice of medication treatment, in which our Golden Throat Lozenge (OTC) were specifically recommended for pharyngeal symptoms such as sore throat and dry throat.

Future Expansion and Upgrading Plan

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

Over the past few years, there has been a profound impact on economic development, industry patterns and lifestyles due to the impact of the COVID-19 pandemic. Despite the short-term turbulence, people have become more concerned about their physical and mental health, and the opportunities in the industry have increased, and the market is still full of momentum and hope. In view of this, the Group continued to strengthen its “single brand, multi-category, multichannel” development strategy, focusing on product, channel and retail operation capabilities and supply chain management, continued to attract consumers' attention through creative features, exclusive product sales and innovative diversified channel development, aiming to enrich the brand image and influence in a more three-dimensional way. Under the market trend of consumption upgrading, the Group will continue to innovate in promoting the development of new products such as genetic medicines, traditional Chinese medicine prescriptions and specialty health foods, and is committed to promoting the development of China's mass health industry.

Nowadays, people mainly rely on online purchasing while E-commerce and new retails continue to develop. The Group's Golden Throat WeChat Mini Program Mall was launched in early 2020. We will continue to expand online sales channels in 2024, and we believe there would be breakthroughs in our online business in the future.

To further enhance the popularity of its products and awareness of its brand and image in China, the Group will continue to maintain and promote its “Golden Throat (金嗓子)” brand with the goal of establishing it as a well-known household brand recognised for effective, safe and curative lozenge products in China. The Group plans to expand and enhance its media marketing and promotion efforts, by increasingly advertising via internet media that has a broader coverage. The Group's dedicated marketing team will continue to work closely with its distributors to design and carry out effective and targeted marketing campaigns and promotional activities.



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

In 2021, the Group selected a land of 48 mu (畝) located in the south of our new medicine production and research and development base as the new site for the second phase of our production base of Golden Throat, with the expected usable area of about 50,000 square meters when the construction is completed. According to our plan, a production plant for mass health industry and a research and development center for mass health industry will be built. Upon completion, a high-tech development and research team as well as smart production and smart sales will be deployed to develop more great health products. As of 30 June 2024, the Group has completed the construction of underground buildings and commenced the construction of above-ground buildings for Phase II project.

The Golden Throat's second phase construction will help to establish the core leading position of the technical platform of Golden Throat Doctoral Workstation, Golden Throat Professorial Workstation, Golden Throat Throat Research Institute, Golden Throat Gastrointestinal Research Institute and Golden Throat Heart and Brain Research Institute; develop new products such as genetic drugs, traditional Chinese medicine formulas, special medical devices, special nutritional food and special health food; and promote the implementation of the second phase of the Golden Throat base to create a continuous innovation to drive the development of the Golden Throat great health industry.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2024, the Group's revenue increased by approximately RMB44.9 million or 9.4% to approximately RMB524.5 million, as compared to approximately RMB479.6 million for the six months ended 30 June 2023. The increase in the Group's revenue was mainly due to the increase in the Group's sales of Golden Throat Lozenges (OTC) in the first half of 2024.

For the six months ended 30 June 2024, the Group's revenue generated from sales of Golden Throat Lozenges (OTC) was approximately RMB478.4 million, representing an increase of approximately RMB50.3 million or 11.7% as compared to approximately RMB428.1 million for the six months ended 30 June 2023.

For the six months ended 30 June 2024, the Group's revenue from the sales of the Golden Throat Lozenge Series Products amounted to approximately RMB43.3 million as compared to approximately RMB49.2 million for the six months ended 30 June 2023, representing a decrease of approximately RMB5.9 million or 12.0%.

For the six months ended 30 June 2024, the Group's revenue from sales of other products amounted to approximately RMB2.8 million as compared to approximately RMB2.3 million for the six months ended 30 June 2023, representing an increase of approximately RMB0.5 million or 21.7%.

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

	For the six months ended 30 June 2024 (Unaudited)					
	Sales volume <i>Boxes '000</i>	Revenue <i>RMB'000</i>	Cost <i>RMB'000</i>	Gross margin <i>%</i>	Unit price <i>RMB</i>	Unit cost <i>RMB</i>

Golden Throat Lozenges (OTC)	64,697	478,384	114,530	76.1	7.4	1.8
Golden Throat Lozenge Series Products	7,470	43,304	15,328	64.6	5.8	2.0

	For the six months ended 30 June 2023 (Unaudited)					
	Sales volume <i>Boxes '000</i>	Revenue <i>RMB'000</i>	Cost <i>RMB'000</i>	Gross margin <i>%</i>	Unit price <i>RMB</i>	Unit cost <i>RMB</i>

Golden Throat Lozenges (OTC)	56,458	428,063	97,414	77.2	7.6	1.7
Golden Throat Lozenge Series Products	8,216	49,244	17,651	64.2	6.0	2.1

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)



Cost of Sales

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

The Group's cost of sales increased from approximately RMB117.5 million for the six months ended 30 June 2023 to approximately RMB132.7 million for the six months ended 30 June 2024. The increase in cost of sales of the Group for the six months ended 30 June 2024 was primarily because of the increase in the sales of Golden Throat Lozenges (OTC).

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

	For the six months ended 30 June 2024 (Unaudited)		For the six months ended 30 June 2023 (Unaudited)	
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>
Materials	89,617	67.6%	80,376	68.4%
Labor costs	21,168	16.0%	19,878	16.9%
Depreciation	13,325	10.0%	10,349	8.8%
Other costs	8,577	6.4%	6,925	5.9%
Total	132,687	100.0%	117,528	100.0%

Gross Profit

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

For the six months ended 30 June 2024, the Group's gross profit increased to approximately RMB391.8 million, representing an increase of approximately RMB29.7 million or 8.2% as compared to approximately RMB362.1 million for the six months ended 30 June 2023. The increase in the Group's gross profit was mainly due to the increase in sales volume of the Group's products. The Group's gross margin was 74.7% for the six months ended 30 June 2024 as compared to 75.5% for the corresponding period of 2023.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Other Income and Gains

The Group's other income and gains mainly comprised government grants and interest income. For the six months ended 30 June 2024, the Group's other income and gains increased to approximately RMB21.1 million, representing an increase of approximately RMB4.9 million as compared to approximately RMB16.2 million for the six months ended 30 June 2023, mainly due to the increase in the Group's interest and rental income as compared with the correspondence period of previous year.

Selling and Distribution Expenses

The Group's selling and distribution expenses primarily consisted of (i) advertising expenses; (ii) marketing expenses; (iii) employee benefit expenses; and (iv) other miscellaneous expenses. For the six months ended 30 June 2024, the Group's selling and distribution expenses amounted to approximately RMB184.2 million, representing an increase of approximately RMB25.5 million or 16.1% as compared to approximately RMB158.7 million for the six months ended 30 June 2023. The increase was primarily due to the increase in the Group's promotion and advertising expenses as compared with the correspondence period of previous year.

Administrative Expenses

The Group's administrative expenses primarily consisted of (i) salary and welfare expenses for management and administrative personnel; (ii) travel and office expenses; (iii) research and development costs; (iv) depreciation and amortisation costs; (v) amortisation of right-of-use assets; (vi) professional services fees, and (vii) other miscellaneous expenses. For the six months ended 30 June 2024, the Group's administrative expenses amounted to approximately RMB42.2 million, representing a decrease of approximately RMB7.3 million or 14.7% as compared to approximately RMB49.5 million for the six months ended 30 June 2023. The decrease was mainly due to the higher research and development expenses incurred in the correspondence period of previous year.

Other Expenses

Other expenses of the Group mainly include (i) exchange losses and (ii) donation expenses. For the six months ended 30 June 2024, the Group's other expenses amounted to approximately RMB10.3 million, representing an increase of approximately RMB2.1 million as compared to approximately RMB8.2 million for the six months ended 30 June 2023. The increase was mainly due to the increase in exchange losses compared with the correspondence period of previous year.



Finance Costs

For the six months ended 30 June 2024, the Group's finance costs amounted to approximately RMB6.2 million, representing a decrease of approximately RMB0.4 million or 6.1% as compared to approximately RMB6.6 million for the six months ended 30 June 2023. No significant change as compared with the correspondence period of previous year.

Income Tax Expense

For the six months ended 30 June 2024, the Group's income tax expense amounted to approximately RMB35.8 million, representing an increase of approximately RMB2.8 million or 8.5% as compared to approximately RMB33.0 million for the six months ended 30 June 2023. The effective tax rate for the six months ended 30 June 2024 and the corresponding period of 2023 was 21.1% and 21.3%, respectively.

Net Profit

The Group's net profit for the six months ended 30 June 2024 was approximately RMB134.2 million, representing an increase of approximately RMB12.1 million or 9.9% as compared to approximately RMB122.1 million for the six months ended 30 June 2023. The increase in the Group's net profit was mainly due to the increase in sales volume of the Group's products. For the details of increase in sales volume of the Group's products, please refer to the section headed "Revenue" above.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Net Current Assets

As at 30 June 2024, the Group had net current assets of approximately RMB810.0 million, as compared to approximately RMB1,110.7 million as at 31 December 2023. The current ratio of the Group was 2.0 and 2.6 as at 30 June 2024 and 31 December 2023, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Borrowings and the Pledge of Assets

As at 30 June 2024, the Group had an aggregate interest-bearing bank borrowings and other borrowings of approximately RMB512.0 million, as compared to approximately RMB412.3 million as at 31 December 2023. Amongst the borrowings, approximately RMB502.1 million are repayable within one year, and approximately RMB9.9 million are repayable in the second year. As compared with 31 December 2023, bank borrowings and other borrowings increased by approximately RMB99.7 million or 24.2%.

As of 30 June 2024, all bank loans bear interest at a fixed interest rate. For details of such borrowings, please refer to note 13 of the Group's interim condensed consolidated financial statements.

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

As at 30 June 2024, certain of the Group's bank loans were secured by:

- (i) the pledge of the Group's bills receivable amounting to RMB10,347,000 (31 December 2023: RMB8,821,000); and
- (ii) the pledge of certain of the Group's deposits amounting to RMB40,767,000 (31 December 2023: RMB97,025,000).

Gearing Ratio

As at 30 June 2024, the gearing ratio of the Group, which is calculated by dividing total borrowings by total equity, increased to approximately 39.9% from approximately 26.6% as at 31 December 2023.

Contingent Liabilities

As at 30 June 2024, the Group did not have any significant contingent liabilities.



Foreign Exchange Risk

The Group's transactions are mainly denominated and settled in RMB. The Group had certain amounts of deposits in HKD and USD, amounting to approximately HK\$25.4 million and US\$11.2 million as of 30 June 2024, respectively. The Group has exposure to foreign exchange risk that arises from fluctuations in the exchange rates of HKD to RMB and USD to RMB. The management of the Group will monitor the foreign exchange risk on an ongoing basis, and the Board expects that fluctuations in HKD and USD will not have a significant impact on the business and financial performance of Group.

For the six months ended 30 June 2024, the Group did not use any financial instruments to hedge its foreign exchange risk.

EMPLOYEES AND EMOLUMENTS POLICY

As at 30 June 2024, the Group employed a total of 874 full-time employees, as compared to a total of 860 full-time employees as of 30 June 2023. The staff costs, including Directors' emoluments but excluding any contributions to pension scheme, were approximately RMB35.8 million for the six months ended 30 June 2024 as compared to approximately RMB35.9 million for the corresponding period in 2023. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employees. In addition to a basic salary, year-end bonuses are offered to those staffs with outstanding performances to attract and retain capable employees of the Group. Moreover, the Company also adopted a share option scheme on 8 June 2017, the purpose of which is to enable the Board to grant share options to selected participants as incentives or rewards for their contribution or potential contribution to the development and growth of the Group.

The Group adheres to the concept of "benefiting mankind and repaying society", and currently employs more than 100 disabled employees. The Group provided employees with Baojun new energy electric vehicles produced by Liuzhou SGMW (柳州上汽通用五菱) for employees commuting to work. The Group ordered over 700 new energy electric vehicles from SGMW, which would not only solve the transportation problem of employees with long commuting distance, but also effectively stimulate domestic demand and help economic growth and recovery.

With respect to trainings, the Company proactively arranges its employees to study the newly promulgated laws and regulations in the PRC so as to ensure that products produced by the Group are in compliance with the laws and regulations. The Group also organises various training programmes covering the knowledge of Chinese medicinal herbs and Chinese medicine decoction pieces as well as the trainings in relation to production quality standard of pharmaceutical products, equipment maintenance and repair and so forth, which target the employees from different business departments and functions. All of these are designed to provide support to the technological development and team building of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

For the six months ended 30 June 2024, the Group did not hold any significant investments or make any material acquisitions or disposals of subsidiaries, associates or joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 30 June 2024, the Group has committed to a preliminary investment plan of approximately RMB76.3 million to build the Phase II of a new medicine production and research and development base located at Luwei Industrial Concentration Area, Liuzhou, Guangxi Zhuang Autonomous Region. Saved as disclosed above, the Group did not have any specific plan for material investments or acquisitions of capital assets.

SIGNIFICANT SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

As of the date of this report, the Group does not have any significant subsequent events after the Reporting Period.

PROSPECTS

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

In the second half of 2024, the Group will continue to seek to strengthen its leading position in the lozenge market and continue to expand its market share in the PRC pharmaceutical and food markets. Moreover, the Group will aim to increase its production capacities, expand its product portfolio and strengthen its research and development capabilities. It will enhance its food and other pharmaceutical businesses and promote synergies across different product segments. The Group will aim to enhance its brand recognition through effective and targeted marketing efforts, and will continue to expand its distribution network, to refine associated infrastructure and to leverage on its existing distribution network to promote different products.



USE OF NET PROCEEDS FROM LISTING AND CHANGE IN USE OF PROCEEDS

The IPO Proceeds (including the additional proceeds pursuant to the partial exercise of the over allotment option), after deducting underwriting fees and related expenses, amounted to approximately HK\$909.6 million, will be utilized in the manner set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus and the announcement of the Company dated 30 March 2022 in relation to change of the use of IPO Proceeds.

From the Listing Date to 30 June 2024, the Group had utilised approximately HK\$698.47 million, representing approximately 76.79% of the IPO Proceeds. Set out below is a summary of the utilised and unutilised IPO Proceeds:

Revised use of IPO Proceeds	Revised	Balance	Amounts utilised	Balance
	allocation of IPO Proceeds <i>HK\$'000</i>	unutilised as at 1 January 2024 <i>HK\$'000</i>	during the six months ended 30 June 2024 <i>HK\$'000</i>	unutilised as at 30 June 2024 <i>HK\$'000</i>
Construction in Luowei Industrial Concentration Area	208,982	-	-	-
Construction of food production plant and food research center	189,984	186,621	14,590	172,031
Market expansion	286,685	-	-	-
Product development	82,326	-	-	-
Establishment of Chinese herbs processing base	37,997	37,997	-	37,997
Refinement and upgrade of electronic code system	12,666	1,365	260	1,105
General working capital	90,960	-	-	-
Total	909,600	225,983	14,850	211,133

As of 30 June 2024, the Group has not used any IPO Proceeds for the establishment of a Chinese herbal medicine processing base at the site in Laibin City, Guangxi Zhuang Autonomous Region. The Group plans to use approximately HK\$37,997,000 (or approximately 4% of the IPO Proceeds) in this project and will commence the aforementioned project in the second half of 2024.

The unutilized amount of IPO Proceeds is expected to be fully utilized by 2028.

INTERIM DIVIDEND

The Board did not recommend the declaration of any interim dividend for the six months ended 30 June 2024.

CORPORATE GOVERNANCE/OTHER INFORMATION

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as its own code of corporate governance. Save as disclosed below, the Company complied with all the applicable code provisions set out in the CG Code during the six months ended 30 June 2024.

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

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry to all Directors, the Company confirms that all Directors complied with the required standards set out in the Model Code during the six months ended 30 June 2024.

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

There was no purchase, sale or redemption of any listed securities (including sale of treasury shares) of the Company by the Company or any of its subsidiaries during the six months ended 30 June 2024.

As at 30 June 2024, the Company did not hold any treasury shares.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The Audit Committee together with the Board have reviewed the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2024. The Audit Committee has also reviewed the effectiveness of the Group's risk management and internal control systems and considered such systems in place to be effective and adequate.

The interim results for the six months ended 30 June 2024 are unaudited.



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

As at 30 June 2024, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were recorded in the register kept by the Company pursuant to section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

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

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

Notes:

- (1) Unless the context otherwise requires, terms used in these notes have the meanings prescribed to them in the Prospectus.
- (2) The calculation is based on the total number of 739,302,000 Shares in issue as at 30 June 2024.
- (3) The Senior Management Trust and the Employees Trust were combined on 10 July 2017, and the Employees Trust has been replaced.
- (4) The Family Trust, an irrevocable discretionary trust established by Mr. ZENG Yong (as the settlor) for the benefit of Mr. ZENG Yong and his children and descendants with Sovereign Trust International Limited acting as the trustee, holds the entire issued share capital of Golden Throat International through Jin Jiang Global. As a result, Mr. ZENG Yong is deemed to be interested in 453,025,800 Shares held by Golden Throat International (which is 100% owned by Jin Jiang Global). Mr. ZENG is also the settlor of the Senior Management Trust which holds the 7.97% (or 58,937,400 Shares) of the issued share capital of the Company immediately after the completion of the global offering and the partial exercise of the over-allotment option. Furthermore, for so long as Jin Chen Employee Holdings Limited holds or controls shares in the Company, all voting rights attaching to such shares shall be exercised by an investment review panel consisting of Ms. JIANG Peizhen and/or such other person(s) as they may wish to appoint. Mr. ZENG Yong also holds 4,050,500 Shares, as a result, Mr. ZENG is deemed to be interested in 516,013,700 Shares in aggregate.

CORPORATE GOVERNANCE/OTHER INFORMATION (CONTINUED)

- (5) Ms. JIANG Peizhen is the protector of the Senior Management Trust. For so long as Jin Chen Employee Holdings Limited holds or controls shares in the Company, all voting rights attaching to such shares shall be exercised by an investment review panel consisting of Ms. JIANG Peizhen and/or such other person(s) as they may wish to appoint. As a result, Ms. JIANG Peizhen is deemed to be interested in 58,937,400 Shares of the Company.
- (6) The Senior Management Trust, an irrevocable discretionary trust established by Mr. ZENG Yong (as the settlor) for the benefit of certain senior management employed or formerly employed by Guangxi Golden Throat and their dependents including Mr. HUANG Jianping, with Jin Chen Employee Holdings Limited as the trustee, holds the entire issued share capital of Jin Qing Global. Accordingly, Mr. HUANG Jianping is deemed to be interested in 17,100,000 Shares held by Jin Qing Global.
- (7) The Senior Management Trust, an irrevocable discretionary trust established by Mr. ZENG Yong (as the settlor) for the benefit of certain senior management employed or formerly employed by Guangxi Golden Throat and their dependents including Mr. ZENG Kexiong, with Jin Chen Employee Holdings Limited as the trustee, holds the entire issued share capital of Jin Qing Global. Accordingly, Mr. ZENG Kexiong is deemed to be interested in 17,100,000 Shares held by Jin Qing Global.
- (8) The Senior Management Trust, an irrevocable discretionary trust established by Mr. ZENG Yong (as the settlor) for the benefit of certain senior management employed or formerly employed by Guangxi Golden Throat and their dependents including Mr. HE Jinqiang, with Jin Chen Employee Holdings Limited as the trustee, holds the entire issued share capital of Jin Qing Global. Accordingly, Mr. HE Jinqiang is deemed to be interested in 17,100,000 Shares held by Jin Qing Global.

Save as disclosed above, as at 30 June 2024, so far as is known to the Directors of the Company, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register kept by the Company pursuant to section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

No rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company were granted by the Company to any Director or their respective spouse or children under 18 years of age, nor were any such rights exercised by them, nor was the Company or any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate during the six months ended 30 June 2024.



SHARE OPTION SCHEME

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

No share options have been granted, exercised, cancelled or lapsed under the Share Option Scheme since the adoption of the Share Option Scheme and up to the date of this interim report, and there were no outstanding share options as at 1 January 2024 and 30 June 2024, respectively.

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

As at 30 June 2024, to the knowledge of the Directors, the interests or short positions of the following persons (excluding the Directors or chief executive of the Company, whose interests are disclosed on pages 26 to 27 above) in the Shares or underlying Shares of the Company, which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

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

CORPORATE GOVERNANCE/OTHER INFORMATION (CONTINUED)

Notes:

- (1) Terms used in these notes have the meanings prescribed to them in the Prospectus.
- (2) All interests stated are long positions.
- (3) The calculation is based on the total number of 739,302,000 Shares in issue as at 30 June 2024.
- (4) The Family Trust, an irrevocable discretionary trust established by Mr. ZENG Yong (as the settlor) for the benefit of Mr. ZENG Yong and his children and descendants. Sovereign Trust International Limited is the trustee of the Family Trust and holds 100% issued share capital of Jin Jiang Global, which then holds 100% issued share capital of Golden Throat International, thus the Family Trust, Sovereign Trust International Limited and Jin Jiang Global are each deemed to be interested in the 453,025,800 Shares held by Golden Throat International, which represents 61.28% of the issued share capital of the Company.
- (5) The Senior Management Trust and the Employees Trust were combined on 10 July 2017, and the Employees Trust has been replaced.
- (6) Jin Chen Employee Holdings Limited, the trustee of the Senior Management Trust, holds 100% of issued share capital of Jin Chen Global, which holds 41,837,400 Shares of the Company, and Jin Qing Global, which holds 17,100,000 Shares of the Company, and thus holds, in aggregate, 58,937,400 Shares of the Company. As a result, Jin Chen Employee Holdings Limited is deemed to be interested in 7.97% of the issued share capital of the Company.

Save as disclosed above, as at 30 June 2024, the Directors are not aware of any other person (excluding the Directors or chief executive of the Company, whose interests are disclosed on pages 26 to 27 above) who has interests or short positions in the Shares or underlying Shares of the Company, which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

CHANGES IN INFORMATION OF DIRECTORS

Since 5 June 2024, Mr. QIN Jiesheng has been appointed as an independent non-executive Director of the Company and a member of the Audit Committee.

Save as disclosed in this report, there are no other change in information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2024



	Notes	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
REVENUE	5	524,517	479,647
Cost of sales		(132,687)	(117,528)
Gross profit		391,830	362,119
Other income and gains		21,083	16,153
Selling and distribution expenses		(184,158)	(158,724)
Administrative expenses		(42,240)	(49,520)
Other expenses		(10,346)	(8,208)
Finance costs		(6,174)	(6,643)
PROFIT BEFORE TAX	6	169,995	155,177
Income tax expense	7	(35,799)	(33,033)
PROFIT FOR THE PERIOD		134,196	122,144
Attributable to: Owners of the parent		134,196	122,144
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	9	RMB18.15 cents	RMB16.52 cents

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2024

	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
PROFIT FOR THE PERIOD	134,196	122,144
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	1,431	10,811
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	1,431	10,811
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	1,431	10,811
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	135,627	132,955
Attributable to:		
Owners of the parent	135,627	132,955

Interim Condensed Consolidated Statement of Financial Position

30 June 2024



	Notes	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	415,231	412,437
Investment properties		12,211	12,426
Advance payments for property plant and equipment		2,065	1,555
Right-of-use assets		32,253	33,833
Deferred tax assets		21,273	21,155
Total non-current assets		483,033	481,406
CURRENT ASSETS			
Inventories		87,510	63,209
Trade and bills receivables	11	278,043	419,662
Prepayments, other receivables and other assets		143,391	165,018
Due from related parties	15(c)(i)	521	517
Financial assets at fair value through profit or loss		50,000	40,000
Pledged deposits		40,767	97,025
Cash and cash equivalents		990,249	1,032,200
Total current assets		1,590,481	1,817,631
CURRENT LIABILITIES			
Trade payables	12	30,439	17,527
Other payables and accruals		214,281	227,198
Interest-bearing bank and other borrowings	13	502,139	412,340
Due to a director	15(c)(iii)	241	240
Due to related parties	15(c)(ii)	869	869
Tax payable		32,499	48,641
Government grants		25	75
Total current liabilities		780,493	706,890
NET CURRENT ASSETS		809,988	1,110,741
TOTAL ASSETS LESS CURRENT LIABILITIES		1,293,021	1,592,147

Interim Condensed Consolidated Statement of Financial Position (Continued)

30 June 2024

	Note	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		1,293,021	1,592,147
NON-CURRENT LIABILITIES			
Other payables and accruals		560	609
Interest-bearing bank and other borrowings	13	9,900	–
Deferred tax liabilities		–	40,839
Total non-current liabilities		10,460	41,448
Net assets		1,282,561	1,550,699
EQUITY			
Equity attributable to owners of the parent			
Share capital		113	113
Share premium		675,410	675,410
Reserves		607,038	875,176
Total equity		1,282,561	1,550,699

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024



	Note	Attributable to owners of the parent							Total equity RMB'000
		Share capital RMB'000	Share premium RMB'000	Capital reserve* RMB'000	Statutory and other surplus reserves* RMB'000	Other reserve* RMB'000	Exchange fluctuation reserve* RMB'000	Retained profits* RMB'000	
At 1 January 2024 (audited)		113	675,410	8,952	316,400	(24)	64,714	485,134	1,550,699
Profit for the period		-	-	-	-	-	-	134,196	134,196
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations		-	-	-	-	-	1,431	-	1,431
Total comprehensive income for the period		-	-	-	-	-	1,431	134,196	135,627
Final 2023 dividend declared	8	-	-	-	-	-	-	(403,765)	(403,765)
At 30 June 2024 (unaudited)		113	675,410	8,952	316,400	(24)	66,145	215,565	1,282,561

* These reserve accounts comprise the consolidated reserves of RMB607,038,000 in the interim condensed consolidated statement of financial position as at 30 June 2024.

Interim Condensed Consolidated Statement of Changes in Equity (Continued)

For the six months ended 30 June 2023

	Note	Attributable to owners of the parent							Total equity RMB'000
		Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory and other surplus reserves RMB'000	Other reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	
At 1 January 2023 (audited)		113	675,410	8,952	261,246	(24)	60,095	533,319	1,539,111
Profit for the period		-	-	-	-	-	-	122,144	122,144
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations		-	-	-	-	-	10,811	-	10,811
Total comprehensive income for the period		-	-	-	-	-	10,811	122,144	132,955
Final 2022 dividend declared	8	-	-	-	-	-	-	(243,193)	(243,193)
At 30 June 2023 (unaudited)		113	675,410	8,952	261,246	(24)	70,906	412,270	1,428,873

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024



	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	169,995	155,177
Adjustments for:		
Depreciation of property, plant and equipment	17,881	17,591
Depreciation of items of investment properties	215	–
Depreciation of right-of-use assets	1,524	1,811
Recognition of government grants	(50)	(133)
(Gain)/loss on disposal of items of property, plant and equipment	(43)	3
Investment income from financial assets at fair value through profit or loss	(818)	(629)
Foreign exchange differences, net	9,368	7,823
Bank interest income	(14,260)	(11,831)
Finance costs	6,174	6,643
Impairment of trade receivables, net	(199)	527
Impairment of other receivables, net	(2)	149
	189,785	177,131
Increase in inventories	(24,301)	(38,939)
Decrease in trade and bills receivables	141,818	401,936
Decrease/(increase) in prepayments, other receivables and other assets	21,629	(29,484)
Increase in amounts due from related parties	(4)	(2,161)
Increase in trade payables	12,912	2,892
Increase in amounts due to related parties	–	3
Increase in amounts due to a director	1	8
Decrease in other payables and accruals	(19,245)	(157,639)
Cash generated from operations	322,595	353,747
Interest received	14,260	11,831
Interest paid	(6,174)	(6,643)
Income tax paid	(92,898)	(101,705)
Net cash flows from operating activities	237,783	257,230

Interim Condensed Consolidated Statement of Cash Flows (Continued)

For the six months ended 30 June 2024

	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Net cash flows from operating activities	237,783	257,230
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(14,832)	(7,871)
Purchases of financial assets at fair value through profit or loss	(140,000)	(70,000)
Proceeds from disposal of financial assets at fair value through profit or loss	130,818	80,629
Increase in amounts due to a director	–	2,289
Proceeds from disposal of items of property, plant and equipment	58	329
Increase in time deposits with original maturity of over three months	(5,461)	(43,355)
Net cash flows used in investing activities	(29,417)	(37,979)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank loans	253,039	151,031
Repayment of bank loans	(153,340)	(162,586)
Dividends paid to shareholders	(403,765)	(243,193)
Decrease/(increase) in pledged deposits	56,258	(10,204)
Net cash flows used in financing activities	(247,808)	(264,952)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(39,442)	(45,701)
Cash and cash equivalents at beginning of period	986,488	885,515
Effect of foreign exchange rate changes, net	(7,970)	2,789
CASH AND CASH EQUIVALENTS AT END OF PERIOD	939,076	842,603
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position	990,249	895,958
Time deposits with original maturity of over than three months when acquired	(51,173)	(53,355)
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows	939,076	842,603



1. CORPORATE AND GROUP INFORMATION

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

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

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

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standards (“HKAS”) 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2023.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period’s financial information.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the “2020 Amendments”)</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the “2022 Amendments”)</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(continued)

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

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.



4. OPERATING SEGMENT INFORMATION

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

5. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
<i>Revenue from contracts with customers</i>	524,517	479,566
<i>Revenue from other sources</i>		
Gross rental income	-	81
Total	524,517	479,647

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

Notes to the Interim Condensed Consolidated Financial Information (Continued)

6. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Cost of inventories sold	132,687	117,528
Depreciation of property, plant and equipment	17,881	17,591
Depreciation of right-of-use assets	1,524	1,811
Investment income from financial assets at fair value through profit or loss	(818)	(629)
Bank interest income	(14,260)	(11,831)
Foreign exchange differences, net	9,368	7,823
(Gain)/loss on disposal of items of property, plant and equipment	(43)	3

7. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly is not subject to income tax.

The Group's subsidiary incorporated in Hong Kong is not liable for profits tax as it did not have any assessable profits arising in Hong Kong during the period.

The provision for Chinese Mainland income tax has been made at the applicable income tax rate of 25% on the assessable profits of certain PRC subsidiaries of the Group in accordance with the PRC Corporate Income Tax Law. Two subsidiaries of the Group in Chinese Mainland are qualified as companies under the development strategy of western region in Chinese Mainland and were subject to tax at a preferential income tax rate of 15% (2023: 15%) for the period. Other two subsidiaries of the Group in Chinese Mainland were entitled to a preferential income tax rate of 20% (2023: 20%) as small and micro enterprises with the first RMB3,000,000 of annual taxable income eligible for a 75% tax reduction (2023: 75%).



7. INCOME TAX *(continued)*

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

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Current tax:		
Charge for the period	29,756	30,987
Deferred tax	6,043	2,046
Total tax charge for the period	35,799	33,033

8. DIVIDENDS

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Final declared and paid – HK\$0.6 (2023: HK\$0.36) per ordinary share	403,765	243,193

The Board did not declare any interim dividend for the six months ended 30 June 2024 (the six months ended 30 June 2023: Nil).

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

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 739,302,000 (2023: 739,302,000) in issue during the period.

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

10. PROPERTY, PLANT AND EQUIPMENT

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Carrying amount at beginning of period/year	412,437	425,986
Additions	20,690	22,622
Depreciation provided during the period/year	(17,881)	(35,381)
Transfer to investment properties	–	(303)
Disposals	(15)	(487)
Carrying amount at end of period/year	415,231	412,437

11. TRADE AND BILLS RECEIVABLES

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Trade receivables	42,405	55,721
Bills receivable	238,121	366,623
Impairment	280,526 (2,483)	422,344 (2,682)
Net carrying amount	278,043	419,662



11. TRADE AND BILLS RECEIVABLES *(continued)*

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

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Less than 3 months	30,185	47,419
3 to 6 months	5,619	2,387
6 to 12 months	2,858	2,376
1 to 2 years	1,027	729
Over 2 years	233	128
Total	39,922	53,039

As at 30 June 2024, the Group has bills receivable amounting to RMB10,347,000 (31 December 2023: RMB8,821,000) to secure bank loans (note 13).

12. TRADE PAYABLES

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

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Less than 3 months	26,931	14,446
3 to 6 months	1,148	774
6 to 12 months	154	566
1 to 2 years	585	545
Over 2 years	1,621	1,196
Total	30,439	17,527

Notes to the Interim Condensed Consolidated Financial Information (Continued)

13. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Maturity	30 June 2024		31 December 2023	
		Effective interest rate (%)	RMB'000	Effective interest rate (%)	RMB'000
Current					
Bank loans – secured	Within 1 year	1.65-3.55	48,900	1.65-3.65	98,900
Bank loans – unsecured	Within 1 year	3.10-4.10	358,762	1.30-4.10	270,000
Current portion of long term bank loans – unsecured	Within 1 year	3.10-3.20	40,100	–	–
Discounted bills receivable	Within 1 year	1.50-2.55	54,377	1.25-2.30	43,440
Total – current			502,139		412,340
Non-current					
Bank loans – unsecured	In the second year	3.20	9,900	–	–
Total			512,039		412,340
Analysed into:					
Bank loans repayable:					
	Within one year or on demand		502,139		412,340
	In the second year		9,900		–

Note:

Certain of the Group's bank loans are secured by:

- (i) the pledge of the Group's bills receivable amounting to RMB10,347,000 (31 December 2023: RMB8,821,000) (note 11); and
- (ii) the pledge of certain of the Group's deposits amounting to RMB40,767,000 (31 December 2023: RMB97,025,000).



14. COMMITMENTS

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

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Buildings	76,343	94,321

15. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with related parties during the period:

		For the six months ended 30 June	
	Note	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
An entity ultimately controlled by a director Guangxi Changbao Biological Technology Co., Ltd. Purchases of products	(i)	1,874	2,227

Note:

(i) The purchase prices were determined by arm's length negotiation between the Group and the related party.

(b) Other transactions with related parties:

As at 31 December 2023, the Group's subsidiary, Guangxi Golden Throat Co., Ltd., has guaranteed certain bank loans made to an entity ultimately controlled by a director of RMB9,950,000. During the period, the guarantee was released.

15. RELATED PARTY TRANSACTIONS *(continued)*

- (c) Outstanding balances with related parties:
- (i) The Group had an outstanding balance due from a shareholder of the Company and entities controlled by a shareholder of RMB521,000 (31 December 2023: RMB517,000) as at the end of the reporting period. The outstanding balance is unsecured, interest-free and payable on demand.
 - (ii) The Group had an outstanding balance due to entities controlled by a shareholder of RMB869,000 (31 December 2023: RMB869,000) as at the end of the reporting period. This balance is unsecured, interest-free and has no fixed terms of repayment.
 - (iii) The Group had an outstanding balance due to a director of RMB241,000 (31 December 2023: RMB240,000) as at the end of the reporting period. The balance is unsecured, interest-free and repayable on demand.
 - (iv) Included in the Group's prepayments, other receivables and other assets are prepayments of RMB8,584,000 (31 December 2023: RMB701,000) to a related party controlled by a director of the Company.
- (d) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Short-term employee benefits	5,747	5,730
Pension scheme contributions	320	312
Total compensation paid to key management personnel	6,067	6,042



16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

Fair value hierarchy

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

Assets measured at fair value:

As at 30 June 2024 (unaudited)

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss	–	50,000	–	50,000
Bills receivable	–	238,121	–	238,121
Total	–	288,121	–	288,121

As at 31 December 2023 (audited)

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss	–	40,000	–	40,000
Bills receivable	–	366,623	–	366,623
Total	–	406,623	–	406,623

The Group did not have any financial liabilities measured at fair value as at 30 June 2024 (31 December 2023: Nil).

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (six months ended 30 June 2023: Nil).