



Honworld Group Limited

老恒和釀造有限公司*

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock code 股份代號: 2226



Interim Report 中期報告

2021

* For identification purposes only 僅供識別

**“LAO HENG HE”, A BRAND WITH A HISTORY OF MORE
THAN 160 YEARS. PANAMA — PACIFIC INTERNATIONAL
EXPOSITION GOLD AWARD FOR CONDIMENT PRODUCTS.**

「老恒和」，源自傳承，品牌歷史超過160年
巴拿馬博覽會金獎產品



目錄 CONTENTS

公司資料	02	Corporate Information
管理層討論與分析	05	Management Discussion and Analysis
補充資料	17	Supplementary Information
簡明綜合損益及其他全面收益表	29	Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
簡明綜合財務狀況表	31	Condensed Consolidated Statement of Financial Position
簡明綜合權益變動表	33	Condensed Consolidated Statement of Changes in Equity
簡明綜合現金流量表	35	Condensed Consolidated Statement of Cash Flows
簡明綜合中期財務報表附註	37	Notes to the Condensed Consolidated Interim Financial Statements

CORPORATE INFORMATION

公司資料

BOARD OF DIRECTORS

Executive Directors

Mr. Chen Wei
Mr. Liu Jianbin¹
Mr. Sheng Mingjian²
Mr. Chen Weizhong³

Non-executive Director

Mr. Gu Wei

Independent Non-executive Directors

Mr. Shen Zhenchang
Mr. Ng Wing Fai
Mr. Sun Jiong

COMPANY SECRETARY

Mr. Au Wai Keung

AUTHORISED REPRESENTATIVES

Mr. Chen Weizhong⁴
Mr. Au Wai Keung
Mr. Liu Jianbin⁵

AUDIT COMMITTEE

Mr. Ng Wing Fai (*Chairman*)
Mr. Sun Jiong
Mr. Shen Zhenchang
Mr. Gu Wei

REMUNERATION COMMITTEE

Mr. Shen Zhenchang (*Chairman*)
Mr. Ng Wing Fai
Mr. Sun Jiong

董事會

執行董事

陳偉先生
劉建鑽先生¹
盛明健先生²
陳衛忠先生³

非執行董事

顧偉先生

獨立非執行董事

沈振昌先生
吳榮輝先生
孫頌先生

公司秘書

區偉強先生

授權代表

陳衛忠先生⁴
區偉強先生
劉建鑽先生⁵

審核委員會

吳榮輝先生 (*主席*)
孫頌先生
沈振昌先生
顧偉先生

薪酬委員會

沈振昌先生 (*主席*)
吳榮輝先生
孫頌先生

¹ Appointed on 2 February 2021
² Resigned on 28 June 2022
³ Resigned on 2 February 2021
⁴ Resigned on 2 February 2021
⁵ Appointed on 2 February 2021

¹ 於二零二一年二月二日獲委任
² 於二零二二年六月二十八日辭任
³ 於二零二一年二月二日辭任
⁴ 於二零二一年二月二日辭任
⁵ 於二零二一年二月二日獲委任



CORPORATE INFORMATION

公司資料

NOMINATION COMMITTEE

Mr. Sun Jiong (*Chairman*)
Mr. Ng Wing Fai
Mr. Shen Zhenchang

AUDITORS

Grant Thornton Hong Kong Limited
Certified Public Accountants
11th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Food and Industrial Park
Wuxing District, Huzhou City
Zhejiang 313000, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room A5, 7/F
China United Plaza
1008 Tai Nan West Street
Kowloon, Hong Kong

提名委員會

孫頌先生(主席)
吳榮輝先生
沈振昌先生

核數師

致同(香港)會計師事務所有限公司
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註冊辦事處

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Hutchins Drive
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Grand Cayman KY1-1111
Cayman Islands

中國總部及主要營業地點

中國浙江省
湖州市吳興區
八里店鎮食品工業園
郵編：313000

香港主要營業地點

香港九龍
大南西街1008號
華匯廣場
7樓A5室



CORPORATE INFORMATION

公司資料

PRINCIPAL BANKERS

Industrial and Commercial Bank of China Limited
Zhili Branch
No. 583, 587, 589 Zhenbei Road
Zhili Town
Huzhou City, Zhejiang Province
PRC

Bank of China Limited
Huzhou Branch
No. 208, Renmin Road
Huzhou City, Zhejiang Province
PRC

Agricultural Bank of China Limited
Huzhou Branch
No. 88, Renmin Road
Huzhou City, Zhejiang Province
PRC

LEGAL ADVISER AS TO HONG KONG LAW

Chungs Lawyers in association with DeHeng Law Offices
28/F, Henley Building
5 Queen's Road Central
Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
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STOCK CODE

Stock code: 2226

WEBSITE

<http://www.hzlaohenghe.com>

主要往來銀行

中國工商銀行股份有限公司
織里支行
中國
浙江省湖州市
織里鎮
珍貝路583、587、589號

中國銀行股份有限公司
湖州市分行
中國
浙江省湖州市
人民路208號

中國農業銀行股份有限公司
湖州分行
中國
浙江省湖州市
人民路88號

香港法律顧問

鍾氏律師事務所(與德恒律師事務所聯營)
香港中環
皇后大道中5號
衡怡大廈28樓

主要股份過戶登記處

Conyers Trust Company (Cayman) Limited
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Cayman Islands

香港證券登記處

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

股份代號

股份代號：2226

網址

<http://www.hzlaohenghe.com>

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

BUSINESS REVIEW

We are one of the leading manufacturers of condiment products in the People's Republic of China (the "PRC" or "China"). We offer high quality and healthy brewed cooking wine as well as other condiments, including naturally-brewed soy sauce, naturally-brewed vinegar, soybean paste, sesame oil and fermented bean curd. In the first half of 2021, we attained the following achievements:

1. Our research projects, including Key Technologies and Applications for Electronic Nose and Intelligent Online Analysis, as well as Key Technological Development and Applications for Yellow Wine Tank Storage and Aging Quality Control, were awarded by China National Light Industry Council the second prizes in both Scientific and Technological Invention and Scientific and Technological Advancement;
2. We were awarded the "2020 Model Enterprise for the Construction of Integrity Management System in the Food Industry of Zhejiang Province (2020年度浙江省食品工業企業誠信管理體系建設示範企業)" by the Zhejiang Food Industry Organization (浙江省食品工業協會).

In the first half of 2021, the global market and the China market were comparatively sluggish due to the novel coronavirus (COVID-19) pandemic. As players in the condiment market further competed against each other for the existing consumer demands, the competition was increasingly intensified, and consumers became keen on the cost-effective consumption. While adhering to prevention and control amid the pandemic, the Group actively adapted to changes in the market. By continuing to implement its fundamental principle of "focusing on natural brewing cooking wine industry and refining other industries", the Group made orderly progress in rectifying internal control, conducting sales reform, and restructuring production.

In the first half of 2021, the Group held a meeting focused on the next-five-year operation, whereby elaborating the future development strategy and planning, objectives, and ideas in various areas, including sales and marketing, product quality, production management, research management, and internal control and administration.

業務回顧

我們是中華人民共和國(「中國」)的領先調味品生產商之一。我們提供優質、健康的釀造料酒以及其他調味品，包括原釀醬油、原釀醋、黃豆醬、麻油、腐乳等產品。於二零二一年上半年，我們取得如下成就：

- 一、我們的科研項目：電子鼻儀器與智能在線分析關鍵技術及應用、黃酒大罐貯存陳釀品質控制關鍵技術開發與應用等項目分別獲得中國輕工業聯合會科學技術發明二等獎及科學技術進步二等獎證書；
- 二、我們被浙江省食品工業協會授予「2020年度浙江省食品工業企業誠信管理體系建設示範企業」的稱號。

於二零二一年上半年，新冠疫情的影響，導致全球市場及中國市場較為低迷。調味品市場為進一步搶佔存量消費需求、競爭更加激烈，消費者對性價比的追求更加極致。在堅持疫情防控的同時，本集團積極順應市場的變化，繼續貫徹「聚焦天然釀造料酒產業，做精做細其他產業」的基本原則，有序推進內控整改、銷售改革和生產內部整頓等各項工作。

於二零二一年上半年，本集團召開未來五年經營工作會議，從銷售市場、產品質量、生產管理、研發管理、企業內部控制管理等各方面詳細闡述未來的發展戰略規劃、目標和思路。



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

In the first half of 2021, the Group achieved a sales revenue of approximately RMB122.8 million, representing an increase of approximately RMB16.2 million or around 15.2% from the same period in 2020. On one hand, as distributors could not withstand the resurgent pandemic outbreaks in various regions, with some of these distributors facing closure, the Group made timely adjustments to the regular customers by dividing their respective market and adding potential distributors for partnership. On the other hand, due to the general improvement of the national COVID-19 pandemic, our non-online channel sales increased by 16.2% from approximately RMB99.1 million in 2020 to RMB115.1 million in the first half of 2021. During the second quarter, the Group's sales from various sales channels appeared to be back on the trajectory towards growth.

In the first half of 2021, cooking wine products remained as a major source of our revenue, accounting for approximately 66.7% of our total revenue. In addition, as our soy sauce production capacity has not been effectively released, sales revenue of our soy sauce products in the first half of 2021 was approximately RMB14.1 million, accounting for approximately 11.5% of our total revenue. In terms of market strategy, we continued the implementation of the market penetration strategy in 2021 with an aim to cope with the adverse impact of the pandemic on the business environment by strengthening our distribution network (particularly those in the Yangtze River Delta region). We have maintained the number of distributors at approximately 658, and fully extended the network to cover 30 provinces, autonomous regions and municipalities across the country. In order to cope with the aforementioned market penetration strategy and to deal with the adverse effects of the pandemic, the Group adjusted its product structure to increase the proportion of sales of high-end products with relatively higher gross profit.

本集團於二零二一年上半年實現銷售收入約人民幣122.8百萬元，較二零二零年同期上升約人民幣16.2百萬元，約15.2%。一方面，因疫情各地反復不斷出現導致經銷商無法承受，部分面臨倒閉，本集團及時對老客戶進行調整，切分相應的市場增加有潛在的經銷商予以合作。另一方面，由於全國疫情普遍有所好轉，使我們非線上渠道銷售由二零二零年約人民幣99.1百萬元，上升16.2%至二零二一年上半年的人民幣115.1百萬元。本集團各銷售渠道的銷售額已於第二季度呈現逐步增長的趨勢。

於二零二一年上半年，料酒系列產品繼續成為我們的主要收入來源，佔總收入約66.7%。另一方面，因我們醬油產品產能的未能有效釋放，故二零二一年上半年我們醬油產品銷售收入約為人民幣14.1百萬元，佔總收入約11.5%。在市場戰略方面，我們執行二零二一年度的市場滲透戰略，旨在通過增強我們的經銷商網絡（特別是長三角地區）而來應對疫情對商業環境的不利影響。我們的經銷商數量保持約658家，並在下沉至全國三十個省、自治區及直轄市。為順應前述市場滲透策略及應對疫情的不利影響，我們調整了本集團的產品結構，毛利相對較高的高端產品銷售佔比增加。



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

The loss attributable to ordinary equity holders of the parent company of the Group was approximately RMB126.2 million (30 June 2020: RMB624.6 million), representing a decrease of approximately 79.8% as compared to the corresponding period of 2020, mainly due to the aforementioned increase in revenue and gross profit. In view of the growing demand of our customers and the anticipated sales growth of soy sauce, rice vinegar, sesame oil and fermented bean curd products brought by the further development of the sales channels, we consider that a rich and diversified condiment products portfolio would be more beneficial to the business development of the Group in the coming years. Thus, we are pursuing in-depth development for the industry chain of the Group's condiment products at multiple levels, thereby establishing Lao Heng He as a diversified condiment manufacturer with cooking wine as a dominant product.

Our profitability mainly depends on product pricing and our cost of sales, marketing strategy and the product structure and mix. We are actively monitoring any potential risk factors that may have impact on our financial results, and trying to mitigate any upward pressure on costs and expenses with more efficient operation, higher profit margins and better product mix and sales channels. However, the Group faces certain risks in its business development, including: (1) the risk of significant increase in production costs, such as the increase in the prices of subsidiary agricultural products, rising packaging cost and labour cost; (2) the negative impact on our sales due to changes in customers' spending habits in condiment products; (3) the greater-than-expected increase in market expansion costs and selling expenses; (4) the possible failure of our new products to obtain market recognition in the short run; (5) the more complicated sales policies and credit terms management due to the rapid increase in the number of distributors; and (6) the adverse effects of the resurgent COVID-19 pandemic.

GOALS AND STRATEGIES

In the second half of 2021, the economy saw a steady recovery following the effective control of the pandemic in the PRC. However, the instability of the global pandemic control and the rising prices of international commodities have put certain pressure on the domestic industrial chain. Given the opportunities and challenges of the economic environment in the PRC, we will adhere to a consumer-oriented sales strategy. By "diversifying" resources to develop products for different sales channels, we are committed to achieving higher customer loyalty. We focus on our business segments to provide consumers with higher-quality, safer and healthier naturally-brewed condiment products.

主要由於上述收入及毛利上升，本集團母公司普通股權益持有人應佔虧損約為人民幣126.2百萬元（二零二零年六月三十日：人民幣624.6百萬元），較二零二零年同期下降約79.8%。基於對現有不斷增長的客戶需求和對銷售渠道進一步發展而帶來的醬油、米醋、麻油、腐乳等產品的銷售增長預期，我們認為豐富而多元化的調味品結構將更有利於本集團未來幾年的業務發展。因此我們正多層次地深度開發本集團的調味品產業鏈，將老恒和打造成以料酒為主導產品的多元化調味品製造商。

我們的盈利能力主要受產品訂價及我們的銷售成本、營銷策略、產品架構及組合所影響。我們正積極監控任何可能影響我們財務業績的潛在風險因素，並試圖憑藉更高效的營運及利潤率以更佳的产品組合和銷售渠道緩和成本和費用的增加。然而，本集團在業務發展過程中同樣面臨一定風險，包括：(1)生產成本大幅上漲的風險，如農副產品價格、包裝成本和勞務成本增加；(2)消費者消費調味產品的習慣的轉變，為我們的銷售帶來負面影響；(3)市場的拓展成本和銷售費用較公司預期大幅上升；(4)我們的新產品短期內可能無法獲得市場認可；(5)由於經銷商數量的快速增長，銷售政策及信貸期限管理更加複雜；(6)新冠疫情持續反復不斷出現而帶來的不利影響。

目標及策略

二零二一年下半年，國內疫情得到有效控制，經濟穩定恢復。然而，全球疫情控制不穩定，國際大宗商品價格上漲，給國內產業鏈帶來一定壓力。國內經濟環境是機會與挑戰並存，我們的銷售策略仍以消費者為中心，我們的「多元化」地將資源用於開發適合不同銷售渠道的產品，致力實現更高的客戶忠誠度。我們專注產業向消費者提供更優質、更安全和更健康的天然釀造的調味品。



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

Our business goal is to enhance our position in the condiments industry by leveraging on our leading position in the cooking wine industry to diversify the sales channels and conduct sales of portfolio products. On one hand, we will further increase the input in establishing the marketing team and training our staff while enriching the product structure of the Company and offer a variety of high-quality products commensurate with the spending power of the general public. In respect of the expansion of distributors, we will continue to cooperate with capable distributors through our diversified sales channels. On the other hand, in terms of production and operation management, the Company updated its existing equipment and workshops to improve working efficiency at lower labor costs. In exercising quality control, we followed the principle that product quality is the lifeline of an enterprise, and strictly carried out product quality control procedures to prevent shipments of any unqualified products from our factory facilities. By adopting the above measures, we will continue to actively improve the market share of our “Lao Heng He” brand in the PRC market.

In line with the key proposal to accelerate the cultivation of a complete domestic demand system by comprehensively encouraging consumption, promoting traditional consumption, cultivating emerging consumption and developing service-oriented consumption under the 14th Five-Year Plan and in view of the new spending patterns due to the pandemic, we also actively accelerated the development of new retail channels and enriched our online products. A batch of new platforms with strategic cooperation have been formed, such as the online platform of KA (Key Account) malls and supermarkets, the community e-commerce platform, and the e-commerce platform for group-buying members, which achieved multi-dimensional and full coverage of promotional effects through live stream videos, short videos, etc. In addition, we also strived to activate the linkage of social e-commerce and the community to create a community distribution model for all shopping guides.

We always pay close attention to and actively address any risks that may come along with the growth of business. In the second half of 2021, we released the vitality of the marketing team by reforming its sales regions and sales personnel in response to the possible negative impact caused by the incompetence of our sales teams in the sales of the Group's products under the influence of the pandemic. Meanwhile, we also continue to further strengthen the credit risk management of customers by strengthening credit approval and establishing an information sharing platform for distributors to deal with the risks caused by the pandemic.

“Lao Heng He” strives to become a preferred choice of consumers.

我們的經營目標為通過我們在料酒行業的龍頭地位拓展多元化的銷售渠道，進行組合產品的銷售，提升公司在調味品行業的市場地位。一方面，我們將更進一步增加對營銷團隊建設的投入和員工培訓。同時將豐富公司的產品結構，推出更多優質的且符合大眾消費能力的各類別產品。在經銷商拓展方面，我們將在不斷地多元化發展的渠道中與有實力的經銷商合作。另一方面，在生產經營管理方面，對公司現有設備及車間進行改造，提高勞動效率，降低勞動成本。在質量管理方面，遵守產品質量就是企業的生命線，嚴把產品質量關，不合格的產品絕不允許出廠。通過以上措施繼續積極地提升「老恒和」品牌在中國市場的市場佔有率。

十四五規劃重點提出要加快培育完整內需體系，全面促進消費，提升傳統消費、培育新興消費、發展服務消費等順勢與疫情帶來的新消費習慣的養成，我們亦積極加快新零售渠道開發速度，豐富線上品項，形成了一批具備戰略合作的新平台，如KA商超的線上平台、社區電商平台、團購會員電商平台等。各平台通過線上直播、短視頻等方式達到多維度全覆蓋的傳播效果。另外，我們也努力驅動社交電商和社群的聯動，打造全員導購的社群分銷模式。

我們亦時刻關注並積極應對增長可能帶來的風險。二零二一年下半年，我們對銷售區域及業務人員進行改革，釋放營銷團隊的活力，來應對疫情影響下銷售團隊能力不足可能對本集團產品銷售產生的負面影響。同時，我們還通過加強授信審批及建立經銷商信息共享平台來進一步加強對客戶的信用風險管理應對疫情導致的風險。

「老恒和」矢志成為消費者的首選品牌。



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

FINANCIAL REVIEW

Overview

The key financial indicators of the Group are as follows:

財務回顧

概覽

本集團主要財務指標如下：

		Six months ended 30 June		Period-to-period change 按期變動 %
		截至六月三十日止六個月 2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元 (restated) (經重列)	
Income statement items	收益表項目			
REVENUE	收入	122,783	106,548	15.2
Gross profit	毛利	31,218	21,630	44.3
Loss attributable to owners of the Company	本公司擁有人應佔虧損	(126,226)	(624,616)	(79.8)
Loss before interest, taxes, depreciation and amortization ("LBITDA")	除利息、稅項、折舊及攤銷前虧損(「除利息、稅項、折舊及攤銷前虧損」)	(59,535)	(558,826)	(89.3)
Loss per share (RMB) (note a) — basic and diluted	每股虧損(人民幣)(附註a) — 基本及攤薄	(0.22)	(1.08)	(79.6)
Selected financial ratios	節選財務比率			
Gross profit margin (%)	毛利率(%)	25.4	20.3	25.1
Net loss margin attributable to owners of the Company (%)	本公司擁有人應佔淨虧損率(%)	(102.8)	(586.2)	(82.5)
LBITDA margin (%)	除利息、稅項、折舊及攤銷前虧損率(%)	(48.5)	(524.5)	(90.8)
		30 June 2021 二零二一年 六月三十日	31 December 2020 二零二零年 十二月三十一日	Period-to-period change 按期變動 %
Gearing ratio (note b) (%)	資本負債比率(附註b) (%)	203.6	189.6	7.4

Notes:

- (a) Please refer to note 11 to the financial statements for the calculation of loss per share.
- (b) The gearing ratio is based on net debt divided by total deficit plus net debt as at 30 June 2021. Net debt includes total debt net of cash and cash equivalents. Total debt includes trade payables, other payables and accruals, amounts due to related companies, amounts due to ultimate holding company, interest-bearing bank and other borrowings, provision for loss on unauthorised guarantees and other long term liabilities.

附註：

- (a) 有關每股虧損的計算方法，請參閱財務報表附註11。
- (b) 於二零二一年六月三十日，資本負債比率按淨債務除以虧絀總額加淨債務計算。淨債務包括總債務減現金及現金等價物。總債務包括應付貿易款項、其他應付款項及應計項目、應付關聯公司款項、應付最終控股公司款項、計息銀行及其他借款、未經授權擔保虧損撥備以及其他長期負債。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

Revenue

The revenue of the Group increased by 15.2% from RMB106.5 million for the six months ended 30 June 2020 to RMB122.8 million for the corresponding period of 2021, primarily attributable to the combined effect of factors such as the slowdown of our growth due to COVID-19 pandemic and adjustments of key customers, the normal operation of supply chain and the development of new products.

Revenue from the Group's cooking wine products increased by 12.9% from RMB72.5 million for the six months ended 30 June 2020 to RMB81.9 million for the corresponding period of 2021, primarily due to the aforesaid reasons.

Revenue from the Group's soy sauce products increased by 7.0% from RMB13.2 million for the six months ended 30 June 2020 to RMB14.1 million for the corresponding period of 2021, mainly attributable to the combined impacts of factors such as a slowdown in the COVID-19 pandemic in 2021 and optimization of product structure.

While introducing new products to the market, we have also continued to adjust our product portfolio of rice vinegar and other products by reducing the production volume of underperforming products during this period. As a result, the revenue from rice vinegar and other products increased by 28.4% from RMB20.9 million for the six months ended 30 June 2020 to RMB26.8 million for the corresponding period of 2021.

Cost of Sales

The Group's cost of sales, including raw materials, manufacturing overhead and salaries and benefits, increased by 7.9% from RMB84.9 million for the six months ended 30 June 2020 to RMB91.6 million for the corresponding period of 2021, primarily attributable to the combined effect of slight increase in revenue and the rising price of raw materials and energy.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by 44.4% from approximately RMB21.6 million for the six months ended 30 June 2020 to approximately RMB31.2 million for the corresponding period of 2021, and the gross profit margin increased from 20.3% for the six months ended 30 June 2020 to 25.4% for the corresponding period of 2021. The increase in gross profit margin is primarily due to an increase in the proportion of sales of products with high gross profit.

Other Income and Gains

Other income and gains decreased by 69.0% from approximately RMB8.7 million for the six months ended 30 June 2020 to approximately RMB2.7 million for the corresponding period of 2021. Other income and gains primarily include subsidy received, interest income and foreign exchange gain, net. The decrease in other income and gains for the period was primarily due to the decrease in government subsidies received, interest income and gain from sale of materials.

收入

本集團的收入由截至二零二零年六月三十日止六個月的人民幣106.5百萬元增加15.2%至二零二一年同期的人民幣122.8百萬元。主要原因是由於新冠疫情放緩我們的增長及重要客戶調整、供應鏈趨於正常作業、新產品的開發綜合因素影響所致。

本集團料酒產品的收入由截至二零二零年六月三十日止六個月的人民幣72.5百萬元增加12.9%至二零二一年同期的人民幣81.9百萬元，主要原因是由於上述原因影響所致。

本集團醬油產品的收入由截至二零二零年六月三十日止六個月的人民幣13.2百萬元增加7.0%至二零二一年同期的人民幣14.1百萬元，主要原因是由於二零二一年新冠疫情放緩及產品結構優化等綜合因素影響所致。

在向市場投放新產品的同時，我們於本期也對我們的米醋和其他產品的產品結構繼續進行調整，縮減了市場表現不好的產品的產量。因此，米醋和其他產品的收入由截至二零二零年六月三十日止六個月的人民幣20.9百萬元增加28.4%至二零二一年同期的人民幣26.8百萬元。

銷售成本

本集團的銷售成本(包括原材料、製造費用及薪金以及福利)由截至二零二零年六月三十日止六個月的人民幣84.9百萬元增加7.9%至二零二一年同期的人民幣91.6百萬元，主要是由於收入略微上升及原材料和能源價格上漲等綜合因素所致。

毛利及毛利率

本集團的毛利由截至二零二零年六月三十日止六個月約人民幣21.6百萬元增加44.4%至二零二一年同期約人民幣31.2百萬元，而毛利率由截至二零二零年六月三十日止六個月的20.3%增加至二零二一年同期的25.4%。毛利率增加主要由於毛利高的產品銷售佔比上升影響所致。

其他收入及收益

其他收入及收益由截至二零二零年六月三十日止六個月約人民幣8.7百萬元減少69.0%至二零二一年同期約人民幣2.7百萬元。其他收入及收益主要包括收到的補貼、利息收入及外匯收益淨額。本期其他收入及收益之減少主要由於所收取政府補貼、利息收入及物料銷售收益減少所致。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

Selling and Distribution Expenses

Selling and distribution expenses primarily consist of advertising expenses, marketing expenses, travelling expenses, and remuneration for our sales employees. The Group's selling and distribution expenses increased by 2.4% from approximately RMB28.9 million for the six months ended 30 June 2020 to approximately RMB29.6 million for the corresponding period of 2021. The Group's selling and distribution expenses as a percentage of the Group's revenue decreased from 27.1% for the six months ended 30 June 2020 to 24.1% for the corresponding period of 2021, primarily because we reduced the expenses of marketing service fees due to the pandemic.

Administrative Expenses

Administrative expenses decreased by 9.1% from approximately RMB33.3 million for the six months ended 30 June 2020 to approximately RMB30.3 million for the corresponding period of 2021, mainly due to the combined effect of the following two factors: (i) decrease in research and development expenses; and (ii) decrease in salary of the Group's management personnel.

Finance Costs

Finance costs increased by 7.9% from approximately RMB49.0 million for the six months ended 30 June 2020 to approximately RMB52.9 million for the corresponding period of 2021. The increase in finance costs is primarily attributable to the increase in average borrowing amount.

Loss before Income Tax

As a result of the foregoing, the loss before income tax decreased by 79.8% from approximately RMB622.5 million for the six months ended 30 June 2020 to approximately RMB126.2 million for the corresponding period of 2021.

Income Tax Expense

The corporate income tax of the Group in respect of its operations in Mainland China has been provided at the rate of 25% (2020: 25%) on the taxable profits, in accordance with the existing legislation, interpretations and practices. Pursuant to the approval from the National Office of Leading Group for Administration of Hi-tech Enterprise Recognition (全國高新技術企業認定管理工作領導小組辦公室), Huzhou Laohenghe Brewery Co., Limited (湖州老恒和釀造有限公司) and Huzhou Laohenghe Wine Co., Limited (湖州老恒和酒業有限公司), both being wholly-owned subsidiaries of the Company, were granted the "New and Advanced Technology Enterprise" (高新技術企業) qualification and were entitled to the preferential tax rate of 15% for three consecutive years commencing from 2019.

Income tax expenses decreased from approximately RMB2.1 million for the six months ended 30 June 2020 to approximately RMBnil for the corresponding period of 2021, mainly due to the Group incurred losses during the current period.

銷售及經銷開支

銷售及經銷開支主要包括廣告開支、營銷開支、差旅開支及我們銷售員工的酬金。本集團的銷售及經銷開支由截至二零二零年六月三十日止六個月約人民幣28.9百萬元增加2.4%至二零二一年同期約人民幣29.6百萬元。本集團的銷售及經銷開支佔本集團收入的百分比由截至二零二零年六月三十日止六個月的27.1%減少至二零二一年同期的24.1%，主要由於受疫情影響，我們減少了營銷服務費的開支。

行政開支

行政開支由截至二零二零年六月三十日止六個月約人民幣33.3百萬元減少9.1%至二零二一年同期約人民幣30.3百萬元，主要由於以下兩個因素的綜合影響所致：(i)研發開支減少；及(ii)本集團管理人員的薪資下降。

融資成本

融資成本由截至二零二零年六月三十日止六個月約人民幣49.0百萬元增加7.9%至二零二一年同期約人民幣52.9百萬元。融資成本增加主要歸因於平均借款金額增加。

除所得稅前虧損

由於上述原因，除所得稅前虧損由截至二零二零年六月三十日止六個月約人民幣622.5百萬元減少79.8%至二零二一年同期約人民幣126.2百萬元。

所得稅開支

有關本集團中國內地經營業務的企業所得稅，已經根據相關現行法律、詮釋及慣例按稅率25%（二零二零年：25%）對應課稅利潤作出撥備。根據全國高新技術企業認定管理工作領導小組辦公室之批准，湖州老恒和釀造有限公司及湖州老恒和酒業有限公司（均為本公司全資附屬公司）獲授「高新技術企業」資格，可自二零一九年起連續三年享有優惠稅率15%。

所得稅開支由截至二零二零年六月三十日止六個月約人民幣2.1百萬元減少至二零二一年同期約人民幣零元，主要由於本集團於本期間產生虧損所致。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

Loss per Share Attributable to Ordinary Equity Holders of the Company

Basic loss per share decreased from RMB1.08 cents for the six months ended 30 June 2020 to RMB0.22 cents for the corresponding period of 2021, mainly due to the decrease in net loss caused by the reasons stated above.

Net Loss Margin

Net loss margin decreased by 82.5% from 586.2% for the six months ended 30 June 2020 to 102.8% for the corresponding period of 2021, which was mainly attribute to one-off loss arising from the incident as a result of the aforesaid reasons.

FINANCIAL AND LIQUIDITY POSITION

Working Capital Management

Prepayments, deposits and other receivables

Details of prepayments, deposits and other receivables as at 30 June 2021 and 31 December 2020 are as follows:

本公司普通權益持有人應佔每股虧損

每股基本虧損由截至二零二零年六月三十日止六個月的人民幣1.08分減少至二零二一年同期的人民幣0.22分，主要是由於上文所述原因導致淨虧損減少所致。

淨虧損率

淨虧損率由截至二零二零年六月三十日止六個月的586.2%減少82.5%至二零二一年同期的102.8%，主要是由於上述原因所致事件產生一次性虧損所致。

財務及流動資金狀況

營運資金管理

預付款項、按金及其他應收款項

於二零二一年六月三十日及二零二零年十二月三十一日的預付款項、按金及其他應收款項詳情如下：

			30 June 2021 二零二一年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2020 二零二零年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
		Notes 附註		
Prepayments for fixed assets	固定資產的預付款項	(i)	1,072	3,463
Prepayments for procurement of condiment products	採購調味品的預付款項	(ii)	1,105	2,837
Other prepayments	其他預付款項		1,596	1,652
Deposits and other receivables	按金及其他應收款		23,599	23,309
			27,372	31,261
Less: Portion classify as non-current assets	減：分類為非流動資產的部分		(16,569)	(15,714)
Current portion included in prepayments, deposits and other receivables	計入預付款項、按金及其他應收款項的流動部份		10,803	15,547

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

- (i) Prepayments for fixed assets primarily included the following two aspects: (1) prepayments to equipment manufacturers in respect of customised equipment for the Group; and (2) prepayments to the main contractor pursuant to the master construction contracts. The directors estimated that RMB1.1 million of the prepayments for fixed assets would be settled in a period of 24 months upon commencement of the corresponding construction/installation projects, respectively.
- (ii) Prepayments for procurement of condiment products primarily included the prepayments for procurements of raw materials from independent third party suppliers to ensure the steady supplies of agriculture products.

Trade Receivables

Trade receivables primarily represented the receivables for goods sold to the distributors. Trade receivables turnover days decreased from 44 days for the year ended 31 December 2020 to 37 days for the six months ended 30 June 2021, which is attributable to the adoption of contract terms in the form of “payment in advance” in respect of transaction contracts by the Company.

Inventories

Inventories decreased from approximately RMB684.9 million as at 31 December 2020 to approximately RMB663.4 million as at 30 June 2021 primarily due to decrease in the number of work in progress. A substantial part of our inventories are work in progress, mainly represented by semi-finished base wine, base soy sauce, base vinegar, soybean paste and fermented bean curd in the brewing period.

We regularly monitor the inventory level maintained by our distributors. Our sales representatives maintain frequent telephone or email communications with our distributors to inquire about their monthly inventory reports, and pay regular visits to their warehouses. Our sales representatives conduct statistics on the inventory of distributors at least once a week on Saturday, which is reported to the Company weekly, and pay regular visits to the warehouses of distributors to ensure that they keep optimal stock level and our products are sold to end sellers within the shelf life. We generally expect our distributors to maintain sufficient stock for 30 to 60 days of supply. In the event a distributor maintains stocks of more than 45 days of supply, the relevant sales representatives will assist such distributor in marketing and promotional activities and suggest orders with a smaller amount to be placed for the subsequent periods to minimize excess inventory.

- (i) 固定資產的預付款項主要包括如下兩個方面：(1) 為本集團定制設備而向設備製造商預付的款項；以及(2) 根據框架工程協議向工程主要的承建單位支付的預付款項。董事估計人民幣1.1百萬元之固定資產的預付款項分別將於相關建設／安裝工程施工後24個月內核銷完畢。
- (ii) 採購調味品的預付款項主要包括從獨立第三方供應商採購原材料的預付款項，以確保農產品的穩定供應。

應收貿易款項

應收貿易款項主要指向經銷商售出貨品的應收款項。應收貿易款項的週轉天數由截至二零二零年十二月三十一日止年度的44天下降至截至二零二一年六月三十日止六個月的37天，此乃由於公司的交易合同更多地採用「預付款」的合同條款。

存貨

存貨由二零二零年十二月三十一日約人民幣684.9百萬元減少至二零二一年六月三十日約人民幣663.4百萬元，主要由於在製品數目減少。我們存貨的絕大部分為在製品，主要指處於釀造期的基酒、基醬油、基醋、黃豆醬、腐乳半成品。

我們定期監控經銷商維持的存貨水平。我們的銷售代表與經銷商保持緊密的電話或電郵聯繫，詢問彼等的月度存貨報告並定期到訪彼等的倉庫。我們的銷售代表至少每週六統計一次經銷商的庫存，每週上報給本公司，以及定期到訪一次經銷商倉庫，確保彼等維持最佳的存貨水平，以確保我們的產品乃在保質期內出售予終端銷售者。我們通常期望我們的經銷商維持足以供應30至60天的存貨。倘若某經銷商所維持存貨的供應天數超過45天，相關銷售代表將協助該經銷商進行市場推廣及促銷活動，並建議在隨後期間下達額度較小的訂單，盡量降低過剩存貨。



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

Borrowings

As at 30 June 2021, the Group's total borrowings amounted to approximately RMB1,616.4 million (31 December 2020: RMB1,495.5 million). The Group's principal sources of liquidity include cash generated from business operations, bank and other borrowings. The cash from these sources was primarily used for the Group's working capital and the expansion of production capacity. Presently, the Group does not employ any financial instruments to hedge against the interest rate exposure.

Exchange Risk

The Group conducted its business primarily in China with the majority of its revenue and expenditures denominated in Renminbi. The Group does not have a foreign currency hedging policy. However, the management will monitor the situation and will consider hedging any significant foreign currency exposure should the need arise.

Liquidity and Financial Resources

As at 30 June 2021, the Group had cash and cash equivalents of approximately RMB4.9 million (31 December 2020: RMB8.4 million). As at 30 June 2021, the Group had interest-bearing bank and other borrowings of an aggregate amount of RMB1,616.4 million (31 December 2020: RMB1,495.5 million), which were denominated in RMB, repayable within four years and bearing interests at 3.9% to 24.0% per annum. As at 30 June 2021, the gearing ratio was 203.6% (31 December 2020: 189.6%). The gearing ratio is calculated based on net debt divided by total deficit plus net debt as at 30 June 2021. Net debt includes total debt net of cash and cash equivalents. Total debt includes trade payables, other payables and accruals, amounts due to related companies, amount due to ultimate holding company, interest-bearing bank and other borrowings, provision for loss on unauthorised guarantees and other long term liabilities.

Capital Commitments

Capital commitments as at 30 June 2021 amounted to approximately RMB5.4 million (31 December 2020: RMB5.0 million), mainly related to equipment installation works in condiment workshop.

Contingent Liabilities

Save as disclosed in note 25 to the condensed consolidated interim financial information in this interim report, as at 30 June 2021, the Group did not have any other material contingent liability.

Pledge of Assets

Please refer to note 20(f) of interim condensed consolidated financial statements for details of pledge of assets of the Group.

借款

於二零二一年六月三十日，本集團借款總額約為人民幣1,616.4百萬元(二零二零年十二月三十一日：人民幣1,495.5百萬元)。本集團流動資金的主要來源包括業務經營產生的現金、銀行及其他借款。來自該等來源的現金主要用於本集團的營運資金及擴大產能。目前，本集團並無使用任何金融工具對沖利率風險。

外匯風險

本集團主要於中國展開其業務，其大部分收入及開支以人民幣計值。本集團並無外幣對沖政策。然而，管理層將監控有關情況，於必要時考慮對沖任何重大外幣風險。

流動資金及財務資源

於二零二一年六月三十日，本集團現金及現金等價物約為人民幣4.9百萬元(二零二零年十二月三十一日：人民幣8.4百萬元)。於二零二一年六月三十日，本集團計息銀行及其他借款合共為人民幣1,616.4百萬元(二零二零年十二月三十一日：人民幣1,495.5百萬元)，均以人民幣計值，於四年內償還，年息介乎3.9%至24.0%。於二零二一年六月三十日，資本負債比率為203.6%(二零二零年十二月三十一日：189.6%)。於二零二一年六月三十日，資本負債比率按淨債務除以虧絀總額加淨債務計算。淨債務包括總債務減現金及現金等價物。總債務包括應付貿易款項、其他應付款項及應計項目、應付關聯公司款項、應付最終控股公司款項、計息銀行及其他借款、未經授權擔保虧損撥備以及其他長期負債。

資本承擔

於二零二一年六月三十日，資本承擔約為人民幣5.4百萬元(二零二零年十二月三十一日：人民幣5.0百萬元)，主要與調味品車間的設備安裝工程有關。

或有負債

除本中期報告中的簡明綜合中期財務資料附註25所披露者外，於二零二一年六月三十日，本集團並無任何其他重大或有負債。

資產質押

有關本集團資產質押詳情，請參閱中期簡明綜合財務報表附註20(f)。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

Except as disclosed in this report, to the best knowledge and belief of the Directors, the Group has not entered into any off-balance sheet guarantees or other commitments to guarantee the payment obligations of any third party. The Group does not have any interest in any unconsolidated entity to which the Group provides financing, liquid capital, market risk or credit support or for which the Group engages in leasing or hedging or research and development or other services.

FUTURE PROSPECTS

Under the current international economic conditions and due to the pandemic, enterprises are under mounting pressure for their operations due to the rising price of raw materials. The proportion of household consumption of condiment products is expected to increase, with an increasingly noticeable trend of the consumer consumption, as well as differentiation in urban and rural consumption, age structure and functional needs in the direction of standardization, functionalization, flavoring, and rejuvenation. The development of network-based information has further diversified the distribution channels, followed by a variety of new retail models such as community group buying and livestreaming marketing, and the proportion of catering and entertainment consumption is expected to decrease accordingly. Therefore, the Company will continue to commit resources to the supermarket, distribution and online e-commerce channels related to household consumption in the short term. In the long run, the Group still believes that the catering market will be the main growth point of its future business as the post-pandemic recovery continues in the catering industry. The Group is committed to developing and gradually launching value-for-money products suitable for consumption in the catering market to gain a larger market share.

As for the cooking wine market, the brewing standards of the cooking wine market have been further regulated with the introduction and implementation of the standards for brewing cooking wine. It has become a trend for “pure brewing” to replace the “prepared” and “blended” condiment products in the market. Considering that the growth in sales of brewed cooking wine can be achieved through guiding the consumers’ usage habits, the Group will strive to influence consumers from the aspects of raw materials procurement, wine quality, storage years and brewing technology of its products, aiming at boosting the market share and sales price of the Group’s cooking wine products. With the food safety and environmental protection measures deepening, the Group, as a leading player in the cooking wine industry, clearly enjoys more advantages in terms of technology, capital, market and risk resistance over other small and medium-sized enterprises in the market. The Group’s outstanding brand awareness, modernised traditional craftsmanship, mature quality control system and comprehensive product research and development system will provide the cooking wine products under “Lao Heng He” brand with more room for development.

除本報告所披露者外，據董事所深知及確信，本集團並無訂立任何資產負債表外擔保或其他承擔，以擔保任何第三方的付款責任。本集團並無於本集團向其提供融資、流動資金、市場風險或信貸支持，或為其從事租賃或對沖或研發或其他服務的任何未納入合併範圍的實體中擁有任何權益。

未來前景

面對當前國際經濟形勢和疫情影響，原料價格持續上漲，企業經營壓力進一步加大。調味品產品的家庭居家消費比重將預期會有所增加，消費者消費趨勢愈發明顯，城鄉消費、年齡結構、功能需求各有分化，標準化、功能化、風味化、年輕化成為分化方向；網絡信息發展催生渠道進一步多樣化，社區團購、直播帶貨等多種新式零售方式的湧現，相應的，在餐飲娛樂消費的比重將預期會有所下降。因此，公司將會在短期保持家庭消費相關的商超、流通和線上電商等渠道的資源投入。而從長遠發展看，隨著餐飲業在疫情後的持續回暖，本集團依舊認為餐飲市場將會是本集團未來業務的主要增長點，正在致力於開發並逐步推出性價比高的適合餐飲市場消費的產品以獲取更大的市場份額。

對於料酒市場，一方面，隨著釀造料酒標準的出台實施，料酒市場的釀造標準的進一步規範，「純釀造」取代市場中的「配製」及「勾兌」的調味品產品已經成為趨勢。考慮到對消費者使用習慣的教育將會帶來釀造料酒銷量的增加，我們將致力於從本集團產品的原料採購、酒質、儲酒年份及釀造工藝等方面影響消費者帶來本集團料酒產品的市場份額提升和銷售價格上漲的雙提升。另一方面，隨著食品安全及環境保護措施的深化，本集團作為料酒行業內的龍頭企業相對於中小型企業在技術、資金、市場及抗風險能力的優勢日益明顯。本集團優秀的品牌知名度、現代化的傳統工藝、成熟的質量管控體系和完善的產品研發體系，將會為「老恒和」品牌的料酒產品提供更多的發展空間。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

In addition to maintaining the leading position of our cooking wine products, we will endeavor to adhere to our strategy of other “diversified” product structure so as to meet the diversified market demand for green, healthy and tasty condiment products. We will also keep expanding our production capacity and achieving automation upgrade to enhance our overall profitability. Leveraging on the product quality and technology of “Lao Heng He” brand as our core-competitiveness, we hope to stand out amid fierce market competition through differentiation in product quality.

Therefore, we believe that our “Lao Heng He” products will continue to grow in China.

除了繼續保持料酒產品的龍頭地位外，我們仍舊不斷堅持其他「多元化」產品結構的策略以便應對市場上對綠色健康及口味優質的調味品多樣化的需求，我們亦將不斷擴大產能和提高自動化水平來提升我們整體的利潤率水平。產品質量和技術含量仍舊為「老恒和」品牌的核心競爭力，我們希望通過產品品質的差異化在激烈的市場競爭中脫穎而出。

因此，我們認為我們的「老恒和」品牌的產品在中國將繼續增長。



SUPPLEMENTARY INFORMATION

補充資料

SUPPLEMENTARY INFORMATION

Director Nomination Policy

In assessing the Board composition, the Nomination Committee would take into account various aspects set out in the Board Diversity Policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industrial and regional experience. The Nomination Committee would review the implementation of the Board Diversity Policy in achieving the objectives set for the benefits of the Company.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

Having reviewed the Board composition, the Nomination Committee recognises the importance and benefits of the gender diversity at the Board level and will take initiatives to enhance the gender diversity among the Board member when selecting and making recommendation on suitable candidates for Board appointments.

The Board currently consists of only male Directors. In recognising the particular importance of gender diversity, the Company targets to appoint at least one female director by no later than 31 December 2024.

Suspension of Trading

On 19 January 2021, the Company announced that it became aware that Mr. Chen Weizhong, a former executive Director and chief executive officer of the Company, had been held in criminal custody by the Public Safety Bureau of Wuxing District of Huzhou City* (湖州市公安局吳興分局). For further details, please refer to the announcement of the Company dated 19 January 2021. Subsequently, Mr. Chen Weizhong has tendered his resignation as an executive Director, the chief executive officer and an authorised representative with effect from 2 February 2021. Mr. Chen has also tendered his resignation from all of his roles and duties as director, legal representative and/or general manager in several principal subsidiaries of the Company. For further details of his resignation, please refer to the announcement of the Company dated 2 February 2021.

補充資料

董事提名政策

在評估董事會的組成時，提名委員會將考慮董事會多元化政策中規定的各個方面，包括但不限於性別、年齡、文化和教育背景、專業資格、技能、知識和行業以及區域經驗。提名委員會將審核董事會多元化政策的實施狀況，以實現以本公司得益為重的目標。

在確定及物色合適的董事候選人時，提名委員會會在考慮候選人的特徵、資格、經驗、獨立性和旨在補足企業策略及實現董事會多元化(如適用)的其他相關標準後，方向董事會提出建議。

提名委員會在審視董事會組成後深明性別多元化在董事會層面而言屬攸關重要及別有裨益，故此會在物色及建議合適候選人供董事會任命時採取措施，藉以改善董事會成員的性別多元化。

董事會目前僅由男性董事組成。鑒於性別多元化的特殊重要性，本公司旨在於二零二四年十二月三十一日之前委任至少一名女性董事。

暫停買賣

於二零二一年一月十九日，本公司宣佈，其得悉本公司前任執行董事兼首席執行官陳衛忠先生已被湖州市公安局吳興分局刑事拘留。有關進一步詳情，請參閱本公司日期為二零二一年一月十九日的公佈。其後，陳衛忠先生辭任執行董事、首席執行官及授權代表，自二零二一年二月二日起生效。陳先生亦已辭任本公司若干主要附屬公司的董事、法人代表及／或總經理職務。有關其辭任的進一步詳情，請參閱本公司日期為二零二一年二月二日的公佈。



SUPPLEMENTARY INFORMATION

補充資料

Since 30 March 2021, the trading in the shares of the Company on the Stock Exchange has been suspended. For further details of the suspension, please refer to the announcement of the Company dated 30 March 2021.

After that, Ernst & Young resigned as the auditors of the Company with effect from 26 April 2021. The Company then appointed Grant Thornton Hong Kong Limited as the auditors of the Group with effect from 12 May 2021 to fill the casual vacancy following the resignation of Ernst & Young. For further details of the resignation of Ernst & Young and the appointment of Grant Thornton Hong Kong Limited, please refer to the announcements of the Company dated 26 April 2021 and 12 May 2021.

Subsequently, the Company has received a letter from the Stock Exchange dated 18 June 2021 respectively, setting out certain resumption guidance for the Company to satisfy before the trading of its securities would be allowed to resume. For further details of the resumption guidance set forth by the Stock Exchange, please refer to the announcement of the Company dated 22 June 2021.

For further information in relation to (1) the resumption progress of the Company during the report period; (2) delay in publication of annual financial results of the Company and delay in dispatch of annual report of the Company, please refer to the announcements of the Company dated 29 March 2021, 26 April 2021, 24 June 2021 and 29 June 2021.

Material Event(s) After the Reporting Period

The Company has received letters from the Stock Exchange dated 20 July 2021 and 27 July 2022, setting out certain additional resumption guidance for the Company to satisfy before the trading of its securities would be allowed to resume. For further details of the additional resumption guidance set forth by the Stock Exchange, please refer to the announcements of the Company dated 23 July 2021 and 3 August 2022.

自二零二一年三月三十日起，本公司股份已暫停於聯交所買賣。有關暫停買賣的進一步詳情，請參閱本公司日期為二零二一年三月三十日的公佈。

此後，安永會計師事務所辭任本公司核數師，自二零二一年四月二十六日起生效。本公司繼而委任致同(香港)會計師事務所有限公司為本集團的核數師，自二零二一年五月十二日起生效，以填補因安永會計師事務所辭任後的臨時空缺。有關安永會計師事務所辭任及委任致同(香港)會計師事務所有限公司的進一步詳情，請參閱本公司日期為二零二一年四月二十六日及二零二一年五月十二日的公佈。

其後，本公司接獲聯交所日期分別為二零二一年六月十八日的函件，當中載有本公司在其證券獲准恢復買賣前須達成的若干復牌指引。有關聯交所所載復牌指引的進一步詳情，請參閱本公司日期為二零二一年六月二十二日的公佈。

有關(1)本公司於報告期間的復牌進展；(2)延遲刊發本公司全年財務業績及延遲寄發本公司年度報告的進一步詳情，請參閱本公司日期為二零二一年三月二十九日、二零二一年四月二十六日、二零二一年六月二十四日及二零二一年六月二十九日的公佈。

報告期後重大事項

本公司接獲聯交所日期為二零二一年七月二十日及二零二二年七月二十七日的函件，當中載有本公司在其證券獲准恢復買賣前須達成的若干額外復牌指引。有關聯交所所載額外復牌指引的進一步詳情，請參閱本公司日期為二零二一年七月二十三日及二零二二年八月三日的公佈。



SUPPLEMENTARY INFORMATION

補充資料

For further information in relation to (1) the resumption progress of the Company; (2) delay in publication of certain annual and interim financial results of the Company and delay in dispatch of certain annual and interim reports of the Company; (3) the establishment of Independent Investigation Committee (as defined in the Relevant Announcements); (4) the appointments of Independent Forensic Accountant (as defined in the Relevant Announcements), Internal Control Consultant (as defined in the Relevant Announcements) and financial adviser; (5) the update on the Independent Investigation (as defined in the Relevant Announcements) and the key findings of Independent Investigation; and (6) the key findings of the supplemental Independent Investigation and key findings of the Internal Control Consultants, please refer to the announcements of the Company dated 23 July 2021, 16 August 2021, 30 August 2021, 29 September 2021, 10 November 2021, 29 December 2021, 29 March 2022, 31 March 2022, 11 May 2022, 30 May 2022, 29 June 2022, 3 August 2022, 12 August 2022, 31 August 2022 and 27 September 2022 (the “**Relevant Announcements**”).

Employees & Remuneration Policies

As at 30 June 2021, the Group had a total of 466 employees (31 December 2020: 422). The employees' cost (excluding directors' and chief executive's remuneration) of the Group was RMB17.4 million during the six months ended 30 June 2021 (six months ended 30 June 2020: RMB20.3 million). The remuneration policies, bonus and training programs for employees of our Group were implemented continuously according to the policies disclosed in the Group's annual report for the year ended 31 December 2020 and no change has been made during the six months ended 30 June 2021.

Significant Investments Held

The Group did not hold any significant investments as at 30 June 2021 (31 December 2020: nil).

Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

There was no material acquisition and disposal of subsidiaries, associates or joint ventures during the six months ended 30 June 2021.

有關(1)本公司的復牌進展；(2)延遲刊發本公司若干全年及中期財務業績及延遲寄發本公司若干年度及中期報告；(3)成立獨立調查委員會(定義見相關公佈)；(4)委任獨立法證會計師(定義見相關公佈)、內部監控顧問(定義見相關公佈)及財務顧問；(5)獨立調查(定義見相關公佈)的最新消息及獨立調查的主要調查結果；及(6)補充獨立調查的主要調查結果及內部監控顧問的主要調查結果的進一步詳情，請參閱本公司日期為二零二一年七月二十三日、二零二一年八月十六日、二零二一年八月三十日、二零二一年九月二十九日、二零二一年十一月十日、二零二一年十二月二十九日、二零二二年三月二十九日、二零二二年三月三十一日、二零二二年五月十一日、二零二二年五月三十日、二零二二年六月二十九日、二零二二年八月三日、二零二二年八月十二日、二零二二年八月三十一日及二零二二年二十七日的公佈(「**相關公佈**」)。

僱員及薪酬政策

於二零二一年六月三十日，本集團共聘有466名僱員(二零二零年十二月三十一日：422名)。本集團截至二零二一年六月三十日止六個月的僱員成本(不包括董事及最高行政人員薪酬)為人民幣17.4百萬元(截至二零二零年六月三十日止六個月：人民幣20.3百萬元)。本集團僱員的薪酬政策、花紅及培訓計劃繼續按照本集團截至二零二零年十二月三十一日止年度的年度報告披露的政策執行且於截至二零二一年六月三十日止六個月並無變動。

所持重大投資

於二零二一年六月三十日，本集團概無持有任何重大投資(二零二零年十二月三十一日：無)。

附屬公司、聯營公司及合營企業重大收購及出售

截至二零二一年六月三十日止六個月，概無進行任何附屬公司、聯營公司或合營企業的重大收購及出售。



SUPPLEMENTARY INFORMATION

補充資料

Purchase, Redemption or Sale of Listed Securities of the Company

During the six months ended 30 June 2021, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

Plans for Material Investments or Capital Assets

There was no future plan for material investments or capital assets as at 30 June 2021.

Dividend Policy

Policy on payment of dividend of the Company is in place setting out the factors in the determination of dividend payment of the Company, including the Company's long-term earning capacity and expected cash inflow and outflow, the frequency and form of dividend payments. The policy shall be reviewed periodically and submitted to the Board for approval if amendments are required.

Interim Dividend

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2021.

Corporate Governance

The Company recognises the importance of good corporate governance for enhancing the management structures and internal control procedures of the Company as well as preserving the interests of the shareholders as a whole.

The Company has adopted the code provisions set out in the Corporate Governance Code (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") since the Listing Date as its own code to govern its corporate governance practices. The Board also reviews and monitors the practices of the Company from time to time to maintain and improve the high standard of corporate governance practices.

購買、贖回或出售本公司上市證券

截至二零二一年六月三十日止六個月，本公司及其任何附屬公司概無購買、贖回或出售本公司任何上市證券。

重大投資或資本資產計劃

於二零二一年六月三十日，概無涉及重大投資或資本資產的未來計劃。

股息政策

本公司已制定股息派付政策，載明釐定本公司股息派付的因素，包括本公司的長期盈利能力及預期現金流入及流出、股息派付的頻率及形式。該政策應予定期檢討及提交董事會批准是否需要修改。

中期股息

董事會決定不就截至二零二一年六月三十日止六個月宣派任何中期股息。

企業管治

本公司認同良好企業管治的重要性，其可加強本公司之管理架構及內部監控程序，同時保障整體股東利益。

自上市日期起，本公司已採納聯交所證券上市規則（「上市規則」）附錄十四所載企業管治守則（「守則」）所載的守則條文，以作為其本身管治其企業管治常規的守則。董事會亦會不時檢討並監察本公司的守則，以期維持並改善高水平的企業管治常規。



SUPPLEMENTARY INFORMATION

補充資料

Save and except as disclosed below, the Company has complied with the code provisions stipulated in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules for the six months ended 30 June 2022.

Pursuant to code provision A.4.2 (which has been renumbered as code provision B.4.2 with effect from 1 January 2022) of the Code, all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. No annual general meeting of the Company was held since 29 June 2020. Therefore, no Directors have been subject to retirement and re-election by the Shareholders at the annual general meeting.

As disclosed in the Company's announcement dated 30 March 2021, 26 April 2021, 24 June 2021, 30 August 2021, 31 March 2022 and 31 August 2022, (1) the publication of the annual results for the year ended 31 December 2020 and 31 December 2021; (2) the dispatch of the annual report for the year ended 31 December 2020 and 31 December 2021; (3) the publication of the interim results for the six months ended 30 June 2021 and 30 June 2022; and (4) the despatch of the interim report for the six months ended 30 June 2021 had been delayed (the "Delay"). For reasons of the delay, please refer to the mentioned announcements.

The Delay constitutes non-compliance of Rules 13.49(1), 13.46(2)(a), 13.48(1) and 13.49(6) of the Listing Rules respectively. The failure to lay the financial statements for the year ended 31 December 2020 and 31 December 2021 before its members at an annual general meeting within 6 months after the end of the financial year constitutes non-compliance of Rule 13.46(2)(b) of the Listing Rule.

The Company had kept the Shareholders and potential investors informed of the progress of the aforesaid matters by announcements. Eventually, the mentioned annual results and interim results were released and published on the websites of the Stock Exchange and the Company in September 2022. It is expected that the relevant reports will be despatched in due course. The Board is of the view that the aforesaid delays are one-off incidents and that the aforesaid matters had been/will be rectified eventually and the Company had complied with the Listing Rules in keeping the Shareholders and investors informed of the progress of the aforesaid matters.

除下文所披露者外，本公司於截至二零二二年六月三十日止六個月期間一直遵守上市規則附錄十四所載企業管治守則的守則條文。

根據守則的守則條文第A.4.2條(於二零二二年一月一日重新編列為守則條文第B.4.2條)，所有獲委任填補臨時空缺的董事應於其委任後首個股東大會上接受股東選舉。各名董事(包括獲委任特定期限者)應每三年至少一次輪值退任。本公司自二零二零年六月二十九日以來並無舉行股東週年大會。因此，概無董事於股東週年大會上退任並接受股東重選。

如本公司日期為二零二一年三月三十日、二零二一年四月二十六日、二零二一年六月二十四日、二零二一年八月三十日、二零二二年三月三十一日及二零二二年八月三十一日的公佈所披露，(1)刊發截至二零二零年十二月三十一日及二零二一年十二月三十一日止年度業績；(2)寄發截至二零二零年十二月三十一日及二零二一年十二月三十一日止年度年報；(3)刊發截至二零二一年六月三十日及二零二二年六月三十日止六個月中期業績；及(4)寄發截至二零二一年六月三十日止六個月中期報告均已延遲(「延遲」)。有關延遲原因，務請參閱前述公佈。

延遲分別未有遵守上市規則第13.49(1)、13.46(2)(a)、13.48(1)及13.49(6)條。於財政年度末後六個月內未能於股東週年大會向其股東呈上截至二零二零年十二月三十一日及二零二一年十二月三十一日止年度的財務報表未有遵守上市規則第13.46(2)(b)條。

本公司一直透過公佈方式向股東及潛在投資者告悉前述事項的進展。最終，前述年度業績及中期業績於二零二二年九月在聯交所及本公司網站發佈及刊發。預期相關報告將於適時寄發。董事會認為，前述延遲屬一次性事件且前述事項已／將最終予以糾正，同時本公司已遵守上市規則向股東及投資者告悉前述事項的進展。



SUPPLEMENTARY INFORMATION

補充資料

In order to improve the Group's internal audit function, the Audit Committee has resolved to establish an internal audit department and to be staffed with experienced internal audit personnel in discharging the Group's internal audit function.

The Board will continue to review and monitor the practices of the Company with an aim to maintain and implement a high standard of corporate governance practices.

Model Code for Securities Transactions

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuer" (the "**Model Code**") set out in Appendix 10 to the Listing Rules as its code of conduct regarding dealings in the securities of the Company by the Directors and the Group's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Group or the Company's securities.

Upon specific enquiry, all the Directors confirm that they have complied with the Model Code during the six months ended 30 June 2021. In addition, the Company is not aware of any noncompliance of the Model Code by the senior management of the Group during the six months ended 30 June 2021.

Change in Corporate Positions

With effect from 2 February 2021, Mr. Chen Weizhong has tendered his resignation as an executive Director, the chief executive officer and an authorised representative and Mr. Liu Jianbin has been appointed as an executive Director, the chief executive officer and an authorised representative.

為改善本集團的內部審計職能，審核委員會議決成立內部審計部門，並配備經驗豐富的內部審計人員，以履行本集團的內部審計職能。

董事會將繼續檢討及監控本公司的常規，旨在維持及實行高水平的企業管治常規。

證券交易標準守則

本公司已採納載列於上市規則附錄十的「上市發行人董事進行證券交易的標準守則」（「標準守則」），作為董事及本集團高級管理層（因為其職位或僱傭關係，乃有可能持有有關本集團或本公司證券之內幕消息）關於本公司證券交易的行為守則。

經過特定諮詢後，全體董事已確認彼等於截至二零二一年六月三十日止六個月已遵守標準守則。此外，本公司並無獲悉於截至二零二一年六月三十日止六個月本集團高級管理層有任何違反標準守則的行為。

公司職位變更

自二零二一年二月二日起，陳衛忠先生提呈辭任執行董事、首席執行官及授權代表，以及劉建鑽先生獲委任為執行董事、首席執行官及授權代表。



SUPPLEMENTARY INFORMATION

補充資料

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN SECURITIES

As at 30 June 2021, none of the Directors, the chief executive of the Company or any of their associates had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) (the “Associated Corporations”), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS’ INTERESTS AND SHORT POSITIONS IN SECURITIES

So far as is known to any Director or chief executive, as at 30 June 2021, the following corporations/persons had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO, as being directly or indirectly interested or deemed to be interested in 5% or more of the issued share capital of the Company:

Interests and short positions in the Shares and underlying Shares of the Company as at 30 June 2021

董事及最高行政人員於證券的權益及淡倉

於二零二一年六月三十日，概無董事、本公司最高行政人員或彼等的任何聯繫人於本公司或其相聯法團（「相聯法團」）（定義見證券及期貨條例（「證券及期貨條例」）第XV部）的股份、相關股份及債券中擁有 (a) 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（包括根據證券及期貨條例有關條文彼等被視為或被當作擁有的權益及淡倉）；或 (b) 根據證券及期貨條例第352條須記錄於該條所述登記冊內；或 (c) 須知會本公司及聯交所的任何權益或淡倉。

主要股東於證券的權益及淡倉

據任何董事或最高行政人員所知，於二零二一年六月三十日，下列法團／人士於本公司根據證券及期貨條例第336條須備存的登記冊中登記的本公司股份及相關股份中擁有權益或淡倉，直接或間接擁有或被視為擁有本公司已發行股本5%或以上權益：

於二零二一年六月三十日於本公司股份及相關股份的權益及淡倉

Name	名稱	Nature of interests 權益性質	Number of shares or underlying shares held 持有股份或相關股份數目	Approximate percentage of the Company’s issued share capital ⁽¹⁾ 佔本公司已發行股本概約百分比 ⁽¹⁾
Chen Weizhong ⁽²⁾	陳衛忠 ⁽²⁾	Interest of a controlled corporation 受控法團權益	283,018,750 (L)	48.90%
		Beneficial interest 實益權益	2,682,000 (L)	0.46%
Key Shine Global Holdings Limited ⁽²⁾	Key Shine Global Holdings Limited ⁽²⁾	Beneficial owner 實益擁有人	283,018,750 (L)	48.90%

SUPPLEMENTARY INFORMATION

補充資料

Name	名稱	Nature of interests 權益性質	Number of shares or underlying shares held 持有股份或相關股份數目	Approximate percentage of the Company's issued share capital ⁽¹⁾ 佔本公司已發行股本概約百分比 ⁽¹⁾
Ms. Xing Liyu ⁽³⁾	邢利玉女士 ⁽³⁾	Interest of spouse 配偶權益	285,700,750 (L)	49.37%
Wuxing City Investment HK Company Limited ⁽⁴⁾	吳興城投(香港)有限公司 ⁽⁴⁾	Person having a security interest in shares 擁有股份質押權益的人士	229,424,000 (L)	39.64%
Huzhou Wuxing Chengshi Touzi Fazhan Jituan Youxian Gongsi ⁽⁴⁾	湖州吳興城市投資發展集團有限公司 ⁽⁴⁾	Person having a security interest in shares 擁有股份質押權益的人士	229,424,000 (L)	39.64%
Huzhoushi Wuxingqu State-owned Assets Supervision and Administration Services Centre ⁽⁴⁾	湖州市吳興區國有資本監督管理服務中心 ⁽⁴⁾	Person having a security interest in shares 擁有股份質押權益的人士	229,424,000 (L)	39.64%
Hwabao Trust Company Limited (as Hwabao Overseas Markets Investment No. 2 QDII Single Unit Trust Plan 32-8) ⁽⁵⁾	華寶信託有限責任公司(作為華寶境外市場投資2號系列32-8期QDII單一資金信託計劃) ⁽⁵⁾	Beneficial owner 實益擁有人	72,625,000 (L)	12.55%
Chongqing Zhongxin Rongbang Investment Center (Limited Partnership) ⁽⁶⁾	重慶中新融邦投資中心(有限合夥) ⁽⁶⁾	Interest of a controlled corporation 受控法團權益	72,625,000 (L)	12.55%
Tibet Zhongxin Ruiyin Investment Management Co., Ltd. ⁽⁶⁾	西藏中新睿銀投資管理有限公司 ⁽⁶⁾	Interest of a controlled corporation 受控法團權益	72,625,000 (L)	12.55%
China Innovative Capital Management Limited ⁽⁶⁾	中新融創資本管理有限公司 ⁽⁶⁾	Interest of a controlled corporation 受控法團權益	72,625,000 (L)	12.55%
Beijing Zhonghai Jiacheng Capital Management Limited ⁽⁶⁾	北京中海嘉誠資本管理有限公司 ⁽⁶⁾	Interest of a controlled corporation 受控法團權益	72,625,000 (L)	12.55%
Zhonghai Shengfeng (Beijing) Capital Management Co., Ltd. ⁽⁶⁾	中海晟豐(北京)資本管理有限公司 ⁽⁶⁾	Interest of a controlled corporation 受控法團權益	72,625,000 (L)	12.55%



SUPPLEMENTARY INFORMATION

補充資料

Name	名稱	Nature of interests 權益性質	Number of shares or underlying shares held 持有股份或相關股份數目	Approximate percentage of the Company's issued share capital ⁽¹⁾ 佔本公司已發行股本概約百分比 ⁽¹⁾
Natural Seasoning International (HK) Limited (formerly known as China Seasoning International (HK) Limited) ⁽⁶⁾	Natural Seasoning International (HK) Limited (前稱 China Seasoning International (HK) Limited) ⁽⁶⁾	(i) Beneficial owner; (ii) A concert party to an agreement to buy shares described in s.317(1)(a); and (iii) Person having a security interest in shares ⁽⁷⁾ (i) 實益擁有人；(ii) 屬第317(1)(a)條所述的買入股份協議一方的一致行動人士；及 (iii) 擁有股份質押權益的人士 ⁽⁷⁾	345,700,750 (L) ⁽⁶⁾	59.73% ⁽⁶⁾
Natural Seasoning International Limited (formerly known as China Seasoning International Limited) ⁽⁶⁾	Natural Seasoning International Limited (前稱 China Seasoning International Limited) ⁽⁶⁾	Interest of a controlled corporation 受控法團權益	345,700,750 (L) ⁽⁶⁾	59.73% ⁽⁶⁾
Lunar Capital Partners IV LP ⁽⁶⁾	Lunar Capital Partners IV LP ⁽⁶⁾	Interest of a controlled corporation 受控法團權益	345,700,750 (L) ⁽⁶⁾	59.73% ⁽⁶⁾
Lunar Capital Partners IV GP, LP ⁽⁶⁾	Lunar Capital Partners IV GP, LP ⁽⁶⁾	Interest of a controlled corporation 受控法團權益	345,700,750 (L) ⁽⁶⁾	59.73% ⁽⁶⁾
LCM-IV General Partner Ltd. ⁽⁶⁾	LCM-IV General Partner Ltd. ⁽⁶⁾	Interest of a controlled corporation 受控法團權益	345,700,750 (L) ⁽⁶⁾	59.73% ⁽⁶⁾
Mr. Mao Huixin ⁽⁹⁾	茅惠新先生 ⁽⁹⁾	Person having a security interest in shares 擁有股份質押權益的人士	52,000,000 (L)	8.98%
MERIDIAN HARVEST LIMITED ⁽⁹⁾	MERIDIAN HARVEST LIMITED ⁽⁹⁾	Person having a security interest in shares 擁有股份質押權益的人士	52,000,000 (L)	8.98%
SUPER SUN & MOON CO., LIMITED ⁽¹⁰⁾	SUPER SUN & MOON CO., LIMITED ⁽¹⁰⁾	Interest of a controlled corporation 受控法團權益	52,000,000 (L)	8.98%
Osiris International Trustees Limited ⁽¹⁰⁾	Osiris International Trustees Limited ⁽¹⁰⁾	Interest of a controlled corporation 受控法團權益	52,000,000 (L)	8.98%

(L): represents long position

(L): 指好倉

SUPPLEMENTARY INFORMATION

補充資料

Notes:

- (1) The percentage of shareholding is calculated on the basis of 578,750,000 issued shares of the Company as at 30 June 2021.
- (2) The entire issued share capital of Key Shine Global Holdings Limited (“**Key Shine**”) is legally and beneficially owned by Mr. Chen Weizhong. Chen Weizhong is deemed to be interested in the shares held by Key Shine under the SFO.
- (3) Ms. Xing Liyu is the spouse of Mr. Chen Weizhong. Under the SFO, Ms. Xing Liyu is deemed to be interested in the same number of shares in which Mr. Chen Weizhong is interested.
- (4) Key Shine charged 229,424,000 Shares to Wuxing City Investment HK Company Limited. Wuxing City Investment HK Company Limited is wholly owned by Huzhou Wuxing Chengshi Touzi Fazhan Jituan Youxian Gongsi (湖州吳興城市投資發展集團有限公司) which is in turn wholly-owned by Huzhoushi Wuxingqu State-owned Assets Supervision and Administration Services Centre (湖州市吳興區國有資本監督管理服務中心). Accordingly, Huzhou Wuxing Chengshi Touzi Fazhan Jituan Youxian Gongsi (湖州吳興城市投資發展集團有限公司) and Huzhoushi Wuxingqu State-owned Assets Supervision and Administration Services Centre (湖州市吳興區國有資本監督管理服務中心) is deemed to be interested in the 229,424,000 Shares which Wuxing City Investment HK Company Limited interested in.
- (5) These shares are held by Hwabao Trust Company Limited (as Hwabao Overseas Markets Investment No. 2 QDII Single Unit Trust Plan 32-8) (華寶信託有限責任公司(作為華寶境外市場投資2號系列32-8期QDII單一資金信託計劃)) (“**Hwabo Trust**”), which is entrusted by Chongqing Zhongxin Rongbang Investment Center (Limited Partnership) (重慶中新融邦投資中心(有限合夥)) (“**Chongqing Zhongxin (LLP)**”), which is managed by Tibet Zhongxin Ruiyin Investment Management Co., Ltd. (西藏中新睿銀投資管理有限公司) (“**Tibet Zhongxin**”).

Tibet Zhongxin is controlled by China Innovative Capital Management Limited (中新融創資本管理有限公司) (“**China Innovative Capital**”), as to 100%. China Innovative Capital is controlled by Beijing Zhonghai Jiacheng Capital Management Limited (北京中海嘉誠資本管理有限公司) (“**Beijing Zhonghai Jiacheng**”), as to 40.8%. Beijing Zhonghai Jiacheng is controlled by Zhonghai Shengfeng (Beijing) Capital Management Co., Ltd. (中海晟豐(北京)資本管理有限公司) (“**Zhonghai Shengfeng**”), as to 90.00%. By virtue of the SFO, each of Zhonghai Shengfeng, Beijing Zhonghai Jiacheng, China Innovative Capital, Tibet Zhongxin, Chongqing Zhongxin (LLP) is deemed to be interested in the shares held by Hwabo Trust..

- (6) Based on the disclosure of interests forms filed on 5 December 2019, Natural Seasoning International (HK) Limited is a direct wholly-owned subsidiary of Natural Seasoning International Limited, which wholly-owned by Lunar Capital Partners IV LP. Lunar Capital Partners IV LP is a partnership managed by Lunar Capital Partners IV GP, LP (as sole general partner), which is managed by LCM-IV General Partner Ltd. (as sole general partner). By virtue of the SFO, each of LCM-IV General Partner Ltd., Lunar Capital Partners IV GP, LP, Lunar Capital Partners IV LP and Natural Seasoning International Limited is deemed to be interested in the shares held by Natural Seasoning International (HK) Limited.

附註：

- (1) 股權百分比乃基於本公司於二零二一年六月三十日的578,750,000股已發行股份計算。
- (2) Key Shine Global Holdings Limited (「**Key Shine**」) 的全部已發行股本由陳衛忠先生合法實益擁有。根據證券及期貨條例，陳衛忠先生被視為於Key Shine所持股份中擁有權益。
- (3) 邢利玉女士為陳衛忠先生的配偶。根據證券及期貨條例，邢利玉女士被視為於陳衛忠先生擁有權益的相同數目股份中擁有權益。
- (4) Key Shine將229,424,000股股份質押予吳興城投(香港)有限公司。吳興城投(香港)有限公司由湖州吳興城市投資發展集團有限公司全資擁有，而湖州吳興城市投資發展集團有限公司則由湖州市吳興區國有資本監督管理服務中心全資擁有。因此，湖州吳興城市投資發展集團有限公司及湖州市吳興區國有資本監督管理服務中心被視為於吳興城投(香港)有限公司所擁有的229,424,000股股份中擁有權益。
- (5) 該等股份由華寶信託有限責任公司(作為華寶境外市場投資2號系列32-8期QDII單一資金信託計劃)(「**華寶信託**」)持有，該計劃由重慶中新融邦投資中心(有限合夥)(「**重慶中新(有限合夥)**」)委託，而重慶中新(有限合夥)由西藏中新睿銀投資管理有限公司(「**西藏中新**」)管理。

西藏中新由中新融創資本管理有限公司(「**中新融創資本**」)控制100%的權益。中新融創資本由北京中海嘉誠資本管理有限公司(「**北京中海嘉誠**」)控制40.8%的權益。北京中海嘉誠由中海晟豐(北京)資本管理有限公司(「**中海晟豐**」)控制90.00%的權益。根據證券及期貨條例，中海晟豐、北京中海嘉誠、中新融創資本、西藏中新及重慶中新(有限合夥)均被視為於華寶信託所持有股份中擁有權益。

- (6) 根據二零一九年十二月五日遞交的權益披露表，Natural Seasoning International (HK) Limited為Natural Seasoning International Limited的直接全資附屬公司，而Natural Seasoning International Limited由Lunar Capital Partners IV LP全資擁有。Lunar Capital Partners IV LP乃由Lunar Capital Partners IV GP, LP(作為唯一普通合夥人)管理的合夥企業，而Lunar Capital Partners IV GP, LP則由LCM-IV General Partner Ltd.(作為唯一普通合夥人)管理。根據證券及期貨條例，LCM-IV General Partner Ltd.、Lunar Capital Partners IV GP, LP、Lunar Capital Partners IV LP及Natural Seasoning International Limited均被視為於Natural Seasoning International (HK) Limited所持有股份中擁有權益。

SUPPLEMENTARY INFORMATION

補充資料

- (7) Based on the three sets of disclosure of interest forms filed on 2 December 2019 and 5 December 2019 (the “**Natural Seasoning DI Forms**”), (i) 64,276,750 shares were held by Natural Seasoning International (HK) Limited in the capacity as the beneficial owner; (ii) 281,424,000 shares were held by Natural Seasoning International (HK) Limited in the capacity as a concert party to an agreement to buy shares described in s.317(1)(a); and (iii) 95,723,250 shares were held by Natural Seasoning International (HK) Limited in the capacity as person having a security interest in shares. The information contained in the Natural Seasoning DI Forms may be subject to dispute. For details of the dispute, please refer to the Company’s announcement dated 16 December 2019.
- (7) 根據於二零一九年十二月二日及二零一九年十二月五日遞交的三份權益披露表（「**Natural Seasoning 權益披露表**」），(i) 64,276,750 股股份由 Natural Seasoning International (HK) Limited 以實益擁有人身份持有；(ii) 281,424,000 股股份由 Natural Seasoning International (HK) Limited 以第 317(1)(a) 條所述買入股份協議一方的一致行動人士身份持有；及 (iii) 95,723,250 股股份由 Natural Seasoning International (HK) Limited 以擁有股份擔保權益人士身份持有。Natural Seasoning 權益披露表所載資料可能存在爭議。有關該爭議的詳情，請參閱本公司日期為二零一九年十二月十六日的公佈。
- (8) The information disclosed is based on the Natural Seasoning DI Forms. The information contained in the Natural Seasoning DI Forms may be subject to dispute. For details of the dispute, please refer to the Company’s announcement dated 16 December 2019.
- (8) 披露的資料基於 Natural Seasoning 權益披露表。Natural Seasoning 權益披露表所載資料可能存在爭議。有關該爭議的詳情，請參閱本公司日期為二零一九年十二月十六日的公佈。
- (9) Key Shine charged 52,000,000 Shares in favour of Meridian Harvest Limited and Mr. Mao Huixin.
- (9) Key Shine 將 52,000,000 股股份質押予 Meridian Harvest Limited 及茅惠新先生。
- (10) These shares are held by MERIDIAN HARVEST LIMITED (“**Meridian Harvest**”). Meridian Harvest is controlled by SUPER SUN & MOON CO., LIMITED (“**Super Sun**”) as to 100%. Super Sun is controlled by Osiris International Trustees Limited (“**Osiris**”) as to 100%. By virtue of the SFO, each of Super Sun and Osiris is deemed to be interested in the shares held by Meridian Harvest.
- (10) 該等股份由 MERIDIAN HARVEST LIMITED（「**Meridian Harvest**」）持有。Meridian Harvest 由 SUPER SUN & MOON CO., LIMITED（「**Super Sun**」）控制 100% 的權益。Super Sun 由 Osiris International Trustees Limited（「**Osiris**」）控制 100% 的權益。根據證券及期貨條例，Super Sun 及 Osiris 均被視為於 Meridian Harvest 所持有股份中擁有權益。

Please note that the information stated above is based on the disclosure of interest forms filed by the relevant parties and disclosed on the website of the Stock Exchange, and the Company makes no representation as to the accuracy, validity, correctness and completeness of the information stated therein.

務請注意前述資料乃根據有關人士呈交的權益披露表格並於聯交所網站上披露，而本公司概不就其載述資料的準確性、有效性、正確性及完備性發表任何聲明。

Save as disclosed above, as at 30 June 2021, the Company had not been notified by any persons, other than Directors or chief executive, who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

除上文所披露者外，於二零二一年六月三十日，概無任何人士（董事或最高行政人員除外）知會本公司於股份或相關股份擁有根據證券及期貨條例第 XV 部第 2 及 3 分部條文須向本公司披露或須記錄於本公司根據證券及期貨條例第 336 條規定存置的登記冊的權益或淡倉。

Arrangements to purchase shares or debentures

At no time during the six months ended 30 June 2021 was the Company, its holding company, or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities including debentures of the Company or any other body corporate.

購買股份或債券的安排

於截至二零二一年六月三十日止六個月內任何時間，本公司、其控股公司或其任何附屬公司概無參與任何安排，致令董事可藉購入本公司或任何其他法人團體的股份或債務證券（包括債券）而獲益。



SUPPLEMENTARY INFORMATION

補充資料

AUDIT COMMITTEE

The audit committee of the Board as of the date of this report (the “**Audit Committee**”) is comprised of four independent non-executive Directors, namely Mr. Ng Wing Fai (chairman), Mr. Shen Zhenchang, Mr. Sun Jiong and Mr. Gu Wei.

The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial information, financial reporting system, internal control and risk management system of the Group, to oversee the audit process, to develop and review the Group’s policies and to perform other duties and responsibilities as assigned by the Board. The Audit Committee has reviewed the accounting principles and policies adopted by the Group together with the management and discussed auditing, internal controls and financial reporting matters.

REMUNERATION COMMITTEE

To comply with the Code, a remuneration committee has been established with specific written terms of reference which deal clearly with its authority and duties. The members of the remuneration committee comprises Mr. Shen Zhenchang (chairman), Mr. Ng Wing Fai and Mr. Sun Jiong. All members of the remuneration committee are independent non-executive directors.

NOMINATION COMMITTEE

To comply with the Code, a nomination committee has been established with specific written terms of reference which deal clearly with its authority and duties. The members of nomination committee comprises Mr. Sun Jiong (chairman), Mr. Ng Wing Fai and Mr. Shen Zhenchang. All members of the nomination committee are independent non-executive directors.

SUFFICIENCY OF PUBLIC FLOAT

According to the information publicly available to the Company and within the knowledge of the Board, as at the date of this interim report, the Company has maintained the public float as required by the Listing Rules.

審核委員會

截至本報告日期，董事會轄下審核委員會（「**審核委員會**」）由四名獨立非執行董事組成，即吳榮輝先生（主席）、沈振昌先生、孫頴先生及顧偉先生。

審核委員會的主要職責為協助董事會就本集團的財務資料、財務申報系統、內部監控及風險管理系統的有效性提供獨立審閱，以監督審核程序、制定及審閱本集團的政策，並履行董事會賦予的其他職責及責任。審核委員會已連同管理層審閱本集團所採納的會計準則及政策並已就審計、內部監控及財務申報等事宜進行討論。

薪酬委員會

為符合守則，本公司已成立薪酬委員會，並以書面清楚說明委員會的權限及職責。薪酬委員會成員包括沈振昌先生（主席）、吳榮輝先生及孫頴先生。薪酬委員會的全體成員均為獨立非執行董事。

提名委員會

為符合守則，本公司已成立提名委員會，並以書面清楚說明委員會的權限及職責。提名委員會成員包括孫頴先生（主席）、吳榮輝先生及沈振昌先生。提名委員會的全體成員均為獨立非執行董事。

足夠公眾持股量

根據本公司可獲得的公開資料及就董事會所知，於本中期報告日期，本公司已維持上市規則規定的公眾持股量。



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

簡明綜合損益及其他全面收益表

For the six months ended 30 June 2021 截至二零二一年六月三十日止六個月

		(Unaudited) (未經審核)		
		Six months ended 30 June 截至六月三十日止六個月		
		2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元 (Restated) (經重列)	
	Notes 附註			
Revenue	收入	5.1	122,783	106,548
Cost of sales	銷售成本		(91,565)	(84,918)
Gross profit	毛利		31,218	21,630
Other income and gains	其他收入及收益	5.2	2,729	8,722
Selling and distribution expenses	銷售及經銷開支		(29,599)	(28,873)
Administrative expenses	行政開支		(30,297)	(33,338)
Loss arising from the Incident	事件產生的虧損	7	-	(510,460)
Impairment losses	減值虧損		(931)	(1,565)
Other expenses	其他開支	8	(46,430)	(29,606)
Finance costs	融資成本	9	(52,916)	(49,035)
Loss before income tax	除所得稅前虧損	6	(126,226)	(622,525)
Income tax expense	所得稅開支	10	-	(2,091)
Loss for the period	期內虧損		(126,226)	(624,616)
Loss per share attributable to ordinary equity holders of the Company	本公司普通權益持有人應佔每股虧損			
Basic and diluted (RMB)	基本及攤薄(人民幣)	11	(0.22)	(1.08)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

簡明綜合損益及其他全面收益表

For the six months ended 30 June 2021 截至二零二一年六月三十日止六個月

		(Unaudited) (未經審核)	
		Six months ended 30 June 截至六月三十日止六個月	
		2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元 (Restated) (經重列)
Loss for the period	期內虧損	(126,226)	(624,616)
Items that will be reclassified subsequently to profit or loss	於其後將重新分類至損益的項目		
Exchange differences:	匯兌差額：		
Exchange gain on translation of financial statements of foreign operations	換算海外業務財務報表的匯兌收益	354	2,573
Total comprehensive loss for the period	期內全面虧損總額	(125,872)	(622,043)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

簡明綜合財務狀況表

As at 30 June 2021 二零二一年六月三十日

		Notes 附註	(Unaudited) (未經審核) 30 June 2021 二零二一年 六月三十日 RMB'000 人民幣千元	(Audited) (經審核) 31 December 2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	物業、廠房及設備	13	281,627	282,487
Right-of-use assets	使用權資產		50,201	50,859
Other intangible assets	其他無形資產		1,618	1,367
Prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產	16	16,569	15,714
			350,015	350,427
Current assets				
Inventories	存貨	14	663,366	684,926
Trade receivables	應收貿易款項	15	23,677	20,414
Prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產	16	115,599	111,416
Amounts due from related companies	應收關聯公司款項		11,312	31,851
Pledged deposits	已抵押存款	17	939	230
Cash and cash equivalents	現金及現金等價物	17	4,885	8,443
			819,778	857,280
Current liabilities				
Trade payables	應付貿易款項	18	37,319	42,739
Other payables and accruals	其他應付款項及應計項目	19	351,249	364,918
Amounts due to related companies	應付關聯公司款項		11,960	10,968
Amount due to ultimate holding company	應付最終控股公司款項		44,787	44,755
Interest-bearing bank and other borrowings	計息銀行及其他借款	20	1,551,634	1,408,963
Provision for loss on Unauthorised guarantees	未授權擔保虧損撥備		17,500	27,500
Tax payable	應繳稅項		77,794	82,621
			2,092,243	1,982,464
Net current liabilities	流動負債淨額		(1,272,465)	(1,125,184)
Total assets less current liabilities	總資產減流動負債		(922,450)	(774,757)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

簡明綜合財務狀況表

As at 30 June 2021 二零二一年六月三十日

			(Unaudited) (未經審核)	(Audited) (經審核)
			30 June 2021 二零二一年 六月三十日	31 December 2020 二零二零年 十二月三十一日
		Notes 附註	RMB'000 人民幣千元	RMB'000 人民幣千元
Non-current liabilities	非流動負債			
Interest-bearing bank and other borrowings	計息銀行及其他借款	20	64,763	86,523
Other long term liabilities	其他長期負債	21	139,153	139,214
			203,916	225,737
Net liabilities	負債淨額		(1,126,366)	(1,000,494)
EQUITY	權益			
Share capital	股本	22	1,767	1,767
Reserves	儲備		(1,128,133)	(1,002,261)
Total deficit	虧絀總額		(1,126,366)	(1,000,494)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

簡明綜合權益變動表

For the six months ended 30 June 2021 截至二零二一年六月三十日止六個月

		Attributable to owners of the Company 本公司擁有人應佔							
		Share capital	Share premium	Merger reserve	Capital reserve	Statutory surplus reserve 法定 盈餘儲備	Exchange fluctuation reserve 匯兌 波動儲備	Accumulated losses	Total deficit
		股本 RMB'000 人民幣千元	股份溢價 RMB'000 人民幣千元	合併儲備 RMB'000 人民幣千元	資本儲備 RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
At 1 January 2021 (Audited)	於二零二一年一月一日 (經審核)	1,767	817,201	(1,000)	7,003	24,262	23,025	(1,872,752)	(1,000,494)
Loss for the period	期內虧損	-	-	-	-	-	-	(126,226)	(126,226)
Other comprehensive income for the period:	期內其他全面收益：								
- Exchange differences on translation of foreign operations	- 換算海外業務的匯兌 差額	-	-	-	-	-	354	-	354
Total comprehensive loss for the period	期內全面虧損總額	-	-	-	-	-	354	(126,226)	(125,872)
At 30 June 2021 (Unaudited)	於二零二一年六月三十日 (未經審核)	1,767	817,201	(1,000)	7,003	24,262	23,379	(1,998,978)	(1,126,366)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

簡明綜合權益變動表

For the six months ended 30 June 2021 截至二零二一年六月三十日止六個月

		Attributable to owners of the Company 本公司擁有人應佔							
		Share capital	Share premium	Merger reserve	Capital reserve	Statutory surplus reserve	Exchange fluctuation reserve	Retained profits/ losses	Total equity/ (deficit)
		股本	股份溢價	合併儲備	資本儲備	法定盈餘儲備	匯兌波動儲備	保留利潤/ (累計虧損)	權益/ (虧絀) 總額
		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
At 1 January 2020, as previously reported	於二零二零年一月一日 (如先前所呈報)	1,767	856,556	(1,000)	7,003	24,262	19,186	1,453,200	2,360,974
Impact of prior year adjustments and reclassifications	上一年度調整及重新分類的影響	-	-	-	-	-	(1,264)	(2,480,659)	(2,481,923)
At 1 January 2020, as restated	於二零二零年一月一日 (經重列)	1,767	856,556	(1,000)	7,003	24,262	17,922	(1,027,459)	(120,949)
Loss for the period	期內虧損	-	-	-	-	-	-	(624,616)	(624,616)
Other comprehensive income for the period:	期內其他全面收益:								
- Exchange differences on translation of foreign operations	- 換算海外業務的匯兌差額	-	-	-	-	-	2,573	-	2,573
Total comprehensive loss for the period	期內全面虧損總額	-	-	-	-	-	2,573	(624,616)	(622,043)
Final 2019 dividend declared (note 12)	已宣派二零一九年末期股息 (附註12)	-	(39,355)	-	-	-	-	-	(39,355)
At 30 June 2020, as restated	於二零二零年六月三十日 (經重列)	1,767	817,201	(1,000)	7,003	24,262	20,495	(1,652,075)	(782,347)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

簡明綜合現金流量表

For the six months ended 30 June 2021 截至二零二一年六月三十日止六個月

		(Unaudited) (未經審核)	
		Six months ended 30 June 截至六月三十日止六個月	
		2021	2020
		二零二一年	二零二零年
		RMB'000	RMB'000
		人民幣千元	人民幣千元 (Restated) (經重列)
	Notes 附註		
Cash flows from operating activities	經營活動的現金流量		
Loss before income tax	除所得稅前虧損	(126,226)	(622,525)
Adjustments for:	就下列各項調整：		
Depreciation of owned assets	自有資產折舊	6	13,538
Depreciation of right-of-use assets	使用權資產折舊	6	1,000
Overdue interest expenses	逾期利息開支	8	6,909
Finance costs	融資成本	9	49,035
Interest income	利息收入	5	(856)
Amortisation of other intangible assets	其他無形資產攤銷	6	126
Impairment loss	減值虧損	6	1,565
Operating cash flows before working capital changes	營運資金變動前經營現金流量	(40,909)	(551,208)
Decrease in inventories	存貨減少	19,863	299,793
Increase in trade receivables	應收貿易款項增加	(2,420)	(6,283)
(Increase)/Decrease in prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產(增加)/減少	(5,115)	45,310
Decrease in amounts due from related companies	應收關聯公司款項減少	20,539	29,000
Decrease in trade payables	應付貿易款項減少	(5,420)	(2,051)
(Decrease)/Increase in other payables and accruals	其他應付款項及應計項目(減少)/增加	(23,694)	36,383
Increase in amounts due to related companies	應付關聯公司款項增加	992	-
Decrease in other long term liabilities	其他長期負債減少	(61)	(36)
Cash used in operations	經營所用現金	(36,225)	(149,092)
Interest received	已收利息	14	856
Income tax paid	已付所得稅	(4,827)	-
Net cash used in operating activities	經營活動所用淨現金	(41,038)	(148,236)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

簡明綜合現金流量表

For the six months ended 30 June 2021 截至二零二一年六月三十日止六個月

		(Unaudited) (未經審核)	
		Six months ended 30 June 截至六月三十日止六個月	
		2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元 (Restated) (經重列)
	Notes 附註		
Cash flows from investing activities	投資活動的現金流量		
Purchases of items of property, plant and equipment	購買物業、廠房及設備	(12,104)	(5,636)
Additions to intangible assets	添置無形資產	(404)	(159)
(Increase)/Decrease in pledged deposits	已抵押存款(增加)/減少	(709)	67,039
<i>Net cash flows (used in)/generated from investing activities</i>	<i>投資活動(所用)/產生的淨現金流量</i>	(13,217)	61,244
Cash flows from financing activities	融資活動的現金流量		
Proceeds from interest-bearing bank and other borrowings	計息銀行及其他借款所得款項	401,265	351,885
Repayment of interest-bearing bank and other borrowings	償還計息銀行及其他借款	(312,228)	(409,536)
Interest paid	已付利息	(25,936)	(14,323)
Principal portion of lease payments	租賃付款的本金部分	(12,815)	(17,747)
Net advances from a director	來自一名董事提供的墊款淨額	25	6,780
Net advances from ultimate holding company	來自最終控股公司的墊款淨額	32	-
<i>Net cash flows generated from/(used in) financing activities</i>	<i>融資活動產生/(所用)的淨現金流量</i>	50,343	(82,941)
Net decrease in cash and cash equivalents	現金及現金等價物減少淨額	(3,912)	(169,933)
Cash and cash equivalents at 1 January	於一月一日的現金及現金等價物	8,443	172,107
Effect of foreign exchange rate changes	匯率變動的影響	354	2,573
Cash and cash equivalents at 30 June	於六月三十日的現金及現金等價物	4,885	4,747

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

簡明綜合中期財務報表附註

For the six months ended 30 June 2021 截至二零二一年六月三十日止六個月

1. CORPORATE INFORMATION

Honworld Group Limited (the “**Company**”) was incorporated in the Cayman Islands on 4 December 2012 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company’s registered office address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. During the six months ended 30 June 2021, the Company and its subsidiaries (collectively known as the “**Group**”) were principally engaged in the manufacture and sale of condiment products under the brand name of “Lao Heng He” in the People’s Republic of China (the “**PRC**”).

In the opinion of the directors of the Company (the “**Directors**”), the holding company and the ultimate holding company of the Company is Key Shine Global Holdings Limited (“**Key Shine**”), which was incorporated in the British Virgin Islands (“**BVI**”).

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 28 January 2014.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements (the “**Interim Financial Information**”) of the Company and its subsidiaries (together, referred to as the “**Group**”) for the six months ended 30 June 2021 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by International Accounting Standards Board (“**IASB**”) and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Interim Financial Information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2020. The accounting policies and methods of computation used in the preparation of the Interim Financial Information are consistent with those used in the annual financial statements for the year ended 31 December 2020 except as stated below.

1. 公司資料

老恒和釀造有限公司(「**本公司**」)於二零一二年十二月四日根據開曼群島法例第22章《公司法》(一九六一年第三號法例，經綜合及修訂)在開曼群島註冊成立為獲豁免有限公司。本公司註冊辦事處地址為Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands。

本公司為一間投資控股公司。截至二零二一年六月三十日止六個月，本公司及其附屬公司(統稱「**本集團**」)主要於中華人民共和國(「**中國**」)從事「老恒和」牌調味品的製造與銷售業務。

本公司董事(「**董事**」)認為，本公司控股公司及最終控股公司乃於英屬處女群島(「**英屬處女群島**」)註冊成立的Key Shine Global Holdings Limited(「**Key Shine**」)。

本公司股份自二零一四年一月二十八日起在香港聯合交易所有限公司主板上市。

2. 編製基準

本公司及其附屬公司(統稱「**本集團**」)截至二零二一年六月三十日止六個月的未經審核中期簡明綜合財務報表(「**中期財務資料**」)乃根據國際會計準則理事會(「**國際會計準則理事會**」)發佈的國際會計準則第34號「中期財務報告」及香港聯合交易所有限公司證券上市規則規定的適用披露規定編製。

中期財務資料不包括年度財務報表所規定的全部資料及披露，且應與本集團截至二零二零年十二月三十一日止年度的年度財務報表一併閱覽。除下文所述者外，編製中期財務資料所採用的會計政策及計算方法與截至二零二零年十二月三十一日止年度之年度財務報表所採用者一致。

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

簡明綜合中期財務報表附註

For the six months ended 30 June 2021 截至二零二一年六月三十日止六個月

2. BASIS OF PREPARATION (Continued)

2.1 Correction of prior years' errors

As described in details in the Group's consolidated financial statements for the year ended 31 December 2020, the Company had established the Investigation Committee and FTI Consulting had undertaken an independent investigation (the "Investigation") on certain issues. A report on the Investigation had been issued by FTI Consulting on 30 May 2022 and key finds of the Investigation had been published by the Company on 28 September 2022. The terms "Investigation Committee", "FTI Consulting" and "Incident" are defined in the 2020 consolidated financial statements.

In the Group's consolidated financial statements for the year ended 31 December 2020, the directors of the Company had taken into account all the findings of the Investigation and were satisfied that appropriate adjustments, including prior year adjustments, had been made to the consolidated financial statements. Accordingly, in the Interim Financial Information for the six months ended 30 June 2021, the comparative figures for the six months ended 30 June 2020 have been arrived at after making the appropriate adjustments to the amounts previously reported in the 2020 interim report to correct significant accounting errors in relation to the Incident.

The effects of the prior period adjustments to reflect the findings of the Investigation in relation to the Incident on the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2020 are set out below.

2. 編製基準(續)

2.1 糾正過往年度錯誤

誠如本集團截至二零二零年十二月三十一日止年度的綜合財務報表所述，本公司已成立調查委員會，而FTI Consulting已就若干問題進行獨立調查(「調查」)。FTI Consulting於二零二二年五月三十日發佈調查報告，而本公司已於二零二二年九月二十八日刊發調查的主要調查結果。「調查委員會」、「FTI Consulting」及「事件」等詞彙之定義見二零二零年綜合財務報表。

於本集團截至二零二零年十二月三十一日止年度的綜合財務報表中，本公司董事已考慮所有調查結果，並信納已對綜合財務報表作出適當調整，包括過往年度調整。因此，於截至二零二一年六月三十日止六個月的中期財務報表中，截至二零二零年六月三十日止六個月的比較數字乃於對二零二零年中期報告中先前呈報的金額進行適當調整以糾正與事件有關的重大會計錯誤後得出。

反映有關事件的調查結果的過往期間調整對截至二零二零年六月三十日止六個月的簡明綜合損益及其他全面收益表的影響載列如下。

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS 簡明綜合中期財務報表附註

For the six months ended 30 June 2021 截至二零二一年六月三十日止六個月

2. BASIS OF PREPARATION (Continued)

2.1 Correction of prior years' errors (Continued)

2. 編製基準 (續)

2.1 糾正過往年度錯誤 (續)

		As previously reported 如先前所呈報 RMB'000 人民幣千元	Prior year adjustments 上一年度調整 RMB'000 人民幣千元	Notes 附註	As restated 經重列 RMB'000 人民幣千元
Revenue	收入	299,678	(193,130)	(i)	106,548
Cost of sales	銷售成本	(162,865)	77,947	(i)	(84,918)
Loss arising from the Incident	事件產生的虧損	-	(510,460)	(ii)	(510,460)
Impairment losses	減值虧損	(1,285)	(280)	(iii)	(1,565)
Other expenses	其他開支	(1,966)	(27,640)	(iv)	(29,606)
Finance costs	融資成本	(31,679)	(17,356)	(v)	(49,035)
Income tax expenses	所得稅開支	(6,059)	3,968	(vi)	(2,091)
Profit/(loss) for the year	年內利潤/(虧損)	42,335	(666,951)		(624,616)
Earnings/(loss) per share attributable to ordinary equity holders of the Company — Basic and diluted (RMB)	本公司普通權益持有人應佔 每股盈利/(虧損) — 基本及攤薄 (人民幣)	7.31			(1.08)

Notes:

附註：

- | | |
|--|---|
| (i) Adjustments were made to reduce the fictitious sales of approximately RMB197,098,000, partly offset by the recognition of the business tax and surcharges of approximately RMB3,968,000 and the corresponding cost of sales of approximately RMB77,947,000 based on the findings of the investigation. | (i) 根據調查結果作出調整，以減少虛假銷售約人民幣197,098,000元，由確認營業稅及附加費約人民幣3,968,000元以及相應銷售成本約人民幣77,947,000元部分抵銷。 |
| (ii) The adjustment were made to reflect the resulting net cumulative losses arising from the Incident based on the Management Reassessment. | (ii) 根據管理層重估作出調整，以反映事件產生的累計虧損淨額。 |
| (iii) Adjustments were made to reallocate the impairment loss on trade receivables and recognise the impairment loss on inventories. | (iii) 調整以重新分配應收貿易款項的減值虧損及確認存貨的減值虧損。 |
| (iv) Adjustments were made to recognise the understated surcharge for overdue tax payment, overdue interest expense of approximately RMB20,731,000 and RMB6,909,000 respectively. | (iv) 調整以確認逾期稅項付款少呈報附加費及逾期利息開支分別約人民幣20,731,000元及人民幣6,909,000元。 |
| (v) Adjustments were made to recognise the understated interest expense of approximately RMB17,356,000 on the Uncovered Borrowings. | (v) 調整以確認新發現借款的少呈報利息開支約人民幣17,356,000元。 |
| (vi) Adjustments were made to reverse the deferred tax assets and liabilities recognised in respect of temporary differences relating to the unrealised profit, accruals and unremitted profits of subsidiaries. | (vi) 調整以撥回與附屬公司的未變現溢利、應計款項及未匯入溢利的臨時差額有關的已確認遞延稅項資產及負債。 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

簡明綜合中期財務報表附註

For the six months ended 30 June 2021 截至二零二一年六月三十日止六個月

2. BASIS OF PREPARATION (Continued)

2.2 Going concern assumption

In preparing the condensed consolidated interim financial statements, the directors of the Company have given consideration to the future liquidity of the Group in light of its net cash used in operating activities of approximately RMB41,038,000 and net loss of approximately RMB126,226,000 incurred for the six months ended 30 June 2021 and, as of that date, the Group had net current liabilities of approximately RMB1,272,465,000, capital deficiency of approximately RMB1,126,366,000 and accumulated losses of approximately RMB1,998,978,000, respectively.

As at 30 June 2021, the Group's total borrowings comprising interest-bearing bank and other borrowings amounting to approximately RMB1,616,397,000, of which current borrowings amounted to approximately RMB1,551,634,000 and approximately RMB280,149,000 were not in compliance with certain financial covenants and approximately RMB847,500,000 were overdue as disclosed in note 20 to the condensed consolidated interim financial statements, while its cash and cash equivalents amounted to approximately RMB4,885,000.

Despite of these circumstances, the condensed consolidated interim financial statements have been prepared on a going concern basis on the assumption that the Group is able to operate as a going concern for the foreseeable future. In the opinion of the directors of the Company, the Group can meet its financial obligations as and when they fall due within the next year from the end of the reporting period, after taking into consideration of the measures and arrangements that the Group has implemented or is in the process of implementing as detailed below:

- The chargor, Wuxing City Investment HK Company Limited*, has undertaken to provide continuing financial support to the Group for a period of fourteen months from the date of approval of the condensed consolidated interim financial statements by the directors in order to maintain the Group as a going concern;

2. 編製基準(續)

2.2 持續經營假設

在編製中期簡明綜合財務報表時，鑑於本集團於截至二零二一年六月三十日止六個月產生經營活動所用淨現金約為人民幣41,038,000元及虧損淨額約為人民幣126,226,000元，而截至該日，本集團之流動負債淨額約為人民幣1,272,465,000元、資本虧絀約為人民幣1,126,366,000元及累計虧損約為人民幣1,998,978,000元，本公司董事已考慮其日後之流動資金。

於二零二一年六月三十日，本集團的借款總額包括計息銀行及其他借款約人民幣1,616,397,000元，其中即期借款約為人民幣1,551,634,000元以及約人民幣280,149,000元未有符合若干金融貸款契約，而約人民幣847,500,000元已逾期（如簡明綜合中期財務報表附註20披露），而其現金及現金等價物則約為人民幣4,885,000元。

儘管存在該等情況，中期簡明綜合財務報表仍按持續經營基準編製，當中假設本集團能夠於可見將來按持續基準經營。本公司董事認為，經考慮下文所詳述本集團已經或正在實施之措施及安排後，本集團可於由報告期末起翌年內財務責任到期時應付該等責任：

- 押記人吳興城投(香港)有限公司*已承諾自董事批准中期簡明綜合財務報表之日起十四個月期間內向本集團提供持續財務支持，以維持本集團的持續經營；

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

簡明綜合中期財務報表附註

For the six months ended 30 June 2021 截至二零二一年六月三十日止六個月

2. BASIS OF PREPARATION (Continued)

2.2 Going concern assumption (Continued)

- The Group is in negotiation with bank and financial institutions for the renewals of the Group's short term borrowings upon expiry, new borrowings and applying for future credit facilities. Up to the date of approval of these consolidated interim financial statements, the Group's major lenders, 湖州吳興南太湖建設投資集團有限公司 (formerly known as 湖州吳興南太湖建設投資有限公司) ("南太湖") and 湖州湖盛融資租賃有限公司 ("湖盛融資") have shown the positive support on the Group and confirmed that they do not demand payment from the Group for the amount due to them of approximately RMB961,566,000 and RMB64,849,000 respectively and has undertaken to provide new financing facilities of approximately RMB300,000,000 for a period of fourteen months from the date of approval of these condensed consolidated interim financial statements. In addition, the Group have repaid the aforesaid bank loans of approximately RMB280,149,000 that were not in compliance with certain financial loan covenants in 2021. Therefore, the directors of the Company are confident that the entire borrowings can be renewed upon expiration and future credit facilities can be applied based on the Group's past experience and credit history; and
- The directors have evaluated all the relevant facts available to them and made a business plan to improve its liquidity by (i) monitoring the production activities in order to fulfill the forecast production volume and meet sales forecast, (ii) taking measures to tighten cost controls over various production costs and expenses, and (iii) any feasible financial arrangement.

2. 編製基準(續)

2.2 持續經營假設(續)

- 本集團現正與銀行及金融機構磋商於本集團之短期借款到期時為借款續期、申請新借款及未來信貸融資。截至該等綜合中期財務報表獲批准之日，本集團的主要貸方湖州吳興南太湖建設投資集團有限公司(前稱湖州吳興南太湖建設投資有限公司)(「南太湖」)及湖州湖盛融資租賃有限公司(「湖盛融資」)已表示積極支持本集團，並已確認，於批准該等中期簡明綜合財務報表日期起計十四個月期間，彼等無意就應付彼等之款項分別約人民幣961,566,000元及人民幣64,849,000元要求本集團付款，並已承諾提供新融資貸款約人民幣300,000,000元。此外，本集團已於二零二一年償還上述不符合若干金融貸款契約的銀行貸款約人民幣280,149,000元。因此，按照本集團之過往經驗及信用紀錄，本公司董事相信，全部借款可於到期時續期且日後可動用信貸融資；及
- 董事已評估所有可得相關事實，並制定業務計劃透過以下方式改善流動性：(i) 監察生產活動以履行預測產量及達至銷售預測；(ii) 採取措施收緊各項生產成本及開支之成本控制；及(iii) 任何可行之財務安排。

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

簡明綜合中期財務報表附註

For the six months ended 30 June 2021 截至二零二一年六月三十日止六個月

2. BASIS OF PREPARATION (Continued)

2.2 Going concern assumption (Continued)

The directors of the Company have reviewed the Group's cash flow forecast prepared by management which covers a period of three years from the year ended 31 December 2020. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient cash resources to satisfy its working capital and other financial obligations for the next twelve months from the end of the reporting period after having taken into account of the Group's current financial resources and capital expenditure requirements with respect to the production facilities and development of its business. Accordingly, the directors are of the opinion that it is appropriate to prepare the condensed consolidated financial statements of the Group for the six months ended 30 June 2021 on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the management of the Company will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows in the near future and obtain the continuous financial support from its chargor and major lenders.

Should the going concern assumption be inappropriate, adjustments may have to be made to write down the carrying values of assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the condensed consolidated interim financial statements.

* Pursuant to a share mortgage deed dated 2 April 2019, Key Shine charged 229,424,000 shares of the Company to Wuxing City Investment HK Company Limited, which is wholly owned by Huzhou Wuxing Chengshi Touzi Fazhan Jituan Youxian Gongsi (湖州吳興城市投資發展集團有限公司("湖州吳興城市")). 南太湖 and 湖州融資 were also the subsidiaries of 湖州吳興城市.

2. 編製基準(續)

2.2 持續經營假設(續)

本公司董事已審閱管理層所編製本集團的現金流量預測，該預測涵蓋自截至二零二零年十二月三十一日止年度起計三年的期間。彼等認為，經考慮上述計劃及措施後，並計及本集團目前之財務資源以及有關生產設施及業務發展之資本開支需要，本集團將擁有足夠現金資源應付由報告期末起未來十二個月之營運資金及其他財務責任。故此，董事認為按持續經營基準編製本集團截至二零二一年六月三十日止六個月之簡明綜合財務報表誠屬恰當。

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性。本集團能否繼續持續經營將取決於本集團能否於不久將來產生足夠融資及經營現金流量，以及能否取得押記人及主要貸方之持續財務支持。

倘持續經營假設不適用，則可能須作出調整以撇減資產賬面值至其可收回金額，就可能產生之任何進一步負債計提撥備，以及將非流動資產及非流動負債分別重新分類為流動資產及流動負債。此等調整之影響並無於中期簡明綜合財務報表內反映。

* 根據日期為二零一九年四月二日的股份抵押契據，Key Shine向吳興城投(香港)有限公司抵押229,424,000股本公司股份，而後者由湖州吳興城市投資發展集團有限公司(「湖州吳興城市」)全資擁有。南太湖及湖盛融資亦為湖州吳興城市的附屬公司。

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

簡明綜合中期財務報表附註

For the six months ended 30 June 2021 截至二零二一年六月三十日止六個月

3. ADOPTION OF NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

3.1 Amended IFRSs that are effective for annual periods beginning on 1 January 2021

The Interim Financial Information have been prepared in accordance with the accounting policies adopted in the Group’s annual financial statements for the year ended 31 December 2020, except for the adoption of the following amended IFRSs effective as of 1 January 2021. The Group has not early adopted any other standards, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 9, Interest Rate Benchmark
IAS 39 and IFRS 7 Reform — Phase 2

Amendments to IFRS 16 Covid-19-Related Rent
Concessions

The new and revised IFRSs do not have material impact on the unaudited condensed consolidated interim financial statements of the Group.

3. 採納新訂及經修訂國際財務報告準則（「國際財務報告準則」）

3.1 於二零二一年一月一日開始的年度期間生效之經修訂國際財務報告準則

中期財務資料已根據本集團截至二零二零年十二月三十一日止年度的年度財務報表所採用的會計政策編製，但採用以下於二零二一年一月一日生效的經修訂國際財務報告準則除外。本集團並無提早採納已頒佈但尚未生效的任何其他準則、詮釋或修訂。

國際財務報告準則第9號、利率基準改革 —
國際會計準則第39號及 第二期
國際財務報告準則第7號
(修訂本)

國際財務報告準則第16號 Covid-19相關租金
(修訂本) 優惠

新訂及經修訂國際財務報告準則對本集團未經審核中期簡明綜合財務報表並無重大影響。

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

簡明綜合中期財務報表附註

For the six months ended 30 June 2021 截至二零二一年六月三十日止六個月

3. ADOPTION OF NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

(Continued)

3.2 Issued but not yet effective IFRSs

At the date of authorisation of the Interim Financial Information, certain new and amended IFRSs have been published but are not yet effective, and have not been adopted early by the Group.

IFRS 17	<i>Insurance Contracts and related amendments²</i>
Amendments to IFRS 3	<i>Reference to the Conceptual Framework⁴</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
Amendment to IFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021⁵</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current²</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies²</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates²</i>
Amendments to IAS 16	<i>Property, Plant and Equipment – Proceeds before Intended Use¹</i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract¹</i>
Amendments to IFRSs	<i>Annual Improvements to IFRS Standards 2018–2020¹</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction²</i>

- ¹ Effective for annual periods beginning on or after 1 January 2022
- ² Effective for annual periods beginning on or after 1 January 2023
- ³ Effective date not yet determined
- ⁴ Effective for business combinations for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2022
- ⁵ Effective for annual periods beginning on or after 1 April 2021

3. 採納新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)

3.2 已頒佈但尚未生效之國際財務報告準則

於中期財務資料批准日期，本集團並無提早採納若干已頒佈但尚未生效之新訂及經修訂國際財務報告準則。

國際財務報告準則第17號	保險合約及相關修訂 ²
國際財務報告準則第3號(修訂本)	對概念框架的提述 ⁴
國際財務報告準則第10號及國際會計準則第28號(修訂本)	投資者與其聯營公司或合營企業之間之資產出售或注資 ³
國際財務報告準則第16號(修訂本)	二零二一年六月三十日之後的Covid-19相關租金優惠 ⁵
國際會計準則第1號(修訂本)	負債分類為流動或非流動 ²
國際會計準則第1號(修訂本)及國際財務報告準則實務報告第2號	會計政策披露 ²
國際會計準則第8號(修訂本)	會計估計的定義 ²
國際會計準則第16號(修訂本)	物業、廠房及設備 – 作擬定用途前的所得款項 ¹
國際會計準則第37號(修訂本)	虧損合約 – 履行合約的成本 ¹
國際財務報告準則(修訂本)	國際財務報告準則二零一八年至二零二零年之年度改進 ¹
國際會計準則第12號(修訂本)	有關自單一交易產生的資產及負債的遞延稅項 ²

- ¹ 於二零二二年一月一日或之後開始之年度期間生效
- ² 於二零二三年一月一日或之後開始之年度期間生效
- ³ 生效日期尚未釐定
- ⁴ 對收購日期為於二零二二年一月一日或之後開始之首個年度期間開始當日或之後之業務合併生效
- ⁵ 於二零二一年四月一日或之後開始之年度期間生效

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

簡明綜合中期財務報表附註

For the six months ended 30 June 2021 截至二零二一年六月三十日止六個月

3. ADOPTION OF NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

(Continued)

3.2 Issued but not yet effective IFRSs (Continued)

The directors anticipate that all of the pronouncements will be adopted in the Group’s accounting policy for the first period beginning on or after the effective date of the pronouncement. Information on new and amended IFRSs that are expected to have impact on the Group’s accounting policies is provided below. Other new and amended IFRSs are not expected to have a material impact on the Group’s Interim Financial Information.

Amendments to IAS 1 and IFRS Practice Statement 2 “Disclosure of Accounting Policies”

The amendments to IAS 1 require entities to disclose material accounting policy information instead of significant accounting policies in its financial statements. The amendments also provide some guidance on how material policy information are being identified and provide some examples of when accounting policy information is likely to be material.

In addition, IFRS Practice Statement 2 was revised to provide guidance and examples on how to apply the concept of materiality to accounting policy disclosures.

The amendments to IAS 1 are effective for annual reporting period beginning on or after 1 January 2023 and are applied prospectively. Earlier application is permitted. Except for the disclosures of accounting policies in consolidated financial statements may need to be revised to cope with the above changes, the directors expect that the amendments have no other material impact on the Interim Financial Information.

3. 採納新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)

3.2 已頒佈但尚未生效之國際財務報告準則(續)

董事預期，所有頒佈準則將於其生效日期或之後開始的首個期間納入本集團的會計政策。下文載列預期會對本集團會計政策產生影響的新訂及經修訂國際財務報告準則的資料。其他新訂及經修訂國際財務報告準則預期不會對本集團的中期財務資料造成重大影響。

國際會計準則第1號(修訂本)及國際財務報告準則實務報告第2號「會計政策披露」

國際會計準則第1號(修訂本)要求實體於財務報表中披露重大會計政策資料而非重要的會計政策。該等修訂本亦就如何識別重大政策資料提供若干指引，並舉例說明會計政策資料何時可能為重大。

此外，國際財務報告準則實務報告第2號進行修訂，以提供有關如何將重大性的概念應用於會計政策披露的指引及示例。

國際會計準則第1號(修訂本)自二零二三年一月一日或之後開始的年度報告期間生效並追溯應用，以及允許提前應用。除可能需要修訂綜合財務報表內的會計政策披露以符合上述變更外，董事預期該等修訂本對中期財務資料並無其他重大影響。

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

簡明綜合中期財務報表附註

For the six months ended 30 June 2021 截至二零二一年六月三十日止六個月

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the manufacture and sale of condiment products. For management purposes, the Group operates in one business unit and has one reportable operating segment as follows:

- The food segment that manufactures and sells condiment products

As all of the Group's revenue is derived from sales of its products to the customers in the PRC and all of the Group's identifiable non-current assets are located in the PRC, no geographical information as required by IFRS 8 *Operating Segments* is presented.

Information about major customers

Revenue derived from sales to individual customers amounting to 10 percent or more of the Group's revenue for the reporting period is set out in the following table:

Customer A	客戶 A	N/A 不適用	11,367
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N/A: Revenue from the customer during the period did not exceed 10% of the Group's revenue.

4. 經營分部資料

本集團主要從事調味品的生產及銷售業務。就管理而言，本集團以單一業務單位運營，且有一個可呈報經營分部如下：

- 生產及銷售調味品的食品分部

由於本集團全部收入均來自向於中國的客戶銷售其產品，且本集團全部可識別非流動資產均位於中國，故並無呈列國際財務報告準則第8號「經營分部」所規定的地域資料。

有關主要客戶之資料

下表載列佔本集團報告期間收入10%或以上向個別客戶銷售所產生的收入：

(Unaudited) (未經審核)	
Six months ended 30 June 截至六月三十日止六個月	
2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元 (Restated) (經重列)

不適用：期內來自客戶的收入不超過本集團收入的10%。

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

簡明綜合中期財務報表附註

For the six months ended 30 June 2021 截至二零二一年六月三十日止六個月

5. REVENUE, OTHER INCOME AND GAINS

5.1 Revenue from contracts with customers

An analysis of revenue is as follows:

		(Unaudited) (未經審核)	
		Six months ended 30 June 截至六月三十日止六個月	
		2021	2020
		二零二一年	二零二零年
		RMB'000	RMB'000
		人民幣千元	人民幣千元 (Restated) (經重列)
<i>Revenue from contracts with customers</i>	客戶合約收益	122,783	106,548
Sale of goods	銷售貨品		

(i) Disaggregated revenue information

(i) 分列收益資料

		(Unaudited) (未經審核)	
		Six months ended 30 June 截至六月三十日止六個月	
		2021	2020
		二零二一年	二零二零年
		RMB'000	RMB'000
		人民幣千元	人民幣千元 (Restated) (經重列)
Type of goods	貨品種類		
Condiment products	調味品	122,783	106,548
Timing of revenue recognition	收益確認時間		
Goods transferred at a point in time	於某一時點轉讓的貨品	122,783	106,548

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

簡明綜合中期財務報表附註

For the six months ended 30 June 2021 截至二零二一年六月三十日止六個月

5. REVENUE, OTHER INCOME AND GAINS (Continued)

5.1 Revenue from contracts with customers (Continued)

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of products

The performance obligation is satisfied upon delivery/receipt of the products and payment is generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

5.2 Other income and gains

5. 收入、其他收入及收益(續)

5.1 客戶合約收益(續)

(ii) 履約責任

有關本集團履約責任的資料概述如下：

銷售產品

履約責任於交付／收訖產品後達成，付款一般在交付後30至90天內到期，而新客戶則通常需要提前付款。

5.2 其他收入及收益

		(Unaudited) (未經審核)	
		Six months ended 30 June 截至六月三十日止六個月	
		2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元 (Restated) (經重列)
Subsidy received	已收補貼	591	4,893
Interest income	利息收入	14	856
Gain from sale of materials	材料銷售收益	-	557
Foreign exchange gain, net	匯兌收益淨額	116	-
Rental income	租金收入	-	86
Others	其他	2,008	2,330
		2,729	8,722

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS 簡明綜合中期財務報表附註

For the six months ended 30 June 2021 截至二零二一年六月三十日止六個月

6. LOSS BEFORE INCOME TAX

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

6. 除所得稅前虧損

本集團除所得稅前虧損已扣除／(計入)下列各項：

		(Unaudited) (未經審核)	
		Six months ended 30 June 截至六月三十日止六個月	
		2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元 (Restated) (經重列)
Cost of inventories sold	已售存貨成本	91,565	84,918
Depreciation of owned assets	自有資產折舊	12,565	13,538
Depreciation of right-of-use assets	使用權資產折舊	1,057	1,000
Amortisation of other intangible assets	其他無形資產攤銷	153	126
Impairment losses	減值虧損	931	1,565
		106,271	101,147
Employee benefit expenses (excluding directors' remuneration):	僱員福利開支(不包括董事酬金)：		
— Wages and salaries	— 工資及薪金	15,579	18,835
— Pension scheme contributions	— 退休金計劃供款	1,797	1,498
		17,376	20,333
Research and development costs	研發成本	7,756	1,285
Donations	捐贈	6	55
Foreign exchange (gain)/loss, net	匯兌(收益)／虧損淨額	(116)	1,663

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

簡明綜合中期財務報表附註

For the six months ended 30 June 2021 截至二零二一年六月三十日止六個月

7. LOSS ARISING FROM THE INCIDENT

During the course of the preparation of the condensed consolidated interim financial statements for the six months ended 30 June 2021, Management has prepared the necessary prior years' adjustments, in according with the requirements of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, to correct the errors and restate the opening balances of assets, liabilities and equity for the earliest period for which retrospective restatement is practicable (see details in note 2), except the directors found it is impracticable to recognise the cumulative effects of the losses on the Incident until the end of 2020 when the Incident was ended. Hence, the resulting net cumulative losses of the Incident of approximately RMBnil (six months ended 30 June 2020 (restated): RMB510,460,000) was recognised during the period.

8. OTHER EXPENSES

7. 事件產生的虧損

於編製截至二零二一年六月三十日止六個月的中期簡明綜合財務報表的過程中，管理層已按照國際會計準則第8號會計政策、會計估計變更及錯誤的要求對過往年度作出必要調整，以糾正錯誤並重列可切實作出追溯重列的最早期間的資產、負債及權益的期初結餘(詳見附註2)，但董事發現未能切實在二零二零年年底(即事件結束之時)前確認事件的虧損累計影響。因此，期內已確認事件所產生累計虧損淨額約人民幣零元(截至二零二零年六月三十日止六個月(經重列)：人民幣510,460,000元)。

8. 其他開支

		(Unaudited) (未經審核)	
		Six months ended 30 June 截至六月三十日止六個月	
		2021	2020
		二零二一年	二零二零年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
			(Restated) (經重列)
Donations	捐贈	6	55
Foreign exchange loss, net	外匯虧損，淨額	-	1,663
Surcharge for overdue tax payment	逾期稅項付款附加費	28,700	20,731
Overdue interest expenses	逾期利息開支	17,709	6,909
Others	其他	15	248
		46,430	29,606

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

簡明綜合中期財務報表附註

For the six months ended 30 June 2021 截至二零二一年六月三十日止六個月

9. FINANCE COSTS

9. 融資成本

		(Unaudited) (未經審核)	
		Six months ended 30 June 截至六月三十日止六個月	
		2021	2020
		二零二一年	二零二零年
		RMB'000	RMB'000
		人民幣千元	人民幣千元 (Restated) (經重列)
Interest on bank loans	銀行貸款利息	14,396	30,814
Interest on other borrowings	其他借款利息	38,474	18,133
		52,870	48,947
Interest on lease liabilities	租賃負債利息	46	88
		52,916	49,035

10. INCOME TAX EXPENSE

10. 所得稅開支

		(Unaudited) (未經審核)	
		Six months ended 30 June 截至六月三十日止六個月	
		2021	2020
		二零二一年	二零二零年
		RMB'000	RMB'000
		人民幣千元	人民幣千元 (Restated) (經重列)
PRC income tax	中國所得稅		
— Under-provision in respect of the prior year	— 過往年度撥備不足	—	2,091

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

簡明綜合中期財務報表附註

For the six months ended 30 June 2021 截至二零二一年六月三十日止六個月

11. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amounts is based on the loss for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 578,750,000 (six months ended 30 June 2020 (restated): 578,750,000) in issue during the six months ended 30 June 2021.

11. 本公司普通權益持有人應佔每股虧損

每股基本虧損金額的計算乃基於本公司普通權益持有人應佔期內虧損及截至二零二一年六月三十日止六個月已發行普通股加權平均數578,750,000股(截至二零二零年六月三十日止六個月(經重列): 578,750,000股)。

		(Unaudited) (未經審核)	
		Six months ended 30 June	
		截至六月三十日止六個月	
		2021	2020
		二零二一年	二零二零年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
			(Restated) (經重列)
Loss attributable to ordinary equity holders of the Company	本公司普通權益持有人應佔虧損	(126,226)	(624,616)
Weighted average number of ordinary shares in issue (in thousands)	已發行普通股加權平均數(千股)	578,750	578,750
Loss per share attributable to ordinary equity holders of the Company	本公司普通權益持有人應佔每股虧損		
— Basic and diluted (RMB)	— 基本及攤薄(人民幣)	(0.22)	(1.08)

No adjustment has been made to the basic loss per share amounts presented for the periods ended 30 June 2021 and 2020 in respect of a dilution as the Group has no potential dilutive ordinary shares in issue.

由於本集團期內並無已發行的具潛在攤薄作用的普通股，故並無就攤薄而對截至二零二一年及二零二零年六月三十日止期間呈列的每股基本虧損金額作出調整。

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

簡明綜合中期財務報表附註

For the six months ended 30 June 2021 截至二零二一年六月三十日止六個月

12. DIVIDEND

No interim dividend was proposed for the six months ended 30 June 2021.

The proposed 2019 final dividend of RMB6.80 cents per share, totalling RMB39,355,000, was approved by the Company's shareholders at the annual general meeting on 29 June 2020. It was recorded in "other payables and accruals" in the interim condensed consolidated statement of financial position and was subsequently distributed in August 2020.

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group purchased property, plant and equipment with an aggregate cost of RMB12,104,000 (six months ended 30 June 2020 (Restated): RMB5,636,000).

14. INVENTORIES

12. 股息

本公司並無建議就截至二零二一年六月三十日止六個月派發中期股息。

二零一九年建議末期股息每股人民幣6.80分(合共人民幣39,355,000元)已獲本公司股東於二零二零年六月二十九日在股東週年大會上批准。有關股息記入中期簡明綜合財務狀況表的「其他應付款項及應計項目」，並隨後於二零二零年八月派發。

13. 物業、廠房及設備

截至二零二一年六月三十日止六個月，本集團購買總成本為人民幣12,104,000(截至二零二零年六月三十日止六個月(經重列)：人民幣5,636,000元)的物業、廠房及設備。

14. 存貨

		(Unaudited) (未經審核)	(Audited) (經審核)
		30 June 2021 二零二一年 六月三十日 RMB'000 人民幣千元	31 December 2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
Raw materials	原材料	9,630	9,425
Work in progress	在製品	647,456	663,236
Finished goods	成品	6,280	12,265
		663,366	684,926

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

簡明綜合中期財務報表附註

For the six months ended 30 June 2021 截至二零二一年六月三十日止六個月

15. TRADE RECEIVABLES

15. 應收貿易款項

		(Unaudited) (未經審核)	(Audited) (經審核)
		30 June 2021	31 December 2020
		二零二一年 六月三十日	二零二零年 十二月三十一日
		RMB'000 人民幣千元	RMB'000 人民幣千元
Trade receivables	應收貿易款項	26,486	24,066
Less: allowance of credit losses	減：信貸虧損撥備	(2,809)	(3,652)
Trade receivables, net	應收貿易款項淨額	23,677	20,414

The Group's trading terms with its customers are mainly on credit. The credit period is generally one to three months.

本集團與客戶間的貿易條款以信貸交易為主。信貸期通常為一至三個月。

The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

本集團致力於對尚未收回的應收賬款維持嚴格監管，而過期未付的結餘由高級管理層定期檢討。本集團並無就應收貿易款項結餘持有任何抵押品或採取其他信用增強措施。應收貿易款項為不計息。

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

於報告期末，本集團應收貿易款項按發票日期及扣除虧損撥備的賬齡分析如下：

		(Unaudited) (未經審核)	(Audited) (經審核)
		30 June 2021	31 December 2020
		二零二一年 六月三十日	二零二零年 十二月三十一日
		RMB'000 人民幣千元	RMB'000 人民幣千元
Within 3 months	3個月以內	20,999	18,532
3 to 6 months	3至6個月	2,527	1,169
6 months to 1 year	6個月至1年	151	713
		23,677	20,414

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

簡明綜合中期財務報表附註

For the six months ended 30 June 2021 截至二零二一年六月三十日止六個月

16. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

16. 預付款項、其他應收款項及其他資產

		(Unaudited) (未經審核)	(Audited) (經審核)
		30 June 2021	31 December 2020
		二零二一年 六月三十日	二零二零年 十二月三十一日
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Prepayments	預付款項	3,773	7,952
Less: Impairment	減：減值	(584)	(1,230)
Value-added tax recoverable	可收回增值稅	106,649	97,645
Deposits and other receivables	按金及其他應收款項	23,599	23,309
Less: Allowance for credit losses	減：信貸虧損撥備	(1,269)	(546)
		132,168	127,130
Less: Portion classified as non-current assets	減：獲分類為非流動資產的部分	(16,569)	(15,714)
Current portion included in prepayments, other receivables and other assets	計入預付款項、其他應收款項及其他資產的流動部分	115,599	111,416

Impairment analysis is performed at each reporting date and expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The financial assets included in the above balance were categorised in Stage 1 at the year of the reporting period. In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking data.

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts.

本集團在每個報告日期進行減值分析，並參考本集團的歷史虧損記錄採用虧損率法對預期信貸虧損作出估計。虧損率會予以調整以反映當前狀況和對未來經濟狀況的預測（如適用）。計入上述結餘的金融資產在報告期內分類為第1階段。在計算預期信貸虧損率時，本集團會考慮歷史虧損率並調整前瞻性數據。

上述結餘所列金融資產涉及近期並無違約記錄及逾期金額的應收款項。

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

簡明綜合中期財務報表附註

For the six months ended 30 June 2021 截至二零二一年六月三十日止六個月

17. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

17. 現金及現金等價物以及已抵押存款

		(Unaudited) (未經審核)	(Audited) (經審核)
		30 June 2021	31 December 2020
		二零二一年 六月三十日	二零二零年 十二月三十一日
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Cash and bank balances	現金及銀行結餘	4,885	8,443
Pledged deposits	已抵押存款	939	230
		5,824	8,673
Less: Pledged for bank loans (note 20(f))	減：抵押以獲取銀行貸款(附註20(f))	(939)	(230)
Cash and cash equivalents	現金及現金等價物	4,885	8,443
Denominated in RMB	以人民幣計值	4,108	7,744
Denominated in HK\$	以港元計值	539	595
Denominated in United States Dollar (USD)	以美元計值	238	104
Cash and cash equivalents	現金及現金等價物	4,885	8,443

18. TRADE PAYABLES

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

18. 應付貿易款項

於報告期末應付貿易款項按發票日期的賬齡分析如下：

		(Unaudited) (未經審核)	(Audited) (經審核)
		30 June 2021	31 December 2020
		二零二一年 六月三十日	二零二零年 十二月三十一日
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Within 3 months	3個月以內	13,086	18,974
3 to 6 months	3至6個月	9,172	9,054
Over 6 months	6個月以上	15,061	14,711
		37,319	42,739

Trade payables of the Group are non-interest-bearing and are normally settled on terms of one to six months extending to longer period for those long standing suppliers. The carrying amounts of the trade payables approximate to their fair values.

本集團應付貿易款項為不計息且通常須於一至六個月內結清，而長期供應商可獲延期。應付貿易款項的賬面值與其公平值相若。

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

簡明綜合中期財務報表附註

For the six months ended 30 June 2021 截至二零二一年六月三十日止六個月

19. OTHER PAYABLES AND ACCRUALS 19. 其他應付款項及應計項目

		Notes	(Unaudited) (未經審核) 30 June 2021 二零二一年 六月三十日 RMB'000 人民幣千元	(Audited) (經審核) 31 December 2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
Contract liabilities	合約負債	(a)	12,880	25,546
Other tax payables	其他應付稅項	(b)	201,775	211,880
Other payables and accruals	其他應付款項及應計項目	(c)	132,052	117,851
Amount due to a director	應付一名董事款項		26	51
Salary payables	應付薪金		4,516	9,590
			351,249	364,918

Notes:

(a) Details of contract liabilities are as follows:

附註：

(a) 合約負債詳情如下：

		Notes	(Unaudited) (未經審核) 30 June 2021 二零二一年 六月三十日 RMB'000 人民幣千元	(Audited) (經審核) 31 December 2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
Short-term advances received from customers	自客戶收取的短期墊款			
— Sale of goods	— 銷售貨品		12,880	25,546

(b) Included in the balances was mainly the value added tax payable of approximately RMB170,730,000 (31 December 2020: RMB154,654,000).

(b) 計入結餘主要為應付增值稅約人民幣170,730,000元(二零二零年十二月三十一日：人民幣154,654,000元)。

(c) Included in the balances was mainly the provision of surcharge for overdue tax payment of approximately RMB99,017,000 (31 December 2020: RMB70,317,000).

(c) 計入結餘主要為逾期稅項付款附加費撥備約人民幣99,017,000元(二零二零年十二月三十一日：人民幣70,317,000元)。

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

簡明綜合中期財務報表附註

For the six months ended 30 June 2021 截至二零二一年六月三十日止六個月

20. INTEREST-BEARING BANK AND OTHER BORROWINGS

20. 計息銀行及其他借款

		As at 30 June 2021 於二零二一年六月三十日			As at 31 December 2020 於二零二零年十二月三十一日		
		Effective Interest rate (%) 實際 利率 (%)	Maturity 到期	RMB'000 人民幣千元	Effective Interest rate (%) 實際 利率 (%)	Maturity 到期	RMB'000 人民幣千元
Current	即期						
Lease liabilities	租賃負債	4.75–9.98	2022 二零二二年	26,111	4.75–9.98	2021 二零二一年	25,696
Bank loans	銀行貸款	3.85–5.87	On demand 按要求	280,149	3.85–5.87	On demand 按要求	462,528
— secured ^{(a)(b)(f)(g)}	— 有抵押 ^{(a)(b)(f)(g)}						
Bank loans	銀行貸款	5.23–7.13	2022 二零二二年	106,170	3.85–7.12	2021 二零二一年	157,282
— secured ^{(a)(f)(g)}	— 有抵押 ^{(a)(f)(g)}						
Other borrowings	其他借款	7.42–24.00	2022 二零二二年	159,819	7.42–24.00	2021 二零二一年	159,258
— unsecured ^{(c)(e)(h)}	— 無抵押 ^{(c)(e)(h)}						
Other borrowing	其他借款	4.95–15.32	2022 二零二二年	979,385	4.95–15.32	2021 二零二一年	604,199
— secured ^{(d)(e)(f)(i)}	— 有抵押 ^{(d)(e)(f)(i)}						
				1,551,634			1,408,963
Non-current	非即期						
Lease liabilities	租賃負債	4.75–9.98	2022–2029 二零二二年至 二零二九年	1,637	4.75–9.98	2022–2029 二零二二年至 二零二九年	14,867
Other borrowing	其他借款	12.23–15.32	2022–2023 二零二二年至 二零二三年	63,126	12.23–15.32	2022–2023 二零二二年至 二零二三年	71,656
— secured ^{(d)(e)(f)(i)}	— 有抵押 ^{(d)(e)(f)(i)}						
				64,763			86,523
Total	總計			1,616,397			1,495,486
Analysed into:	分析為：						
With one year or on demand	一年內或按要求			1,551,634			1,408,963
In the second year	第二年			63,554			10,328
In the third year to fifth years, inclusive	第三年至第五年 (包括首尾兩年)			837			75,790
Beyond five years	五年後			372			405
				1,616,397			1,495,486

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

簡明綜合中期財務報表附註

For the six months ended 30 June 2021 截至二零二一年六月三十日止六個月

20. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

- (a) As at 30 June 2021, the Group's total facilities of bank borrowings amounting to RMB386,319,000 (31 December 2020: RMB619,810,000), of which RMB386,319,000 (31 December 2020: RMB619,810,000) had been utilised.
- (b) As at 30 June 2021, the Group's bank loans amounting to approximately RMB280,149,000 (31 December 2020: RMB462,528,000) were not in compliance with certain financial loan covenants. The maturity of the aforesaid bank loans as at 30 June 2021 were all within 12 months and have already been classified as current liabilities.
- (c) As at 30 June 2021, included in the balances was other borrowings amounting to approximately RMB159,819,000 (31 December 2020: RMB159,258,000) which was unsecured, bearing interest at 7.42%–24% (31 December 2020: 7.42%–24%) per annum and repayable within one year (31 December 2020: repayable within one year).
- (d) As at 30 June 2021, included in the balances was other borrowings amounting to approximately RMB1,042,511,000 (31 December 2020: RMB675,855,000) which was secured, bearing interest at 4.95%–15.32% (31 December 2020: 4.95%–15.32%) per annum and repayable within one to two years (31 December 2020: repayable within one to three years), in which RMB961,566,000 and RMB64,849,000 (31 December 2020: RMB594,547,000 and RMB60,738,000) was from 南太湖 and 湖盛融資. Mr. Chen Wei was the chief executive of the 湖州吳興城市, holding company of 南太湖 and 湖盛融資, and appointed as an executive director of the Group on 11 September 2020, who has significant influence over both the Group and 南太湖 and 湖盛融資.

20. 計息銀行及其他借款(續)

- (a) 於二零二一年六月三十日，本集團銀行借款融資總額為人民幣386,319,000元(二零二零年十二月三十一日：人民幣619,810,000元)，其中人民幣386,319,000元(二零二零年十二月三十一日：人民幣619,810,000元)已動用。
- (b) 於二零二一年六月三十日，本集團的銀行貸款約人民幣280,149,000元(二零二零年十二月三十一日：人民幣462,528,000元)不符合部分金融貸款契約。於二零二一年六月三十日，上述銀行貸款到期日均在十二個月以內且已分類為流動負債。
- (c) 於二零二一年六月三十日，計入結餘為其他借款約人民幣159,819,000元(二零二零年十二月三十一日：人民幣159,258,000元)，該款項為無抵押、按年利率7.42%至24%(二零二零年十二月三十一日：7.42%至24%)計息並須於一年內償還(二零二零年十二月三十一日：一年內償還)。
- (d) 於二零二一年六月三十日，計入結餘為其他借款約人民幣1,042,511,000元(二零二零年十二月三十一日：人民幣675,855,000元)，該款項為有抵押、按年利率4.95%至15.32%(二零二零年十二月三十一日：4.95%至15.32%)計息並須於一至兩年內償還(二零二零年十二月三十一日：須於一至三年內償還)，其中人民幣961,566,000元及人民幣64,849,000元(二零二零年十二月三十一日：人民幣594,547,000元及人民幣60,738,000元)來自南太湖及湖盛融資。陳偉先生為南太湖及湖盛融資的控股公司湖州吳興城市的行政總裁，並於二零二零年九月十一日獲委任為本集團執行董事，對本集團、南太湖及湖盛融資擁有重大影響力。

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

簡明綜合中期財務報表附註

For the six months ended 30 June 2021 截至二零二一年六月三十日止六個月

20. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

- (e) As at 30 June 2021, the Group's other borrowings amounting to approximately RMB847,500,000 (31 December 2020: RMB430,000,000) were overdue and the related overdue interest expense of approximately RMB17,709,000 (30 June 2020 (restated): RMB6,909,000) was recognised for the six months ended 30 June 2021.
- (f) At the end of the reporting period, certain of the Group's assets were pledged to banks and other lenders for securing the bank loans and other finance leases granted to the Group.

The carrying values of these assets are:

		(Unaudited) (未經審核) 30 June 2021 二零二一年 六月三十日 RMB'000 人民幣千元	(Audited) (經審核) 31 December 2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
Property, plant and equipment	物業、廠房及設備	248,687	251,511
Right-of-use assets	使用權資產	51,652	50,859
Inventories	存貨	542,282	549,212
Pledged deposits	已抵押存款	939	230
		843,560	851,812

- (g) As at 30 June 2021, Certain of the Group's bank loans were guaranteed by Mr. Chen Weizhong, the former director of the Company, Ms. Xing Liyu, spouse of Mr. Chen Weizhong, Mr. Chen Weidong, brother of Mr. Chen Weizhong, Mr. Chen Jinhao, son of Mr. Chen Weizhong, and related companies of the Group.
- (h) As at 30 June 2021, included in the balances was other borrowings amounting to approximately RMB15,127,000 (31 December 2020: RMB13,920,000) that were withdrawn on behalf of a related company, Zhejiang Zhongwei Brewery Co., Limited 浙江中味釀造有限公司 ("Zhejiang Zhongwei"). The amount is unsecured, bore interest at 24% (31 December 2020: 24%) per annum and repayable on demand.

20. 計息銀行及其他借款(續)

- (e) 於二零二一年六月三十日，本集團的其他借款約人民幣847,500,000元(二零二零年十二月三十一日：人民幣430,000,000元)已逾期，且截至二零二一年六月三十日止六個月確認相關逾期利息開支約人民幣17,709,000元(二零二零年六月三十日(經重列)：人民幣6,909,000元)。
- (f) 於報告期末，本集團的若干資產已抵押予銀行及其他貸款人，以取得授予本集團的銀行貸款及其他融資租賃。

該等資產的賬面值：

- (g) 於二零二一年六月三十日，本集團若干銀行貸款由本公司前董事陳衛忠先生、陳衛忠先生的配偶邢利玉女士、陳衛忠先生的胞兄弟陳衛東先生、陳衛忠先生的兒子Chen Jinhao先生及本集團的關聯公司擔保。
- (h) 於二零二一年六月三十日，計入結餘為代表關聯公司浙江中味釀造有限公司(「浙江中味」)提取的其他借款約人民幣15,127,000元(二零二零年：人民幣13,920,000元)。該金額為無抵押、按年利率24%(二零二零年十二月三十一日：24%)計息並須於要求時償還。

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

簡明綜合中期財務報表附註

For the six months ended 30 June 2021 截至二零二一年六月三十日止六個月

20. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

- (i) The amount included certain sales leaseback arrangements of machinery and equipment with remaining lease terms of 1.5 years (31 December 2020: 2 year) as at 30 June 2021. According to the sale and leaseback agreements, if no default occurs during the lease term, the ownership of the plant and machinery shall be automatically transferred to the lessee at a nominal consideration.

During the preparation of the Group's condensed consolidated interim financial statements, the management assessed the accounting treatment and was of the view that the Group was having control over the machinery and equipment as the Group had the option to acquire the assets at nominal consideration at the end of the lease period. Thus the transfer of the machinery and equipment to the lender did not satisfy the requirement of IFRS 15 to be accounted for as a sales of assets and the Group shall continue to recognise the transferred assets as property, plant and equipment and shall recognised transfer proceeds from the lender as other borrowings.

The following table sets out the details of the sale and leaseback arrangements as at 30 June 2021 and 31 December 2020:

Date of incurrence 產生日期	Principal amount 本金 (RMB) (人民幣)	Effective Interest rate (%) 實際利率 (%)	Maturity 到期日	Guarantee deposit 保證金 (RMB) (人民幣)
21 November 2019 二零一九年十一月二十一日	30,000,000	12.23%	20 November 2022 二零二二年十一月二十日	4,500,000
21 January 2020 二零二零年一月二十一日	55,000,000	15.32%	20 January 2023 二零二三年一月二十日	5,000,000

All the Group's bank and other borrowings are denominated in RMB. The carrying amounts of the Group's bank and other borrowings approximate to their fair values.

20. 計息銀行及其他借款(續)

- (i) 金額包括截至二零二一年六月三十日的餘下租期為1.5年(二零二零年十二月三十一日:2年)的若干機械及設備售後回租安排。根據售後回租協議,若在租賃期內未有違約,則廠房及機械將以象徵式代價自動轉讓予承租人。

於編製本集團的中期簡明綜合財務報表時,管理層評估會計處理法,認為本集團對機械及設備擁有控制權,乃因本集團有權按名義代價於租賃期結束後購置資產。因此,向貸款人轉讓機械及設備並不符合國際財務報告準則第15號規定以入賬列作為資產出售,而本集團應持續確認轉讓資產為物業、廠房及設備並將貸款人的轉讓所得款項確認為其他借款。

下表載列於二零二一年六月三十日及二零二零年十二月三十一日的售後租回安排詳情:

本集團所有銀行及其他借款均以人民幣計值。本集團銀行及其他借款的賬面值與其公平值相若。

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

簡明綜合中期財務報表附註

For the six months ended 30 June 2021 截至二零二一年六月三十日止六個月

21. OTHER LONG TERM LIABILITIES

21. 其他長期負債

		(Unaudited) (未經審核)	(Audited) (經審核)
		30 June 2021	31 December 2020
		二零二一年 六月三十日	二零二零年 十二月三十一日
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Other long term payables (note)	其他長期應付款項(附註)	133,000	133,000
Provision for long service payment	長期服務付款撥備	6,153	6,214
		139,153	139,214

Note:

On 6 May 2016, two wholly-owned subsidiaries of the Company, Huzhou Chen Shi Tian Niang Management Consulting Co., Ltd. ("Huzhou Chenshi") and Huzhou Laohenghe Brewery Co., Limited ("Huzhou Laohenghe", which is also a wholly-owned subsidiary of Huzhou Chenshi) entered into an investment agreement with China Development Fund Co., Ltd. ("CD Fund") (國開發基金有限公司) (the "Investment Agreement"). Pursuant to the Investment Agreement, CD Fund agreed to subscribe for a 3.5% equity interest in Huzhou Laohenghe at a total cash consideration of RMB133,000,000 (the "Capital Investment") and Huzhou Laohenghe shall pay CD Fund a fixed annual return equal to 1.2% of the Capital Investment from the date of the agreement. In addition, Huzhou Chenshi has a contractual obligation to repurchase the entire equity interest in Huzhou Laohenghe held by CD Fund within 8 years according to the repayment schedule under the Investment Agreement. Further details of the Investment Agreement have been disclosed in the announcements of the Company dated 9 May 2016 and 29 June 2016, respectively.

As Huzhou Chenshi does not have the unconditional right to avoid delivering cash to CD Fund pursuant to the Investment Agreement, the Capital Investment of RMB133,000,000 was recorded as a financial liability.

The balance of other long term payables was analysed as follows:

Amounts repayable:	應償還款項：
More than 1 but within 5 years	1年以上但5年以內

附註：

於二零一六年五月六日，本公司兩間全資附屬公司湖州陳氏天釀管理諮詢有限公司(「湖州陳氏」)及湖州老恒和釀造有限公司(「湖州老恒和」，亦為湖州陳氏的全資附屬公司)與國開發基金有限公司(「國開發基金」)訂立注資協議(「注資協議」)。根據注資協議，國開發基金同意以人民幣133,000,000元的現金總代價認購湖州老恒和3.5%的股本權益(「資本投入」)，而湖州老恒和須自該協議日期起每年按相當於資本投入1.2%的固定金額向國開發基金支付回報。此外，湖州陳氏承擔合約責任，須根據注資協議的還款時間表於八年內購回國開發基金所擁有湖州老恒和的全部股本權益。有關注資協議的進一步詳情已分別於本公司日期為二零一六年五月九日及二零一六年六月二十九日的公佈披露。

由於湖州陳氏並無根據注資協議避免向國開發基金支付現金的無條件權利，因此人民幣133,000,000元的資本投入被記賬為金融負債。

其他長期應付款項結餘的分析如下：

		(Unaudited) (未經審核)	(Audited) (經審核)
		30 June 2021	31 December 2020
		二零二一年 六月三十日	二零二零年 十二月三十一日
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Amounts repayable:	應償還款項：		
More than 1 but within 5 years	1年以上但5年以內	133,000	133,000

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

簡明綜合中期財務報表附註

For the six months ended 30 June 2021 截至二零二一年六月三十日止六個月

22. SHARE CAPITAL

22. 股本

		(Unaudited) (未經審核)	(Audited) (經審核)
		30 June 2021	31 December 2020
		二零二一年 六月三十日	二零二零年 十二月三十一日
		RMB'000 人民幣千元	RMB'000 人民幣千元
Authorised:	法定：		
1,000,000,000 ordinary shares of USD0.0005 (RMB0.00305) each	1,000,000,000 股 每股面值0.0005美元 (人民幣0.00305元)的普通股	3,050	3,050
Issued and fully paid:	已發行及繳足：		
578,750,000 ordinary shares of USD0.0005 (RMB0.00305) each	578,750,000 股 每股面值0.0005美元 (人民幣0.00305元)的普通股	1,767	1,767

23. COMMITMENTS

23. 承擔

The Group had the following capital commitments at the end of the reporting period:

於報告期末，本集團有下列資本承擔：

		(Unaudited) (未經審核)	(Audited) (經審核)
		30 June 2021	31 December 2020
		二零二一年 六月三十日	二零二零年 十二月三十一日
		RMB'000 人民幣千元	RMB'000 人民幣千元
Contracted, but not provided for:	已訂約但未計提撥備：		
Plant and machinery	廠房及機器	5,417	4,982

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

簡明綜合中期財務報表附註

For the six months ended 30 June 2021 截至二零二一年六月三十日止六個月

24. RELATED PARTY TRANSACTIONS

24. 與關聯方交易

- (a) Name and relationship of related parties controlled or significantly influenced by Mr. Chen Weizhong and his relatives (the “**Associates of Mr. Chen Weizhong**”):

- (a) 受陳衛忠先生及其親屬(「陳衛忠先生的聯繫人」)控制或重大影響的關聯方的名稱及關係：

Name 名稱	Relationship 關係
Mr. Chen Weizhong 陳衛忠先生	The former executive director of the Company 本公司前執行董事
Mr. Chen Weidong 陳衛東先生	Brother of Mr. Chen Weizhong 陳衛忠先生的胞兄弟
Ms. Xing Liyu 邢利玉女士	Spouse of Mr. Chen Weizhong 陳衛忠先生的配偶
Mr. Chen Jinhao Chen Jinhao 先生	Son of Mr. Chen Weizhong 陳衛忠先生的兒子
Zhejiang Zhongwei 浙江中味	Company significantly influenced by Mr. Chen Jinhao, son of Mr. Chen Weizhong 受陳衛忠先生的兒子 Chen Jinhao 先生顯著影響的公司
Key Shine Global Holdings Limited	The Company's ultimate holding company
Key Shine Global Holdings Limited	本公司的最終控股公司
Hu Zhou Heng Peng Trading Company Limited 湖州恒朋貿易有限公司	The subsidiary of Key Shine Key Shine 的附屬公司
Huzhou Wuxing Suhushu Grain and Oil Mechanization Professional Cooperative 湖州吳興蘇湖熟糧油機械化專業合作社	Company significantly influenced by Ms. Xing Liyu, spouse of Mr. Chen Weizhong 受陳衛忠先生配偶邢利玉女士顯著影響的公司
湖州吳興糧夢糧油專業合作社聯合社	Company significantly influenced by Ms. Xing Liyu, spouse of Mr. Chen Weizhong 受陳衛忠先生配偶邢利玉女士顯著影響的公司
Huzhou Wuxing Wucheng Wine Co., Ltd.	Company significantly influenced by Ms. Xing Liyu, spouse of Mr. Chen Weizhong 受陳衛忠先生配偶邢利玉女士顯著影響的公司
湖州吳興烏程酒業有限公司	受陳衛忠先生配偶邢利玉女士顯著影響的公司
Zhejiang Ruoxiachun Brewing Co., Ltd. 浙江箬下春釀酒有限公司	The associate of Heng Peng 恒朋的聯營公司
Yilong County Zhongwei Food Co., Ltd.	Company significantly influenced by Mr. Chen Jinhao, son of Mr. Chen Weizhong 受陳衛忠先生的兒子 Chen Jinhao 先生顯著影響的公司
儀隴縣中味食品有限公司	

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

簡明綜合中期財務報表附註

For the six months ended 30 June 2021 截至二零二一年六月三十日止六個月

24. RELATED PARTY TRANSACTIONS

(Continued)

(a) (Continued)

Name and relationship of related parties that are the group companies of 湖州吳興城市, controlled or significantly influenced by Mr. Chen Wei:

Name 名稱	Relationship 關係
湖州吳興城市	Company having a security interest in shares of the Company
湖州吳興城市	擁有本公司股份質押權益的公司
南太湖	Subsidiary of 湖州吳興城市
南太湖	湖州吳興城市的附屬公司
湖盛融資	Subsidiary of 湖州吳興城市
湖盛融資	湖州吳興城市的附屬公司

(b) In addition to the transactions detailed elsewhere in these condensed consolidated interim financial statements, the Group had the following transactions with connected and related parties during the period:

24. 與關聯方交易 (續)

(a) (續)

陳偉先生控制或顯著影響的為湖州吳興城市的關聯方的名稱及關係：

(b) 除該等中期簡明綜合財務報表其他部分詳述的交易外，本集團期內有以下與關連及關聯方的交易：

Name of related parties 關聯方名稱	Nature of transactions 交易性質	Notes 附註	(Unaudited) (未經審核)	
			Six months ended 30 June 截至六月三十日止六個月 2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元
南太湖	Interest expense 利息開支	(i)	24,051	9,376
南太湖	Overdue interest expenses 逾期利息開支	(i)	16,703	6,909
湖盛融資	Interest expense 利息開支	(i)	4,111	-

Note:

(i) The interest expenses and overdue interest expenses was charged in accordance with contractual terms.

附註：

(i) 利息開支及逾期利息開支乃根據合約條款收取。

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

簡明綜合中期財務報表附註

For the six months ended 30 June 2021 截至二零二一年六月三十日止六個月

24. RELATED PARTY TRANSACTIONS

(Continued)

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

24. 與關聯方交易 (續)

(c) 本集團主要管理人員的酬金：

		(Unaudited) (未經審核)	
		Six months ended 30 June 截至六月三十日止六個月	
		2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元 (Restated) (經重列)
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	638	752
Pension scheme contributions	退休金計劃供款	26	35
Total compensation paid to key management personnel	支付予主要管理人員的酬金總額	664	787

(d) Provision of guarantees by related parties:

(d) 關聯方所提供的擔保：

		(Unaudited) (未經審核)	(Audited) (經審核)
		30 June 2021 二零二一年 六月三十日 RMB'000 人民幣千元	31 December 2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
Bank loans guaranteed by:	銀行貸款由以下各方擔保：		
Mr. Chen Weizhong, Ms. Xing Liyu and Mr. Chen Jinhao	陳衛忠先生、邢利玉女士及 Chen Jinhao 先生	85,000	85,000
Mr. Chen Weizhong, Mr. Chen Weidong and Ms. Xing Liyu	陳衛忠先生、陳衛東先生及 邢利玉女士	70,000	70,000
Mr. Chen Weizhong and Ms. Xing Liyu	陳衛忠先生及邢利玉女士	125,755	142,955
Zhejiang Zhongwei	浙江中味	55,000	55,000
Mr. Chen Weizhong, Ms. Xing Liyu, Mr. Chen Jinhao and Zhejiang Zhongwei	陳衛忠先生、邢利玉女士、 Chen Jinhao 先生及浙江中味	-	15,000
		335,755	367,955

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

簡明綜合中期財務報表附註

For the six months ended 30 June 2021 截至二零二一年六月三十日止六個月

25. CONTINGENCIES

- (a) On 6 December 2019, the Company received a writ of summons by Natural Seasoning International (HK) Limited (the “**Plaintiff**”) against, among others, the Company, Mr. Chen Weizhong and Key Shine as defendants, on the ground that Key Shine and Mr. Chen Weizhong have been in breach of certain agreements in relation to, among others, the operation of the Company and restrictions on disposal of shares in the Company (the “**Litigation**”). Details of the Litigation were set out in the announcement of the Company dated 16 December 2019.

Subject to receipt of further evidences or details of claim from the Plaintiff; and after having taken into account, amongst other factors, the fact that the Company is not a party to the agreements leading to the Litigation, the Company does not consider that the Litigation will have any material adverse impact on the business and/or operations of the Group and accordingly have not made any provision for any claim arising from the Litigation, other than the related legal and other costs.

- (b) There are two court hearings against the Group as the guarantor to two creditors are suspended and it is still uncertain as to how much the borrowers will be able to repay these creditors for the suspended court hearings. Based on the legal advice, it is expected the court judgements might require the Group to pay to these creditors 50% of the loan amount should the debtors eventually fail to repay these creditors.

26. EVENTS AFTER THE REPORTING PERIOD

(a) Impact of new coronavirus pneumonia epidemic

The outbreak of the COVID-19 since January 2020 in Mainland China have brought disruptions to the Group’s operation. The consequential precautionary and control measures released by the local government and authorities have temporarily stunt the logistics activities across the country which has once stagnated the Group’s supply chain and delivery.

The Group’s production has been resumed. And the extent of epidemic prevention and control measures have been gradually released responding to the request from the local government. However, given the dynamic nature of the circumstances and the uncertainty of the duration of the epidemic and the situation of epidemic preventive measures, the Group will pay close attention to the development of the COVID-19 pandemic and perform further assessment on its impact and take relevant measures.

25. 或然事項

- (a) 於二零一九年十二月六日，本公司接獲 Natural Seasoning International (HK) Limited (「原告」) 向 (其中包括) 本公司、陳衛忠先生及 Key Shine (作為被告) 發出的法院傳票，理由為 Key Shine 及陳衛忠先生已違反有關 (其中包括) 本公司營運及出售本公司股份限制的若干協議 (「該訴訟」)。該訴訟的詳情載於本公司日期為二零一九年十二月十六日的公佈。

由於須接獲更多證據或有關原告索償的更多詳情，並考慮到 (其中包括) 本公司並非引致該訴訟的協議的訂約方，故此本公司並不認為該訴訟會對本集團業務及／或營運造成任何重大不利影響，繼而並無就該訴訟提出的任何索償 (相關法律及其他成本除外) 計提撥備。

- (b) 兩項針對本集團 (作為兩名債權人的擔保人) 的法院聆訊被暫停，目前仍不確定就被暫停法院聆訊而言，借款人將能夠償還該等債權人的金額。根據法律意見，倘若債務人最終未能向該等債權人還款，預期法院判決可能要求本集團向該等債權人支付 50% 的貸款金額。

26. 報告期後事項

(a) 新型冠狀病毒性肺炎疫情的影響

COVID-19 於二零二零年一月以來在中國內地爆發，已干擾本集團業務營運。隨後地方政府及有關當局所採取之相應防控措施使全國物流活動暫時受阻，繼而導致本集團的供應鏈及付運一度停滯。

本集團已恢復生產。為響應地方政府要求，疫情防控措施力度已逐步放寬。然而，鑒於疫情變化以及疫情蔓延時間及防疫狀況不明朗，本集團將密切關注 COVID-19 疫情的發展，並對其影響進行進一步評估及採取相關措施。

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

簡明綜合中期財務報表附註

For the six months ended 30 June 2021 截至二零二一年六月三十日止六個月

26. EVENTS AFTER THE REPORTING PERIOD (Continued)

(b) Investigation

As described in details in the announcement of the Company dated 19 January 2021, the Company became aware that Mr. Chen Weizhong had been held in criminal custody by the Public Safety Bureau of Wuxing District of Huzhou City in relation to a suspected charge of illegally taking deposits from the general public. As set out in note 2.1 to the condensed consolidated interim financial statements, the Company has established the Independent Investigation Committee and engaged FTI Consulting to undertake the Investigation on certain issues. FTI Consulting issued a report and a supplemental report in relation to its findings on the Investigation on 30 May 2022 and 28 September 2022 respectively.

(c) Agreements with related parties

In 2022, the Group entered into a trilateral agreement among 南太湖 and Zhejiang Zhongwei such that part of the amount due to 南太湖 of approximately RMB19,036,000 included in interest-bearing bank and other borrowings set out in note 20 was settled by the transfer of right of debts of Zhejiang Zhongwei to 南太湖.

In 2022, 南太湖, 湖州吳興城市 and 湖盛融資 have confirmed that they do not intend to demand payment from the Group for the amount due to them for a period of fourteen months from the date of approval of these condensed consolidated interim financial statements.

26. 報告期後事項(續)

(b) 調查

誠如本公司日期為二零二一年一月十九日的公佈詳細載述，本公司得悉陳衛忠先生已因涉嫌非法吸收公眾存款罪被湖州市公安局吳興分局刑事拘留。如中期簡明綜合財務報表附註2.1載述，本公司已成立獨立調查委員會並委任FTI Consulting進行調查若干事項。FTI Consulting於二零二二年五月三十日及二零二二年九月二十八日分別出具一份報告及一份補充報告，內容有關其調查結果。

(c) 與關聯方的協議

於二零二二年，本集團與南太湖及浙江中味訂立三方協議，因此在附註20載列的計息銀行及其他借款列賬的應付南太湖款項約人民幣19,036,000元的部分按向南太湖轉讓浙江中味的債項權利方式結付。

於二零二二年，南太湖、湖州吳興城市及湖盛融資已確認，於批准該等簡明綜合中期財務報表日期起計十四個月期間，彼等無意就應付彼等之款項要求本集團付款。



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