



凤祥食品

山東鳳祥股份有限公司 Shandong Fengxiang Co., Ltd.

(A joint stock company incorporated in the People's Republic of China with limited liability)

2022

Interim Report

中期報告

(於中華人民共和國註冊成立的股份有限公司)

股份代號 Stock Code: 9977



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CORPORATE INFORMATION

公司基本情況

Legal Name in Chinese 法定中文名稱	山東鳳祥股份有限公司
Legal Name in English 法定英文名稱	Shandong Fengxiang Co., Ltd.
Legal Representative 法定代表	Mr. Liu Zhiguang 劉志光先生
Executive Directors 執行董事	Mr. Liu Zhiguang 劉志光先生 Mr. Xiao Dongsheng 肖東生先生 Mr. Wang Jinsheng (resigned on 30 March 2022) 王進聖先生(於2022年3月30日辭任) Ms. Zhou Jinying (appointed on 31 May 2022) 周勁鷹女士(於2022年5月31日委任) Mr. Shi Lei (appointed on 31 May 2022) 石磊先生(於2022年5月31日委任)
Non-executive Directors 非執行董事	Mr. Liu Xuejing 劉學景先生 Mr. Zhang Chuanli 張傳立先生 Mr. Ow Weng Cheong (resigned on 30 March 2022) 區永昌先生(於2022年3月30日辭任)
Independent Non-executive Directors 獨立非執行董事	Mr. Guo Tianyong 郭田勇先生 Mr. Chung Wai Man 鍾偉文先生 Ms. Zhao Yinglin 趙迎琳女士
Supervisors 監事	Mr. Zhang Jun 張軍先生 Mr. Chen Dehe 陳德賀先生 Ms. Lian Xianmin 廉憲敏女士
Authorised Representatives 授權代表	Mr. Liu Zhiguang 劉志光先生 Mr. Shi Lei 石磊先生
Secretary to the board of directors (the “ Board of Directors ”) 董事會(「 董事會 」)秘書	Mr. Shi Lei 石磊先生

Joint Company Secretaries 聯席公司秘書	Mr. Shi Lei 石磊先生 Ms. Yu Wing Sze 余詠詩女士
Registered Office 註冊辦事處	Liumiao Village, Anle Town, Yanggu County Liaocheng City, Shandong Province PRC 中國 山東省聊城市 陽穀縣安樂鎮劉廟村
Headquarters in the PRC 中國總部	Liumiao Village, Anle Town, Yanggu County Liaocheng City, Shandong Province PRC 中國 山東省聊城市 陽穀縣安樂鎮劉廟村
Company's Website 公司網站	www.fengxiang.com
Principal Place of Business in Hong Kong 香港主要營業地點	14th Floor, Golden Centre 188 Des Voeux Road Central Hong Kong 香港 德輔道中188號 金龍中心14樓
Place of Listing of H Shares H股上市地點	The Stock Exchange of Hong Kong Limited (the "Stock Exchange") 香港聯合交易所有限公司(「聯交所」)
Stock Short Name 股票簡稱	FENGXIANG CO 鳳祥股份
Stock Code 股份代號	9977
Website of the Stock Exchange for Publishing the Interim Report 登載中期報告的聯交所網站	www.hkexnews.hk
Location where copies of Interim Report are kept 中期報告備置地	Liumiao Village, Anle Town, Yanggu County Liaocheng City, Shandong Province PRC 中國 山東省聊城市 陽穀縣安樂鎮劉廟村

CORPORATE INFORMATION

公司基本情況

H Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712–1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai, Hong Kong
H股過戶登記處	香港中央證券登記有限公司 香港灣仔 皇后大道東183號 合和中心 17樓1712–1716號舖
Legal Adviser as to Hong Kong Laws	Fangda Partners 26th Floor, One Exchange Square 8 Connaught Place Central, Hong Kong
香港法律顧問	方達律師事務所 香港中環 康樂廣場8號 交易廣場1期26樓
Independent Auditor	BDO China SHU LUN PAN Certified Public Accountants LLP (Public Interest Entity Auditor recognised in accordance with the Financial Reporting Accounting Ordinance) No. 61 East Nanjing Road Huangpu District Shanghai, PRC
獨立核數師	立信會計師事務所(特殊普通合夥) (於《財務彙報會計條例》下的認可公眾利益實體核數師) 中國上海市 黃浦區 南京東路61號
Principal Bankers	China Development Bank, Shandong Branch Agricultural Development Bank of China, Yanggu Sub-Branch Industrial Bank, Liaocheng Branch
主要往來銀行	國家開發銀行山東省分行 中國農業發展銀行陽穀縣支行 興業銀行聊城分行

MAJOR FINANCIAL INDICATORS AND KEY OPERATING DATA

主要財務指標及主要經營數據

KEY FINANCIAL DATA

主要財務數據

For the six months ended 30 June

		截至6月30日止六個月	
		2022	2021
		2022年	2021年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
			(As restated)
			(經重述)
Revenue	收入	2,443,273	1,969,445
Gross profit	毛利	222,336	179,140
Loss before biological assets fair value adjustments	生物資產公允價值調整前虧損	(60,920)	(47,375)
Net loss	淨虧損	(70,937)	(57,602)
Net loss attributable to shareholders of the parent company	歸屬母公司股東的淨虧損	(70,937)	(61,655)
Basic loss per share (in RMB)	每股基本虧損 (人民幣元)	(0.05)	(0.04)

MAJOR FINANCIAL INDICATORS AND KEY OPERATING DATA

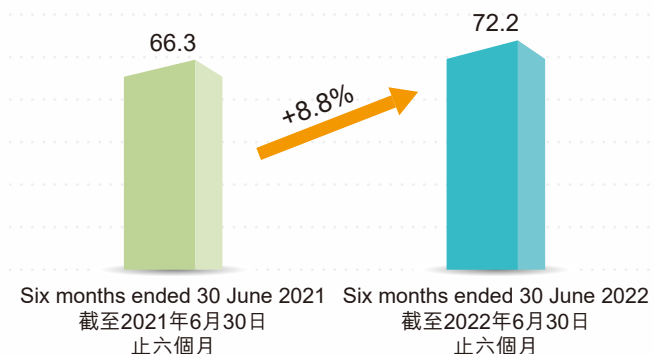
主要財務指標及主要經營數據

KEY OPERATING DATA

主要經營數據

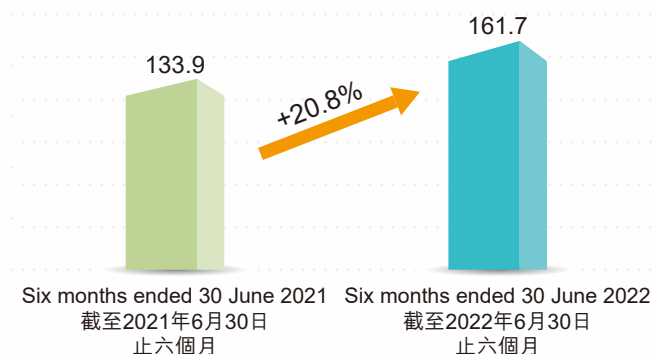
White-feathered broilers bred 白羽肉雞飼養量

unit: million birds
單位：百萬隻



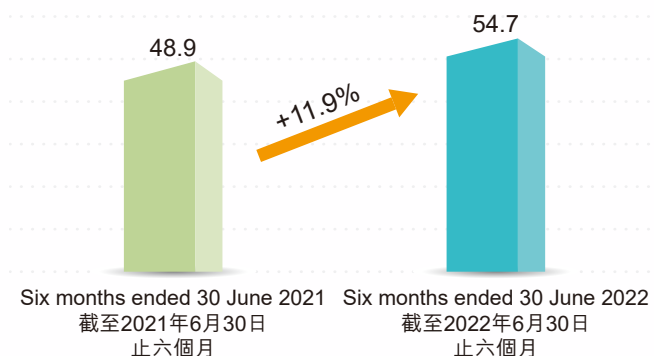
White-feathered broilers processed 白羽肉雞加工量

unit: million kg
單位：百萬千克



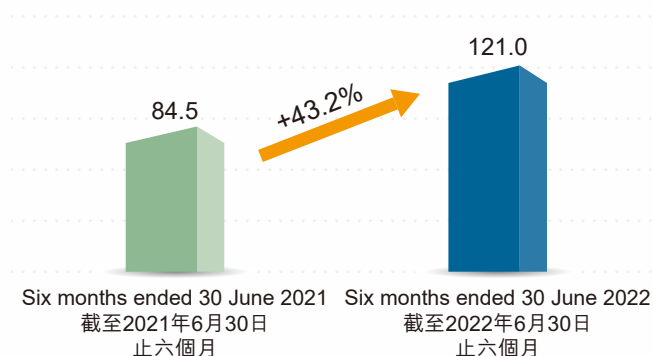
Sales volume of processed chicken meat products 深加工雞肉製品銷量

unit: million kg
單位：百萬千克



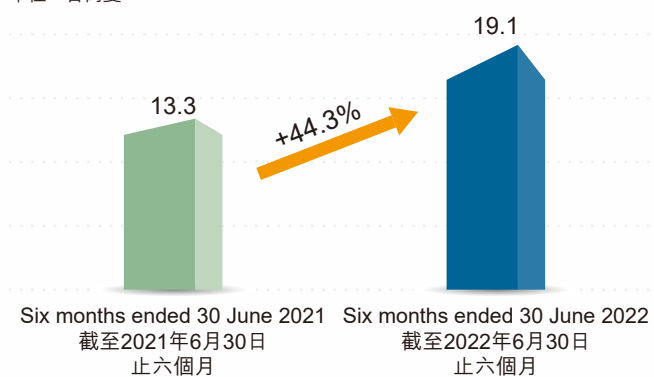
Sales volume of raw chicken meat products 生雞肉製品銷量

unit: million kg
單位：百萬千克



Sales volume of chicken breeds 雞苗銷量

unit: million birds
單位：百萬隻



JANUARY

1月



On 8 January, the first product of “優形 (iShape)” (“iShape”) in 2022 – “Gancuiburen” chicken breast chips was launched, and started the era of “All Things Low-fat”.

1月8日，「優形 (iShape)」(「優形」) 2022 首發新品「乾脆不忍」雞胸肉薯片上市，並開啓「萬物皆可低脂」時代。



On 12 January, Shandong Fengxiang Co., Ltd. (the “Company” or “Fengxiang”, together with its subsidiaries, the “Group”) urgently distributed quality-assured chicken products to fully support Xi’an and help the people of Xi’an to fight against the pandemic and overcome the difficulties together.

1月12日，山東鳳祥股份有限公司(「本公司」或「鳳祥」，連同其附屬公司統稱為「本集團」) 緊急調撥安心雞肉產品全力馳援西安，與西安人民同心抗疫，共克時艱。

On 16 February, iShape launched its first chili meat-fried salad chicken breast with “Chinese Culinary Flavours”.

2月16日，優形首款“中華烹飪風味”辣椒炒肉味沙拉雞胸肉上市。

FEBRUARY

2月

MAJOR EVENTS

大事記

MARCH

3月



On 2 March, “鳳祥食品(Fovo Foods)” (“**Fovo Foods**”) fresh chicken meat was selected as “Shandong's Good Product”.

3月2日，「鳳祥食品(Fovo Foods)」(「**鳳祥食品**」)生鮮雞肉入選“好品山東”名單。

On 4 March, Li Xian, a talented actor born in the 1990s, was engaged as the brand spokesperson of iShape.

3月4日，90後實力派演員李現成為優形品牌代言人。



On 8 March, during the “Women’s Day” promotion, iShape launched a new popular single product – low-fat chicken breast sausage and low-fat chicken breast meatballs, which received positive response from the market.

3月8日，女神節大促期間，優形推出全新人氣單品——低脂雞胸肉腸和低脂雞胸肉丸，獲得市場良好反饋。

On 8 April, iShape further accelerated its development of “All Things Low-fat”, officially launched iShape chicken breast oat fried rice, a brand new crossover product, on all platforms.

4月8日，優形“萬物皆可低脂”再提速發展，全新跨界新品——優形雞胸肉燕麥炒飯全平台正式上綫。

On 18 April, iShape won the “Digital Intelligence Business Competition Annual Gold Award of People Management” at the “2022 Alimama m awards” annual ceremony.

4月18日，“2022年度阿里媽媽m awards”年度頒獎典禮上，優形榮獲“數智經營賽道年度人群經營金獎”。

APRIL

4月



MAY

5月



On 5 May, “All Things Low-fat” under iShape launched another new product – iShape chicken breast luncheon meat, on all platforms.

5月5日，優形下“萬物皆可低脂”再添新丁——優形雞胸午餐肉全平台上線。

On 31 May, iShape’s salad chicken breast was selected as the only “Tik Tok Annual Products” of the fresh food category at the 2022 Tik Tok E-commerce Ecology Conference.

5月31日，優形沙拉雞胸肉獲選2022抖音電商生態大會生鮮品類唯一“抖音年度好物”。



2022赛季北京国安官方供应商

On 8 June, iShape became the official supplier of Beijing Guoan Football Club.

6月8日，優形成為北京國安足球俱樂部的官方供應商。



On 18 June, iShape won the champion of the omnichannel sales in the subdivided industries, and was the champion of 618 Shopping Festival sales for three consecutive years.

6月18日，優形斬獲細分行業全渠道銷售冠軍，連續三年“喜提”618購物節銷冠。

On 28 June, Fengxiang was selected as the “2021 Top 10 Corporate Governance Enterprises of Shandong”.

6月28日，鳳祥入選“2021魯股公司治理十大典範”。

JUNE

6月

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

The following discussion and analysis also contain certain amounts and percentage figures that have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them and all monetary amounts shown are approximate amounts only.

COMPANY PROFILE

Introduction

The Company is the largest white-feathered broiler meat exporter and the leading retail enterprise of chicken meat food in China, which was established as a joint stock limited liability company in the PRC on 17 December 2010 and listed on the Main Board of the Stock Exchange on 16 July 2020 (stock code: 9977).

The Group is principally based in Shandong in the PRC and produces and sells processed chicken meat products and raw chicken meat products mainly from white-feathered broilers. The main products include (i) processed chicken meat products; (ii) raw chicken meat products; (iii) chicken breeds; and (iv) others. Apart from its leading domestic market position in the PRC, the Group has an established and growing export business supplying a wide range of premium quality chicken meat products to overseas customers in Japan, Malaysia, the European Union, the Middle East, the United Kingdom, Korea, Mongolia and Singapore. The Group's white-feathered chicken meat products are halal certified by adopting Islamic slaughter rituals.

The Group adopts an integrated “*poultry to plate*” model which enables it to control every stage of the poultry lifecycle, allowing the Group to effectively manage quality and cost throughout the process starting from the breeding of broilers to the distribution and sale of chicken meat products.

以下討論及分析亦包括若干經約整的數額及百分比數字。因此，若干表格中合計一欄數字未必為其上所列數字的算術總和，而所有列示財政的金額僅為概約金額。

公司概況

簡介

本公司為中國最大的白羽肉雞出口商及領先的雞肉食品零售企業，於2010年12月17日在中國成立為股份有限公司，並於2020年7月16日在聯交所主板上市（股份代號：9977）。

本集團主要位於中國山東，主要用白羽肉雞生產及銷售深加工雞肉製品及生雞肉製品。主要產品包括(i)深加工雞肉製品；(ii)生雞肉製品；(iii)雞苗；及(iv)其他。除在中國國內市場的領先地位外，本集團亦擁有成熟並不斷壯大的出口業務，向日本、馬來西亞、歐盟、中東、英國、韓國、蒙古及新加坡的海外客戶供應多種優質雞肉製品。本集團的白羽雞肉製品採用伊斯蘭屠宰儀式進行清真認證。

本集團採用一體化「從農場到餐桌」模式，使本集團能夠控制家禽生命週期的每個階段，從而有效管理從肉雞養殖到雞肉製品分銷及銷售整個流程的質量及成本。

Business Segments

Processed Chicken Meat Products

The Group markets its processed chicken meat products under Fovo Foods, iShape and “五更爐 (Wu Genglu)” (“**Wu Genglu**”) brands. Processed chicken meat products comprise cooked, semi-cooked and seasoned chicken meat products. Depending on the processing methods, these processed products are required to be chilled or frozen. The raw chicken meat the Group uses in its processed chicken meat production is either supplied by itself or procured from independent third party suppliers. The cooked chicken meat products comprise ready-to-eat chicken meat products and frozen chicken meat products, which are fully cooked and sterilised (end consumers will need to reheat the frozen cooked chicken meat products before consumption according to the instructions provided on the packaging). The semi-cooked chicken meat products are processed, chilled or frozen and boxed (end consumers will need to further process (including steaming, grilling, roasting or frying) such semi-cooked chicken meat products before consumption according to the instructions provided on the packaging). The seasoned chicken meat products include raw chicken meat flavoured with certain ingredients or spices. The Group also offers ready-to-cook pre-prepared meal solutions, including Chinese cuisine. For the six months ended 30 June 2022, the sales volume of processed chicken meat products increased by 11.9% to 54.7 million kilogram (“**kg**”) (six months ended 30 June 2021: 48.9 million kg). For the six months ended 30 June 2022, the revenue from sale of processed chicken meat products (after elimination of inter-segment transactions) grew by 9.0% to RMB1,141.3 million (six months ended 30 June 2021: RMB1,046.8 million), representing 46.7% of the Group’s total revenue.

業務分部

深加工雞肉製品

本集團以鳳祥食品、優形及「五更爐(Wu Genglu)」(「**五更爐**」)品牌推廣深加工雞肉製品。深加工雞肉製品包括雞肉熟食製品、雞肉半熟食製品及調味雞肉製品。該等深加工產品需冷藏或冷凍，視乎加工方法而定。本集團於深加工雞肉生產中所使用的生雞肉由其自身供應，或向獨立第三方供應商採購。雞肉熟食製品包括即食雞肉製品及冷凍雞肉製品，均已完全煮熟並消毒(最終消費者於食用前需根據包裝上的指示重新加熱冷凍雞肉熟食製品)。雞肉半熟食製品已經加工、冷藏或冷凍及包裝(最終消費者於食用前需根據包裝上的指示進一步加工(包括清蒸、炙烤、燒烤或油炸)雞肉半熟食製品)。調味雞肉製品採用生雞肉與若干原料或香辛料調製而成。本集團亦提供預先加工的即烹肉類食品，包括中式菜餚。截至2022年6月30日止六個月，深加工雞肉製品的銷量增長11.9%至54.7百萬千克(「**千克**」)(截至2021年6月30日止六個月：48.9百萬千克)。截至2022年6月30日止六個月，銷售深加工雞肉製品所得收入(於對銷分部間交易後)增長9.0%至人民幣1,141.3百萬元(截至2021年6月30日止六個月：人民幣1,046.8百萬元)，佔本集團總收入的46.7%。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Raw Chicken Meat Products

The Group offers raw white-feathered chicken meat products, which include whole frozen chickens and chicken portions, such as chicken wings, chicken breast, chicken drumsticks, chicken drumettes, bone-in chicken thighs, boneless chicken fillets, chicken head, chicken feet and chicken legs. The Group's broilers are then cut into portions according to its internal or customers' requirements, and will be chilled or frozen depending on the product's nature. For the six months ended 30 June 2022, the sales volume of raw chicken meat products increased by 43.2% to 121.0 million kg (six months ended 30 June 2021: 84.5 million kg). For the six months ended 30 June 2022, the revenue from external sale of raw chicken meat products increased by 48.5% to RMB1,204.6 million (six months ended 30 June 2021: RMB811.0 million), representing 49.3% of the Group's total revenue.

Chicken Breeds

The Group sells some of its chicken breeds hatched from broiler eggs to other independent third parties for breeding into broilers. The sales volume of the Group's chicken breeds is based on the average selling prices of chicken breeds, which is market-driven. The Group sells chicken breeds to local chicken farmers and other poultry business operators, who are independent third parties. For the six months ended 30 June 2022, the sales volume of chicken breeds increased by 44.3% to 19.1 million birds (six months ended 30 June 2021: 13.3 million birds). For the six months ended 30 June 2022, the revenue from external sale of chicken breeds dropped by 43.2% to RMB24.3 million (six months ended 30 June 2021: RMB42.8 million), representing 1.0% of the Group's total revenue.

Other Products

The Group sells other products, including the sale of broilers that cannot satisfy the Group's quality requirements and excess broiler eggs that exceed the Group's internal needs, by-products (such as chicken feathers, chicken blood and unused chicken organs), packing materials and other miscellaneous products. Revenue from the external sale of other products grew by 6.1% to RMB73.1 million for the six months ended 30 June 2022 (six months ended 30 June 2021: RMB68.9 million), representing 3.0% of the Group's total revenue.

生雞肉製品

本集團提供生白羽雞肉製品，其中包括冷凍全雞及雞部位，如雞翅尖、雞胸、雞小腿、雞翅根、帶骨雞腿、無骨雞柳、雞頭、雞爪及雞腿。本集團屆時將根據內部或客戶要求將肉雞切成各個部位，並根據產品性質將其冷藏或冷凍。截至2022年6月30日止六個月，生雞肉製品的銷量增長43.2%至121.0百萬千克（截至2021年6月30日止六個月：84.5百萬千克）。截至2022年6月30日止六個月，對外銷售生雞肉製品所得收入增長48.5%至人民幣1,204.6百萬元（截至2021年6月30日止六個月：人民幣811.0百萬元），佔本集團總收入的49.3%。

雞苗

本集團銷售一部分由種蛋孵化成的雞苗予其他獨立第三方，以飼養成肉雞。本集團的雞苗銷量基於受市場驅動的雞苗平均售價。本集團向當地雞農及其他家禽業務經營者（均為獨立第三方）銷售雞苗。截至2022年6月30日止六個月，雞苗的銷量增長44.3%至19.1百萬隻（截至2021年6月30日止六個月：13.3百萬隻）。截至2022年6月30日止六個月，對外銷售雞苗所得收入下跌43.2%至人民幣24.3百萬元（截至2021年6月30日止六個月：人民幣42.8百萬元），佔本集團總收入的1.0%。

其他產品

本集團銷售其他產品，包括銷售淘汰雞及超出本集團內部需要的多餘種蛋、副產品（如雞毛、雞血及尚未使用的雞隻內臟）、包裝材料和其他雜項產品。截至2022年6月30日止六個月，對外銷售其他產品所得收入增長6.1%至人民幣73.1百萬元（截至2021年6月30日止六個月：人民幣68.9百萬元），佔本集團總收入的3.0%。

BUSINESS REVIEW

During the six months ended 30 June 2022 (the “**Reporting Period**”), accompanied by the continuous impact of the coronavirus pandemic (“**COVID-19**”), the entire consumable business industry has been under tremendous growth pressure. In spite of these, the Group bucked the trend with each main business segment showing strong development resilience and synergy, and continued to maintain a relatively large growth trend.

During the Reporting Period, the Group achieved sales revenue of RMB2,443.3 million, representing a period-on-period growth of 24.1%. In particular, revenue from the raw chicken meat products business achieved RMB1,204.6 million, representing a period-on-period growth of 48.5%; revenue from the processed chicken meat products business achieved RMB1,141.3 million, representing a period-on-period growth of 9.0%; revenue from chicken breeds and other non-main businesses achieved RMB97.4 million, the proportion of which in the total revenue has further decreased. The proportion of revenue from processed chicken meat products was 46.7%, and the proportion of revenue still led the industry, which showed reasonable proportions in the product structure and was in line with the Company’s development strategy and phase goals.

During the Reporting Period, benefiting from the structural changes in the global chicken supply chain and favorable exchange rates, the new export business played a cornerstone role and recorded a further increase in its market share with a sales revenue of RMB725.1 million, representing a period-on-period growth of 94.3%; the new retail business achieved a sales revenue of RMB342.8 million, representing a period-on-period decrease of 26.0%; the new centralised procurement business achieved a sales revenue of RMB415.4 million, representing a period-on-period decrease of 3.1%. Under the impact of the COVID-19 pandemic, the sales revenue of iShape products was RMB186.7 million, representing a period-on-period decrease of 21.5%.

業務回顧

截止2022年6月30日止六個月(「**報告期間**」)，即使受新型冠狀病毒疫情(「**新冠疫情**」)的持續影響，消費品業務全行業增長壓力巨大，本集團逆勢而為，各主要業務板塊體現出了較強的發展韌性和協同性，繼續保持著較大幅度的增長態勢。

報告期內，本集團實現銷售收入人民幣2,443.3百萬元，同比增長24.1%。其中，生雞肉製品業務收入取得人民幣1,204.6百萬元，同比增長48.5%；深加工雞肉製品業務收入取得人民幣1,141.3百萬元，同比增長9.0%；雞苗及其他非主營業務收入取得人民幣97.4百萬元，佔比進一步下調。深加工雞肉製品收入佔比為46.7%，佔比仍然領先於全行業，產品結構比例合理，與公司發展戰略及階段目標相吻合。

報告期內，受益於全球雞肉供應鏈的結構性變化和匯率利好，新出口業務發揮了基石性作用，市場佔有率進一步提升，取得銷售收入人民幣725.1百萬元，同比增長94.3%；新零售業務取得銷售收入人民幣342.8百萬元，同比下降26.0%；新集採業務取得銷售收入人民幣415.4百萬元，同比下降3.1%。受新冠疫情影響，優形品牌產品取得銷售收入人民幣186.7百萬元，同比下降21.5%。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Product Innovation: Expanding “Low-calorie Food” and Enriching the “iShape Planet”

1. Enriching flavours and specifications of its main product — salad chicken breast, and expanding the product category at the same time

In recent years, iShape has not only expanded the flavours of its main products by adding new “Key Opinion Leader” flavours such as oolong and cinnamon, but also greatly enriched the category matrix by launching, among other things, extra mini and tender “Xiao Q Chicken Breast”, meaty protein bar, chicken breast sausage mixed with cuttlefish sauce, daily “YouYou” chicken breast breakfast that is more suitable for children, and “Buzha π” healthy fried chicken nuggets subverting traditional fried chicken.

2. Launching chicken breast oat fried rice and introducing vegetable protein, which became very popular in the staple food section

During the Reporting Period, iShape and a top global food enterprise jointly developed and launched the chicken breast oat fried rice, using eight kinds of raw materials including eggs, chicken breast, oatmeal and vegetables.

On the basis of low calories and nutrition, the chicken breast oat fried rice still focuses on the convenience of consumption. The stand-up pouch design saves the process of unpacking and defrosting, allows direct microwaving and is ready for consumption in three and a half minutes.

Under the influence of the COVID-19 pandemic, the food-to-home delivery business has developed rapidly. In particular, pre-made dishes with low-calorie and low-fat attributes are especially popular among youngsters, and the chicken breast oat fried rice came into being, which has received a lot of compliments during the market promotion period, and is becoming another fast-growing category under iShape.

產品創新：「輕卡」擴容，豐富「優形星球」

1. 豐富主力產品沙拉雞胸肉口味與規格，同時擴展產品品類

近年間，優形不僅對其主力產品進行了口味擴容，加入了烏龍、肉桂等「網紅級」全新口味，同時品類矩陣有較大幅度的豐富，其中包括，更迷你更嫩滑的「小Q雞胸肉」，肉感十足的蛋白棒，混合墨魚汁的雞胸肉腸、更適合兒童的雞胸肉早餐「每日優優」、顛覆傳統炸雞的「不炸π」健康炸雞塊。

2. 推出雞胸肉燕麥炒飯，引入植物蛋白，出圈主食板塊

報告期內，優形與全球某頂級食品企業聯合研發，推出使用雞蛋、雞胸肉、燕麥、蔬菜等8種原料的雞胸肉燕麥炒飯。

在輕卡、營養的基礎上，雞胸肉燕麥炒飯仍然主打方便食用，自立袋設計，節省拆袋和解凍的步驟，可直接微波爐加熱，三分半鐘即可食用。

新冠疫情影響之下，食品到家業務快速發展，其中，具備輕卡低脂屬性的預制菜業務尤其受到年輕人的歡迎，雞胸肉燕麥炒飯應運而生，市場推廣期內受到大量好評，正在成為優形旗下又一個快速增長的品類。

3. Launching chicken breast luncheon meat, chicken breast sausage, chicken breast meatballs and chicken breast chips to broaden normal-temperature products and snack food

During the Reporting Period, iShape has launched a variety of normal-temperature chicken breast products: chicken breast luncheon meat, low-fat chicken breast sausage, low-fat chicken breast meatballs and “Gancuiburen” chicken breast chips.

In recent years, with the pace of upgraded consumption, the development of the snack food industry has entered a fast lane, and it has become one of the most promising and dynamic industries in the future fast-moving consumer goods market. The above products are more casual compared with other popular salad chicken breast products under iShape, which also provide low-calorie, delicious and unburdened iShape with complementary products that are suitable for more consumption scenarios.

On one hand, the new low-calorie products with leisure attributes enrich the product forms of iShape, which can better meet the different needs of consumers in terms of product attributes and tastes; on the other hand, the two characteristics of “eating right out of the bag” and “normal-temperature” are also more in line with the dietary habit of “Generation Z” (those born in 1995–2009).

“Buzha π” of iShape challenges traditional fried chicken through non-fried “black technology”; chicken breast oat fried rice reduces the calories of staple food by 40%; chicken breast chips revolutionarily reduce the fat content to a quarter of that of traditional potato chips; chicken breast luncheon meat reduces the fat and calories content of traditional luncheon meat by 85% and 50%, respectively. During the Reporting Period, a series of new products continued to reflect the consistent health proposition of “low fat” and “low-calorie” of iShape and took into account the balance of health and deliciousness to meet the needs of the new generation of consumers.

With the extension from low temperature to normal temperature and the expansion from meal replacement to leisure food, iShape has embraced the dietary trend through rapid iteration of products as well as its continuous improvement in the ability to meet consumers’ demand, and has taken another step forward in laying out the strategic path of “full-scene” unburdened food solutions.

3. 推出雞胸午餐肉、雞胸肉腸、雞胸肉丸、雞胸肉薯片，拓寬常溫產品及休閒食品

報告期內，優形推出多款常溫雞胸肉製品：雞胸午餐肉、低脂雞胸肉腸、低脂雞胸肉丸，以及「乾脆不忍」雞胸肉薯片。

近年，伴隨著消費升級的步伐，休閒食品行業發展步入快車道，已成為未來快速消費品市場中最具前景及活力的行業之一。相比優形旗下爆款沙拉雞胸肉產品，這幾款產品更偏休閒屬性，亦給低卡美味無負擔的優形提供了適合更多消費場景的產品補充。

一方面，休閒屬性的輕卡新品讓優形的產品形態更加豐富，可以更好滿足消費者在產品屬性和口味上的不同需求；另一方面，「開袋即食」和「常溫」兩個特點，也更符合「Z世代」（1995年至2009年出生）群體的飲食習慣。

優形「不炸π」通過非油炸「黑科技」挑戰傳統炸雞：雞胸肉燕麥炒飯將主食的熱量減少40%；雞胸肉薯片革命性地將脂肪含量減至傳統薯片的四分之一；雞胸肉午餐肉將傳統午餐肉的脂肪含量及熱量分別下降了85%及50%。報告期內一系列新品繼續體現優形一貫「低脂」、「輕卡」的健康主張，兼顧健康與美味的平衡，滿足新一代消費者需求。

從低溫向常溫的延伸，從代餐向休閒的擴充，優形通過快速迭代產品擁抱飲食趨勢，以及滿足需求能力的持續提升，優形在佈局「全場景」無負擔食品解決方案的戰略路徑上，又向前邁進一步。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Brand Promotion: Signed up Li Xian and Won a Number of Honors

1. The clear proposition of “for low-calorie chicken breast, choose iShape”

During the Reporting Period, the Company signed up Li Xian, a talented actor born in the 1990s, as the brand spokesperson of iShape. With his sincere, tasteful and sports-loving personal image, the Company has further enriched its brand image and continued to strengthen the three-dimensional cognitive resonance with young consumers.

At the same time, iShape upgraded its brand proposition to “for low-calorie chicken breast, choose iShape”, in order to further strengthen its low-calorie and unburdened brand gene.

AlMan's data shows that in the evaluation of the effect of new endorsements, the brand spokesperson of iShape has a popularity index of 90.11 for his contribution to iShape. During the “Women's Day” promotion on 8 March 2022, sales of iShape increased by 11% against the trend. With the influence of Li Xian in the new ecological consumer group, iShape accelerated its penetration into Generation Z.

2. Won Ali's “Annual Customer Relation Management — Gold Award”

During the Reporting Period, Ali announced the evaluation results of the annual customer relation management of the m awards for the digital operation category. iShape won the gold award in this fierce competition.

The evaluation focuses on the indicators from four dimensions, including “customers”, “products”, “content”, and “innovation marketing”, and iShape had outstanding performance in respect of the evaluation results. Through precise insight and demand discovery of consumer demand, leverage with the shaping of product differentiation, product matrix restructuring, as well as matching of consumption scenes, iShape demonstrated to the industry its ability to satisfy the demands of segmented consumer groups, and the new consumer brand can realise quality brand growth.

品牌提升：簽約李現，斬獲多項榮譽

1. 鮮明主張「輕卡雞胸肉，就選優形」

報告期內，本公司與90後實力派演員李現簽約，成為優形品牌代言人，以借助其真誠、有質感、熱愛運動的個人形象，進一步豐富品牌形象，持續強化與年輕消費者的立體化認知共鳴。

同時，優形也將其品牌主張升級為「輕卡雞胸肉，就吃優形」，以此進一步強化輕卡、無負擔的品牌基因。

艾漫數據顯示，在新增代言的效果評估中，代言人對優形的貢獻熱度指數達到90.11。在2022年「3.8女神節」進行的大促中，優形逆勢增長11%，憑借李現在新生態消費群體中的影響力，優形加速向Z世代滲透。

2. 獲得阿里「年度人群經營·金獎」

報告期內，阿里公佈m awards數智經營賽道年度人群評選結果，在激烈的評選競爭中，優形獲得金獎。

該獎項的評選，著眼於「人群」、「貨品」、「內容」、「市場創新營銷」四個維度的指標，優形得分突出，向業界展示了，通過對消費者需求的精準洞察與需求發現，借助產品差異性的塑造、產品矩陣的重構、消費場景的匹配，來滿足細分人群的需求，新消費品牌能夠實現品牌的優質增長。

3. Contracted with Guoan for further development in Beijing and facilitate Chinese Super League

During the Reporting Period, iShape and Beijing Guoan Football Club jointly announced that iShape will act as the official supplier of Beijing Guoan Football Club to facilitate the commencement of the 2022 Chinese Super League season.

iShape will develop regionally limited flavour and regional exclusive benefits to better serve consumers in Beijing. Apart from the opening of various “iShape and Guoan Brand Pop-up Stores”, iShape will also set up a “second scene” to gather fans to watch games together during the league season, allowing fans who are not able to attend the games in person to feel the passion of the games. As for the online channels, iShape will inspire a nostalgic feeling among fans in Beijing with contents more welcomed by fans. Research and development of new products tailored for the taste of citizens in Beijing have been put on the agenda, and iShape will facilitate market development in Beijing from three perspectives. This is also the first time for a domestic light meal brand to kick off “regional marketing”.

According to the survey data, over 70% of domestic brands choose Beijing as their base to promote products across the country. As Beijing was one of the first to be listed as the cultivation and development of international consumption cities, its enormous “siphon” effect on global consumption power will be further activated.

3. 簽約國安，深耕北京，助力中超

報告期內，優形與北京國安俱樂部聯合宣佈，優形將作為北京國安足球俱樂部的官方供應商助力北京國安開啟中超2022賽季。

優形將通過開發區域限定口味、地區專屬福利等方式更好地服務北京消費者。除了開設多家「優形及國安品牌快閃店」外，聯賽期間，優形還打造「第二現場」，組織球迷集體觀賽，讓無法親臨賽場的球迷感受現場的激情。在線上，優形將以更獲球迷青睞的衍生內容，激發北京球迷的懷舊情懷。根據北京人口味量身定製的新品研發已被提上日程，優形將三線並舉撬動北京市場。這也是國內輕食品牌第一次打響「區域營銷」。

據調查數據顯示，超七成本土品牌選擇以北京作為其輻射全國的大本營。隨著北京進入首批國際消費中心城市培育建設名單，其對於全球消費力強大的「虹吸」作用將被進一步激活。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

4. Ranked Championship for All Channels in 618 campaign for three Years in a row

During the Reporting Period, iShape won the sales championship again for all channels in the segmented industry.

In addition to the sales momentum brought by the sales of over 180 million packets of ready-to-eat salad chicken breast, the new product series initially launched was also quite eye-catching, among which, low-fat chicken breast sausage, chicken breast oat fried rice, and chicken breast luncheon meat became three rising stars in the iShape Tmall flagship shop.

Besides, the Gross Merchandise Volume (GMV) of Tik Tok's official flagship shop increased by 22.59% compared with that of Goddess Festival (女王節). iShape has maintained as the "Top 1 Ready-to-Eat Chicken Breast Brand" since it entered the social e-commerce market in 2021. In August 2021, iShape cooperated with Tik Tok, the short video giant, to take the lead in the new business category of the social e-commerce market. During the "818 Tik Tok Trendy Products Festival" (818抖音新好物節), iShape not only gained over 10 billion times of exposures on the Tik Tok platform, but achieved a turnover of over RMB15 million, which ranked top in the chicken breast product category.

So far, iShape has achieved full coverage in Tmall, JD.com, and social e-commerce for the online market. As for the offline market, iShape completed the coverage in over 50,000 mainstream supermarkets and convenience stores. Through the restructuring of the multi-format sales matrix and after experiencing the deployment of offline layout and blowout of online market, iShape initiated the establishment of the three-dimensional channel barrier integrating "offline supermarkets + traditional e-commerce platform + emerging e-commerce platform". In the "618" campaign, iShape held both online and offline markets and maintained its leading position of "Championship for All Channels".

4. 連續三年蟬聯618全渠道冠軍

報告期內，優形再次斬獲細分行業全渠道銷售冠軍。

除銷量突破1.8億包的沙拉即食雞胸肉延續其強勁的勢頭之外，首次亮相的新品系列頗為吸睛，其中低脂雞胸肉腸、雞胸肉燕麥炒飯、雞胸肉午餐肉成為了優形天貓旗艦店的新晉三甲。

另外，抖音官方旗艦店GMV環比女王節增長22.59%，自優形2021年入局社交電商以來，一直保持著「即食雞胸肉第一」。2021年8月，優形攜手短視頻巨頭抖音，率先入局社交電商新賽道爭先，在「818抖音新好物節」期間，不但收穫超百億級別的抖音平台內曝光，同時在抖音單平台成交額超過人民幣1,500萬，位列雞胸肉品類第一。

截至目前，線上，優形已經實現天貓、京東、社交電商的全面覆蓋；線下，優形完成了超50,000家主流商超、便利店的覆蓋。通過多業態銷售矩陣的重構，在歷經線下佈局、線上井噴後，優形率先打造完成了「線下商超+傳統電商+新興電商」三維一體的渠道壁壘。本次618中，優形線上線下雙線並舉，繼續保持著「全渠道第一」的領跑。

Three Driving Forces: Equipped with Respective Highlights for Collaborative Improvement

三駕馬車：各有亮點，協同提升

1. New export business achieved double growth, stabilising the overall situation

1. 新出口成倍增長，穩定全局

During the Reporting Period, the new export business achieved sales revenue of RMB725.1 million, representing a period-on-period increase of 94.3%, which drove the constant health development of the Company's business and stabilised the overall business. The three most important regions showed outstanding performance, with the market in Malaysia increased by 137.8%, the market in the European Union increased by 218.3%, and the market in Japan increased by 13.7%, which were mainly attributed to:

報告期內，新出口業務取得銷售收入人民幣725.1百萬元，同比增長94.3%，帶動公司業務繼續健康發展，穩定了業務全局。其中三個最重要的區域表現搶眼，馬來西亞市場增長137.8%，歐盟市場增長218.3%，日本市場增長13.7%。主要原因是：

- (1) the extensive efforts in the export business for more than 30 years had established a sound quality and brand image and developed a solid customer relationship. When facing external pressure, worldwide customers are willing to provide strong support to the Group with practical actions and placed their orders;
 - (2) with the impact brought by the COVID-19 pandemic, the global supply chain for the white-feathered broilers experienced structural adjustments, bringing new growth opportunities for white-feathered broiler meat exporters led by the Group; and
 - (3) during the Reporting Period, the decrease in sea freight rates and the changes in exchange rate were beneficial to the export-oriented enterprises.
- (1) 30多年出口的精耕細作，樹立了良好的品質與品牌形象，建立了穩固的客戶關係，在企業面臨外部壓力時，全球客戶願意給本集團訂單，以實際行動給予了本集團強大支持；
 - (2) 新冠疫情影響之下，全球白羽肉雞供應鏈發生結構性調整，以本集團為代表的中國白羽肉雞出口企業獲得新的增長機會；及
 - (3) 報告期內，海運費下降及匯率變化有利於出口性企業。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

2. *New retail bears the pressure and leads the development*

During the Reporting Period, the new retail business achieved sales revenue of RMB342.8 million, representing a period-on-period decrease of 26.0%, which bore extraordinary growth pressure under the severe impact of the COVID-19 pandemic, while its sales revenue still managed to lead the whole industry. Among which, the iShape brand achieved online sales revenue of RMB111.1 million, representing a period-on-period decrease of 22.2%, and achieved offline sales revenue of RMB75.7 million, representing a period-on-period decrease of 20.6%, which were mainly attributed to:

- (1) the Group slowed down its market promotion and the pace of expansion to stabilise its main products and businesses;
- (2) the research and development, launch, testing and promotion of new products to further expand its product portfolio; and
- (3) during the Reporting Period, the COVID-19 pandemic brought enormous difficulty to normal business operations in major markets such as Shanghai and Beijing.

2. *新零售扛住壓力，繼續領跑*

報告期內，新零售業務取得銷售收入人民幣342.8百萬元，同比下降26.0%，在新冠疫情嚴重影響的大背景下，雖然新零售務增長壓力巨大，但銷售收入仍然領跑全行業。其中優形品牌線上取得銷售收入人民幣111.1百萬元，同比下降22.2%；線下取得銷售收入人民幣75.7百萬元，同比下降20.6%。主要原因是：

- (1) 本集團放緩市場推廣力度與進店速度，力求穩住主力產品和業務；
- (2) 新產品的研發、上市、測試與推廣，進一步豐富品類；及
- (3) 報告期內，新冠疫情對上海、北京等主要市場的正常業務開展帶來巨大困難。

3. The performance of the new centralised procurement is stable, with a slight decline

During the Reporting Period, the new centralised procurement business achieved sales revenue of RMB415.4 million, representing a period-on-period decrease of 3.1%. In the first half of the year, the catering income of the PRC decreased by 7.7% compared with the corresponding period; the sales revenue from the two major domestic customer channels slightly decreased by 3% compared with the corresponding period, outperforming the same industry and the market.

- (1) due to the COVID-19 pandemic in Shanghai, Beijing, Shenyang and other regions, the stores of Yum! and McDonald's have banned dine-ins at different times. The Group's Yum! and McDonald's channels adhere to the goal of "low stock and quick delivery". In the first half of the year, the revenue amounted to RMB298.6 million, representing a slight decrease of 2.0% as compared to that of the corresponding period in 2021;
- (2) small and medium-sized catering channels are mainly connected to convenience stores and chain restaurants in first- and second-tier cities such as Beijing, Shanghai, Guangzhou and Shenzhen, which are affected by the COVID-19 pandemic for a longer period and at a wider range. By adjusting the sales strategy and regional layout, our strategy focused on stabilising the customer base, strengthening our services, guaranteeing profits and promoting new products. In the first half of the year, the sales revenue amounted to RMB116.8 million, representing a slight decrease of 5.7% as compared to that of the corresponding period in 2021;
- (3) we continued to promote the low-cost strategy under the coordination of production, sales, research and quality, and made continuous improvements in the enhancement of management efficiency and energy control. Manufacturing costs per ton in the first half of the year were further reduced by 6.3% as compared to that of 2021. Through equipment replacement, process improvement, job optimisation and consolidation, the hourly processing efficiency in the first half of the year was further increased by 16% as compared to that of the corresponding period in 2021.

3. 新集採表現穩定，略有下挫

報告期內，新集採業務取得銷售收入人民幣415.4百萬元，同比下降3.1%。全國上半年餐飲收入相比同期下降7.7%，國內兩大重客渠道銷售收入同期小幅降低3%，跑贏同行業和市場大盤。

- (1) 受上海、北京、瀋陽等地新冠疫情影響，百勝、麥當勞的門店均有不同時期禁止堂食，本集團百勝及麥當勞渠道堅持低存快出的工作目標，上半年收入人民幣298.6百萬元，同比2021年僅低2.0%；
- (2) 中小餐飲渠道主要承接北上廣深等一二線城市的便利店和連鎖餐飲，受新冠疫情影響的時長更長且範圍更廣，通過調整銷售策略和區域佈局，穩客戶強服務保利潤促新品為策略；上半年銷售收入人民幣116.8百萬元，同比2021年僅低5.7%；
- (3) 在產銷研質協同下持續推進低成本戰略，在人效提升、能源管控等方面取得了持續改善，上半年的每噸製造費用比2021年實際再降低6.3%；通過設備替代、工藝精進、崗位優化和合併，時加工效率上半年同比2021年再提升16%。

MANAGEMENT DISCUSSION AND ANALYSIS

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FINANCIAL REVIEW

Overall performance

In the first half of 2022, the Group experienced an increase of 24.1% in revenue as compared to that of the first half of 2021. There was an increase of 24.1% in gross profit and an increase of 23.2% in net loss as compared to the corresponding period in 2021. The basic loss per share was RMB(0.05) for the first half of 2022. Set out below is the detailed information on the fluctuations in the Company's results for the six months ended 30 June 2022.

財務回顧

整體業績

於2022年上半年，本集團的收入較2021年上半年增加24.1%。與2021年同期相比，毛利潤增加24.1%、淨虧損增加23.2%。2022年上半年的每股基本虧損為人民幣(0.05)元。截至2022年6月30日止六個月，本公司業績波動的詳情載列如下。

Items 項目	Six months ended 30 June 截至6月30日止六個月		Change 變動 (%)	
	2022 2022年 RMB'000 人民幣千元 (unaudited) (未經審核)	2021 2021年 RMB'000 人民幣千元 (unaudited) (未經審核) (As restated) (經重述)		
Total operating revenue	營業總收入	2,443,273	1,969,445	+24.1
Operating costs	營業成本	2,220,937	1,790,305	+24.1
Selling expenses	銷售費用	173,016	162,772	+6.3
Administrative expenses	管理費用	48,133	50,195	-4.1
Research and development ("R&D") expenses	研發費用	15,471	12,500	+23.8
Finance costs	財務費用	23,551	13,397	+75.8
Other gains	其他收益	953	3,231	-70.5
Loss before biological assets fair value adjustments	生物資產公允價值調整前虧損	(60,920)	(47,375)	+28.6
Total loss	虧損總額	(66,754)	(59,060)	+13.0
Net loss	淨虧損	(70,937)	(57,602)	+23.2
Gross profit	毛利潤	222,336	179,140	+24.1
Gross profit margin	毛利率	9.1%	9.1%	0
Net profit margin	淨利率	(2.9%)	(2.9%)	0

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Operating costs

The Group's operating costs increased by 24.1% to RMB2,221 million for the six months ended 30 June 2022 (six months ended 30 June 2021: RMB1,790 million), mainly due to (i) an 8.8% increase in the number of white-feathered broilers reared by the Company; and (ii) rising costs of animal feeds due to the period-on-period increase of 3.5% and 18.4% in corn and soybean meal prices, respectively.

Administrative expenses

The Group's administrative expenses dropped by 4.1% to RMB48.1 million for the six months ended 30 June 2022 (six months ended 30 June 2021: RMB50.2 million), mainly due to the Group's constant optimisation in its internal management that enhances the management efficiency.

Selling expenses

The Group's selling expenses increased by 6.3% to RMB173.0 million for the six months ended 30 June 2022 (six months ended 30 June 2021: RMB162.8 million), mainly due to the increase in sales volume of processed chicken meat products and raw chicken meat products of the Group.

R&D expenses

The Group's R&D expenses increased by 23.8% to RMB15.5 million for the six months ended 30 June 2022 (six months ended 30 June 2021: RMB12.5 million), mainly due to increased investment in R&D with the establishment of a multi-level new product R&D system.

營業成本

本集團截至2022年6月30日止六個月營業成本上升24.1%至人民幣2,221百萬元(截至2021年6月30日止六個月:人民幣1,790百萬元),主要由於(i)公司白羽肉雞飼養量增加8.8%;及(ii)玉米、豆粕價格同比分別上漲3.5%、18.4%,造成飼料成本上漲。

管理費用

本集團截至2022年6月30日止六個月管理費用下降4.1%至人民幣48.1百萬元(截至2021年6月30日止六個月:人民幣50.2百萬元),主要由於本集團持續優化內部管理,提升管理效率所致。

銷售費用

本集團截至2022年6月30日止六個月銷售費用上升6.3%至人民幣173.0百萬元(截至2021年6月30日止六個月:人民幣162.8百萬元),主要由於本集團深加工雞肉製品、生雞肉製品銷量的增長。

研發費用

本集團截至2022年6月30日止六個月研發費用上升23.8%至人民幣15.5百萬元(截至2021年6月30日止六個月:人民幣12.5百萬元),主要由於公司搭建多層次新品研發體系,加大研發投入所致。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Finance costs

財務費用

		Six months ended 30 June	
		截至6月30日止六個月	
		2022	2021
		2022年	2021年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
Interest expenses	利息費用	47,788	30,180
Including: Interest expenses for lease liabilities	其中：租賃負債利息費用	5,511	7,283
Interest income	利息收入	(18,705)	(17,035)
Exchange losses	匯兌虧損	(7,467)	(448)
Handling fees and others	手續費及其他	1,935	700
Total	合計	23,551	13,397

The Group's finance costs increased by 75.8% to RMB23.6 million for the six months ended 30 June 2022 (six months ended 30 June 2021: RMB13.4 million), mainly due to (i) the increase of interests and handling fees of finance leases by RMB2.8 million from the same period last year; and (ii) the capitalisation of some interest on bank borrowings for project construction of the Group from the same period last year, with a significant period-on-period decrease for the current period.

本集團截至2022年6月30日止六個月財務費用增加75.8%至人民幣23.6百萬元(截至2021年6月30日止六個月：人民幣13.4百萬元)，主要由於(i)融資租賃利息及手續費較上年同期增加人民幣2.8百萬元；及(ii)本集團自去年同期開始，部分用於項目建設的銀行借款利息進行了資本化，而本期同比大幅減少。

Closing Figures of the Interim Reporting Period in 2021

- (i) The Group restated the closing figures of the interim reporting period in 2021, mainly because the Group prepared the interim financial report for 2022 with the adoption of fair value measurement instead of the costs method measurement for the biological assets as previously adopted in the preparation of the interim financial report for 2021. In order to provide the readers with comparable and reliable financial information, the measurement of the figures in the interim financial report for 2021 was changed to the use of fair value measurement and a loss of change in fair value measurement of RMB10.227 million was recorded. The 2022 interim report has continued the measurement model of biological assets for 2020 and 2021, and in view of the material fluctuations in the market price of biological assets during the Reporting Period, the management of the Company believes that the use of fair value measurement can better reflect the accuracy of biological assets measurement.
- (ii) According to the relevant regulations on the Accounting Standards for Business Enterprises No. 14 – Revenue (the “**New Revenue Standard**”) issued by the Ministry of Finance of the PRC, the transportation costs incurred for the fulfilment of customer sales contracts were presented in the operating costs. Accordingly, the Group has implemented the New Revenue Standard during the Reporting Period. In order to improve the comparability between the reporting items, the transportation costs for the 2021 interim period were reclassified and the financial figures in the interim financial report for 2021 were retrospectively adjusted as follows:

2021年度中期報告期末數據

- (i) 本集團對2021年中期報告期末數據進行重述，主要原因為本集團在編製2022年中期財務報告時，並非按照編製2021年中期財務報告時對生物資產採用成本法計量，而是採用公允價值計量。為了提供讀者可比、可靠的財務信息，對2021年中期財務報告數據變更為使用公允價值計量，並錄得公允價值計量虧損人民幣10.227百萬元。2022年中期財務報告延續了2020年度、2021年度報告生物資產計量模式，以及鑒於生物資產市場價格報告期內存在較大的波動，本公司管理層認為對生物資產使用公允價值計量更能反映生物資產計量的準確性。
- (ii) 根據中國財政部頒佈的企業會計準則第14號——收入（「**新收入準則**」）的相關規定，為履行客戶銷售合同而發生的運輸成本在營業成本中列示，據此，本集團本報告期已執行新收入準則，為提高報表項目間可比性，對2021年中期運輸成本進行重新歸類，追述調整2021年中期財務報告財務數據如下：

	Operating costs 營業成本 (RMB'000) (人民幣千元)	Selling expenses 銷售費用 (RMB'000) (人民幣千元)	Gross profit 毛利潤 (RMB'000) (人民幣千元)
Before adjustment 調整前	1,744,762	208,315	224,683
Adjustment amount 調整金額	45,543	(45,543)	(45,543)
After adjustment 調整後	1,790,305	162,772	179,140

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Analysis on Capital Resources

Liquidity and Capital Resources

The Group has funded its operations principally with cash generated from its operations, borrowings and shareholders' capital contributions. The Group's primary uses of cash for the six months ended 30 June 2022 were for capital expenditures for working capital purposes.

Capital Structure

As at 30 June 2022, the registered capital of the Company was RMB1,400,000,000 and the total number of issued shares of the Company was 1,400,000,000 shares, comprising 1,045,000,000 domestic shares and 355,000,000 H shares with a nominal value of RMB1.0 each.

As at 30 June 2022, the total borrowings of the Group amounted to RMB1,585.7 million, representing a decrease of 35.5% as compared to that of 31 December 2021. The decrease was mainly because (i) the Group repaid part of its bank borrowings as at 30 June 2022; (ii) certain bank borrowings are subject to approval and has not been released yet. The above decrease in total borrowings had no impact on the Group's daily operations.

The Group monitors capital using a gearing ratio, which is total borrowings divided by total equity and a debt-to-asset ratio, which is total debt divided by total asset. The gearing ratio and debt-to-asset ratio as at 30 June 2022 were 48.0% (31 December 2021: 72.4%) and 45.0% (31 December 2021: 51.0%), respectively.

Contingent Liabilities and Pledge of Assets

The Group's bank borrowings as at 30 June 2022 were secured by (i) mortgages of the Group's lands situated in the PRC with an aggregate net carrying values of RMB63.6 million (31 December 2021: RMB50.0 million); (ii) a pledge of the Group's bank deposits of RMB161.3 million (31 December 2021: RMB347.9 million); (iii) pledge of certain of the Group's property, plant and equipment with the aggregate net carrying amount of RMB1,886.9 million (31 December 2021: RMB420.0 million).

As at 30 June 2022, the Group did not have any material contingent liabilities.

資本資源分析

流動資金及資本資源

本集團的業務資金主要來自其經營所產生的現金、借貸以及股東資本出資。截至2022年6月30日止六個月，本集團的主要現金用途為營運資金目的所需資本開支。

資本架構

於2022年6月30日，本公司註冊資本為人民幣1,400,000,000元，本公司已發行股份總數為1,400,000,000股股份，包括1,045,000,000股內資股及355,000,000股H股，每股面值為人民幣1.0元。

於2022年6月30日，本集團借款總額人民幣1,585.7百萬元，較2021年12月31日減少35.5%。減少主要是因為(i)本集團於2022年6月30日前已償還了部分銀行借款；(ii)部分銀行借款的手續仍須獲得批准且尚未發放。以上借款總額的減少對本集團的日常運營未有產生影響。

本集團採用資本負債比率(即借款總額除以權益總額)及資產負債率(即負債總額除以資產總額)監管資本。於2022年6月30日，資本負債比率及資產負債率分別為48.0% (2021年12月31日：72.4%)、45.0% (2021年12月31日：51.0%)。

或然負債及資產抵押

本集團於2022年6月30日的銀行借款以(i)抵押本集團位於中國的總賬面淨值為人民幣63.6百萬元(2021年12月31日：人民幣50.0百萬元)的土地；(ii)抵押本集團人民幣161.3百萬元(2021年12月31日：人民幣347.9百萬元)的銀行存款；(iii)抵押本集團總賬面淨值為人民幣1,886.9百萬元(2021年12月31日：人民幣420.0百萬元)的若干物業、廠房及設備。

於2022年6月30日，本集團並無任何重大或然負債。

Human Resources

As at 30 June 2022, the Group had 7,293 employees who were directly employed by the Group, of which 7,289 employees were employed in the PRC and four employees were located in Japan. The remuneration packages for the employees include salary, bonuses and allowances. As required by the PRC regulations, the Group (i) participates in social insurance schemes operated by the relevant local government authorities, and (ii) maintains mandatory pension contribution plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance. The Group also provides continuing education and training programmes to its employees to improve their skills and develop their potential. The Company also adopted two share award schemes on 24 June 2020 and 10 December 2021, respectively, and any full-time or part-time employees of the Group (including any director of the Company) are eligible participants under the said schemes.

BUSINESS OUTLOOK

1. Challenges and risks:

- (1) continuous high costs of animal feed, such as corn and soybean meal; and
- (2) continuous impact of the COVID-19 pandemic.

2. Opportunities and potential development:

- (1) benefitting from rebounding pork prices, the industry is expected to bottom out;
- (2) with stability and improvement of breeding performance, the advantage of the supply chain will be further utilised;
- (3) Three Driving Forces will continue to move forward at a high speed, especially the export business will maintain high growth, creating more flexible potential development opportunities for the other two innovative businesses; and
- (4) a brand-new chicken meat food with healthy, delicious, low-fat and low-calorie features ushered in the best development opportunities in the post-pandemic era. A series of new iShape products launched this year have completed the market test and entered the stage of vigorous promotion and sales.

人力資源

於2022年6月30日，本集團有7,293名直接受僱於本集團的僱員，其中在中國僱用7,289名僱員及4名僱員位於日本。僱員薪酬待遇包括薪金、獎金及津貼。按照中國法規規定，本集團(i)參加由相關地方政府機構運作的社會保險計劃、(ii)設立強制性養老金供款計劃並投購醫療保險、工傷保險、失業保險及生育險。本集團亦向僱員提供持續教育及培訓課程，以提高其技能及發揮其潛能。於2020年6月24日及2021年12月10日，本公司亦分別採納兩項股份獎勵計劃，且本集團任何全職或兼職僱員(包括本公司任何董事)均為上述計劃下的合資格參與者。

業務展望

1. 挑戰與風險：

- (1) 玉米、豆粕等飼料原料成本高位持續；及
- (2) 新冠疫情的持續影響。

2. 機會與空間：

- (1) 豬肉價格回暖，行業有望走出這一輪週期的低谷；
- (2) 伴隨著養殖業績的穩定與提升，供應鏈優勢將進一步發揮；
- (3) 三駕馬車將繼續各自高速前行，尤其出口業務仍將保持高位增長，給其他兩個創新性業務創造更靈活的騰挪空間；及
- (4) 後疫情時代，兼顧健康與美味、實現低脂輕卡的新一代雞肉食品迎來最好的發展機遇，今年已推出的一系列優形新品，已經完成市場測試，進入發力推廣銷售階段。

MANAGEMENT DISCUSSION AND ANALYSIS

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3. Long-term growth strategies:

- (1) continue to increase the Company's operational decision-making level, and effectively safeguard the interests of all investors;
- (2) continue to attract high-quality talents to join the Group, and further stabilise and optimise the operation and management team through the continuous innovation of the mechanism and the step-by-step implementation of middle- and long-term incentive plans; and
- (3) continue to implement the "123" development strategy, adjust the stage plans in a timely manner and concentrate resources to achieve the expected goals with the middle- and long-term goals remaining unchanged.

3. 長期增長策略：

- (1) 持續增強公司的經營決策水平，有效保護全體投資者利益；
- (2) 繼續吸引優質人才加盟，通過機制的持續創新，中長期激勵政策的分步實施，進一步穩定和優化經營管理團隊；及
- (3) 繼續堅持「123」發展戰略的貫徹實施，在中長期目標不變的前提下，適時調整階段計劃，集中資源實現預期目標。

CHANGES IN SHARE CAPITAL AND SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

股本變動及主要股東持股情況

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

As at 30 June 2022, to the best knowledge of the Company's directors (the "Directors") or chief executives, the following persons (not being the Directors or supervisors of the Company (the "Supervisor(s)") or chief executives) had interests or short positions in the shares ("Shares") or underlying shares of the Company which were required to be entered in the register referred to in section 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") by the Company or would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

主要股東於股份及相關股份中擁有的權益及淡倉

於2022年6月30日，就本公司董事(「董事」)或最高行政人員所深知，以下人士(並非董事或本公司監事(「監事」)或最高行政人員)於本公司股份(「股份」)或相關股份擁有本公司根據香港法例第571章《證券及期貨條例》(「《證券及期貨條例》」)第336條須記入該條所述之登記冊或根據《證券及期貨條例》第XV部第2及第3分部條文須向本公司披露的權益或淡倉：

Name of shareholders	Nature of interest	Class of Shares	Number of Shares	Approximate percentage of interest in the relevant class of Shares of the Company ⁽¹⁾ 在本公司相關股份類別中所佔概約權益百分比 ⁽¹⁾	Approximate percentage of interest in the total share capital of the Company ⁽²⁾ 在本公司總股本中所佔概約權益百分比 ⁽²⁾
股東姓名／名稱	權益性質	股份類別	股份數目		
Ms. Zhang Xiuying ⁽³⁾ 張秀英女士 ⁽³⁾	Interest of spouse 配偶權益	Domestic Shares 內資股	992,854,500 (L)	95.01%	70.92%
Mr. Liu Zhiming ⁽⁴⁾	Interests held jointly with another person 與另一人士共同持有權益	Domestic Shares 內資股	992,854,500 (L)	95.01%	70.92%
劉志明先生 ⁽⁴⁾	Beneficial interest 實益權益	Domestic Shares 內資股	198,654,500 (L)	19.01%	14.19%
GMK Holdings Group Co., Ltd. ("GMK Holdings") 新鳳祥控股集團有限責任公司 (「新鳳祥控股」)	Interest in controlled corporation 受控法團權益	Domestic Shares 內資股	794,200,000 (L)	76.00%	56.72%
Shandong Fengxiang (Group) Co., Ltd. ("Fengxiang Group") ⁽⁵⁾ 山東鳳祥(集團)有限責任公司 (「鳳祥集團」) ⁽⁵⁾	Beneficial interest 實益權益	Domestic Shares 內資股	627,000,000 (L)	60.00%	44.79%
Shandong Fengxiang Investment Co., Ltd. ("Fengxiang Investment") ⁽⁵⁾ 山東鳳祥投資有限公司 (「鳳祥投資」) ⁽⁵⁾	Beneficial interest 實益權益	Domestic Shares 內資股	167,200,000 (L)	16.00%	11.94%
Sun Dafei 孫達飛	Beneficial owner 實益擁有人	H Shares H股	22,109,000 (L)	6.23%	1.58%
Hwa-An International Limited	Beneficial owner 實益擁有人	H Shares H股	34,909,000 (L)	9.80%	2.49%
Hwa-An International Limited	Beneficial owner 實益擁有人	H Shares H股	31,808,000 (L)	8.96%	2.27%
Dragonstone Capital Management Limited	Investment manager 投資經理	H Shares H股	31,808,000 (L)	8.96%	2.27%
Dragonstone Capital Management Limited	Investment manager 投資經理	H Shares H股	29,705,000 (L)	8.36%	2.12%
CICFH New Dynamic Investment SPC	Beneficial owner 實益擁有人	H Shares H股	29,705,000 (L)	8.36%	2.12%
CICFH New Dynamic Investment SPC	Beneficial owner 實益擁有人	H Shares H股	17,883,000 (L)	5.04%	1.28%
Futu Trustee Limited 富途信託有限公司	Trustee 受託人	H Shares H股	17,883,000 (L)	5.04%	1.28%

CHANGES IN SHARE CAPITAL AND SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

股本變動及主要股東持股情況

Notes:

- (1) The calculation is based on the percentage of shareholding in Domestic Shares or H Shares, respectively.
- (2) The calculation is based on the total number of 1,045,000,000 Domestic Shares in issue and 355,000,000 H Shares in issue.
- (3) Ms. Zhang Xiuying and Mr. Liu Xuejing are spouses, and therefore Ms. Zhang Xiuying is deemed to be interested in all of Mr. Liu Xuejing's interests in the Company by virtue of the SFO.
- (4) Pursuant to the asset transfer agreement dated 22 April 2022, Guangdong Hengqin Shangchen Investment Limited Partnership (Limited Partnership) (“**Shangchen**”) and Guangdong Hengqin Pengtu Investment Co., Ltd (“**Pengtu**”) ceased to hold interests in Guangdong Hengqin Zhengxing Investment Centre (Limited Partnership) (“**Zhengxing Investment**”) and thus Mr. Liu Zhiming who beneficially owns Shangchen and Pengtu with his spouse, is no longer deemed to be interested in the Shares of the Company held by Zhengxing Investment.
- (5) Fengxiang Group and Fengxiang Investment are wholly owned by GMK Holdings, while GMK Holdings is owned as to 51% by Mr. Liu Xuejing, 9% by Ms. Zhang Xiuying (Mr. Liu Xuejing's spouse), 20% by Mr. Liu Zhiguang and 20% by Mr. Liu Zhiming, respectively. By virtue of the SFO, Mr. Liu Zhiming is deemed to be interested in the Shares directly or indirectly held by GMK Holdings.
- (6) Fengxiang Group and Fengxiang Investment are wholly owned by GMK Holdings. By virtue of the SFO, GMK Holdings is deemed to be interested in the Shares held by Fengxiang Group and Fengxiang Investment.
- (7) The letter “L” denotes a long position in the Shares.

Save as disclosed above, as at 30 June 2022, the Company has not been notified by any other person (excluding the Directors or Supervisors or chief executives), who had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO, or required to be entered in the register kept by the Company under section 336 of the SFO.

附註：

- (1) 分別以內資股或H股的持股百分比為基準計算。
- (2) 以合共1,045,000,000股已發行內資股及355,000,000股已發行H股為基準計算。
- (3) 張秀英女士與劉學景先生是配偶，因此，根據《證券及期貨條例》，張秀英女士被視為在劉學景先生所擁有的本公司所有權益中擁有權益。
- (4) 根據日期為2022年4月22日的資產轉讓協議，廣東橫琴琴上辰投資合夥企業(有限合夥)(「上辰」)及廣東橫琴鵬途投資有限公司(「鵬途」)不再持有廣東橫琴正星投資中心(有限合夥)(「正星投資」)的股權。因此，劉志明先生與其配偶實益擁有上辰及鵬途，不再被視為於正星投資持有的本公司股份中擁有權益。
- (5) 新鳳祥控股全資擁有鳳祥集團及鳳祥投資，而劉學景先生、張秀英女士(劉學景先生的配偶)、劉志光先生及劉志明先生分別持有新鳳祥控股51%、9%、20%及20%的股份。根據《證券及期貨條例》，劉志明先生被視為於新鳳祥控股直接及間接持有的股份中擁有權益。
- (6) 新鳳祥控股全資擁有鳳祥集團及鳳祥投資。根據《證券及期貨條例》，新鳳祥控股被視為於鳳祥集團及鳳祥投資持有的股份中擁有權益。
- (7) 字母「L」指股份中的好倉。

除上文所披露者外，於2022年6月30日，本公司尚未接獲任何其他人士(董事或監事或最高行政人員除外)通知，表示其於本公司股份或相關股份中擁有根據《證券及期貨條例》第XV部第2及第3分部須予披露，或須記入根據《證券及期貨條例》第336條須由本公司存置的登記冊的權益或淡倉。

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

董事、監事及高級管理層情況

DIRECTORS

As at the date of this interim report, the Board of Directors consists of nine Directors, comprising four executive Directors, namely, Mr. Liu Zhiguang (chairman of the Board of Directors), Mr. Xiao Dongsheng, Ms. Zhou Jinying and Mr. Shi Lei; two non-executive Directors, namely, Mr. Liu Xuejing and Mr. Zhang Chuanli; and three independent non-executive Directors, namely, Mr. Guo Tianyong, Ms. Zhao Yinglin and Mr. Chung Wai Man.

SUPERVISORS

As at the date of this interim report, the board of Supervisors of the Company (the **“Board of Supervisors”**) consists of three Supervisors, namely, Mr. Zhang Jun (chairman of the Board of Supervisors), Mr. Chen Dehe and Ms. Lian Xianmin.

SENIOR MANAGEMENT

As at the date of this interim report, the senior management of the Company comprises Mr. Xiao Dongsheng as general manager; Mr. Wang Zhixian, Mr. Meng Tao and Ms. Zhou Jinying as vice general managers; Mr. Shi Lei as vice general manager, chief financial officer, secretary to the Board of Directors and joint company secretary.

CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

On 30 March 2022, Mr. Wang Jinsheng tendered his resignation from his positions as an executive Director and vice general manager, and Mr. Ow Weng Cheong tendered his resignation from his position as a non-executive Director.

On 30 March 2022, Ms. Zhou Jinying and Mr. Shi Lei were proposed to be appointed as executive Directors and were elected at the annual general meeting of the Company on 31 May 2022.

Save as disclosed above, during the six months ended 30 June 2022 and up to the date of this interim report, there has been no change in Directors, Supervisors and senior management of the Company, and there is no other information that is required to be disclosed pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the **“Listing Rules”**).

董事

於本中期報告日期，董事會由九名董事組成，包括四名執行董事，即劉志光先生(董事會主席)、肖東生先生、周勁鷹女士及石磊先生；兩名非執行董事，即劉學景先生及張傳立先生；及三名獨立非執行董事，即郭田勇先生、趙迎琳女士及鍾偉文先生。

監事

於本中期報告日期，本公司監事會(「監事會」)由三名監事組成，即張軍先生(監事會主席)、陳德賀先生及廉憲敏女士。

高級管理層

於本中期報告日期，本公司高級管理層包括總經理肖東生先生；副總經理汪之現先生、孟濤先生及周勁鷹女士；副總經理、財務總監、董事會秘書兼聯席公司秘書石磊先生。

董事、監事、高級管理層變動情況

於2022年3月30日，王進聖先生辭去執行董事及副總經理職務，及區永昌先生辭去非執行董事職務。

於2022年3月30日，周勁鷹女士及石磊先生獲建議委任為執行董事，並已於2022年5月31日的本公司股東週年大會上獲選。

除上文所披露外，截至2022年6月30日止六個月及直至本中期報告日期，董事、監事及本公司高級管理層概無變動，且亦無根據《香港聯合交易所有限公司證券上市規則》(《上市規則》)第13.51B(1)條須予披露的其他資料。

SIGNIFICANT EVENTS

重要事項

CORPORATE GOVERNANCE

Since the date of the H Shares listed on the Main Board of the Stock Exchange, the Company continued to improve the transparency of corporate governance to protect the interests of shareholders of the Company (the "**Shareholders**") and enhance corporate value.

The Company has set up a relatively comprehensive corporate governance structure as required by the Listing Rules. The compositions of the Board of Directors and the special committees under the Board of Directors are in compliance with the requirements of the Listing Rules. The Company clearly classifies the responsibilities among the general meetings, the Board of Directors, the Board of Supervisors and senior management. The general meeting acts as the highest authority of the Company and the Board of Directors is held accountable to the Shareholders. The Board of Directors has established special committees, which operate under the leadership of the Board of Directors and provide opinions on the decisions of the Board of Directors. The Board of Supervisors oversees the steady and sound operation of the Company and the performance of duties by the Board of Directors and senior management. Under the leadership of the Board of Directors, the senior management is responsible for implementation of resolutions from the Board of Directors and the day-to-day business and management of the Company, as well as periodic reporting to the Board of Directors and the Board of Supervisors.

CORPORATE GOVERNANCE CODE

Compliance with the Corporate Governance Code

During the six months ended 30 June 2022, the Company has complied with all the applicable code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules. The Company will continue to review and monitor its corporate governance practice to ensure compliance with the CG Code.

企業管治

自H股於聯交所主板上市日期起，本公司不斷提高企業管治的透明度以保障本公司股東(「股東」)利益，提升企業價值。

本公司已按照《上市規則》的規定建立較為全面的企業管治架構。董事會及董事會轄下專門委員會的組成，均符合《上市規則》的規定。本公司明確劃分股東大會、董事會、監事會及高級管理層的職責。股東大會是本公司的最高權力機構。董事會對股東負責。董事會已成立專門委員會，專門委員會在董事會領導之下運作，並就董事會的決策提供意見。監事會監督本公司的穩健良好經營，以及董事會及高級管理層履行職責。在董事會領導下，高級管理層負責執行董事會的決議並負責本公司的日常業務與管理，並定期向董事會及監事會報告。

企業管治守則

遵守《企業管治守則》

於截至2022年6月30日止六個月，本公司已遵守《上市規則》附錄十四所載《企業管治守則》(「**企業管治守則**」)的所有適用守則條文。本公司將繼續檢討及監察其企業管治常規，以確保遵守企業管治守則。

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management and Internal Control Systems

The Board of Directors has the ultimate responsibility for oversight of the risk management and internal control systems of the Group. The Board of Directors has delegated oversight to the audit committee of the Company (“**Audit Committee**”) to oversee the Group’s risk management and internal control systems on an ongoing basis, and to conduct reviews of the effectiveness of the Group’s risk management and internal control systems. The Group has established risk management and internal control systems, consisting of relevant organisational framework policies and procedures, financial reporting procedures and processes, compliance rules and policies and risk management measures that the Group believes are appropriate for its business operations to identify, evaluate and manage significant risks. The aforementioned systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Internal Audit

The Company has adopted an internal audit system and has external auditors responsible for the independent and objective supervision, examination and evaluation of the Company’s conditions such as revenues and expenditures, business activities, risk conditions and internal control. The auditors shall report to the Board of Directors or the Audit Committee and the Board of Supervisors if any material problems are discovered during the audits procedure.

The Board of Directors was responsible for supervising, reviewing and evaluating the Company’s internal audit to ensure that the internal audit was independent and effective. The Audit Committee was responsible for reviewing the Company’s internal audit methods, audit policies and procedures and annual auditing plans and providing guidance and supervision. The Company had adhered to the principles of independence, objectivity, prudence, efficiency, importance and pertinence during the internal auditing process. The Company’s internal audit system is comprehensive covering business operation, risk management, internal control and corporate governance.

風險管理及內部控制

風險管理及內部控制系統

董事會具有監督本集團風險管理及內部控制系統的最終責任。董事會已授權予本公司審計委員會（「**審計委員會**」）以持續監督本集團的風險管理和內部控制系統，並檢討本集團風險管理及內部控制系統的有效性。本集團已設立風險管理及內部控制系統，其包含本集團認為對業務經營屬適當的相關組織框架政策及程序、財務報告程序及流程、合規規則及政策及風險管理措施，以識別、評估及管理重大風險。上述系統旨在針對有關風險作出管理，而並不會完全消除可能令我們無法實現業務目標的風險，同時只能對重大錯誤陳述或損失提供合理而非絕對的保證。

內部審計

本公司已採納內部審計系統，配備外部核數師，對本公司的收入及開支、業務活動、風險狀況、內部控制等情況進行獨立客觀的監督、檢查和評價，並就審計程序中發現的任何重大問題向董事會或審計委員會及監事會進行匯報。

董事會負責監督、審核及考核本公司的內部審計工作，以確保內部審計工作獨立及有效。審計委員會負責審核本公司的內部審計方法、審計政策與程序以及年度審計計劃，提供指導與監督。本公司在整個內部審計工作過程中堅持獨立、客觀、審慎、高效、重視及中肯的原則。本公司的內部審計系統涵蓋範圍全面，包括業務經營、風險管理、內部控制及企業管治。

SIGNIFICANT EVENTS

重要事項

INTERIM DIVIDEND

The Board of Directors did not recommend the declaration or payment of an interim dividend for the six months ended 30 June 2022 (for the six months ended 30 June 2021: Nil).

CHANGE IN USE OF NET PROCEEDS FROM LISTING

The H Shares of the Company were listed on the Main Board of the Stock Exchange on 16 July 2020 by way of global offering, raised total net proceeds of HK\$1,081.5 million (i.e. equivalent to approximately RMB975.3 million) (the “**Net Proceeds**”) after deducting professional fees, underwriting commissions and other related listing expenses.

As stated in the prospectus of the Company dated 30 June 2020 (the “**Prospectus**”), the intended uses of the Net Proceeds are set out below:

中期股息

董事會不建議就截至2022年6月30日止六個月宣派或派付中期股息(截至2021年6月30日止六個月：無)。

更改上市所得款項淨額用途

本公司H股於2020年7月16日以全球發售的方式在聯交所主板上市，經扣除專業費用、包銷佣金和其他相關上市費用後，籌集所得款項淨額合共1,081.5百萬港元(即約人民幣975.3百萬元)(「所得款項淨額」)。

誠如2020年6月30日本公司招股章程(「招股章程」)所述，所得款項淨額擬定用途如下：

Intended use of Net Proceeds	Allocation of Net Proceeds	Amount of Net Proceeds utilised up to 30 June 2022	Balance of Net Proceeds unutilised up to 30 June 2022	Intended timetable for use of the unutilised Net Proceeds
所得款項淨額擬定用途	所得款項淨額的分配 RMB million 人民幣百萬元	截至2022年6月30日已動用所得款項淨額金額 RMB million 人民幣百萬元	截至2022年6月30日未動用所得款項淨額結餘 RMB million 人民幣百萬元	使用未動用所得款項淨額擬定時間表
(i) invested in the expansion of our breeding and production capacities of white-feathered broilers through the procurement of facilities necessary for the broiler farms with battery cage systems, slaughtering and processing plant, breeder farms, hatchery, feedmill and organic fertiliser plant 投資於我們的白羽肉雞飼養及產能擴充，透過為帶有籠養系統的肉雞場、屠宰加工廠、種雞場、孵化場、飼料加工廠和有機肥料廠採購所需設備的方式實現產能擴充	438.9	316.9	122.0	—
(ii) for repaying existing borrowings 償還現有借款	414.5	414.5	0.0	—

SIGNIFICANT EVENTS

重要事項

Intended use of Net Proceeds	Allocation of Net Proceeds	Amount of Net Proceeds utilised up to 30 June 2022 截至2022年6月30日已動用所得款項淨額金額 RMB million 人民幣百萬元	Balance of Net Proceeds unutilised up to 30 June 2022 截至2022年6月30日未動用所得款項淨額結餘 RMB million 人民幣百萬元	Intended timetable for use of the unutilised Net Proceeds 使用未動用所得款項淨額擬定時間表
(iii) invested in the brand development and penetration of our existing B2C processed chicken meat products sales channels (both online and offline) through targeted sales and marketing campaigns 投資於透過定向銷售及營銷活動對我們現有B2C深加工雞肉製品銷售渠道(線上及線下)進行品牌開發及滲透	97.5	97.5	0.0	—
(iv) invested in strengthening our R&D capabilities to (i) diversify our product portfolio of processed chicken meat products and ready-to-eat chicken meat products to capture more business opportunities both domestically and overseas; and (ii) improve our expertise and technical knowhow in relation to our product quality, production techniques and efficiency to strengthen our competitiveness in the market 投資於增強我們的研發能力以(i)促進深加工雞肉製品及即食雞肉製品產品組合的多樣化，從而把握更多國內外業務機會；及(ii)提升有關產品品質、生產技術及效率的專業知識及技術訣竅，從而增強我們在市場上的競爭力	24.4	24.4	0.0	—
Total 總計	975.3^(Note) 975.3^(附註)	853.3	122.0	

Note: The Net Proceeds have been adjusted to take into account the actual professional fees, underwriting commissions and other related listing expenses incurred by the Company.

附註： 所得款項淨額已根據本公司實際發生的專業費用、承銷佣金及其他相關上市費用進行了調整。

SIGNIFICANT EVENTS

重要事項

On 7 June 2022, the Company has unutilised net proceeds (“**Unutilised Net Proceeds**”) of approximately RMB122.0 million, which was expected to be invested in the expansion of the Group’s breeding and production capacities of white-feathered broilers as disclosed in the Prospectus. Having monitored and assessed the current market condition and business operations, it would be less urgent for the Group to utilise the Net Proceeds to expand its breeding and production capacities of white-feathered broilers during the current economic downturn. The Board of Directors had resolved to change the use of the Unutilised Net Proceeds to repay existing borrowings that will fall due shortly, replenish cash flow of the Group, and drive the sales of the existing businesses with sufficient working capital, which is more beneficial to meet the Group’s operation needs and allows the Group to deploy its financial resources in a more effective way. As at the date of this interim report, the Company has Unutilised Net Proceeds of approximately RMB78.7 million. For details, please refer to the Company’s announcement dated 7 June 2022.

The intended timetable for use of the Unutilised Net Proceeds is based on the best estimation of future market conditions and business operations made by the Company, and remains subject to change based on current and future development of market conditions and actual business needs. The Directors expect that the Unutilised Net Proceeds will be used by the end of 2022. Save for the above, the Group has utilised the remaining Net Proceeds in accordance with the intended purposes as set out in the Prospectus.

於2022年6月7日，本公司的未動用所得款項淨額（「未動用所得款項淨額」）約為人民幣122.0百萬元，誠如招股章程所披露，預期投資於本集團白羽肉雞的飼養及產能擴充。經監察及評估現行市況及業務營運，本集團不急於現時經濟下行時動用所得款項淨額以擴充白羽肉雞的飼養及產能。董事會議決更改未動用所得款項淨額的用途以償還將於短期內到期的現有借款、補充本集團的現金流量，並以充足營運資金推動現有業務銷售，此舉對滿足本集團營運需要而言更為有利，並可令本集團更有效投放財務資源。於本中期報告日期，本公司的未動用所得款項淨額約人民幣78.7百萬元。有關詳情，請參閱本公司日期為2022年6月7日的公告。

使用未動用所得款項淨額擬定時間表乃根據本公司對未來市場狀況及業務營運的最佳估計而作出，且仍會根據當前及未來市場狀況的發展以及實際業務需求而有所變動。董事預期，未動用所得款項淨額將於2022年底前動用。除上述者外，本集團已根據招股章程中所載的擬定用途動用餘下的所得款項淨額。

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The Group has entered into certain non-exempt continuing connected transactions with its connected persons. During the Reporting Period, such transactions include (i) sales of poultry products and by-products; (ii) procurement of logistics services; (iii) deposit of funds; (iv) receiving financial assistance by the discounting of commercial bills; and (v) procurement of raw materials and outsourcing of processing services.

The above transactions constitute non-exempt continuing connected transactions under Chapter 14A of the Listing Rules. The Company has applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules for such transactions as listed in (i), (ii) and (iv). For the transactions as listed in (iii) and (v), the Company has complied with the disclosure and/or independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

關連交易及持續關連交易

本集團已與其關連人士訂立若干不獲豁免之持續關連交易，報告期內，該等交易包括(i)出售禽肉製品及副產品；(ii)採購物流服務；(iii)存款；(iv)通過貼現商業票據接受財務資助及(v)採購原材料及外包加工服務。

根據《上市規則》第十四A章，上述交易構成不獲豁免持續關連交易。本公司已向聯交所提出申請，且聯交所已授予豁免，豁免第(i)、(ii)及(iv)項中所列有關交易嚴格遵守《上市規則》第14A章下獨立股東批准規定。第(iii)及(v)項中所列有關交易，本公司已遵守《上市規則》第14A章下披露及／或獨立股東批准之規定。

SIGNIFICANT EVENTS

重要事項

MATERIAL ASSETS ACQUISITION, SALE AND MERGER

As at 30 June 2022, the Company had no material assets acquisition, sale or merger other than that disclosed in this interim report.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group had neither significant investments nor significant acquisitions and disposals of relevant subsidiaries, associates and joint ventures for the six months ended 30 June 2022 other than that disclosed in this interim report.

IMPLEMENTATION OF EQUITY INCENTIVE PLAN

2020 Share Award Scheme

The Board of Directors has approved the adoption of the share award scheme (the “**2020 Share Award Scheme**”) on 4 June 2020, and effective from the Listing Date. The 2020 Share Award Scheme is not a share option scheme and is not subject to the provisions of Chapter 17 of the Listing Rules. On 22 June 2020, the Company established a trust in connection with the 2020 Share Award Scheme (the “**2020 Trust**”) and has appointed Bank of Communications Trustee Limited (the “**BOC Trustee**”) as trustee to administer the 2020 Trust. Pursuant to the 2020 Share Award Scheme, the grant of award (the “**2020 Awarded Shares**”) by the Board of Directors to the selected participants may vest in the form of H Shares or the net sale proceeds of the 2020 Awarded Shares in cash in accordance with the 2020 Share Award Scheme.

Purposes

The purposes of the 2020 Share Award Scheme is to recognise the contribution by the Group’s personnel and to provide them with incentives in order to retain them for the continual operation and development of the Group, to stimulate further development of the Group, and to provide retirement protection to the Group’s personnel.

重大資產收購、出售及合併

除本中期報告所披露者外，於2022年6月30日，本公司並無重大資產收購、出售或合併。

附屬公司、聯營公司及合資企業的重大投資、收購及出售事項

除本中期報告所披露者外，本集團截至2022年6月30日止六個月並無重大投資，亦無重大收購及出售相關附屬公司、聯營公司及合資企業。

股權激勵計劃實施情況

2020年股份獎勵計劃

董事會已於2020年6月4日批准採納並自上市日期起生效的股份獎勵計劃（「**2020年股份獎勵計劃**」）。2020年股份獎勵計劃並非購股權計劃，不受《上市規則》第十七章的條文規管。於2020年6月22日，本公司已就2020年股份獎勵計劃成立信託（「**2020年信託**」），並已委任交通銀行信託有限公司為受託人（「**交通銀行受託人**」）管理2020年信託。根據2020年股份獎勵計劃，董事會向選定參與者授出的獎勵（「**2020年獎勵股份**」）可以H股的形式或根據2020年股份獎勵計劃以現金授出2020年獎勵股份銷售所得款項淨額的形式歸屬。

目的

2020年股份獎勵計劃的目的在於表彰本集團人員作出的貢獻並向其提供獎勵，以為本集團的持續經營及發展留任該等人士，促進本集團的進一步發展並向本集團的人員提供退休保障。

Participants

Pursuant to the 2020 Share Award Scheme, any full-time or part-time employees of the Group (including any Director) are eligible participants of the 2020 Share Award Scheme.

Administration

The 2020 Share Award Scheme shall be subject to the administration of the Board of Directors and the BOC Trustee in accordance with the scheme rules and the trust deed. The decision of the Board of Directors with respect to any matter arising under the 2020 Share Award Scheme (including the interpretation of any provision) shall be final and binding. The BOC Trustee shall hold the trust fund in accordance with the terms of the trust deed.

Duration

Subject to any early termination as may be determined by the Board of Directors, the 2020 Share Award Scheme shall be valid and effective for a term of 10 years commencing on the date of listing.

Scheme Limit and Entitlement

The Board of Directors shall not make any further award which will result in the maximum number of new H Shares that can be allotted and issued for the purpose of the 2020 Share Award Scheme in any financial year is 3% of the total number of issued share capital in the H Shares at the relevant time (i.e. 10,650,000 H Shares). The maximum number of new H Shares that can be allotted and issued to a selected employee in any 12-month period shall not exceed 1% of the total number of issued share capital in the H Shares at the relevant time (i.e. 3,550,000 H Shares).

Grant

After the Board of Directors has decided to make a grant to any selected employee, the Board of Directors shall send a grant notice to such selected employee with a copy thereof to the BOC Trustee within 14 business days after the grant was made. Such selected employee shall confirm acceptance of the awarded shares by signing and returning to the Board of Directors the acceptance form within 14 business days after the date of the relevant grant notice.

參與者

根據2020年股份獎勵計劃，本集團任何全職或兼職僱員(包括任何董事)均為2020年股份獎勵計劃的合資格參與者。

管理

2020年股份獎勵計劃將由董事會及交通銀行受託人根據計劃規則及信託契據管理。董事會對2020年股份獎勵計劃項下任何事宜(包括對任何條文的詮釋)所作決定將屬最終決定及具有約束力。交通銀行受託人將根據信託契據的條款持有信託基金。

年期

除非董事會決定提前終止，否則2020年股份獎勵計劃將於上市日期起計10年內有效及生效。

計劃上限及資格

倘在任何財政年度可就2020年股份獎勵計劃配發及發行新H股數目上限為於有關時間H股已發行股本總額的3%(即10,650,000股H股)，則董事會不得進一步授出獎勵。在任何12個月期間可向獲選僱員配發及發行的新H股數目上限不得超過於有關時間已發行H股本總額的1%(即3,550,000股H股)。

授出

在董事會決定向任何獲選僱員授出獎勵股份後，董事會應在授予後的14個營業日內向該等獲選僱員發出授予通知，並將其副本送交交通銀行受託人。該等獲選僱員應在有關授予通知日期後的14個營業日內，通過簽署並向董事會返還接納表格以確認接納所授予的股份。

SIGNIFICANT EVENTS

重要事項

Vesting and conditions

The Board of Directors is entitled to impose any conditions (the “**2020 Vesting Conditions**”) as it deems appropriate in its absolute discretion with respect to the vesting of the 2020 Awarded Shares on the selected employee, and shall set out the relevant 2020 Vesting Conditions and the 2020 Awarded Shares in the relevant grant notice.

Subject to the terms and conditions of the 2020 Share Award Scheme and the fulfilment of all 2020 Vesting Conditions on such selected participant as specified in the 2020 Share Award Scheme and the relevant grant notice, the respective awarded shares held by the BOC Trustee on behalf of the selected participant shall vest in such selected participant in accordance with the vesting schedule as set out in the relevant grant notice.

On 26 June 2020, the Board of Directors granted to 18 selected participants 2,050,000 2020 Awarded Shares under the 2020 Share Award Scheme. Subject to the compliance with applicable PRC laws and regulations and the relevant restrictions of the terms of the 2020 Share Award Scheme and the Listing Rules, the Company has instructed the BOC Trustee to purchase 2,050,000 H Shares from the open market for the 2020 Share Award Scheme at any time after the completion of the Global Offering until 29 September 2020.

歸屬及條件

董事會有權就獲選僱員的2020年獎勵股份的歸屬施加其全權酌情認為適當的任何條件（「**2020年歸屬條件**」），並應在有關授予通知中列明相關2020年歸屬條件及2020年獎勵股份。

根據2020年股份獎勵計劃的條款及條件以及待2020年股份獎勵計劃及有關授予通知中所規定就選定參與者歸屬獎勵股份的所有2020年歸屬條件獲達成後，交通銀行受託人根據其規定代表選定參與者持有的各獎勵股份將根據有關授予通知中列出的歸屬時間表歸屬於有關選定參與者。

於2020年6月26日，董事會根據2020年股份獎勵計劃向18名選定參與者授出2,050,000股2020年獎勵股份。為遵守適用中國法律法規及2020年股份獎勵計劃條款以及《上市規則》相關限制，本公司已指示交通銀行受託人於全球發售完成後直至2020年9月29日的任何時間為2020年股份獎勵計劃自公開市場購買2,050,000股H股。

SIGNIFICANT EVENTS

重要事項

The table below sets out the movements of the 2020 Awarded Shares during the period from 1 January 2022 to 30 June 2022:

下表載列於2022年1月1日至2022年6月30日期間2020年獎勵股份的變動：

Name	Date of grant	Vesting date <i>(Note 1)</i>	As at 1 January 2022	Granted during the Reporting Period	Vested during the Reporting Period	Number of awarded shares		Outstanding as at 30 June 2022
						Cancelled/ lapsed during the Reporting Period	Outstanding as at 30 June 2022	
姓名	授出日期	歸屬日期 <i>(附註1)</i>	於2022年1月1日	於報告期間授出	於報告期間歸屬	於報告期間註銷/失效	於2022年6月30日尚未行使	
Connected Selected Employees								
關連獲選僱員								
Mr. Xiao Dongsheng	26 June 2020	30 June 2022	120,000	—	60,000	—	60,000	
肖東生先生	2020年6月26日	2022年6月30日						
Mr. Ow Weng Cheong (resigned on 30 March 2022)	26 June 2020	30 June 2022	80,000	—	—	80,000 <i>(Note 2)</i>	—	
區永昌先生(於2022年3月30日辭任)	2020年6月26日	2022年6月30日				<i>(附註2)</i>		
Mr. Wang Jinsheng (resigned on 30 March 2022)	26 June 2020	30 June 2022	80,000	—	—	80,000 <i>(Note 2)</i>	—	
王進聖先生(於2022年3月30日辭任)	2020年6月26日	2022年6月30日				<i>(附註2)</i>		
Ms. Zhou Jinying <i>(Note 3)</i>	26 June 2020	30 June 2022	70,000	—	35,000	—	35,000	
周勁鷹女士 <i>(附註3)</i>	2020年6月26日	2022年6月30日						
Mr. Shi Lei	26 June 2020	30 June 2022	40,000	—	20,000	—	20,000	
石磊先生	2020年6月26日	2022年6月30日						
Ms. Lian Xianmin	26 June 2020	30 June 2022	20,000	—	10,000	—	10,000	
廉憲敏女士	2020年6月26日	2022年6月30日						
Mr. Wang Zhixian	26 June 2020	30 June 2022	32,000	—	16,000	—	16,000	
汪之現先生	2020年6月26日	2022年6月30日						
Others								
其他								
Employees	26 June 2020	30 June 2022	378,000	—	184,000	10,000 <i>(Note 2)</i>	184,000	
僱員	2020年6月26日	2022年6月30日				<i>(附註2)</i>		
Total			820,000	—	325,000	170,000	325,000	
合計								

Notes:

- The awarded shares granted on 26 June 2020 shall be vested in four tranches with the vesting schedule as follows: (i) as to 40% of the 2020 Awarded Shares on 30 September 2020; (ii) as to 20% of the 2020 Awarded Shares on 30 June 2021; (iii) as to 20% of the 2020 Awarded Shares on 30 June 2022; and (iv) as to 20% of the 2020 Awarded Shares on 30 June 2023.
- The outstanding awarded shares (unvested) as at 30 June 2022 were lapsed due to the employee's resignation.
- Ms. Zhou Jinying was awarded 175,000 2020 Awarded Shares and became a Connected Selected Employee on 31 May 2022 due to her appointment as executive Director.

附註：

- 於2020年6月26日授予的獎勵股份將分四期歸屬，歸屬時間表如下：(i) 於2020年9月30日為2020年獎勵股份的40%；(ii) 於2021年6月30日為2020年獎勵股份的20%；(iii) 於2022年6月30日為2020年獎勵股份的20%；及(iv) 於2023年6月30日為2020年獎勵股份的20%。
- 由於僱員辭職，於2022年6月30日未授予的獎勵股份(未歸屬)已失效。
- 周勁鷹女士獲授175,000股2020年獎勵股份，並於2022年5月31日因獲委任為執行董事而成為關連獲選僱員。

SIGNIFICANT EVENTS

重要事項

2021 Share Award Scheme

The Board of Directors has approved the adoption of the 2021 share award scheme (the “**2021 Share Award Scheme**”) on 10 December 2021. The 2021 Share Award Scheme is not a share option scheme and is not governed by the provisions of Chapter 17 of the Listing Rules. Pursuant to the 2021 Share Award Scheme, the grant of awarded shares (the “**2021 Awarded Shares**”) by the Board of Directors to the selected participants may vest in the form of H Shares.

Purposes

Considering the continual operation and further development of the Group, the purpose and objective of the 2021 Share Award Scheme are to recognise the contributions by certain employees of the Group and to provide them with incentives in order to retain them and to attract suitable personnel.

Participants

Pursuant to the 2021 Share Award Scheme, any full-time or part-time employees (including any Director) of any member of the Group at any time during the trust period are eligible participants of the 2021 Share Award Scheme.

Administration

The 2021 Share Award Scheme shall be subject to the administration of the Board of Directors and the trustee (the “**Futu Trustee**”) in accordance with the scheme rules and the trust deed. The decision of the Board of Directors with respect to any matter arising under the 2021 Share Award Scheme (including the interpretation of any provision) shall be final and binding. The Futu Trustee shall hold the trust fund in accordance with the terms of the trust deed.

Duration

Subject to any early termination as may be determined by the Board of Directors pursuant to the scheme rules, the 2021 Share Award Scheme shall be valid and effective for a term of 10 years commencing on the adoption date.

2021年股份獎勵計劃

董事會已於2021年12月10日批准採納2021年股份獎勵計劃(「**2021年股份獎勵計劃**」)。2021年股份獎勵計劃並非購股權計劃，不受《上市規則》第十七章的條文規管。根據2021年股份獎勵計劃，董事會向選定參與者的授出的獎勵股份(「**2021年獎勵股份**」)可以H股的形式歸屬。

目的

考慮到本集團的持續經營及進一步發展，2021年股份獎勵計劃的目的及目標在於表彰本集團若干僱員的貢獻並為彼等提供獎勵，以留住彼等並吸引合適的人才。

參與者

根據2021年股份獎勵計劃，本集團任何成員公司於信託期任何時間的任何全職或兼職僱員(包括任何董事)均為2021年股份獎勵計劃的合資格參與者。

管理

2021年股份獎勵計劃將由董事會及受託人(「**富途受託人**」)根據計劃規則及信託契據的管理。董事會對2021年股份獎勵計劃項下任何事宜(包括對任何條文的詮釋)所作決定將屬最終決定及具有約束力。富途受託人將根據信託契據的條款持有信託基金。

年期

除非董事會根據計劃規則決定提前終止，否則2021年股份獎勵計劃將於採納日期起計10年內有效及生效。

Scheme Limit and Entitlement

The Board of Directors shall not make any further award which will result in the aggregate number of the Shares awarded by the Board of Directors under the 2021 Share Award Scheme exceeding 10% of the issued share capital of the Company from time to time (i.e. 140,000,000 H Shares). The maximum number of Shares which may be awarded to a selected employee under the 2021 Share Award Scheme shall not exceed 1% of the issued share capital of the Company in any 12-month period (i.e. 14,000,000 H Shares).

Grant

After the Board of Directors has decided to make a grant to any selected employee, the Board of Directors shall send a grant notice to such selected employee with a copy thereof to the Futu Trustee within five business days after the grant was made. Such selected employee shall confirm acceptance of the awarded shares by signing and returning to the Board of Directors the acceptance form within five business days after the date of the relevant grant notice.

Vesting and conditions

Subject to the terms and condition of the 2021 Share Award Scheme and the fulfillment of all vesting conditions to the vesting of the awarded shares on such selected employee as specified in the 2021 Share Award Scheme and the relevant grant notice, the respective awarded shares held by the Futu Trustee on behalf of the selected employee pursuant to the provision hereof shall vest in such selected employee in accordance with the vesting schedule as set out in the relevant grant notice.

On 10 December 2021, an aggregate of 23,487,800 2021 Awarded Shares were granted to 63 selected participants the by the Board of Directors under the 2021 Share Award Scheme, and 2,609,800 reserved shares will be kept for the time being in the pool of the Trust Fund as reserve for future grants of the 2021 Awarded Shares to the selected employees (the “**Reserved Shares**”). 4,043,700 2021 Awarded Shares were granted to the Connected Selected Employees. The number of the 2021 Awarded Shares underlying the relevant awards represents 23,487,800 H Shares. The 2021 Awarded Shares and the Reserved Shares shall be purchased from the open market out of cash contributed by the Group. As no new Shares will be issued by the Company pursuant to the grant, it will not result in any dilution effect on the shareholdings of existing Shareholders. For details, please refer to the Company's announcement dated 10 December 2021.

計劃上限及資格

倘進一步授出獎勵股份將導致董事會根據2021年股份獎勵計劃已授予的股份總數超過本公司不時已發行股本的10%（即140,000,000股H股），則董事會不得進一步授出獎勵。於任何12個月期間，根據2021年股份獎勵計劃可授予獲選僱員的最高股份數量不得超過本公司已發行股本的1%（即14,000,000股H股）。

授出

在董事會決定向任何獲選僱員授出獎勵股份後，董事會應在授予後的五個營業日內向該等獲選僱員發出授予通知，並將其副本送交富途受託人。該等獲選僱員應在有關授予通知日期後的五個營業日內，通過簽署並向董事會返還接納表格以確認接納所授予的股份。

歸屬及條件

根據2021年股份獎勵計劃的條款及條件以及待2021年股份獎勵計劃及有關授予通知中所規定就獲選僱員歸屬獎勵股份的所有歸屬條件獲達成後，富途受託人根據其規定代表獲選僱員持有的各獎勵股份將根據有關授予通知中列出的歸屬時間表歸屬於有關獲選僱員。

於2021年12月10日，董事會根據2021年股份獎勵計劃向63名選定參與者授出共23,487,800股2021年獎勵股份。而2,609,800股保留股份將暫時存入信託基金池中，作為日後向獲選僱員授予2021年獎勵股份的儲備（「**保留股份**」）。4,043,700股2021年獎勵股份授予關連獲選僱員。相關獎勵涉及的2021年獎勵股份數目指23,487,800股H股。本集團將以現金出資方式立從公開市場上購買2021年獎勵股份及保留股份。由於本公司將不會根據授予發行新股份，故不會對現有股東的股權造成任何攤薄影響。詳情請參閱本公司日期為2021年12月10日的公告。

SIGNIFICANT EVENTS

重要事項

The table below sets out the movements of the 2021 Awarded Shares during the period from 1 January 2022 to 30 June 2022:

下表載列於2022年1月1日至2022年6月30日期間2021年獎勵股份的變動：

Name	Date of grant	Vesting date	Vesting period	Number of awarded shares				Outstanding as at 30 June 2022
				As at 1 January 2022	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled/ lapsed during the Reporting Period	
姓名	授出日期	歸屬日期	歸屬期間	於2022年1月1日	於報告期間授出	於報告期間歸屬	於報告期間註銷/失效	於2022年6月30日尚未行使
Connected Selected Employees								
關連獲選僱員								
Mr. Xiao Dongsheng	10 December 2021	—	30 April 2023 to 30 April 2025	2,916,000	—	—	—	2,916,000
肖東生先生	2021年12月10日	—	2023年4月30日至2025年4月30日					
Mr. Wang Zhixian	10 December 2021	—	30 April 2023 to 30 April 2025	350,100	—	—	—	350,100
汪之現先生	2021年12月10日	—	2023年4月30日至2025年4月30日					
Ms. Zhou Jinying (Note 1)	10 December 2021	—	30 April 2023 to 30 April 2025	2,430,000	—	—	—	2,430,000
周勁鷹女士(附註1)	2021年12月10日	—	2023年4月30日至2025年4月30日					
Mr. Shi Lei	10 December 2021	—	30 April 2023 to 30 April 2025	486,000	—	—	—	486,000
石磊先生	2021年12月10日	—	2023年4月30日至2025年4月30日					
Ms. Lian Xianmin	10 December 2021	—	30 April 2023 to 30 April 2025	291,600	—	—	—	291,600
廉憲敏女士	2021年12月10日	—	2023年4月30日至2025年4月30日					
Others								
其他								
Employees	10 December 2021	—	30 April 2023 to 30 April 2025	17,014,100	—	—	206,300	16,807,800
僱員	2021年12月10日	—	2023年4月30日至2025年4月30日				(Note 2) (附註2)	
Total				23,487,800	—	—	206,300	23,281,500
合計								

Notes:

- Ms. Zhou Jinying was awarded 2,430,000 2021 Awarded Shares and became a Connected Selected Employee on 31 May 2022 due to her appointment as executive Director.
- The outstanding awarded shares (unvested) as at 30 June 2022 were lapsed due to the employee's resignation.

附註:

- 周勁鷹女士獲授2,430,000股2021年獎勵股份，並於2022年5月31日因獲委任為執行董事而成為關連獲選僱員。
- 由於僱員辭職，於2022年6月30日未授予的獎勵股份(未歸屬)已失效。

DIRECTORS' AND SUPERVISORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as a code of conduct for securities transactions by the Directors and Supervisors. The Company has made specific enquiries with each Director and Supervisor and each of them confirmed that he or she had complied with all required standards under the Model Code during the six months ended 30 June 2022.

DIRECTORS' AND SUPERVISORS' INTERESTS IN MATERIAL TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in this interim report, as at 30 June 2022, none of the Directors or Supervisors directly or indirectly had any material interest in any material transaction, arrangement or contract in relation to the Company's business, to which the Company, any of its subsidiaries or fellow subsidiaries, if any, was a party.

董事及監事的證券交易

本公司已採納《上市規則》附錄十所載的《上市發行人董事進行證券交易的標準守則》(「《標準守則》」)，作為董事及監事進行證券交易的行為守則。本公司已向各董事及監事作出具體查詢並獲各董事及監事確認，其於截至2022年6月30日止六個月已遵守《標準守則》項下規定的所有標準。

董事及監事於重大交易、安排或合約的權益

除本中期報告所披露者外，於2022年6月30日，概無董事或監事於本公司、其任何附屬公司或同系附屬公司(如有)作為訂約方並對本公司業務而言屬重大交易、安排或合約中直接或間接擁有任何重大權益。

SIGNIFICANT EVENTS

重要事項

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES OR DEBENTURES

As at 30 June 2022, the interests and short positions of the Directors, Supervisors and chief executives in any Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning as defined in Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which they were taken or deemed to have under such provisions of the SFO), or to be entered in the register to be kept pursuant to section 352 of the SFO, or otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules are as follows:

(a) The Company

Name of Directors/ Supervisors	Nature of interest	Class of Shares	Number of Shares	Approximate percentage of interest in the relevant class of Shares of the Company ⁽¹⁾ 在本公司 相關股份類別中 所佔概約 權益百分比 ⁽¹⁾	Approximate percentage of interest in the total share capital of the Company ⁽²⁾ 在本公司 總股本中 所佔概約 權益百分比 ⁽²⁾
董事／監事姓名	權益性質	股份類別	股份數目	權益百分比 ⁽¹⁾	權益百分比 ⁽²⁾
Mr. Liu Zhiguang 劉志光先生	Interests held jointly with another person 與另一人士共同持有權益	Domestic Shares 內資股	992,854,500 (L)	95.01%	70.92%
Mr. Liu Xuejing ⁽³⁾ 劉學景先生 ⁽³⁾	Interest in controlled corporation 受控法團權益	Domestic Shares 內資股	992,854,500 (L)	95.01%	70.92%
Mr. Zhang Chuanli 張傳立先生	Beneficial interest 實益權益	Domestic Shares 內資股	2,703,000 (L)	0.26%	0.19%
Mr. Xiao Dongsheng ⁽⁴⁾ 肖東生先生 ⁽⁴⁾	Beneficiary of a trust 信託受益人	H Shares H股	3,216,000 (L)	0.91%	0.23%
Ms. Zhou Jinying ⁽⁴⁾ 周勁鷹女士 ⁽⁴⁾	Beneficiary of a trust 信託受益人	H Shares H股	2,605,000 (L)	0.73%	0.19%
Mr. Shi Lei ⁽⁴⁾ 石磊 ⁽⁴⁾	Beneficiary of a trust 信託受益人	H Shares H股	586,000 (L)	0.17%	0.04%
Ms. Lian Xianmin ⁽⁴⁾ 廉憲敏女士 ⁽⁴⁾	Beneficiary of a trust 信託受益人	H Shares H股	341,600 (L)	0.10%	0.02%

董事、監事及最高行政人員於股份、相關股份或債券之權益及淡倉

於2022年6月30日，董事、監事及最高行政人員於本公司或其任何相聯法團（定義見《證券及期貨條例》第XV部）的任何股份、相關股份及債券中，擁有根據《證券及期貨條例》第XV部第7及第8分部須知會本公司及聯交所的權益及淡倉（包括根據《證券及期貨條例》有關條文被當作或視為擁有的權益及淡倉），或根據《證券及期貨條例》第352條須記入所存置的登記冊內的權益及淡倉，或根據《上市規則》附錄十所載的《標準守則》須另行知會本公司及聯交所的權益及淡倉如下：

(a) 本公司

Notes:

- (1) The calculation is based on the percentage of shareholding in Domestic Shares or H Shares, respectively.
- (2) The calculation is based on the total number of 1,045,000,000 Domestic Shares in issue and 355,000,000 H Shares in issue.
- (3) Fengxiang Group and Fengxiang Investment are wholly-owned by GMK Holdings and in turn held as to 51% by Mr. Liu Xuejing and 9% by Ms. Zhang Xiuying, spouse of Mr. Liu Xuejing. By virtue of the SFO, Mr. Liu Xuejing is deemed to be interested in the Shares directly and indirectly held by GMK Holdings.
- (4) Mr. Xiao Dongsheng, Ms. Zhou Jinying, Mr. Shi Lei and Ms. Lian Xianmin have been granted the Awarded Shares under the 2020 Share Award Scheme and/or 2021 Share Award Scheme. They are deemed to be interested in the issued share capital of the Company for the Awarded Shares which have been granted to them pursuant to Part XV of the SFO.
- (5) Mr. Ow Weng Cheong and Mr. Wang Jinsheng resigned as Directors on 30 March 2022.
- (6) The letter "L" denotes a long position in the Shares.

(b) Associated Corporation

Name of Directors	Nature of interest	Associated corporation	Number of Shares	Percentage of shareholding in associated corporation 於相聯法團的 持股百分比
董事姓名	權益性質	相聯法團	股份數目	
Mr. Liu Zhiguang 劉志光先生	Beneficial owner 實益擁有人	GMK Holdings 新鳳祥控股	792,000,000	20.00%
Mr. Liu Xuejing 劉學景先生	Beneficial owner 實益擁有人	GMK Holdings 新鳳祥控股	2,019,600,000	51.00%
	Interest in controlled corporation ⁽¹⁾ 受控法團權益 ⁽¹⁾	Fengxiang Investment 鳳祥投資	50,000,000	100.00%
	Interest in controlled corporation ⁽¹⁾ 受控法團權益 ⁽¹⁾	Fengxiang Group 鳳祥集團	1,126,000,000	100.00%

Note:

- (1) Fengxiang Investment and Fengxiang Group are wholly-owned by GMK Holdings.

附註:

- (1) 分別以內資股或H股的持股百分比為基準計算。
- (2) 以合共1,045,000,000股已發行內資股及355,000,000股已發行H股為基準計算。
- (3) 新鳳祥控股全資擁有鳳祥集團及鳳祥投資，而劉學景先生及張秀英女士(劉學景先生的配偶)持有新鳳祥控股51%及9%的股份。根據《證券及期貨條例》，劉學景先生被視為於新鳳祥控股直接及間接持有的股份中擁有權益。
- (4) 肖東生先生、周勁鷹女士、石磊先生及廉憲敏女士已根據2020年股份獎勵計劃及/或2021年股份獎勵計劃獲授獎勵股份，根據《證券及期貨條例》第XV部，彼等已被視作就其獲授的獎勵股份而於本公司已發行股本中擁有權益。
- (5) 區永昌先生及王進聖先生於2022年3月30日辭任董事。
- (6) 字母「L」指股份中的好倉。

(b) 相聯法團

附註:

- (1) 鳳祥投資與鳳祥集團由新鳳祥集團全資擁有。

SIGNIFICANT EVENTS

重要事項

Save as disclosed above, as at 30 June 2022, none of the Directors, Supervisors or chief executives or their associates have or are deemed to have any interests and short positions in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning as defined in Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which they were taken or deemed to have under such provisions of the SFO), or pursuant to section 352 of the SFO, required to be entered in the register referred therein, or otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities during the six months ended 30 June 2022.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this interim report, at no time during the period, was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors or Supervisors to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, and none of the Directors or Supervisors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

OTHER EVENTS

Proposed Initial Public Offering of A Shares

On 29 January 2021, the Board of Directors resolved and approved to commence the relevant preparation related to the proposed initial public offering of A shares of the Company. The Company has engaged Huatai United Securities Co., Ltd. as the pre-listing tutoring institution and submitted the registration application for pre-listing tutoring with the China Securities Regulatory Commission Shandong Office (中國證券監督管理委員會山東證監局) on 29 January 2021. As at the date of this interim report, the Company is in the stage of under pre-listing tutoring procedure and has not commenced filing the application for the proposed initial public offering of A shares of the Company.

除上文所披露者外，於2022年6月30日，概無董事、監事或最高行政人員或彼等聯繫人士於或被視為於本公司或其相聯法團(定義見《證券及期貨條例》第XV部)的股份、相關股份或債券中擁有任何根據《證券及期貨條例》第XV部第7及第8分部須知會本公司及聯交所的權益及淡倉(包括根據《證券及期貨條例》有關條文被當作或視為擁有的權益及淡倉)，或根據《證券及期貨條例》第352條須記入該條所述之登記冊內的權益及淡倉，或根據《標準守則》須另行知會本公司及聯交所的權益及淡倉。

購買、出售或贖回上市證券

於截至2022年6月30日止六個月，本公司及其任何附屬公司概無購買、出售或贖回其任何上市證券。

董事及監事購買股份或債券之權利

除本中期報告所披露者外，本公司或其任何附屬公司於期內任何時間概無訂立任何安排，致使董事或監事可藉購買本公司或任何其他法人團體之股份或債券而獲益，以及並無董事或監事或其配偶或18歲以下之子女獲授予任何權利以認購本公司或任何其他法人團體之股本或債務證券，或已行使任何該等權利。

其他事項

建議首次公開發售A股

2021年1月29日，董事會決議通過啟動有關建議本公司首次公開發售A股的相關籌備。本公司已委任華泰聯合證券有限責任公司作為上市前輔導機構，並已於2021年1月29日向中國證券監督管理委員會山東證監局提交上市前輔導的登記申請。於本中期報告日期，本公司正處於上市前輔導階段，尚未開始就建議本公司首次公開發售A股提交申請。

SUBSEQUENT EVENTS

Save as disclosed in this interim report, the Board of Directors is not aware of any significant event affecting the Group occurred after 30 June 2022 and up to the date of this interim report.

REVIEW OF INTERIM RESULTS

The Audit Committee comprises three independent non-executive Directors, namely, Mr. Guo Tianyong, Ms. Zhao Yinglin and Mr. Chung Wai Man. Mr. Chung Wai Man serves as the chairman of the Audit Committee, who has the professional qualification and experience in financial matters in compliance with the requirements of the Listing Rules. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group, the unaudited interim results of the Group for the six months ended 30 June 2022 and this interim report and is of the view that the interim results of the Group is prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made.

By order of the Board of Directors
Chairman
Liu Zhiguang
Shandong, the PRC
15 August 2022

期後事項

除本中期報告所披露者外，董事會並不知悉於2022年6月30日後及直至本中報日期發生的任何影響本集團之重大事項。

審閱中期業績

審計委員會由三名獨立非執行董事(即郭田勇先生、趙迎琳女士及鍾偉文先生)組成。鍾偉文先生為審計委員會主席，彼具有符合《上市規則》規定的財務方面的專業資格及經驗。審計委員會已與管理層審閱本集團採納的會計原則及慣例、本集團截至2022年6月30日止六個月的未經審核中期業績及本中期報告，並認為本集團的中期業績乃根據適用的會計準則、規則及規例編製，並已作出適當披露。

承董事會命
董事會主席
劉志光
中國山東
2022年8月15日

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

簡明綜合全面收益表

For the six months ended 30 June 2022 截至2022年6月30日止六個月

		Six months ended 30 June 截至6月30日止六個月		
		2022 2022年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審核) (As restated) (經重述)	
	Note 附註			
Total operating revenue	營業總收入	3	2,443,273	1,969,445
Less: Operating costs	減：營業成本		2,220,937	1,790,305
Taxes and charges	稅金及附加		18,903	14,119
Selling expenses	銷售費用		173,016	162,772
Administrative expenses	管理費用		48,133	50,195
Research and development expenses	研發費用		15,471	12,500
Finance costs	財務費用	4	23,551	13,397
Add: Other gains	加：其他收益	5	953	3,231
Investment income (losses)	投資收益(虧損)		(1,462)	20,308
Including: Losses on investments in associates and joint ventures	其中：對聯營企業和合營企業的投資虧損		(1,462)	(738)
Losses from the changes in fair value	公允價值變動虧損	6	(10,017)	(10,227)
Credit impairment loss	信用減值損失		63	(358)
Asset impairment loss	資產減值損失		—	—
Proceeds on disposal of assets	資產處置收益		198	—
Operating loss	營業虧損		(67,003)	(60,887)
Add: non-operating income	加：營業外收入		554	1,863
Less: non-operating expenses	減：營業外支出		305	36
Total loss	虧損總額		(66,754)	(59,060)
Less: income tax (expenses)/credit	減：所得稅(費用)/抵免	7	4,184	(1,458)
Net loss	淨虧損		(70,937)	(57,602)
Breakdown by continuity of operations	按經營持續性分類			
Net loss from continuing operations	持續經營淨虧損		(70,937)	(57,602)
Breakdown by attributable interests	按所有權歸屬分類			
Net loss attributable to shareholders of the parent company	歸屬於母公司股東的淨虧損		(70,937)	(61,655)
Loss attributable to minority interests	少數股東虧損		—	(653)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

簡明綜合全面收益表

For the six months ended 30 June 2022 截至2022年6月30日止六個月

		Six months ended 30 June 截至6月30日止六個月	
		2022 2022年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審核) (As restated) (經重述)
		Note 附註	
Net other comprehensive expenses after tax	其他綜合虧損的稅後淨額		(550)
Net other comprehensive expenses attributable to shareholders of the parent company after tax	歸屬於母公司所有者的其他綜合虧損的稅後淨額		(240)
Other comprehensive income (expenses) that cannot be reclassified into profit or loss	不能重分類進損益的其他綜合收益(虧損)		(550)
Other comprehensive expenses that can be reclassified into profit or loss	將重分類進損益的其他綜合虧損		—
Exchange differences on translation of foreign currency financial statements	外幣財務報表折算差額		(550)
Net other comprehensive income attributable to minority interests after tax	歸屬於少數股東的其他綜合收益的稅後淨額		(240)
			—
Total comprehensive expenses	綜合虧損總額		(71,487)
Total comprehensive expenses attributable to the shareholders of the parent company	歸屬於母公司所有者的綜合虧損總額		(62,548)
Total comprehensive expenses attributable to minority interests	歸屬於少數股東的綜合虧損總額		(71,487)
			(61,894)
			—
			(653)
Loss per share	每股虧損		
Basic loss per share (RMB per Share)	基本每股虧損 (元/股)	9	(0.05)
Diluted loss per share (RMB per Share)	稀釋每股虧損 (元/股)	9	(0.04)
			(0.05)
			(0.04)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITIONS

簡明綜合財務狀況表

As at 30 June 2022 於2022年6月30日

			As at 30 June 2022 於2022年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	As at 31 December 2021 於2021年 12月31日 RMB'000 人民幣千元 (Audited) (經審核)
Current assets	流動資產			
Monetary funds	貨幣資金		1,156,368	1,854,774
Trade receivables	應收賬款	10	253,819	260,285
Prepayments	預付款項		95,350	84,922
Other receivables	其他應收款		14,194	13,776
Inventories	存貨	11	759,365	1,018,047
Other current assets	其他流動資產	12	77,068	99,165
Total current assets	流動資產合計		2,356,164	3,330,969
Non-current assets	非流動資產			
Long-term equity investments	長期股權投資	13	61,608	63,070
Fixed assets	固定資產	14	3,115,957	2,961,615
Construction in progress	在建工程	15	21,118	35,293
Productive biological assets	生產性生物資產	16	181,002	204,484
Right-of-use assets	使用權資產	17	187,160	194,630
Intangible assets	無形資產	18	90,488	91,837
Deferred income tax assets	遞延所得稅資產		175	184
Other non-current assets	其他非流動資產		5,046	48,970
Total non-current assets	非流動資產合計		3,662,554	3,600,083
Total assets	資產總計		6,018,718	6,931,052
Current liabilities	流動負債			
Short-term borrowings	短期借款	23	1,148,793	1,731,044
Bills payable	應付票據	19	—	46,607
Trade payable	應付賬款	20	476,238	448,844
Contract liabilities	合同負債		30,641	34,352
Payroll payable	應付職工薪酬	21	58,503	67,838
Taxes payable	應交稅費		12,256	9,674
Other payables	其他應付款	22	323,641	236,504
Non-current liabilities due within one year	一年內到期的非流動負債		133,715	132,598
Other current liabilities	其他流動負債		6,008	3,003
Total current liabilities	流動負債合計		2,189,794	2,710,464

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITIONS

簡明綜合財務狀況表

As at 30 June 2022 於2022年6月30日

			As at 30 June 2022 於2022年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	As at 31 December 2021 於2021年 12月31日 RMB'000 人民幣千元 (Audited) (經審核)
	<i>Note</i> 附註			
Non-current liabilities	非流動負債			
Long-term borrowings	長期借款	23	277,522	475,112
Lease liabilities	租賃負債		189,729	196,897
Long-term payables	長期應付款		31,549	125,991
Estimated liabilities	預計負債		159	155
Deferred income	遞延收益		22,097	22,822
Other non-current liabilities	其他非流動負債		4	—
Total non-current liabilities	非流動負債合計		521,059	820,976
Total liabilities	負債合計		2,710,853	3,531,440
Owners' equity	所有者權益			
Share capital	股本	27	1,400,000	1,400,000
Capital reserve	資本公積		627,678	621,754
Less: treasury shares	減：庫存股		28,732	2,548
Other comprehensive expenses	其他綜合虧損		(804)	(254)
Surplus reserve	盈餘公積		155,378	155,378
Undistributed profits	未分配利潤		1,154,345	1,225,282
Total equity attributable to shareholders of the parent company	歸屬於母公司所有者權益合計		3,307,865	3,399,612
Minority interests	少數股東權益		—	—
Total owners' equity	所有者權益合計		3,307,865	3,399,612
Total liabilities and owners' equity	負債和所有者權益總計		6,018,718	6,931,052

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

簡明綜合權益變動表

For the six months ended 30 June 2022 截至2022年6月30日止六個月

Consolidated statement of changes in owners' equity for the six months ended 30 June 2022
截至2022年6月30日止六個月合併所有者權益變動表

Items	項目	Share capital	Capital reserves	Less: treasury shares	Other	Surplus reserves	Undistributed profits	Minority interests	Total owners' equity		
					comprehensive income						
		股本	資本公積	減：庫存股	其他	盈餘公積	未分配利潤	少數	所有者		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元		
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)		
		(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)		
I.	Balance at the end of last year	一、上年年末餘額	1,400,000	621,754	2,548	(254)	155,378	1,225,282	3,399,612	—	3,399,612
II.	Balance at the beginning of the year	二、本年初餘額	1,400,000	621,754	2,548	(254)	155,378	1,225,282	3,399,612	—	3,399,612
III.	Increases/decreases at current period	三、本期增減變動金額	—	5,924	26,184	(550)	—	(70,937)	(91,747)	—	(91,747)
(I)	Total comprehensive income	(一) 綜合收益總額	—	—	—	(550)	—	(70,937)	(71,487)	—	(71,487)
(II)	Capital contributed or reduced by owners	(二) 所有者投入和減少資本	—	5,924	26,184	—	—	—	(20,260)	—	(20,260)
1.	Ordinary shares contributed by owners	1. 所有者投入的普通股	—	—	—	—	—	—	—	—	—
2.	Capital contributed by the holders of other equity instruments	2. 其他權益工具持有者投入資本	—	—	—	—	—	—	—	—	—
3.	Amounts of share-based payments recognised in owners' equity	3. 股份支付計入所有者權益的金額	—	5,924	26,184	—	—	—	(20,260)	—	(20,260)
4.	Others	4. 其他	—	—	—	—	—	—	—	—	—
(III)	Profit distribution	(三) 利潤分配	—	—	—	—	—	—	—	—	—
1.	Withdrawal of surplus reserves	1. 提取盈餘公積	—	—	—	—	—	—	—	—	—
2.	Withdrawal of general risk reserves	2. 提取一般風險準備	—	—	—	—	—	—	—	—	—
3.	Profit distributed to owners (or shareholders)	3. 對所有者(或股東)的分配	—	—	—	—	—	—	—	—	—
4.	Others	4. 其他	—	—	—	—	—	—	—	—	—
IV.	Balance at the end of the period	四、本期末餘額	1,400,000	627,678	28,732	(804)	155,378	1,154,345	3,307,865	—	3,307,865

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

簡明綜合權益變動表

For the six months ended 30 June 2022 截至2022年6月30日止六個月

Consolidated statement of changes in owners' equity for the 12 months ended 30 December 2021
截至2021年6月30日止六個月合併所有者權益變動表

Items	項目	Share capital	Capital reserves	Less: treasury shares	Other comprehensive income	Surplus reserves	Undistributed profits	Sub-total	Minority interests	Total owners' equity
		股本	資本公積	減：庫存股	其他綜合收益	盈餘公積	未分配利潤	小計	股東權益少數	權益合計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)
		(As restated)	(As restated)	(As restated)	(As restated)	(As restated)	(As restated)	(As restated)	(As restated)	(As restated)
		(經重述)	(經重述)	(經重述)	(經重述)	(經重述)	(經重述)	(經重述)	(經重述)	(經重述)
I. Balance at the end of last year	一、上年年末餘額	1,400,000	621,211	3,822	154	151,387	1,220,362	3,389,293	(1,757)	3,387,536
II. Balance at the beginning of the year	二、本年初餘額	1,400,000	621,211	3,822	154	151,387	1,220,362	3,389,293	(1,757)	3,387,536
III. Increases/decreases at current period	三、本期增減變動金額	—	(53)	(1,274)	(240)	—	(98,949)	(97,967)	1,757	(96,210)
(I) Total comprehensive income	(一) 綜合收益總額	—	—	—	(240)	—	(56,949)	(57,188)	(653)	(57,842)
(II) Capital contributed or reduced by owners	(二) 所有者投入和減少資本	—	(53)	(1,274)	—	—	—	1,221	2,410	3,632
1. Ordinary shares contributed by owners	1. 所有者投入的普通股	—	(18)	—	—	—	—	(18)	2,336	2,318
2. Capital contributed by the holders of other equity instruments	2. 其他權益工具持有者投入資本	—	—	—	—	—	—	—	—	—
3. Amounts of share-based payments recognised in owners' equity	3. 股份支付計入所有者權益的金額	—	(106)	(1,274)	—	—	—	1,168	—	1,168
4. Others	4. 其他	—	72	—	—	—	—	72	75	146
(III) Profit distribution	(三) 利潤分配	—	—	—	—	—	(42,000)	(42,000)	—	(42,000)
1. Withdrawal of surplus reserves	1. 提取盈餘公積	—	—	—	—	—	—	—	—	—
2. Withdrawal of general risk reserves	2. 提取一般風險準備	—	—	—	—	—	—	—	—	—
3. Profit distributed to owners (or shareholders)	3. 對所有者(或股東)的分配	—	—	—	—	—	(42,000)	(42,000)	—	(42,000)
4. Others	4. 其他	—	—	—	—	—	—	—	—	—
IV. Balance at the end of the period	四、本期末餘額	1,400,000	621,158	2,548	(86)	151,387	1,121,414	3,291,326	—	3,291,326

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

簡明綜合現金流量表

For the six months ended 30 June 2022 截至2022年6月30日止六個月

Items	項目	Notes 附註	Six months ended 30 June 截至6月30日止六個月	
			2022 2022年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審核)
I. Cash flows from operating activities	一、經營活動產生的現金流量			
Cash received from sales of goods and rendering of services	銷售商品、提供勞務收到的現金		2,629,787	2,124,382
Tax refunds received	收到的稅費返還		66,455	16,761
Cash received from other operating activities	收到其他與經營活動有關的現金		69,572	115,773
Sub-total of cash inflows from operating activities	經營活動現金流入小計		2,765,814	2,256,916
Cash paid for goods purchased and services received	購買商品、接受勞務支付的現金		1,942,988	1,585,603
Cash paid to and on behalf of employees	支付給職工以及為職工支付的現金		321,641	299,919
Cash paid for taxes	支付的各項稅費		29,218	24,451
Cash paid for other operating activities	支付其他與經營活動有關的現金		92,770	322,142
Sub-total of cash outflows from operating activities	經營活動現金流出小計		2,386,617	2,232,115
Net cash flows generated from operating activities	經營活動產生的現金流量淨額		379,197	24,801
II. Cash flows from investing activities	二、投資活動產生的現金流量			
Cash received from disposal of investments	收回投資收到的現金		—	—
Cash received from gains on investments	取得投資收益收到的現金		—	—
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	處置固定資產、無形資產和其他長期資產收回的現金淨額		383	1,349
Net cash received from disposal of subsidiaries and other business units	處置子公司及其他營業單位收到的現金淨額		—	10
Cash received from other investing activities	收到其他與投資活動有關的現金		—	—
Sub-total of cash inflows from investing activities	投資活動現金流入小計		383	1,359
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	購建固定資產、無形資產和其他長期資產支付的現金		165,293	343,467
Cash paid for investments	投資支付的現金		—	—
Net increase in pledge loans	質押貸款淨增加額		—	—
Net cash paid to acquire subsidiaries and other business units	取得子公司及其他營業單位支付的現金淨額		—	—
Cash paid for other investing activities	支付其他與投資活動有關的現金		—	5,921
Sub-total of cash outflows from investing activities	投資活動現金流出小計		165,293	349,388
Net cash flows from investing activities	投資活動產生的現金流量淨額		(164,911)	(348,029)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

簡明綜合現金流量表

For the six months ended 30 June 2022 截至2022年6月30日止六個月

Items	項目	Notes 附註	Six months ended 30 June 截至6月30日止六個月	
			2022 2022年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審核)
III. Cash flows from financing activities	三、籌資活動產生的現金流量			
Cash from absorption of investments	吸收投資收到的現金		—	—
Cash received from borrowings	取得借款收到的現金		222,357	1,482,290
Cash received from other financing activities	收到其他與籌資活動有關的現金		311,475	—
Sub-total of cash inflows from financing activities	籌資活動現金流入小計		533,831	1,482,290
Cash paid for debts repayments	償還債務支付的現金		1,003,565	817,500
Cash paid for distribution of dividends and profits or payment of interest	分配股利、利潤或償付利息支付的現金		29,792	23,834
Cash paid for other financing activities	支付其他與籌資活動有關的現金		115,321	44,500
Sub-total of cash outflows from financing activities	籌資活動現金流出小計		1,148,678	885,834
Net cash flows from financing activities	籌資活動產生的現金流量淨額		(614,847)	596,456
IV. Effect of fluctuation in exchange rate on cash and cash equivalents	四、匯率變動對現金及現金等價物的影響		(169)	8
V. Net increase in cash and cash equivalents	五、現金及現金等價物淨增加額		(400,729)	273,236
Add: Cash and cash equivalents at beginning of period	加：期初現金及現金等價物餘額		1,375,111	1,289,514
VI. Cash and cash equivalents at end of period	六、期末現金及現金等價物餘額		974,382	1,562,750

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2022 截至2022年6月30日止六個月

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

(I) Basis of preparation

The financial statements are prepared in accordance with the Accounting Standard for Business Enterprises — Basic Standard issued by the Ministry of Finance of the PRC and respective specific accounting standards, application guidelines for accounting standards for business enterprises, interpretation for accounting standards for business enterprises, and other relevant regulations (hereinafter collectively referred to as the “**Accounting Standards for Business Enterprises**”). In addition, the financial statements also comply with the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the applicable disclosure requirements of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

(II) Continuous operations

An application for judicial restructuring (the “**Judicial Restructuring**”) was filed against GMK Holdings, the controlling shareholder of the Company, and its subsidiaries with the court by a creditor in May 2022 due to debt disputes, after which, GMK Holdings, Shandong Fengxiang (Group) Co., Ltd. and Shandong Fengxiang Investment Co., Ltd. which hold approximately 70.92% of the total share capital of the Company in aggregate were all within the scope of the Judicial Restructuring. The Judicial Restructuring may lead to a change of the controlling shareholder of the Company. GMK Holdings, by itself and through its subsidiaries, provides guarantees for some of the loans obtained by the Group from banks, and there is a risk that such bank borrowings would be called for early repayment due to the Judicial Restructuring. As at 30 June 2022, the Group’s unrestricted monetary funds were RMB973.7 million in total, of which the funds deposited with GMK Finance Co., Ltd. (“**GMK Finance**”), which is also controlled by GMK Holdings, was RMB805.9 million.

1. 財務報表的編製基礎

(一) 編製基礎

本財務報表按照中國財政部頒佈的《企業會計準則 — 基本準則》和各項具體會計準則、企業中國會計準則應用指南、企業會計準則解釋及其他相關規定(以下合稱「**企業會計準則**」)編製。此外，本財務報表還符合《香港聯合交易所有限公司證券上市規則》(《**上市規則**》)的披露條文，亦符合香港法例第622章《公司條例》的適用披露規定。

(二) 持續經營

因與本公司控股股東新鳳祥控股及其附屬公司的債務糾紛，於2022年5月被一名債權人向法院提出司法重整(「**司法重整**」)申請。其後，新鳳祥控股、山東鳳祥(集團)有限責任公司及山東鳳祥投資有限公司(合計持有本公司總股本約70.92%)均被納入司法重整的範圍，司法重整可能會導致本公司的控股股東發生變更。新鳳祥控股及通過其附屬公司為本集團向銀行獲取的部分貸款提供擔保，該等銀行借款可能存在因司法重整而導致提前償還的風險。截至2022年6月30日，本集團未受限貨幣資金共計人民幣973.7百萬元，其中，存放在與其同受新鳳祥控股控制的新鳳祥財務有限公司(以下簡稱「**新鳳祥財務公司**」)的資金為人民幣805.9百萬元。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2022 截至2022年6月30日止六個月

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Continued)

(II) Continuous operations (Continued)

There is a risk that the bank borrowings of RMB851.9 million guaranteed by GMK Holdings and its subsidiaries would be called for early repayment and the Group has not been able to estimate the recoverability of the funds placed with GMK Finance yet. These circumstances indicate the existence of material uncertainties that may give rise to significant doubts about the Company's ability to continue as a going concern.

The Company's management intends to take relevant measures to improve its liquidity and expects to be able to obtain sufficient funds to support the Company's operating needs for the foreseeable next 12 months.

The Company intends to take the following measures to improve the Company's ability to continue as a going concern:

- (1) the Company has been actively communicating with the relevant lenders in relation to the status of the Company's business, operations, financial position and cash position which remain normal and stable, and that the Company has sufficient financial resources to support the repayment of the loan in accordance with the original repayment schedule. The Directors are confident that they can persuade the relevant lenders not to exercise the rights to require the Company to repay the loan immediately before the original contractual repayment date. As at the date hereof, the lenders showed a supportive attitude towards the Company, and some of the loans have been renewed;
- (2) the Company is actively negotiating with certain financial institutions to obtain new loans at a reasonable cost. The financial institutions have indicated intentions to grant new loans to the Company. Given the Company's good credit history over the past years and its ability to provide sufficient collateral with other assets, the Directors are confident that new loans can be obtained at a reasonable cost;

1. 財務報表的編製基礎(續)

(二) 持續經營(續)

新鳳祥控股及其附屬公司提供擔保的銀行借款人民幣851.9百萬元存在提前償還的風險，本集團尚無法估計存放於新鳳祥財務公司資金的可收回性。這些情況表明存在可能導致對公司持續經營能力產生重大疑慮的重大不確定性。

本公司管理層擬採取相關措施改善流動性，預計能夠獲取足夠的資金以支持本公司可見未來12個月的經營需要。

本公司擬採取以下措施以改善公司的持續經營能力：

- (1) 本公司一直積極與相關貸款人溝通解釋本公司的業務、經營、財務狀況及現金狀況均保持正常和穩定，並且本公司有足夠的財務資源來支持按照原定還款時間表償還貸款，董事有信心說服有關貸款人不要行使有關權利以要求本公司於原定合同還款日期之前立即償還貸款。截至本公告日期，貸款人對本公司予以支持的態度，且部分貸款更得到續貸；
- (2) 本公司正積極與若干金融機構磋商，按合理成本獲得新貸款，若干金融機構已表示其有意向本公司授出新貸款。鑒於本公司過往良好信貸歷史及提供足夠其他資產抵押的能力，董事有信心，能夠按合理成本獲得新貸款；

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2022 截至2022年6月30日止六個月

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Continued)

(II) Continuous operations (Continued)

- (3) the Company will continue to focus on its main businesses, fully release production capacity to achieve business growth, increase sales revenue, speed up inventory turnover and accelerate the recovery of trade receivable, while continuing to adopt cost reduction and efficiency enhancement measures to increase operating cash flows;
- (4) the Company will further improve its capability to cope with financial risks, optimise its debt structure, reduce short-term liabilities and increase long-term liabilities to minimise the pressure of short-term debt repayment; and
- (5) the Company will support its controlling shareholders in actively attracting strategic investors and strive to properly address the current debt risks as soon as possible.

The Directors have reviewed the cash flow projections of the Group prepared by the management covering a period of not less than 12 months from 30 June 2022. The management of the Company is of the opinion that the Group will be able to obtain sufficient working capital to ensure that the Group will be able to continue as a going concern for a period of 12 months after 30 June 2022 through the above measures. Accordingly, the Company considers it appropriate to adopt the going concern basis in preparing the financial statements of the Company.

1. 財務報表的編製基礎(續)

(二) 持續經營(續)

- (3) 本公司將繼續聚焦主業，充分釋放產能擴張帶來業務增長，增加銷售收入，加快庫存週轉，加快應收賬款的回收，同時持續採用降本增效措施，增加經營性現金流；
- (4) 本公司進一步提高財務風險應對能力，優化債務結構，減少短期負債，增加長期負債，減輕短期償債壓力；及
- (5) 支持控股股東積極引進戰略投資者，力爭儘快妥善化解階段性債務風險。

董事已審閱管理層編製的本集團現金流量預測，其涵蓋期間自2022年6月30日後不少於12個月的期間。本公司管理層認為本集團將能夠通過上述措施，獲得足夠的營運資金以確保本集團於2022年6月30日後12個月內能夠持續經營。因此，本公司認為採用持續經營基礎編製本公司財務報表是恰當的。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2022 截至2022年6月30日止六個月

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Continued)

(II) Continuous operations (Continued)

Notwithstanding the above, there are still significant uncertainties as to whether the management of the Company will be able to implement the above plans and measures. The Group's ability to continue as a going concern will depend on:

- (1) successfully maintaining ongoing and normal business relationships with the Group's existing lenders so that the relevant lenders will not take action to exercise their contractual rights to demand immediate repayment of such borrowings;
- (2) successful acquisition of new sources of financing when required;
- (3) the sustainable and stable development of the Group's business; and
- (4) the smooth transition of the Judicial Restructuring in relation to controlling shareholders.

If the Group does not achieve the expected results of these plans and measures, it may not be able to continue as a going concern, and adjustments will have to be made to reduce the carrying value of the Group's assets to their recoverable amounts, to accrue for any further liabilities that may arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effect of these adjustments has not been reflected in the unaudited condensed consolidated financial statements.

1. 財務報表的編製基礎(續)

(二) 持續經營(續)

儘管如此，本公司管理層能否落實上述計劃及措施仍存在重大不確定因素。本集團能否持續經營將取決於：

- (1) 成功與本集團現有貸款人維持持續及正常業務關係，使相關貸款人不會採取行動行使其合約權利要求立即償還有關借款；
- (2) 在需要時成功獲取新的融資來源；
- (3) 本集團業務的持續穩定發展；及
- (4) 控股股東司法重整階段的平穩過渡。

如果本集團未能達到上述計劃及措施所產生的預期效果，則可能無法作為持續經營，並須作出調整將本集團資產的賬面價值減至可收回金額，計提可能產生的任何進一步負債，並將非流動資產和非流動負債重新分類為流動資產和流動負債。這些調整的影響並未反映在未經審核簡明綜合財務報表中。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Declaration on compliance with the Accounting Standards for Business Enterprise

The financial statements comply with the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance, and truthfully and completely reflect the consolidated and the Company's financial position as at 30 June 2022 and the consolidated and the Company's results of operations and cashflows for the six months ended 30 June 2022.

Accounting period

The accounting year is from 1 January to 31 December of the calendar year.

The accounting period for this report is from 1 January 2022 to 30 June 2022.

Business cycle

The Company's business cycle is 12 months.

Functional currency

The Company adopts RMB as its functional currency.

Accounting treatment of business combinations under common control and not under common control

Business combinations under common control: The assets and liabilities (including goodwill arising from the acquisition of the acquiree by ultimate controlling party) acquired by acquirer through business combination shall be measured at the carrying value of the assets, liabilities of the acquiree in the consolidated financial statements of the ultimate controlling party at the date of combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or total nominal value of the issued shares) is adjusted to capital premium in capital reserve. If capital premium in the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

2. 重要會計政策及會計估計

遵循企業會計準則的聲明

本財務報表符合財政部頒佈的企業會計準則的要求，真實、完整地反映了本公司2022年6月30日的合併及母公司財務狀況以及截至2022年6月30日止六個月的合併及母公司經營成果和現金流量。

會計期間

自公曆1月1日起至12月31日止為一個會計年度。

本報告會計期間為2022年1月1日至2022年6月30日。

營業週期

本公司營業週期為12個月。

記賬本位幣

本公司採用人民幣為記賬本位幣。

同一控制下和非同一控制下企業合併的會計處理方法

同一控制下企業合併：合併方在企業合併中取得的資產和負債(包括最終控制方收購被合併方而形成的商譽)，按照合併日被合併方資產、負債在最終控制方合併財務報表中的賬面價值為基礎計量。在合併中取得的淨資產賬面價值與支付的合併對價賬面價值(或發行股份面值總額)的差額，調整資本公積中的股本溢價，資本公積中的股本溢價不足沖減的，調整留存收益。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Accounting treatment of business combinations under common control and not under common control (Continued)

Business combinations not under common control: The cost of combination is the assets paid, the liabilities incurred or committed and fair value of the equity securities issued by the acquirer for acquisition of control over the acquiree on the date of acquisition. Where the cost of combination is higher than the fair value of the identifiable net assets acquired from the acquirer in business combination, such difference shall be recognised as goodwill; where the cost of combination is less than the fair value of the identifiable net assets acquired from the acquiree in business combination, such difference shall be charged to current profit or loss. Each of the identifiable assets, liabilities and contingent liabilities of the acquiree, which are acquired in the combination and meet the criteria for recognition, shall be measured at fair value on the date of acquisition.

The direct relevant expenses incurred for the business combinations are recognised as the profit or loss in the period when the costs are incurred; the transaction costs for the equity securities or debt securities issued for business combination shall be recognised as the initial recognition amount of equity securities or debt securities.

Preparation method of consolidated financial statements

(1) Scope of consolidation

The scope of consolidation of the consolidated financial statements is determined on the basis of control, and the scope of consolidation comprises the Company and all of its subsidiaries. Control refers to the power of a company over the investee, the rights to enjoy variable returns from its involvement in relevant activities of the investee, and the ability to use its power over the investee to affect the amount of its returns.

2. 重要會計政策及會計估計(續)

同一控制下和非同一控制下企業合併的會計處理方法(續)

非同一控制下企業合併：合併成本為購買方在購買日為取得被購買方的控制權而付出的資產、發生或承擔的負債以及發行的權益性證券的公允價值。合併成本大於合併中取得的被購買方可辨認淨資產公允價值份額的差額，確認為商譽；合併成本小於合併中取得的被購買方可辨認淨資產公允價值份額的差額，計入當期損益。在合併中取得的被購買方符合確認條件的各項可辨認資產、負債及或有負債在購買日按公允價值計量。

為企業合併發生的直接相關費用於發生時計入當期損益；為企業合併而發行權益性證券或債務性證券的交易費用，計入權益性證券或債務性證券的初始確認金額。

合併財務報表的編製方法

(1) 合併範圍

合併財務報表的合併範圍以控制為基礎確定，合併範圍包括本公司及全部子公司。控制，是指公司擁有對被投資方的權力，通過參與被投資方的相關活動而享有可變回報，並且有能力運用對被投資方的權力影響其回報金額。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Preparation method of consolidated financial statements (Continued)

(2) Consolidation procedures

When preparing the consolidated financial statements, the Company considers the entire enterprise group as a single accounting entity and presents the overall financial position, operating results and cash flows of the enterprise group based on the consistent accounting policies. The impact of internal transactions between the Company and its subsidiaries, and among its subsidiaries, shall be offset. If internal transactions indicate impairment losses on relevant assets, such losses shall be recognised in full. Any inconsistent accounting policies and accounting period adopted by a subsidiary will be subject to necessary adjustments to align with those of the Company when preparing the consolidated financial statements.

Owners' equity, net profit or loss of the current period and comprehensive income attributable to minority shareholders of the current period of subsidiaries are stated separately under owners' equity in the consolidated balance sheet, net profit in the consolidated income statement and total comprehensive income respectively. Loss of the current period assumed by minority shareholders of a subsidiary in excess of minority shareholders' share of owners' equity in that subsidiary at the beginning of the period is offset against minority interests.

Addition of subsidiary or business

During the Reporting Period, if there is an addition of subsidiary or business due to business combination under common control, the operating results and cash flow of the subsidiary or business combination from the beginning of the period to the end of the reporting period will be included in the consolidated financial statements, and the amounts at the beginning of the period in the consolidated financial statements and relevant items in the comparative statements will also be adjusted as if the reporting entity after combination had been existing since the control of the ultimate controlling party started.

2. 重要會計政策及會計估計(續)

合併財務報表的編製方法(續)

(2) 合併程序

本公司將整個企業集團視為一個會計主體，按照統一的會計政策編製合併財務報表，反映本企業集團整體財務狀況、經營成果和現金流量。本公司與子公司、子公司相互之間發生的內部交易的影響予以抵銷。內部交易表明相關資產發生減值損失的，全額確認該部分損失。如子公司採用的會計政策、會計期間與本公司不一致的，在編製合併財務報表時，按本公司的會計政策、會計期間進行必要的調整。

子公司所有者權益、當期淨損益和當期綜合收益中屬於少數股東的份額分別在合併資產負債表中所有者權益項目下、合併利潤表中淨利潤項目下和綜合收益總額項目下單獨列示。子公司少數股東分擔的當期虧損超過了少數股東在該子公司期初所有者權益中所享有份額而形成的餘額，沖減少數股東權益。

增加子公司或業務

在報告期內，因同一控制下企業合併增加子公司或業務的，將子公司或業務合併當期期初至報告期末的經營成果和現金流量納入合併財務報表，同時對合併財務報表的期初數和比較報表的相關項目進行調整，視同合併後的報告主體自最終控制方開始控制時點起一直存在。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

2. 重要會計政策及會計估計(續)

Preparation method of consolidated financial statements (Continued)

合併財務報表的編製方法(續)

(2) Consolidation procedures (Continued)

(2) 合併程序(續)

Addition of subsidiary or business (Continued)

增加子公司或業務(續)

Where control over the investee under common control is obtained due to reasons such as increase in investments, for equity investment held before the control over the acquiree is obtained, profit or loss, other comprehensive income and other changes in net assets recognised from the later of the acquisition of the original equity interest and the date when the acquirer and the acquiree are placed under common control until the date of combination are offset against retained profit at the beginning of the period of the comparative statements or profit or loss of the period respectively.

因追加投資等原因能夠對同一控制下的被投資方實施控制的，在取得被合併方控制權之前持有的股權投資，在取得原股權之日與合併方和被合併方同處於同一控制之日孰晚日起至合併日之間已確認有關損益、其他綜合收益以及其他淨資產變動，分別沖減比較報表期間的期初留存收益或當期損益。

During the Reporting Period, if there is an addition of subsidiary or business due to business combination not under common control, it shall be included, from the date of purchase, in the consolidated financial statements based on the fair value of each of the identifiable assets, liabilities and contingent liabilities determined on the date of purchase.

在報告期內，因非同一控制下企業合併增加子公司或業務的，以購買日確定的各項可辨認資產、負債及或有負債的公允價值為基礎自購買日起納入合併財務報表。

Where control over the investee not under common control is obtained due to reasons such as increase in investments, for the equity interest of the acquiree held before the date of purchase, the Company remeasures the equity interest at its fair value as at the date of purchase, and any difference between the fair value and its book value will be accounted for as investment gains of the period. Other comprehensive income that will be reclassified into profit or loss and other changes in owners' equity under equity accounting with respect to the equity interest in the acquiree held before the date of purchase are transferred to investment gains of the period to which the date of purchase belongs.

因追加投資等原因能夠對非同一控制下的被投資方實施控制的，對於購買日之前持有的被購買方的股權，按照該股權在購買日的公允價值進行重新計量，公允價值與其賬面價值的差額計入當期投資收益。購買日之前持有的被購買方的股權涉及的以後可重分類進損益的其他綜合收益、權益法核算下的其他所有者權益變動轉為購買日所屬當期投資收益。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Preparation method of consolidated financial statements (Continued)

(2) Consolidation procedures (Continued)

Disposal of subsidiary

General treatment for disposal:

When control over the investee is lost due to the disposal of part of the equity investment or other reasons, the Company re-measures the remaining equity investment after the disposal at fair value as at the date on which control is lost. The difference between the sum of the consideration received from equity disposal and the fair value of the remaining equity interest and the sum of the net assets of the subsidiary proportionate to the original shareholding accumulated from the date of purchase or combination and goodwill is included in investment gains of the period during which the control is lost. Other comprehensive income that will be reclassified into profit or loss and other changes in owners' equity under equity accounting with respect to the equity investment in the original subsidiary are transferred to investment gains of the period during which the control is lost.

Stepwise disposal of subsidiary

In respect of stepwise disposal of equity investment in a subsidiary through multiple transactions until control is lost, if the terms, conditions and economic effects of the transactions of disposal of equity investment in the subsidiary satisfy one or more of the following conditions, the transactions are normally accounted for as a package of transactions:

- i) these transactions are entered into simultaneously or after considering the effects of each other;
- ii) these transactions constitute a complete commercial result as a whole;
- iii) one transaction is conditional upon at least one of the other transaction;
- iv) one transaction is not economical on its own but is economical when considering together with other transactions.

2. 重要會計政策及會計估計(續)

合併財務報表的編製方法(續)

(2) 合併程序(續)

處置子公司

一般處理方法：

因處置部分股權投資或其他原因喪失了對被投資方控制權時，對於處置後的剩餘股權投資，按照其在喪失控制權日的公允價值進行重新計量。處置股權取得的對價與剩餘股權公允價值之和，減去按原持股比例計算應享有原有子公司自購買日或合併日開始持續計算的淨資產的份額與商譽之和的差額，計入喪失控制權當期的投資收益。與原有子公司股權投資相關的以後可重分類進損益的其他綜合收益、權益法核算下的其他所有者權益變動，在喪失控制權時轉為當期投資收益。

分步處置子公司

通過多次交易分步處置對子公司股權投資直至喪失控制權的，處置對子公司股權投資的各項交易的條款、條件以及經濟影響符合以下一種或多種情況，通常表明該多次交易事項為一攬子交易：

- i) 這些交易是同時或者在考慮了彼此影響的情況下訂立的；
- ii) 這些交易整體才能達成一項完整的商業結果；
- iii) 一項交易的發生取決於其他至少一項交易的發生；
- iv) 一項交易單獨看是不經濟的，但是和其他交易一併考慮時是經濟的。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Preparation method of consolidated financial statements (Continued)

(2) Consolidation procedures (Continued)

Stepwise disposal of subsidiary (Continued)

Where the transactions constitute a package of transactions, the Company accounts for the transactions as a transaction of disposal of a subsidiary resulting in the loss of control; the difference between the amount received each time for disposal before control is lost and the net assets of such subsidiary corresponding to the disposal of investment is recognised as other comprehensive income in the consolidated financial statements, and upon loss of control, is transferred to profit or loss of the period during which control is lost.

Where the transactions do not constitute a package of transactions, before the loss of control, the transactions are accounted for based on partial disposal of equity investment in a subsidiary that does not involve loss of control; when control is lost, they are accounted for using the general method for disposal of subsidiaries.

Purchase of minority interests in subsidiary

For the difference between the long-term equity investment newly acquired due to the purchase of minority interests and the share of net assets of the subsidiary that the Company is entitled to calculated according to the new shareholding accumulated from the date of purchase or date of combination, share premium of the capital reserve in the consolidated balance sheet will be adjusted; where share premium of the capital reserve is insufficient for the write-down, retained profit will be adjusted.

2. 重要會計政策及會計估計(續)

合併財務報表的編製方法(續)

(2) 合併程序(續)

分步處置子公司(續)

各項交易屬於一攬子交易的，將各項交易作為一項處置子公司並喪失控制權的交易進行會計處理；在喪失控制權之前每一次處置價款與處置投資對應的享有該子公司淨資產份額的差額，在合併財務報表中確認為其他綜合收益，在喪失控制權時一併轉入喪失控制權當期的損益。

各項交易不屬於一攬子交易的，在喪失控制權之前，按不喪失控制權的情況下部分處置對子公司的股權投資進行會計處理；在喪失控制權時，按處置子公司一般處理方法進行會計處理。

購買子公司少數股權

因購買少數股權新取得的長期股權投資與按照新增持股比例計算應享有子公司自購買日或合併日開始持續計算的淨資產份額之間的差額，調整合併資產負債表中的資本公積中的股本溢價，資本公積中的股本溢價不足沖減的，調整留存收益。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Preparation method of consolidated financial statements (Continued)

(2) Consolidation procedures (Continued)

Partial disposal of equity investment in subsidiary without loss of control

For the difference between the consideration received from disposal and the net assets of the subsidiary that the Company is entitled to corresponding to the long-term equity investment disposed accumulated from the date of purchase or date of combination, share premium of the capital reserve in the consolidated balance sheet will be adjusted; where share premium of the capital reserve is insufficient for the write-down, retained profit will be adjusted.

Classification of joint arrangements and accounting treatment for joint operations

Joint arrangements can be classified into joint operations and joint ventures.

Joint operations represent the joint arrangement that a party to a joint arrangement has rights to the assets, and obligations for the liabilities, relating to such arrangement.

The Company recognises the following items in relation to its share of benefits in joint operations:

- (1) the assets held solely by the Company and those jointly held on a pro-rata basis;
- (2) the liabilities assumed solely by the Company and those jointly assumed on a pro-rata basis;
- (3) the income generated from the sale of the products of the joint operation attributable to the Company;
- (4) the income generated by the joint operation from the sale of products on a pro-rata basis;
- (5) the expenses incurred solely by the Company and those incurred by the joint operation on a pro-rata basis.

2. 重要會計政策及會計估計(續)

合併財務報表的編製方法(續)

(2) 合併程序(續)

不喪失控制權的情況下部分處置對子公司的股權投資

處置價款與處置長期股權投資相對應享有子公司自購買日或合併日開始持續計算的淨資產份額之間的差額，調整合併資產負債表中的資本公積中的股本溢價，資本公積中的股本溢價不足沖減的，調整留存收益。

合營安排分類及共同經營會計處理方法

合營安排分為共同經營和合營企業。

共同經營，是指合營方享有該安排相關資產且承擔該安排相關負債的合營安排。

本公司確認與共同經營中利益份額相關的下列項目：

- (1) 確認本公司單獨所持有的資產，以及按本公司份額確認共同持有的資產；
- (2) 確認本公司單獨所承擔的負債，以及按本公司份額確認共同承擔的負債；
- (3) 確認出售本公司享有的共同經營產出份額所產生的收入；
- (4) 按本公司份額確認共同經營因出售產出所產生的收入；
- (5) 確認單獨所發生的費用，以及按本公司份額確認共同經營發生的費用。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Classification of joint arrangements and accounting treatment for joint operations (Continued)

The Company's investments in joint ventures are accounted for using the equity method. Please refer to Note "III. (XIII) Long-term Equity Investment" for details.

Recognition standard for cash and cash equivalents

Cash represents the Company's cash on hand and deposits that can be used readily for payments. Cash equivalents represent investments that satisfy four conditions, namely short-term, highly liquid, readily convertible to known amounts of cash, and subject to an insignificant risk of changes in value.

Foreign currency transactions and translation of financial statements denominated in foreign currency

(1) Foreign currency transactions

Foreign currency transactions shall be translated into RMB at the spot Exchange rate on the day when the transactions occurred.

Balance sheet date foreign currency monetary items shall be translated using the spot exchange rate at the balance sheet date. The resulting exchange difference are recognised in profit or loss for the current period, except for those differences related to a specific-purpose borrowing denominated in foreign currency for acquisitions and construction of the qualified assets, which should be capitalised as cost of the borrowings.

2. 重要會計政策及會計估計(續)

合營安排分類及共同經營會計處理方法(續)

本公司對合營企業的投資採用權益法核算，詳見本附註「三、(十三)長期股權投資」。

現金及現金等價物的確定標準

現金，是指本公司的庫存現金以及可以隨時用於支付的存款。現金等價物，是指本公司持有的期限短、流動性強、易於轉換為已知金額的現金、價值變動風險很小的投資。

外幣業務和外幣報表折算

(1) 外幣業務

外幣業務採用交易發生日的即期匯率作為折算匯率將外幣金額折合成人民幣記賬。

資產負債表日外幣貨幣性項目餘額按資產負債表日即期匯率折算，由此產生的匯兌差額，除屬於與購建符合資本化條件的資產相關的外幣專門借款產生的匯兌差額按照借款費用資本化的原則處理外，均計入當期損益。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Foreign currency transactions and translation of financial statements denominated in foreign currency (Continued)

(2) Translation of financial statements denominated in foreign Currency

The assets and liabilities in the balance sheets are translated at the spot exchange rates on the balance sheet date; except for “undistributed profit” items, all items under owner’s equity are translated at the spot exchange rates when incurred. The income and expense items in the income statement are translated at the spot exchange rates on the transaction dates.

On disposal of foreign operations, exchange differences in financial statements denominated in foreign currencies related to the foreign operation shall be transferred from owner’s equity items to profit or loss from disposal for the current period.

Financial Instruments

One of the financial asset, financial liabilities or equity instrument is recognised when the Company becomes a party to the contract of the financial instruments.

(1) Classification of financial instruments

According to the business model of the Company for management of financial assets and the contractual cash flow characteristics of financial assets, financial assets are classified at the initial recognition as financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income, and other financial assets that are measured at fair value through current profit or loss.

2. 重要會計政策及會計估計(續)

外幣業務和外幣報表折算(續)

(2) 外幣財務報表的折算

資產負債表中的資產和負債項目，採用資產負債表日的即期匯率折算；所有者權益項目除「未分配利潤」項目外，其他項目採用發生時的即期匯率折算。利潤表中的收入和費用項目，採用交易發生日的即期匯率折算。

處置境外經營時，將與該境外經營相關的外幣財務報表折算差額，自所有者權益項目轉入處置當期損益。

金融工具

本公司在成為金融工具合同的一方時，確認一項金融資產、金融負債或權益工具。

(1) 金融工具的分類

根據本公司管理金融資產的業務模式和金融資產的合同現金流量特徵，金融資產於初始確認時分類為：以攤餘成本計量的金融資產、以公允價值計量且其變動計入其他綜合收益的金融資產和以公允價值計量且其變動計入當期損益的金融資產。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Financial Instruments (Continued)

(1) Classification of financial instruments (Continued)

The Company shall classify financial assets that meet the following conditions and are not designated as financial assets at fair value through current profit or loss as financial assets measured at amortised cost:

- The objective of the business model is to collect contractual cash flows;
- The contractual cash flows are solely payment of the principal and the interest based on the outstanding principal amount.

The Company shall classify financial assets that meet the following conditions and are not designated as financial assets at fair value through current profit or loss as financial assets (debt instruments) measured at fair value through other comprehensive income:

- The objective of the business model for managing such financial assets is both to collect contractual cash flows and to dispose of the financial assets;
- The contractual cash flows are solely payment of the principal and the interest based on the outstanding principal amount.

For an investment in equity instruments not held for trading purposes, the Company may irrevocably designate it as financial assets (equity instruments) measured at fair value through other comprehensive Income at the initial recognition. This designation is made on an investment-by-investment basis and the relevant investment meets the definition of equity instrument from the perspective of the issuer.

2. 重要會計政策及會計估計(續)

金融工具(續)

(1) 金融工具的分類(續)

本公司將同時符合下列條件且未被指定為以公允價值計量且其變動計入當期損益的金融資產，分類為以攤餘成本計量的金融資產：

- 業務模式是以收取合同現金流量為目標；
- 合同現金流量僅為對本金和以未償付本金金額為基礎的利息的支付。

本公司將同時符合下列條件且未被指定為以公允價值計量且其變動計入當期損益的金融資產，分類為以公允價值計量且其變動計入其他綜合收益的金融資產(債務工具)：

- 業務模式既以收取合同現金流量又以出售該金融資產為目標；
- 合同現金流量僅為對本金和以未償付本金金額為基礎的利息的支付。

對於非交易性權益工具投資，本公司可以在初始確認時將其不可撤銷地指定為以公允價值計量且其變動計入其他綜合收益的金融資產(權益工具)。該指定在單項投資的基礎上作出，且相關投資從發行者的角度符合權益工具的定義。

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簡明綜合財務報表附註

For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Financial Instruments (Continued)

(1) Classification of financial instruments (Continued)

All financial assets not classified as measured at amortised cost and fair value through other comprehensive income as described above are measured at fair value through current profit or loss.

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through current profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities, at initial recognition, are classified into financial liabilities at fair value through current profit or loss and financial liabilities measured at amortised cost.

When meeting any of the following criteria, the Company may, at initial recognition, designate a financial liability as measured at fair value through current profit or loss:

- 1) Such designation would eliminate or significantly reduce an accounting mismatch.
- 2) A group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel.
- 3) The financial liabilities include embedded derivatives which can be split separately.

2. 重要會計政策及會計估計(續)

金融工具(續)

(1) 金融工具的分類(續)

除上述以攤餘成本計量和以公允價值計量且其變動計入其他綜合收益的金融資產外，本公司將其餘所有的金融資產分類為以公允價值計量且其變動計入當期損益的金融資產。

在初始確認時，如果能夠消除或顯著減少會計錯配，本公司可以將本應分類為攤餘成本計量或以公允價值計量且其變動計入其他綜合收益的金融資產不可撤銷地指定為以公允價值計量且其變動計入當期損益的金融資產。

金融負債於初始確認時分類為：以公允價值計量且其變動計入當期損益的金融負債和以攤餘成本計量的金融負債。

符合以下條件之一的金融負債可在初始計量時指定為以公允價值計量且其變動計入當期損益的金融負債：

- 1) 該項指定能夠消除或顯著減少會計錯配。
- 2) 根據正式書面文件載明的企業風險管理或投資策略，以公允價值為基礎對金融負債組合或金融資產和金融負債組合進行管理和業績評價，並在企業內部以此為基礎向關鍵管理人員報告。
- 3) 該金融負債包含需單獨分拆的嵌入衍生工具。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Financial Instruments (Continued)

(2) Recognition basis and measurement method of financial instruments

Financial assets measured at amortised cost

Financial assets measured at amortised cost, including bills receivable, trade receivables, other receivables, long-term receivables, and debt investments, are initially measured at fair value plus relevant transaction costs. Trade receivables that do not contain significant financing components and trade receivables that the Company has decided not to consider for a financing component of no more than one year are initially measured at the contractual transaction price.

Interest calculated under the effective interest method during the period of holding is included in current profit or loss.

When recovering or disposing, the difference between the price obtained and the book value of the financial asset is included in current profit or loss.

Financial assets (debt instruments) measured at fair value through other comprehensive income

Financial assets (debt instruments) measured at fair value through other comprehensive income, including financing receivables and other debt investments, are initially measured at fair value plus relevant transaction costs. These financial assets are subsequently measured at fair value, with changes in fair value are included in other comprehensive income except for interest, impairment losses or gains and exchange gains or losses calculated using the effective interest method.

On derecognition, the accumulated gain or loss previously recognised in other comprehensive income is transferred out from other comprehensive income and recognised in current profit or loss.

2. 重要會計政策及會計估計(續)

金融工具(續)

(2) 金融工具的確認依據和計量方法

以攤餘成本計量的金融資產

以攤餘成本計量的金融資產包括應收票據、應收賬款、其他應收款、長期應收款、債權投資等，按公允價值進行初始計量，相關交易費用計入初始確認金額；不包含重大融資成分的應收賬款以及本公司決定不考慮不超過一年的融資成分的應收賬款，以合同交易價格進行初始計量。

持有期間採用實際利率法計算的利息計入當期損益。

收回或處置時，將取得的價款與該金融資產賬面價值之間的差額計入當期損益。

以公允價值計量且其變動計入其他綜合收益的金融資產(債務工具)

以公允價值計量且其變動計入其他綜合收益的金融資產(債務工具)包括應收款項融資、其他債權投資等，按公允價值進行初始計量，相關交易費用計入初始確認金額。該金融資產按公允價值進行後續計量，公允價值變動除採用實際利率法計算的利息、減值損失或利得和匯兌損益之外，均計入其他綜合收益。

終止確認時，之前計入其他綜合收益的累計利得或損失從其他綜合收益中轉出，計入當期損益。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Financial Instruments (Continued)

(2) Recognition basis and measurement method of financial instruments (Continued)

Financial assets (equity instruments) measured at fair value through other comprehensive income

Financial assets (equity instruments) measured by fair value through other comprehensive income, including other equity instruments, are initially measured at fair value plus relevant transaction costs, and subsequently measured at fair value through other comprehensive income. The dividends received are included in current profit or loss.

When derecognised, the accumulated gain or loss previously recognised in other comprehensive income is transferred from other comprehensive income to retained earnings.

Financial assets at fair value through current profit or loss

Financial assets measured at fair value through current profit or loss, including held-for-trading financial assets, derivative financial assets and other non-current financial assets, are initially measured at fair value with relevant transaction costs included in current profit or loss. Such financial assets are subsequently measured at fair value through current profit or loss.

Financial liabilities measured at fair value through current profit or loss

Financial liabilities measured at fair value through current profit or loss, including held-for-trading financial liabilities, derivative financial liabilities, etc., are initially measured at fair value with relevant transaction costs recognised in current profit or loss. Such financial liabilities are subsequently measured at fair value through current profit or loss.

On derecognition, the difference between the carrying amount and the consideration paid is recognised in current profit or loss.

2. 重要會計政策及會計估計(續)

金融工具(續)

(2) 金融工具的確認依據和計量方法(續)

以公允價值計量且其變動計入其他綜合收益的金融資產(權益工具)

以公允價值計量且其變動計入其他綜合收益的金融資產(權益工具)包括其他權益工具投資等，按公允價值進行初始計量，相關交易費用計入初始確認金額。該金融資產按公允價值進行後續計量，公允價值變動計入其他綜合收益。取得的股利計入當期損益。

終止確認時，之前計入其他綜合收益的累計利得或損失從其他綜合收益中轉出，計入留存收益。

以公允價值計量且其變動計入當期損益的金融資產

以公允價值計量且其變動計入當期損益的金融資產包括交易性金融資產、衍生金融資產、其他非流動金融資產等，按公允價值進行初始計量，相關交易費用計入當期損益。該金融資產按公允價值進行後續計量，公允價值變動計入當期損益。

以公允價值計量且其變動計入當期損益的金融負債

以公允價值計量且其變動計入當期損益的金融負債包括交易性金融負債、衍生金融負債等，按公允價值進行初始計量，相關交易費用計入當期損益。該金融負債按公允價值進行後續計量，公允價值變動計入當期損益。

終止確認時，其賬面價值與支付的對價之間的差額計入當期損益。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Financial Instruments (Continued)

(2) Recognition basis and measurement method of financial instruments (Continued)

Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost, including short-term borrowings, bills payable, trade payable, other payables, long-term borrowings, bonds payable and long-term payables, are initially measured at fair value plus relevant transaction costs.

Interest calculated under the effective interest method during the period of holding is included in current profit or loss.

On derecognition, the difference between the consideration paid and the carrying amount of the financial liability is recognised in current profit or loss.

(3) Derecognition of financial asset and financial asset transfers

The Company derecognize a financial asset if it meets one of the following conditions:

- the contractual rights to receive the cash flows from the financial asset expire;
- the financial asset has been transferred, and substantially all the risks and rewards of ownership of the financial asset have been transferred to the transferee;
- the financial asset has been transferred, and the Company neither transferred nor retained substantially all the risks and rewards of ownership of the financial assets, but did not retain its control over the said financial assets.

When transferring a financial asset, if the Company retains substantially all risks and rewards of ownership of the financial asset, the Company shall continue to recognize such asset.

2. 重要會計政策及會計估計(續)

金融工具(續)

(2) 金融工具的確認依據和計量方法(續)

以攤餘成本計量的金融負債

以攤餘成本計量的金融負債包括短期借款、應付票據、應付賬款、其他應付款、長期借款、應付債券、長期應付款，按公允價值進行初始計量，相關交易費用計入初始確認金額。

持有期間採用實際利率法計算的利息計入當期損益。

終止確認時，將支付的對價與該金融負債賬面價值之間的差額計入當期損益。

(3) 金融資產終止確認和金融資產轉移

滿足下列條件之一時，本公司終止確認金融資產：

- 收取金融資產現金流量的合同權利終止；
- 金融資產已轉移，且已將金融資產所有權上幾乎所有的風險和報酬轉移給轉入方；
- 金融資產已轉移，雖然本公司既沒有轉移也沒有保留金融資產所有權上幾乎所有的風險和報酬，但是未保留對金融資產的控制。

發生金融資產轉移時，如保留了金融資產所有權上幾乎所有的風險和報酬的，則不終止確認該金融資產。

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2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Financial Instruments (Continued)

(3) Derecognition of financial asset and financial asset transfers (Continued)

When judging whether the transfer of a financial asset meets the above criteria for derecognition, the substance-over-form principle shall be applied.

The Company differentiates the transfer of a financial asset as full transfer or partial transfer. If the full transfer of a financial asset meets the criteria for derecognition, then the difference between the following two included in current profit or loss:

- (1) The book value of the financial asset transferred;
- (2) The sum of the consideration received from the transfer and the total amount of the fair value changes that is directly charged or credited to owners' equity (if the asset transferred is a financial asset (debt instruments) at fair value through other comprehensive income).

When the partial transfer of a financial asset meets the criteria for derecognition, the entire book value of the financial asset transferred shall be allocated between the part derecognised and the part to be recognised based on their respective fair value, with the difference between the following two included in current profit or loss:

- (1) The book value of the part that is derecognised;
- (2) The sum of the consideration attributable to the part derecognised and the total amount of the fair value changes that is directly charged or credited to owners' equity and attributable to the part derecognised (if the asset transferred is a financial asset (debt instruments) at fair value through other comprehensive income).

If the transfer of a financial asset does not meet the criteria for derecognition, the financial asset shall continue to be recognised and the consideration received is recognised as a financial liability.

2. 重要會計政策及會計估計(續)

金融工具(續)

(3) 金融資產終止確認和金融資產轉移(續)

在判斷金融資產轉移是否滿足上述金融資產終止確認條件時，採用實質重於形式的原則。

公司將金融資產轉移區分為金融資產整體轉移和部分轉移。金融資產整體轉移滿足終止確認條件的，將下列兩項金額的差額計入當期損益：

- (1) 所轉移金融資產的賬面價值；
- (2) 因轉移而收到的對價，與原直接計入所有者權益的公允價值變動累計額(涉及轉移的金融資產為以公允價值計量且其變動計入其他綜合收益的金融資產(債務工具)的情形)之和。

金融資產部分轉移滿足終止確認條件的，將所轉移金融資產整體的賬面價值，在終止確認部分和未終止確認部分之間，按照各自的相對公允價值進行分攤，並將下列兩項金額的差額計入當期損益：

- (1) 終止確認部分的賬面價值；
- (2) 終止確認部分的對價，與原直接計入所有者權益的公允價值變動累計額中對應終止確認部分的金額(涉及轉移的金融資產為以公允價值計量且其變動計入其他綜合收益的金融資產(債務工具)的情形)之和。

金融資產轉移不滿足終止確認條件的，繼續確認該金融資產，所收到的對價確認為一項金融負債。

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For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Financial Instruments (Continued)

(4) Derecognition of financial liabilities

If all or part of the current obligations of a financial liability have been discharged, the financial liability or part of it will be derecognised; if the Company signs an agreement with the creditor to replace the existing financial liability with new financial liability of substantially different contractual terms, the existing financial liability shall be derecognised while the new financial liability shall be recognised.

If substantial changes are made to the contractual terms (in whole or in part) of the existing financial liability, the existing financial liability (or part of it) shall be derecognised, and the financial liability after the modification of terms shall be recognised as a new financial liability.

When a financial liability is derecognised in whole or in part, the difference between the book value of the financial liability derecognised and the consideration paid (including the non-cash assets transferred out or the new financial liability assumed) shall be included in current profit or loss.

If the Company repurchases part of a financial liability, the book value of the entire financial liability is allocated between the part that continues to be recognised and the part that is derecognised on the repurchase date based on their respective relative fair value. The difference between the book value assigned to the part derecognised and the consideration paid (including the non-cash assets transferred out or the new financial liability assumed) shall be included in current profit or loss.

2. 重要會計政策及會計估計(續)

金融工具(續)

(4) 金融負債終止確認

金融負債的現時義務全部或部分已經解除的，則終止確認該金融負債或其一部分；本公司若與債權人簽定協議，以承擔新金融負債方式替換現存金融負債，且新金融負債與現存金融負債的合同條款實質上不同的，則終止確認現存金融負債，並同時確認新金融負債。

對現存金融負債(全部或部分)合同條款作出實質性修改的，則終止確認現存金融負債(或其一部分)，同時將修改條款後的金融負債確認為一項新金融負債。

金融負債全部或部分終止確認時，終止確認的金融負債賬面價值與支付對價(包括轉出的非現金資產或承擔的新金融負債)之間的差額，計入當期損益。

本公司若回購部分的金融負債，在回購日按照繼續確認部分與終止確認部分的相對公允價值，將該金融負債整體的賬面價值進行分配。分配給終止確認部分的賬面價值與支付的對價(包括轉出的非現金資產或承擔的新金融負債)之間的差額，計入當期損益。

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For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Financial Instruments (Continued)

(5) Determination of fair value of financial assets and financial liabilities

As for financial instruments with an active market, their fair values are determined by quoted prices in the active market. As for financial instruments without an active market, their fair values are determined by using valuation techniques. At the time of valuation, the Company adopts valuation techniques that are applicable in the current circumstances and sufficiently supported by available data and other information, and selects inputs that are consistent with the characteristics of the assets or liabilities considered by the market participants in the transactions of the relevant assets or liabilities, and prioritizes the use of relevant observable inputs. Unobservable inputs are used only if the relevant observable inputs are unavailable or not reasonably available.

(6) Test and accounting methods for impairment of financial assets

The Company estimates financial assets measured at amortised cost by way of single or combination, or the expected credit losses of financial assets (debt instruments) measured at fair value through other comprehensive income and the financial guarantee contract, etc.

The probability-weighted amount of the difference in present value between the contractual cash flow of receivable from contracts and the cash flow expected to be received, weighted with the risk of default, will be measured by taking into account of reasonable and valid information on, among other things, past events, current status and the forecast of future economic conditions to recognize the expected credit losses.

2. 重要會計政策及會計估計(續)

金融工具(續)

(5) 金融資產和金融負債的公允價值的確定方法

存在活躍市場的金融工具，以活躍市場中的報價確定其公允價值。不存在活躍市場的金融工具，採用估值技術確定其公允價值。在估值時，本公司採用在當前情況下適用並且有足夠可利用數據和其他信息支持的估值技術，選擇與市場參與者在相關資產或負債的交易中所考慮的資產或負債特徵相一致的輸入值，並優先使用相關可觀察輸入值。只有在相關可觀察輸入值無法取得或取得不切實可行的情況下，才使用不可觀察輸入值。

(6) 金融資產減值的測試方法及會計處理方法

本公司以單項或組合的方式對以攤餘成本計量的金融資產、以公允價值計量且其變動計入其他綜合收益的金融資產(債務工具)和財務擔保合同等的預期信用損失進行估計。

本公司考慮有關過去事項、當前狀況以及對未來經濟狀況的預測等合理且有依據的信息，以發生違約的風險為權重，計算合同應收的現金流量與預期能收到的現金流量之間差額的現值的概率加權金額，確認預期信用損失。

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For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Financial Instruments (Continued)

(6) Test and accounting methods for impairment of financial assets (Continued)

If the credit risk of a financial instrument has increased significantly since the initial recognition, the Company measures the loss provisions according to the lifetime expected credit loss of the financial instrument; if the credit risk on a financial instrument has not increased significantly since the initial recognition, the Company measures the loss provisions at an amount equal to 12-month expected credit losses of the financial instrument. The resulting increase in or reversal of loss provision shall be included in current profit or loss as impairment losses or gains.

In determining changes in the risk of default during the expected lifetime of a financial instrument and assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Company compares the risk of default occurring on the financial instrument assessed at the balance sheet date with that assessed at the date of initial recognition. Usually, if it is overdue for more than 30 days, the Company will consider that the credit risk of the financial instrument has increased significantly, unless there is conclusive evidence to prove that the credit risk on a financial instrument has not increased significantly since initial recognition.

For a financial instrument with lower credit risk on the balance sheet date, the Company assumes that its credit risk on a financial instrument has not increased significantly since the initial recognition.

If there is objective evidence that a financial asset has been credit impaired, the Company shall make individual provision for the impairment of the financial asset.

For trade receivables and contract asset formed by the transactions regulated in the Accounting Standards for Business Enterprises No.14-Revenue (2017) whether contain significant financing components or otherwise, the Company always measures the loss provision at the lifetime expected credit loss.

2. 重要會計政策及會計估計(續)

金融工具(續)

(6) 金融資產減值的測試方法及會計處理方法(續)

如果該金融工具的信用風險自初始確認後已顯著增加，本公司按照相當於該金融工具整個存續期內預期信用損失的金額計量其損失準備；如果該金融工具的信用風險自初始確認後並未顯著增加，本公司按照相當於該金融工具未來12個月內預期信用損失的金額計量其損失準備。由此形成的損失準備的增加或轉回金額，作為減值損失或利得計入當期損益。

本公司通過比較金融工具在資產負債表日發生違約的風險與在初始確認日發生違約的風險，以確定金融工具預計存續期內發生違約風險的相對變化，以評估金融工具的信用風險自初始確認後是否已顯著增加。通常逾期超過30日，本公司即認為該金融工具的信用風險已顯著增加，除非有確鑿證據證明該金融工具的信用風險自初始確認後並未顯著增加。

如果金融工具於資產負債表日的信用風險較低，本公司即認為該金融工具的信用風險自初始確認後並未顯著增加。

如果有客觀證據表明某項金融資產已經發生信用減值，則本公司在單項基礎上對該金融資產計提減值準備。

對於由《企業會計準則第14號 — 收入》(2017)規範的交易形成的應收款項和合同資產，無論是否包含重大融資成分，本公司始終按照相當於整個存續期內預期信用損失的金額計量其損失準備。

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2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Financial Instruments (Continued)

(6) Test and accounting methods for impairment of financial assets (Continued)

For lease receivables, the Company chooses to always measure the loss provisions at an amount equal to the lifetime expected credit loss.

Where the Company no longer reasonably expects contractual cash flows of a financial asset to be fully or partially recoverable, the book balance of the financial asset is directly written down.

Inventories

(1) Classification for inventories

Inventories are classified into materials in transit, raw materials, turnover materials, finished goods, work in process, goods in transit, consumptive biological assets, etc.

(2) Consumptive biological assets

The consumptive biological assets refer to broilers, chicks and hatchable eggs held by the Company. Consumptive biological assets are measured at fair value less sales costs at the end of the year. Any gain or loss arising from changes in fair value less sales costs is included in current profit or loss for the period in which the gain or loss arises.

2. 重要會計政策及會計估計(續)

金融工具(續)

(6) 金融資產減值的測試方法及會計處理方法(續)

對於租賃應收款，本公司選擇始終按照相當於整個存續期內預期信用損失的金額計量其損失準備。

本公司不再合理預期金融資產合同現金流量能夠全部或部分收回的，直接減記該金融資產的賬面餘額。

存貨

(1) 存貨的分類

存貨分類為在途物資、原材料、週轉材料、庫存商品、在產品、發出商品、消耗性生物資產等。

(2) 消耗性生物資產

消耗性生物資產指公司持有的肉雞、雛雞、可孵化雞蛋。消耗性生物資產於年末按公允價值減出售費用計量。任何因公允價值減出售費用的變動產生的收益或虧損於該等收益或虧損發生期間計入當期損益。

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For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Inventories (Continued)

(3) Valuation of other inventories

(1) Costs of other inventories

Other inventories are initially measured at cost, which comprises purchase costs, processing costs and other expenses incurred in bringing the inventories to their current location and condition.

(2) Measurement for inventories delivered

The standard cost method is adopted for inventories on a normal basis. The difference between actual cost and standard cost at the end of the period is included in the current profit or loss or carried forward to the cost of the corresponding asset. When the actual cost of inventories fluctuates significantly from the standard cost each quarter, the Company will revise the relevant standard cost.

2. 重要會計政策及會計估計(續)

存貨(續)

(3) 其他存貨的計價方法

(1) 其他存貨的成本

其他存貨按成本進行初始計量，存貨成本包括採購成本、加工成本和其他使存貨達到目前場所和狀態所發生的支出。

(2) 發出存貨的計價方法

存貨日常採用標準成本法，期末將實際成本與標準成本之間的差異計入當期損益或結轉至所對應資產成本。每季度存貨的實際成本與標準成本發生較大波動時，公司將會修正相關標準成本。

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For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Inventories (Continued)

(3) Valuation of other inventories (Continued)

(3) Basis for the determination of net realisable value of different type of inventories

On the balance sheet date, inventories are stated at the lower of cost and net realisable value. When the cost of inventories was higher than their net realisable value, the provision decline in value of inventories shall be made. Net realisable value is the estimated selling price of the inventories in the ordinary course of business deducting the estimated costs upon completion, the estimated selling expenses and the related taxes.

Net realisable value of held-for-sale commodity stocks, such as goods in stock, and held-for-sale raw materials, during the normal course of production and operation, shall be determined by their estimated selling prices less related selling costs and taxes; the net realisable value of inventory materials, which need to be processed, during the normal course of production and operation, shall be determined by the amount after deducting the estimated cost of completion, estimated selling costs and relevant taxes from the estimated selling price of finished goods; the net realisable value of inventories held for execution of sales contracts or labor contracts shall be calculated on the ground of the contracted price. If an enterprise holds more inventories than the quantity stipulated in the sales contract, the net realisable value of the excess part shall be calculated on the ground of general selling price.

2. 重要會計政策及會計估計(續)

存貨(續)

(3) 其他存貨的計價方法(續)

(3) 不同類別存貨可變現淨值的確定依據

資產負債表日，存貨應當按照成本與可變現淨值孰低計量。存貨成本高於其可變現淨值的，應當計提存貨跌價準備。可變現淨值，是指在日常活動中，存貨的估計售價減去至完工時估計將要發生的成本、估計的銷售費用以及相關稅費後的金額。

庫存商品和用於出售的材料等直接用於出售的商品存貨，在正常生產經營過程中，以該存貨的估計售價減去估計的銷售費用和相關稅費後的金額，確定其可變現淨值；需要經過加工的材料存貨，在正常生產經營過程中，以所生產的產成品的估計售價減去至完工時估計將要發生的成本、估計的銷售費用和相關稅費後的金額，確定其可變現淨值；為執行銷售合同或者勞務合同而持有的存貨，其可變現淨值以合同價格為基礎計算，若持有存貨的數量多於銷售合同訂購數量的，超出部分的存貨的可變現淨值以一般銷售價格為基礎計算。

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2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Inventories (Continued)

(3) Valuation of other inventories (Continued)

(3) Basis for the determination of net realisable value of different type of inventories (Continued)

After the provision decline in value of inventories, if the factors resulting in the previously recorded inventory impairment disappeared, as a result of which the net realisable value of the inventories became higher than its book value, it would be written back to the extent of the original provision decline in value of inventories made, and such written-back amounts would be charged to the current profit or loss.

(4) Inventory system

The perpetual inventory system is adopted.

(5) Amortisation of low-value consumables and packaging materials

- (1) Low-value consumables are mortised using the immediate write-off method;
- (2) Packaging materials are mortised using the immediate write-off method.

2. 重要會計政策及會計估計(續)

存貨(續)

(3) 其他存貨的計價方法(續)

(3) 不同類別存貨可變現淨值的確定依據(續)

計提存貨跌價準備後，如果以前減記存貨價值的影響因素已經消失，導致存貨的可變現淨值高於其賬面價值的，在原已計提的存貨跌價準備金額內予以轉回，轉回的金額計入當期損益。

(4) 存貨的盤存制度

採用永續盤存制。

(5) 低值易耗品和包裝物的攤銷方法

- (1) 低值易耗品採用一次轉銷法；
- (2) 包裝物採用一次轉銷法。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Contract assets

(1) Recognition and standard of contract assets

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The consideration that the Company has the right (and this right depends on factors other than passage of time) to receive for goods transferred to customers is listed as contract assets. Contract assets and contract liabilities under the same contract shall be shown on a net basis. The right of the Company to charge the customer unconditionally (only depends on the passage of time) is listed as a receivable individually.

(2) Method of determination of expected credit loss of contract assets and accounting treatment methods

For the method of determination of expected credit loss of contract assets and accounting treatment methods, please refer to the Note “Financial Instruments” — (6) “Test and accounting methods for impairment of financial assets”.

2. 重要會計政策及會計估計(續)

合同資產

(1) 合同資產的確認方法及標準

本公司根據履行履約義務與客戶付款之間的關係在資產負債表中列示合同資產或合同負債。本公司已向客戶轉讓商品或提供服務而有權收取對價的權利(且該權利取決於時間流逝之外的其他因素)列示為合同資產。同一合同下的合同資產和合同負債以淨額列示。本公司擁有的、無條件(僅取決於時間流逝)向客戶收取對價的權利作為應收款項單獨列示。

(2) 合同資產預期信用損失的確定方法及會計處理方法

合同資產的預期信用損失的確定方法及會計處理方法詳見本附註「金融工具」— (6)「金融資產減值的測試方法及會計處理方法」。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Long-term equity investments

(1) Joint control or significant influence criterion

Joint control is the contractually agreed sharing of control of an arrangement, and exists only when decisions about the relevant activities of the arrangement require the unanimous consent of the parties sharing control. If the Company together with the other joint venture parties can jointly control over the investee and are entitled to the right of the net assets of the investee, the investee is a joint venture of the Company.

Significant influence refers to the power to participate in making decisions on the financial and operating policies of the investee, but not the power to control, or jointly control, the formulation of such policies with other parties. Where the Company can exercise significant influence over an investee, the investee is an associate of the Company.

(2) Determination of initial investment cost

Long-term equity investments acquired through business combination

For a long-term equity investment in subsidiaries resulting from a business combination involving entities under common control, the initial investment cost of long-term equity investments are its share of the book value of the owner's equity of the acquiree in the consolidated financial statements of the ultimate controlling party on the date of combination. The difference between initial investment cost of long-term equity investment and the carrying value of paid consideration is to adjust share premium in the capital reserve. If the balance of share premium in the capital reserve is insufficient, any excess is adjusted to retained earnings. In connection with imposing control over the investee under joint control as a result of additional investment and other reasons, the difference between initial investment cost of long-term equity investment according to the aforesaid principle, and the sum of the carrying value of long-term equity investment before combination and the carrying value of newly paid consideration for additional shares acquired on the date of combination is to adjust share premium. If the balance of share premium is insufficient, any excess is adjusted to retained earnings.

2. 重要會計政策及會計估計(續)

長期股權投資

(1) 共同控制、重大影響的判斷標準

共同控制，是指按照相關約定對某項安排所共有的控制，並且該安排的相關活動必須經過分享控制權的參與方一致同意後才能決策。本公司與其他合營方一同對被投資單位實施共同控制且對被投資單位淨資產享有權利的，被投資單位為本公司的合營企業。

重大影響，是指對被投資單位的財務和經營決策有參與決策的權力，但並不能夠控制或者與其他方一起共同控制這些政策的制定。本公司能夠對被投資單位施加重大影響的，被投資單位為本公司聯營企業。

(2) 初始投資成本的確定

企業合併形成的長期股權投資

對於同一控制下的企業合併形成的對子公司的長期股權投資，在合併日按照取得被合併方所有者權益在最終控制方合併財務報表中的賬面價值的份額作為長期股權投資的初始投資成本。長期股權投資初始投資成本與支付對價賬面價值之間的差額，調整資本公積中的股本溢價；資本公積中的股本溢價不足沖減時，調整留存收益。因追加投資等原因能夠對同一控制下的被投資單位實施控制的，按上述原則確認的長期股權投資的初始投資成本與達到合併前的長期股權投資賬面價值加上合併日進一步取得股份新支付對價的賬面價值之和的差額，調整股本溢價，股本溢價不足沖減的，沖減留存收益。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Long-term equity investments (Continued)

(2) Determination of initial investment cost (Continued)

Long-term equity investments acquired through business combination (Continued)

For a long-term equity investment in subsidiaries resulting from a business combination involving entities not under common control, the cost of the combination determined on the date of acquisition shall be taken as the initial investment cost of the long-term equity investment. In connection with imposing control over the investee not under joint control as a result of additional investment and other reasons, the initial investment cost shall be the sum of the carrying value of the equity investment originally held and the newly increased investment cost.

Long-term equity investments acquired by other means other than business combination

The initial investment cost of a long-term equity investment obtained by the Company by cash payment shall be the purchase cost which is actually paid.

The initial investment cost of a long-term equity investment obtained by the Company by means of issuance of equity securities shall be the fair value of the equity securities issued.

(3) Subsequent measurement and recognition of profit or loss

Long-term equity investment accounted for by cost method

Long-term equity investments in subsidiaries are accounted for using cost method unless the investments meet the conditions of held-for-sale. Except for the actual consideration paid for the acquisition of investment or the declared but not yet distributed cash dividends or profits which are included in the consideration, investment gains is recognised as the Company' share of the cash dividends or profits declared by the investee.

2. 重要會計政策及會計估計(續)

長期股權投資(續)

(2) 初始投資成本的確定(續)

企業合併形成的長期股權投資(續)

對於非同一控制下的企業合併形成的對子公司的長期股權投資，按照購買日確定的合併成本作為長期股權投資的初始投資成本。因追加投資等原因能夠對非同一控制下的被投資單位實施控制的，按照原持有的股權投資賬面價值加上新增投資成本之和作為初始投資成本。

通過企業合併以外的其他方式取得的長期股權投資

以支付現金方式取得的長期股權投資，按照實際支付的購買價款作為初始投資成本。

以發行權益性證券取得的長期股權投資，按照發行權益性證券的公允價值作為初始投資成本。

(3) 後續計量及損益確認方法

成本法核算的長期股權投資

公司對子公司的長期股權投資，採用成本法核算，除非投資符合持有待售的條件。除取得投資時實際支付的價款或對價中包含的已宣告但尚未發放的現金股利或利潤外，公司按照享有被投資單位宣告發放的現金股利或利潤確認當期投資收益。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Long-term equity investments (Continued)

(3) Subsequent measurement and recognition of profit or loss (Continued)

Long-term equity investment accounted for by equity method

Long-term equity investments in associates and joint ventures are accounted for using equity method. Where the initial investment cost of a long-term equity investment exceeds the Company's share of the fair value of the investee's identifiable net assets, no adjustment shall be made to the initial investment cost; where the initial investment cost is less than the Company's share of the fair value of the investee's identifiable net assets, the difference shall be charged to current profit or loss and the cost for long-term equity investment shall be adjusted.

The Company recognises the investment income and other comprehensive income according to its shares of net profit or loss and other comprehensive income realised by the investee respectively, and simultaneously makes adjustment to the carrying value of long-term equity investments. The carrying value of long-term equity investment shall be reduced by attributable share of the profit or cash dividends for distribution declared by the investee. In relation to other changes of owner's equity ("**Other Changes of Owner's Equity**") except for net profits and losses, other comprehensive income and profit distribution of the investee, the carrying value of long-term equity investment shall be adjusted and included in owner's equity.

The Company's share of net profit or loss, other comprehensive income and Other Changes of Owner's Equity of an investee is determined based on the fair value of identifiable assets of the investee at the time when the investment is obtained, and according to the accounting policies and accounting period of the Company, recognition shall be made to the net profit of the investee and other comprehensive income after the adjustment..

2. 重要會計政策及會計估計(續)

長期股權投資(續)

(3) 後續計量及損益確認方法(續)

權益法核算的長期股權投資

對聯營企業和合營企業的長期股權投資，採用權益法核算。初始投資成本大於投資時應享有被投資單位可辨認淨資產公允價值份額的差額，不調整長期股權投資的初始投資成本；初始投資成本小於投資時應享有被投資單位可辨認淨資產公允價值份額的差額，計入當期損益，同時調整長期股權投資的成本。

公司按照應享有或應分擔的被投資單位實現的淨損益和其他綜合收益的份額，分別確認投資收益和其他綜合收益，同時調整長期股權投資的賬面價值；按照被投資單位宣告分派的利潤或現金股利計算應享有的部分，相應減少長期股權投資的賬面價值；對於被投資單位除淨損益、其他綜合收益和利潤分配以外所有者權益的其他變動(簡稱「**其他所有者權益變動**」)，調整長期股權投資的賬面價值並計入所有者權益。

在確認應享有被投資單位淨損益、其他綜合收益及其他所有者權益變動的份額時，以取得投資時被投資單位可辨認淨資產的公允價值為基礎，並按照公司的會計政策及會計期間，對被投資單位的淨利潤和其他綜合收益等進行調整後確認。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Long-term equity investments (Continued)

(3) Subsequent measurement and recognition of profit or loss (Continued)

Long-term equity investment accounted for by equity method (Continued)

The unrealised profit or loss resulting from transactions between the Company and its associates or joint venture shall be eliminated in, based on which investment income or loss shall be recognised. Any losses resulting from transactions with the investee, which are attributable to impairment of assets, shall be fully recognised, except for the disposal of assets that consist of operations.

The Company discontinues recognising its share of net losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that is in substance forms part of the Company's net investment in the associate or the joint venture is reduced to zero, except to the extent that the Company has an obligation to assume additional losses. Where net profits are subsequently made by the associate or joint venture, the Company resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Disposal of long-term equity investments

When long-term equity investments are disposed of, the difference between the carrying amount and the actual proceeds received should be charged to current profit or loss.

2. 重要會計政策及會計估計(續)

長期股權投資(續)

(3) 後續計量及損益確認方法(續)

權益法核算的長期股權投資(續)

公司與聯營企業、合營企業之間發生的未實現內部交易損益按照應享有的比例計算歸屬於公司的部分，予以抵銷，在此基礎上確認投資收益，但投出或出售的資產構成業務的除外。與被投資單位發生的未實現內部交易損失，屬於資產減值損失的，全額確認。

公司對合營企業或聯營企業發生的淨虧損，除負有承擔額外損失義務外，以長期股權投資的賬面價值以及其他實質上構成對合營企業或聯營企業淨投資的長期權益減記至零為限。合營企業或聯營企業以後實現淨利潤的，公司在收益分享額彌補未確認的虧損分擔額後，恢復確認收益分享額。

長期股權投資的處置

處置長期股權投資，其賬面價值與實際取得價款的差額，計入當期損益。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Long-term equity investments (Continued)

(3) Subsequent measurement and recognition of profit or loss (Continued)

Disposal of long-term equity investments (Continued)

For the certain long-term equity investment treated under the equity method, where the remaining equity continues to be accounted for using the equity method, the other comprehensive income previously recognised under the equity method shall be transferred in proportion by using the same basis as the investee used for direct disposal of relevant assets or liabilities. Other Changes of Owner's Equity shall be transferred in proportion into current profit or loss.

When the Group loses the control or material influence over the investee due to disposal of equity investment and other reasons, for other comprehensive income recognised in the original equity investment due to the equity method is adopted, it shall be treated using the same accounting basis as the investee used for direct disposal of relevant assets or liabilities when ceasing to use the equity method. Other Changes of Owner's Equity shall be transferred into the current profit or loss when ceasing to use the equity method.

2. 重要會計政策及會計估計(續)

長期股權投資(續)

(3) 後續計量及損益確認方法(續)

長期股權投資的處置(續)

部分處置權益法核算的長期股權投資，剩餘股權仍採用權益法核算的，原權益法核算確認的其他綜合收益採用與被投資單位直接處置相關資產或負債相同的基礎按相應比例結轉，其他所有者權益變動按比例結轉入當期損益。

因處置股權投資等原因喪失了對被投資單位的共同控制或重大影響的，原股權投資因採用權益法核算而確認的其他綜合收益，在終止採用權益法核算時採用與被投資單位直接處置相關資產或負債相同的基礎進行會計處理，其他所有者權益變動在終止採用權益法核算時全部轉入當期損益。

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2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Long-term equity investments (Continued)

(3) Subsequent measurement and recognition of profit or loss (Continued)

Disposal of long-term equity investments (Continued)

When the Group loses the control over the investee due to partially disposal of equity investment and other reasons, the remaining equity interest after disposal shall be accounted for under equity method in preparation of separate financial statements provided that joint control or material influence over the investee can be imposed and shall be adjusted as if such remaining equity interest had been accounted for under the equity method since being obtained. The other comprehensive income previously recognised before obtaining the control over the investee shall be transferred in proportion by using the same basis as the investee used for direct disposal of relevant assets or liabilities. Changes in other owner's equity recognised as a result of the adoption of the equity method shall be transferred to the current profit or loss on pro rata basis. Where the remaining equity interest after disposal cannot exercise joint control or exert material influence over the investee, it shall be recognised as financial asset, and the difference between fair value and the carrying value on the date of losing control shall be included in current profit or loss. All the other comprehensive income and Other Changes of Owner's equity recognised before obtaining the control over the investee shall be transferred.

For disposal of the equity investment in a subsidiary in stages by multiple transactions resulting in the loss of control, where the Company accounts for a package deals, accounting treatment shall be conducted for all transactions as the equity investment for disposal of a subsidiary and the transaction in the loss of control. In the individual financial statements, the differences between the consideration disposed and the corresponding carrying value of long-term equity investment of the disposed equity in each transaction prior to the loss of control shall be recognised in other comprehensive income first and transferred to the current profit or loss when the parent eventually loses control over the subsidiary. Where the no package deal is accounted for, accounting treatment shall be conducted for each transaction individually.

2. 重要會計政策及會計估計(續)

長期股權投資(續)

(3) 後續計量及損益確認方法(續)

長期股權投資的處置(續)

因處置部分股權投資等原因喪失了對被投資單位控制權的，在編製個別財務報表時，剩餘股權能夠對被投資單位實施共同控制或重大影響的，改按權益法核算，並對該剩餘股權視同自取得時即採用權益法核算進行調整，對於取得被投資單位控制權之前確認的其他綜合收益採用與被投資單位直接處置相關資產或負債相同的基礎按比例結轉，因採用權益法核算確認的其他所有者權益變動按比例結轉入當期損益；剩餘股權不能對被投資單位實施共同控制或施加重大影響的，確認為金融資產，其在喪失控制之日的公允價值與賬面價值間的差額計入當期損益，對於取得被投資單位控制權之前確認的其他綜合收益和其他所有者權益變動全部結轉。

通過多次交易分步處置對子公司股權投資直至喪失控制權，屬於一攬子交易的，各項交易作為一項處置子公司股權投資並喪失控制權的交易進行會計處理；在喪失控制權之前每一次處置價款與所處置的股權對應得長期股權投資賬面價值之間的差額，在個別財務報表中，先確認為其他綜合收益，到喪失控制權時再一併轉入喪失控制權的當期損益。不屬於一攬子交易的，對每一項交易分別進行會計處理。

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2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

2. 重要會計政策及會計估計(續)

Fixed assets

固定資產

(1) Recognition and initial measurement of fixed assets

(1) 固定資產確認和初始計量

Fixed assets are tangible assets that are held for use in production or supply of goods or services, for rental to others, or for operational purposes, and have a useful life of more than one accounting year. Fixed asset is recognised when it meets the following conditions:

固定資產指為生產商品、提供勞務、出租或經營管理而持有，並且使用壽命超過一個會計年度的有形資產。固定資產在同時滿足下列條件時予以確認：

- (1) it is probable that the economic benefits associated with the fixed asset will flow to the enterprise;
- (2) its cost can be reliably measured.

- (1) 與該固定資產有關的經濟利益很可能流入企業；
- (2) 該固定資產的成本能夠可靠地計量。

Fixed assets are initially measured at cost (and taking into account the effect of estimated costs of disposal).

固定資產按成本(並考慮預計棄置費用因素的影響)進行初始計量。

For subsequent expenses related to fixed assets, if the related economic benefits are likely to flow into the enterprise and its cost could be reliably measured, such expenses are included in the cost of the fixed asset; and the carrying amount of the replaced part will be derecognised. All other subsequent expenses are included in current profit or loss upon occurrence.

與固定資產有關的後續支出，在與其有關的經濟利益很可能流入且其成本能夠可靠計量時，計入固定資產成本；對於被替換的部分，終止確認其賬面價值；所有其他後續支出於發生時計入當期損益。

(2) Methods for depreciation

(2) 折舊方法

Fixed assets are depreciated by categories using the straight-line method, and the depreciation rates are determined by categories based upon their estimated useful lives and their estimated net residual values. For fixed assets that have made provision for the impairment, the amount of depreciation of it is determined by carrying value after deducting the provision for the impairment based on useful life during the future period. Where different components of a fixed asset have different useful lives or generate economic benefits for the enterprise in different ways, different depreciation rates or depreciation methods shall apply, and each component is depreciated separately.

固定資產折舊採用年限平均法分類計提，根據固定資產類別、預計使用壽命和預計淨殘值率確定折舊率。對計提了減值準備的固定資產，則在未來期間按扣除減值準備後的賬面價值及依據尚可使用年限確定折舊額。如固定資產各組成部分的使用壽命不同或者以不同方式為企業提供經濟利益，則選擇不同折舊率或折舊方法，分別計提折舊。

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For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Fixed assets (Continued)

(2) Methods for depreciation (Continued)

The depreciation methods, useful life of depreciation, residual value rate and annual depreciation rate of each category of fixed assets are as follows:

2. 重要會計政策及會計估計(續)

固定資產(續)

(2) 折舊方法(續)

各類固定資產折舊方法、折舊年限、殘值率和年折舊率如下：

Category 類別	Depreciation method 折舊方法	Useful life (Years) 折舊年限(年)	Residual value rate (%) 殘值率(%)	Annual depreciation rate (%) 年折舊率(%)
House and buildings 房屋及建築物	Straight-line method 平均年限法	20–40	5	2.38–4.75
Machine and equipment 機器設備	Straight-line method 平均年限法	4–15	5	6.33–23.75
Vehicle 運輸設備	Straight-line method 平均年限法	5–8	5	11.88–19.00
Electronic equipment 電子設備	Straight-line method 平均年限法	5–8	5	11.88–19.00

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2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Fixed assets (Continued)

(3) Disposal of fixed assets

A fixed asset is derecognised on disposal or when no future economic benefits are expected from using or disposal. The amount of proceeds on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognised in current profit or loss.

Construction in progress

Construction in progress is measured at actual cost. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalisation and other costs necessary to bring the construction in progress ready for their intended use. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation begins from the following month.

Borrowing costs

(1) Criteria for recognition of capitalised borrowing costs

The Company's borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised into the cost of relevant assets. Other borrowing costs are recognised as expenses in profit or loss in the period in which they are incurred.

Qualifying assets include fixed assets, investment property and inventories that necessarily take a substantial period of time for acquisition, construction or production to get ready for their intended use or sale.

2. 重要會計政策及會計估計(續)

固定資產(續)

(3) 固定資產處置

當固定資產被處置、或者預期通過使用或處置不能產生經濟利益時，終止確認該固定資產。固定資產出售、轉讓、報廢或毀損的處置收入扣除其賬面價值和相關稅費後的金額計入當期損益。

在建工程

在建工程按實際發生的成本計量。實際成本包括建築成本、安裝成本、符合資本化條件的借款費用以及其他為使在建工程達到預定可使用狀態前所發生的必要支出。在建工程在達到預定可使用狀態時，轉入固定資產並自次月起開始計提折舊。

借款費用

(1) 借款費用資本化的確認原則

公司發生的借款費用，可直接歸屬於符合資本化條件的資產的購建或者生產的，予以資本化，計入相關資產成本；其他借款費用，在發生時根據其發生額確認為費用，計入當期損益。

符合資本化條件的資產，是指需要經過相當長時間的購建或者生產活動才能達到預定可使用或者可銷售狀態的固定資產、投資性房地產和存貨等資產。

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2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Borrowing costs (Continued)

(2) Capitalisation period of borrowing costs

The capitalisation period refers to the period beginning from the commencement of capitalising borrowing costs to the date of ceasing capitalisation, excluding the period of suspension of capitalisation.

Capitalisation of borrowing costs begins when the following conditions are fully satisfied:

- (1) expenditures for the assets (including cash paid, non-currency assets transferred or interest-bearing liabilities assumed for the acquisition, construction or production of qualifying assets) have been incurred;
- (2) borrowing costs have been incurred;
- (3) acquisition, construction or production that are necessary to enable the asset get ready for their intended use or sale have commenced.

Capitalisation of borrowing costs shall cease when the qualifying asset under acquisition, construction or production gets ready for intended use or sale.

(3) Suspension of capitalisation period

Capitalisation of borrowing costs shall be suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally, and the interruption is for a continuous period of more than 3 months; if the interruption is a necessary step for making the qualifying asset under acquisition, construction or production ready for the intended use or sale, the capitalisation of the borrowing costs shall continue. The borrowing costs incurred during such period of interruption shall be recognised in current profit or loss. When the acquisition, construction or production of the asset resumes, the capitalisation of borrowing costs continues.

2. 重要會計政策及會計估計(續)

借款費用(續)

(2) 借款費用資本化期間

資本化期間，指從借款費用開始資本化時點到停止資本化時點的期間，借款費用暫停資本化的期間不包括在內。

借款費用同時滿足下列條件時開始資本化：

- (1) 資產支出已經發生，資產支出包括為購建或者生產符合資本化條件的資產而以支付現金、轉移非現金資產或者承擔帶息債務形式發生的支出；
- (2) 借款費用已經發生；
- (3) 為使資產達到預定可使用或者可銷售狀態所必要的購建或者生產活動已經開始。

當購建或者生產符合資本化條件的資產達到預定可使用或者可銷售狀態時，借款費用停止資本化。

(3) 暫停資本化期間

符合資本化條件的資產在購建或生產過程中發生的非正常中斷、且中斷時間連續超過3個月的，則借款費用暫停資本化；該項中斷如是所購建或生產的符合資本化條件的資產達到預定可使用狀態或者可銷售狀態必要的程序，則借款費用繼續資本化。在中斷期間發生的借款費用確認為當期損益，直至資產的購建或者生產活動重新開始後借款費用繼續資本化。

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For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Borrowing costs (Continued)

(4) Capitalisation rate and calculation of capitalisation amount of borrowing costs

As to specific borrowings for the acquisition, construction or production of qualifying assets, borrowing costs from the specific borrowings actually incurred in the current period minus the interest income earned on the unused borrowing loans as a deposit in the bank or the investment income earned from temporary investment will be used to determine the amount of borrowing costs for capitalisation.

As to general borrowings for the acquisition, construction or production of qualifying assets, the to-be-capitalised amount of borrowing costs on the general borrowing shall be calculated and determined by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the specific borrowings and the capitalisation rate of the said general borrowings. The capitalisation rate shall be calculated and determined according to the weighted average actual interest rate of general borrowings.

During the capitalisation period, exchange differences related to the principal and interest on a specific-purpose borrowing denominated in foreign currency are capitalised as part of the cost of the qualifying asset. The exchange differences related to the principal and interest on foreign currency borrowings other than a specific-purpose borrowing denominated in foreign currency are included in the current profits and losses when incurred.

2. 重要會計政策及會計估計(續)

借款費用(續)

(4) 借款費用資本化率、資本化金額的計算方法

對於為購建或者生產符合資本化條件的資產而借入的專門借款，以專門借款當期實際發生的借款費用，減去尚未動用的借款資金存入銀行取得的利息收入或進行暫時性投資取得的投資收益後的金額，來確定借款費用的資本化金額。

對於為購建或者生產符合資本化條件的資產而佔用的一般借款，根據累計資產支出超過專門借款部分的資產支出加權平均數乘以所佔用一般借款的資本化率，計算確定一般借款應予資本化的借款費用金額。資本化率根據一般借款加權平均實際利率計算確定。

在資本化期間內，外幣專門借款本金及利息的匯兌差額，予以資本化，計入符合資本化條件的資產的成本。除外幣專門借款之外的其他外幣借款本金及其利息所產生的匯兌差額計入當期損益。

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For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Biological assets

1. Classification and costs for biological assets

The Company's biological assets are classified as consumptive biological assets and productive biological assets, including broilers, chicks, hatchable eggs and breeders. Productive biological assets are classified into immature productive biological assets and mature productive biological assets according to different stages. The two stages refer the breeding and production stage and egg production stage, respectively.

Productive biological assets are measured at fair value less sales costs at initial recognition and the end of each reporting period. Any gain or loss arising from changes in fair value less sales costs is included in current profit or loss for the period in which the gain or loss arises.

Breeding costs and other related costs (such as labour costs, depreciation and amortisation expenses and public expenses) are capitalised at the breeding and production stage until normal and stable egg production.

2. Inventory system of productive biological assets

The Company takes inventory of parent breeder chicks by batch once every six months or at the time of culling. The perpetual inventory system is adopted.

2. 重要會計政策及會計估計(續)

生物資產

1. 生物資產的分類和成本

本公司生物資產分類為消耗性生物資產和生產性生物資產，包括肉雞、雛雞、可孵化雞蛋和種雞。生產性生物資產根據不同的階段劃分為未成熟生產性生物資產和成熟生產性生物資產，兩個階段分別為育雛育成階段及產蛋階段。

生產性生物資產於初始確認時和各報告期期末按公允價值減出售費用計量。任何因公允價值減出售費用的變動產生的收益或虧損於相應收益或虧損發生期間計入當期損益。

育雛育成階段飼養成本及其他相關成本(如人工成本、折舊及攤銷費用及公共費用)被資本化，直到能夠開始正常穩定產蛋為止。

2. 生產性生物的盤存制度

公司對父母代種雞按批次進行盤點，每半年或者淘汰時盤點一次。採用永續盤存制。

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2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

2. 重要會計政策及會計估計(續)

Intangible assets

無形資產

(1) Measurement of intangible assets

(1) 無形資產的計價方法

(1) Intangible assets are initially measured at cost upon acquisition by the Company

(1) 公司取得無形資產時按成本進行初始計量

The costs of an externally purchased intangible asset include the purchase price, relevant tax expenses, and other expenditures directly attributable to bringing the asset ready for its intended use.

外購無形資產的成本，包括購買價款、相關稅費以及直接歸屬於使該項資產達到預定用途所發生的其他支出。

(2) Subsequent measurement

(2) 後續計量

The Company shall analyse and judge the useful life of intangible assets upon acquisition.

在取得無形資產時分析判斷其使用壽命。

As for intangible assets with a finite useful life, they are amortised over the term in which economic benefits are brought to the firm; If the term in which economic benefits are brought to the firm by an intangible asset cannot be estimated, the intangible asset shall be taken as an intangible asset with indefinite useful life, and shall not be amortised.

對於使用壽命有限的無形資產，在為企業帶來經濟利益的期限內攤銷；無法預見無形資產為企業帶來經濟利益期限的，視為使用壽命不確定的無形資產，不予攤銷。

(2) Estimate of useful life for the intangible assets with finite useful life

(2) 使用壽命有限的無形資產的使用壽命估計情況

Items 項目	Estimated Useful Years 預計使用壽命	Amortisation method 攤銷方法	Residual value rate 殘值率	Basis 依據
Land use rights 土地使用權	25-50	Straight-line method 年限平均法	0%	Terms for bringing economic benefits to the Company 為公司帶來經濟利益的期限
Computer software 電腦軟件	10	Straight-line method 年限平均法	0%	Terms for bringing economic benefits to the Company 為公司帶來經濟利益的期限
Patents 專利權	20	Straight-line method 年限平均法	0%	Terms for bringing economic benefits to the Company 為公司帶來經濟利益的期限

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2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Intangible assets (Continued)

(3) Specific criteria for the division of research phase and development phase

The expenses for internal research and development projects of the Company are divided into expenses in the research phase and expenses in the development phase.

Research phase: a phase in which innovative and scheduled investigations and research activities are conducted to obtain and understand new scientific or technological knowledge.

Development phase: a phase in which the research outcomes or other knowledge are applied for a plan or a design prior to the commercial production or use in order to produce new or substantially improved materials, devices, products, etc.

(4) Specific conditions for capitalisation of expenditure incurred in development phase

Expenditures incurred in the research stage are recognised in profit or loss for the period. Expenditures incurred in the development stage are recognised as intangible assets only when all of the following conditions are satisfied, and the expenditures in the development stage that does not meet all of the following conditions are recognised in profit or loss for the period:

- (1) the technical feasibility of completing the intangible asset so that it will be available for use or for sale;
- (2) the intention to complete the intangible asset for use or for sale;
- (3) the ways in which the intangible asset generate economic benefits, including there is evidence that the products produced using the intangible asset has a market or the intangible asset itself has a market, or if the intangible asset is for internal use, there is evidence that proves its usefulness;

2. 重要會計政策及會計估計(續)

無形資產(續)

(3) 劃分研究階段和開發階段的具體標準

公司內部研究開發項目的支出分為研究階段支出和開發階段支出。

研究階段：為獲取並理解新的科學或技術知識等而進行的獨創性的有計劃調查、研究活動的階段。

開發階段：在進行商業性生產或使用前，將研究成果或其他知識應用於某項計劃或設計，以生產出新的或具有實質性改進的材料、裝置、產品等活動的階段。

(4) 開發階段支出资本化的具體條件

研究階段的支出，於發生時計入當期損益。開發階段的支出同時滿足下列條件的，確認為無形資產，不能滿足下述條件的開發階段的支出計入當期損益：

- (1) 完成該無形資產以使其能夠使用或出售在技術上具有可行性；
- (2) 具有完成該無形資產並使用或出售的意圖；
- (3) 無形資產產生經濟利益的方式，包括能夠證明運用該無形資產生產的產品存在市場或無形資產自身存在市場，無形資產將在內部使用的，能夠證明其有用性；

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2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Intangible assets (Continued)

(4) Specific conditions for capitalisation of expenditure incurred in development phase (Continued)

- (4) the availability of adequate technical, financial and other resources to complete the development of the intangible asset and the ability to use or sell the intangible asset;
- (5) the expenditures attributable to the development phase of the intangible asset could be reliably measured.

If the expenditures cannot be distinguished between the research phase and development phase, all of which should be included in the current profit or loss.

Impairment of long-term assets

Long-term equity investments, investment properties measured using the cost model, fixed assets, construction in progress, right-of-use assets, use of intangible assets with a finite useful life and other long-term assets are tested for impairment if there is any indication that such assets may be impaired at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of the asset is less than its carrying amount, a provision for impairment and an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognised on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Goodwill formed by business merger, intangible assets with indefinite useful lives and intangible assets that are not yet ready for use are tested for impairment at least at the end of each year regardless of whether there is any sign of impairment.

2. 重要會計政策及會計估計(續)

無形資產(續)

(4) 開發階段支出资本化的具體條件(續)

- (4) 有足夠的技術、財務資源和其他資源支持，以完成該無形資產的開發，並有能力使用或出售該無形資產；
- (5) 歸屬於該無形資產開發階段的支出能夠可靠地計量。

無法區分研究階段支出和開發階段支出的，將發生的研發支出全部計入當期損益。

長期資產減值

長期股權投資、採用成本模式計量的投資性房地產、固定資產、在建工程、使用權資產、使用壽命有限的無形資產等長期資產，於資產負債表日存在減值跡象的，進行減值測試。減值測試結果表明資產的可收回金額低於其賬面價值的，按其差額計提減值準備並計入減值損失。可收回金額為資產的公允價值減去處置費用後的淨額與資產預計未來現金流量的現值兩者之間的較高者。資產減值準備按單項資產為基礎計算並確認，如果難以對單項資產的可收回金額進行估計的，以該資產所屬的資產組確定資產組的可收回金額。資產組是能夠獨立產生現金流入的最小資產組合。

對於因企業合併形成的商譽、使用壽命不確定的無形資產、尚未達到可使用狀態的無形資產，無論是否存在減值跡象，至少在每年年度終了進行減值測試。

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簡明綜合財務報表附註

For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Impairment of long-term assets (Continued)

When the Company performs impairment test on goodwill, the Company shall, as of the purchase day, allocate on a reasonable basis the carrying value of the goodwill formed by merger of enterprises to the relevant asset groups, or if there is a difficulty in allocation, to allocate it to the set of relevant asset groups. The related asset groups or the set of asset groups refers to these ones that can benefit from the synergies of a business combination.

For the purpose of impairment test on the relevant asset groups or the set of asset groups containing goodwill, if any evidence shows that the impairment of asset groups or set of asset groups related to goodwill is possible, an impairment test will be made firstly on the asset groups or set of asset groups not containing goodwill, thus calculating the recoverable amount and comparing it with the relevant carrying value so as to recognize the corresponding impairment loss. Then, the Company will conduct impairment tests on the asset groups or set of asset groups that includes goodwill and compare its carrying value against its recoverable amount. If the recoverable amount is lower than its carrying value, the amount of impairment loss is first offset against the carrying value of the goodwill allocated to the asset groups or set of asset groups, then, based on the proportion of the carrying value of other assets in the asset groups or set of asset groups other than goodwill, offset against the carrying value of other assets proportionally.

Once the above asset impairment loss is recognised, it will not be reversed in subsequent accounting periods.

2. 重要會計政策及會計估計(續)

長期資產減值(續)

本公司進行商譽減值測試，對於因企業合併形成的商譽的賬面價值，自購買日起按照合理的方法分攤至相關的資產組；難以分攤至相關的資產組的，將其分攤至相關的資產組組合。相關的資產組或者資產組組合，是能夠從企業合併的協同效應中受益的資產組或者資產組組合。

在對包含商譽的相關資產組或者資產組組合進行減值測試時，如與商譽相關的資產組或者資產組組合存在減值跡象的，先對不包含商譽的資產組或者資產組組合進行減值測試，計算可收回金額，並與相關賬面價值相比較，確認相應的減值損失。然後對包含商譽的資產組或者資產組組合進行減值測試，比較其賬面價值與可收回金額，如可收回金額低於賬面價值的，減值損失金額首先抵減分攤至資產組或者資產組組合中商譽的賬面價值，再根據資產組或者資產組組合中除商譽之外的其他各項資產的賬面價值所佔比重，按比例抵減其他各項資產的賬面價值。

上述資產減值損失一經確認，在以後會計期間不予轉回。

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2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Long-term deferred expenses

Long-term deferred expenses are expenses which have occurred but will benefit over 1 year and shall be amortised over the current period and subsequent periods.

The amortisation period and amortisation method for each expense are: evenly amortised over the benefit period.

Contract liabilities

Accounting policy since 1 January 2020

The Company has presented contract assets or contract liabilities in the balance sheet based on the connection between the fulfilment of performance obligations and payment of the customers. A contract liability represents the obligation to transfer goods or services to a customer for which the Company has received a consideration or an amount of consideration that is due from the customer. A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Employee benefits

(1) Accounting treatment method of short-term benefits

In the accounting period in which employees provide service for the Company, short-term benefits actually incurred are recognised as liabilities and charged to current profit or loss or cost of relevant assets.

2. 重要會計政策及會計估計(續)

長期待攤費用

長期待攤費用為已經發生但應由本期和以後各期負擔的分攤期限在一年以上的各項費用。

各項費用的攤銷期限及攤銷方法為：受益期內平均攤銷。

合同負債

自2020年1月1日起的會計政策

本公司根據履行履約義務與客戶付款之間的關係在資產負債表中列示合同資產或合同負債。本公司已收或應收客戶對價而應向客戶轉讓商品或提供服務的義務列示為合同負債。同一合同下的合同資產和合同負債以淨額列示。

職工薪酬

(1) 短期薪酬的會計處理方法

本公司在職工為本公司提供服務的會計期間，將實際發生的短期薪酬確認為負債，並計入當期損益或相關資產成本。

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2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Employee benefits (Continued)

(1) Accounting treatment method of short-term benefits (Continued)

With regard to the social insurance and housing provident funds contributed and labour union expenses and employee education expenses paid for employees as required by regulations, the Company should calculate and recognize the corresponding employee benefits payables according to the appropriation basis and proportion as stipulated by relevant requirements in the accounting period in which employees provide service.

At the time of actual occurrence, the Company's employee benefits are recorded in the current profit or loss or costs of relevant assets as incurred. Among which, the non-currency welfare expenses are measured at fair value.

(2) Accounting for post-employment benefits

Defined contribution scheme

The Company will pay basic pension insurance and unemployment insurance for the staff in accordance with the relevant provisions of the local government. During the accounting period when the staff provides service, the Company will calculate the amount payable in accordance with the local stipulated basis and proportions which will be recognised as liabilities, and the liabilities would be charged into current profit or loss or costs of relevant assets.

2. 重要會計政策及會計估計(續)

職工薪酬(續)

(1) 短期薪酬的會計處理方法(續)

本公司為職工繳納的社會保險費和住房公積金，以及按規定提取的工會經費和職工教育經費，在職工為本公司提供服務的會計期間，根據規定的計提基礎和計提比例計算確定相應的職工薪酬金額。

本公司發生的職工福利費，在實際發生時根據實際發生額計入當期損益或相關資產成本，其中，非貨幣性福利按照公允價值計量。

(2) 離職後福利的會計處理方法

設定提存計劃

本公司按當地政府的相關規定為職工繳納基本養老保險和失業保險，在職工為本公司提供服務的會計期間，按以當地規定的繳納基數和比例計算應繳納金額，確認為負債，並計入當期損益或相關資產成本。

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2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Employee benefits (Continued)

(2) Accounting for post-employment benefits (Continued)

Defined benefit scheme

In respect of the defined benefit scheme, the Company shall attribute the welfare obligations under the defined benefit scheme in accordance with the estimated accrued benefit method to the service period of relevant employee, and record the obligation in profit or loss for the current period or costs of related assets.

The deficit or surplus generated from the present value of obligations of the defined benefit scheme minus the fair value of the assets of defined benefit scheme is recognised as net liabilities or net assets of a defined benefit scheme. When the defined benefit scheme has surplus, the Company will measure the net assets of the defined benefit scheme at the lower of the surplus of defined benefit scheme and the upper limit of the assets.

All defined benefit scheme obligations, including the expected duty of payment within 12 months after the end of annual reporting period during which the staff provided service, are discounted based on the market yield of government bonds matching the term and currency of defined benefit scheme obligations or corporate bonds of high quality in the active market on the balance sheet date.

The service cost incurred by the defined benefit scheme and the net interest of the net liabilities and net assets of the defined benefit scheme would be charged to current profit or loss or relevant costs of assets. The changes arising from the remeasurement of the net liabilities or net assets of the defined benefit scheme would be included in other comprehensive income and are not reversed to profit or loss in a subsequent accounting period; when the previously defined benefit scheme is terminated, such amount previously included in other comprehensive income shall be transferred to undistributed profit.

When the defined benefit scheme is settled, the gain or loss is recognised based on the difference between the present value of obligations under the defined benefit scheme and the settlement price at the balance sheet date.

2. 重要會計政策及會計估計(續)

職工薪酬(續)

(2) 離職後福利的會計處理方法(續)

設定受益計劃

本公司根據預期累計福利單位法確定的公式將設定受益計劃產生的福利義務歸屬於職工提供服務的期間，並計入當期損益或相關資產成本。

設定受益計劃義務現值減去設定受益計劃資產公允價值所形成的赤字或盈餘確認為一項設定受益計劃淨負債或淨資產。設定受益計劃存在盈餘的，本公司以設定受益計劃的盈餘和資產上限兩項的孰低者計量設定受益計劃淨資產。

所有設定受益計劃義務，包括預期在職工提供服務的年度報告期間結束後的十二個月內支付的義務，根據資產負債表日與設定受益計劃義務期限和幣種相匹配的國債或活躍市場上的高質量公司債券的市場收益率予以折現。

設定受益計劃產生的服務成本和設定受益計劃淨負債或淨資產的利息淨額計入當期損益或相關資產成本；重新計量設定受益計劃淨負債或淨資產所產生的變動計入其他綜合收益，並且在後續會計期間不轉回至損益，在原設定受益計劃終止時在權益範圍內將原計入其他綜合收益的部分全部結轉至未分配利潤。

在設定受益計劃結算時，按在結算日確定的設定受益計劃義務現值和結算價格兩者的差額，確認結算利得或損失。

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2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Employee benefits (Continued)

(3) Accounting treatment of termination benefits

When the Company provides employees with termination benefits, the staff remuneration liabilities arising from termination benefits are recognised and recorded in current profit or loss whichever of the following is earlier: when the Company cannot unilaterally revoke such termination benefits provided due to dissolution of labour relationship plan or layoff proposal; when the Company recognizes such cost or expenses associated with the restructuring involving the payment of termination benefits.

Estimated liabilities

The Company shall recognize it as the estimated liability, when all of the following conditions related to contingencies are satisfied:

- (1) such obligation is the present obligation of the Company;
- (2) the performance of such obligation is likely to lead to an outflow of economic benefits of the Company;
- (3) the amount of such obligation can be reliably measured.

The estimated liabilities are initially measured at the best estimate of expenditure required for the performance of relevant present obligations.

The Company shall take into consideration the risks, uncertainties, time value of money and other factors relating to the contingencies in determining the best estimate. If the time value of money is significant, the best estimates shall be determined after discount of relevant future cash outflows.

2. 重要會計政策及會計估計(續)

職工薪酬(續)

(3) 辭退福利的會計處理方法

本公司向職工提供辭退福利的，在下列兩者孰早日確認辭退福利產生的職工薪酬負債，並計入當期損益：公司不能單方面撤回因解除勞動關係計劃或裁減建議所提供的辭退福利時；公司確認與涉及支付辭退福利的重組相關的成本或費用時。

預計負債

與或有事項相關的義務同時滿足下列條件時，本公司將其確認為預計負債：

- (1) 該義務是本公司承擔的現時義務；
- (2) 履行該義務很可能導致經濟利益流出本公司；
- (3) 該義務的金額能夠可靠地計量。

預計負債按履行相關現時義務所需的支出的最佳估計數進行初始計量。

在確定最佳估計數時，綜合考慮與或有事項有關的風險、不確定性和貨幣時間價值等因素。對於貨幣時間價值影響重大的，通過對相關未來現金流出進行折現後確定最佳估計數。

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2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Estimated liabilities (Continued)

If there is a successive range of the required expenditure, and the likelihood of occurrence of various results within the range is the same, the best estimate is determined by the intermediate value. In other cases, the best estimate are handled as follows:

- Where the contingency is related to individual item, the best estimate should be determined as the most likely amount.
- Where the contingency is related to a number of items, the best estimate should be calculated and determined according to the various possible results and the relevant probabilities.

When all or part of the expenditures necessary for the settlement of an estimated liability is expected to be compensated by a third party, the compensation should be separately recognised as an asset only when it is virtually certain that the compensation will be received. The amount recognised for the compensation should not exceed the carrying amount of estimated liabilities.

The Company reviews the carrying amount of estimated liabilities on balance sheet date. If there is clear evidence that the carrying amount does not reflect the current best estimate, the carrying amount is adjusted to the best estimate.

Share-based payments

The share-based payments of the Company are transactions that grant equity instruments or assume equity-instrument based liabilities for receiving services rendered by employees or other parties. The share-based payments of the Company include equity-settled share-based payments or cash-settled share-based payments.

2. 重要會計政策及會計估計(續)

預計負債(續)

所需支出存在一個連續範圍，且該範圍內各種結果發生的可能性相同的，最佳估計數按照該範圍內的中間值確定；在其他情況下，最佳估計數分別下列情況處理：

- 或有事項涉及單個項目的，按照最可能發生金額確定。
- 或有事項涉及多個項目的，按照各種可能結果及相關概率計算確定。

清償預計負債所需支出全部或部分預期由第三方補償的，補償金額在基本確定能夠收到時，作為資產單獨確認，確認的補償金額不超過預計負債的賬面價值。

本公司在資產負債表日對預計負債的賬面價值進行覆核，有確鑿證據表明該賬面價值不能反映當前最佳估計數的，按照當前最佳估計數對該賬面價值進行調整。

股份支付

本公司的股份支付是為了獲取職工或其他方提供服務而授予權益工具或者承擔以權益工具為基礎確定的負債的交易。本公司的股份支付分為以權益結算的股份支付和以現金結算的股份支付。

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2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Share-based payments (Continued)

(1) Equity-settled share-based payments and equity instruments

Equity-settled share-based payments made in exchange for services rendered by employees are measured at the fair value of equity instruments granted to employees. If the equity instruments granted to employees vest immediately, the fair value of the equity instruments granted is, on grant date, recognised as relevant cost or expenses with a corresponding increase in capital reserve. If the equity instruments granted to employees do not vest until the completion of services for a vesting period, or until the achievement of a specified performance condition, the Company, at each balance sheet date during the vesting period, makes the best estimation according to the number of equity instruments expected to vest. The Company recognises the services received for the current period as related costs or expenses, with a corresponding increase in capital reserve, at an amount equal to the fair value of the equity instruments at the grant date.

If the terms of the equity-settled share-based payment are amended, the Company shall recognize the services received at least based on the situation before the amendment was made. In addition, any amendment resulting in the increase of the fair value of the equity instrument granted or changes that are beneficial to the staff on the amendment date, will be recognised as an increase in the service received.

During the vesting period, where the granted equity instrument is cancelled, the Company shall accelerate the exercise of rights thereunder, recognizing the outstanding amount for the remainder of the vesting period in current profit or loss, while recognizing capital reserve. However, if new equity instruments are vested and they are verified at the vesting date of new equity instrument as alternatives vested to cancelled equity instruments, the treatment on the new equity instrument is in conformity with the modified treatment on disposal of equity instrument with the same terms and conditions.

2. 重要會計政策及會計估計(續)

股份支付(續)

(1) 以權益結算的股份支付及權益工具

以權益結算的股份支付換取職工提供服務的，以授予職工權益工具的公允價值計量。對於授予後立即可行權的股份支付交易，在授予日按照權益工具的公允價值計入相關成本或費用，相應增加資本公積。對於授予後完成等待期內的服務或達到規定業績條件才可行權的股份支付交易，在等待期內每個資產負債表日，本公司根據對可行權權益工具數量的最佳估計，按照授予日公允價值，將當期取得的服務計入相關成本或費用，相應增加資本公積。

如果修改了以權益結算的股份支付的條款，至少按照未修改條款的情況確認取得的服務。此外，任何增加所授予權益工具公允價值的修改，或在修改日對職工有利的變更，均確認取得服務的增加。

在等待期內，如果取消了授予的權益工具，則本公司對取消所授予的權益性工具作為加速行權處理，將剩餘等待期內應確認的金額立即計入當期損益，同時確認資本公積。但是，如果授予新的權益工具，並在新權益工具授予日認定所授予的新權益工具是用於替代被取消的權益工具的，則以與處理原權益工具條款和條件修改相同的方式，對所授予的替代權益工具進行處理。

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2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Share-based payments (Continued)

(2) Cash-settled share-based payments and equity instrument

A cash-settled share-based payment shall be measured in accordance with the fair value of liability calculated and confirmed based on the shares or other equity instruments undertaken by the Group. If the equity instruments granted to employees vest immediately, the fair value of the liability undertaken by the Company shall, on the date of the grant, be included in the relevant costs or expenses, and the liabilities shall be increased accordingly. If the equity instruments granted to employees do not vest until the completion of services for a vesting period, or until the specified performance conditions are met, at each balance sheet date during the vesting period, the services obtained in the current period shall, based on the best estimate of the information about the exercisable right, be included in the relevant costs or expenses and the corresponding liabilities at the fair value of the liability undertaken by the Company. For each of the balance sheet date and settlement date before the settlement of the relevant liabilities, fair value of the liabilities will be remeasured and the changes will be included in the profit or loss for the current period.

Revenue

(1) Accounting policies for revenue recognition and measurement

The Company recognizes revenue when the performance obligation in a contract is fulfilled, namely the customer obtains control of relevant goods or services. Control of a good or service refers to the ability to direct the use of the good or service, and obtain substantially all of the benefits from the goods or services.

If a contract contains two or more performance obligations, at the commencement of the contract, the Company allocates the transaction price into each individual performance obligation according to the relative proportion of each individual selling price of goods or services committed by individual performance obligation, and measures the revenue according to the transaction price allocated to each individual performance obligation.

2. 重要會計政策及會計估計(續)

股份支付(續)

(2) 以現金結算的股份支付及權益工具

以現金結算的股份支付，按照本公司承擔的以股份或其他權益工具為基礎計算確定的負債的公允價值計量。授予後立即可行權的股份支付交易，本公司在授予日按照承擔負債的公允價值計入相關成本或費用，相應增加負債。對於授予後完成等待期內的服务或達到規定業績條件才可行權的股份支付交易，在等待期內的每個資產負債表日，本公司以對可行權情況的最佳估計為基礎，按照本公司承擔負債的公允價值，將當期取得的服務計入相關成本或費用，並相應計入負債。在相關負債結算前的每個資產負債表日以及結算日，對負債的公允價值重新計量，其變動計入當期損益。

收入

(1) 收入確認和計量所採用的會計政策

本公司在履行了合同中的履約義務，即在客戶取得相關商品或服務控制權時確認收入。取得相關商品或服務控制權，是指能夠主導該商品或服務的使用並從中獲得幾乎全部的經濟利益。

合同中包含兩項或多項履約義務的，本公司在合同開始日，按照各單項履約義務所承諾商品或服務的單獨售價的相對比例，將交易價格分攤至各單項履約義務。本公司按照分攤至各單項履約義務的交易價格計量收入。

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簡明綜合財務報表附註

For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Revenue (Continued)

(1) Accounting policies for revenue recognition and measurement (Continued)

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and those expected to be refunded to the customer. The Company considers the terms of the contract and its customary business practices to determine the transaction price. When determining the transaction price, the Company considers the effects of variable consideration, the existence of a significant financing component in the contract, non-cash consideration and consideration payable to a customer. The Company determines the transaction price that includes variable considerations based on the amount not exceeding the revenue accumulatively recognised which is not likely to be significantly reversed when the relevant uncertainty disappears. Where there are significant financing elements in the contract, the Company recognises the transaction price at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer. The difference between the transaction price and the amount of contract consideration is amortised using an effective interest method over the contract term.

When one of the following conditions is satisfied, the Company is considered to have fulfilled an obligation within a certain period of time. Otherwise, the Company is considered to have fulfilled an obligation at a certain point in time:

- At the same time when the Company fulfills the obligation, the customer immediately obtains and consumes the economic benefits brought about by the Company's performance.
- The customers can control the goods under construction in the course of the Company's performance.

2. 重要會計政策及會計估計(續)

收入(續)

(1) 收入確認和計量所採用的會計政策(續)

交易價格是指本公司因向客戶轉讓商品或服務而預期有權收取的對價金額，不包括代第三方收取的款項以及預期將退還給客戶的款項。本公司根據合同條款，結合其以往的習慣做法確定交易價格，並在確定交易價格時，考慮可變對價、合同中存在的重大融資成分、非現金對價、應付客戶對價等因素的影響。本公司以不超過在相關不確定性消除時累計已確認收入極可能不會發生重大轉回的金額確定包含可變對價的交易價格。合同中存在重大融資成分的，本公司按照假定客戶在取得商品或服務控制權時即以現金支付的應付金額確定交易價格，並在合同期間內採用實際利率法攤銷該交易價格與合同對價之間的差額。

滿足下列條件之一的，屬於在某一時段內履行履約義務，否則，屬於在某一時點履行履約義務：

- 客戶在本公司履約的同時即取得並消耗本公司履約所帶來的經濟利益。
- 客戶能夠控制本公司履約過程中在建的商品。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Revenue (Continued)

(1) Accounting policies for revenue recognition and measurement (Continued)

- Goods produced in the course of the Company's performance are irreplaceable. In addition, during the entire contract period, the Company has the right to collect the payments for the cumulatively completed parts of performance.

Where fulfillment of a performance obligation takes place over a certain period of time, revenue should be recognised as performance takes place, excluding the stage of performance cannot be reasonably determined. The Company considers the nature of the goods or services and adopts the output method or the input method to determine the fulfillment progress of the performance. When the fulfillment progress of the performance cannot be determined reasonably, but is expected to recover the costs incurred, the Company should recognize revenue only to the extent of the cost until a reliable measure of fulfillment progress can be made.

For a performance obligation satisfied at a point in time, the Company shall recognize revenue when the customer obtains control of relevant goods or services. In judging whether customers obtain control of promised goods or services, the Company considers the following indications:

- The Company enjoys the right to collect cash on the goods or services, that is, the customer has the obligation to pay for the goods or services at the present time.
- The Company has transferred the legal ownership of the commodity to the customer, that is, the customer has the legal ownership of the commodity.
- The Company has transferred the goods in kind to the customers, that is, the customers have actually taken possession of the goods.

2. 重要會計政策及會計估計(續)

收入(續)

(1) 收入確認和計量所採用的會計政策(續)

- 本公司履約過程中所產出的商品具有不可替代用途，且本公司在整個合同期內有權就累計至今已完成的履約部分收取款項。

對於在某一時段內履行的履約義務，本公司在該段時間內按照履約進度確認收入，但是，履約進度不能合理確定的除外。本公司考慮商品或服務的性質，採用產出法或投入法確定履約進度。當履約進度不能合理確定時，已經發生的成本預計能夠得到補償的，本公司按照已經發生的成本金額確認收入，直到履約進度能夠合理確定為止。

對於在某一時點履行的履約義務，本公司在客戶取得相關商品或服務控制權時點確認收入。在判斷客戶是否已取得商品或服務控制權時，本公司考慮下列跡象：

- 本公司就該商品或服務享有現時收款權利，即客戶就該商品或服務負有現時付款義務。
- 本公司已將該商品的法定所有權轉移給客戶，即客戶已擁有該商品的法定所有權。
- 本公司已將該商品實物轉移給客戶，即客戶已實物佔有該商品。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Revenue (Continued)

(1) Accounting policies for revenue recognition and measurement (Continued)

- The Company has transferred the main risks and rewards in the ownership of the commodity to its customers, that is, the customers have acquired the main risks and rewards in the ownership of the commodity.
- The customer has accepted the goods or services.

(2) Specific Principles

(1) The specific method of determining the Company's revenue recognition criteria and the time of recognition of revenue from the sale of goods

The Company's sales model is divided into direct sales to domestic customers and direct sales to foreign customers. The Company's revenue from domestic sales of goods is recognised when the goods are delivered and accepted by the counterparty. The Company's revenue from external sales of goods is recognised when the goods have been declared at customs and the charter party bills of lading has been obtained.

(2) Analysis and introduction of the corresponding business characteristics of the Company's revenue from sales of goods

Shandong Fengxiang Industrial Co., Ltd. and Shandong Fengxiang Food Development Co., Ltd. are the main subsidiaries of the Company's external sales. Shandong Fengxiang Industrial Co., Ltd. focuses on the raw chicken cutting products and Shandong Fengxiang Food Development Co., Ltd. focuses on processed and cooked chicken products. The external sales customers are domestic advanced payment customers, credit customers and export customers, respectively. The Company grants credit to different customers and enters into credit contracts with customers with better reputation. The remaining customers are generally advanced payment customers.

2. 重要會計政策及會計估計(續)

收入(續)

(1) 收入確認和計量所採用的會計政策(續)

- 本公司已將該商品所有權上的主要風險和報酬轉移給客戶，即客戶已取得該商品所有權上的主要風險和報酬。
- 客戶已接受該商品或服務等。

(2) 具體原則

(1) 本公司銷售商品收入的確認標準及確認時間的具體判斷方法

公司銷售模式分為直銷國內客戶及直銷國外客戶。公司內銷商品收入按貨物發出，對方收貨驗收後確認銷售收入。公司外銷商品收入按貨物已報關並取得海運提單後確認銷售收入。

(2) 關於本公司銷售商品收入相應的業務特點分析和介紹

山東鳳祥實業有限公司和山東鳳祥食品發展有限公司是對外銷售的主要子公司，前者以雞肉分割生品肉類為主，後者以雞肉深加工熟食品為主。對外銷售客戶分別為國內預收款客戶、賒銷客戶和出口客戶。公司對不同客戶予以授信，對於信譽較好的公司簽訂賒銷合同，其餘一般均為預收款客戶。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Contract costs

Contract costs comprise contract performance costs and contract acquisition costs.

The costs incurred by the Company for the performance of the contract which does not fall under the scope of the standards relating to inventories, fixed assets and intangible assets are recognised as an asset as contract performance costs when the following conditions are met:

- This cost is directly related to a current or expected contract.
- This cost increases the resources of the Company to fulfill its performance obligations in the future.
- The cost is expected to be recovered.

If the incremental cost incurred by the Company in obtaining the contract can be expected to be recovered, the contract acquisition cost shall be recognised as an asset.

Assets related to the cost of the contract are amortised on the same basis as the revenue recognition of the goods or services related to the asset; however, if the amortisation period of the contract acquisition cost is less than one year, the Company will include it into the current profit or loss when it incurs.

2. 重要會計政策及會計估計(續)

合同成本

合同成本包括合同履約成本與合同取得成本。

本公司為履行合同而發生的成本，不屬於存貨、固定資產或無形資產等相關準則規範範圍的，在滿足下列條件時作為合同履約成本確認為一項資產：

- 該成本與一份當前或預期取得的合同直接相關。
- 該成本增加了本公司未來用於履行履約義務的資源。
- 該成本預期能夠收回。

本公司為取得合同發生的增量成本預期能夠收回的，作為合同取得成本確認為一項資產。

與合同成本有關的資產採用與該資產相關的商品或服務收入確認相同的基礎進行攤銷；但是對於合同取得成本攤銷期限未超過一年的，本公司在發生時將其計入當期損益。

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For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Contract costs (Continued)

For assets related to contract costs whose carrying amount is higher than the difference between the following two items, the Company will make provision for impairment for the excess and recognize it as asset impairment loss:

1. The remaining consideration expected to be obtained by the transfer of goods or services related to the asset;
2. The cost expected to be incurred for the transfer of the relevant goods or services.

If the above-mentioned excess is higher than the book value of such assets as a result of any subsequent change of impairment factors in the previous period, the provision for impairment of assets previously made shall be reversed and included in profit or loss for the period as incurred to the extent the book value of the reversed asset shall not exceed the book value of the asset on the date of the reverse assuming no provision for impairment is made.

Government grants

(1) Types

Government grants are monetary assets and non-monetary assets obtained by the Company from the government for free, and are divided into government grants related to assets and government grants related to revenue.

Government grants related to assets are those obtained by the Company for the purposes of acquisition, construction or other project that forms a long-term asset. Government grants related to revenue refer to the government grants other than those related to assets.

The specific criteria for classifying government grants as asset-related are: government documents specify that the grants are for long-term assets obtained, acquired or constructed or otherwise formed by the enterprise.

2. 重要會計政策及會計估計(續)

合同成本(續)

與合同成本有關的資產，其賬面價值高於下列兩項的差額的，本公司對超出部分計提減值準備，並確認為資產減值損失：

1. 因轉讓與該資產相關的商品或服務預期能夠取得的剩餘對價；
2. 為轉讓該相關商品或服務估計將要發生的成本。

以前期間減值的因素之後發生變化，使得前述差額高於該資產賬面價值的，本公司轉回原已計提的減值準備，並計入當期損益，但轉回後的資產賬面價值不超過假定不計提減值準備情況下該資產在轉回日的賬面價值。

政府補助

(1) 類型

政府補助，是本公司從政府無償取得的貨幣性資產或非貨幣性資產，分為與資產相關的政府補助和與收益相關的政府補助。

與資產相關的政府補助，是指本公司取得的、用於購建或以其他方式形成長期資產的政府補助。與收益相關的政府補助，是指除與資產相關的政府補助之外的政府補助。

本公司將政府補助劃分為與資產相關的具體標準為：政府文件明確規定補助對象為企業取得、購建或以其他方式形成的長期資產。

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簡明綜合財務報表附註

For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Government grants (Continued)

(1) Types (Continued)

The specific criteria for classifying government grants as revenue-related are: government documents specify that the grants are for expenses or losses.

If government documents do not specify the target of the subsidy and it is difficult to distinguish them, the Company classifies government grants as a whole as revenue-related government grants and includes them in current profit or loss, or recognizes them as current revenue in installments over the project period, depending on the circumstances.

(2) Timing for recognition

Government grants are recognised when the Company can comply with the conditions attached to it and when it can be received.

(3) Accounting treatment

Asset-related government grants shall be used to offset the carrying amount of relevant asset or recognised as deferred income. The amount recognised as deferred income shall be recorded in current profit or loss by installments in a reasonable and systematic way over the useful life of the relevant assets (the government grants related to the Company's daily activities shall be included in other income; and the government grants unrelated to the Company's daily activities shall be included in non-operating income);

Government grants related to revenue that are used to compensate relevant costs or losses of the Company in subsequent periods are recognised as deferred income and recorded in current profit or loss when such costs or losses are recognised (government grants related to the Company's daily activities shall be included in other income; government grants unrelated to the Company's daily activities shall be included in non-operating income) or offset relevant costs or losses; and the grants used to compensate relevant costs or losses that have incurred by the Company are recorded directly in current profit or loss (government grants related to the Company's daily activities shall be included in other income; government grants unrelated to the Company's daily activities shall be included in non-operating income) or offset relevant costs or losses.

2. 重要會計政策及會計估計(續)

政府補助(續)

(1) 類型(續)

本公司將政府補助劃分為與收益相關的具體標準為：政府文件明確規定補助對象為費用支出或損失。

對於政府文件未明確規定補助對象，難以區分的，本公司將政府補助整體歸類為與收益相關的政府補助，視情況不同計入當期損益，或者在項目期內分期確認為當期收益。

(2) 確認時點

政府補助在本公司能夠滿足其所附的條件並且能夠收到時，予以確認。

(3) 會計處理

與資產相關的政府補助，沖減相關資產賬面價值或確認為遞延收益。確認為遞延收益的，在相關資產使用壽命內按照合理、系統的方法分期計入當期損益(與本公司日常活動相關的，計入其他收益；與本公司日常活動無關的，計入營業外收入)；

與收益相關的政府補助，用於補償本公司以後期間的相關成本費用或損失的，確認為遞延收益，並在確認相關成本費用或損失的期間，計入當期損益(與本公司日常活動相關的，計入其他收益；與本公司日常活動無關的，計入營業外收入)或沖減相關成本費用或損失；用於補償本公司已發生的相關成本費用或損失的，直接計入當期損益(與本公司日常活動相關的，計入其他收益；與本公司日常活動無關的，計入營業外收入)或沖減相關成本費用或損失。

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For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Deferred income tax assets and deferred income tax liabilities

Income tax comprises current and deferred income tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or items recognised directly in equity (including other comprehensive income).

Deferred tax assets and deferred tax liabilities are recognised based on the temporary differences between the tax bases and the carrying amount of assets and liabilities.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized. For deductible losses and tax credits that can be reversed in the future period, deferred tax assets shall be recognised to the extent that it is probable that taxable profit will be available in the future to offset the deductible losses and tax credits.

Save for exceptions, deferred income tax liabilities shall be recognised for the taxable temporary difference.

The exceptions for not recognition of deferred income tax assets and liabilities include:

- the initial recognition of the goodwill;
- other transactions or matters other than business combinations in which neither profit nor taxable income (or deductible loss) will be affected when transactions occur.

Deferred tax liabilities are recognised for temporary differences arising from investments in subsidiaries, joint ventures and associates, except where the Company is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries, joint ventures and associates will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilised, the corresponding deferred tax assets are recognised.

2. 重要會計政策及會計估計(續)

遞延所得稅資產和遞延所得稅負債

所得稅包括當期所得稅和遞延所得稅。除因企業合併和直接計入所有者權益(包括其他綜合收益)的交易或者事項產生的所得稅外,本公司將當期所得稅和遞延所得稅計入當期損益。

遞延所得稅資產和遞延所得稅負債根據資產和負債的計稅基礎與其賬面價值的差額(暫時性差異)計算確認。

對於可抵扣暫時性差異確認遞延所得稅資產,以未來期間很可能取得的用來抵扣可抵扣暫時性差異的應納稅所得額為限。對於能夠結轉以後年度的可抵扣虧損和稅款抵減,以很可能獲得用來抵扣可抵扣虧損和稅款抵減的未來應納稅所得額為限,確認相應的遞延所得稅資產。

對於應納稅暫時性差異,除特殊情況外,確認遞延所得稅負債。

不確認遞延所得稅資產或遞延所得稅負債的特殊情況包括:

- 商譽的初始確認;
- 既不是企業合併、發生時也不影響會計利潤和應納稅所得額(或可抵扣虧損)的交易或事項。

對與子公司、聯營企業及合營企業投資相關的應納稅暫時性差異,確認遞延所得稅負債,除非本公司能夠控制該暫時性差異轉回的時間且該暫時性差異在可預見的未來很可能不會轉回。對與子公司、聯營企業及合營企業投資相關的可抵扣暫時性差異,當該暫時性差異在可預見的未來很可能轉回且未來很可能獲得用來抵扣可抵扣暫時性差異的應納稅所得額時,確認遞延所得稅資產。

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簡明綜合財務報表附註

For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Deferred income tax assets and deferred income tax liabilities (Continued)

On the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the applicable tax rates during the period when the relevant assets are expected to be recovered or the relevant liabilities are expected to be settled in accordance with the provisions of the tax law.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date, and is reduced to the extent that it is no longer probable that the related tax benefits will be utilised. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

When the Group has a legally enforceable right to set-off and intends either to settle on a net basis or to acquire the income tax asset and settle the income tax liability simultaneously, current income tax assets and current income tax liabilities shall be presented as the net amount after offsetting.

At the balance sheet date, deferred tax assets and deferred tax liabilities are offset if all of the following conditions are met:

- When the taxable entity has the legal right to set off current income tax assets and current income tax liabilities on a net basis;
- When the deferred income tax assets and deferred income tax liabilities are related to income tax to be paid by the same entity liable to pay tax to the same tax authority, or related to different entities liable to pay tax but the relevant entities intend to settle on a net basis or to acquire the income tax assets and settle the income tax liabilities simultaneously in the future period in which significant deferred income tax assets and liabilities would be reversed.

2. 重要會計政策及會計估計(續)

遞延所得稅資產和遞延所得稅負債(續)

資產負債表日，對於遞延所得稅資產和遞延所得稅負債，根據稅法規定，按照預期收回相關資產或清償相關負債期間的適用稅率計量。

資產負債表日，本公司對遞延所得稅資產的賬面價值進行覆核。如果未來期間很可能無法獲得足夠的應納稅所得額用以抵扣遞延所得稅資產的利益，則減記遞延所得稅資產的賬面價值。在很可能獲得足夠的應納稅所得額時，減記的金額予以轉回。

當擁有以淨額結算的法定權利，且意圖以淨額結算或取得資產、清償負債同時進行時，當期所得稅資產及當期所得稅負債以抵銷後的淨額列報。

資產負債表日，遞延所得稅資產及遞延所得稅負債在同時滿足以下條件時以抵銷後的淨額列示：

- 納稅主體擁有以淨額結算當期所得稅資產及當期所得稅負債的法定權利；
- 遞延所得稅資產及遞延所得稅負債是與同一稅收徵管部門對同一納稅主體徵收的所得稅相關或者是對不同的納稅主體相關，但在未來每一具有重要性的遞延所得稅資產及負債轉回的期間內，涉及的納稅主體意圖以淨額結算當期所得稅資產和負債或是同時取得資產、清償負債。

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2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Lease

A lease is a contract that conveys the right to use an asset for a period of time in exchange for consideration.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of one or more identified asset(s) for a period of time in exchange for consideration.

For a contract that contains multiple separate lease, the Company separates and accounts for each lease component as a lease separately. For a contract that contains lease and non-lease components, the lessee and lessor separates the lease and non-lease components.

(1) The Company as a lessee

Right-of-use assets

At the commencement date of lease term, the Company recognizes right-of-use assets for leases (excluding short-term leases and leases of low-value assets). Right-of-use assets are measured initially at cost. Such cost comprises:

- The amount of the initial measurement of lease liability;
- Lease payments made at or before the inception of the lease less any lease incentives already received (if there is a lease incentive);
- Initial direct costs incurred by the Company;
- The costs of the Company expected to be incurred for dismantling and removing the leased asset, restoring the site on which the leased asset is located or restoring it to the condition as agreed in the terms of the lease, except those incurred for the production of inventories.

2. 重要會計政策及會計估計(續)

租賃

租賃，是指在一定期間內，出租人將資產的使用權讓與承租人以獲取對價的合同。

在合同開始日，本公司評估合同是否為租賃或者包含租賃。如果合同中一方讓渡了在一定期間內控制一項或多項已識別資產使用的權利以換取對價，則該合同為租賃或者包含租賃。

合同中同時包含多項單獨租賃的，本公司將合同予以分拆，並分別各項單獨租賃進行會計處理。合同中同時包含租賃和非租賃部分的，承租人和出租人將租賃和非租賃部分進行分拆。

(1) 本公司作為承租人

使用權資產

在租賃期開始日，本公司對除短期租賃和低價值資產租賃以外的租賃確認使用權資產。使用權資產按照成本進行初始計量。該成本包括：

- 租賃負債的初始計量金額；
- 在租賃期開始日或之前支付的租賃付款額，存在租賃激勵的，扣除已享受的租賃激勵相關金額；
- 本公司發生的初始直接費用；
- 本公司為拆卸及移除租賃資產、復原租賃資產所在場地或將租賃資產恢復至租賃條款約定狀態預計將發生的成本，但不包括屬於為生產存貨而發生的成本。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Lease (Continued)

(1) The Company as a lessee (Continued)

Right-of-use assets (Continued)

The Company subsequently depreciates right-of-use assets using the straight-line method. If there is reasonable certainty that the Company will obtain the ownership of a leased asset at the end of the lease term, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset; otherwise, the Company depreciates the leased asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company determines whether the right-of-use assets have been impaired in accordance with the principles described in the note “III. (XIX) Impairment of long-term assets” and conducts accounting treatment for impairment loss identified.

Lease liabilities

At the commencement date of lease term, the Company recognizes lease liabilities for leases (excluding short-term leases and leases of low-value assets). Lease liabilities are initially measured based on the present value of outstanding lease payment. Lease payment include:

Fixed payments (including in-substance fixed payments), less any lease incentives (if there is a lease incentive);

Variable lease payment that are based on an index or a rate;

Amounts expected to be payable under the guaranteed residual value provided by the Company;

The exercise price of a purchase option if the Company is reasonably certain to exercise that option;

Payments for terminating the lease option, if the lease term reflects that the Company will exercise that option.

2. 重要會計政策及會計估計(續)

租賃(續)

(1) 本公司作為承租人(續)

使用權資產(續)

本公司後續採用直線法對使用權資產計提折舊。對能夠合理確定租賃期屆滿時取得租賃資產所有權的，本公司在租賃資產剩餘使用壽命內計提折舊；否則，租賃資產在租賃期與租賃資產剩餘使用壽命兩者孰短的期間內計提折舊。

本公司按照本附註「三、(十九)長期資產減值」所述原則來確定使用權資產是否已發生減值，並對已識別的減值損失進行會計處理。

租賃負債

在租賃期開始日，本公司對除短期租賃和低價值資產租賃以外的租賃確認租賃負債。租賃負債按照尚未支付的租賃付款額的現值進行初始計量。租賃付款額包括：

固定付款額(包括實質固定付款額)，存在租賃激勵的，扣除租賃激勵相關金額；

取決於指數或比率的可變租賃付款額；

根據公司提供的擔保餘值預計應支付的款項；

購買選擇權的行權價格，前提是公司合理確定將行使該選擇權；

行使終止租賃選擇權需支付的款項，前提是租賃期反映出公司將行使終止租賃選擇權。

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簡明綜合財務報表附註

For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Lease (Continued)

(1) The Company as a lessee (Continued)

Lease liabilities (Continued)

The Company adopts the interest rate implicit in the lease as the discount rate. If that rate cannot be determined reasonably, the Company's incremental borrowing rate is used.

The Company shall calculate the interest expenses of lease liabilities over the lease term at the fixed periodic interest rate, and include it into profit or loss in the period or cost of relevant assets.

Variable lease payments not included in the measurement of lease liabilities are charged to profit or loss in the period or cost of relevant assets in which they actually arise.

After the commencement date of lease term, if the following circumstances occur, the Company re-measures the lease liability and adjusts the carrying value of the right-of-use asset accordingly. If the carrying value of the right-of-use asset has been reduced to zero, the lease liability still needs to be further reduced. The Company accounts for the difference in the current profit or loss:

When there is a change in the assessment results of the purchase, extension or termination option, or when the actual exercise of the aforementioned options is inconsistent with the original valuation result, the Company remeasures the lease liabilities in accordance with the lease payments after changes and the present value calculated using the revised discount rate;

When there is a change in-substance fixed payments, the amount expected to be payable under the guaranteed residual value or the index or rate arising from the confirmation of lease payments, the Company remeasures the lease liabilities in accordance with the lease payments after changes and the present value calculated using the initial discount rate. However, if the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used.

2. 重要會計政策及會計估計(續)

租賃(續)

(1) 本公司作為承租人(續)

租賃負債(續)

本公司採用租賃內含利率作為折現率，但如果無法合理確定租賃內含利率的，則採用本公司的增量借款利率作為折現率。

本公司按照固定的週期性利率計算租賃負債在租賃期內各期間的利息費用，並計入當期損益或相關資產成本。

未納入租賃負債計量的可變租賃付款額在實際發生時計入當期損益或相關資產成本。

在租賃期開始日後，發生下列情形的，本公司重新計量租賃負債，並調整相應的使用權資產，若使用權資產的賬面價值已調減至零，但租賃負債仍需進一步調減的，將差額計入當期損益：

當購買選擇權、續租選擇權或終止選擇權的評估結果發生變化，或前述選擇權的實際行權情況與原評估結果不一致的，本公司按變動後租賃付款額和修訂後的折現率計算的現值重新計量租賃負債；

當實質固定付款額發生變動、擔保餘值預計的應付金額發生變動或用於確定租賃付款額的指數或比率發生變動，本公司按照變動後的租賃付款額和原折現率計算的現值重新計量租賃負債。但是，租賃付款額的變動源自浮動利率變動的，使用修訂後的折現率計算現值。

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For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Lease (Continued)

(1) The Company as a lessee (Continued)

Short-term leases and leases of low-value assets

The right-of-use asset and lease liability are not recognised by the Company for short-term leases and leases of low-value assets, and the relevant lease payments are included in profit or loss in the period or costs of relevant assets in each period of the lease term on a straight-line basis. Short-term leases are defined as leases with a lease term of not more than 12 months from the commencement date and excluding a purchase option. Leases of low-value assets are defined as leases with underlying low value when new. Where the Company subleases or expects to sublease a leased asset, the original lease shall not belong to a lease of low value asset.

Lease change

The Company will account for the lease change as a separate lease if the lease changes and meets the following conditions:

- The lease change expands the scope of lease by increasing the rights to use one or more leased assets;
- The increased consideration and the individual price of the expanded part of the lease are equivalent to the amount adjusted for the contract.

If the lease change is not accounted for as a separate lease, the Company shall re-allocate the consideration of a changed contract, re-determine the lease term, and remeasure the lease liabilities by the present value calculated from the changed lease payments a revised discount rate on the effective date of the lease change.

2. 重要會計政策及會計估計(續)

租賃(續)

(1) 本公司作為承租人(續)

短期租賃和低價值資產租賃

本公司選擇對短期租賃和低價值資產租賃不確認使用權資產和租賃負債，並將相關的租賃付款額在租賃期內各個期間按照直線法計入當期損益或相關資產成本。短期租賃，是指在租賃期開始日，租賃期不超過12個月且不包含購買選擇權的租賃。低價值資產租賃，是指單項租賃資產為全新資產時價值較低的租賃。公司轉租或預期轉租租賃資產的，原租賃不屬於低價值資產租賃。

租賃變更

租賃發生變更且同時符合下列條件的，公司將該租賃變更作為一項單獨租賃進行會計處理：

- 該租賃變更通過增加一項或多項租賃資產的使用權而擴大了租賃範圍；
- 增加的對價與租賃範圍擴大部分的單獨價格按該合同情況調整後的金額相當。

租賃變更未作為一項單獨租賃進行會計處理的，在租賃變更生效日，公司重新分攤變更後合同的對價，重新確定租賃期，並按照變更後租賃付款額和修訂後的折現率計算的現值重新計量租賃負債。

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For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Lease (Continued)

(1) The Company as a lessee (Continued)

Lease change (Continued)

If the lease change results in a narrower lease or a shorter lease term, the Company reduces the carrying value of the right-of-use asset accordingly, and recognises the related gains or losses that partially terminate or completely terminate the leases into the current profit and loss. For other lease change that cause the lease liabilities to be remeasured, the Company adjusts the carrying value of the right-of-use assets accordingly.

(1) Rental concessions related to the COVID-19 Pandemic

For rent reductions, deferred payments and other rental concessions directly caused by the COVID-19 Pandemic and agreed on existing leasing contacts, if the following conditions are met at the same time, the Company adopts a simplified approach for all lease options, and does not assess whether there is a lease change, nor does it reassess the classification of leases:

- The lease consideration after the concession is reduced or basically unchanged compared with that before the concession, among which, the lease consideration can be either undiscounted or discounted at the discount rate before the concession;
- The concession is only for lease payments payable before 30 June 2022, an increase in lease payments payable after 30 June 2022 does not affect meeting this condition, and a decrease in lease payments payable after 30 June 2022 does not satisfy this condition; and
- After taking into account the qualitative and quantitative factors, it is determined that there is no significant change in other terms and conditions of the leases.

2. 重要會計政策及會計估計(續)

租賃(續)

(1) 本公司作為承租人(續)

租賃變更(續)

租賃變更導致租賃範圍縮小或租賃期縮短的，本公司相應調減使用權資產的賬面價值，並將部分終止或完全終止租賃的相關利得或損失計入當期損益。其他租賃變更導致租賃負債重新計量的，本公司相應調整使用權資產的賬面價值。

(1) 新冠肺炎疫情相關的租金減讓

對於由新冠肺炎疫情直接引發的、就現有租賃合同達成的租金減免、延期支付等租金減讓，同時滿足下列條件的，本公司對所有租賃選擇採用簡化方法，不評估是否發生租賃變更，也不重新評估租賃分類：

- 減讓後的租賃對價較減讓前減少或基本不變，其中，租賃對價未折現或按減讓前折現率折現均可；
- 減讓僅針對2022年6月30日前的應付租賃付款額，2022年6月30日後應付租賃付款額增加不影響滿足該條件，2022年6月30日後應付租賃付款額減少不滿足該條件；以及
- 綜合考慮定性和定量因素後認定租賃的其他條款和條件無重大變化。

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簡明綜合財務報表附註

For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Lease (Continued)

(1) The Company as a lessee (Continued)

Lease change (Continued)

(1) Rental concessions related to the COVID-19 Pandemic (Continued)

For leases that adopt the simplified approach for rent concessions related to the COVID-19 Pandemic, the Company will not assess whether there is a lease change, and will continue to calculate the interest expenses of lease liabilities based on the discount rate consistent with that before the concession and include such expenses into current profit or loss; and will continue to make provisions for the depreciation of the right-of-use assets based on the method consistent with that before the concession. In the event of a rental reduction, the reduced rental will be treated as variable lease payments by the Company. When a concession agreement is reached, etc. to release the original rent payment obligation, the relevant assets costs or expenses shall be offset by the undiscounted amounts or amounts discounted at the discount rate before the concession, and the lease liabilities shall be adjusted accordingly. In the event of a deferred rental payment, the previously recognised lease liabilities will be offset when the actual payment is made.

For short-term leases and leases of low-value assets, the Company continues to include the original contract rent into the relevant assets costs or expenses in the same way as before the concession. In the event of a rental reduction, the reduced rental will be treated as variable lease payments by the Company, and the relevant assets costs or expenses will be offset during the concession period; in the event of a deferred rental payment, rent payable will be recognised as payables by the Company during the original payment period, and the previously recognised payables will be offset when the actual payment is made.

2. 重要會計政策及會計估計(續)

租賃(續)

(1) 本公司作為承租人(續)

租賃變更(續)

(1) 新冠肺炎疫情相關的租金減讓(續)

對於採用新冠肺炎疫情相關租金減讓簡化方法的，本公司不評估是否發生租賃變更，繼續按照與減讓前一致的折現率計算租賃負債的利息費用並計入當期損益，繼續按照與減讓前一致的方法對使用權資產進行計提折舊。發生租金減免的，本公司將減免的租金作為可變租賃付款額，在達成減讓協議等解除原租金支付義務時，按未折現或減讓前折現率折現金額沖減相關資產成本或費用，同時相應調整租賃負債；延期支付租金的，本公司在實際支付時沖減前期確認的租賃負債。

對於短期租賃和低價值資產租賃，本公司繼續按照與減讓前一致的方法將原合同租金計入相關資產成本或費用。發生租金減免的，本公司將減免的租金作為可變租賃付款額，在減免期間沖減相關資產成本或費用；延期支付租金的，本公司在原支付期間將應支付的租金確認為應付款項，在實際支付時沖減前期確認的應付款項。

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For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Lease (Continued)

(2) The Company as a lessor

At the commencement date of lease term, the Company classifies leases as financing leases and operating leases. A financing lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset, irrespective of whether the ownership of the asset is eventually transferred. An operating lease is a lease other than a finance lease. As a sub-leasing lessor, the Company classifies the sub-leases based on the right-of-use assets of the original leases.

Accounting treatment of operating leases

The lease payments derived from operating leases are recognised as rental income on a straight-line basis over the respective lease terms. Initial direct costs relating to operating leases to be incurred by the Company shall be capitalised and then included in the current profit or loss by stages at the same base as the recognition of rental income over the lease term. The variable lease payments not included in the measurement of lease payments shall be recognised in profit or loss in the period in which they are occurred. Where there is a modification in an operating lease, the Company accounts for it as a new lease from the effective date of the modification, and the amount of lease receipts received or receivable in advance relating to the pre-modification lease is treated as receipts under the new lease.

2. 重要會計政策及會計估計(續)

租賃(續)

(2) 本公司作為出租人

在租賃開始日，本公司將租賃分為融資租賃和經營租賃。融資租賃，是指無論所有權最終是否轉移，但實質上轉移了與租賃資產所有權有關的幾乎全部風險和報酬的租賃。經營租賃，是指除融資租賃以外的其他租賃。本公司作為轉租出租人時，基於原租賃產生的使用權資產對轉租賃進行分類。

經營租賃會計處理

經營租賃的租賃收款額在租賃期內各個期間按照直線法確認為租金收入。本公司將發生的與經營租賃有關的初始直接費用予以資本化，在租賃期內按照與租金收入確認相同的基礎分攤計入當期損益。未計入租賃收款額的可變租賃付款額在實際發生時計入當期損益。經營租賃發生變更的，公司自變更生效日起將其作為一項新租賃進行會計處理，與變更前租賃有關的預收或應收租賃收款額視為新租賃的收款額。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Lease (Continued)

(2) The Company as a lessor (Continued)

Accounting treatment of financing leases

At the commencement date of lease term, the Company recognizes financing lease receivable for financing leases and derecognizes the underlying assets. The Company initially measures financing lease receivable in the amount of net investment in the lease. Net investment in the lease is the sum of present value of unguaranteed residual value and the lease payments receivable at the commencement date of lease term, discounted at the interest rate implicit in the lease.

The Company calculates and recognizes interest income in each period during the lease term, based on a constant periodic interest rate. The derecognition and impairment of financing lease receivable are accounted for in accordance with the Note "III. (X) Financial instruments".

Variable lease payments not included in the measurement of the net investment in the lease are included in profit or loss in the period in which they are occurred.

Accounting treatment of lease changes when a financial lease is changed and the following conditions are simultaneously met, the Company accounts for the lease change as a separate lease:

The change expands the scope of lease by adding the right to use one or more leased assets;

The increased consideration and the separate price of the expanded scope of lease are equivalent to the amount adjusted according to the contract.

2. 重要會計政策及會計估計(續)

租賃(續)

(2) 本公司作為出租人(續)

融資租賃會計處理

在租賃開始日，本公司對融資租賃確認應收融資租賃款，並終止確認融資租賃資產。本公司對應收融資租賃款進行初始計量時，將租賃投資淨額作為應收融資租賃款的入賬價值。租賃投資淨額為未擔保餘值和租賃期開始日尚未收到的租賃收款額按照租賃內含利率折現的現值之和。

本公司按照固定的週期性利率計算並確認租賃期內各個期間的利息收入。應收融資租賃款的終止確認和減值按照本附註「三、(十) 金融工具」進行會計處理。

未納入租賃投資淨額計量的可變租賃付款額在實際發生時計入當期損益。

融資租賃發生變更且同時符合下列條件的，本公司將該變更作為一項單獨租賃進行會計處理：

該變更通過增加一項或多項租賃資產的使用權而擴大了租賃範圍；

增加的對價與租賃範圍擴大部分的單獨價格按該合同情況調整後的金額相當。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Lease (Continued)

(2) The Company as a lessor (Continued)

Accounting treatment of financing leases (Continued)

Where a change in a financial lease is not accounted for as a separate lease, the Company deals with the lease after the change according to the following situation:

In case where the lease would have been classified as an operating lease assuming the modification became effective at the commencement date of the lease, the Company accounts for it as a new lease from the effective date of the modification and the net investment in the lease prior to the effective date of the modification is taken as the carrying amount of the leased assets;

In case where the lease would have been classified as a finance lease assuming the modification became effective at the commencement date of the lease, the Company conducts accounting treatment in accordance with the policy regarding the modification or renegotiation of contracts described in this note “III. (X) Financial instruments”.

(3) Sale and leaseback transactions

The Company determines whether the asset transfer in the sale and leaseback transaction is a sale in accordance with principles described in notes “III. (XXV) Revenue”.

2. 重要會計政策及會計估計(續)

租賃(續)

(2) 本公司作為出租人(續)

融資租賃會計處理(續)

融資租賃的變更未作為一項單獨租賃進行會計處理的，本公司分別下列情形對變更後的租賃進行處理：

假如變更在租賃開始日生效，該租賃會被分類為經營租賃的，本公司自租賃變更生效日開始將其作為一項新租賃進行會計處理，並以租賃變更生效日前的租賃投資淨額作為租賃資產的賬面價值；

假如變更在租賃開始日生效，該租賃會被分類為融資租賃的，本公司按照本附註「三、(十)金融工具」關於修改或重新議定合同的政策進行會計處理。

(3) 售後租回交易

公司按照本附註「三、(二十五)收入」所述原則評估確定售後租回交易中的資產轉讓是否屬於銷售。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Lease (Continued)

(3) Sale and leaseback transactions (Continued)

(1) As a lessee

If the asset transfer in the sale and leaseback transaction is a sale, the Company, as a lessee, measures the right-of-use assets formed by the sale and leaseback based on the part of the book value of the original assets related to the use rights obtained from the leaseback, and recognize relevant gains or losses only for the right to transfer to the lessor; if the transfer of assets in the sale and leaseback transaction is not a sale, the Company, as a lessee, continues to recognize the transferred assets and recognizes a financial liability equal to the transfer income. For details of accounting treatment for financial liabilities, please see Note "III. (X) Financial instruments".

(2) As a lessor

If the transfer of assets in the sale and leaseback transaction is a sale, the Company, as a lessor, accounts for asset purchase, and accounts for asset lease in accordance with policies in the aforementioned "2. The Company as a lessor"; if the transfer of assets in the sale and leaseback transaction is not a sale, the Company, as a lessor, does not recognize the transferred assets, but recognizes a financial asset equal to the transfer income. For details of accounting treatment for financial assets, please see Note "III. (X) Financial instruments".

2. 重要會計政策及會計估計(續)

租賃(續)

(3) 售後租回交易(續)

(1) 作為承租人

售後租回交易中的資產轉讓屬於銷售的，公司作為承租人按原資產賬面價值中與租回獲得的使用權有關的部分，計量售後租回所形成的使用權資產，並僅就轉讓至出租人的權利確認相關利得或損失；售後租回交易中的資產轉讓不屬於銷售的，公司作為承租人繼續確認被轉讓資產，同時確認一項與轉讓收入等額的金融負債。金融負債的會計處理詳見本附註「三、(十)金融工具」。

(2) 作為出租人

售後租回交易中的資產轉讓屬於銷售的，公司作為出租人對資產購買進行會計處理，並根據前述「2、本公司作為出租人」的政策對資產出租進行會計處理；售後租回交易中的資產轉讓不屬於銷售的，公司作為出租人不確認被轉讓資產，但確認一項與轉讓收入等額的金融資產。金融資產的會計處理詳見本附註「三、(十)金融工具」。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Lease (Continued)

(4) Hedge accounting

1. Classification of hedging

- (1) A fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment (except foreign exchange risk).
- (2) A cash flow hedge is a hedge of the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment.
- (3) Hedge of a net investment in a foreign operation is a hedge of the exposure to foreign exchange risk associated with a net investment in a foreign operation. Net investment in a foreign operation is the share of interest in the net asset of the foreign operation.

2. Designation of the hedge relationship and recognition of the effectiveness of hedging

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge. The documentation includes identification of the nature and quantity of the hedging instrument, the nature and quantity of the hedged item, the nature of the risk being hedged, the type of hedging and how the Company will assess the hedging instrument's effectiveness. Hedging instrument's effectiveness means the degree of the change of fair value or cash flow of the hedging instrument in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.

2. 重要會計政策及會計估計(續)

租賃(續)

(4) 套期會計

1. 套期保值的分類

- (1) 公允價值套期，是指對已確認資產或負債，尚未確認的確定承諾(除外匯風險外)的公允價值變動風險進行的套期。
- (2) 現金流量套期，是指對現金流量變動風險進行的套期，此現金流量變動源於與已確認資產或負債、很可能發生的預期交易有關的某類特定風險，或一項未確認的確定承諾包含的外匯風險。
- (3) 境外經營淨投資套期，是指對境外經營淨投資外匯風險進行的套期。境外經營淨投資，是指企業在境外經營淨資產中的權益份額。

2. 套期關係的指定及套期有效性的認定

在套期關係開始時，本公司對套期關係有正式的指定，並準備了關於套期關係、風險管理目標和套期策略的正式書面文件。該文件載明瞭套期工具性質及其數量、被套期項目性質及其數量、被套期風險的性質、套期類型、以及本公司對套期工具有效性的評估。套期有效性，是指套期工具的公允價值或現金流量變動能夠抵銷被套期風險引起的被套期項目公允價值或現金流量變動的程

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Lease (Continued)

(4) Hedge accounting (Continued)

2. Designation of the hedge relationship and recognition of the effectiveness of hedging (Continued)

The hedge is assessed by the Company for effectiveness on an ongoing basis and judged whether it meets the requirements for the effectiveness of using hedge accounting throughout the accounting periods for which the hedging relationship was designated. Provided the discontent of the requirements, the application of a hedge shall be terminated.

The application of hedge accounting shall meet the following requirements on the effectiveness of the hedge:

- (1) There is an economic relationship between the hedged item and the hedging instrument.
- (2) The effect of credit risk does not dominate the value changes that result from the economic relationship between the hedged item and the hedging instrument.
- (3) The appropriate hedge ratio will not cause the imbalance of relative weight between the hedged item and the hedging instrument, thus generating accounting results inconsistent with the hedge accounting objectives. If the hedge ratio is no longer appropriate, but the hedge risk management objectives do not change, the amount of the hedged item or the hedging instrument shall be adjusted, so that the hedge ratio can re-meet the requirements on the effectiveness.

2. 重要會計政策及會計估計(續)

租賃(續)

(4) 套期會計(續)

2. 套期關係的指定及套期有效性的認定(續)

本公司持續地對套期有效性進行評價，判斷該套期在套期關係被指定的會計期間內是否滿足運用套期會計對於有效性的要求。如果不滿足，則終止運用套期關係。

運用套期會計，應當符合下列套期有效性的要求：

- (1) 被套期項目與套期工具之間存在經濟關係。
- (2) 被套期項目與套期工具經濟關係產生的價值變動中，信用風險的影響不佔主導地位。
- (3) 採用適當的套期比率，該套期比率不會形成被套期項目與套期工具相對權重的失衡，從而產生與套期會計目標不一致的會計結果。如果套期比率不再適當，但套期風險管理目標沒有改變的，應當對被套期項目或套期工具的數量進行調整，以使得套期比率重新滿足有效性的要求。

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For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Lease (Continued)

(4) Hedge accounting (Continued)

3. The criteria for hedge accounting

(1) Fair value hedges

The change in the fair value of a hedging derivative is recognised in the current profit or loss. The change in the fair value of the hedged item attributable to hedging risks is recognised in the current profit or loss and the carrying amount of the hedged item is adjusted at the same time.

For fair value hedges relating to financial instruments carried at amortised cost, the adjustment to carrying amount of a hedged item is amortised through the current profit or loss over the remaining term to maturity. Amortisation for which the effective interest method is used may begin as soon as an adjustment to carrying amount exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to hedging risks.

If the hedged item is derecognised, the unamortised fair value is recognised in the current profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the current profit or loss. The changes in the fair value of the hedging instrument are also recognised in the current profit or loss.

2. 重要會計政策及會計估計(續)

租賃(續)

(4) 套期會計(續)

3. 套期會計處理方法

(1) 公允價值套期

套期衍生工具的公允價值變動計入當期損益。被套期項目的公允價值因套期風險而形成的變動，計入當期損益，同時調整被套期項目的賬面價值。

就與按攤餘成本計量的金融工具有關的公允價值套期而言，對被套期項目賬面價值所作的調整，在調整日至到期日之間的剩餘期間內進行攤銷，計入當期損益。按照實際利率法的攤銷可於賬面價值調整後隨即開始，並不得晚於被套期項目終止針對套期風險產生的公允價值變動而進行的調整。

如果被套期項目終止確認，則將未攤銷的公允價值確認為當期損益。

被套期項目為尚未確認的確定承諾的，該確定承諾的公允價值因被套期風險引起的累計公允價值變動確認為一項資產或負債，相關的利得或損失計入當期損益。套期工具的公允價值變動亦計入當期損益。

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For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Lease (Continued)

(4) Hedge accounting (Continued)

3. The criteria for hedge accounting (Continued)

(2) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly as other comprehensive income, while the ineffective portion is recognised in the current profit or loss.

Amounts taken to other comprehensive income are transferred to current profit or loss when the hedged transaction affects the current profit or loss, such as when hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts taken to other comprehensive income are transferred to the initial carrying amount of the non-financial asset or non-financial liability (or originally recognised in other comprehensive income, and transferred in the same period as the profit and loss is affected by the non-financial assets and non-financial liability, the amounts shall be included in the current profit or loss).

If the forecast transaction or firm commitment is no longer expected to occur, the accumulated gains or losses on hedging instruments previously recognised in other comprehensive income are transferred to the current profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, the amounts previously recognised in other comprehensive income remain in there until the forecast transaction or firm commitment affects the current profit or loss.

2. 重要會計政策及會計估計(續)

租賃(續)

(4) 套期會計(續)

3. 套期會計處理方法(續)

(2) 現金流量套期

套期工具利得或損失中屬於有效套期的部分，直接確認為其他綜合收益，屬於無效套期的部分，計入當期損益。

如果被套期交易影響當期損益的，如當被套期財務收入或財務費用被確認或預期銷售發生時，則將其他綜合收益中確認的金額轉入當期損益。如果被套期項目是一項非金融資產或非金融負債的成本，則原在其他綜合收益中確認的金額轉出，計入該非金融資產或非金融負債的初始確認金額(或則原在其他綜合收益中確認的，在該非金融資產或非金融負債影響損益的相同期間轉出，計入當期損益)。

如果預期交易或確定承諾預計不會發生，則以前計入其他綜合收益中的套期工具累計利得或損失轉出，計入當期損益。如果套期工具已到期、被出售、合同終止或已行使(但並未被替換或展期)，或者撤銷了對套期關係的指定，則以前計入其他綜合收益的金額不轉出，直至預期交易或確定承諾影響當期損益。

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For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Lease (Continued)

(4) Hedge accounting (Continued)

3. The criteria for hedge accounting (Continued)

(3) Hedges of a net investment in a foreign operation

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the current profit or loss. On disposal of the foreign operation, any accumulated gains or losses included in other comprehensive income are transferred out and included in the current profit and loss.

(5) Critical accounting estimates and judgments

The Company continuously evaluates estimates and judgments based on historical experience and other factors, including reasonable projections of future events under relevant circumstances. The Company makes estimates and assumptions about the future. Accounting estimates under judgments are seldom equal the actual results. The risks of making estimates and assumptions that could result in a material adjustment to the carrying amounts of assets and liabilities within the next accounting year are discussed as follows.

(1) Net realizable value of inventories is lower than inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated sales cost. These estimates are based on current market conditions and historical experience in selling products of a similar nature. In severe industry cycles, inventories may change significantly due to the actions of competitors. Management will re-estimate at the reporting date. The carrying amounts of the Company's inventories are disclosed in Note V(V) to the financial statements.

2. 重要會計政策及會計估計(續)

租賃(續)

(4) 套期會計(續)

3. 套期會計處理方法(續)

(3) 境外經營淨投資套期

對境外經營淨投資的套期，包括作為淨投資的一部分的貨幣性項目的套期，其處理與現金流量套期類似。套期工具的利得或損失中被確定為有效套期的部分計入其他綜合收益，而無效套期的部分確認為當期損益。處置境外經營時，任何計入其他綜合收益的累計利得或損失轉出，計入當期損益。

(5) 主要會計估計及判斷

本公司根據過往經驗及其他因素(包括在有關情況下對未來事件合理的預測)持續對估計及判斷作出評估。本公司對未來作出估計和假設。所判斷的會計估計很少會與其實際結果相同。有關作出的估計及假設而導致下一個會計年度內就資產及負債賬面值作重大調整的風險討論如下。

(1) 存貨的可變現淨值低於存貨的

存貨的可變現淨值為日常業務過程中的估計售價減估計銷售成本。這些估計是按現行市場狀況及銷售類似性質產品的過往經驗而作出。在嚴重的行業週期中，存貨會因競爭對手的舉動而大幅變動。管理層將於報告日期重新估計。本公司存貨的賬面值披露於財務報表附註五(五)。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Lease (Continued)

(5) Critical accounting estimates and judgments (Continued)

(2) Fair value measurements of biological assets

The management of the Group recognises the fair value less sales cost of biological assets at the end of the reporting period with reference to market pricing, species, growing environment, costs incurred and professional valuation. The Directors of the Company worked closely with qualified external valuers to select the appropriate valuation techniques and inputs for the model. The decision involves the application of significant judgments. If actual results differ from management's estimates, the relevant differences from the original estimates will affect the fair value changes in the current and future periods. Details of the carrying amounts and fair value measurements of the Company's biological assets are disclosed in Note V(X) to the financial statements.

(3) Income tax and value-added tax

The Company is subject to various taxes in the PRC. Meanwhile, the Company enjoys various tax benefits in the PRC. For example, the Company is exempted from enterprise income tax for its operations engaging in primary processing for agricultural products and animal-husbandry and poultry feeding, and is exempted from value-added tax on its revenue from the sales of its own agricultural products. There are various transactions and calculations in the ordinary course of business that result in uncertainties as to the ultimate taxable income. The Company recognises the related tax based on best estimates. If the final tax outcome of the matter differs from the initial recorded amount, such difference will affect the current profit or loss. In addition, the realisation of income tax and value-added taxes is dependent on the Company's capability to generate sufficient taxable income in the future. Future profitability derived from estimated or income tax rates will result in adjustments to the value of tax assets and liabilities.

2. 重要會計政策及會計估計(續)

租賃(續)

(5) 主要會計估計及判斷(續)

(2) 生物資產的公允價值計量

本集團管理層經參考市場定價、品種、生長環境、已產生成本及專業估值，於報告期末確認生物資產公允價值減銷售成本。本公司董事與合格外聘評估師緊密合作，為該模式選擇適當的估值技術及輸入值。該決定涉及重大判斷的應用。若實際結果與管理層所作估計存在差異，與原有估計的有關差額將影響本期及未來期間的公允價值變動。有關本公司生物資產的賬面值及公允價值計量詳情披露於財務報表附註五(十)。

(3) 所得稅及增值稅

本公司在國內應繳納多種稅項。同時，本公司在中國享有多種稅收優惠，例如，本公司涉及農產品初加工以及畜牧及家禽飼養的業務免徵企業所得稅，其出售自產農產品的收入免徵增值稅。在日常業務過程中存在多項交易及計算方式，導致不能確定最終應納稅所得額。本公司根據最佳估計確認相關稅項，若該事項的最終稅項結果與初始記錄金額存在差異，則有關差額將影響當期損益。此外，所得稅及增值稅的變現取決於本公司日後產生足夠應納稅收入的能力。自估計或所得稅率得出的未來盈利能力將導致對稅項資產及負債價值作出調整。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Changes in significant accounting policies and estimates (Continued)

(1) Changes in significant accounting policies

Implementation of the Notice on Adjustment of Regulations on Accounting Treatment of Rental Concessions Related to the COVID-19 Pandemic

On 19 June 2020, the Ministry of Finance issued Regulations on Accounting Treatment of Rental Concessions Related to the COVID-19 Pandemic (Cai Kuai [2020] No.10), which enables enterprises to choose to adopt a simplified method for accounting treatment of rent concessions, such as rent remission and deferred payment, which are directly caused by the COVID-19 Pandemic.

2. 重要會計政策及會計估計(續)

重要會計政策和會計估計的變更(續)

(1) 重要會計政策變更

執行《關於調整〈新冠肺炎疫情相關租金減讓會計處理規定〉適用範圍的通知》

財政部於2020年6月19日發佈了《新冠肺炎疫情相關租金減讓會計處理規定》(財會[2020]10號)，對於滿足條件的由新冠肺炎疫情直接引發的租金減免、延期支付租金等租金減讓，企業可以選擇採用簡化方法進行會計處理。

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For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Changes in significant accounting policies and estimates (Continued)

(1) Changes in significant accounting policies (Continued)

Implementation of the Notice on Adjustment of Regulations on Accounting Treatment of Rental Concessions Related to the COVID-19 Pandemic (Continued)

On 26 May 2021, the Ministry of Finance issued the Notice on Adjusting the Scope of Regulations on Accounting Treatment of Rental Concessions Related to the COVID-19 Pandemic (Cai Kuai [2021] No.9) with effect from 26 May 2021, which adjusted the scope of relevant rental concessions related to the COVID-19 pandemic that allowed using a simplified method for accounting treatment as stipulated in the Regulations on Accounting Treatment of Rental Concessions Related to the COVID-19 Pandemic from “the concessions are only for lease payments payable before 30 June 2021” to “the concessions are only for lease payments payable before 30 June 2022” with other applicable conditions remain unchanged.

The Company has elected to adopt the simplified method for accounting treatment for all eligible lease contracts before the scope adjustment, and has adopted the simplified method for accounting treatment for all eligible similar lease contracts after the scope adjustment (Note: if not adopted for all contracts, the nature of the lease contracts that have been treated using the simplified accounting treatment shall also be disclosed; however, the selection of the simplified accounting treatment shall be consistently applied to similar lease contracts that meet the conditions before and after the adjustment of the scope of application of the Regulations on Accounting Treatment of Rental Concessions Related to the COVID-19 Pandemic). Relevant lease contracts that have been accounted for using lease modifications prior to the issuance of the notice shall be retroactively adjusted, but not the comparative financial statement data of the prior period. Adjustments shall be made in accordance with the notice for relevant rental concessions occurred between 1 January 2021 and the effective date of the notice that were not accounted for in accordance with the notice.

2. 重要會計政策及會計估計(續)

重要會計政策和會計估計的變更(續)

(1) 重要會計政策變更(續)

執行《關於調整〈新冠肺炎疫情相關租金減讓會計處理規定〉適用範圍的通知》(續)

財政部於2021年5月26日發佈了《關於調整〈新冠肺炎疫情相關租金減讓會計處理規定〉適用範圍的通知》(財會[2021]9號)，自2021年5月26日起施行，將《新冠肺炎疫情相關租金減讓會計處理規定》允許採用簡化方法的新冠肺炎疫情相關租金減讓的適用範圍由「減讓僅針對2021年6月30日前的應付租賃付款額」調整為「減讓僅針對2022年6月30日前的應付租賃付款額」，其他適用條件不變。

本公司對適用範圍調整前符合條件的租賃合同已全部選擇採用簡化方法進行會計處理，對適用範圍調整後符合條件的類似租賃合同也全部採用簡化方法進行會計處理(提示：如果不是全部採用，還應披露採用簡化方法處理的租賃合同的性質，但對於簡化方法的選擇應當一致應用於《新冠肺炎疫情相關租金減讓會計處理規定》適用範圍調整前後符合條件的類似租賃合同)，並對通知發佈前已採用租賃變更進行會計處理的相關租賃合同進行追溯調整，但不調整前期比較財務報表數據；對2021年1月1日至該通知施行日之間發生的未按照該通知規定進行會計處理的相關租金減讓，根據該通知進行調整。

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For the six months ended 30 June 2022 截至2022年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Changes in significant accounting policies and estimates (Continued)

(1) Changes in significant accounting policies (Continued)

Implementation of the Interpretation of Accounting Standards for Business Enterprises No. 15 on the presentation of centralized management of funds

On 30 December 2021, the Ministry of Finance issued the Interpretation of Accounting Standards for Business Enterprises No. 15 (Cai Kuai [2021] No.35, the “Interpretation No. 15”), provisions under which on the “presentation of centralized management of funds” effect on the date of its issuance. The financial statement information for the comparable period was adjusted accordingly.

Interpretation No. 15 clearly stipulates how the balance involved in the centralized and unified management of the funds of the Company and member units by an enterprise through internal settlement center, financial companies, etc., should be presented and disclosed in the balance sheet. The implementation of this provision has not had a significant impact on the financial position and operating results of the Company.

(2) Changes in significant accounting estimates

During the reporting period, there was no change in the Company’s significant accounting estimates.

2. 重要會計政策及會計估計(續)

重要會計政策和會計估計的變更(續)

(1) 重要會計政策變更(續)

執行《企業會計準則解釋第15號》關於資金集中管理相關列報

財政部於2021年12月30日發佈了《企業會計準則解釋第15號》(財會[2021]35號，以下簡稱「解釋第15號」)，「關於資金集中管理相關列報」內容自公佈之日起施行，可比期間的財務報表數據相應調整。

解釋第15號就企業通過內部結算中心、財務公司等對母公司及成員單位資金實行集中統一管理涉及的餘額應如何在資產負債表中進行列報與披露作出了明確規定。執行該規定未對本公司財務狀況和經營成果產生重大影響。

(2) 重要會計估計變更

本報告期公司重要會計估計未發生變更。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2022 截至2022年6月30日止六個月

3. REVENUE AND SEGMENT INFORMATION

The Group's revenue from contracts with customers is recognised upon goods transferred at a point in time. For management purposes, the Group is organised into business units based on their products and has four reportable operating segments as follows:

- (1) Production and sale of processed chicken meat products
- (2) Production and sale of raw chicken meat products
- (3) Production and sale of chicken breeds
- (4) Others comprising the sale of by-products, packing materials and miscellaneous products

The management of the Company monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment.

Segment assets and liabilities are not disclosed in the unaudited condensed consolidated financial statements as they are not regularly provided to the management for the purposes of resource allocation and performance assessment.

3. 收入及分部資料

本集團的客戶合約收入於貨品轉讓後於某一時間點確認。就管理目的而言，本集團按產品劃分業務單位，及擁有以下四個可呈報經營分部：

- (1) 生產及銷售深加工雞肉製品
- (2) 生產及銷售生雞肉製品
- (3) 生產及銷售雞苗
- (4) 其他(包括銷售副產品、包裝材料及雜項產品)

本公司管理層單獨監察本集團經營分部的業績，以作出有關資源分配及表現評估方面的決策。

由於分部資產及負債並無定期提供予管理層以作資源分配及表現評估，因此有關資料並無於未經審核簡明綜合財務報表披露。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2022 截至2022年6月30日止六個月

3. REVENUE AND SEGMENT INFORMATION (Continued)

3. 收入及分部資料(續)

Operating revenue/operating costs

營業收入／營業成本

		Six months ended 30 June 截至6月30日止六個月			
		2022 2022年 RMB'000 人民幣千元 (Unaudited) (未經審核)		2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審核)	
		Operating revenue 營業收入	Operating costs 營業成本	Operating revenue 營業收入	Operating costs 營業成本 (As restated) (經重述)
Main business	主營業務	2,436,185	2,219,424	1,947,979	1,780,211
Other businesses	其他業務	7,088	1,514	21,466	10,093
Total	合計	2,443,273	2,220,937	1,969,445	1,790,305

Revenue by products

按產品劃分的收入

		Six months ended 30 June 截至6月30日止六個月			
		2022 2022年 RMB'000 人民幣千元 (Unaudited) (未經審核)		2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審核)	
Processed chicken meat products	深加工雞肉製品	1,141,297		1,046,836	
Raw chicken meat products	生雞肉製品	1,204,620		810,978	
Chicken breeds	雞苗	24,287		42,769	
Others	其他	73,069		68,862	
Total	合計	2,443,273		1,969,445	

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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For the six months ended 30 June 2022 截至2022年6月30日止六個月

3. REVENUE AND SEGMENT INFORMATION (Continued)

3. 收入及分部資料(續)

Geographic information

地區資料

Revenue from external customers

外部客戶收入

		Six months ended 30 June 截至6月30日止六個月	
		2022 2022年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Mainland China	中國大陸	1,718,124	1,596,320
Japan	日本	169,628	149,204
Malaysia	馬來西亞	242,243	101,875
Europe	歐洲	274,694	86,309
Other countries or regions	其他國家或地區	38,584	35,737
Total	合計	2,443,273	1,969,445

The revenue information above is based on the location of the customers.

上述收入資料乃按客戶所在地劃分。

4. FINANCE COSTS

4. 財務費用

		Six months ended 30 June 截至6月30日止六個月	
		2022 2022年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Interest expenses	利息費用	47,788	30,180
Including: Interest expenses on lease liabilities	其中：租賃負債利息費用	5,511	7,283
Interest income	利息收入	(18,705)	(17,035)
Exchange losses	匯兌虧損	(7,467)	(448)
Handling fees and others	手續費及其他	1,935	700
Total	合計	23,551	13,397

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2022 截至2022年6月30日止六個月

5. OTHER GAINS

5. 其他收益

		Six months ended 30 June 截至6月30日止六個月	
		2022 2022年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Government grants (Note)	政府補助(附註)	785	3,231
Handling fee for withholding individual income tax	代扣個人所得稅手續費	168	—
Total	合計	953	3,231

Note: Government grants include various subsidies received by the Group from relevant government bodies in connection with certain financial subsidies to support the Group's businesses. There are no unfulfilled conditions or contingencies relating to these grants.

附註: 政府補助包括本集團自有關政府機構收取的支持本集團業務的若干財務補貼的各種相關補貼。概無有關該等補助的未達成條件或或然事項。

6. LOSS ON CHANGES IN FAIR VALUE

6. 公允價值變動虧損

		For the six months ended 30 June 截至6月30日止六個月	
		2022 2022年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審核) (As restated) (經重述)
Loss on changes in fair value of productive biological assets and consumptive biological assets	生產性生物資產及消耗性生物資產公允價值變動虧損	(10,017)	(10,227)
Total	合計	(10,017)	(10,227)

The Company's loss on changes in fair value consists of (i) loss arising from initial recognition of agricultural products at fair value less sales costs upon receipt; (ii) loss arising from changes in fair value of productive biological assets less sales costs.

本公司公允價值變動虧損包括(i)農產品於收貨時按公允價值減出售費用初始確認產生的虧損；(ii)生產性生物資產公允價值減出售費用的變動產生的虧損。

The Company has engaged an independent professional appraiser to assess the fair value of the biological assets as at the balance sheet date.

本公司已經聘請獨立專業評估師對生物資產於資產負債表日的公允價值進行了評估。

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For the six months ended 30 June 2022 截至2022年6月30日止六個月

7. INCOME TAX (EXPENSES)/CREDIT

7. 所得稅(開支)/抵免

		Six months ended 30 June 截至6月30日止六個月	
		2022 2022年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Current tax — Mainland China (Charge)/credit for the period	即期稅項 — 中國大陸 期內(費用)/抵免	4,175	(230)
Deferred tax	遞延稅項	9	(1,228)
Total	合計	4,184	(1,458)

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and the Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the six months ended 30 June 2022 (2021: 25%) except for the followings:

根據《中華人民共和國企業所得稅法》(「《企業所得稅法》」)及《企業所得稅法實施條例》，截至2022年6月30日止六個月，中國附屬公司的稅率為25% (2021年：25%)，惟以下各項例外：

- (i) According to the Implementation Regulation of the EIT Law and the exemptions regulation set out in the *Circular of the Ministry of Finance and the State Administration on Releasing the Primary Processing Ranges of Agricultural Products Entitled to Preferential Policies on Enterprise Income Tax (Trial Implementation)* (Cai Shui [2008] No. 149), and the requirements of Article 86 of the Implementation Regulation of the EIT Law, the income from certain subsidiaries in Mainland China engaging in primary processing for agricultural products is exempted from EIT during the period.
- (i) 根據《企業所得稅法實施條例》及《財政部、國家稅務總局關於發佈享受企業所得稅優惠政策的農產品初加工範圍(試行)的通知》(財稅[2008]149號)文件中免徵規定以及《企業所得稅法實施條例》第86條的規定，期內中國大陸若干附屬公司從事農產品初加工所得收入免徵企業所得稅。
- (ii) Pursuant to related regulations in respect of the Implementation Regulation of the EIT Law, the income from the Company engaging in projects of animal-husbandry and poultry feeding is exempted from EIT during the period.
- (ii) 根據《企業所得稅法實施條例》相關規定，期內本公司從事畜牧及家禽飼養項目所得收入免徵企業所得稅。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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8. DIVIDENDS

No dividend was paid, declared or proposed to owners of the parent for the six months ended 30 June 2022 (2021: Nil), nor has any dividend been paid, declared or proposed since the end of the Reporting Period.

9. LOSS PER SHARE

(a) Basic loss per share

Basic loss per share are calculated by dividing the consolidated net loss attributable to ordinary shareholders of the parent company by the weighted average number of outstanding ordinary shares of the Company:

8. 股息

本公司截至2022年6月30日止六個月並無向母公司擁有人派付、宣派或建議派付股息(2021年：無)，而自報告期末起亦無派付、宣派或建議派付任何股息。

9. 每股虧損

(a) 基本每股虧損

基本每股虧損以歸屬於母公司普通股股東的合併淨虧損除以本公司發行在外普通股的加權平均數計算：

		For the six months ended 30 June 截至6月30日止六個月	
		2022 2022年 (Unaudited) (未經審核)	2021 2021年 (As restated) (經重述) (Unaudited) (未經審核)
Consolidated net loss attributable to ordinary shareholders of the parent company (RMB'000)	歸屬於母公司普通股股東的 合併淨虧損(人民幣千元)	(70,937)	(57,602)
Weighted average number of outstanding ordinary shares of the Company	本公司發行在外普通股的 加權平均數	1,397,452,084	1,398,770,000
Basic loss per share (in RMB)	基本每股虧損(人民幣元)	(0.05)	(0.04)
Including: Basic loss per share from continuing operations (in RMB)	其中：持續經營基本每股虧損 (人民幣元)	(0.05)	(0.04)
Basic loss per share from discontinued operations (in RMB)	終止經營基本每股虧損 (人民幣元)	—	—

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9. LOSS PER SHARE (Continued)

(b) Diluted loss per share

Diluted loss per share are calculated by dividing the consolidated net loss attributable to ordinary shareholders of the parent company (diluted) by the weighted average number of outstanding ordinary shares of the Company (diluted):

Consolidated net loss attributable to ordinary shareholders of the parent company (diluted) (RMB'000)	歸屬於母公司普通股股東的合併淨虧損(稀釋) (人民幣千元)	(70,937)	(57,602)
Weighted average number of outstanding ordinary shares of the Company (diluted)	本公司發行在外普通股的加權平均數(稀釋)	1,397,452,084	1,398,770,000
Diluted loss per share (in RMB)	稀釋每股虧損(人民幣元)	(0.05)	(0.04)
Including: Diluted loss per share from continuing operations (in RMB)	其中:持續經營稀釋每股虧損(人民幣元)	(0.05)	(0.04)
Diluted loss per share from discontinued operations (in RMB)	終止經營稀釋每股虧損(人民幣元)	—	—

The Company did not have any potentially dilutive shares throughout the period. Accordingly, the diluted loss per share are the same as the basic loss per share.

9. 每股虧損(續)

(b) 稀釋每股虧損

稀釋每股虧損以歸屬於母公司普通股股東的合併淨虧損(稀釋)除以本公司發行在外普通股的加權平均數(稀釋)計算:

For the six months ended 30 June
截至6月30日止六個月

2022 2022年 (Unaudited) (未經審核)	2021 2021年 (As restated) (經重述) (Unaudited) (未經審核)
(70,937)	(57,602)
1,397,452,084	1,398,770,000
(0.05)	(0.04)
(0.05)	(0.04)
—	—

於整個期間內，本公司並無任何潛在攤薄股份。因此，每股攤薄虧損與每股基本虧損相同。

10. TRADE RECEIVABLES

Trade receivables	應收賬款	257,978	264,398
Loss allowance	虧損準備	(4,159)	(4,113)
Total	合計	253,819	260,285

10. 應收賬款

As at 30 June 2022 於2022年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	As at 31 December 2021 於2021年 12月31日 RMB'000 人民幣千元 (Audited) (經審核)
257,978	264,398
(4,159)	(4,113)
253,819	260,285

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10. TRADE RECEIVABLES (Continued)

The Group's trading terms with its customers are mainly on cash and credit. The credit period is generally 30 to 60 days. The Group seeks to maintain strict control over its outstanding trade receivables and overdue balances are reviewed regularly by senior management. Concentrations of credit risk are managed by analysis by customers. The Group does not hold any collateral or other credit enhancements over these balances. Trade receivables are non-interest-bearing.

An aged analysis of the balance of trade receivables based on the invoice date and net of provision is as follows:

10. 應收賬款(續)

本集團與客戶的貿易條款以現金及除銷為主。信貸期一般為30至60日。本集團力求對其未收回的應收賬款保持嚴格控制，且逾期結餘由高級管理層定期審閱。集中的信貸風險按照客戶的分析進行管理。本集團並無就該等結餘持有任何抵押品或其他信用增級。應收賬款均不計息。

按發票日期呈列的應收賬款結餘(扣除撥備)的賬齡分析如下：

		As at 30 June 2022 於2022年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	As at 31 December 2021 於2021年 12月31日 RMB'000 人民幣千元 (Audited) (經審核)
Within 1 month	1個月之內	250,563	259,262
1 to 3 months	1至3個月	3,041	2,335
3 months to 1 year	3個月至1年	1,577	4
Over 1 year	1年以上	2,797	2,797
Total	合計	257,978	264,398

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10. TRADE RECEIVABLES (Continued)

The movement in the impairment provision/loss allowance of trade receivables is as follows:

		As at 30 June 2022 於2022年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	As at 31 December 2021 於2021年 12月31日 RMB'000 人民幣千元 (Audited) (經審核)
At the beginning of the period	期初	4,113	3,250
Loss allowance recognised	已確認的虧損準備	46	863
At the end of the period	期末	4,159	4,113

10. 應收賬款(續)

應收賬款的減值撥備／虧損準備變動如下：

11. INVENTORIES

		As at 30 June 2022 於2022年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	As at 31 December 2021 於2021年 12月31日 RMB'000 人民幣千元 (Audited) (經審核)
Raw materials	原材料	127,863	208,655
Turnover materials	周轉材料	35,793	40,973
Consumptive biological assets (note)	消耗性生物資產(附註)	203,007	194,005
Goods in transit	發出商品	7,828	19,628
Finished goods	庫存商品	384,874	546,190
Materials in transit	在途物資	—	8,597
Total	合計	759,365	1,018,047

11. 存貨

Note: Consumptive biological assets of the Company refer to broilers, chicks and hatchable eggs held by the Company. Consumptive biological assets are measured at fair value at the end of the period.

附註：本公司消耗性生物資產指本公司持有的肉雞、雞雛、可孵化雞蛋。消耗性生物資產於本期末按公允價值計量。

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12. OTHER CURRENT ASSETS

12. 其他流動資產

		As at 30 June 2022 於2022年6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	As at 31 December 2021 於2021年12月31日 RMB'000 人民幣千元 (Audited) (經審核)
Gains or losses on assets pending disposal	待處理資產損益	1,007	—
Excess value-added tax paid	增值稅留抵稅額	75,939	99,050
Cost of return receivable	應收退貨成本	121	115
Total	合計	77,068	99,165

13. LONG-TERM EQUITY INVESTMENT

13. 長期股權投資

		As at 31 December 2021 於2021年 12月31日 RMB'000 人民幣千元 (Audited) (經審核)	Additional investment 追加投資 (Unaudited) (未經審核)	Reduction of investment 減少投資 (Unaudited) (未經審核)	Gains or losses on investments recognised under the equity method 權益法下確認 的投資損益 (Unaudited) (未經審核)	As at 30 June 2022 於2022年 6月30日 (Unaudited) (未經審核)
Associate						
聯營企業						
Yanggu Xiangyu Biological Technology Co., Ltd.	陽穀祥雨生物科技有限 公司	63,070	—	—	(1,462)	61,608

14. FIXED ASSETS

14. 固定資產

(1) Fixed Assets and Fixed Assets in Liquidation

(1) 固定資產及固定資產清理

		As at 30 June 2022 於2022年6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	As at 31 December 2021 於2021年12月31日 RMB'000 人民幣千元 (Audited) (經審核)
Fixed assets	固定資產	3,115,154	2,960,925
Fixed assets in liquidation	固定資產清理	803	691
Total	合計	3,115,957	2,961,615

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14. FIXED ASSETS(Continued)

14. 固定資產(續)

(2) Fixed Assets

(2) 固定資產

Items	項目	Premises and buildings	Machinery devices	Transportation	Electronics devices	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		房屋及 建築物	機器設備	運輸設備	電子設備	合計
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)
1. Original Book Value	1. 賬面原值					
(1) Balance at the end of last year	(1) 上年年末餘額	1,871,886	2,106,251	64,675	92,183	4,134,995
(2) Current increase amount	(2) 本期增加金額	103,330	162,926	6,149	2,933	275,338
— Purchase	— 購置	1,406	18,720	6,149	1,070	27,345
— Transfer from construction in progress	— 在建工程轉入	101,923	143,663	—	1,863	247,450
— Other transfer	— 其他轉入	—	543	—	—	543
(3) Current reduction payment amount	(3) 本期減少金額	1,018	2,887	757	354	5,015
— Disposal or abandonment	— 處置或報廢	619	2,887	757	354	4,616
— Other decrease	— 其他減少	399	—	—	—	399
(4) Balance at the end of the period	(4) 期末餘額	1,974,197	2,266,290	70,067	94,763	4,405,317
2. Accumulated depreciation	2. 累計折舊					
(1) Balance at the end of last year	(1) 上年年末餘額	424,011	679,480	15,664	54,915	1,174,070
(2) Current increase amount	(2) 本期增加金額	38,986	71,145	3,795	6,110	120,035
— Provision	— 計提	38,986	71,145	3,795	6,110	120,035
(3) Current reduction payment amount	(3) 本期減少金額	258	2,638	719	327	3,942
— Disposal or abandonment	— 處置或報廢	220	2,614	719	327	3,880
— Other decrease	— 其他減少	38	24	—	—	62
(4) Balance at the end of the period	(4) 期末餘額	462,739	747,987	18,740	60,697	1,296,163
3. Provision for impairment	3. 減值準備	—	—	—	—	—
4. Book value	4. 賬面價值					
(1) Book value at the end of the period	(1) 期末賬面價值	1,511,458	1,518,304	51,327	34,066	3,115,154
(2) Book value at the end of last year	(2) 上年年末賬面價值	1,447,874	1,426,771	49,011	37,269	2,960,925

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15. CONSTRUCTION IN PROGRESS

15. 在建工程

		As at 30 June 2022 於2022年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	As at 31 December 2021 於2021年 12月31日 RMB'000 人民幣千元 (Audited) (經審核)
Intelligent integrated projects	智能一體化項目	20,859	33,553
Other projects	其他項目	259	1,740
Total	合計	21,118	35,293

During the Reporting Period, the Company built eleven new broiler cage conversion farms with battery caged systems and one broiler farm with battery caged systems under construction.

報告期內，本公司新建籠養肉雞改造場11座，在建籠養肉雞改造場1座。

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16. PRODUCTIVE BIOLOGICAL ASSETS

16. 生產性生物資產

Productive biological assets using the fair value measurement model

採用公允價值計量模式的生產性生物資產

Items	項目	Livestock breeding industry 畜牧養殖業 RMB'000 人民幣千元 (Unaudited) (未經審核)	Total 合計 RMB'000 人民幣千元 (Unaudited) (As restated) (經重述)
Balance at the end of last year	上年年末餘額	204,484	204,484
External procurement	外購	13,248	13,248
Self-breeding	自行培育	64,007	64,007
Disposal	處置	(86,704)	(86,704)
Changes in fair value	公允價值變動	(14,033)	(14,033)
Balance at the end of the period	期末餘額	181,002	181,002

Notes:

- 1 Self-breeding costs for breeders mainly include the costs of animal feed, labour costs, depreciation and amortisation expenses, apportionment of public expenses, etc.
- 2 Gains or losses from changes in fair value consist of two components: gains from the initial recognition of agricultural products at fair value less sales costs upon harvest and gains from changes in fair value less sales costs of productive biological assets. The Company engaged an independent professional appraiser to assess the fair value of the biological assets as at the balance sheet date.

附註:

- 1 種雞的自行培育成本主要包括飼料成本、人工成本、折舊及攤銷費用以及公共費用的分攤等。
- 2 公允價值變動損益包括兩部分：農產品於收穫時按公允價值減出售費用初始確認產生的收益及生產性生物資產公允價值減出售費用的變動產生的收益。本公司已經聘請獨立專業評估師對生物資產於資產負債表日的公允價值進行了評估。

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16. PRODUCTIVE BIOLOGICAL ASSETS (Continued)

Productive biological assets using the fair value measurement model (Continued)

The Company's productive biological assets using the fair value measurement model are breeders used for the production of hatchable eggs. Breeders include breeders at the breeding and production and egg production stages.

The number of breeders owned by the Company as at the reporting date is as follows:

Type	類別	Balance at the end of the period 期末餘額 (thousand birds) (千隻)
Breeders	種雞	1,775
Total	合計	1,775

Generally, the fledglings of purchased parent breeder chicks are bred on the Company's breeding farms. The breeding stage and the production stage are approximately the 25th week after birth. Egg production starts from the 25th week to the 65th week. After the 65th week, breeders will be sold.

16. 生產性生物資產(續)

採用公允價值計量模式的生產性生物資產(續)

本公司採用公允價值計量模式的生產性生物資產為用於生產可孵化雞蛋的種雞，包括育雛育成階段種雞及產蛋階段種雞。

本公司於報表日擁有的種雞數量如下：

一般而言，外購父母代種雞雞苗由公司種雞場育成，在出生後約第25週為育雛育成階段，第25週至第65週開始生產種蛋，第65週後，種雞將被出售。

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17. RIGHT-OF-USE ASSETS

17. 使用權資產

Items	項目	Premises and buildings 房屋及 建築物 RMB'000 人民幣千元 (Unaudited) (未經審核)	Land use rights 土地使用權 RMB'000 人民幣千元 (Unaudited) (未經審核)	Total 合計 RMB'000 人民幣千元 (Unaudited) (未經審核)
1. Original Book Value	1. 賬面原值			
(1) Balance at the beginning of the year	(1) 年初餘額	29,342	198,321	227,663
(2) Current increase amount	(2) 本期增加金額	—	—	—
(3) Current reduction payment amount	(3) 本期減少金額	—	3,865	3,865
(4) Balance at the end of the period	(4) 期末餘額	29,342	194,456	223,798
2. Accumulated depreciation	2. 累計折舊			
(1) Balance at the beginning of the year	(1) 年初餘額	10,292	22,741	33,033
(2) Current increase amount — Provision	(2) 本期增加金額 — 計提	1,527	2,078	3,605
(3) Current reduction payment amount	(3) 本期減少金額	—	—	—
(4) Balance at the end of the period	(4) 期末餘額	11,819	24,819	36,638
3. Provision for impairment	3. 減值準備	—	—	—
4. Book value	4. 賬面價值			
(1) Book value at the end of the period	(1) 期末賬面價值	17,523	169,638	187,160
(2) Book value at the beginning of the year	(2) 年初賬面價值	19,049	175,580	194,630

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18. INTANGIBLE ASSETS

18. 無形資產

Items	項目	Land use rights 土地使用權 RMB'000 人民幣千元 (Unaudited) (未經審核)	Patent rights 專利權 RMB'000 人民幣千元 (Unaudited) (未經審核)	Computer software 電腦軟件 RMB'000 人民幣千元 (Unaudited) (未經審核)	Total 合計 RMB'000 人民幣千元 (Unaudited) (未經審核)
1. Original Book Value	1. 賬面原值				
(1) Balance at the end of last year	(1) 上年年末餘額	101,254	1,046	20,844	123,144
(2) Current increase amount	(2) 本期增加金額	65	—	—	65
— Others	— 其他	65	—	—	65
(3) Current reduction payment amount	(3) 本期減少金額	—	—	—	—
(4) Balance at the end of the period	(4) 期末餘額	101,320	1,046	20,844	123,210
2. Accumulated depreciation	2. 累計攤銷				
(1) Balance at the end of last year	(1) 上年年末餘額	18,578	593	12,136	31,307
(2) Current increase amount	(2) 本期增加金額	973	52	389	1,415
— Provision	— 計提	973	52	389	1,415
(3) Current reduction payment amount	(3) 本期減少金額	—	—	—	—
(4) Balance at the end of the period	(4) 期末餘額	19,552	645	12,525	32,722
3. Provision for impairment	3. 減值準備	—	—	—	—
4. Book value	4. 賬面價值				
(1) Book value at the end of the period	(1) 期末賬面價值	81,768	401	8,319	90,488
(2) Book value at the end of last year	(2) 上年年末賬面價值	82,676	453	8,708	91,837

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19. BILLS PAYABLE

19. 應付票據

		As at 30 June 2022 於2022年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	As at 31 December 2021 於2021年 12月31日 RMB'000 人民幣千元 (Audited) (經審核)
Bank acceptance notes	銀行承兌匯票	0	46,607
Total	合計	0	46,607

Aged analysis

賬齡分析

		As at 30 June 2022 於2022年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	As at 31 December 2021 於2021年 12月31日 RMB'000 人民幣千元 (Audited) (經審核)
An aged analysis of the bills is as follows	票據賬齡分析如下		
Within 1 month	1個月以內	—	43,939
Over than 1 month but within 1 year	1個月以上1年以內	—	2,668
Over 1 year	1年以上	—	—
Total	合計	—	46,607

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2022 截至2022年6月30日止六個月

20. TRADE PAYABLES

20. 應付賬款

		As at 30 June 2022	As at 31 December 2021
		於2022年 6月30日	於2021年 12月31日
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		(Unaudited)	(Audited)
		(未經審核)	(經審核)
Payables for goods	應付貨款	476,238	448,844
Total	合計	476,238	448,844
An aged analysis of the trade payables based on invoice date	按發票日期呈列的應付賬款賬齡分析		
Within 1 month	1個月之內	302,942	369,774
Over than 1 month but within 3 months	1至3個月	109,358	49,150
Over than 3 months but within 1 year	3個月到1年	61,322	21,463
Over 1 year	1年以上	2,616	8,457
Total	合計	476,238	448,844

21. PAYROLL PAYABLE

21. 應付職工薪酬

		Short-term compensation	Post-employment benefits, defined withdrawal plan	Total
		短期薪酬	離職後福利、 設定提取計劃	合計
		RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元
		(Unaudited)	(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)	(未經審核)
Amounts at the end of last year	上年末金額	67,677	160	67,838
Increase in current period	本期增加金額	264,444	23,084	287,528
Decrease in current period	本期減少金額	(277,367)	(19,496)	(296,863)
Amounts at the end of the period	期末金額	54,755	3,749	58,503

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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22. OTHER PAYABLES

22. 其他應付款

		As at 30 June 2022 於2022年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	As at 31 December 2021 於2021年 12月31日 RMB'000 人民幣千元 (Audited) (經審核)
Payables for projects	工程款	162,143	145,570
Accrued expenses	預提費用	103,678	47,752
Deposits and guarantees	押金及保證金	40,942	37,114
Withholding payments	代扣代繳款項	15,491	5,253
Imprest fund	備用金	1,288	354
Other	其他	99	461
Total	合計	323,641	236,504

23. BORROWINGS

23. 借款

		As at 30 June 2022 於2022年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	As at 31 December 2021 於2021年 12月31日 RMB'000 人民幣千元 (Audited) (經審核)
Bank loans, secured and guaranteed	銀行貸款，有抵押及有擔保	1,477,015	2,250,585
Other financial institution loans, secured and guaranteed	其他金融機構貸款， 有抵押及有擔保	111,055	210,284
Total	合計	1,588,070	2,460,869

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For the six months ended 30 June 2022 截至2022年6月30日止六個月

23. BORROWINGS (Continued)

23. 借款(續)

		As at 30 June 2022 於2022年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	As at 31 December 2021 於2021年 12月31日 RMB'000 人民幣千元 (Audited) (經審核)
By maturity date:	按到期日:		
Bank loans, secured and guaranteed	銀行貸款，有抵押及有擔保		
Within one year	1年以內	1,199,493	1,775,473
1–2 years	1–2年	100,000	43,778
2–5 years	2–5年	177,522	431,334
Other financial institution loans, secured and guaranteed	其他金融機構貸款，有抵押及有擔保		
Within one year	1年以內	79,506	84,293
1–2 years	1–2年	25,478	66,470
2–5 years	2–5年	6,071	59,521
Effective annual interest rate:	實際年利率:		
Bank loans, secured and guaranteed	銀行貸款，有抵押及有擔保	3.80%–5.90%	2.40%–5.90%
Other financial institution loans, secured and guaranteed	其他金融機構貸款，有抵押及有擔保	5.60%–5.65%	4.75%–6.60%

24. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

24. 關聯方及關聯交易

(1) Information on the parent company of the Company

(1) 本公司的母公司情況

Name of the parent company	Registered in	Business nature	Registered capital	Percentage of shareholding in the Company (%)	Percentage of voting right in the Company (%)
母公司名稱	註冊地	業務性質	註冊資本	母公司對本公司的持股比例(%)	母公司對本公司的表決權比例(%)
Shandong Fengxiang (Group) Co., Ltd.	Yanggu County, Shandong Province	Retail	1,126,000,000	44.79	44.79
山東鳳祥(集團)有限責任公司	山東省陽谷縣	零售業	112,600萬元		

The ultimate controller of the Company is Liu Xuejing.

本公司最終控制人為劉學景。

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簡明綜合財務報表附註

For the six months ended 30 June 2022 截至2022年6月30日止六個月

24. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

24. 關聯方及關聯交易 (續)

(2) Information on the subsidiaries of the Company

(2) 本公司的子公司情況

Name of subsidiary 子公司名稱	Major operation place 主要經營地	Registered in 註冊地	Business nature 業務性質	Percentage of shareholding (%) 持股比例(%)		Acquisition method 取得方式
				Direct 直接	Indirect 間接	
Shandong Fengxiang Industrial Co., Ltd. 山東鳳祥實業有限公司	Yanggu County, Liaocheng City, Shandong Province 山東省聊城市陽穀縣	Yanggu County, Liaocheng City, Shandong Province 山東省聊城市陽穀縣	Production and sale of frozen meat products 速凍肉製品生產、銷售等	100	—	Set up 設立
Shandong Fengxiang Food Development Co., Ltd. 山東鳳祥食品發展有限公司	Yanggu County, Liaocheng City, Shandong Province 山東省聊城市陽穀縣	Yanggu County, Liaocheng City, Shandong Province 山東省聊城市陽穀縣	Production and sale of frozen meat products 速凍食品生產、銷售等	100	—	Set up 設立
Shandong iShape Food Technology Co., Ltd.* 山東優形食品科技有限公司	Yanggu County, Liaocheng City, Shandong Province 山東省聊城市陽穀縣	Yanggu County, Liaocheng City, Shandong Province 山東省聊城市陽穀縣	Production and sale of frozen meat products 速凍食品生產、銷售等	100	—	Set up 設立
Fengxiang Foods (Japan) Co., Ltd. 鳳祥食品株式會社	Japan 日本	Japan 日本	Consulting 諮詢	100	—	Set up 設立
Yucheng Fengming Food Co., Ltd. 禹城鳳鳴食品有限公司	Yucheng City, Shandong Province 山東省禹城市	Yucheng City, Shandong Province 山東省禹城市	Production and sale of frozen meat products 速凍食品生產、銷售等	100	—	Set up 設立

* For identification purpose only

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24. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

24. 關聯方及關聯交易 (續)

(3) Information on joint ventures and associates of the Company

(3) 本公司的合營和聯營企業情況

Name of joint ventures or associates	Major operation place	Registered in	Business nature	Percentage of shareholding (%)		Accounting for investments in joint ventures or associates	Strategic to the Company's activities	
				Direct	Indirect			
合營企業或聯營企業名稱	主要經營地	註冊地	業務性質	持股比例 (%)	直接	間接	對合營企業或聯營企業投資的會計處理方法	對本公司活動是否具有戰略性
Yanggu Xiangyu Biological Technology Co., Ltd.	Yanggu County, Liaocheng City, Shandong Province	Yanggu County, Liaocheng City, Shandong Province	Operation of organic fertilizers, microbial fertilizers, bio-fertilizers	49.00	—	Equity method	Yes	
陽穀祥雨生物科技有限公司	山東省聊城市陽穀縣	山東省聊城市陽穀縣	有機肥、微肥、生物肥的經營			權益法	是	

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2022 截至2022年6月30日止六個月

24. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

24. 關聯方及關聯交易 (續)

(4) Related party transactions for purchase and sales of goods, provision and receipt of labor services

(4) 購銷商品、提供和接受勞務的關聯交易

Table of purchase of goods/receipt of labor services:

採購商品／接受勞務情況表：

Related party 關聯方	Content of related party transactions 關聯交易內容	Six months ended 30 June 截至6月30日止六個月	
		2022 2022年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Liaocheng Aode Energy Co., Ltd. 聊城奧德能源有限公司	Purchase of natural gas 採購天然氣	43,295	31,162
Yanggu Xiangguang Copper Co., Ltd. 陽穀祥光銅業有限公司	Property and machines 房產及機器設備	—	20,876
Qingdao Xiangguang Logistics Co., Ltd. 青島祥光物流有限公司	Settlement of logistics service fees 結算物流費	1,375	1,239
Zhongke Fengxiang Biotechnology Co., Ltd. 中科鳳祥生物工程股份有限公司	Purchase of raw materials 購進原材料等	597	1,437

The above related party transactions were conducted in accordance with the terms mutually agreed between the parties.

上述關聯交易均按照雙方相互協議的條款進行。

The above related party transactions constitute a non-exempt continuing related party transactions under Chapter 14A of the Listing Rules. The Company has applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the reporting and/or independent shareholders' approval requirements or complied with the disclosure requirements under Chapter 14A of the Listing Rules for the above non-exempt continuing related party transactions.

根據《上市規則》第十四A章，上述關聯交易構成不獲豁免持續關聯交易。本公司已向聯交所提出申請且聯交所已授予豁免，豁免上述不受豁免持續關聯交易嚴格遵守《上市規則》第十四A章下申報及／或獨立股東批准或遵守披露的規定。

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簡明綜合財務報表附註

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24. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

24. 關聯方及關聯交易 (續)

(4) Related party transactions for purchase and sales of goods, provision and receipt of labor services (Continued)

(4) 購銷商品、提供和接受勞務的關聯交易 (續)

Table of sales of goods/provision of labor services:

出售商品／提供勞務情況表：

Related party 關聯方	Content of related party transactions 關聯交易內容	Six months ended 30 June 截至6月30日止六個月	
		2022 2022年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Yanggu Xiangqi Biomass Power Generation Co., Ltd. 陽穀祥琦生物質發電有限公司	Sales of materials 銷售材料	65	—
Zhongke Fengxiang Biotechnology Co., Ltd. 中科鳳祥生物工程股份有限公司	Sales of goods 銷售商品	2,353	2,640
Shandong Fengxiang Supermarket Co., Ltd. 山東鳳祥超市有限公司	Sales of goods 銷售商品	1,553	2,475
Yanggu Xiangguang Copper Co., Ltd. 陽穀祥光銅業有限公司	Sales of goods 銷售商品	77	161
Luxinan Hospital Co., Ltd. 魯西南醫院有限公司	Sales of goods 銷售商品	—	64
GMK Holdings Group Co., Ltd. 新鳳祥控股集團有限責任公司	Sales of goods 銷售商品	27	43
GMK Finance Co., Ltd. 新鳳祥財務有限公司	Sales of goods 銷售商品	—	22

The above related party transactions were conducted in accordance with the terms mutually agreed between the parties, and the maximum annual cap is more than 0.1% but less than 5% of all the applicable percentage ratios (except earning ratio) under Rule 14.07 of the Listing Rules. The related party transactions is subject to the reporting, annual review and announcement requirements, but are exempt from the circular and independent shareholder's approval under Chapter 14A of the Listing Rules.

上述關聯交易均按照雙方相互協議的條款進行。最高年度上限於《上市規則》第14.07條下的所有適用百分比率(盈利比率除外)超過0.1%但低於5%，該等關聯交易須遵守申報、年度審閱與公告規定，但根據《上市規則》第十四A章，該等關聯交易豁免遵守有關通函與獨立股東批准規定。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

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24. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

24. 關聯方及關聯交易(續)

(5) Leasing with related parties

(5) 關聯租賃情況

The Company as a lessee:

本公司作為承租方：

Name of the lessor 出租方名稱	Type of leased assets 租賃資產種類	Six months ended 30 June 截至6月30日止六個月	
		2022 2022年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審核)
		Rental expenses paid 支付的租金	Rental expenses paid 支付的租金
GMK Holdings Group Co., Ltd. 新鳳祥控股集團有限責任公司	Premises 房屋	503	1,966

The leasing with related parties is a one-off related party transaction which qualifies as a de minimis transaction and is fully exempt from the independent shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

關聯租賃為一次性關聯交易，符合最低豁免水平的交易，全面豁免遵守《上市規則》第十四A章下獨立股東批准、年度審閱及所有披露規定。

(6) Borrowing from or lending to related parties

(6) 關聯方資金拆借

Related parties 關聯方	Items 項目	As at 30 June 2022 於2022年 6月30日 RMB'000 人民幣千元	As at 31 December 2021 於2021年 12月31日 RMB'000 人民幣千元
		Shandong Fengxiang (Group) Co., Ltd. 山東鳳祥(集團)有限責任公司	Borrowing 拆入

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For the six months ended 30 June 2022 截至2022年6月30日止六個月

24. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(6) Borrowing from or lending to related parties (Continued)

The above related party transaction qualifies for a full waiver under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for financial assistance on better commercial terms provided by the listed issuer group.

(7) Receivables from and payables to related parties

Receivables

Related parties 關聯方	Items 項目名稱
Yanggu Xiangqi Biomass Power Generation Co., Ltd. 陽穀祥琦生物質發電有限公司	Prepayments 預付賬款
Liaocheng Aode Energy Co., Ltd. 聊城奧德能源有限公司	Other receivables 其他應收款

24. 關聯方及關聯交易 (續)

(6) 關聯方資金拆借 (續)

上述關聯交易符合《香港聯合交易所有限公司之證券上市規則》第十四A章的上市發行人集團以更佳商務條款提供的財務資助，獲得全面豁免。

(7) 關聯方應收應付款項

應收項目

	As at 30 June 2022 於2022年6月30日 RMB'000 (Unaudited) (未經審核)	As at 31 December 2021 於2021年12月31日 RMB'000 (Audited) (經審核)
Yanggu Xiangqi Biomass Power Generation Co., Ltd. 陽穀祥琦生物質發電有限公司	65	—
Liaocheng Aode Energy Co., Ltd. 聊城奧德能源有限公司	1,500	1,500

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24. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

24. 關聯方及關聯交易(續)

(7) Receivables from and payables to related parties (Continued)

(7) 關聯方應收應付款項(續)

Payables

應付項目

Related parties 關聯方	Items 項目名稱	As at 30 June 2022 於2022年6月30日	As at 31 December 2021 於2021年12月31日
		RMB'000 人民幣千元 (Unaudited) (未經審核)	RMB'000 人民幣千元 (Audited) (經審核)
Liaocheng Aode Energy Co., Ltd. 聊城奧德能源有限公司	Trade payable 應付賬款	318	1,081

Monetary funds

貨幣資金項目

Related parties 關聯方	Item 項目名稱	As at 30 June 2022 於2022年6月30日	As at 31 December 2021 於2021年12月31日
		RMB'000 人民幣千元 (Unaudited) (未經審核)	RMB'000 人民幣千元 (Audited) (經審核)
GMK Finance Co., Ltd. 新鳳祥財務有限公司	Monetary funds 貨幣資金	805,905	1,041,438

The Company renewed the deposit services framework agreement with GMK Finance on 31 August 2020, pursuant to which GMK Finance provides deposit services to the Group, and the Company has strictly complied with the independent shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

本公司於2020年8月31日與新鳳祥財務續簽(存款服務框架協議)，據此，新鳳祥財務向本集團提供存款服務，根據上市規則第十四A章，本公司已嚴格遵守獨立股東批准、年度審閱及所有披露規定。

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24. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

24. 關聯方及關聯交易 (續)

(8) Compensation of key management personnel

(8) 關鍵管理人員薪酬

		Six months ended 30 June 截至6月30日止六個月	
		2022 2022年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Compensation of key management personnel	關鍵管理人員薪酬	5,505	5,977
Share-based compensation	以股份為基礎的薪酬	3,480	1,237
Total	合計	8,985	7,214

(9) Other related party transaction

(9) 其他關聯交易

		Six months ended 30 June 截至6月30日止六個月	
		2022 2022年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Interest income: GMK Finance Co., Ltd.	利息收入: 新鳳祥財務有限公司	14,394	11,789
Interest expenses: Shandong Fengxiang (Group) Co., Ltd. GMK Finance Co., Ltd.	利息支出: 山東鳳祥(集團)有限責任公司 新鳳祥財務有限公司	1,639 —	321 883

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簡明綜合財務報表附註

For the six months ended 30 June 2022 截至2022年6月30日止六個月

25. TAXATION

25. 稅項

(I) Main taxes and tax rates

(-) 主要稅種和稅率

Tax types 稅種	Tax basis 計稅依據	Tax rate 稅率
Value-added tax 增值稅	The value-added tax payable is the difference between output tax (calculated based on the revenue from sales of goods and taxable service income under the tax laws) and net of the input tax that is allowed to be deducted in the current period 按稅法規定計算的銷售貨物和應稅勞務收入為基礎計算銷項稅額，在扣除當期允許抵扣的進項稅額後，差額部分為應交增值稅	13%、9%、6%
City maintenance and construction tax 城市維護建設稅	Value-added tax actually paid 按實際繳納的增值稅計繳	5%
Education surcharge 教育費附加	Value-added tax actually paid 按實際繳納的增值稅計繳	3%
Local education surcharge 地方教育費附加	Value-added tax actually paid 按實際繳納的增值稅計繳	2%
Enterprise income tax 企業所得稅	Taxable income 按應納稅所得額計繳	25%
Resource tax 資源稅	Amount of water resources used 按水資源使用量計繳	RMB2/ton, RMB6/ton 人民幣2元/噸、 人民幣6元/噸
Property tax 房產稅	1.2% of the remaining value after the original property value less 30% 按房產原值一次減除30%後餘值的1.2%計繳	1.2%
Land use tax 土地使用稅	Actual land area 實際土地面積計繳	RMB4/m ² 人民幣4元/平米

Different enterprise income tax rates applicable to different taxpayers are disclosed as below:

存在不同企業所得稅稅率納稅主體的，披露情況說明：

Taxpayer 納稅主體名稱	Income tax rate 所得稅稅率
Fengxiang Foods (Japan) Co., Ltd. 鳳祥食品株式会社	0% According to the local tax regulations 按本當地稅收規定

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25. TAXATION (Continued)

(II) Tax preference

The Company and Shandong Fengxiang Industrial Co., Ltd., a subsidiary of the Company, are entitled to the preferential tax policy of “exemption from enterprise income tax for agriculture, forestry, husbandry and fishery projects” from 1 July 2012;

The Company is entitled to the preferential tax policy of “VAT exemption for agricultural producers on the sale of self-produced agricultural products” from 1 August 2012;

The Company is entitled to the preferential tax policy of “VAT exemption for feed products” from 1 January 2015;

The Company is entitled to the preferential tax policy of “exemption from urban land use tax for land directly used for production in agriculture, forestry, husbandry and fishery” from 1 December 2010;

The Company, Shandong iShape Food Technology Co., Ltd.* (山東優形食品科技有限公司) and Shandong Fengxiang Food Development Co., Ltd., subsidiaries of the Company, are entitled to the preferential tax policy of “exemption from VAT on free lending of funds between units within an enterprise group (including enterprise groups)” from 1 February 2019 to 31 December 2023;

Shandong Fengxiang Industrial Co., Ltd. and Shandong Fengxiang Food Development Co., Ltd., subsidiaries of the Company, are entitled to the preferential tax policy of “VAT exemption for fresh meat and egg products in circulation” from 1 August 2014;

Shandong Fengxiang Food Development Co., Ltd., a subsidiary of the Company, is entitled to the preferential tax policy of “VAT exemption for vegetables in circulation” from 1 July 2016.

25. 稅項(續)

(二) 稅收優惠

本公司及子公司山東鳳祥實業有限公司於2012年7月1日起享受「農、林、牧、漁項目免徵企業所得稅」稅收優惠政策；

本公司於2012年8月1日起享受「農業生產者銷售自產農產品免徵增值稅」稅收優惠政策；

本公司於2015年1月1日起享受「飼料產品免徵增值稅」稅收優惠政策；

本公司於2010年12月1日起享受「直接用於農、林、牧、漁的生產用地免徵城鎮土地使用稅」稅收優惠政策；

本公司及子公司山東優形食品科技有限公司、山東鳳祥食品發展有限公司於2019年2月1日至2023年12月31日期間享受「企業集團內單位(含企業集團)之間的資金無償借貸行為，免徵增值稅」稅收優惠政策；

子公司山東鳳祥實業有限公司、山東鳳祥食品發展有限公司於2014年8月1日起享受「鮮活肉蛋產品流通環節免徵增值稅」稅收優惠政策；

子公司山東鳳祥食品發展有限公司於2016年7月1日起享受「蔬菜流通環節免徵增值稅」稅收優惠政策。

* For identification purpose only

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26. RISKS RELATED TO FINANCIAL INSTRUMENTS

The Company is confronted with various financial risks during its operation, including credit risk, market risk and liquidity risk. The Board of the Company is fully responsible in determining the risk management objectives and policies and assume the ultimate responsibilities for risk management objectives and policies. The Board has authorised the audit department of the Company to design and carry out procedures to ensure effective implementation of the risk management objectives and policies, and the Board will review the effectiveness of the procedures implemented and the reasonableness of the risk management objectives and policies through the monthly report submitted by the head of the audit department. In addition, the internal auditors of the Company will review the risk management policies and procedures and report their findings to the Audit Committee.

The overall objective of the risk management in the Company is to formulate risk management policies to minimise the risks without unduly interfering the Company's competitiveness and resilience.

(1) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company mainly faces customer credit risk caused by credit sales. Before the signing of the new contract, the Company will evaluate the credit risk of the new customer, including the external credit rating and, in some cases, the bank credit certificate (when this information is available). The Company sets a credit limit for each customer, which is the maximum amount that does not require additional approval.

The Company ensures that the Company's overall credit risk is within control of the Company through quarterly monitoring of existing customers' credit ratings and monthly review of trade receivables aging analysis. When monitoring the customer's credit risk, we group them according to their credit characteristics. Customers rated as "high-risk" will be placed on the list of restricted customers, and the Company can only sell them on the premise of additional approval in the future period, otherwise they must be required to pay the relevant amounts in advance.

26. 與金融工具相關的風險

本公司在經營過程中面臨各種金融風險：信用風險、市場風險和流動性風險。公司董事會全面負責風險管理目標和政策的確定，並對風險管理目標和政策承擔最終責任，董事會已授權本公司審閱部門設計和實施能確保風險管理目標和政策得以有效執行的程序。董事會通過審閱主管遞交的月度報告來審查已執行程序的有效性以及風險管理目標和政策的合理性。本公司的內部審閱師也會審閱風險管理的政策和程序，並且將有關發現匯報給審閱委員會。

本公司風險管理的總體目標是在不過度影響公司競爭力和應變力的情況下，制定盡可能降低風險的風險管理政策。

(1) 信用風險

信用風險是指金融工具的一方不履行義務，造成另一方發生財務損失的風險。本公司主要面臨除銷導致的客戶信用風險。在簽訂新合同之前，本公司會對新客戶的信用風險進行評估，包括外部信用評級和在某些情況下的銀行資信證明（當此信息可獲取時）。公司對每一客戶均設置了除銷限額，該限額為無需獲得額外批准的最大額度。

公司通過對已有客戶信用評級的季度監控以及應收賬款賬齡分析的月度審核來確保公司的整體信用風險在可控的範圍內。在監控客戶的信用風險時，按照客戶的信用特徵對其分組。被評為「高風險」級別的客戶會放在受限制客戶名單裡，並且只有在額外批准的前提下，公司才可在未來期間內對其除銷，否則必須要求其提前支付相應款項。

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26. RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

(2) Liquidity risk

Liquidity risk is the risk that an enterprise may encounter deficiency of funds in meeting obligations settled with cash or other financial assets delivery. The Company's policy is to ensure it has sufficient cash to settle the debts when they fall due. The Company's finance department centralized control on liquidity risk. Through monitoring cash balance, readily realizable marketable securities and the rolling forecasts of cash flow for the next 12 months, the finance department will ensure the Company has sufficient fund to settle its debts under all reasonable foreseeable circumstances.

(3) Market risk

Market risk of financial instruments is the risk of fluctuation in the fair value of financial instruments or future cash flow arising from changes in market price. Market risk includes exchange rate risk, interest rate risk and other price risk.

Interest rate risk is the risk of fluctuation in the fair value of financial instruments or future cash flow arising from changes in market interest rate. The Company's interest rate risk mainly arises from short-term bank borrowings.

As at 30 June 2022, if the interest rates of borrowings with floating interest rates increased or decreased by 100 basis points with all other variables held constant, the Company's net profit will decrease or increase by RMB5,950,000 (30 June 2021: RMB2,290,000). The management is of the view that 100 basis points reasonably reflect the reasonable range of possible changes in the interest rates in the following year.

Exchange rate risk refers to the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company tries to match the income and expenditure in foreign currencies in order to reduce the exchange rate risk. During the period and the previous period, the Company entered into certain forward exchange contracts for the purpose of hedging exchange rate risk.

26. 與金融工具相關的風險(續)

(2) 流動性風險

流動性風險，是指企業在履行以交付現金或其他金融資產的方式結算的義務時發生資金短缺的風險。本公司的政策是確保擁有充足的現金以償還到期債務。流動性風險由本公司的財務部門集中控制。財務部門通過監控現金餘額、可隨時變現的有價證券以及對未來12個月現金流量的滾動預測，確保公司在所有合理預測的情況下擁有充足的資金償還債務。

(3) 市場風險

金融工具的市場風險是指金融工具的公允價值或未來現金流量因市場價格變動而發生波動的風險，包括匯率風險、利率風險和其他價格風險。

利率風險，是指金融工具的公允價值或未來現金流量因市場利率變動而發生波動的風險。本公司面臨的利率風險主要來源於銀行短期借款。

於2022年6月30日，在其他變量保持不變的情況下，如果以浮動利率計算的借款利率上升或下降100個基點，則本公司的淨利潤將減少或增加人民幣5,950千元(2021年6月30日：人民幣2,290千元)。管理層認為100個基點合理反映了下一年度利率可能發生變動的合理範圍。

匯率風險，是指金融工具的公允價值或未來現金流量因外匯匯率變動而發生波動的風險。本公司盡可能將外幣收入與外幣支出相匹配以降低匯率風險。於本期及上期，本公司簽署了部分遠期外匯合約，以達到規避匯率風險的目的。

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27. COMMITMENTS AND CONTINGENCIES

1. No significant commitments are required to be disclosed during the period.
2. No significant contingencies are required to be disclosed during the period.

27. 承諾及或有事項

1. 本期無需要披露的重要承諾事項。
2. 本期無需要披露的重要的或有事項。

28. SHARE CAPITAL

28. 股本

	As at 30 June 2022	As at 31 December 2021
	於2022年 6月30日	於2021年 12月31日
	RMB'000	RMB'000
	人民幣千元	人民幣千元
	(Unaudited)	(Audited)
	(未經審核)	(經審核)
Registered, issued and fully paid: 1,400,000,000 shares of RMB1.00 each	已註冊、發行及繳足股本： 1,400,000,000股 每股人民幣1.00元的股份	1,400,000
	1,400,000	1,400,000

29. CLOSING FIGURES OF THE INTERIM REPORTING PERIOD IN 2021

- (i) The Group restated the closing figures of the interim reporting period in 2021, mainly because the Group prepared the interim financial report for 2022 with the adoption of fair value measurement instead of the costs method measurement for the biological assets as previously adopted in the preparation of the interim financial report for 2021. In order to provide the readers with comparable and reliable financial information, the measurement of the figures in the interim financial report for 2021 was changed to the use of fair value measurement and a loss of change in fair value measurement of RMB10.227 million was recorded.

29. 2021年度中期報告期末數據

- (i) 本集團對2021年中期報告期末數據進行重述，主要因為本集團在編製2022年中期財務報告時，並非按照編製2021年中期財務報告時對生物資產採用成本法計量，而是採用公允價值計量。為了提供讀者可比、可靠的財務信息，對2021年中期財務報告數據變更為使用公允價值計量，並錄得公允價值計量虧損人民幣10,227.0千元。

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29. CLOSING FIGURES OF THE INTERIM REPORTING PERIOD IN 2021 (Continued)

(ii) According to the relevant regulations on the Accounting Standards for Business Enterprises No. 14 — Revenue (the “**New Revenue Standard**”) issued by the Ministry of Finance of the PRC, the transportation costs incurred for the fulfilment of customer sales contracts were presented in the operating costs. Accordingly, the Group has implemented the New Revenue Standard during the Reporting Period. In order to improve the comparability between the reporting items, the transportation costs for the 2021 interim period were reclassified and the financial figures in the interim financial report for 2021 were retrospectively adjusted as follows:

29.2021年度中期報告期末數據(續)

(ii) 根據中國財政部頒佈的企業會計準則第14號 — 收入(「**新收入準則**」)的相關規定，為履行客戶銷售合同而發生的運輸成本在營業成本中列示，據此，本集團本報告期已執行新收入準則，為提高報表項目間可比性，對2021年中期運輸成本進行重新歸類，追述調整2021年中期財務報告財務數據如下：

		Operating costs	Selling expenses	Gross profit
		營業成本	銷售費用	毛利潤
		RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元
Before adjustment	調整前	1,744,762	208,315	224,683
Adjustment amount	調整金額	45,543	(45,543)	(45,543)
After adjustment	調整後	1,790,305	162,772	179,140

山東鳳祥股份有限公司
Shandong Fengxiang Co., Ltd.

