

**APPENDIX I**

**ACCOUNTANT’S REPORT**

*The following is the text of a report set out on pages [I-[●]] to [I-[●]], received from the Company’s reporting accountant, [PricewaterhouseCoopers], Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Sponsors pursuant to the requirements of HKSIR 200 Accountants’ Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.*

*[Letterhead of PricewaterhouseCoopers]*

*[Draft]*

**ACCOUNTANT’S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHENZHEN PAGODA INDUSTRIAL (GROUP) CORPORATION LIMITED (FORMERLY KNOWN AS SHENZHEN PAGODA ORCHARD INDUSTRIAL DEVELOPMENT CO., LTD.) AND MORGAN STANLEY ASIA LIMITED**

***Introduction***

We report on the historical financial information of Shenzhen Pagoda Industrial (Group) Corporation Limited (formerly known as Shenzhen Pagoda Orchard Industrial Development Co., Ltd.) (the “Company”) and its subsidiaries (together, the “Group”) set out on pages [I-[●]] to [I-[●]], which comprises the consolidated statements of financial position as at 31 December 2019, 2020 and 2021 and 30 June 2022, the Company statements of financial position as at 31 December 2019, 2020 and 2021 and 30 June 2022, and the consolidated statements of profit or loss, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2019, 2020 and 2021 and the six months ended 30 June 2022 (the “Track Record Period”) and a summary of significant accounting policies and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages [I-[●]] to [I-[●]] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [document date] (the “Document”) in connection with the initial [REDACTED] of H shares of the Company [REDACTED].

***Directors’ responsibility for the Historical Financial Information***

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

***Reporting accountant’s responsibility***

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants’ Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

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Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant’s judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity’s preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Opinion***

In our opinion, the Historical Financial Information gives, for the purposes of the accountant’s report, a true and fair view of the financial position of the Company as at 31 December 2019, 2020 and 2021 and 30 June 2022 and the consolidated financial position of the Group as at 31 December 2019, 2020 and 2021 and 30 June 2022 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information.

***Review of stub period comparative financial information***

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended 30 June 2021 and other explanatory information (the “Stub Period Comparative Financial Information”). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Notes [2.1] to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant’s report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note [2.1] to the Historical Financial Information.

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**Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance**

*Adjustments*

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page [I-[●]] have been made.

*Dividends*

We refer to note [14] to the Historical Financial Information which states that no dividends have been paid by Shenzhen Pagoda Industrial (Group) Corporation Limited and the companies now comprising the Group in respect of the Track Record Period.

**[PricewaterhouseCoopers]**

*Certified Public Accountants*

Hong Kong

[Date]

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**I. HISTORICAL FINANCIAL INFORMATION OF THE GROUP**

**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with Hong Kong Standards on Auditing issued by the HKICPA. ("Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000") except when otherwise indicated.

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**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS**

	Note	Year ended 31 December			Six months ended 30 June	
		2019	2020	2021	2021	2022
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					<i>(Unaudited)</i>	
Revenue	5	8,976,133	8,853,693	10,289,375	5,525,424	5,914,721
Cost of sales	8	(8,099,777)	(8,046,263)	(9,132,939)	(4,924,177)	(5,237,328)
<b>Gross profit</b>		876,356	807,430	1,156,436	601,247	677,393
Other income	6	59,484	49,195	34,559	18,295	29,526
Other gains, net	7	34,046	28,203	8,055	7,635	7,676
Selling expenses	8	(344,863)	(394,593)	(451,730)	(220,561)	(246,184)
Administrative expenses	8	(236,871)	(215,591)	(307,065)	(156,347)	(157,205)
Net (provision)/reversal of impairment loss on financial assets	24, 25	(11,048)	(20,891)	(5,370)	(11,783)	754
Research and development expenses	8	(59,252)	(106,053)	(139,742)	(65,222)	(86,280)
<b>Operating profit</b>		317,852	147,700	295,143	173,264	225,680
Finance income	11	3,031	12,192	24,091	5,137	15,423
Finance costs	11	(44,673)	(52,065)	(78,190)	(33,781)	(43,499)
Finance costs, net	11	(41,642)	(39,873)	(54,099)	(28,644)	(28,076)
Share of (losses)/profit of associates and joint ventures, net	20	(7,529)	(9,763)	16,483	9,536	9,444
Loss on impairment of an associate	20	–	(26,354)	–	–	–
<b>Profit before income tax</b>		268,681	71,710	257,527	154,156	207,048
Income tax expense	12	(20,384)	(26,052)	(36,164)	(20,363)	(21,498)
<b>Profit for the year/period</b>		<u>248,297</u>	<u>45,658</u>	<u>221,363</u>	<u>133,793</u>	<u>185,550</u>
Profit is attributable to:						
Owners of the Company		249,453	49,063	230,345	139,209	194,452
Non-controlling interests		(1,156)	(3,405)	(8,982)	(5,416)	(8,902)
		<u>248,297</u>	<u>45,658</u>	<u>221,363</u>	<u>133,793</u>	<u>185,550</u>
<b>Earnings per share for profit attributable to the owners of the Company</b>						
Basic and diluted (expressed in RMB cents per share)	13	<u>16.63</u>	<u>3.27</u>	<u>15.36</u>	<u>9.28</u>	<u>12.96</u>

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**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

Note	Year ended 31 December			Six months ended 30 June	
	2019	2020	2021	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(Unaudited)</i>	
<b>Profit for the year/period</b>	248,297	45,658	221,363	133,793	185,550
<b>Other comprehensive income/(loss)</b>					
<i>Items that will not be subsequently reclassified to profit or loss</i>					
Share of other comprehensive income of interests in associates and joint venture	20	84	-	-	-
Changes in the fair value of financial assets at fair value through other comprehensive income (“FVOCI”)	21	38,419	9,629	(49,437)	(58,077)
Income tax relating to these items	31	(9,578)	524	5,884	(500)
<b>Other comprehensive income/(loss) for the year/period, net of tax</b>		<u>28,925</u>	<u>10,153</u>	<u>(43,553)</u>	<u>(52,083)</u>
<b>Total comprehensive income for the year/period</b>		<u>277,222</u>	<u>55,811</u>	<u>177,810</u>	<u>184,228</u>
Total comprehensive income/(loss) for the year/period is attributable to:					
Owners of the Company		278,378	59,216	186,792	87,126
Non-controlling interests		(1,156)	(3,405)	(8,982)	(5,416)
		<u>277,222</u>	<u>55,811</u>	<u>177,810</u>	<u>184,228</u>

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**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Note	As at 31 December			As at
		2019	2020	2021	30 June
		RMB'000	RMB'000	RMB'000	2022
				RMB'000	
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	15	214,285	247,334	308,027	331,259
Right-of-use assets	16	292,202	294,927	609,620	575,064
Investment property	17	2,753	2,622	2,618	2,574
Intangible assets	18	246,337	251,962	247,729	241,400
Interests in associates and joint ventures	20	112,138	258,956	324,451	336,856
Financial assets at FVOCI	21	76,349	65,362	10,864	20,434
Financial assets at fair value through profit or loss ("FVTPL")	26	79,716	75,166	82,286	81,313
Restricted bank deposits	27	–	51,009	1,009	1,009
Long-term bank deposits	27	–	250,000	100,000	30,000
Deposits, prepayments and other receivables	25	83,867	247,908	321,401	350,883
Deferred tax assets	31	6,490	4,412	6,839	5,566
		<u>1,114,137</u>	<u>1,749,658</u>	<u>2,014,844</u>	<u>1,976,358</u>
<b>Current assets</b>					
Inventories	22	234,806	259,255	246,760	263,351
Biological assets	23	3,006	2,131	4,525	4,445
Trade receivables	24	1,443,731	1,290,874	1,156,227	1,083,098
Deposits, prepayments and other receivables	25	577,466	619,107	857,536	759,298
Financial assets at FVTPL	26	765,822	414,744	1,039,995	229,954
Loans to associates	38	39,032	29,867	12,608	18,136
Amounts due from associates	38	13,756	–	15	988
Restricted bank deposits	27	176,979	224,386	272,690	267,314
Short-term bank deposits	27	–	200,100	250,000	80,000
Cash and cash equivalents	27	317,248	454,636	564,666	1,897,504
		<u>3,571,846</u>	<u>3,495,100</u>	<u>4,405,022</u>	<u>4,604,088</u>
<b>Total assets</b>		<u>4,685,983</u>	<u>5,244,758</u>	<u>6,419,866</u>	<u>6,580,446</u>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Bank borrowings	28	26,000	18,000	17,084	15,676
Other payables	30	30,235	63,219	72,266	76,939
Contract liabilities	5	28,636	34,372	30,853	28,326
Lease liabilities	16	249,112	260,991	518,937	492,764
Deferred tax liabilities	31	22,250	17,927	11,040	8,641
		<u>356,233</u>	<u>394,509</u>	<u>650,180</u>	<u>622,346</u>
<b>Current liabilities</b>					
Trade payables	29	378,835	304,932	345,196	500,553
Accruals and other payables	30	877,344	1,028,085	1,178,246	1,181,856
Contract liabilities	5	11,845	14,124	18,249	16,807
Income tax payables		14,187	14,517	11,674	14,770
Amounts due to associates	38	18,495	17,890	15,882	4,194
Bank borrowings	28	594,785	911,069	1,435,427	1,289,918
Lease liabilities	16	30,986	30,710	52,051	51,371
		<u>1,926,477</u>	<u>2,321,327</u>	<u>3,056,725</u>	<u>3,059,469</u>
<b>Total liabilities</b>		<u>2,282,710</u>	<u>2,715,836</u>	<u>3,706,905</u>	<u>3,681,815</u>
<b>Net assets</b>		<u>2,403,273</u>	<u>2,528,922</u>	<u>2,712,961</u>	<u>2,898,631</u>
<b>Equity</b>					
<b>Equity attributable to the owners of the Company</b>					
Paid in capital/share capital	32	21,901	1,500,000	1,500,000	1,500,000
Reserves	33	2,373,724	954,841	1,135,859	1,328,989
Capital and reserves attributable to owners of the Company		<u>2,395,625</u>	<u>2,454,841</u>	<u>2,635,859</u>	<u>2,828,989</u>
Non-controlling interests		7,648	74,081	77,102	69,642
<b>Total equity</b>		<u>2,403,273</u>	<u>2,528,922</u>	<u>2,712,961</u>	<u>2,898,631</u>

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**STATEMENTS OF FINANCIAL POSITION**

	Note	As at 31 December			As at
		2019	2020	2021	30 June
		RMB'000	RMB'000	RMB'000	2022
				RMB'000	
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	15	25,784	25,296	28,178	29,149
Right-of-use assets	16	29,111	21,922	23,311	13,644
Intangible assets	18	38,255	74,271	77,930	74,124
Investments in subsidiaries	20	190,759	190,759	221,759	222,759
Investments in associates	20	8,900	8,900	33,400	34,400
Restricted bank deposit	27	–	50,000	–	–
Long-term bank deposits	27	–	250,000	100,000	30,000
Deposits, prepayments and other receivables	25	74,820	169,974	281,629	309,409
Deferred tax assets	31	1,436	1,907	2,301	1,178
		<u>369,065</u>	<u>793,029</u>	<u>768,508</u>	<u>714,663</u>
<b>Current assets</b>					
Inventories	22	9,303	25,433	16,117	23,051
Trade receivables	24	13,692	18,638	27,466	22,801
Deposits, prepayments and other receivables	25	197,301	66,106	83,776	85,316
Amounts due from subsidiaries	39	1,951,409	2,772,774	3,424,443	3,919,633
Financial assets at FVTPL	26	765,822	414,744	1,039,995	229,954
Restricted bank deposits	27	165,970	211,486	258,788	252,282
Short-term bank deposits	27	–	200,100	250,000	80,000
Cash and cash equivalents	27	151,801	261,942	278,367	1,154,141
		<u>3,255,298</u>	<u>3,971,223</u>	<u>5,378,952</u>	<u>5,767,178</u>
<b>Total assets</b>		<u>3,624,363</u>	<u>4,764,252</u>	<u>6,147,460</u>	<u>6,481,841</u>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Other payables	30	30,235	63,219	72,266	73,604
Contract liabilities	5	28,636	34,372	30,853	28,326
Lease liabilities	16	23,322	16,223	15,529	9,242
Deferred tax liabilities	31	845	1,107	1,357	374
		<u>83,038</u>	<u>114,921</u>	<u>120,005</u>	<u>111,546</u>
<b>Current liabilities</b>					
Trade payables	29	5,143	7,637	15,387	14,248
Accruals and other payables	30	697,997	862,394	910,050	936,448
Contract liabilities	5	11,310	12,636	17,965	16,807
Amounts due to subsidiaries	39	137,379	992,638	2,338,038	2,911,701
Bank borrowings	28	370,457	618,879	913,878	869,393
Lease liabilities	16	6,668	7,329	9,510	5,074
		<u>1,228,954</u>	<u>2,501,513</u>	<u>4,204,828</u>	<u>4,753,671</u>
<b>Total liabilities</b>		<u>1,311,992</u>	<u>2,616,434</u>	<u>4,324,833</u>	<u>4,865,217</u>
<b>Net assets</b>		<u>2,312,371</u>	<u>2,147,818</u>	<u>1,822,627</u>	<u>1,616,624</u>
<b>Equity</b>					
<b>Equity attributable to the owners of the Company</b>					
Paid-in capital/share capital	32	21,901	1,500,000	1,500,000	1,500,000
Reserves	33	2,290,470	647,818	322,627	116,624
<b>Total equity</b>		<u>2,312,371</u>	<u>2,147,818</u>	<u>1,822,627</u>	<u>1,616,624</u>



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**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Attributable to owners of the Company				
	Paid-in capital/share capital	Reserves	Sub-total	Non- controlling interests	Total
	RMB'000	RMB'000 (Note 33)	RMB'000	RMB'000	RMB'000
At 1 January 2019	21,901	2,095,346	2,117,247	8,410	2,125,657
Profit/(loss) for the year	–	249,453	249,453	(1,156)	248,297
Other comprehensive income	–	28,925	28,925	–	28,925
Total comprehensive income/(loss) for the year	–	278,378	278,378	(1,156)	277,222
Transaction with owners					
Dissolution of a subsidiary (Note 37)	–	–	–	394	394
At 31 December 2019	<u>21,901</u>	<u>2,373,724</u>	<u>2,395,625</u>	<u>7,648</u>	<u>2,403,273</u>
At 1 January 2020	21,901	2,373,724	2,395,625	7,648	2,403,273
Profit/(loss) for the year	–	49,063	49,063	(3,405)	45,658
Other comprehensive income	–	10,153	10,153	–	10,153
Total comprehensive income/(loss) for the year	–	59,216	59,216	(3,405)	55,811
Transactions with owners					
Shares issued upon capitalisation of reserves (Note 32)	1,478,099	(1,478,099)	–	–	–
Change in ownership structure in a subsidiary without change of control (Note 1.1(e))	–	–	–	(173)	(173)
Step acquisition of subsidiaries (Note 36.1(b))	–	–	–	70,011	70,011
At 31 December 2020	<u>1,500,000</u>	<u>954,841</u>	<u>2,454,841</u>	<u>74,081</u>	<u>2,528,922</u>
At 1 January 2021	1,500,000	954,841	2,454,841	74,081	2,528,922
Profit/(loss) for the year	–	230,345	230,345	(8,982)	221,363
Other comprehensive loss	–	(43,553)	(43,553)	–	(43,553)
Total comprehensive income/(loss) for the year	–	186,792	186,792	(8,982)	177,810
Transaction with owners					
Change in ownership structure in a subsidiary without change of control (Note 1(d))	–	(5,774)	(5,774)	3,774	(2,000)
Capital injection by a non-controlling interest	–	–	–	8,229	8,229
At 31 December 2021	<u>1,500,000</u>	<u>1,135,859</u>	<u>2,635,859</u>	<u>77,102</u>	<u>2,712,961</u>

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	<b>Attributable to owners of the Company</b>				
	<b>Paid-in capital/share capital</b>	<b>Reserves</b>	<b>Sub-total</b>	<b>Non- controlling interests</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i> <i>(Note 33)</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2021 (unaudited)	1,500,000	954,841	2,454,841	74,081	2,528,922
Profit/(loss) for the period	–	139,209	139,209	(5,416)	133,793
Other comprehensive loss	–	(52,083)	(52,083)	–	(52,083)
Total comprehensive income/(loss) for the period	–	87,126	87,126	(5,416)	81,710
Transaction with owners					
Capital injection by a non- controlling interest	–	–	–	6,780	6,780
At 30 June 2021	<u>1,500,000</u>	<u>1,041,967</u>	<u>2,541,967</u>	<u>75,445</u>	<u>2,617,412</u>
At 1 January 2022	1,500,000	1,135,859	2,635,859	77,102	2,712,961
Profit/(loss) for the period	–	194,452	194,452	(8,902)	185,550
Other comprehensive loss	–	(1,322)	(1,322)	–	(1,322)
Total comprehensive income/(loss) for the period	–	193,130	193,130	(8,902)	184,228
Transaction with owners					
Capital injection by a non- controlling interest <i>(Note 1(h), (i))</i>	–	–	–	1,442	1,442
At 30 June 2022	<u>1,500,000</u>	<u>1,328,989</u>	<u>2,828,989</u>	<u>69,642</u>	<u>2,898,631</u>

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**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Note	Year ended 31 December			Six months ended 30 June	
		2019	2020	2021	2021	2022
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>(Unaudited)</i>						
<b>Cash flows from operating activities</b>						
Cash generated from operations	34(a)	520,081	320,498	326,317	128,119	532,970
Income tax paid		(24,738)	(27,602)	(42,435)	(10,622)	(20,028)
Net cash generated from operating activities		495,343	292,896	283,882	117,497	512,942
<b>Cash flows from investing activities</b>						
Payment for acquisition of subsidiary, net of cash acquired	36	(240,717)	(11,198)	–	–	–
Payments for property, plant and equipment		(90,678)	(89,097)	(33,892)	(25,352)	(50,437)
Proceeds from disposal of property, plant and equipment	34(b)	10,519	3,581	–	–	–
Payments for intangible assets		(20,012)	(16,871)	(10,069)	(760)	(1,391)
Acquisition of investment property		(2,753)	–	–	–	–
Prepayments for right-of-use assets	25	–	(51,600)	–	–	–
Acquisition of financial assets at FVOCI	21	(30,457)	(8,243)	(3,002)	(1,905)	(10,581)
Proceeds from disposal of financial assets at FVOCI	21	63,967	–	–	–	189
Acquisition of financial assets at FVTPL	26	(12,246,320)	(6,181,410)	(7,507,295)	(3,150,000)	(2,299,806)
Proceeds from redemption of financial assets at FVTPL	26	12,686,212	6,547,591	6,884,172	2,828,531	3,118,296
Acquisition of associates and joint venture	20	(54,444)	(70,383)	(55,647)	(44,184)	(2,961)
Proceeds from disposal of associates and joint venture		–	966	6,320	–	–
Decrease of interest-free loans to franchisees		12,766	13,990	–	–	–
Placement of bank deposits		(50,000)	(550,100)	(149,900)	(80,000)	(80,000)
Redemption of bank deposits		50,000	50,000	250,000	230,100	320,000
Advance to associates		(55,183)	(38,452)	(24,848)	(20,687)	(18,599)
Repayment from associates		11,194	47,617	42,107	38,539	13,071
Advance of loan receivables		(435,220)	(514,032)	(616,556)	(314,963)	(210,256)
Repayment of loan receivables		135,531	451,254	585,875	269,455	230,869
Interest income arising from loan receivables		20,739	31,535	21,120	11,211	11,107
Interest received from bank deposits		3,031	12,192	24,091	5,137	15,423
Dividend received from a joint venture	20(f)	–	–	9,626	5,914	–
Net cash (used in)/from investing activities		(231,825)	(372,660)	(577,898)	(248,964)	1,034,924

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	Note	Year ended 31 December			Six months ended 30 June	
		2019	2020	2021	2021	2022
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
						<i>(Unaudited)</i>
<b>Cash flows from financing activities</b>						
Payments for acquisition of ownership interests in subsidiaries without change in control	1(d)&(e)	–	(173)	(2,000)	–	–
Proceeds from bank borrowings	28	594,000	1,104,000	1,915,000	1,111,200	613,400
Repayments of bank borrowings	28	(552,000)	(796,500)	(1,392,000)	(785,400)	(760,400)
Principal elements of lease payments	34(c)	(26,395)	(35,994)	(45,859)	(20,081)	(25,210)
Interest elements of lease payments	34(c)	(15,613)	(16,043)	(30,242)	(13,107)	(16,438)
Interest paid		(29,071)	(35,238)	(47,506)	(20,674)	(26,978)
Placement of bank deposits		(45,873)	(12,900)	(13,902)	(13,902)	(13,900)
Redemption of bank deposits		10,000	10,000	12,900	12,900	13,902
Payment of [REDACTED] expenses		–	–	(574)	(366)	(846)
Capital injection by non-controlling interest		–	–	8,229	6,780	1,442
<b>Net cash (used in)/generated from financing activities</b>		<b>(64,952)</b>	<b>217,152</b>	<b>404,046</b>	<b>277,350</b>	<b>(215,028)</b>
Net increase in cash and cash equivalents		198,566	137,388	110,030	145,883	1,332,838
Cash and cash equivalents at beginning of the year/period		118,682	317,248	454,636	454,636	564,666
Cash and cash equivalents at end of the year/period	27	<b>317,248</b>	<b>454,636</b>	<b>564,666</b>	<b>600,519</b>	<b>1,897,504</b>

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### II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

#### 1 General information

The Company was incorporated in the People’s Republic of China (the “PRC”) on 3 December 2001 as a limited liability company under Company Law of the PRC. The address of the Company’s registered office is B1101-1103, B1105-1113, B1115-1122, B1201-1203, B1205-1213, B1215-1217, Tower B, Jiansheng Building, No. 1 Pingji Road, Xialilang Community, Nanwan Street, Longgang District, Shenzhen, Guangdong Province, China.

In preparation for [REDACTED] in Hong Kong, on 10 April 2020, the Company was converted into a joint stock company with limited liability with registered capital of RMB1,500,000,000.

The Company and its subsidiaries (together, the “Group”) are principally engaged in operating of a franchised retail network and trading of fruits (the “[REDACTED] Business”). The ultimate controlling party of the Group is Mr. Yu Huiyong (“Mr. Yu”).

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**1.1 Group structure**

During the Track Record Period and as at the date of this report, the Company has direct or indirect interests in the following subsidiaries:

Company name	Country/ place and date of incorporation/ establishment	Registered/ Issued and paid-up capital	Attributable equity interest of the Group					Principal activities/place of operation	Notes
			31 December		30 June	As at the date of this report			
			2019	2020	2021		2022		
<i>(RMB)</i>									
<b>Directly held:</b>									
Pagoda Fruit Investment Management (Shenzhen) Service Co., Ltd. (“Pagoda Supply Chain”) (深圳市百果園供應鏈管理服務有限公司)	Incorporated on 18 June 2014 in the PRC	RMB5,000,000	100%	100%	100%	100%	100%	Provision of supply chain management service in the PRC	(a), (b)
Shenzhen Pagoda Airport Sales Co., Ltd. (“Pagoda Airport”) (深圳市百果園空港銷售有限公司)	Incorporated on 10 October 2014 in the PRC	RMB1,000,000	100%	100%	100%	100%	100%	Sales of fruits in the PRC	(a), (b)
Baigu Technology (Shenzhen) Co., Ltd. (“Baigu Technology”) (深圳市百果互動科技有限公司)	Incorporated on 18 November 2014 in the PRC	RMB60,882,353	100%	100%	100%	100%	100%	Development of information technology in the PRC	(a), (b)
Shenzhen Pagoda Investment Development Co., Ltd. (“Pagoda Investment”) (深圳市百果園投資發展有限公司)	Incorporated on 26 June 2015 in the PRC	RMB50,000,000	100%	100%	100%	100%	100%	Investment holding in the PRC	(a), (b)

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Company name	Country/ place and date of incorporation/ establishment	Registered/ Issued and paid-up capital  (RMB)	Attributable equity interest of the Group			As at the date of this report	Principal activities/place of operation	Notes
			31 December		30 June			
			2019	2020	2021			
Guangdong Pagoda Agricultural Products Preliminary Processing Co., Ltd. (“Pagoda Preliminary Processing”) (廣東百果園農產品初加 工有限公司)	Incorporated on 11 August 2015 in the PRC	RMB50,000,000	100%	100%	100%	100%	Sales and processing of fruits in the PRC	(a), (b)
Shenzhen Pagoda Changfeng Sales Co., Ltd. (“Pagoda Changfeng”) (深圳市百 果常豐銷售有限公司)	Incorporated on 18 December 2015 in the PRC	RMB500,000	100%	100%	100%	100%	Sales of fruits in the PRC	(a), (b)
Shenzhen Xianguo Bake Food And Beverage Management Co., Ltd. (“Shenzhen Xianguo Bake”) (深圳鮮果吧客餐 飲管理有限公司)	Incorporated on 16 May 2016 in the PRC	–	0%	0%	0%	0%	Sales of fruits juice in the PRC	(a), (b), (c)
Jiangxi Wangpin Agricultural Technology Development Co., Ltd. (“Jiangxi Wangpin”) (江 西王品農業科技開發有限 公司)	Incorporated on 13 May 2003 in the PRC	RMB24,300,000	94%	94%	100%	100%	Planting and sales of fruits in the PRC	(a), (b), (d)

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Company name	Country/ place and date of incorporation/ establishment	Registered/ Issued and paid-up capital  (RMB)	Attributable equity interest of the Group			As at the date of this report	Principal activities/place of operation	Notes
			31 December		30 June			
			2019	2020	2021			
Beijing Xianmeiyi Commerce Co., Ltd. (“Beijing Xianmeiyi” (北京鮮美溢商貿有限公 司))	Incorporated on 30 September 2017 in the PRC	RMB1,000,000	100%	100%	100%	100%	Sales of fruits in the PRC	(a), (b)
Beijing Pagoda Changxian Commerce Co., Ltd. (“Pagoda Changxian” (北京百果常鮮商貿有限 公司))	Incorporated on 11 October 2017 in the PRC	RMB300,000	100%	100%	100%	100%	Sales of fruits in the PRC	(a), (b)
Beijing Pagoda Wangxi Sales Co., Ltd. (“Pagoda Wangxi”) (北京百果旺西 銷售有限責任公司)	Incorporated on 12 October 2019 in the PRC	RMB1,000,000	100%	100%	100%	100%	Sales of fruits in the PRC	(a), (b)
Beijing Pagoda Bajie Sales Co., Ltd. (“Pagoda Bajie”) (北京百果八街銷 售有限責任公司)	Incorporated on 15 July 2020 in the PRC	RMB1,000,000	0%	100%	100%	100%	Sales of fruits in the PRC	(a), (b)
Hangzhou Rongxi Trading Co., Ltd (“Hangzhou Rongxi”) (杭州茸希貿易 有限公司)	Incorporated on 19 March 2021 in the PRC	RMB1,000,000	0%	0%	100%	100%	Sales of fruits in the PRC	(a), (b)



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Company name	Country/ place and date of incorporation/ establishment	Registered/ Issued and paid-up capital  (RMB)	Attributable equity interest of the Group				As at the date of this report	Principal activities/place of operation	Notes
			31 December		30 June	Principal activities/place of operation			
			2019	2020	2021				
Shenzhen Pagoda Home Food Sales Co., Ltd. (“Pagoda Home”) (深圳百果之家食品销售有限公司)	Incorporated on 22 November 2021 in the PRC	RMB500,000	0%	0%	100%	100%	Sales of fruits in the PRC	(a), (b)	
Shenzhen Baiguo Digital Industrial Park Co., Ltd (“Baiguo Digital Industrial”) (深圳百果數字產業園有限公司)	Incorporated on 12 March 2020 in the PRC	RMB30,000,000	0%	100%	100%	100%	Sales of fruits in the PRC	(a), (b)	
<b>Indirectly held:</b>									
Beijing Aoxiang Technology Co., Ltd. (“Beijing Aoxiang”) (北京奥想科技有限公司)	Incorporated on 20 August 2013 in the PRC	RMB7,000,000	100%	100%	100%	100%	Provision of information technology service in the PRC	(a), (b)	
Yuanmou Yuanshengyuan Agricultural Technology Co., Ltd. (“Yuanmou Yuanshengyuan”) (元謀原生源農業科技有限公司)	Incorporated on 26 June 2014 in the PRC	RMB27,000,000	51%	51%	51%	51%	Planting of fruits in the PRC	(a), (b)	

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Company name	Country/ place and date of incorporation/ establishment	Registered/ Issued and paid-up capital  (RMB)	Attributable equity interest of the Group			As at the date of this report	Principal activities/place of operation	Notes
			31 December		30 June			
			2019	2020	2021			
Hainan Wangpin Agricultural Technology Development Co., Ltd. (“Hainan Wangpin”) (海南王品農業科技開發 有限公司)	Incorporated on 5 September 2014 in the PRC	RMB10,000,000	100%	100%	100%	100%	Sales of fruits in the PRC	(a), (b)
Hainan Wangpin Guoye Development Co., Ltd. (“Hainan Guoye”) (海南王品果業開發有限 公司)	Incorporated on 2 May 2017 in the PRC	RMB7,000,000	100%	100%	100%	100%	Sales of fruits in the PRC	(a), (b)
Hainan Pagoda Supply Chain Management Service Co., Ltd. (“Hainan Supply Chain”) (海南省百果園供應鏈管 理服務有限公司)	Incorporated on 18 September 2020 in the PRC	RMB5,000,000	0%	100%	100%	100%	Provision of supply chain management service in the PRC	(a), (b)
Shenzhen Yitong Commerce Factoring Co., Ltd. (“Shenzhen Yitong”) (深圳億通商業 保理有限公司)	Incorporated on 26 June 2018 in the PRC	RMB50,000,000	100%	100%	100%	100%	Provision of supply chain financing in the PRC	(a), (b)
Shenzhen Henglichuang Technology Co., Ltd. (“Shenzhen Henglichuang”) (深圳市 恒利創科技有限公司)	Incorporated on 4 July 2018 in the PRC	RMB11,000,000	100%	100%	100%	100%	Provision of information technology service in the PRC	(a), (b)

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Company name	Country/ place and date of incorporation/ establishment	Registered/ Issued and paid-up capital  (RMB)	Attributable equity interest of the Group			As at the date of this report	Principal activities/place of operation	Notes
			31 December		30 June			
			2019	2020	2021			
Shenzhen Yimiaocong Network Technology Co., Ltd. (“Shenzhen Yimiaocong”) (深圳易秒通網絡科技有限公司)	Incorporated on 20 May 2015 in the PRC	RMB7,162,245	100%	100%	100%	100%	Provision of information technology service in the PRC	(a), (b)
Haiyang Chiang Mai Thai Agri-products Co., Ltd. (“Haiyang Jinchengtai”) (海陽津成泰農產品發展有限公司)	Incorporated on 23 April 1999 in the PRC	RMB41,402,695	100%	100%	100%	100%	Sales and processing of fruits in the PRC	(a), (b), (f)
Shenzhen Pagoda Brand Management Co., Ltd. (“Pagoda Brand”) (深圳百果品牌管理有限責任公司)	Incorporated on 18 January 2019 in the PRC	RMB1,000,000	100%	100%	100%	100%	Provision of brand management service in the PRC	(a), (b)
Shenzhen Pagoda Xinxiang Technology Development Co., Ltd. (“Pagoda Xinxiang”) (深圳市百果心享科技發展有限責任公司)	Incorporated on 24 April 2019 in the PRC	RMB50,000,000	100%	100%	100%	100%	Sales of fresh products in the PRC	(a), (b)
Shenzhen Pagoda Shulian Technology Co., Ltd. (“Pagoda Shulian”) (深圳市百果數聯科技有限公司)	Incorporated on 4 November 2019 in the PRC	RMB10,000,000	100%	100%	100%	100%	Sales of information technology application in the PRC	(a), (b)

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Company name	Country/ place and date of incorporation/ establishment	Registered/ Issued and paid-up capital  (RMB)	Attributable equity interest of the Group			As at the date of this report	Principal activities/place of operation	Notes
			31 December		30 June			
			2019	2020	2021			
Shenzhen Pagoda Commerce Development Co., Ltd. (“Pagoda Commerce”) (深圳百果 商業發展有限公司)	Incorporated on 10 December 2019 in the PRC	RMB10,000,000	100%	100%	100%	100%	Provision of property management service in the PRC	(a), (b)
Shenzhen Youxian Interactive Technology Co., Ltd. (“Shenzhen Youxian”) (深圳市優鮮 互聯科技有限公司)	Incorporated on 10 January 2020 in the PRC	RMB10,000,000	0%	65%	65%	65%	Provision of information technology service in the PRC	(a), (b), (h)
Pagoda (Shanghai) Information Technology Co., Ltd. (“Pagoda Information”) (百果園(上 海)信息科技有限公司)	Incorporated on 21 January 2020 in the PRC	RMB10,000,000	0%	100%	100%	100%	Provision of information technology service in the PRC	(a), (b)
Ruian Gangnan Food Co., Ltd. (“Ruian Gangnan”) (瑞安市港楠食品有限公 司)	Incorporated on 29 April 2020 in the PRC	RMB500,000	0%	100%	100%	100%	Sales of fruits in the PRC	(a), (b)

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Company name	Country/ place and date of incorporation/ establishment	Registered/ Issued and paid-up capital  (RMB)	Attributable equity interest of the Group				As at the date of this report	Principal activities/place of operation	Notes
			31 December		30 June				
			2019	2020	2021	2022			
Shanghai Pagoda Industrial Co., Ltd (“Shanghai Pagoda”) (上海百果園實業有限公司)	Incorporated on 13 March 2020 in the PRC	RMB1,000,000	0%	100%	100%	100%	Sales and processing of fruits in the PRC	(a), (b)	
Youguolian Brand Management Co., Ltd (“Youguolian Brand”) (優果聯品牌管理有限公司)	Incorporated on 9 March 2017 in the PRC	RMB80,000,000	30%	56%	56%	56%	Investment holding in the PRC	(a), (b), (g)	
Younongdao (Beijing) Technology Co., Ltd. (優農道(北京) 科技有限公司)	Incorporated on 23 April 2018 in the PRC	RMB5,000,000	46%	58%	68%	68%	Investment in agriculture related business in the PRC	(a), (b), (g)	
Shenzhen Pagoda Seeds Co., Ltd (“Pagoda Seeds”) (深圳市百果種業有限公司)	Incorporated on 22 July 2020 in the PRC	RMB7,000,000	79%	86%	86%	86%	Sales of fruits in the PRC	(a), (b), (e), (i)	
Pagoda Ecological Investment (Yunnan) Co., Ltd (“Pagoda Ecological Investment”) (百果生態投資(雲南)有限公司)	Incorporated on 16 October 2020 in the PRC	RMB20,000,000	0%	100%	100%	100%	Provision of business service in the PRC	(a), (b)	

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Company name	Country/ place and date of incorporation/ establishment	Registered/ Issued and paid-up capital  (RMB)	Attributable equity interest of the Group				As at the date of this report	Principal activities/place of operation	Notes
			31 December		30 June	2022			
			2019	2020	2021				
Shenzhen Baihui Life Technology Co., Ltd. (“Baihui Life”) (深圳市百慧生活科技有 限公司)	Incorporated on 16 November 2020 in the PRC	RMB1,000,000	0%	100%	100%	100%	Provision of information technology service in the PRC	(a), (b)	
Guangdong Pagoda Fruit Products Co., Ltd (“Pagoda Fruit Products”) (廣東百果園 果製品有限公司)	Incorporated on 28 December 2020 in the PRC	RMB10,000,000	0%	100%	100%	100%	Sales and processing of fruits in the PRC	(a), (b)	
Shenzhen Jinnong Supply Chain Management Co., Ltd. (“Jinnong Supply Chain”) (深圳市金農供 應鏈管理有限公司)	Incorporated on 12 May 2021 in the PRC	RMB5,000,000	0%	0%	75%	75%	Sales of fruits in the PRC	(a), (b)	
Shenzhen Baixin Investment Development Co., Ltd. (“Baixin Investment”) (深圳百芯 投資發展有限公司)	Incorporated on 10 September 2021 in the PRC	RMB7,000,000	0%	0%	100%	100%	Investment holding in the PRC	(a), (b)	
Changzhou Tianjing Food Sales Co., Ltd. (“Changzhou Tianjing”) (常州市天競食品銷售有 限公司)	Incorporated on 16 September 2020 in the PRC	RMB500,000	0%	100%	100%	100%	Sales of fruits in the PRC	(a), (b)	

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Company name	Country/ place and date of incorporation/ establishment	Registered/ Issued and paid-up capital  (RMB)	Attributable equity interest of the Group			As at the date of this report	Principal activities/place of operation	Notes
			31 December		30 June			
			2019	2020	2021			
Changzhou Baqianli Food Sales Co., Ltd. (“Changzhou Baqianli”) (常州市八千里食品銷售有限公司)	Incorporated on 22 September 2020 in the PRC	RMB500,000	0%	100%	100%	100%	Sales of fruits in the PRC	(a), (b)
Xi’An Yuxing Fruits Sales Limited (“Xi’An Yuxing”) (西安鈺星水果銷售有限公司)	Incorporated on 27 July 2021 in the PRC	RMB500,000	0%	0%	100%	100%	Sales of fruits in the PRC	(a), (b)
Wenzhou Jiawang Fruits Co., Ltd. (“Wenzhou Jiawang”) (溫州市佳旺水果有限公司)	Incorporated on 23 April 2021 in the PRC	RMB1,000,000	0%	0%	100%	100%	Sales of fruits in the PRC	(a), (b)
Xinjiang Guoyou Xinjiang Agricultural Technology Development Co., Ltd. (“Xinjiang Guoyou”) (新疆優疆農業科技發展有限責任公司)	Incorporated on 22 November 2021 in the PRC	RMB4,000,000	0%	0%	100%	100%	Provision of agricultural technology service in the PRC	(a), (b)
Xi’An Pagoda Co., Ltd. (“Xi’An Pagoda”) (西安百果水果有限公司)	Incorporated on 28 July 2021 in the PRC	RMB500,000	0%	0%	100%	100%	Sales of fruits in the PRC	(a), (b)

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Company name	Country/ place and date of incorporation/ establishment	Registered/ Issued and paid-up capital  (RMB)	Attributable equity interest of the Group				As at the date of this report	Principal activities/place of operation	Notes
			31 December		30 June	2022			
			2019	2020	2021				
Pagoda (Shanghai) Biotechnology Co., Ltd. (“Shanghai Biotechnology”) (百果園 (上海)生物科技有限公司)	Incorporated on 4 June 2021 in the PRC	RMB10,000,000	0%	0%	51%	51%	Provision of information technology service in the PRC	(a), (b)	
Yuanmou Yiguo Agricultural Technology Co., Ltd. (“Yuanmou Yiguo”) (元謀憶果農業 科技有限責任公司)	Incorporated on 19 January 2021 in the PRC	RMB3,000,000	0%	0%	54%	54%	Planting and sales of fruits in the PRC	(a), (b)	
Shenzhen Sangeling Hongshan Enterprise Management Center Partnership (Limited Partnership) (“Hongshan”) (深圳三箇 零弘善企業管理中心(有 限合夥))	Incorporated on 25 January 2022 in the PRC	RMB8,000,000	0%	0%	0%	99.5%	Provision of enterprise management service in the PRC	(a), (b)	
Shenzhen Sangeling Gongchuang Enterprise Management Center Partnership (Limited Partnership) (“Gongchuang”) (深圳三 箇零共創企業管理中心 (有限合夥))	Incorporated on 25 January 2022 in the PRC	RMB8,000,000	0%	0%	0%	99.5%	Provision of enterprise management service in the PRC	(a), (b)	



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Attributable equity interest of the Group							
Company name	Country/ place and date of incorporation/ establishment	Registered/ Issued and paid-up capital	31 December		30 June	Principal activities/place of operation	Notes
			2019	2020	2021		
Shenzhen Sangeling Agricultural Technology Development Co., Ltd. (“Sangeling Agricultural”) (深圳三個 零農業科技發展有限公 司)	Incorporated on 18 February 2022 in the PRC	(RMB) RMB40,000,000	0%	0%	60%	Planting and sales of fruits in the PRC	(a), (b)

*Notes:*

(a) No audited statutory financial statements have been prepared for these subsidiaries as there is no statutory requirement to issue statutory financial statements under their respective places of incorporation.

(b) The English names of PRC companies refer to above in this note represents management’s best efforts in translating the Chinese names of those companies as no English name have been registered or available.

(c) Shenzhen Xianguo Bake was dissolved on 3 April 2019.

(d) On 24 December 2021, the Group acquired the remaining 6% equity interest in Jiangxi Wangpin at a consideration of RMB2,000,000. Jiangxi Wangpin is mainly engaged in planting and sales of fruits in the PRC. Upon completion of the transaction, Jiangxi Wangpin becomes a wholly-owned subsidiary of the Group. A deficit balance of non-controlling interest amounting to RMB3,774,000 was derecognised.

(e) Upon the Group’s step acquisition of Youguolian Brand and Younongdao Beijing on 10 December 2020, the Group acquired 7% equity interest in Pagoda Seeds held by Youguolian Brand. Non-controlling interest amounting to RMB173,000 was derecognised.

(f) On 4 April 2019, the Group completed the acquisition of 100% equity interest of Haiyang Jinchengtai at a consideration of approximately RMB250,000,000. Haiyang Jinchengtai is principally engaged in fruit trading in the PRC. The Group has control over Haiyang Jinchengtai and classified investment in Haiyang Jinchengtai as a subsidiary with its results being consolidated.

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- (g) On 10 December 2020, Pagoda Investment entered into a shareholder's agreement with the other shareholders of Youguolian Brand whereby Pagoda Investment will inject additional capital of RMB60 million into Youguolian Brand (the "Capital Injection"). RMB30 million is injected to share capital and RMB30 million is injected to capital reserve. Subsequent to the completion of this capital injection, the Group (through Pagoda Investment) has effective interest of 56% in Youguolian Brand and therefore obtained control over direction of relevant activities of Youguolian Brand by obtaining the majority of board seats. As such, Youguolian Brand is accounted as a subsidiary with its results being consolidated from 10 December 2020 onwards.
- As Youguolian Brand holds 22% interest in Younongdao Beijing, the Group also increased its effective interest in Younongdao Beijing from 46% to 68%, 46% of which is held through Pagoda Investment and 22% is held through Youguolian Brand, upon the completion of the Capital Injection. As such, the Group also obtained control over Younongdao Beijing and Younongdao Beijing is also accounted for as a subsidiary with its results being consolidated from 10 December 2020 onwards.
- Please refer to Note 20(b), (c)(ii) and (c)(v) for details.
- (h) On 9 February 2022, the Group and the non-controlling interest have both further injected RMB942,000 into Shenzhen Youxian. Shenzhen Youxian is mainly engaged in provision of information technology service in the PRC. Upon completion of the transaction, there is no change in respective attributable equity interest.
- (i) On 2 January 2022, the Group and the non-controlling interest have both further injected RMB500,000 into Pagoda Seeds. Pagoda Seeds is mainly engaged in sales of fruits in the PRC. Upon completion of the transaction, there is no change in respective attributable equity interest.

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### 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 2.1 Basis of preparation

The Historical Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”). The Historical Financial Information has been prepared under the historical cost basis, except for the following:

- certain financial assets and investment property – measured at fair value; and
- certain biological assets – measured at fair value less costs to sell.

The preparation of the Historical Financial Information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

All relevant standards, amendments and interpretations to the existing standards that are effective during the Track Record Period have been adopted by the Group consistently throughout the Track Record Period.

*(a) New standard, amendments to standards, accounting guideline and annual improvement that have been issued but are not effective for the Track Record Period and have not been early adopted*

The following are new standards, amendments to standards, accounting guidance and annual improvement that have been issued, but are not effective for the Track Record Period, and have not been early adopted. The Group plans to adopt these new standards, amendments to standards, accounting guidance and annual improvement when they become effective:

		<b>Effective for accounting year beginning on or after</b>
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 January 2023
HK Interpretation 5 (2020)	Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2023
HKFRS 17	Insurance contracts	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associates or joint ventures	To be determined

According to the assessment made by the board of directors, these new standards, amendments to standards and annual improvement are either not relevant to the Group or not significant to the financial performance and positions of the Group when they become effective.

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### 2.2 Principles of consolidation and equity accounting

#### (a) *Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of financial position respectively.

#### (b) *Associates*

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Interests in associates are accounted for using the equity method of accounting (see (d) below), after initially being recognised at cost.

#### (c) *Joint ventures*

Interests in joint ventures are accounted for using the equity method (see (d) below), after initially being recognised at cost in the consolidated balance sheet.

#### (d) *Equity accounting*

Under the equity method of accounting, the investments in associates and joint venture are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment in associates and joint venture equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint venture are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.10.

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### *(e) Changes in ownership interests*

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

### **2.3 Separate financial statements**

Investments in subsidiaries and associates are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries and associates are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries and associates is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

### **2.4 Business combinations**

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred. The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

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Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity’s incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

### 2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (“CODM”). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company, who make strategic decisions.

### 2.6 Foreign currency translation

#### (a) *Functional and presentation currency*

Items included in the Historical Financial Information of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The Historical Financial Information is presented in RMB, which is the Company’s functional and presentation currency and the Group’s presentation currency.

#### (b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated at foreign currencies at year-end exchange rates are generally recognised in the consolidated statements of profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equity investments held at FVTPL are recognised in the consolidated statements of profit or loss as part of the fair value gains or losses.

### 2.7 Property, plants and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

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Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Building	20 years
Leasehold improvements	Shorter of lease term or 5 – 10 years
Plant and machinery	5 – 20 years
Furniture and equipment	3 – 5 years
Motor vehicles	4 years
Mature fruit trees	10 – 20 years

The Group’s fruit trees qualify as bearer plants under the definition in HKAS 41 “Agriculture” and are therefore accounted for under the principles for plant and equipment. Fruit trees are classified as immature until the produce can be commercially harvested which usually takes 2 to 4 years. At that point they are reclassified to mature fruit trees and depreciation commences. Immature fruit trees are measured at accumulated cost less impairment.

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount (Note 2.10).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within “other gains, net” in the consolidated statements of profit or loss.

Assets under construction are stated at historical cost less any impairment loss. Historical cost includes expenditure that is directly attributable to the development of the assets which comprises construction costs, amortisation of land use rights during the construction period, borrowing costs on qualifying assets and professional fees incurred during the development period. On completion, the assets are transferred to buildings within property and equipment.

No depreciation is provided for assets under construction. The carrying amount of an asset under construction is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount (Note 2.10).

### 2.8 Investment property

Investment properties are held for long-term rental yields and are not occupied by the Group. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequently, they are carried at fair value. Changes in fair values are presented in profit or loss as part of other gains, net.

### 2.9 Intangible assets

#### (a) Goodwill

Goodwill is measured as described in Note 2.4. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units (“CGUs”) for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating subsidiaries.

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### *(b) Trademarks*

Separately acquired trademarks are shown at historical cost. Trademarks acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life based on their legal period and are subsequently carried at cost less accumulated amortisation and impairment losses.

### *(c) Software*

Costs associated with research activities are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable assets controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Software costs are amortised by straight-line method over their useful lives estimated based on technical obsolescence.

Research expenditure and development expenditure that do not meet the criteria above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

### *(d) Customer relationship*

The customer relationship were acquired as part of a business combination. They are recognised at their fair value at the date of acquisition and are subsequently amortised by straight-line method over their useful lives estimated based on historical customer attrition.

### *(e) Amortisation methods and periods*

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

Trademarks	10 years
Software	3-10 years
Customer relationship	6 years

## **2.10 Impairment of non-financial assets**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.



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### 2.11 Investments and other financial assets

#### (a) *Classification*

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets at FVOCI comprise equity securities which are not held for trading, and which the Group and the Company has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group and the Company considers this classification to be more relevant.

Financial assets at FVTPL comprise debt investments that do not qualify for measurement at either amortised cost above or FVOCI.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

#### (b) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade-date, which is the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

#### (c) *Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the consolidated statements of profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

#### *Debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on de-recognition is recognised directly in profit or loss and presented in "other gains, net" together with foreign exchange gains and losses.

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Financial asset at FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in “other gains, net”. Interest income from these financial assets is included in finance income using the effective interest rate method.

Financial asset at FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other losses, net in the period in which it arises.

### *Equity instruments*

The Group subsequently measures all equity investments at fair value. Where the Group’s management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group’s right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains, net in the consolidated statements of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

### *(d) Impairment*

The Group assesses on a forward looking basis the expected credit losses (“ECL”) associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. See Note 3.1(b) and Note 24 for further details.

## **2.12 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the consolidated statements of financial position when the Group has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group entities or the counterparty.

## **2.13 Biological assets**

Biological assets comprise fresh fruits before harvested in farms and are classified as current assets due to short harvesting period.

Biological assets are measured at fair value less cost to sell, see Note 3.3 for further information on determining the fair value.

Costs to sell include the incremental selling costs, including auctioneers’ fees, commission paid to brokers and dealers and estimated costs of transport to the market but excludes finance costs and income taxes.

The fruit trees are bearer plants and are therefore presented and accounted for as property, plant and equipment (Note 2.7). However, the fresh fruit bunches growing on the trees is accounted for as biological assets until the point of harvest. Harvested fresh fruit bunches are transferred to inventory at fair value less costs to sell when harvested.

Changes in fair value of fresh fruit bunches on trees are recognised in the consolidated statements of profit or loss.

Farming costs such as fertilisers, pesticides and labour costs are capitalised in biological assets.

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### 2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost comprises costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less applicable selling expenses.

### 2.15 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and other receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Other receivables include factoring amounts due from regional dealers and suppliers. Factoring arrangements with regional dealers are without recourse whereby the Group derecognises the trade receivable that is originally due from the regional dealers, and recognises an interest-bearing other receivable; while factoring arrangements with suppliers are with recourse whereby the Group retains the trade payable and recognises an interest-bearing other receivable. See Note 2.11(d) and Note 3.1(b) for details of impairment.

### 2.16 Cash and cash equivalents

For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

### 2.17 Share capital

Paid-in capital/ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### 2.18 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### 2.19 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statements of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

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### 2.20 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the year in which they are incurred.

### 2.21 Current and deferred income tax

The income tax expense or credit for the year is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

#### (a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the consolidated statements of financial position in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### (b) Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

The Group considers the lease as a single transaction in which the transaction give rise to equal taxable and deductible temporary differences at inception. The initial recognition exemption from recognising a deferred tax asset and liability does not apply. It is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The Group recognises a deferred tax asset and a deferred tax liability respectively for the deductible and taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the consolidated statements of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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### 2.22 Employee benefits

#### (a) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the date of consolidated statements of financial position.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

#### (b) *Pension obligations*

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees payable under the plans described above.

Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the provincial governments.

#### (c) *Bonus plans*

The Group recognises a liability and an expense for bonuses where they are contractually obliged or where there was a past practice that has created a constructive obligation.

### 2.23 Share-based payments

Share-based compensations benefits are provided to employees via the Employee Option Plan and an employee share scheme, the executive short-term incentive scheme and share appreciation. Further information is set out in Note 33(a). Capital awarded by the Company to employees were vested immediately on grant date. On this date, the market value of the capital award was recognised as an employee benefits expense was a corresponding increase in equity.

### 2.24 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

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### 2.25 Revenue recognition

Revenue is recognised when or as the control of the goods or service is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods or services may be transferred over time or at a point in time.

Revenue is recognised when a performance obligation is satisfied by transferring control of the promised products or services to a customer in an amount that reflects the consideration expected to be collected in exchange for those products or services.

Management performs assessment at contract inception to identify performance obligations for each promise to transfer to the customer a product or a service (or bundle of products or services) that is distinct. To identify the performance obligations, the Group considers all the products and services promised in the contract with the customer based on the Group’s customary business practices, published policies, or specific statements.

Control of the goods or service is transferred over time if the Group’s performance:

- Provides all of the benefits received and consumed simultaneously by the customer;
- Creates or enhances an asset that the customer controls as the Group performs; or
- Does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or service transfers over time, revenue is recognised over the period by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

#### *(a) Operation of franchised and self-owned retail network*

The Group is specialised in fresh fruit and other food products retailing business through both franchised retail network, with close collaboration with franchisees and regional dealers, and its self-owned retail stores. Regional dealers obtain an exclusive license from the Group to develop the Group’s franchise business in a designated region by referring franchisees to the Group and offer support to the franchisees. Franchisees would operate their own retail stores for selling the fruit and other food products.

The Group also operates several self-owned retail stores.

The Group generates revenue by selling fruits and other food products to regional dealers and franchisees and regional dealers obtain an exclusive license from the Group to develop the Group’s franchise business in a designated region by referring franchisees to the Group and offer support to the franchisees, which detail is set out below:

#### *(i) Royalty and franchising income*

Franchisees

The Group enters into franchise agreements with all franchisees, including those referred by regional dealers. Franchise agreements entitle the franchisees to access the brand of the Group and associated intellectual property (the “franchise right”). Under the franchise agreements, franchisees pay a non-refundable initial fee upon entering into franchise agreements, and monthly royalty and other service fees. The initial term of franchise agreements is typically 5 years. Subject to mutual agreement, a franchisee may renew the franchise agreement upon its expiration with no initial fees.

The royalty fee represents the majority of the monthly fee and is determined based on a predetermined progressive rate as a percentage of the applicable franchisee’s stores gross profits. Royalties and other fees are generally invoiced and settled on a monthly basis. Under the current settlement arrangements with franchisees, the Group collect all the store sales proceeds on behalf of the franchisees and settles at the end of each calendar month, after deducting the loan repayment and purchase amounts from franchisees. The Group applies “sales-based royalty” under HKFRS 15 to recognise the royalty fees when the sales to end customers occurred.

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The Group's franchise agreements also include certain initial franchise fees. Initial franchise fees are charged for pre-opening support services provided to the franchisees, including market and location analysis, certain advisory services like license application, general management training and pre-opening marketing, etc. As those services are highly interrelated with the franchise right, they are not individually distinct from the ongoing licensing arrangement provide to the franchisees. As a result, initial franchise fees are recognised on a straight-line basis over the expected franchise period, aligns with the franchisee's access to the franchise rights.

A contract liability is the Group's obligation to transfer the promised goods to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. Unrecognised initial franchise fees are recognised as contract liabilities in the consolidated statements of financial position.

Starting from 2019, the Group provides upfront subsidies to certain franchisees for their pre-opening capital expenditure including decoration and purchasing equipment in return for a higher monthly royalty rate. These subsidies do not represent distinct goods or services provided to the franchisees and are accounted for as a reduction of the royalty income on a straight-line basis over the expected franchise period. The unrecognised portion are recognised as other prepayment in the consolidated statements of financial position.

### Regional dealers

Upon entering into regional dealers contracts, regional dealers have to pay a non-refundable initial fee. The initial term of regional dealer contracts are typically 10 years. Subject to mutual contracts, a regional dealer may renew the regional dealer contracts upon its expiration. Initial fees are recognised on a straight-line basis over the expected contract period, aligns with the regional dealers' access to the franchise rights. Unrecognised initial fees are recognised as contract liabilities in the consolidated statements of financial position.

For every successful referral of franchisee by regional dealers, part of the initial fee and the subsequent royalty fee from franchisees are paid to regional dealers as commission. The commission paid to regional dealers is not a distinct performance obligation by the regional dealers and hence regarded as consideration payable to customers and offsetting with the royalty and franchising income.

### (ii) *Sales of fruit and other food products — Franchised stores and regional dealers*

The Group sells fruits and other food products to regional dealers and franchisees. The regional dealers would further sell the fruit and other food products to the franchisees in specific region.

Revenue are recognised when control of the products has transferred, being when the products are delivered to the customers, the customer has accepted the products, the collection of the related consideration is probable and there is no unfulfilled obligation that could affect the customer's acceptance of the products. The Group is responsible for delivering products to franchised stores. Revenue is recognised upon delivery of products to the franchised stores and the related transportation cost is recognised in cost of sales. On the other hand, the Group arranges with regional dealers for pick-up of the goods at the Group's warehouses and therefore revenue is recognised upon picking up by regional dealers. No transportation cost is incurred.

When the legal title of goods is transferred to regional dealers and franchisees, regional dealers and franchisees are regarded as the principal as they are exposed to the inventory risk before the goods are transferred to franchisees or sold to end customers, respectively. Due to the nature of fruits, when the goods are accepted by the regional dealers and franchisees, they cannot be returned to the Group, except for the defective or wrong products that are identified. Only immaterial return is noted during Track Record Period.

It is the Group's policy for the franchisees to sell their products to the end customers with right of return, while part of the cost is borne by the Group. The fees payable by the Group are regarded as the variable consideration and a refund liability is recognised for the expected amount of costs that will be borne by the Group. Accumulated experience is used to estimate the variable consideration to the extent that it is highly probable that a significant reversal will not occur, using the expected value method, to be included in the transaction price. The validity of this assumption and the estimated amount of rebates are reassessed at each reporting date.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.



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*(iii) Sales of fruit and other food products — Self-operating stores*

The Group operates several retail stores selling fruits and other food products. Revenue from the sale of goods is recognised when the control of the product is transferred to the customer. Payment of the transaction price is due immediately when the customer purchases the fruits and other food products and takes delivery in store.

*(iv) Membership program*

The Group established membership program on behalf of the franchisees offering discount for purchasing of fruit and other food products to the end customers of the retail stores. Members joining the membership program can enjoy the additional discount rates and promotional coupons for purchasing of fruit and other food products in the retail stores. The Group would not reimburse its franchisees for those additional discount and promotion coupons incurred in the promotional activities. These activities are borne at franchisees' own costs.

The Group initiates Xinxiang VIP paid membership plan since late 2018. End customers of franchisees may subscribe for the VIP membership for a 12-month period at a fixed fee payable to the Group. The VIP members will enjoy discount from the purchases at franchised stores equivalent to at least the membership fee paid. Otherwise, the Group will refund to the end customers for any shortfall. Revenue is recognised in the same period when the obligations to refund to the end customers is expired at the end of the 12th month, without considering the breakage. Any unexpired fee is recognised as financial liabilities in the consolidated statements of financial position.

*(v) Provision of services*

The Group provides other services including system maintenance and support services to franchisees. Revenue are recognised when (or as) these services are performed in the accounting period in which the services are rendered.

*(b) Sales of fruits and other food products — trading of fruits*

The Group trades fruit products under short term contracts to overseas and local corporate customers, including food retail companies, supermarkets and fruit markets. Revenue is recognised when control of the products is transferred, being when the products are delivered to the customers, the customer has accepted the products, the collection of the related consideration is probable and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. It is the Group policy to sell its products to the end customers with a right of returns within 2 days for defective or wrong products delivered.

*(c) Others*

The Group occasionally holds local sales to individuals of fruit items other than those offered to franchisees and regional dealers. Revenue are recognised when control of the products has transferred, being when the products are delivered to the customers, the customer has accepted the products, the collection of the related consideration is probable and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

*(d) Financing components*

Except the initial franchisee fee payment by the franchisee and regional dealers exceeds one year, the Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. The Group determines that the payment terms for initial franchisee fee payment were structured primarily for reasons other than the provision of finance to the Group. As a consequence, no significant element of financing is present and the Group does not adjust any of the transaction prices for the time value of money.



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### 2.26 Interest income

Interest income from financial assets at FVTPL is included in the fair value gains on these assets.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

### 2.27 Government grants

Grants from the government are recognised at their fair values where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statements of profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the consolidated statements of profit or loss on a straight line basis over the expected lives of the related assets.

### 2.28 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), less any lease incentives receivable.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

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Payments associated with short-term leases of equipment and vehicles are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

### 2.29 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

## 3 Financial risk management

### 3.1 Financial risk factors

The Group’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group’s financial performance.

#### (a) Market risk

##### (i) Foreign exchange risk

The Group operates in the PRC and most of their transactions are denominated in RMB. The Group is exposed to foreign exchange risk primarily through certain sales and purchases transactions that are denominated in United States dollar (“US\$”). The Group manages its exposures to foreign currency transactions by monitoring the level of foreign currency receipts and payments. The Group ensures that the net exposure to foreign exchange risk is kept to an acceptable level from time to time.

If US\$ had strengthened/weakened by 5% against RMB, with all other variables held constant, the profit before income tax for the years ended 31 December 2019, 2020 and 2021 and six months ended 30 June 2021 and 2022 would have been RMB889,000, RMB955,000 and RMB3,234,000, RMB1,968,000 and RMB936,000 higher/lower respectively, mainly as a result of foreign exchange gains/losses on translation of US\$ denominated net financial assets.

##### (ii) Cash flow and fair value interest rate risk

The Group’s interest rate risk mainly arises from cash and cash equivalents and restricted bank deposits at variable interest rate which are subject to cash flow interest rate risk. If the interest rate of cash and cash equivalents and restricted bank deposits had been 50 basis points higher/lower, the profit before income tax for the years ended 31 December 2019, 2020 and 2021 and six months ended 30 June 2021 and 2022 would have been approximately RMB2,471,000, RMB3,650,000 and RMB2,992,000, RMB1,776,000 and RMB4,529,000 higher/lower, respectively.

The Group’s interest rate risk also arises from bank borrowing at variable interest rate. If the interest rate of bank borrowing had been 50 basis points higher/lower, the profit before income tax for the years ended 31 December 2019, 2020 and 2021 and six months ended 30 June 2021 and 2022 would have been approximately RMB3,104,000, RMB4,645,000 and RMB7,263,000, RMB6,268,000 and RMB6,528,000 lower/higher, respectively.

As at 31 December 2019, 2020 and 2021 and 30 June 2022, the Group is exposed to fair value interest rate risk in relation to fixed rate loan receivables. Management considers the fair value interest rate risk exposure is insignificant to the Group during the Track Record Period.

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### *(iii) Price risk*

The Group's exposure to price risk arises from biological assets, investments in structured deposits, compound financial instruments and equity securities held by the Group and classified in the consolidated statements of financial position as at FVTPL and FVOCI.

To manage its price risk arising from biological assets and investments, the Group diversifies its portfolio. Each biological asset and investment is managed by management on a case by case basis. Management considers the price risk exposure for biological assets is insignificant to the Group. For the investments, the sensitivity analysis is performed by management, see Note 3.3 for details.

### *(b) Credit risk*

Credit risk is managed at company basis. Credit risk primarily arises from trade receivables, deposits and other receivables, amounts due from associates, loans to associates and cash and bank balances included in the consolidated statements of financial position which represent the Group's maximum exposure to credit risk in relation to its financial assets.

#### *(i) Risk management*

To manage risk arising from cash and bank balances, the Group only transacts with state-owned or reputable financial institutions in the PRC. The management believes that there is no significant credit risk as these commercial banks have a high reputation and their credit rating ranges from AA- to AAA.

To manage risk arising from trade receivables, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. The credit period granted to the customers is usually no more than 90 days and the credit quality of these customers is assessed, which takes into account their financial position, past experience and other factors. In view of the sound collection history of receivables due from them, management believes that the credit risk inherent in the Group's outstanding trade receivable balances due from them is not significant.

For deposits and other receivables, amounts due from associates and loans to associates, management makes periodic assessment on the recoverability based on historical settlement records and past experiences. In view of the history of cooperation with debtors and the sound collection history of receivables due from them, management believes that the credit risk inherent in the Group's outstanding balances due from them is not significant.

#### *(ii) Impairment of financial assets*

##### Trade receivables

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables.

The Group considers the credit risk characteristics and the invoice date ageing of the trade receivables to measure the ECL. The Group has assessed the ECL by considering historical default rates, existing market conditions and forward-looking information. For details, please refer to Note 24.

There are no significant concentrations of credit risk which arise from trade receivables from its customers. The management does not expect significant losses from non-performance by these counterparties based on historical settlement pattern. The Group maintains frequent communications with these customers to ensure relevant transactions are running effectively and smoothly and balances are reconciled. Settlements from these customers are closely monitored on an ongoing basis by management of the Group to ensure any overdue debts are identified. Follow-up action is taken to recover the overdue debts.

Trade receivables are written off when there is no reasonable expectation of recovery. Impairment losses on trade receivables are presented as net impairment losses within operating profit. The Group categorises a receivable for write-off when a debtor fails to make contractual payments more than one year past due. Subsequent recoveries of amounts previously written off are credited against the same line item.

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Deposits and other receivables, amounts due from associates and loans to associates

Deposits and other receivables include interest-bearing loans and interest-free loans to franchisees, factoring amounts to regional dealers, factoring amounts to suppliers and interest-bearing loans to third parties, rental and other deposits, proceeds receivable from prepaid cards sold, and other receivables.

The Group considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrow and changes in the operating results of the borrower.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.

The Group uses below categories for deposits and other receivables, amounts due from associates and loans to associates which reflect their credit risk and how the loss provision is determined for each of those categories. A summary of the assumptions underpinning the Group's ECL model is as follows:

<u>Category</u>	<u>Company definition of category</u>	<u>Basis for recognition of ECL provision</u>
Performing	Loans whose credit risk is in line with original expectations.	12-month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime (stage 1).
Underperforming	Loans for which a significant increase in credit risk has occurred compared to original expectations; a significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due (see above in more detail).	Lifetime expected losses (stage 2).
Non-performing (credit impaired)	Interest and/or principal repayments are 90 days past due or it becomes probable a customer will enter bankruptcy.	Lifetime expected losses (stage 3).

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<u>Category</u>	<u>Company definition of category</u>	<u>Basis for recognition of ECL provision</u>
Write-off	Interest and/or principal repayments are 180 days past due and there is no reasonable expectation of recovery.	Asset is written off

The tables below show the credit quality and the maximum exposure to credit risk based on the Group’s credit policy, which is mainly based on central credit rating unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2019, 2020 and 2021 and 30 June 2022. The amounts presented are gross carrying amounts for financial assets:

	<u>Gross carrying amount at default (stage 1)</u>	<u>Gross carrying amount at default (stage 2)</u>	<u>Gross carrying amount at default (stage 3)</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<b>As at 31 December 2019</b>			
Deposits and other receivables	382,502	–	6,000
Amount due from associates	13,756	–	–
Loans to associates	39,032	–	–
	<u>435,290</u>	<u>–</u>	<u>6,000</u>
<b>As at 31 December 2020</b>			
Deposits and other receivables	449,645	–	–
Loans to associates	29,867	–	–
	<u>479,512</u>	<u>–</u>	<u>–</u>
<b>As at 31 December 2021</b>			
Deposits and other receivables	481,351	–	–
Amount due from associates	15	–	–
Loans to associates	12,608	–	–
	<u>493,974</u>	<u>–</u>	<u>–</u>
<b>As at 30 June 2022</b>			
Deposits and other receivables	428,180	–	–
Amount due from associates	988	–	–
Loans to associates	18,136	–	–
	<u>447,304</u>	<u>–</u>	<u>–</u>

Except for other receivables of RMB6,000,000 that was identified by management as credit impaired during the year ended 31 December 2019 and was reclassified from stage 1 to stage 3, there were no transfer between stage 1, 2 and 3 for deposits and other receivables, amounts due from associates and loans to associates during the Track Record Period.

Over the term of the receivables, the Group accounts for its credit risk by appropriately providing for ECL on a timely basis. In calculating the ECL rates, the Group considers historical loss rates for each category of associates, franchisees, regional dealers and suppliers, and adjusts for forward-looking macroeconomic data.

The Group assesses on a forward looking basis the expected credit losses associated with its deposits and other receivables, amounts due from associates and loans to associates. The balances are carried at amortised cost and adopted three-stages approach to assess the impairment. Those parties have a low risk of default and a capacity to meet contractual cash flows. The expected losses rate is minimal given there is no history of significant defaults and insignificant impact from forward-looking estimates.

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No significant changes to estimation techniques or assumptions were made during the Track Record Period.

The loss allowances for trade receivables, deposits and other receivables as at 31 December 2019, 2020 and 2021 and 30 June 2022 reconcile to the opening loss allowances as follows:

	Trade receivables		Deposit and other receivables	Total
	Individual basis	Collective basis	Individual basis	
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2019	–	1,663	7,892	9,555
Impairment losses for the year	–	3,150	7,898	11,048
Receivables written off as uncollectible	–	–	(4,010)	(4,010)
At 31 December 2019	–	4,813	11,780	16,593
Impairment losses/(reversal) for the year	20,481	4,617	(4,207)	20,891
At 31 December 2020	20,481	9,430	7,573	37,484
Impairment losses/(reversal) for the year	6,726	(1,566)	210	5,370
At 31 December 2021	27,207	7,864	7,783	42,854
Impairment losses/(reversal) for the period	–	334	(1,088)	(754)
At 30 June 2022	27,207	8,198	6,695	42,100

As at 31 December 2019, 2020, 2021, and 30 June 2022, the Company’s financial assets comprise of amount due from subsidiaries, trade receivable and deposits and other receivables (mainly represents interest-bearing borrowings to franchisees), amounting to RMB2,192,083,000, RMB2,959,716,000, RMB3,676,536,000 and RMB4,172,047,000. All of such amounts are categorised as stage 1.

During the years ended 31 December 2019, 2020, 2021 and six months ended 30 June 2022, the Company’s trade receivables are assessed on a collective basis and the deposits and other receivables are assessed on an individual basis. The total impairment loss for the years/periods amount to RMB5,296,000, RMB4,060,000, RMB5,370,000 and RMB5,871,000.

**(c) Liquidity risk**

With prudent liquidity risk management, the Group aims to maintain sufficient cash and cash equivalents and ensure the availability of funding through an adequate amount of available financing, including short-term borrowings.

The table below analyses the Group’s non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the date of the consolidated statements of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months other than loans, and lease liabilities equal their carrying balances, as the impact of discounting is not significant.

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*The Group*

	<b>On demand or less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>As at 31 December 2019</b>					
Trade payables	378,835	–	–	–	378,835
Other payables	686,284	–	30,235	–	716,519
Amounts due to associates	18,495	–	–	–	18,495
Bank borrowings	620,888	8,412	18,659	–	647,959
Lease liabilities	32,844	100,677	36,860	126,522	296,903
	<u>1,737,346</u>	<u>109,089</u>	<u>85,754</u>	<u>126,522</u>	<u>2,058,711</u>

	<b>On demand or less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>As at 31 December 2020</b>					
Trade payables	304,932	–	–	–	304,932
Other payables	845,029	120	63,099	–	908,248
Amounts due to associates	17,890	–	–	–	17,890
Bank borrowings	929,808	10,515	8,412	–	948,735
Lease liabilities	32,553	31,637	62,066	176,318	302,574
	<u>2,130,212</u>	<u>42,272</u>	<u>133,577</u>	<u>176,318</u>	<u>2,482,379</u>

	<b>On demand or less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>As at 31 December 2021</b>					
Trade payables	345,196	–	–	–	345,196
Other payables	912,099	9,963	62,303	–	984,365
Amounts due to associates	15,882	–	–	–	15,882
Bank borrowings	1,489,838	1,919	11,280	4,741	1,507,778
Lease liabilities	55,174	51,732	147,840	337,340	592,086
	<u>2,818,189</u>	<u>63,614</u>	<u>221,423</u>	<u>342,081</u>	<u>3,445,307</u>

	<b>On demand or less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>As at 30 June 2022</b>					
Trade payables	500,553	–	–	–	500,553
Other payables	955,404	4,790	72,149	–	1,032,343
Amounts due to associates	4,194	–	–	–	4,194
Bank borrowings	1,332,846	9,201	3,602	4,403	1,350,052
Lease liabilities	54,453	49,509	143,398	316,962	564,322
	<u>2,847,450</u>	<u>63,500</u>	<u>219,149</u>	<u>321,365</u>	<u>3,451,464</u>

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	<b>On demand or less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>As at 31 December 2019</b>					
Trade payables	5,143	–	–	–	5,143
Other payables	647,800	–	30,235	–	678,035
Amounts due to subsidiaries	137,379	–	–	–	137,379
Bank borrowings	386,465	–	–	–	386,465
Lease liabilities	7,068	15,826	4,084	4,813	31,791
	<u>1,183,855</u>	<u>15,826</u>	<u>34,319</u>	<u>4,813</u>	<u>1,238,813</u>

	<b>On demand or less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>As at 31 December 2020</b>					
Trade payables	7,637	–	–	–	7,637
Other payables	811,086	120	63,099	–	874,305
Amounts due to subsidiaries	992,638	–	–	–	992,638
Bank borrowings	645,220	–	–	–	645,220
Lease liabilities	7,622	6,161	7,454	3,378	24,615
	<u>2,464,203</u>	<u>6,281</u>	<u>70,553</u>	<u>3,378</u>	<u>2,544,415</u>

	<b>On demand or less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>As at 31 December 2021</b>					
Trade payables	15,387	–	–	–	15,387
Other payables	863,103	9,963	62,303	–	935,369
Amounts due to subsidiaries	2,338,038	–	–	–	2,338,038
Bank borrowings	950,070	–	–	–	950,070
Lease liabilities	9,890	5,119	10,161	1,115	26,285
	<u>4,176,488</u>	<u>15,082</u>	<u>72,464</u>	<u>1,115</u>	<u>4,265,149</u>

	<b>On demand or less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>As at 30 June 2022</b>					
Trade payables	14,248	–	–	–	14,248
Other payables	904,010	1,455	72,149	–	977,614
Amounts due to subsidiaries	2,911,701	–	–	–	2,911,701
Bank borrowings	902,101	–	–	–	902,101
Lease liabilities	5,378	2,807	5,399	1,419	15,003
	<u>4,737,438</u>	<u>4,262</u>	<u>77,548</u>	<u>1,419</u>	<u>4,820,667</u>



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### 3.2 Capital risk management

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt/(cash) divided by total capital (the sum of total equity and net debt/(cash)), as shown in the consolidated statements of financial position. Net debt/(cash) is calculated as total bank borrowings and lease liabilities less cash and cash equivalents, bank deposits and restricted bank deposits.

The Group’s strategy was to maintain a solid capital base to support the operations and development of its business in the long term. The gearing ratios (defined as net debt/cash divided by total capital) as at 31 December 2019, 2020 and 2021 and 30 June 2022 were as follows:

	As at 31 December			As at 30 June
	2019	2020	2021	2022
	RMB’000	RMB’000	RMB’000	RMB’000
Bank borrowings (Note 28)	620,785	929,069	1,452,511	1,305,594
Lease liabilities (Note 16)	280,098	291,701	570,988	544,135
Less:				
Cash and cash equivalents (Note 27)	(317,248)	(454,636)	(564,666)	(1,897,504)
Bank deposits (Note 27)	–	(450,100)	(350,000)	(110,000)
Restricted bank deposits (Note 27)	(176,979)	(275,395)	(273,699)	(268,323)
Net debt/(cash)	406,656	40,639	835,134	(426,098)
Total equity	2,403,273	2,528,922	2,712,961	2,898,631
Total capital	2,809,929	2,569,561	3,548,095	2,472,533
<b>Gearing ratio</b>	14%	2%	24%	N/A

Substantial decrease in gearing ratio for the year ended 31 December 2020 resulted primarily from increase in cash and cash equivalents, bank deposits and restricted bank deposits.

Substantial increase in gearing ratio for the year ended 31 December 2021 resulted primarily from increase in bank borrowings and lease liabilities.

Gearing ratio is not applicable as at 30 June 2022 as the Group is at a net cash position.

### 3.3 Fair value estimation

#### (a) Financial assets

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels as following:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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The following tables present the fair value hierarchy of the Group’s and the Company’s financial assets that were measured at fair value at 31 December 2019, 2020 and 2021 and 30 June 2022.

*The Group*

<b>Recurring fair value measurements At 31 December 2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<b>Financial assets</b>				
Financial assets at FVOCI				
– Listed equity securities	11,172	–	–	11,172
– Unlisted equity securities	–	–	65,177	65,177
Financial assets at FVTPL				
– Unlisted structured deposits	–	–	765,822	765,822
– Unlisted compound financial instruments	–	–	79,716	79,716
	<u>11,172</u>	<u>–</u>	<u>910,715</u>	<u>921,887</u>
	<u>11,172</u>	<u>–</u>	<u>910,715</u>	<u>921,887</u>
<b>Recurring fair value measurements At 31 December 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<b>Financial assets</b>				
Financial assets at FVOCI				
– Listed equity securities	9,953	–	–	9,953
– Unlisted equity securities	–	–	55,409	55,409
Financial assets at FVTPL				
– Unlisted structured deposits	–	–	414,744	414,744
– Unlisted compound financial instruments	–	–	75,166	75,166
	<u>9,953</u>	<u>–</u>	<u>545,319</u>	<u>555,272</u>
	<u>9,953</u>	<u>–</u>	<u>545,319</u>	<u>555,272</u>
<b>Recurring fair value measurements At 31 December 2021</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<b>Financial assets</b>				
Financial assets at FVOCI				
– Listed equity securities	4,989	–	–	4,989
– Unlisted equity securities	–	–	5,875	5,875
Financial assets at FVTPL				
– Unlisted structured deposits	–	–	1,039,995	1,039,995
– Unlisted compound financial instruments	–	–	82,286	82,286
	<u>4,989</u>	<u>–</u>	<u>1,128,156</u>	<u>1,133,145</u>
	<u>4,989</u>	<u>–</u>	<u>1,128,156</u>	<u>1,133,145</u>
<b>Recurring fair value measurements At 30 June 2022</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<b>Financial assets</b>				
Financial assets at FVOCI				
– Listed equity securities	2,908	–	–	2,908
– Unlisted equity securities	–	–	17,526	17,526
Financial assets at FVTPL				
– Unlisted structured deposits	–	–	229,954	229,954
– Unlisted compound financial instruments	–	–	81,313	81,313
	<u>2,908</u>	<u>–</u>	<u>328,793</u>	<u>331,701</u>
	<u>2,908</u>	<u>–</u>	<u>328,793</u>	<u>331,701</u>

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<b>Recurring fair value measurements At 31 December 2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Financial assets</b>				
Financial assets at FVTPL				
– Unlisted structured deposits	–	–	765,822	765,822
	<u>–</u>	<u>–</u>	<u>765,822</u>	<u>765,822</u>
<b>Recurring fair value measurements At 31 December 2020</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Financial assets</b>				
Financial assets at FVTPL				
– Unlisted structured deposits	–	–	414,744	414,744
	<u>–</u>	<u>–</u>	<u>414,744</u>	<u>414,744</u>
<b>Recurring fair value measurements At 31 December 2021</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Financial assets</b>				
Financial assets at FVTPL				
– Unlisted structured deposits	–	–	1,039,995	1,039,995
	<u>–</u>	<u>–</u>	<u>1,039,995</u>	<u>1,039,995</u>
<b>Recurring fair value measurements At 30 June 2022</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Financial assets</b>				
Financial assets at FVTPL				
– Unlisted structured deposits	–	–	229,954	229,954
	<u>–</u>	<u>–</u>	<u>229,954</u>	<u>229,954</u>

Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at each of the reporting dates. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those price represent actual and regularly occurring market transactions on an arm’s length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value of an instruments are observable, the instrument is included in level 2.

Financial instruments in level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

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(i) *Valuation techniques used to determine fair values*

Specific valuation techniques used to value financial instruments include:

- Listed equity securities – Quoted market prices;
- Unlisted equity securities – Market approach with price-to-earnings ratio for similar instruments, adjusted by discount for lack of marketability;
- Unlisted structured deposits – Discounted cash flow model with unobservable inputs including assumptions of expected future cash flows; and
- Compound financial instruments – Binominal tree model with unobservable inputs including assumptions of expected future cash flows and probability to meet conversion conditions, such conditions include meeting revenue growth target and gross profit target.

Level 3 instruments of the Group’s and the Company’s assets include unlisted equity securities measured at fair value through other comprehensive income, unlisted structured deposits measured at fair value through profit and loss and unlisted compound financial instruments measured at fair value through profit and loss.

(ii) *Fair values measurements using significant unobservable inputs (level 3)*

The following table presents the changes in level 3 items for the Track Record Period:

<b>The Group</b>	<b>Unlisted equity securities</b>	<b>Unlisted structured deposits</b>	<b>Unlisted compound financial instruments</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At 1 January 2019	71,440	1,239,000	–
Acquisitions	23,856	12,168,320	78,000
Redemption	–	(12,686,212)	–
Disposals	(63,967)	–	–
Gains recognised in other comprehensive income	33,848	–	–
Gains recognised in other gains, net*	–	44,714	1,716
At 31 December 2019	65,177	765,822	79,716
Acquisitions	8,243	6,173,494	7,916
Acquisitions of subsidiaries (Note 36.1(b))	930	–	–
Redemption	–	(6,547,591)	–
Transfer to associate (Note 21)	(29,789)	–	–
Gain recognised in other comprehensive income	10,848	–	–
Gains/(losses) recognised in other gains, net*	–	23,019	(12,466)
At 31 December, 2020	55,409	414,744	75,166

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<b>The Group</b>	<b>Unlisted equity securities</b>	<b>Unlisted structured deposits</b>	<b>Unlisted compound financial instruments</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January, 2020	55,409	414,744	75,166
Acquisitions	3,002	7,487,295	20,000
Redemption	–	(6,881,429)	(2,743)
Transfer to interests in associates	(8,063)	–	–
Loss recognised in other comprehensive income	(44,473)	–	–
Gains/(losses) recognised in other gains, net*	–	19,385	(10,137)
At 31 December 2021	5,875	1,039,995	82,286
At 1 January, 2021 (unaudited)	55,409	414,744	75,166
Acquisitions	1,905	3,150,000	–
Redemption	–	(2,826,831)	(1,700)
Transfer to interests in associates	(2,957)	–	–
Loss recognised in other comprehensive income	(49,854)	–	–
Gains/(losses) recognised in other gains, net*	–	13,082	(4,832)
At 30 June 2021	4,503	750,995	68,634
At 1 January 2022	5,875	1,039,995	82,286
Acquisitions	10,581	2,299,806	–
Redemption	–	(3,118,296)	–
Disposals	(189)	–	–
Transfer to interests in associates	–	–	–
Gains recognised in other comprehensive income	1,259	–	–
Gains/(losses) recognised in other gains, net*	–	8,449	(973)
At 30 June 2022	17,526	229,954	81,313
* includes unrealised gains/(losses) recognised in profit or loss attributable to balances held at the end of year/period			
2019	–	3,381	1,716
2020	–	4,427	(12,466)
2021	–	3,731	(10,337)
2022	–	167	(973)

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<b>The Company</b>	<b>Unlisted equity securities</b>	<b>Unlisted structured deposits</b>
	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2019	58,473	1,239,000
Acquisitions	–	12,138,320
Redemption	(60,166)	(12,656,199)
Gains recognised in other comprehensive income	1,693	–
Gains recognised in other gains, net	–	44,701
At 31 December 2019	–	765,822
Acquisitions	–	6,171,494
Redemption	–	(6,545,417)
Gains recognised in other gains, net	–	22,845
At 31 December 2020	–	414,744
Acquisitions	–	7,417,295
Redemption	–	(6,811,135)
Gains recognised in other gains, net	–	19,091
At 31 December 2021	–	1,039,995
At 1 January 2021 (unaudited)	–	414,744
Acquisitions	–	3,150,000
Redemption	–	(2,826,831)
Gains recognised in other gains, net	–	13,082
At 30 June 2021	–	750,995
At 1 January 2022	–	1,039,995
Acquisitions	–	2,299,806
Redemption	–	(3,118,296)
Gains recognised in other gains, net	–	8,449
At 30 June 2022	–	229,954

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The Group engages external, independent and qualified valuer, to determine the fair value of material unlisted equity securities. The finance department of the Group also includes a team that performs the valuations of non-property items required for financial reporting purposes, including level 3 fair values. This team reports directly to the Financial Director (“FD”) and the directors. Discussions of valuation processes and results are held between the FD, the directors and the valuation team at least once every six months, in line with the Group’s half-yearly reporting periods.

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements (see (i) above for the valuation techniques adopted) and fair value increase if key assumptions been changed:

*The Group*

Description	Fair value				Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value	Reasonable change in key assumptions	Fair value increased by			
	As at 31 December		As at 30 June						As at 31 December		As at 30 June	
	2019	2020	2021	2022					2019	2020	2021	2022
Unlisted equity securities	RMB'000 65,177	RMB'000 55,409	RMB'000 5,875	RMB'000 17,526	(1) Price-to-earnings ratio for similar instruments	Year ended 31 December 2019 (1) 11.1x to 13.5x	(1) The higher the price-to-earnings ratio, the higher the fair value	-	RMB'000 1,271	RMB'000 1,108	RMB'000 101	RMB'000 271
					(2) Discount for lack of marketability	(2) 25% to 30%	(2) The lower the discount for lack of marketability, the higher the fair value	-	2,085	1,939	176	505
					Year ended 31 December 2021							
					(1) 11.0x to 14.0x							
					(2) 25% to 30%							
					Six months ended 30 June 2022							
					(1) 11.2x to 14.5x							
					(2) 25% to 30%							





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Description	Fair value				Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value	Reasonable change in key assumptions	Fair value increased by			
	As at 31 December		As at 30 June						As at 31 December		As at 30 June	
	2019	2020	2021	2022					2019	2020	2021	2022
Unlisted structured deposits	RMB'000 765,822	RMB'000 414,744	RMB'000 1,039,995	RMB'000 229,954	Expected return rate	Year ended 31 December 2019 0.88% to 3.85%	The higher the expected return rate, the higher the fair value	- Expected return rate increases by 1%	RMB'000 5,363	RMB'000 3,841	RMB'000 6,076	RMB'000 1,393

There were no significant inter-relationships between unobservable inputs that materially affect fair values.

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There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the Track Record Period. The Group’s policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

The carrying amounts of the Group’s financial assets other than financial assets at FVTPL and financial assets at FVOCI, and the Group’s financial liabilities, approximate their fair values due to their short maturities or with interest rate close to market rate.

(iii) *Valuation processes*

The Group both engages external, independent and qualified valuer and make use of in-house discounted cash flow analysis and market approach to determine the fair value of the financial instruments at the end of every financial year.

The main level 3 inputs used by the Group are derived and evaluated as follows:

- Price-to-earnings ratios are estimated by an external independent and qualified valuer, Vocation (Beijing) International Asset Valuation Co., Ltd or management based on historical data and industry data;
- Discount for lack of marketability are estimated by management based on industry data; and
- Expected return rate are estimated by management based on available market data.

(b) *Non-financial assets*

(i) *Fair value hierarchy*

This note explains the judgements and estimates made in determining the fair values of the non-financial assets that are recognised and measured at fair value in the consolidated statements of financial position. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its non-financial assets and liabilities into the three levels prescribed under the accounting standards. An explanation of each level is provided in Note 3.3(a).

*The Group*

<b>At 31 December 2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<b>Non-financial assets</b>				
Investment property	–	–	2,753	2,753
Biological assets	–	–	3,006	3,006
	–	–	5,759	5,759
<b>At 31 December 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<b>Non-financial assets</b>				
Investment property	–	–	2,622	2,622
Biological assets	–	–	2,131	2,131
	–	–	4,753	4,753

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<u>At 31 December 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-financial assets</b>				
Investment property	–	–	2,618	2,618
Biological assets	–	–	4,525	4,525
	–	–	7,143	7,143
	<u>–</u>	<u>–</u>	<u>7,143</u>	<u>7,143</u>
<u>At 30 June 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-financial assets</b>				
Investment property	–	–	2,574	2,574
Biological assets	–	–	4,445	4,445
	–	–	7,019	7,019
	<u>–</u>	<u>–</u>	<u>7,019</u>	<u>7,019</u>

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the Track Record Period.

The Group’s policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

*(ii) Valuation techniques used to determine fair values*

The fair value of growing fresh fruit bunches is determined using a discounted cash flow model based on the expected yield by plantation size, the market price for the fruits and after allowing for harvesting costs, contributory asset charges for the land and fruit trees owned by the entity and other costs yet to be incurred in getting the fresh fruit bunches to maturity.

The fair value of the investment property was arrived by using recent transaction price as the investment property was newly acquired in December 2019. The fair value of the investment property was determined using market approach with unit price for similar properties in December 2020 and 2021.

All resulting fair value estimates for biological assets and properties are included in level 3.

*(iii) Valuation processes*

The Group engages external, independent and qualified valuer to determine the fair value of the biological assets at the end of every financial year. For the investment property, directors’ valuation with reference to the market selling price has been performed as at 31 December 2019, 2020 and 2021 and 30 June 2022.

The main level 3 inputs used by the Group are derived and evaluated as follows:

- Biological assets — growing fruits yield, price of fruits and discount rates, are estimated by an external independent and qualified valuer, Vocation (Beijing) International Asset Valuation Co., Ltd or management based on the age of the plantation, climate-induced variations, historical data and industry data; and
- Investment property — Market approach with unit price for similar properties.

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(iii) *Fair value measurements using significant unobservable inputs (level 3)*

The following table presents the changes in level 3 items for the Track Record Period:

*The Group*

	<b>Biological assets</b>	<b>Investment property</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2019	1,977	–	1,977
Acquisitions	–	2,753	2,753
Purchase and cultivation	6,341	–	6,341
Transfer to inventories	(5,071)	–	(5,071)
Losses recognised in other gains, net*	(241)	–	(241)
At 31 December 2019	3,006	2,753	5,759
Purchase and cultivation	8,594	–	8,594
Transfer to inventories	(9,620)	–	(9,620)
Gains/(losses) recognised in other gains, net*	151	(131)	20
At 31 December 2020	2,131	2,622	4,753
Purchase and cultivation	8,274	–	8,274
Transfer to inventories	(5,386)	–	(5,386)
Losses recognised in other gains, net*	(494)	(4)	(498)
At 31 December 2021	4,525	2,618	7,143
At 1 January 2021 (unaudited)	2,131	2,622	4,753
Purchase and cultivation	3,844	–	3,844
Transfer to inventories	(2,535)	–	(2,535)
Losses recognised in other gains, net*	212	(6)	206
At 30 June 2021	3,652	2,616	6,268
At 1 January 2022	4,525	2,618	7,143
Purchase and cultivation	5,231	–	5,231
Transfer to inventories	(4,597)	–	(4,597)
Losses recognised in other gains, net*	(714)	(44)	(758)
At 30 June 2022	4,445	2,574	7,019
* includes unrealized gains/(losses) recognised in profit or loss attributable to balances held at the end of year/period			
2019	150	–	150
2020	219	(131)	88
2021	(156)	(4)	(160)
2022	(235)	(44)	(279)

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(iv) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements (see (ii) above for the valuation techniques adopted):

*The Group*

Description	Fair value				Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
	As at 31 December			As at 30 June			
	2019	2020	2021	2022			
	RMB'000	RMB'000	RMB'000	RMB'000			
Biological assets	3,006	2,131	4,525	4,445	(1) Growing fruits yield – kg per hectare (2) Fruits price (3) Discount rate	Year ended of 31 December 2019 (1) 756 to 3,911 per year (2) RMB5.2 to RMB25.0 per kg (3) 12.0% to 12.9% Year ended of 31 December 2020 (1) 886 to 3,644 per year (2) RMB4.0 to RMB23.0 per kg (3) 12.4% to 12.7% Year ended of 31 December 2021 (1) 1,027 to 5,588 per year (2) RMB7.2 to RMB24.0 per kg (3) 10.9% to 11.1% Six months ended 30 June 2022 (1) 988 to 4,258 per period (2) RMB6.8 to RMB20.8 per kg (3) 10.7% to 10.8%	(1) The higher the growing fruits yield, the higher the fair value (2) The higher the fruits price, the higher the fair value (3) The lower the discount rate, the higher the fair value
Investment property	2,753	2,622	2,618	2,574	(1) Price per square meter	(1) From RMB21,000 to RMB25,000 per square meter	The higher the price per square meter, the higher the fair value

There were no significant inter-relationships between unobservable inputs that materially affect fair values.

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**3.4 Offsetting financial assets and financial liabilities**

The following table presents the recognised financial instruments that are offset as at 31 December 2019, 2020 and 2021 and 30 June 2022.

	<b>Effects of offsetting on the balance sheet</b>		
	<b>Gross amounts</b>	<b>Gross amounts set off in the balance sheet</b>	<b>Net amounts presented in balance sheet</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>As at 31 December 2019</b>			
<b>Financial assets</b>			
Trade receivables	2,296,416	(852,685)	1,443,731
Deposits and other receivables	499,658	(122,936)	376,722
	<u>2,796,074</u>	<u>(975,621)</u>	<u>1,820,453</u>
<b>Financial liabilities</b>			
Other payables	1,692,140	(975,621)	716,519
<b>As at 31 December 2020</b>			
<b>Financial assets</b>			
Trade receivables	2,113,153	(822,279)	1,290,874
Deposits and other receivables	569,487	(95,919)	473,568
	<u>2,682,640</u>	<u>(918,198)</u>	<u>1,764,442</u>
<b>Financial liabilities</b>			
Other payables	1,826,446	(918,198)	908,248
<b>As at 31 December 2021</b>			
<b>Financial assets</b>			
Trade receivables	1,992,034	(835,807)	1,156,227
Deposits and other receivables	579,666	(106,098)	473,568
	<u>2,571,700</u>	<u>(941,905)</u>	<u>1,629,795</u>
<b>Financial liabilities</b>			
Other payables	1,926,087	(941,905)	984,182
<b>As at 30 June 2022</b>			
<b>Financial assets</b>			
Trade receivables	1,995,057	(911,959)	1,083,098
Deposits and other receivables	474,554	(53,069)	421,485
	<u>2,469,611</u>	<u>(965,028)</u>	<u>1,504,583</u>
<b>Financial liabilities</b>			
Other payables	1,995,686	(965,028)	1,030,658

The Group collects sales proceeds on behalf of the franchisees and settle with each of the franchised store regularly by remitting the sales proceeds to the franchisees after deducting the monthly royalty fee, repayment of interest-bearing loans provided and the outstanding purchase amounts of fruits and other products from the Group. The relevant amounts have therefore been presented net in the consolidated statements of financial position.

**4 Critical accounting estimates and judgements**

The preparation of historical financial information requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group’s accounting policies.

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Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

### *(a) Basis of consolidation*

In the normal course of business, the Group enters into franchise agreements with franchisees. The rights and obligations of the Group and the franchisees are stipulated by respective franchise agreements. Because of the complexity of the arrangements, significant judgement is needed in determining whether the Group has the power to control and therefore should consolidate the franchisees.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group also considers, in particular, whether it obtains benefits, including non-financial benefits, from its power to control the entity. As such, the conclusion whether the franchisees is under the control of the Group requires the application of judgement through the analysis of various factors including the extent of power the Group has on relevant activities of the franchisees. Based on the Group's analysis, it has concluded that it does not have such power on the franchisees.

### *(b) Current and deferred income tax*

The Group is subject to income taxes in the PRC. Significant judgement is required in determining the provision for income taxes. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences would impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimates, such difference will impact the recognition of deferred tax assets and income tax in the period in which such estimates are changed.

### *(c) Goodwill impairment assessment*

The Group tests annually whether goodwill have suffered any impairment, in accordance with the accounting policy stated in Note 2.10. The recoverable amounts of CGUs have been determined based on value-in-use calculations. The underlying assumptions adopted in these calculations required the use of judgements and estimates (Note 18).

### *(d) Impairment of non-financial assets*

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. Details of the key assumptions and inputs used are disclosed in the tables in Note 18.

### *(e) Impairment of financial assets*

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's history, existing market conditions as well as forward looking estimates at the end of each reporting period. Refer to Note 3.3(a) for the fair value measurement.

### *(f) Fair value measurement of financial instruments and equity instruments*

The fair value of financial instruments and equity instruments that are not traded in an active market is determined by using appropriate valuation techniques and making assumptions that are based on market conditions existing at each reporting date. Refer to Note 3.3(a) for the fair value measurement and the sensitivity analysis of financial instruments and equity instruments.

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**5 Segment information**

*(a) Description of segments and principal activities*

The CODM has been identified as the executive directors of the Company. The CODM reviews the Group’s internal reporting in order to assess performance and allocate resources and has determined the operating segment based on these reports.

The CODM assess the performance of the Group in below reportable operating segments:

- Operation of franchised and self-owned retail networks (“Franchising”)
- Sales of fruit and other food products – trading of fruits (“Trading”)
- Others

The CODM assesses the performance of the operating segments based on a measure of segment results. This measurement basis excludes the effects of fair value gain on structured deposits, legal and professional fees, [REDACTED] expenses, income tax expense, interest income on bank deposits and interest expenses on borrowings. Other information provided to the CODM is measured in a manner consistent with that in the historical financial information.

*(b) Segment revenue and results*

An analysis of the Group’s revenue and results during the Track Record Period by operating segment is as follows:

	<b>Franchising</b>	<b>Trading</b>	<b>Others</b>	<b>Total</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<b>Year ended 31 December 2019</b>				
Revenue from contracts	8,706,360	490,666	5,711	9,202,737
Less: Inter-segment revenue	–	(223,291)	(3,313)	(226,604)
Revenue from external customers	<u>8,706,360</u>	<u>267,375</u>	<u>2,398</u>	<u>8,976,133</u>
Segment results	284,602	26,511	(9,736)	301,377
Unallocated other gains, net				44,714
Unallocated corporate expenses				(51,381)
Unallocated finance income				3,031
Unallocated finance cost				<u>(29,060)</u>
Profit before income tax				268,681
Income tax expense				<u>(20,384)</u>
Profit for the year				<u><u>248,297</u></u>
Depreciation and amortisation	64,637	11,802	3,339	79,778
Additions to:				
Property, plant and equipment	78,592	2,021	9,423	90,036
Right-of-use assets	162,243	–	–	162,243
Intangible assets	25,937	–	–	25,937
Acquisition of a subsidiary (Note 36.1)				
– Property, plant and equipment	–	36,971	–	36,971
– Right-of-use assets	–	9,026	–	9,026
– Intangible assets	–	170,490	–	<u>170,490</u>



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	<b>Franchising</b>	<b>Trading</b>	<b>Others</b>	<b>Total</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<b>Year ended 31 December 2020</b>				
Revenue from contracts	8,526,791	505,244	8,464	9,040,499
Less: Inter-segment revenue	–	(183,947)	(2,859)	(186,806)
Revenue from external customers	8,526,791	321,297	5,605	8,853,693
Segment results	148,906	12,443	(22,765)	138,584
Unallocated other gains, net				22,776
Unallocated corporate expenses				(65,820)
Unallocated finance income				12,192
Unallocated finance cost				(36,022)
Profit before income tax				71,710
Income tax expense				(26,052)
Profit for the year				<u>45,658</u>
Depreciation and amortisation	75,617	13,712	2,525	91,854
Additions to:				
Property, plant and equipment	57,705	1,404	10,610	69,719
Right-of-use assets	59,837	–	–	59,837
Intangible assets	16,871	–	–	16,871
Step acquisition of subsidiaries (Note 36.1)				
– Property, plant and equipment	–	–	1,183	1,183
– Intangible assets	–	–	2,198	2,198
	<u>–</u>	<u>–</u>	<u>2,198</u>	<u>2,198</u>
	<b>Franchising</b>	<b>Trading</b>	<b>Others</b>	<b>Total</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<b>Year ended 31 December 2021</b>				
Revenue from contracts	9,973,084	645,445	11,378	10,629,907
Less: Inter-segment revenue	–	(336,858)	(3,674)	(340,532)
Revenue from external customers	9,973,084	308,587	7,704	10,289,375
Segment results	355,826	(6,622)	8,031	357,235
Unallocated other gains, net				20,633
Unallocated corporate expenses				(96,484)
Unallocated finance income				24,091
Unallocated finance cost				(47,948)
Profit before income tax				257,527
Income tax expense				(36,164)
Profit for the year				<u>221,363</u>
Depreciation and amortisation	107,762	7,457	2,599	117,818
Additions to:				
Property, plant and equipment	80,703	750	19,666	101,119
Right-of-use assets	382,577	–	–	382,577
Intangible assets	10,069	–	–	10,069
	<u>–</u>	<u>–</u>	<u>–</u>	<u>10,069</u>

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	<b>Franchising</b>	<b>Trading</b>	<b>Others</b>	<b>Total</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<b>Six months ended 30 June 2021 (unaudited)</b>				
Revenue from contracts	5,363,857	335,397	7,844	5,707,098
Less: Inter-segment revenue	–	(179,240)	(2,434)	(181,674)
Revenue from external customers	5,363,857	156,157	5,410	5,525,424
Segment results	206,539	4,548	(509)	210,578
Unallocated other gains, net				15,502
Unallocated corporate expenses				(56,387)
Unallocated finance income				5,137
Unallocated finance cost				(20,674)
Profit before income tax				154,156
Income tax expense				(20,363)
Profit for the period				<u>133,793</u>
Depreciation and amortisation	51,159	1,237	1,233	53,629
Additions to:				
Property, plant and equipment	7,660	542	6,547	14,749
Right-of-use assets	311,892	–	–	311,892
Intangible assets	760	–	–	760
	<u>51,159</u>	<u>1,237</u>	<u>1,233</u>	<u>53,629</u>
	<b>Franchising</b>	<b>Trading</b>	<b>Others</b>	<b>Total</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<b>Six months ended 30 June 2022</b>				
Revenue from contracts	5,744,158	409,460	7,947	6,161,565
Less: Inter-segment revenue	–	(245,068)	(1,776)	(246,844)
Revenue from external customers	5,744,158	164,392	6,171	5,914,721
Segment results	245,820	15,654	5,107	266,581
Unallocated other gains, net				7,476
Unallocated corporate expenses				(55,371)
Unallocated finance income				15,423
Unallocated finance cost				(27,061)
Profit before income tax				207,048
Income tax expense				(21,498)
Profit for the period				<u>185,550</u>
Depreciation and amortisation	57,521	1,786	2,112	61,419
Additions to:				
Property, plant and equipment	37,000	2,031	4,581	43,612
Right-of-use assets	7,588	–	–	7,588
Intangible assets	1,391	–	–	1,391
	<u>57,521</u>	<u>1,786</u>	<u>2,112</u>	<u>61,419</u>

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(c) *Segment assets and liabilities*

The segment assets and liabilities as at 31 December 2019, 2020 and 2021 and 30 June 2022 are as follows:

	<b>Franchising</b>	<b>Trading</b>	<b>Others</b>	<b>Total</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<b>At 31 December 2019</b>				
Total segment assets	2,649,120	332,298	435,273	3,416,691
Unallocated				
Financial assets at FVTPL				765,822
Cash and bank balances				494,227
Investment property				2,753
Other unallocated corporate assets				6,490
Total assets				<u>4,685,983</u>
Interests in associates and joint ventures	–	–	112,138	<u>112,138</u>
Total segment liabilities	1,431,801	133,224	74,650	1,639,675
Unallocated				
Bank borrowings				620,785
Other unallocated corporate liabilities				22,250
Total liabilities				<u>2,282,710</u>
	<b>Franchising</b>	<b>Trading</b>	<b>Others</b>	<b>Total</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<b>At 31 December 2020</b>				
Total segment assets	2,724,422	226,202	692,225	3,642,849
Unallocated				
Financial assets at FVTPL				414,744
Cash and bank balances				1,180,131
Investment property				2,622
Other unallocated corporate assets				4,412
Total assets				<u>5,244,758</u>
Interests in associates and joint ventures	–	–	258,956	<u>258,956</u>
Total segment liabilities	1,617,937	58,734	92,169	1,768,840
Unallocated				
Bank borrowings				929,069
Other unallocated corporate liabilities				17,927
Total liabilities				<u>2,715,836</u>

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	<u>Franchising</u>	<u>Trading</u>	<u>Others</u>	<u>Total</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<b>At 31 December 2021</b>				
Total segment assets	3,119,775	221,150	832,889	4,173,814
Unallocated				
Financial assets at FVTPL				1,039,995
Cash and bank balances				1,188,365
Investment property				2,618
Other unallocated corporate assets				15,074
Total assets				<u>6,419,866</u>
Interests in associates and joint ventures	–	–	324,451	324,451
Total segment liabilities	2,042,834	70,354	130,166	2,243,354
Unallocated				
Bank borrowings	–	–	–	1,452,511
Other unallocated corporate liabilities	–	–	–	11,040
Total liabilities				<u>3,706,905</u>
	<u>Franchising</u>	<u>Trading</u>	<u>Others</u>	<u>Total</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<b>At 30 June 2022</b>				
Total segment assets	3,345,004	191,767	529,754	4,066,525
Unallocated				
Financial assets at FVTPL				229,954
Cash and bank balances				2,275,827
Investment property				2,574
Other unallocated corporate assets				5,566
Total assets				<u>6,580,446</u>
Interests in associates and joint ventures	–	–	336,856	336,856
Total segment liabilities	2,179,936	51,558	136,086	2,367,580
Unallocated				
Bank borrowings				1,305,594
Other unallocated corporate liabilities				8,641
Total liabilities				<u>3,681,815</u>

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*(d) Geographical segment*

Analysis of revenue of the Group by geographical market is as follows:

	Year ended 31 December			Six months ended 30 June	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Mainland China	8,809,098	8,713,520	10,138,716	5,457,559	5,842,379
Hong Kong and other countries	167,035	140,173	150,659	67,865	72,342
	<u>8,976,133</u>	<u>8,853,693</u>	<u>10,289,375</u>	<u>5,525,424</u>	<u>5,914,721</u>

All the Group’s assets and liabilities are located in the PRC. Accordingly, no segment assets and liabilities by geographical segment is presented.

There is no single external customers contributed to more than 10% of the Group’s revenue during the Track Record Period.

*(e) Disaggregation of revenue from contracts with customers*

Revenue of the Group is analysed as follows:

	Year ended 31 December			Six months ended 30 June	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Sales of fruits and other food products	8,749,826	8,636,814	9,991,758	5,367,150	5,730,693
Royalty and franchising income	171,549	131,364	160,288	92,405	95,211
Membership income	46,062	54,454	77,670	33,961	42,820
Others	8,696	31,061	59,659	31,908	45,997
	<u>8,976,133</u>	<u>8,853,693</u>	<u>10,289,375</u>	<u>5,525,424</u>	<u>5,914,721</u>
<b>Timing of revenue recognition</b>					
At a point in time	8,749,826	8,636,814	9,991,758	5,367,150	5,730,693
Over time	226,307	216,879	297,617	158,274	184,028
	<u>8,976,133</u>	<u>8,853,693</u>	<u>10,289,375</u>	<u>5,525,424</u>	<u>5,914,721</u>

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(f) *Liabilities related to contracts with customers*

*The Group*

The Group has recognised the following liabilities related to contracts with customers:

	As at 31 December			As at 30 June
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Royalty and franchising income	36,695	42,271	43,335	41,358
Sales of fruits and other food products	3,786	6,225	5,767	3,775
	<u>40,481</u>	<u>48,496</u>	<u>49,102</u>	<u>45,133</u>

(i) *Revenue recognised in relation to contract liabilities*

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities:

	Year ended 31 December			Six months ended 30 June	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Royalty and franchising income	3,523	8,320	10,725	6,088	7,378
Sales of fruits and other food products	1,590	3,786	6,225	6,225	5,767
	<u>5,113</u>	<u>12,106</u>	<u>16,950</u>	<u>12,313</u>	<u>13,145</u>

(ii) *Unsatisfied performance obligations*

As at 31 December 2019, 2020 and 2021 and 30 June 2022, the remaining performance obligations relating to sales of fruits and other food products not yet satisfied by the Group were from contracts with original expected duration of less than one year. Therefore, as permitted by the relevant practical expedient under HKFRS 15, the transaction price allocated to these unsatisfied performance obligations were not disclosed.

The following table shows unsatisfied performance obligations resulting from royalty and franchising income and expected recognition as revenue:

	Year ended 31 December			Six months ended 30 June
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	8,059	10,626	12,907	16,807
1 year to 2 years	7,856	10,526	11,621	9,820
2 years to 5 years	20,780	21,119	18,807	14,731
	<u>36,695</u>	<u>42,271</u>	<u>43,335</u>	<u>41,358</u>

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*The Company*

The Company has recognised the following liabilities related to contracts with customers:

	As at 31 December			As at 30 June
	2019	2020	2021	2022
	RMB’000	RMB’000	RMB’000	RMB’000
Royalty and franchising income	36,695	42,271	43,335	41,358
Sales of fruits and other food products	3,251	4,737	5,483	3,775
	<u>39,946</u>	<u>47,008</u>	<u>48,818</u>	<u>45,133</u>

(i) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities:

	Year ended 31 December			Six months ended 30 June	
	2019	2020	2021	2021	2022
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
				<i>(unaudited)</i>	
Royalty and franchising income	3,523	8,320	10,725	6,088	7,378
Sales of fruits and other food products	3,653	3,251	4,737	4,737	5,483
	<u>7,176</u>	<u>11,571</u>	<u>15,462</u>	<u>10,825</u>	<u>12,861</u>

(ii) Unsatisfied performance obligations

As at 31 December 2019, 2020 and 2021 and 30 June 2022, the remaining performance obligations relating to sales of fruits and other food products not yet satisfied by the Company were from contracts with original expected duration of less than one year. Therefore, as permitted by the relevant practical expedient under HKFRS 15, the transaction price allocated to these unsatisfied performance obligations were not disclosed.

The following table shows unsatisfied performance obligations resulting from royalty and franchising income:

	Year ended 31 December			Six months ended 30 June
	2019	2020	2021	2022
	RMB’000	RMB’000	RMB’000	RMB’000
Within 1 year	8,059	10,626	12,907	16,807
1 year to 2 years	7,856	10,526	11,621	9,820
2 years to 5 years	20,780	21,119	18,807	14,731
	<u>36,695</u>	<u>42,271</u>	<u>43,335</u>	<u>41,358</u>

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**6 Other income**

	Year ended 31 December			Six months ended 30 June	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Government grants (Note a)	17,335	14,761	7,225	4,417	16,347
Compensation income from warehouse relocation (Note b)	19,655	–	–	–	–
Penalty income from franchisees (Note c)	722	467	4,041	1,428	1,047
Interest income arising from loans (Note d)	20,739	31,535	21,120	11,211	11,107
Others	1,033	2,432	2,173	1,239	1,025
	<u>59,484</u>	<u>49,195</u>	<u>34,559</u>	<u>18,295</u>	<u>29,526</u>

*Notes:*

- (a) Government grants mainly represent subsidies obtained from local governments upon fulfilling certain conditions or for engaging in specific industry. There are no unfulfilled conditions or other contingencies attaching to the government grants. The Group did not benefit directly from any other forms of government assistance.
- (b) Compensation income from warehouse relocation represents a one-time compensation payment received during the year ended 31 December 2019 from the landlord of a previous distribution centre located in Shanghai, for the vacation request by the local government for local municipal remodeling.
- (c) Penalty income from franchisees represent various occasional penalty payments collected from the franchisees pursuant to non-compliance with franchise agreement (e.g. violation of operational procedures).
- (d) Interest income is arisen from interest-bearing loans to franchisees, factoring amounts to regional dealers, factoring amounts to suppliers, loans to associates and interest-bearing loans to third parties. For details, please refer to Note 25 and Note 38(d).

**7 Other gains, net**

	Year ended 31 December			Six months ended 30 June	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Fair value (losses)/gains on biological assets (Note 23)	(241)	151	(494)	212	(714)
Fair value gains on financial assets at FVTPL, net (Note 26)	46,430	10,553	9,248	8,250	7,476
Losses on disposals of property, plant and equipment (Note 34(b))	(14,769)	(406)	(224)	(223)	(918)
Loss on dissolution of a subsidiary (Note 37)	(394)	–	–	–	–
Re-measurement gain on interest in associates (Note 36.1(b))	–	16,097	–	–	–
Gains/(losses) on lease termination	2,203	13	(213)	(203)	116
(Losses)/gains on disposal of associates and joint ventures (Note 20)	–	(243)	1,248	–	–
Exchange gains/(losses), net	817	2,038	(1,510)	(401)	1,716
	<u>34,046</u>	<u>28,203</u>	<u>8,055</u>	<u>7,635</u>	<u>7,676</u>



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**8 Expenses by nature**

	Year ended 31 December			Six months ended 30 June	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Cost of inventories sold	7,788,602	7,658,785	8,705,686	4,708,374	4,993,775
Employee benefit expenses (including directors' emoluments) (Note 9)	518,485	545,517	676,031	320,787	357,260
[REDACTED] expenses	–	–	16,350	5,941	19,096
Depreciation of property, plant and equipment (Note 15)	30,195	33,866	40,202	17,493	19,462
Depreciation of right-of-use assets (Note 16)	41,592	44,544	63,314	29,303	34,237
Amortisation of intangible assets (Note 18)	7,991	13,444	14,302	6,833	7,720
Legal, professional and consulting fees	46,805	61,520	74,756	50,446	36,276
Delivery charges	131,769	189,979	198,641	99,014	108,142
Marketing and promotion expenses	43,854	79,981	65,483	36,499	35,143
Office supplies	11,477	7,881	13,127	3,214	2,439
Labour cost (Note)	12,639	28,507	43,301	22,316	35,963
Expense relating to short-term leases (Note 16)	21,462	31,520	34,380	18,278	20,886
Travelling expenses	17,961	10,828	12,805	5,465	4,496
Entertainment	9,104	7,335	7,670	3,129	4,733
Water and electricity	10,996	11,920	15,421	6,070	7,035
Other tax expenses	15,423	13,780	18,477	9,696	10,933
Others	32,408	23,093	31,530	23,449	29,401
	<u>8,740,763</u>	<u>8,762,500</u>	<u>10,031,476</u>	<u>5,366,307</u>	<u>5,726,997</u>
Representing:					
Cost of sales	8,099,777	8,046,263	9,132,939	4,924,177	5,237,328
Selling expenses	344,863	394,593	451,730	220,561	246,184
Administrative expenses	236,871	215,591	307,065	156,347	157,205
Research and development expenses	59,252	106,053	139,742	65,222	86,280
	<u>8,740,763</u>	<u>8,762,500</u>	<u>10,031,476</u>	<u>5,366,307</u>	<u>5,726,997</u>

*Note:* Balance represents costs incurred by the Group for human resources companies responsible for outsourced staff working at warehouses and distribution centres.

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**9 Employee benefit expenses (including directors’ emoluments)**

	Year ended 31 December			Six months ended 30 June	
	2019	2020	2021	2021	2022
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
				(unaudited)	
Wages and salaries	441,298	466,760	548,501	255,152	270,164
Bonus	22,478	16,473	45,420	27,424	32,970
Retirement benefits costs – defined contribution plans	60,499	46,600	61,233	26,666	40,523
Benefits and allowances	19,116	15,684	20,877	11,545	13,603
	543,391	545,517	676,031	320,787	357,260
Less: Capitalised in intangible assets					
Wages and salaries	(23,900)	–	–	–	–
Retirement benefits costs – defined contribution plans	(751)	–	–	–	–
Benefits and allowances	(255)	–	–	–	–
	518,485	545,517	676,031	320,787	357,260

**10 Benefits and interests of directors and senior management’s emoluments**

*(a) Directors’ emoluments*

None of the directors of the Company and of the companies comprising the Group waived any emoluments during the Track Record Period.

Details of the emoluments paid and payable to the directors of the Company are as follows:

Name of directors	Year ended 31 December 2019						
	Fees	Salaries	Discretionary bonus	Allowance and benefits in kind	Employee’s contribution to retirement benefit scheme	Other emoluments paid	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
<i>Executive directors</i>							
Mr. Yu Huiyong (“Mr. Yu”) (Chairman and chief executive) (Note (i))	–	1,599	112	4	9	–	1,724
Ms. Xu Yanlin (“Ms. Xu”) (Note (ii))	–	879	111	4	9	–	1,003
Mr. Tian Xiqiu (“Mr. Tian”) (Note (iii))	–	183	21	4	6	–	214
Mr. Zhu Qidong (“Mr. Zhu”) (Note (ii))	–	689	110	4	9	–	812
Mr. Jiao Yue (“Mr. Jiao”) (Note (ii))	–	698	112	4	9	–	823
	–	4,048	466	20	42	–	4,576
<i>Non-executive directors</i>							
Mr. Pan Pan (“Mr. Pan”) (Note (iv))	–	–	–	–	–	–	–
Mr. Hu Qihao (“Mr. Hu”) (Note (v))	–	–	–	–	–	–	–
	–	–	–	–	–	–	–
Total	–	4,048	466	20	42	–	4,576

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Year ended 31 December 2020

Name of directors	Fees	Salaries	Discretionary bonus	Allowance and benefits in kind	Employee’s contribution	Other emoluments paid	Total
					to retirement benefit scheme		
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
<i>Executive directors</i>							
Mr. Yu (Chairman and chief executive) (Note (i))	-	797	-	-	11	-	808
Ms. Xu (Note (ii))	-	1,105	-	-	11	-	1,116
Mr. Tian (Note (iii))	-	797	-	-	11	-	808
Mr. Zhu (Note (ii))	-	755	-	-	11	-	766
Mr. Jiao (Note (ii))	-	791	-	-	11	-	802
	-	4,245	-	-	55	-	4,300
<i>Non-executive directors</i>							
Mr. Pan (Note (iv))	-	-	-	-	-	-	-
Mr. Hu (Note (v))	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
<i>Independent non-executive directors</i>							
Dr. Jiang Yanbo (“Dr. Jiang”) (Note (vi))	-	-	-	-	-	-	-
Mr. Ma Ruiguang (“Mr. Ma”) (Note (vi))	-	-	-	-	-	-	-
Dr. Wu Zhanchi (“Dr. Wu”) (Note (vi))	-	-	-	-	-	-	-
Ms. Zhu Fung (“Ms. Zhu”) (Note (vii))	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Total	-	4,245	-	-	55	-	4,300

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Year ended 31 December 2021

Name of directors	Fees	Salaries	Discretionary bonus	Allowance and benefits in kind	Employee’s contribution	Other emoluments paid	Total
					to retirement benefit scheme		
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
<i>Executive directors</i>							
Mr. Yu (Chairman and chief executive) (Note (i))	-	1,195	-	-	15	-	1,210
Ms. Xu (Note (ii))	-	731	230	-	15	-	976
Mr. Tian (Note (iii))	-	1,195	-	-	15	-	1,210
Mr. Zhu (Note (ii))	-	636	160	-	15	-	811
Mr. Jiao (Note (ii))	-	986	170	-	15	-	1,171
	-	4,743	560	-	75	-	5,378
<i>Non-executive directors</i>							
Mr. Pan (Note (iv))	-	-	-	-	-	-	-
Mr. Hu (Note (v))	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
<i>Independent non-executive directors</i>							
Dr. Jiang (Note (vi))	-	-	-	-	-	-	-
Mr. Ma (Note (vi))	-	-	-	-	-	-	-
Dr. Wu (Note (vi))	-	-	-	-	-	-	-
Ms. Zhu (Note (vii))	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Total	-	4,743	560	-	75	-	5,378

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**ACCOUNTANT’S REPORT**

Six months ended 30 June 2021 (Unaudited)

Name of directors	Employee’s contribution to retirement benefit scheme						Other emoluments paid	Total
	Fees	Salaries	Discretionary bonus	Allowance and benefits in kind	to retirement benefit scheme			
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	
<i>Executive directors</i>								
Mr. Yu (Chairman and chief executive) (Note (i))	-	498	-	-	4	-	502	
Ms. Xu (Note (ii))	-	345	115	-	4	-	464	
Mr. Tian (Note (iii))	-	498	-	-	4	-	502	
Mr. Zhu (Note (ii))	-	256	80	-	4	-	340	
Mr. Jiao (Note (ii))	-	457	85	-	4	-	546	
	-	2,054	280	-	20	-	2,354	
<i>Non-executive directors</i>								
Mr. Pan (Note (iv))	-	-	-	-	-	-	-	
Mr. Hu (Note (v))	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	
<i>Independent non-executive directors</i>								
Dr. Jiang (Note (vi))	-	-	-	-	-	-	-	
Mr. Ma (Note (vi))	-	-	-	-	-	-	-	
Dr. Wu (Note (vi))	-	-	-	-	-	-	-	
Ms. Zhu (Note (vii))	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	
Total	-	2,054	280	-	20	-	2,354	

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Six months ended 30 June 2022

Name of directors	Employee’s contribution to retirement benefit scheme						Other emoluments paid	Total
	Fees	Salaries	Discretionary bonus	Allowance and benefits in kind	Employee’s contribution to retirement benefit scheme	Other emoluments paid		
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	
<i>Executive directors</i>								
Mr. Yu ( <i>Chairman and chief executive</i> ) (Note (i))	-	498	-	-	34	-	532	
Ms. Xu (Note (ii))	-	620	115	-	34	-	769	
Mr. Tian (Note (iii))	-	498	-	-	-	-	498	
Mr. Zhu (Note (ii))	-	355	80	-	34	-	469	
Mr. Jiao (Note (ii))	-	502	85	-	34	-	621	
	-	2,473	280	-	136	-	2,889	
<i>Non-executive directors</i>								
Mr. Pan (Note (iv))	-	-	-	-	-	-	-	
Mr. Hu (Note (v))	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	
<i>Independent non-executive directors</i>								
Dr. Jiang (Note (vi))	-	-	-	-	-	-	-	
Mr. Ma (Note (vi))	-	-	-	-	-	-	-	
Dr. Wu (Note (vi))	-	-	-	-	-	-	-	
Ms. Zhu (Note (vii))	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	
Total	-	2,473	280	-	136	-	2,889	

*Notes:*

- (i) Mr. Yu was appointed as the Company’s chairman at the date of incorporation on 3 December 2001. Mr. Yu was re-designated as the Company’s chief executive director as at 25 March 2020.
- (ii) Ms. Xu, Mr. Jiao, and Mr. Zhu were appointed as the Company’s director on 7 May 2019 and was re-designated as the Company’s executive director on 25 March 2020.
- (iii) Mr. Tian was appointed as the Company’s director on 3 December 2001 and served as a director of the Company till 10 July 2008. Mr. Tian re-joined the Company on 25 August 2015 as a director and was re-designated as an executive director on 25 March 2020.

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- (iv) Mr. Pan was appointed as the Company’s director on 25 August 2015 and was re-designated as the Company’s non-executive director on 25 March 2020. No emolument was paid/payable during the Track Record Period.
- (v) Mr. Hu was appointed as the Company’s director on 7 May 2019 and re-designated as the Company’s non-executive director on 25 March 2020. No emolument was paid/payable during the Track Record Period.
- (vi) Dr. Jiang, Mr. Ma and Dr. Wu were appointed on 25 March 2020 as the Company’s independent non-executive director and therefore no emolument were paid/payable during the Track Record Period.
- (vii) Ms. Zhu was appointed as the Company’s director on 15 December 2020 and was re-designated as the Company’s independent non-executive director on 22 December 2021. No emolument was paid/payable during the Track Record Period.

**(b) Directors’ retirement benefits**

None of the directors received or will receive any retirement benefits during the Track Record Period.

**(c) Directors’ termination benefits**

None of the directors received or will receive any termination benefits during the Track Record Period.

**(d) Consideration provided to third parties for making available directors’ services**

During the Track Record Period, the Company did not pay consideration to any third parties for making available directors’ services.

**(e) Information about loans, quasi-loans and other dealings entered into by the Company or subsidiary undertaking of the Company, where applicable, in favour of directors**

There are no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors during the Track Record Period.

**(f) Directors’ material interests in transactions, arrangements or contracts**

No significant transactions, arrangements and contracts in relation to the Company’s business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the years and each of the six months ended 31 December 2019, 2020 and 2021 and 30 June 2021 and 2022, or at any time during the Track Record Period.

**(g) Five highest paid individuals**

For the years ended 31 December 2019, 2020 and 2021 and six months ended 30 June 2021 and 2022, the five individuals whose emoluments were the highest in the Group include 2, 1, and 2 and 3 and 3 directors, respectively, whose emoluments were reflected in the analysis presented above. The emoluments paid to the remaining 3, 4, and 3 and 2 and 2 individuals are as follows:

	Year ended 31 December			Six months ended 30 June	
	2019	2020	2021	2021	2022
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Wages and salaries	3,256	3,546	4,035	1,476	1,051
Retirement benefits costs – defined contribution plans	35	38	43	4	45
Benefits and allowances	11	–	1	1	–
	<u>3,302</u>	<u>3,584</u>	<u>4,079</u>	<u>1,481</u>	<u>1,096</u>

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The emoluments fell within the following bands:

	Number of individuals				
	Year ended 31 December			Six months ended 30 June	
	2019	2020	2021	2021	2022
				<i>(unaudited)</i>	
Emolument bands (in Hong Kong dollar)					
Below HK\$500,001 (equivalent to RMB446,501)	–	–	–	–	–
HK\$500,001 to HK\$1,000,000 (equivalent to RMB446,501 to RMB893,001)	–	–	–	1	2
HK\$1,000,001 to HK\$1,500,000 (equivalent to RMB893,001 to RMB1,339,000)	3	4	2	1	–
HK\$1,500,001 to HK\$2,000,000 (equivalent to RMB1,339,001 to RMB1,786,000)	–	–	1	–	–
	<u>–</u>	<u>–</u>	<u>1</u>	<u>–</u>	<u>–</u>

**11 Finance costs, net**

	Year ended 31 December			Six months ended 30 June	
	2019	2020	2021	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Finance costs					
Interest expenses on bank borrowings	29,060	36,022	47,948	20,674	27,061
Interest expenses on lease liabilities	15,613	16,043	30,242	13,107	16,438
	<u>44,673</u>	<u>52,065</u>	<u>78,190</u>	<u>33,781</u>	<u>43,499</u>
Finance income					
Interest income on bank deposits	(3,031)	(12,192)	(24,091)	(5,137)	(15,423)
Finance costs, net	<u>41,642</u>	<u>39,873</u>	<u>54,099</u>	<u>28,644</u>	<u>28,076</u>

**12 Income tax expense**

	Year ended 31 December			Six months ended 30 June	
	2019	2020	2021	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Current income tax	16,321	27,903	39,594	20,934	23,124
Deferred income tax (Note 31)	4,063	(1,851)	(3,430)	(571)	(1,626)
Income tax expense	<u>20,384</u>	<u>26,052</u>	<u>36,164</u>	<u>20,363</u>	<u>21,498</u>

Companies comprising the Group are established and operating in the PRC. Most of them are subject to PRC corporate income tax (“CIT”) at the rate of 25% for the Track Record Period, except for one subsidiary which was awarded certificate of High and New Technology Enterprises (“HNTE”) in October 2017. Such entity was entitled to a preferential CIT rate of 15% up to the expiry of the certificate in October 2023. The further entitlement to such HNTE tax incentive is subject to the successful renewal of certificate by the PRC tax authority. According to Article 27 of the China Corporate Income Tax Law and Article 86 of the Implementation Regulation of the CIT Law, income and expenses attributable to processing of agricultural products are exempted from the CIT for the years ended 31 December 2019, 2020 and 2021 and six months ended 30 June 2022, subject to annual review by the local PRC tax authority of the Company’s subsidiaries.



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The tax on the Group’s profit before tax differs from the theoretical amount that would arise using the primary tax rate applicable to profits of the group companies as follows:

	Year ended 31 December			Six months ended 30 June	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Profit before income tax	268,681	71,710	257,527	154,156	207,048
Tax calculated at applicable tax rates	64,689	17,409	58,346	39,023	49,291
Tax effect of:					
– Income not subject to tax (Note a)	(2,011,139)	(1,984,905)	(2,147,746)	(1,165,935)	(1,213,797)
– Expenses not deductible for tax purposes (Note a)	1,936,212	1,938,695	2,018,306	1,094,888	1,122,518
– Tax losses not recognised	32,279	57,764	107,258	52,387	63,486
– Tax incentive for research and development expenses (Note b)	(1,657)	(2,911)	–	–	–
	<u>20,384</u>	<u>26,052</u>	<u>36,164</u>	<u>20,363</u>	<u>21,498</u>

Notes:

- (a) Disclosed as above, the income and expenses attributable to processing of agricultural products are exempted from the CIT.
- (b) According to relevant laws and regulations enterprises engaging in research and development activities are entitled to claim as deduction 175% as tax deductible expenses when determining their taxable profits for the year (the “Super deduction”). Management have made best estimate for the Super Deduction to be claimed in ascertaining the assessable profits during the Track Record Period.

**13 Earnings per share for the profit attributable to the owners of the Company**

**(a) Basic earnings per share**

The basic earnings per share is calculated on the profit attributable to owners of the Company divided by the weighted average number of ordinary shares outstanding during the years ended 31 December 2019, 2020 and 2021 and the six months ended 30 June 2021 and 2022. In determining the weighted average number of ordinary shares outstanding, the 1,500,000,000 shares converted upon the conversion of the Company from limited liability company into joint stock company on 10 April 2020 were accounted for as if it was effective from 1 January 2019.

	Year ended 31 December			Six months ended 30 June	
	2019	2020	2021	2021	2022
				<i>(unaudited)</i>	
Profit attributable to owners of the Company (RMB'000)	249,453	49,063	230,345	139,209	194,452
Weighted average number of shares outstanding ('000)	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Basic earnings per share (expressed in RMB cent)	<u>16.63</u>	<u>3.27</u>	<u>15.36</u>	<u>9.28</u>	<u>12.96</u>

**(b) Diluted earnings per share**

Diluted earnings per share presented is the same as the basic earnings per share as there were no potentially dilutive ordinary shares issued during the Track Record Period.

**14 Dividends**

No dividend has been paid or declared by the Company for the Track Record Period.

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**ACCOUNTANT’S REPORT**

**15 Property, plant and equipment**

*The Group*

	Buildings	Leasehold Improvements	Plant and machinery	Furniture, fixtures and computer equipment	Motor vehicles	CIP	Mature fruit trees	Immature fruit trees	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 1 January 2019</b>									
Cost	2,274	138,486	21,910	15,793	5,462	–	10,022	7,392	201,339
Accumulated depreciation	(714)	(36,971)	(11,249)	(6,456)	(1,430)	–	(1,758)	–	(58,578)
Net book amount	1,560	101,515	10,661	9,337	4,032	–	8,264	7,392	142,761
<b>Year ended 31 December 2019</b>									
Opening net book amount	1,560	101,515	10,661	9,337	4,032	–	8,264	7,392	142,761
Additions	–	55,014	22,187	6,950	969	–	–	4,916	90,036
Acquisition of a subsidiary (Note 36.1(a))	–	27,716	5,870	1,647	1,738	–	–	–	36,971
Transfer	–	–	–	–	–	–	21	(21)	–
Disposals	–	(19,362)	(3,562)	(525)	(123)	–	(1,669)	(47)	(25,288)
Depreciation	(114)	(17,837)	(4,296)	(5,514)	(1,705)	–	(729)	–	(30,195)
Closing net book amount	1,446	147,046	30,860	11,895	4,911	–	5,887	12,240	214,285
<b>At 31 December 2019</b>									
Cost	2,274	201,824	46,105	23,565	7,745	–	7,972	12,240	301,725
Accumulated depreciation	(828)	(54,778)	(15,245)	(11,670)	(2,834)	–	(2,085)	–	(87,440)
Net book amount	1,446	147,046	30,860	11,895	4,911	–	5,887	12,240	214,285
<b>Year ended 31 December 2020</b>									
Opening net book amount	1,446	147,046	30,860	11,895	4,911	–	5,887	12,240	214,285
Additions	–	40,537	12,826	7,463	990	–	–	7,903	69,719
Step acquisition of subsidiaries (Note 36.1(b))	–	–	813	80	290	–	–	–	1,183
Transfers	–	–	–	–	–	–	30	(30)	–
Disposals	–	(2,169)	(172)	(972)	(443)	–	–	(231)	(3,987)
Depreciation	(114)	(21,259)	(3,901)	(6,346)	(1,522)	–	(724)	–	(33,866)
Closing net book amount	1,332	164,155	40,426	12,120	4,226	–	5,193	19,882	247,334
<b>At 31 December 2020</b>									
Cost	2,274	240,191	59,572	30,136	8,583	–	8,002	19,882	368,640
Accumulated depreciation	(942)	(76,036)	(19,146)	(18,016)	(4,357)	–	(2,809)	–	(121,306)
Net book amount	1,332	164,155	40,426	12,120	4,226	–	5,193	19,882	247,334
<b>Year ended 31 December 2021</b>									
Opening net book amount	1,332	164,155	40,426	12,120	4,226	–	5,193	19,882	247,334
Additions	–	56,529	7,124	7,733	1,229	15,707	–	12,797	101,119
Transfers	–	–	–	–	–	–	108	(108)	–
Disposals	–	–	(5)	(214)	(5)	–	–	–	(224)
Depreciation	(114)	(27,527)	(4,193)	(6,333)	(1,319)	–	(716)	–	(40,202)
Closing net book amount	1,218	193,157	43,352	13,306	4,131	15,707	4,585	32,571	308,027

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**ACCOUNTANT’S REPORT**

	<b>Buildings</b>	<b>Leasehold Improvements</b>	<b>Plant and machinery</b>	<b>Furniture, fixtures and computer equipment</b>	<b>Motor vehicles</b>	<b>CIP</b>	<b>Mature fruit trees</b>	<b>Immature fruit trees</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>At 31 December 2021</b>									
Cost	2,274	296,720	66,691	37,655	9,807	15,707	8,110	32,571	469,535
Accumulated depreciation	(1,056)	(103,563)	(23,339)	(24,349)	(5,676)	–	(3,525)	–	(161,508)
Net book amount	1,218	193,157	43,352	13,306	4,131	15,707	4,585	32,571	308,027
<b>At 1 January 2021</b>									
Cost	2,274	240,191	59,572	30,136	8,583	–	8,002	19,882	368,640
Accumulated depreciation	(942)	(76,036)	(19,146)	(18,016)	(4,357)	–	(2,809)	–	(121,306)
Net book amount	1,332	164,155	40,426	12,120	4,226	–	5,193	19,882	247,334
<b>Six months ended</b>									
<b>30 June 2021 (Unaudited)</b>									
Opening net book amount	1,332	164,155	40,426	12,120	4,226	–	5,193	19,882	247,334
Additions	–	26,367	4,618	2,725	627	9,156	–	5,501	48,994
Transfers	–	–	–	–	–	–	–	–	–
Disposals	–	–	(4)	(214)	(5)	–	–	–	(223)
Depreciation	(57)	(11,869)	(1,804)	(2,718)	(687)	–	(358)	–	(17,493)
Closing net book amount	1,275	178,653	43,236	11,913	4,161	9,156	4,835	25,383	278,612
<b>At 30 June 2021 (Unaudited)</b>									
Cost	2,274	266,558	64,159	32,066	9,183	9,156	8,002	25,383	416,781
Accumulated depreciation	(999)	(87,905)	(20,923)	(20,153)	(5,022)	–	(3,167)	–	(138,169)
Net book amount	1,275	178,653	43,236	11,913	4,161	9,156	4,835	25,383	278,612
<b>At 1 January 2022</b>									
Cost	2,274	296,720	66,691	37,655	9,807	15,707	8,110	32,571	469,535
Accumulated depreciation	(1,056)	(103,563)	(23,339)	(24,349)	(5,676)	–	(3,525)	–	(161,508)
Net book amount	1,218	193,157	43,352	13,306	4,131	15,707	4,585	32,571	308,027
<b>Six months ended</b>									
<b>30 June 2022</b>									
Opening net book amount	1,218	193,157	43,352	13,306	4,131	15,707	4,585	32,571	308,027
Additions	–	14,841	1,383	2,505	2,545	18,621	743	2,974	43,612
Transfers	–	–	–	–	–	–	–	–	–
Disposals	–	(210)	(1)	(24)	–	–	(683)	–	(918)
Depreciation	(54)	(13,509)	(2,141)	(2,443)	(763)	–	(552)	–	(19,462)
Closing net book amount	1,164	194,279	42,593	13,344	5,913	34,328	4,093	35,545	331,259
<b>At 30 June 2022</b>									
Cost	2,274	311,330	68,065	40,020	12,352	34,328	8,007	35,545	511,921
Accumulated depreciation	(1,110)	(117,051)	(25,472)	(26,676)	(6,439)	–	(3,914)	–	(180,662)
Net book amount	1,164	194,279	42,593	13,344	5,913	34,328	4,093	35,545	331,259

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Depreciation expenses have been charged to the consolidated statements of profit or loss as follows:

	Year ended 31 December			Six months ended 30 June	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Cost of sales	18,223	21,063	19,356	8,512	9,950
Research and development expenses	1,075	2,488	2,389	1,214	938
Selling expenses	3,565	2,557	6,163	2,265	2,476
Administrative expenses	7,332	7,758	12,294	5,502	6,098
	<u>30,195</u>	<u>33,866</u>	<u>40,202</u>	<u>17,493</u>	<u>19,462</u>

The Group’s buildings of RMB1,446,000 and RMB1,332,000 were pledged as collateral for the Group’s bank borrowings as at 31 December 2019 and 2020 respectively (Note 28).

*The Company*

	Leasehold improvements	Plant and machinery	Furniture, fixtures and computer equipment	Motor vehicle	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 1 January 2019</b>					
Cost	7,847	12	8,889	836	17,584
Accumulated depreciation	(2,219)	(1)	(5,085)	(244)	(7,549)
Net book amount	<u>5,628</u>	<u>11</u>	<u>3,804</u>	<u>592</u>	<u>10,035</u>
<b>Year ended 31 December 2019</b>					
Opening net book amount	5,628	11	3,804	592	10,035
Additions	11,718	5,067	3,880	–	20,665
Disposals	–	–	(359)	(2)	(361)
Depreciation	(1,903)	(147)	(2,296)	(209)	(4,555)
Closing net book amount	<u>15,443</u>	<u>4,931</u>	<u>5,029</u>	<u>381</u>	<u>25,784</u>
<b>At 31 December 2019</b>					
Cost	19,565	5,079	10,658	834	36,136
Accumulated depreciation	(4,122)	(148)	(5,629)	(453)	(10,352)
Net book amount	<u>15,443</u>	<u>4,931</u>	<u>5,029</u>	<u>381</u>	<u>25,784</u>
<b>Year ended 31 December 2020</b>					
Opening net book amount	15,443	4,931	5,029	381	25,784
Additions	2,379	1,159	2,615	–	6,153
Disposals	–	–	(25)	–	(25)
Depreciation	(2,950)	(596)	(2,862)	(208)	(6,616)
Closing net book amount	<u>14,872</u>	<u>5,494</u>	<u>4,757</u>	<u>173</u>	<u>25,296</u>

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**ACCOUNTANT'S REPORT**

	<b>Leasehold improvements</b>	<b>Plant and machinery</b>	<b>Furniture, fixtures and computer equipment</b>	<b>Motor vehicle</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>At 31 December 2020</b>					
Cost	21,944	6,238	13,209	834	42,225
Accumulated depreciation	(7,072)	(744)	(8,452)	(661)	(16,929)
Net book amount	<u>14,872</u>	<u>5,494</u>	<u>4,757</u>	<u>173</u>	<u>25,296</u>
<b>Year ended 31 December 2021</b>					
Opening net book amount	14,872	5,494	4,757	173	25,296
Additions	5,037	–	4,312	–	9,349
Disposals	–	–	(16)	–	(16)
Depreciation	(2,786)	(635)	(2,857)	(173)	(6,451)
Closing net book amount	<u>17,123</u>	<u>4,859</u>	<u>6,196</u>	<u>–</u>	<u>28,178</u>
<b>At 31 December 2021</b>					
Cost	26,981	6,238	17,216	834	51,269
Accumulated depreciation	(9,858)	(1,379)	(11,020)	(834)	(23,091)
Net book amount	<u>17,123</u>	<u>4,859</u>	<u>6,196</u>	<u>–</u>	<u>28,178</u>
<b>Six months ended 30 June 2021 (Unaudited)</b>					
Opening net book amount	14,872	5,494	4,757	173	25,296
Additions	4,953	–	2,069	–	7,022
Disposals	–	–	(41)	–	(41)
Depreciation	(1,407)	(22)	(1,398)	(87)	(2,914)
Closing net book amount	<u>18,418</u>	<u>5,472</u>	<u>5,387</u>	<u>86</u>	<u>29,363</u>
<b>At 30 June 2021 (Unaudited)</b>					
Cost	26,897	6,238	15,043	834	49,012
Accumulated depreciation	(8,479)	(766)	(9,656)	(748)	(19,649)
Net book amount	<u>18,418</u>	<u>5,472</u>	<u>5,387</u>	<u>86</u>	<u>29,363</u>
<b>Six months ended 30 June 2022</b>					
Opening net book amount	17,123	4,859	6,196	–	28,178
Additions	3,348	73	715	–	4,136
Disposals	(210)	–	(8)	–	(218)
Depreciation	(1,392)	(341)	(1,214)	–	(2,947)
Closing net book amount	<u>18,869</u>	<u>4,591</u>	<u>5,689</u>	<u>–</u>	<u>29,149</u>
<b>At 30 June 2022</b>					
Cost	30,097	6,311	17,873	834	55,115
Accumulated depreciation	(11,228)	(1,720)	(12,184)	(834)	(25,966)
Net book amount	<u>18,869</u>	<u>4,591</u>	<u>5,689</u>	<u>–</u>	<u>29,149</u>

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**ACCOUNTANT’S REPORT**

**16 Leases**

*(a) Amounts recognised in the consolidated statements of financial position*

*The Group*

	As at 31 December			As at
	2019	2020	2021	30 June
	RMB'000	RMB'000	RMB'000	2022
				RMB'000
<b>Right-of-use assets</b>				
Land use rights in the PRC	25,534	24,404	74,518	73,015
Leased premises	266,668	270,523	535,102	502,049
	<u>292,202</u>	<u>294,927</u>	<u>609,620</u>	<u>575,064</u>
<b>Lease liabilities</b>				
Current	30,986	30,710	52,051	51,371
Non-current	249,112	260,991	518,937	492,764
	<u>280,098</u>	<u>291,701</u>	<u>570,988</u>	<u>544,135</u>

Additions to the right-of-use assets, including through the acquisition of a subsidiary (Note 36.1(a)), for the Group during the years ended 31 December 2019, 2020 and 2021 and the six months ended 30 June 2021 and 2022 were RMB162,243,000, RMB59,837,000, RMB382,577,000 RMB311,892,000 and RMB7,588,000.

As at 31 December 2019, 2020 and 2021 and 30 June 2022, the Group’s right-of-use assets of RMB1,546,000, RMB1,502,000, RMB1,458,000 and RMB1,436,000 were pledged as collateral for the Group’s bank borrowings. As at 30 June 2022, right-of-use assets of RMB50,367,000 was pledged for an unutilised facility amounting to RMB320,000,000 (Note 28).

*The Company*

	As at 31 December			As at
	2019	2020	2021	30 June
	RMB'000	RMB'000	RMB'000	2022
				RMB'000
<b>Right-of-use assets</b>				
Leased premises	29,111	21,922	23,311	13,644
<b>Lease liabilities</b>				
Current	6,668	7,329	9,510	5,074
Non-current	23,322	16,223	15,529	9,242
	<u>29,990</u>	<u>23,552</u>	<u>25,039</u>	<u>14,316</u>

**APPENDIX I**

**ACCOUNTANT’S REPORT**

*(b) Amounts recognised in the consolidated statements of profit of loss*

	Year ended 31 December			Six months ended 30 June	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Depreciation charges of right-of-use assets					
Land use rights in the PRC	1,150	1,129	3,060	524	1,411
Leased premises	40,442	43,415	60,254	26,794	32,826
	<u>41,592</u>	<u>44,544</u>	<u>63,314</u>	<u>27,318</u>	<u>34,237</u>
Interest expense (included in finance costs)	15,613	16,043	30,242	13,107	16,438
Expense relating to short-term leases (included in cost of sales, selling expenses and administrative expenses)	21,462	31,520	34,480	18,278	20,886
	<u>21,462</u>	<u>31,520</u>	<u>34,480</u>	<u>18,278</u>	<u>20,886</u>

The total cash outflow for leases for the years ended 31 December 2019, 2020 and 2021 and six months ended 30 June 2021 and 2022 were RMB63,470,000, RMB83,557,000, RMB110,481,000, RMB51,466,000 and RMB62,534,000 respectively.

*(c) The Group’s leasing activities and how these are accounted for*

A property lease contains variable lease payment term that is linked to index. The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease payments change due to changes in the index following a market rent review, in which the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group leases various offices, warehouses. The Group recognised right-of-use assets for rental contracts with fixed periods ranging from above 1 year to 20 years and without extension options. For the remaining rental contracts with fixed periods equal to or less than a year and without extension options, the Group account those rental contracts as short-term leases.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

**17 Investment property**

*The Group*

	RMB'000
At 1 January 2019	–
Additions	2,753
At 31 December 2019 and 1 January 2020	<u>2,753</u>
Fair value change	(131)
At 31 December 2020	<u>2,622</u>
Fair value change	(4)
At 31 December 2021	<u>2,618</u>
Fair value change	(44)
30 June 2022	<u>2,574</u>
At 31 December 2020 and 1 January 2021	<u>2,622</u>
Fair value change (Unaudited)	(6)
At 30 June 2021 (Unaudited)	<u>2,616</u>

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**ACCOUNTANT'S REPORT**

(a) *Amounts recognised in profit or loss for investment property*

	Years ended 31 December			Six months ended 30 June	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Rental income from lease	–	140	147	(unaudited) 74	77

(b) *Leasing arrangements*

The investment property is leased to a tenant with rental payable monthly. For minimum lease payments receivable on lease of investment property, refer to Note 35.

**18 Intangible assets**

*The Group*

	Goodwill	Trademark	Software	Customer relationship	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 1 January 2019</b>					
Cost	38,832	569	21,073	–	60,474
Accumulated amortisation	–	(62)	(2,511)	–	(2,573)
Net book amount	38,832	507	18,562	–	57,901
<b>Year ended 31 December 2019</b>					
Opening net book amount	38,832	507	18,562	–	57,901
Additions	–	–	25,937	–	25,937
Acquisition of a subsidiary (Note 36.1(a))	130,946	29	1	39,514	170,490
Amortisation	–	(83)	(2,969)	(4,939)	(7,991)
Closing net book amount	169,778	453	41,531	34,575	246,337
<b>At 31 December 2019</b>					
Cost	169,778	598	47,011	39,514	256,901
Accumulated amortisation	–	(145)	(5,480)	(4,939)	(10,564)
Net book amount	169,778	453	41,531	34,575	246,337
<b>Year ended 31 December 2020</b>					
Opening net book amount	169,778	453	41,531	34,575	246,337
Additions	–	–	16,871	–	16,871
Step acquisition of subsidiaries (Note 36.1(b))	678	1,520	–	–	2,198
Amortisation	–	(60)	(6,798)	(6,586)	(13,444)
Closing net book amount	170,456	1,913	51,604	27,989	251,962



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	<b>Goodwill</b>	<b>Trademark</b>	<b>Software</b>	<b>Customer relationship</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>At 31 December 2020</b>					
Cost	170,456	2,118	63,882	39,514	275,970
Accumulated amortisation	–	(205)	(12,278)	(11,525)	(24,008)
Net book amount	<u>170,456</u>	<u>1,913</u>	<u>51,604</u>	<u>27,989</u>	<u>251,962</u>
<b>Year ended 31 December 2021</b>					
Opening net book amount	170,456	1,913	51,604	27,989	251,962
Additions	–	–	10,069	–	10,069
Amortisation	–	(130)	(7,586)	(6,586)	(14,302)
Closing net book amount	<u>170,456</u>	<u>1,783</u>	<u>54,087</u>	<u>21,403</u>	<u>247,729</u>
<b>At 31 December 2021</b>					
Cost	170,456	2,118	73,951	39,514	286,039
Accumulated amortisation	–	(335)	(19,864)	(18,111)	(38,310)
Net book amount	<u>170,456</u>	<u>1,783</u>	<u>54,087</u>	<u>21,403</u>	<u>247,729</u>
<b>Six months ended 30 June 2022</b>					
Opening net book amount	170,456	1,783	54,087	21,403	247,729
Additions	–	–	1,391	–	1,391
Amortisation	–	(63)	(4,364)	(3,293)	(7,720)
Closing net book amount	<u>170,456</u>	<u>1,720</u>	<u>51,114</u>	<u>18,110</u>	<u>241,400</u>
<b>At 30 June 2022</b>					
Cost	170,456	2,118	75,342	39,514	287,430
Accumulated amortisation	–	(398)	(24,228)	(21,404)	(46,030)
Net book amount	<u>170,456</u>	<u>1,720</u>	<u>51,114</u>	<u>18,110</u>	<u>241,400</u>
<b>At 1 January 2021</b>					
Cost	170,456	2,118	63,882	39,514	275,970
Accumulated amortisation	–	(205)	(12,278)	(11,525)	(24,008)
Net book amount	<u>170,456</u>	<u>1,913</u>	<u>51,604</u>	<u>27,989</u>	<u>251,962</u>
<b>Six months ended 30 June 2021 (Unaudited)</b>					
Opening net book amount	170,456	1,913	51,604	27,989	251,962
Additions	–	–	759	–	759
Amortisation	–	(28)	(3,513)	(3,292)	(6,833)
Closing net book amount	<u>170,456</u>	<u>1,885</u>	<u>48,850</u>	<u>24,697</u>	<u>245,888</u>
<b>At 30 June 2021 (Unaudited)</b>					
Cost	170,456	2,118	64,641	39,514	276,729
Accumulated amortisation	–	(233)	(15,791)	(14,817)	(30,841)
Net book amount	<u>170,456</u>	<u>1,885</u>	<u>48,850</u>	<u>24,697</u>	<u>245,888</u>

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	<b>Trademark</b>	<b>Software</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>At 1 January 2019</b>			
Cost	569	4,969	5,538
Accumulated amortisation	(62)	(1,458)	(1,520)
Net book amount	<u>507</u>	<u>3,511</u>	<u>4,018</u>
<b>Year ended 31 December 2019</b>			
Opening net book amount	507	3,511	4,018
Additions	–	36,592	36,592
Amortisation	(57)	(2,298)	(2,355)
Closing net book amount	<u>450</u>	<u>37,805</u>	<u>38,255</u>
<b>At 31 December 2019</b>			
Cost	569	41,561	42,130
Accumulated amortisation	(119)	(3,756)	(3,875)
Net book amount	<u>450</u>	<u>37,805</u>	<u>38,255</u>
<b>Year ended 31 December 2020</b>			
Opening net book amount	450	37,805	38,255
Additions	–	43,994	43,994
Amortisation	(57)	(7,921)	(7,978)
Closing net book amount	<u>393</u>	<u>73,878</u>	<u>74,271</u>
<b>At 31 December 2020</b>			
Cost	569	85,555	86,124
Accumulated amortisation	(176)	(11,677)	(11,853)
Net book amount	<u>393</u>	<u>73,878</u>	<u>74,271</u>
<b>Year ended 31 December 2021</b>			
Opening net book amount	393	73,878	74,271
Additions	–	13,985	13,985
Amortisation	(56)	(10,270)	(10,326)
Closing net book amount	<u>337</u>	<u>77,593</u>	<u>77,930</u>
<b>At 31 December 2021</b>			
Cost	569	99,540	100,109
Accumulated amortisation	(232)	(21,947)	(22,179)
Net book amount	<u>337</u>	<u>77,593</u>	<u>77,930</u>
<b>Six months ended 30 June 2022</b>			
Opening net book amount	337	77,593	77,930
Additions	–	1,391	1,391
Amortisation	(28)	(5,169)	(5,197)
Closing net book amount	<u>309</u>	<u>73,815</u>	<u>74,124</u>
<b>At 30 June 2022</b>			
Cost	569	100,931	101,500
Accumulated amortisation	(260)	(27,116)	(27,376)
Net book amount	<u>309</u>	<u>73,815</u>	<u>74,124</u>

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	<b>Trademark</b>	<b>Software</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Six months ended 30 June 2021</b>			
<b>(Unaudited)</b>			
Opening net book amount	393	73,878	74,271
Additions	–	759	759
Amortisation	(28)	(4,393)	(4,421)
Closing net book amount	<u>365</u>	<u>70,244</u>	<u>70,609</u>
<b>At 30 June 2021 (Unaudited)</b>			
Cost	569	86,314	86,883
Accumulated amortisation	(204)	(16,070)	(16,274)
Net book amount	<u>365</u>	<u>70,244</u>	<u>70,609</u>

*Notes:*

- (a) Software includes daily operation systems purchased from external parties and capitalised development costs incurred by the Group’s internal research and development team. The internal generated software is an integrated Enterprise Resources Planning system (“ERP”) which is used by the Group.
- (b) The customer relationship was acquired as part of a business combination (see Note 36.1(a) for details). It is recognised at fair value at the date of acquisition and is subsequently amortised by straight-line method over its estimated useful life.
- (c) Goodwill is related to the acquisitions in 2018, 2019 and 2020, namely on Shenzhen Yimiaotong (principally engaged in provision of supply chain financing in the PRC), Haiyang Jinchengtai (principally engaged in sales and processing of fruits in the PRC) and Youguolian Brand and Younongdao Beijing (principally engaged in investment in agriculture related businesses). The goodwill is attributable to Shenzhen Yimiaotong’s exclusivity in its principal business and Haiyang Jinchengtai’s strong position and profitability in sales and processing of fruits in the PRC and overseas. None of the goodwill is expected to be deductible for tax purposes.

Amortisation expenses have been charged to the consolidated statements of profit or loss as follows:

	<b>Year ended 31 December</b>			<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2021</b>	<b>2022</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Cost of sales	369	290	305	140	157
Selling expenses	5,467	9,747	9,719	4,610	5,317
Administrative expenses	2,155	3,407	4,278	2,083	2,246
	<u>7,991</u>	<u>13,444</u>	<u>14,302</u>	<u>6,833</u>	<u>7,720</u>

*Impairment tests for goodwill*

Goodwill of RMB38,832,000, and RMB130,946,000 and RMB678,000 was recognised in relation to the business combinations of Shenzhen Yimiaotong, Haiyang Jinchengtai and Youguolian Brand and Younongdao Beijing (see Note 36 for details) respectively. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. It is allocated to the Group’s cash generating unit (“CGU”) identified, which is the operating subsidiaries, namely were Shenzhen Yimiaotong, Haiyang Jinchengtai, Youguolian Brand and Younongdao Beijing respectively. The goodwill relating to Shenzhen Yimiaotong, Youguolian Brand and Younongdao Beijing belong to the Others segment; whereas the goodwill relating to Haiyang Jinchengtai belongs to the Trading segment.

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The Group completed its impairment test for goodwill allocated to the CGU by comparing its recoverable amounts to its carrying amounts as at the end of reporting period. Goodwill impairment reviews have been performed at the level of CGU. The recoverable amount is determined based on value-in-use calculations.

Recoverable amount of the CGU is determined as higher of fair value less cost of disposal (“FVLCOD”) and value-in-use (“VIU”) of the underlying assets.

The VIU was determined by applying discounted cash flow model on pre-tax cash flow projections based on 5-year financial budgets approved by management. The discount rate used is pre-tax and reflects specific risks related to the relevant operation. The volume of revenue in each period is the main driver for revenue and costs. The growth in revenue and the relevant costs are estimated based on past performance and management’s expectations for the market development.

The long-term growth rate is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.

The key assumptions used for VIU calculations for the years ended 31 December 2019, 2020 and 2021 and six months ended 30 June 2022 are as follows:

### Shenzhen Yimiao tong

	Year ended 31 December			Six months ended 30 June
	2019	2020	2021	2022
	Period of financial budgets	5-year	5-year	5-year
Average annual growth rate	33.2%	12.0%	9.4%	5.0%
Long-term growth rate	3.0%	3.0%	3.0%	3.0%
Average profit margin	32.8%	32.8%	32.8%	32.8%
Pre-tax discount rate	21.6%	21.6%	21.6%	21.6%

Long-term growth rate is based on forecasts included in industry reports which is consistent across the Track Record Period. Average profit margin is determined based on the past performance and management’s expectations for the future which is consistent across the Track Record Period. Pre-tax discount rate is consistent as there has been no significant change in capital structure or specific risks of Shenzhen Yimiao tong throughout the Track Record Period.

The VIU of Shenzhen Yimiao tong is estimated to exceed the carrying amount by RMB15,822,000, RMB14,761,000, RMB15,537,000 and RMB20,010,000 as at 31 December 2019, 2020 and 2021 and 30 June 2022 respectively. No impairment loss was recognised accordingly.

The directors and management have considered and assessed reasonably possible changes for the above assumptions and have not identified any instances that could cause the carrying amount of Shenzhen Yimiao tong to exceed its VIU.

### Haiyang Jinchengtai

	As at 31 December		As at 30 June
	2020	2021	2022
Period of financial budgets	5-year	5-year	5-year
Average annual growth rate	8.2%	7.8%	7.1%
Long-term growth rate	3.0%	3.0%	3.0%
Average gross margin	19.38%	19.38%	19.38%
Pre-tax discount rate	12.15%	12.15%	12.15%

Long-term growth rate is based on forecasts included in industry reports which is consistent across the Track Record Period. Average profit margin is determined based on the past performance and management’s expectations for the future which is consistent across the Track Record Period. Pre-tax discount rate is consistent as there has been no significant change in capital structure or specific risks of Haiyang Jinchengtai throughout the Track Record Period.

The VIU of Haiyang Jinchengtai is estimated to exceed the carrying amount by RMB14,823,000, RMB17,583,000 and RMB22,234,000 as at 31 December 2020 and 2021 and 30 June 2022, respectively. No impairment was recognised accordingly.

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The VIU of Haiyang Jinchengtai would equal its carrying amount if the key assumptions were to change as follows:

	As at 31 December				As at 30 June	
	2020		2021		2022	
	From	To	From	To	From	To
Average annual growth rate	8.20%	6.20%	7.80%	5.74%	7.10%	4.50%
Long-term growth rate	3.00%	2.70%	3.00%	2.30%	3.00%	2.03%
Average gross margin	19.38%	18.88%	19.38%	18.68%	19.38%	18.78%
Pre-tax discount rate	12.15%	12.55%	12.15%	12.55%	12.15%	12.80%

The directors of the Company performed sensitivity analysis based on the assumptions that average annual growth rate or long-term growth rate or average gross margin or pre-tax discount rate have been changed. Had the estimated key assumptions during the forecast period been changed as below, the headroom would decrease as follows:

Reasonably possible changes in key assumption	As at 31 December		As at 30 June
	2020	2021	2022
	RMB'000	RMB'000	RMB'000
Average annual growth rate decreases by 1%	10,381	9,458	9,570
Long-term growth rate decreases by 1%	25,811	25,946	22,748
Average gross margin decreases by 1%	32,237	32,469	34,774
Pre-tax discount rate increases by 1%	34,673	34,880	32,602

A reasonable possible change of decrease in long-term growth rate by 1%, decrease in average gross margin by 1% or increase in pre-tax discount rate by 1%, individually, will result in the carrying amount of the CGU to exceed its recoverable amount.

**19 Financial instruments by category**

*The Group*

	As at 31 December			As at 30 June
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Assets</b>				
Financial assets at amortised cost				
– Trade receivables	1,443,731	1,290,874	1,156,227	1,083,098
– Deposits and other receivables	376,722	442,072	473,568	421,485
– Loans to associates	39,032	29,867	12,608	18,136
– Amounts due from associates	13,756	–	15	988
– Long-term restricted bank deposits	–	51,009	1,009	1,009
– Short-term restricted bank deposits	176,979	224,386	272,690	267,314
– Long-term bank deposits	–	250,000	100,000	30,000
– Short-term bank deposits	–	200,100	250,000	80,000
– Cash and cash equivalents	317,248	454,636	564,666	1,897,504
Financial assets at FVOCI	76,349	65,362	10,864	20,434
Financial assets at FVTPL	845,538	489,910	1,122,281	311,267
	<u>3,289,355</u>	<u>3,498,216</u>	<u>3,963,928</u>	<u>4,131,235</u>

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	As at 31 December			As at 30 June
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Liabilities</b>				
Liabilities at amortised cost				
– Trade payables	378,835	304,932	345,196	500,553
– Other payables	716,519	908,248	984,365	1,032,343
– Amounts due to associates	18,495	17,890	15,882	4,194
– Bank borrowings	620,785	929,069	1,452,511	1,305,594
– Lease liabilities	280,098	291,701	570,988	544,135
	<u>2,014,732</u>	<u>2,451,840</u>	<u>3,368,942</u>	<u>3,386,819</u>

*The Company*

	As at 31 December			As at 30 June
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Assets</b>				
Financial assets at amortised cost				
– Trade receivables	13,692	18,638	27,466	22,801
– Deposits and other receivables	226,982	168,304	224,627	229,612
– Amounts due from subsidiaries	1,951,409	2,772,774	3,424,443	3,919,633
– Long-term restricted bank deposits	–	50,000	–	–
– Short-term restricted bank deposits	165,970	211,486	258,788	252,282
– Long-term bank deposits	–	250,000	100,000	30,000
– Short-term bank deposits	–	200,100	250,000	80,000
– Cash and cash equivalents	151,801	261,942	278,367	1,154,141
Financial assets at FVTPL	765,822	402,744	1,039,995	229,954
	<u>3,275,676</u>	<u>4,335,988</u>	<u>5,603,686</u>	<u>5,918,423</u>
<b>Liabilities</b>				
Financial liabilities at amortised cost				
– Trade payables	5,143	7,637	15,387	14,248
– Other payables	678,035	874,305	935,369	977,615
– Amounts due to subsidiaries	137,379	992,638	2,338,038	2,911,701
– Bank borrowings	370,457	618,879	913,878	869,393
– Lease liabilities	29,990	23,552	25,039	14,316
	<u>1,221,004</u>	<u>2,517,011</u>	<u>4,227,711</u>	<u>4,787,273</u>

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**20 Investments**

*(a) Interests in subsidiaries*

*The Company*

	As at 31 December			As at 30 June
	2019	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cost	193,259	193,259	224,259	225,259
Less: impairment	(2,500)	(2,500)	(2,500)	(2,500)
	<u>190,759</u>	<u>190,759</u>	<u>221,759</u>	<u>222,759</u>

For further details of interests in subsidiaries, please refer to Note 1.1.

*(b) Interests in associates*

*The Group*

	As at 31 December			As at 30 June	
	2019	2020	2021	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
At beginning of the year/period	77,419	104,243	208,400	208,400	278,895
Additions	34,444	67,213	55,647	41,227	2,961
Transfer from financial assets at FVOCI upon obtaining significant influence (Note 21)	–	29,789	8,063	2,957	–
Addition upon step acquisition (Note 36.1(b))	–	64,468	–	–	–
Transfer to subsidiaries upon step acquisition (Note 1.1(e) and (g))	–	(18,356)	–	–	–
Disposal (Note 20 c (vi) and (xxv))	–	(1,209)	(2,312)	–	–
Share of (losses)/profit, net Impairment (Note c (ii))	(8,336)	(11,394)	9,097	2,099	4,433
Dilution gain (Note c (viii))	632	–	–	–	–
Share of other comprehensive income	84	–	–	–	–
At end of the year/period	<u>104,243</u>	<u>208,400</u>	<u>278,895</u>	<u>254,683</u>	<u>286,289</u>

During the years ended 31 December 2020 and 2021, and the six months ended 30 June 2021 and 2022, unrecognised share of losses of associates amounted to RMB837,000, RMB425,000, RMB214,000, and RMB210,000 respectively. As at 31 December 2020 and 2021, and 30 June 2022, cumulative unrecognised share of losses of associates amounted to RMB837,000, RMB1,262,000, and RMB1,472,000 respectively.

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*The Company*

	As at 31 December			As at 30 June
	2019	2020	2021	2022
	RMB’000	RMB’000	RMB’000	RMB’000
Cost	8,900	8,900	33,400	33,400
Less: impairment	–	–	–	–
	<u>8,900</u>	<u>8,900</u>	<u>33,400</u>	<u>33,400</u>

	As at 31 December			As at 30 June
	2019	2020	2021	2022
	RMB’000	RMB’000	RMB’000	RMB’000
At beginning of the year/period	3,900	8,900	8,900	33,400
Additions	5,000	–	24,500	–
At end of the year/period	<u>8,900</u>	<u>8,900</u>	<u>33,400</u>	<u>33,400</u>

(c) *Nature of interests in associates*

Name of entity*	Principal place of business	% of ownership				Nature of relationship	Measurement method
		31 December 2019	31 December 2020	31 December 2021	30 June 2022		
<i>Directly held:</i>							
Shanghai Niuguo Agricultural Technology Co., Ltd. (“Shanghai Niuguo”) (上海牛果農業科技有限公司)	PRC	33%	33%	33%	33%	Note i	Equity method
Guoying Zhifu Investment Limited Partnership (“Guoying Zhifu”) (果盈致富產業私募基金(有限合夥))	PRC	N/A	N/A	57%	57%	Note xi	Equity method
<i>Indirectly held:</i>							
Younongdao (Beijing) Technology Co., Ltd. (“Younongdao Beijing”) (優農道(北京)科技有限公司)	PRC	46%	N/A	N/A	N/A	Note ii	Equity method
Hebei Huiwenyongji Fruit Industry Co., Ltd (“Hebei Huiwenyongji”) (河北惠文永記果業有限公司)	PRC	40%	40%	40%	40%	Note iii	Equity method
Shangyin Zhonghe Hengtai Investment (Shenzhen) Limited Partnership (“Shangyin Zhonghe Hengtai”) (上銀眾合亨泰投資(深圳)合夥企業(有限合夥))	PRC	52%	52%	52%	52%	Note iv	Equity method
Youguolian Brand Management Co., Ltd. (“Youguolian Brand”) (優果聯品牌管理有限公司)	PRC	30%	N/A	N/A	N/A	Note v	Equity method



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Name of entity*	Principal place of business	% of ownership				Nature of relationship	Measurement method
		31 December 2019	31 December 2020	31 December 2021	30 June 2022		
Dongguan Baiguo Biological Technology Co., Ltd (“Dongguan Baiguo”) (東莞百果生物技術有限公司)	PRC	30%	0%	0%	0%	Note vi	Equity method
Hainan Shengjie Agricultural Development Co., Ltd. (“Hainan Shengjie”) (海南勝傑農業發展有限公司)	PRC	30%	30%	30%	30%	Note vii	Equity method
Guangxi Huiyun Information Technology Co., Ltd (“Guangxi Huiyun”) (廣西慧雲資訊技術有限公司)	PRC	13%	13%	13%	13%	Note viii	Equity method
Hainan Xinfu Ecological Fruit Co., Ltd (“Hainan Xinfu”) (海南信福生態果業有限公司)	PRC	15%	17%	17%	17%	Note ix	Equity method
Shenzhen Banguo Technology Co., Ltd (“Banguo Technology”) (深圳般果科技有限公司)	PRC	N/A	31%	31%	31%	Note x	Equity method
Henan Zhanxin Pagoda Industry Fund (Limited Partnership) (“Henan Zhanxin”) (河南戰新百果園產業基金(有限合夥))	PRC	N/A	60%	60%	60%	Note xii	Equity method
Lijiang Quanji Youmei Planting Co., Ltd (“Quanji Youmei”) (麗江全季優莓種植有限公司)	PRC	N/A	44%	44%	44%	Note xiii	Equity method
Shandong Liangzhi Agrosiences Company Limited (“Shandong Liangzhi”) (山東良枝農業科技有限公司)	PRC	N/A	35%	35%	35%	Note xiv	Equity method
Guangdong Jinjin Fruit Industry Co., Ltd. (“Guangdong Jinjin Fruit”) (廣東金津果業有限公司)	PRC	N/A	34%	34%	34%	Note xv	Equity method
Yunnan Fuzhikou Agricultural Science and Technology Co., Ltd. (“Yunnan Fuzhikou”) (雲南福之口農業科技有限公司)	PRC	N/A	N/A	45%	45%	Note xvi	Equity method
Guangxi Zhencheng Agriculture Co., Ltd. (“Guangxi Zhencheng”) (廣西真誠農業有限公司)	PRC	N/A	14%	14%	14%	Note xvii	Equity method
Beijing Kedao Brand Management Center (Limited Partnership) (“Beijing Kedao”) (北京標道品牌管理中心(有限合夥))	PRC	N/A	N/A	49%	49%	Note xviii	Equity method
Shandong Guodu Modern Agriculture Co., Ltd. (“Shandong Guodu”) (山東果都現代農業有限公司)	PRC	N/A	5%	5%	5%	Note xix	Equity method

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Name of entity*	Principal place of business	% of ownership				Nature of relationship	Measurement method
		31 December 2019	31 December 2020	31 December 2021	30 June 2022		
Chongqing Chunken Agricultural Development Co., Ltd. (“Chongqing Chunken”) (重慶春壘農業開發有限公司)	PRC	N/A	7%	7%	7%	Note xx	Equity method
Liaoning Half Acre Ecological Agriculture Ltd. (“Liaoning Half Acre”) (遼寧半畝田生態農業有限公司)	PRC	N/A	30%	30%	30%	Note xxii	Equity method
Xiamen Weiyu Ecological Agriculture Co., Ltd. (“Xiamen Weiyu”) (廈門微玉生態農業有限公司)	PRC	N/A	34%	34%	34%	Note xxiii	Equity method
Guangxi Zhiguo Technology Co., Ltd. (“Guangxi Zhiguo”) (廣西智果科技有限公司)	PRC	N/A	28%	28%	28%	Note xxiv	Equity method
Hunan Jiahui Guolv Agricultural Technology Co., Ltd. (“Hunan Jiahui”) (湖南佳惠果綠農業科技有限公司)	PRC	N/A	38%	38%	38%	Note xxv	Equity method
Changsha Lvye Agricultural Technology Co., Ltd. (“Changsha Lvye”) (長沙縣綠業農業科技有限公司)	PRC	N/A	35%	-	-	Note xxvi	Equity method
Kunming Yunling Technology Co., Ltd (“Kunming Yunling”) (昆明雲嶺科技有限責任公司)	PRC	N/A	N/A	N/A	40%	Note xxvii	Equity method

\* The English names of PRC companies refer to above in this note represents management best effort in translating the Chinese names of those companies as no English name has been registered or available.

*Notes:* The associates held by the Group have capital consisting solely of ordinary capital. All of the associates are private companies with no quoted market price available for its shares.

- (i) Shanghai Niuguo is a limited liability company engaged in ripening and sales of fruits. Shanghai Niuguo is accounted for as an associate following the capital injection of RMB3,900,000 and the Group obtained the significant influence on 1 June 2017 upon its establishment. On 23 February 2022, the Group and the other shareholders has each further injected cash of RMB1,000,000 into Shanghai Niuguo. Upon completion of the transaction, there is no change in respective attributable interest.
- (ii) Younongdao Beijing is a limited liability company engaged in development of biological farming technologies. Younongdao Beijing is accounted for as an associate following the acquisition at a consideration of RMB26,000,000 and the Group obtained the significant influence on 29 November 2018.

Following the step acquisition of Youguolian Brand on 10 December 2020, the Group owns 68% equity interest in Younongdao Beijing indirectly and obtained control. As a result, the Group consolidated Younongdao Beijing in the Group’s consolidated financial statements since 10 December 2020.

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Immediately before the commencement of consolidation of Younongdao Beijing on 10 December 2020, after considering the financial performance of Younongdao Beijing and obtaining an independent valuation report, management considered that there is an impairment indicator exists. As a result, the investment in Younongdao Beijing is impaired and recorded an impairment loss of RMB26,354,000.

- (iii) Hebei Huiwenyongji is a limited liability company engaged in cultivating and trading of fruit. Hebei Huiwenyongji is accounted for as an associate following the capital injection at a consideration of RMB12,000,000 and the Group obtained the significant influence on 28 March 2018 upon its establishment.
- (iv) Shangyin Zhonghe Hengtai is a limited partnership engaged in investment consultancy service. Shangyin Zhonghe Hengtai is accounted for as an associate following the capital injection of RMB15,000,000 and obtained the significant influence on 30 November 2018.

Through the partnership agreement, the Group is only guaranteed one out of four seats on the board of Shangyin Zhonghe Hengtai to participate in all significant financial and operating decisions. The Group also does not have right to remove or appoint a general partner or a fund manager. As a result, the Group has therefore determined that it only has significant influence over Shangyin Zhonghe Hengtai, even though it holds 52% equity interest of Shangyin Zhonghe Hengtai.

- (v) Youguolian Brand is a limited liability company engaged in provision of one-step solution services for farming technologies, commercialisation and brand marketing. Youguolian Brand is accounted for as an associate following the acquisition at a consideration of RMB15,000,000 and the Group obtained the significant influence on 9 March 2017. On 10 December 2020, Pagoda Investment further injected cash of RMB60,000,000 and effectively obtained an additional 26% equity interest of Youguolian Brand and obtained control. As a result, the Group consolidated Youguolian Brand in the Group's consolidated financial statements since 10 December 2020 (Note 36.1(b)).
- (vi) Dongguan Baiguo is a limited liability company engaged in manufacturing and trading of dry fruit. Dongguan Baiguo is accounted for as an associate following the capital injection of RMB1,500,000 and the Group obtained the significant influence on 15 April 2019. The Group disposed of its 30% equity interest on 26 November 2020 with carrying amount of RMB1,209,000 at a consideration of RMB966,000 to an independent third party. A resulting loss on such disposal, amounting to RMB243,000 is recorded in other gains, net.
- (vii) Hainan Shengjie is a limited liability company engaged in the business of growing melons in the PRC. Hainan Shengjie is accounted for as an associate following the acquisition and capital injection of RMB11,068,000 and the Group obtained the significant influence on 11 October 2019.
- (viii) Guangxi Huiyun is a limited liability company engaged in the provision of information technology service. Guangxi Huiyun is accounted for as an associate following the acquisition and capital injection of RMB222,000 and RMB577,000, respectively. Through the shareholder agreement, the Group is guaranteed one out of five seats on the board of Guangxi Huiyun and participates in all significant financial and operating decision. The Group has therefore determined that it has significant influence over Guangxi Huiyun on 29 May 2018, even though it only holds 13% of the voting rights.
- (ix) Hainan Xinfu is a limited liability company engaged in the trading of fruits. Hainan Xinfu is accounted for as an associate following the capital injection of RMB16,875,000. Through the shareholder agreement, the Group is guaranteed one out of five seats on the board of Hainan Xinfu and participates in all significant financial and operating decision. The Group has therefore determined that it has significant influence over Hainan Xinfu on 30 August 2019 upon its establishment, even though it only holds 15% of the voting rights.

The Group further acquired 2% equity interest at a nominal consideration of RMB1 on 20 October 2020.

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- (x) Banguo Technology is a limited liability company engaged in development of information technology and providing related consultation service. Banguo Technology is accounted for as an associate following the capital injection of RMB6,379,000 and the Group obtaining its significant influence on 30 October 2020 upon its establishment.
- (xi) Guoying Zhifu Investment Limited Partnership is a limited partnership engaged in investment consultancy service. Guoying Zhifu is accounted for as an associate following the capital injection of RMB24,500,000.

Through the partnership agreement, the Group is only guaranteed one out of seven seats on the board of Guoying Zhifu to participate in all significant financial and operating decisions and does not have right to remove or appoint a general partner or a fund manager. As a result, the Group has therefore determined that it only has significant influence over Guoying Zhifu, even though it only holds 57% equity interest of Guoying Zhifu. The Group obtained the significant influence on 18 November 2021 upon its establishment.

- (xii) Henan Zhanxin is a limited partnership engaged in non-securities equity investment activities and providing related consultancy service. Henan Zhanxin is accounted for as an associate following the capital injection of RMB33,471,000 and obtaining its significant influence on 10 December 2020 upon its establishment.

Through the partnership agreement, the Group is only guaranteed one out of nine seats on the board of Henan Zhanxin to participate in all significant financial and operating decisions. The Group also does not have right to remove or appoint a general partner or a fund manager. As a result, the Group has therefore determined that it only has significant influence over Henan Zhanxin, even though it holds 60% equity interest of Henan Zhanxin.

- (xiii) Quanji Youmei is a limited liability company engaged in growing business of fruits and vegetables. Quanji Youmei is accounted for as an associate following the capital injection of RMB5,460,000 and the Group obtaining its significant influence on 9 June 2020 upon its establishment. On 5 January 2022, the Group and the other shareholders has each further injected cash of RMB1,760,000 into Quanji Youmei. Upon completion of the transaction, there is no change in respective attributable interest.
- (xiv) Shandong Liangzhi is a limited liability company engaged in manufacturing and retail sales of agricultural products. Shandong Liangzhi was an associate of Youguolian Brand prior to the Group's step acquisition of Youguolian Brand on 10 December 2020. Following the step acquisition, Shandong Liangzhi becomes the Group's associate.
- (xv) Guangdong Jinjin Fruit is a limited liability company engaged in growing business and retail sales of agricultural products. Guangdong Jinjin Fruit was an associate of Youguolian Brand prior to the Group's step acquisition of Youguolian Brand on 10 December 2020. Following the step acquisition, Guangdong Jinjin Fruit becomes the Group's associate.
- (xvi) Yunnan Fuzhikou is a limited liability company engaged in ripening and sales of fruits. Yunnan Fuzhikou is accounted for as an associate following the capital injection of RMB4,500,000 and the Group obtaining its significant influence on 10 May 2021.
- (xvii) Guangxi Zhencheng is a limited liability company engaged in manufacturing and retail sales of agricultural products. Guangxi Zhencheng was a financial asset at FVOCI of the Group and an associate of Youguolian Brand prior to the Group's step acquisition of Youguolian Brand on 10 December 2020. Following the step acquisition, Guangxi Zhencheng becomes the Group's associate.

Through the shareholder agreement, the Group is guaranteed one out of five seats on the board of Guangxi Zhencheng and participates in all significant financial and operating decision. The Group has therefore determined that is has significant influence over Guangxi Zhencheng on 10 December 2020, even though it only holds 14% of the voting rights.

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- (xviii) Beijing Kedao is a limited partnership engaged in non-securities equity investment activities and providing related consultancy service. Beijing Kedao was a financial asset at FVOCI of the Group following the acquisition of RMB3,250,000 on 25 September 2019. On 28 January 2021, the Group further acquired 33% equity interest at cash consideration of RMB9,440,000 and the Group obtained the significant influence and Beijing Kedao becomes the Group's associate.
- (xix) Shandong Guodu is a limited liability company engaged in growing business of fruits and vegetables. Shandong Guodu was a financial asset at FVOCI of the Group and an associate of Youguolian Brand prior to the Group's step acquisition of Youguolian Brand on 10 December 2020. Through the shareholder agreement, the Group is guaranteed one out of nine seats on the board of Shandong Guodu and participates in all significant financial and operating decision. The Group has therefore determined that it has significant influence over Shandong Guodu following the step acquisition on 10 December 2020, even though it only holds 5% of the voting rights.
- (xx) Chongqing Chunken is a limited liability company engaged in ripening and sales of fruits. Chongqing Chunken was a financial asset at FVOCI of the Group and an associate of Youguolian Brand prior to the Group's step acquisition of Youguolian Brand on 10 December 2020. Through the shareholder agreement, the Group is guaranteed one out of three seats on the board of Chongqing Chunken and participates in all significant financial and operating decision. The Group has therefore determined that it has significant influence over Chongqing Chunken following the step acquisition on 10 December 2020, even though it only holds 7% of the voting rights.
- (xxi) Liaoning Half Acre is a limited liability company engaged in ripening and sales of fruits and vegetables. Liaoning Half Acre was an associate of Youguolian Brand prior to the Group's step acquisition of Youguolian Brand on 10 December 2020. Following the step acquisition, Liaoning Half Acre becomes the Group's associate.
- (xxii) Xiamen Weiyu is a limited liability engaged company in ripening and sales of fruits and vegetables. Xiamen Weiyu is accounted for as an associate following the capital injection of RMB1,030,300 and the Group obtaining its significant influence on 31 December 2020.
- (xxiii) Guangxi Zhiguo is a limited liability company engaged in development of information technology and providing related consultation service. Guangxi Zhiguo was an associate of Youguolian Brand prior to the Group's step acquisition of Youguolian Brand on 10 December 2020. Following the step acquisition, Guangxi Zhiguo becomes the Group's associate.
- (xxiv) Hunan Jiahui is a limited liability company engaged in ripening and sales of fruits. Hunan Jiahui was an associate of Youguolian Brand prior to the Group's step acquisition of Youguolian Brand on 10 December 2020. Following the step acquisition, Hunan Jiahui becomes the Group's associate.
- (xxv) Changsha Lvye is a limited liability company engaged in ripening and sales of fruits and vegetables. Changsha Lvye was an associate of Youguolian Brand prior to the Group's step acquisition of Youguolian Brand on 10 December 2020. Following the step acquisition, Changsha Lvye becomes the Group's associate. The Group disposed of its 35% equity interest on 29 December 2021 with carrying amount of RMB2,312,000 at a consideration of RMB3,150,000 to an independent third party. A resulting gain on such disposal, amounting to RMB838,000 is recorded in other gains, net.
- (xxvi) Kunming Yunling is a limited liability company engaged in information technology consulting services. Kunming Yunling is accounted for as an associate following the capital injection at a consideration of RMB200,000 and the Group obtained the significant influence on 15 February 2022 upon its establishment.

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**(d) Interests in joint ventures**

*The Group*

	As at 31 December			As at 30 June	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)
At beginning of the year/period	7,720	7,895	50,556	50,556	45,556
Addition	–	3,170	–	–	–
Addition upon step acquisition (Note 36.1 (b))	–	37,860	–	–	–
Disposal (Note 20(e)(ii))	–	–	(2,760)	–	–
Share of profits, net	175	1,631	7,386	7,437	5,011
Dividend received	–	–	(9,626)	(5,914)	–
At end of the year/period	7,895	50,556	45,556	52,079	50,567

**(e) Nature of interests in joint venture**

Name of entity	Principal place of business	% of ownership				Nature of relationship	Measurement method
		31 December 2019	31 December 2020	31 December 2021	30 June 2022		
Nanjing Jinse Zhuangyuan Agricultural Products Co., Ltd (“Nanjing Jinse Zhuangyuan”) (南京金色莊園農產品有限公司)	PRC	15%	39%	39%	39%	Note i, iii	Equity method
Shenzhen Aisien Pagoda Industry Co., Ltd (“Aisien”) (深圳愛寺恩百果實業有限公司)	PRC	–	35%	–	–	Note ii, iii	Equity method

*Notes:*

- (i) Nanjing Jinse Zhuangyuan is a limited liability company engaged in trading of primary agriculture products and fruits. Nanjing Jinse Zhuangyuan was accounted for as a joint venture following the capital injection of RMB7,455,000 and the Group obtained its joint control on 19 June 2018. Following the step acquisition of Youguolian Brand, which held 24% equity interest of Nanjing Jinse Zhuangyuan, on 10 December 2020, the Group obtained 39% equity interest.
- (ii) Aisien is a limited liability company engaged in trading of primary agriculture products and fruits. Aisien is accounted for as a joint venture following the capital injection of RMB3,170,000 and the Group obtaining its joint control on 3 March 2020. The Group disposed of its 35% equity interest on 3 September 2021 at a consideration of RMB2,760,000 to an independent third party. A resulting gain on such disposal, amounting to RMB410,000 is recorded in other gains, net.
- (iii) Nanjing Jinse Zhuangyuan and Aisien are accounted for as joint ventures as while the Group cannot control these investees, the Group has veto rights in the decision making at the Board of Directors’ meeting in directing the investees’ relevant activities.

**(f) Summarised financial information for the material associates and joint ventures**

Set out below are the summarised financial information for Youguolian Brand, Younongdao Beijing, Shangyin Zhonghe Hengtai, Hainan Xinfu, Guangdong Jinjin Fruit, Baiguo Technology, Henan Zhanxin, Guoying Zhifu, Nanjing Jinse Zhuangyuan and Aisien which, in the opinion of the directors, are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the associate and joint ventures and not the Group’s share of those amounts. They have been amended to reflect adjustments when using the equity method, including fair value adjustments and modifications for differences in accounting policies, as appropriate

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Summarised statements of financial position

	Youguolian Brand				Younongdao Beijing				Shangyin Zhonghe Hengtai				Hainan Xinfu				
	31 December	31 December	30 June	31 December	31 December	31 December	30 June	31 December	31 December	31 December	30 June	31 December	31 December	2020	2021	30 June	
	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	4,838	N/A*	N/A*	N/A*	4,348	N/A*	N/A*	N/A*	484	478	472	472	3,889	1,658	1,011	2,553	
Other current assets	14,730	N/A*	N/A*	N/A*	15,686	N/A*	N/A*	N/A*	25,992	33,734	33,734	33,734	1,909	5,587	5,989	5,732	
<b>Total current assets</b>	19,568	N/A*	N/A*	N/A*	20,034	N/A*	N/A*	N/A*	26,476	34,212	34,206	34,206	5,798	7,245	7,000	8,285	
<b>Non-current assets</b>	46,975	N/A*	N/A*	N/A*	19	N/A*	N/A*	N/A*	-	-	-	-	107,655	148,205	131,814	126,044	
<b>Current liabilities</b>																	
Financial current liabilities	20,913	N/A*	N/A*	N/A*	16,200	N/A*	N/A*	N/A*	-	-	-	-	-	-	-	-	-
Other current liabilities	9,483	N/A*	N/A*	N/A*	108	N/A*	N/A*	N/A*	-	-	-	-	953	8,286	3,024	2,111	
<b>Total current liabilities</b>	30,396	N/A*	N/A*	N/A*	16,308	N/A*	N/A*	N/A*	-	-	-	-	953	8,286	3,024	2,111	

\* As the company becomes a subsidiary of the Group on 10 December 2020, no information is disclosed in the summarised statements of financial position and profit or loss.





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	Yongtuolian Brand				Younongdao Beijing				Shangyin Zhonghe Hengtai				Hainan Xinfu			
	31 December		30 June		31 December		30 June		31 December		30 June		31 December		30 June	
	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022	
Net assets/ (liabilities)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
	36,147	N/A*	N/A*	3,745	N/A*	N/A*	N/A*	26,476	34,212	34,206	34,206	112,500	134,249	122,895	120,838	
Equity attributable to the owners of the associate	36,037	N/A*	N/A*	3,745	N/A*	N/A*	26,476	34,212	34,206	34,206	34,206	112,500	134,249	122,895	120,838	
Non-controlling interests	110	N/A*	N/A*	-	N/A*	N/A*	-	-	-	-	-	-	-	-	-	
	36,147	N/A*	N/A*	3,745	N/A*	N/A*	26,476	34,212	34,206	34,206	34,206	112,500	134,249	122,895	120,838	

# As the company has not been acquired, no information is disclosed in the summarised statements of financial position and profit or loss.  
 \* As the company becomes a subsidiary of the Group on 10 December 2020, no information is disclosed in the summarised statements of financial position and profit or loss.

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	Guangdong Jinjin Fruit				Bangqiao Technology				Henan Zhamin				Guoying ZhiFu			
	31 December	31 December	30 June	31 December	31 December	31 December	30 June	31 December	31 December	31 December	30 June	31 December	31 December	30 June	31 December	30 June
	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Non-current liabilities</b>																
Financial liabilities (excluding trade payables)	N/A#	7,337	22,233	14,364	N/A#	-	-	N/A#	-	-	-	-	N/A#	N/A#	-	-
Other non-current liabilities	N/A#	-	-	-	N/A#	-	-	N/A#	-	3,985	3,632	-	N/A#	N/A#	-	-
<b>Total non-current liabilities</b>	N/A#	7,337	22,233	14,364	N/A#	-	-	N/A#	-	3,985	3,362	-	N/A#	N/A#	-	-
Net assets/ (liabilities)	N/A#	22,850	26,857	27,783	N/A#	101,384	101,858	N/A#	54,907	104,030	114,276	-	N/A#	N/A#	42,982	43,412
Equity attributable to the owners of the associate	N/A#	17,803	22,006	21,659	N/A#	101,384	100,284	N/A#	54,097	104,030	114,276	-	N/A#	N/A#	42,982	43,412
Non-controlling interests	N/A#	5,047	4,851	6,124	N/A#	-	-	N/A#	-	-	-	-	N/A#	N/A#	-	-
	N/A#	22,850	26,857	27,783	N/A#	101,384	101,858	N/A#	54,907	104,030	114,276	-	N/A#	N/A#	42,982	43,412

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Summarised statements of profit or loss

	Youguolian Brand				Younongdao Beijing				Shangyin Zhonghe Hengtai					
	31 December	31 December	30 June	30 June	31 December	31 December	30 June	30 June	31 December	31 December	2020	2021	30 June	30 June
	2020	2021	2021	2022	2019	2020	2021	2021	2022	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	20,614	N/A*	N/A*	N/A*	1,255	N/A*	N/A*	N/A*	N/A*	-	-	-	-	-
Operating profit/(loss)	(2,265)	N/A*	N/A*	N/A*	(4,424)	N/A*	N/A*	N/A*	N/A*	(2,620)	7,737	(7)	(7)	(7)
Finance income/(costs), net	(1,467)	N/A*	N/A*	N/A*	157	N/A*	N/A*	N/A*	N/A*	1	(1)	1	-	-
Income tax expense	(29)	N/A*	N/A*	N/A*	-	N/A*	N/A*	N/A*	N/A*	-	-	-	-	-
(Loss)/profit for the year/period	(3,761)	N/A*	N/A*	N/A*	(4,267)	N/A*	N/A*	N/A*	N/A*	(2,619)	7,736	(6)	(7)	(7)
Other comprehensive income	281	N/A*	N/A*	N/A*	-	N/A*	N/A*	N/A*	N/A*	-	-	-	-	-
Total comprehensive (loss)/income	(3,480)	N/A*	N/A*	N/A*	(4,267)	N/A*	N/A*	N/A*	N/A*	(2,619)	7,736	(6)	(7)	(7)
Attributable to:														
Owners of the associate	(2,830)	N/A*	N/A*	N/A*	(4,267)	N/A*	N/A*	N/A*	N/A*	(2,619)	7,736	(6)	(7)	(7)
Non-controlling interests	(650)	N/A*	N/A*	N/A*	-	N/A*	N/A*	N/A*	N/A*	-	-	-	-	-
Total comprehensive (loss)/income	(3,480)	N/A*	N/A*	N/A*	(4,267)	N/A*	N/A*	N/A*	N/A*	(2,619)	7,736	(6)	(7)	(7)

# As the company has not been acquired, no information is disclosed in the summarised statements of financial position and profit or loss.

\* As the company becomes a subsidiary of the Group on 10 December 2020, no information is disclosed in the summarised statements of financial position and profit or loss.

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	Heiman Xinfu						Guangdong Jinjin Fruit						Bangqiao Technology						
	31 December		30 June		31 December		30 June		31 December		30 June		31 December		30 June		30 June		
	2020	2021	2021	2022	2019	2020	2021	2021	2022	2019	2020	2021	2021	2022	2021	2021	2021	2022	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Revenue	-	1,331	7,271	7,204	5,439	N/A <sup>#</sup>	-	159,116	88,851	96,266	N/A <sup>#</sup>	20,044	12,338	6,619	8,457				
Operating profit/(loss)	-	(401)	(10,791)	(862)	(2,054)	N/A <sup>#</sup>	-	4,964	2,207	913	N/A <sup>#</sup>	(16,028)	(1,162)	(245)	214				
Finance income/(costs), net	-	-	(563)	(1)	(3)	N/A <sup>#</sup>	-	(956)	92	8	N/A <sup>#</sup>	247	62	(34)	1,360				
Income tax expense	-	-	-	-	-	N/A <sup>#</sup>	-	(1)	-	5	N/A <sup>#</sup>	(2)	-	-	-				
Profit/(loss) for the year/period	-	(401)	(11,354)	(863)	(2,057)	N/A <sup>#</sup>	-	4,007	2,299	926	N/A <sup>#</sup>	(15,783)	(1,100)	(279)	1,574				
Other comprehensive income	-	-	-	-	-	N/A <sup>#</sup>	-	-	(184)	-	N/A <sup>#</sup>	-	-	-	-				
Total comprehensive income/(loss)	-	(401)	(11,354)	(863)	(2,057)	N/A <sup>#</sup>	-	4,007	2,115	926	N/A <sup>#</sup>	(15,783)	(1,100)	(279)	1,574				
Attributable to:																			
Owners of the associate	-	(401)	(11,354)	(863)	(2,057)	N/A <sup>#</sup>	-	4,155	2,115	926	N/A <sup>#</sup>	(15,783)	(1,100)	(279)	1,574				
Non-controlling interests	-	-	-	-	-	N/A <sup>#</sup>	-	(148)	-	-	N/A <sup>#</sup>	(-)	-	-	-				
Total comprehensive income/(loss)	-	(401)	(11,354)	(863)	(2,057)	N/A <sup>#</sup>	-	4,007	2,115	926	N/A <sup>#</sup>	(15,783)	(1,100)	(279)	1,574				

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ACCOUNTANT’S REPORT

	Henan Zhanxin						Guoyin Zhifu					
	31 December		31 December		30 June		31 December		31 December		30 June	
	2020	2021	2020	2021	2021	2022	2020	2021	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	-	-	-	-	-	-	N/A <sup>#</sup>	N/A <sup>#</sup>	N/A <sup>#</sup>	-	-	-
Operating profit/(loss)	-	(939)	(5,065)	(2)	(3,094)	(3,094)	N/A <sup>#</sup>	N/A <sup>#</sup>	N/A <sup>#</sup>	-	-	33
Finance income/(costs), net	-	61	23,440	-	13,340	13,340	N/A <sup>#</sup>	N/A <sup>#</sup>	N/A <sup>#</sup>	-	-	-
Income tax expense	-	-	-	-	-	-	N/A <sup>#</sup>	N/A <sup>#</sup>	N/A <sup>#</sup>	-	-	(5)
Profit/(loss) for the year/period	-	(878)	18,375	(2)	10,246	10,246	N/A <sup>#</sup>	N/A <sup>#</sup>	N/A <sup>#</sup>	-	-	28
Other comprehensive income	-	-	-	-	-	-	N/A <sup>#</sup>	N/A <sup>#</sup>	N/A <sup>#</sup>	-	-	-
Total comprehensive income/(loss)	-	(878)	18,375	(2)	10,246	10,246	N/A <sup>#</sup>	N/A <sup>#</sup>	N/A <sup>#</sup>	-	-	28
Attributable to:												
Owners of the associate	-	(878)	18,375	(2)	10,246	10,246	N/A <sup>#</sup>	N/A <sup>#</sup>	N/A <sup>#</sup>	-	-	28
Non-controlling interests	-	-	-	-	-	-	N/A <sup>#</sup>	N/A <sup>#</sup>	N/A <sup>#</sup>	-	-	-
Total comprehensive income/(loss)	-	(878)	18,375	(2)	10,246	10,246	N/A <sup>#</sup>	N/A <sup>#</sup>	N/A <sup>#</sup>	-	-	28

# As the company has not been acquired, no information is disclosed in the summarised statements of financial position and profit or loss.

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Reconciliation of summarised financial information

	Youguolian Brand				Younongdao Beijing				Shangyin Zhonghe Hengtai				Haiman Xinfu				
	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December
	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Attributed to owners of the associate																	
Opening net assets	39,236	N/A*	N/A*	N/A*	8,012	N/A*	N/A*	N/A*	29,095	26,476	34,212	34,206	–	112,500	134,249	122,895	
Initial recognition of the investment	–	N/A*	N/A*	N/A*	–	N/A*	N/A*	N/A*	–	–	–	–	112,500	22,150	–	–	
Profit/(loss) for the year/period	(3,480)	N/A*	N/A*	N/A*	(4,267)	N/A*	N/A*	N/A*	(2,619)	7,736	(6)	–	–	(401)	(11,354)	(2,057)	
Other comprehensive income	281	N/A*	N/A*	N/A*	–	N/A*	N/A*	N/A*	–	–	–	–	–	–	–	–	
Closing net assets/(liabilities)	36,037	N/A*	N/A*	N/A*	3,745	N/A*	N/A*	N/A*	26,476	34,212	34,206	34,206	112,500	134,249	122,895	120,838	
Percentage of shareholding	30%	N/A*	N/A*	N/A*	46%	N/A*	N/A*	N/A*	52%	52%	52%	52%	15%	17%	17%	17%	
Interests in associates	10,811	N/A*	N/A*	N/A*	1,722	N/A*	N/A*	N/A*	13,648	17,790	17,787	17,787	16,875	22,822	20,892	20,542	
Implicit goodwill	3,600	N/A*	N/A*	N/A*	21,258	N/A*	N/A*	N/A*	–	–	–	–	–	2,618	2,618	2,618	
Interests in associates	14,411	N/A*	N/A*	N/A*	22,980	N/A*	N/A*	N/A*	13,648	17,790	17,787	17,787	16,875	25,440	23,510	23,160	

\* As the company becomes a subsidiary of the Group on 10 December 2020, no information is disclosed in the summarised statements of financial position and profit or loss.

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	Guangdong Jinyin Fruit						Bangqiao Technology						Henan Zhanxin						Guoying Zhifu					
	31 December 2019		31 December 2020		31 December 2021		30 June 2022		31 December 2020		31 December 2021		31 December 2022		30 June 2022		31 December 2019		31 December 2020		31 December 2021		30 June 2022	
	RMB'000	N/A#	RMB'000	N/A#	RMB'000	N/A#	RMB'000	N/A#	RMB'000	N/A#	RMB'000	N/A#	RMB'000	N/A#	RMB'000	N/A#	RMB'000	N/A#	RMB'000	N/A#	RMB'000	N/A#	RMB'000	N/A#
<b>Attributed to owners of the associate</b>																								
Opening net assets	N/A#	22,850	N/A#	26,857	N/A#	22,850	26,857	N/A#	101,384	N/A#	101,384	100,284	100,284	N/A#	54,907	104,030	N/A#	54,907	104,030	N/A#	54,907	104,030	N/A#	42,982
Initial recognition of the investment	N/A#	22,850	N/A#	-	N/A#	117,167	-	N/A#	-	N/A#	55,785	-	-	N/A#	30,748	-	N/A#	30,748	-	N/A#	30,748	-	N/A#	42,982
Profit/(loss) for the year/period	N/A#	-	N/A#	926	N/A#	(15,783)	(1,100)	1,574	(1,100)	1,574	(878)	18,375	10,246	N/A#	18,375	10,246	N/A#	18,375	10,246	N/A#	18,375	10,246	N/A#	430
Other comprehensive income	N/A#	-	N/A#	-	N/A#	-	-	-	-	-	-	-	-	N/A#	-	-	N/A#	-	-	N/A#	-	-	N/A#	-
Closing net assets	N/A#	22,850	N/A#	27,783	N/A#	101,384	100,284	101,858	101,384	100,284	101,858	114,276	114,276	N/A#	104,030	114,276	N/A#	104,030	114,276	N/A#	104,030	114,276	N/A#	43,412
Percentage of shareholding	N/A#	34%	N/A#	34%	N/A#	31%	31%	31%	31%	31%	60%	60%	60%	N/A#	60%	60%	N/A#	60%	60%	N/A#	60%	60%	N/A#	57%
Interests in associates	N/A#	7,769	N/A#	9,446	N/A#	31,429	31,088	31,576	31,088	31,576	32,944	62,418	68,566	N/A#	62,418	68,566	N/A#	62,418	68,566	N/A#	62,418	68,566	N/A#	24,746
Implicit goodwill	N/A#	21,716	N/A#	21,716	N/A#	-	-	-	-	-	-	-	-	N/A#	-	-	N/A#	-	-	N/A#	-	-	N/A#	-
<b>Interests in associates</b>	N/A#	29,485	N/A#	30,847	N/A#	31,429	31,088	31,576	31,088	31,576	32,944	62,418	68,566	N/A#	62,418	68,566	N/A#	62,418	68,566	N/A#	62,418	68,566	N/A#	24,746

# As the company has not been acquired, no information is disclosed in the summarised statements of financial position and profit or loss.

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**ACCOUNTANT’S REPORT**

	Nanjing Jinse Zhuangyuan				Aisien			
	31 December	31 December	31 December	30 June	31 December	31 December	31 December	30 June
	2019	2020	2021	2022	2019	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and cash equivalents	10,882	20,205	20,001	20,606	N/A <sup>#</sup>	517	N/A <sup>##</sup>	N/A <sup>##</sup>
Other current assets (excluding cash)	26,676	25,552	52,264	49,240	N/A <sup>#</sup>	1,275	N/A <sup>##</sup>	N/A <sup>##</sup>
<b>Total current assets</b>	<b>37,558</b>	<b>45,757</b>	<b>72,265</b>	<b>69,846</b>	<b>N/A<sup>#</sup></b>	<b>1,792</b>	<b>N/A<sup>##</sup></b>	<b>N/A<sup>##</sup></b>
<b>Non-current assets</b>	<b>32,864</b>	<b>75,385</b>	<b>71,635</b>	<b>64,783</b>	<b>N/A<sup>#</sup></b>	<b>6,829</b>	<b>N/A<sup>##</sup></b>	<b>N/A<sup>##</sup></b>
<b>Current liabilities</b>								
Financial liabilities (excluding trade payables)	18,416	29,387	59,792	39,800	N/A <sup>#</sup>	2,942	N/A <sup>##</sup>	N/A <sup>##</sup>
Other current liabilities	6,814	15,671	13,766	11,539	N/A <sup>#</sup>	172	N/A <sup>##</sup>	N/A <sup>##</sup>
<b>Total current liabilities</b>	<b>25,230</b>	<b>45,058</b>	<b>73,558</b>	<b>51,339</b>	<b>N/A<sup>#</sup></b>	<b>3,114</b>	<b>N/A<sup>##</sup></b>	<b>N/A<sup>##</sup></b>
<b>Non-current liabilities</b>								
Financial liabilities (excluding trade payables)	-	-	-	-	N/A <sup>#</sup>	-	N/A <sup>##</sup>	N/A <sup>##</sup>
Other non-current liabilities	11,000	11,737	11,737	11,669	N/A <sup>#</sup>	-	N/A <sup>##</sup>	N/A <sup>##</sup>
<b>Total non-current liabilities</b>	<b>11,000</b>	<b>11,737</b>	<b>11,737</b>	<b>11,669</b>	<b>N/A<sup>#</sup></b>	<b>-</b>	<b>N/A<sup>##</sup></b>	<b>N/A<sup>##</sup></b>
Net assets	34,192	64,347	58,605	71,621	N/A <sup>#</sup>	5,507	N/A <sup>##</sup>	N/A <sup>##</sup>
Equity attributable to the owners of the joint ventures	34,192	64,347	58,605	71,621	N/A <sup>#</sup>	5,507	N/A <sup>##</sup>	N/A <sup>##</sup>
Non-controlling interests	-	-	-	-	N/A <sup>#</sup>	-	N/A <sup>##</sup>	N/A <sup>##</sup>
	34,192	64,347	58,605	71,621	N/A <sup>#</sup>	5,507	N/A <sup>##</sup>	N/A <sup>##</sup>

# As the company has not been acquired, no information is disclosed in the summarised statements of financial position and profit or loss.

## The company was disposed before 31 December 2021, no information is disclosed in the summarised statements of financial position and profit or loss.



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**ACCOUNTANT’S REPORT**

	Nanjing Jinse Zhuangyuan					Aisien				
	31 December	31 December	31 December	30 June	30 June	31 December	31 December	31 December	30 June	30 June
	2019	2020	2021	2021	2022	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	208,337	210,581	321,243	(unaudited) 214,426	220,156	N/A <sup>#</sup>	-	N/A <sup>##</sup>	N/A <sup>##</sup>	N/A <sup>##</sup>
Operating profit/(loss)	1,281	14,184	20,489	20,569	13,888	N/A <sup>#</sup>	(1,083)	N/A <sup>##</sup>	N/A <sup>##</sup>	N/A <sup>##</sup>
Finance income/(costs), net	(114)	(405)	(1,306)	(1,251)	(872)	N/A <sup>#</sup>	(88)	N/A <sup>##</sup>	N/A <sup>##</sup>	N/A <sup>##</sup>
Income tax expense	-	(179)	-	-	-	N/A <sup>#</sup>	-	N/A <sup>##</sup>	N/A <sup>##</sup>	N/A <sup>##</sup>
Profit/(loss) for the year/period	1,167	13,600	19,183	19,318	13,016	N/A <sup>#</sup>	(1,171)	N/A <sup>##</sup>	N/A <sup>##</sup>	N/A <sup>##</sup>
Other comprehensive income	-	-	-	-	-	N/A <sup>#</sup>	-	N/A <sup>##</sup>	N/A <sup>##</sup>	N/A <sup>##</sup>
Total comprehensive income/(loss)	1,167	13,600	19,183	19,318	13,016	N/A <sup>#</sup>	(1,171)	N/A <sup>##</sup>	N/A <sup>##</sup>	N/A <sup>##</sup>
Attributable to:										
Owners of the joint ventures	1,167	13,600	19,183	19,318	13,016	N/A <sup>#</sup>	(1,171)	N/A <sup>##</sup>	N/A <sup>##</sup>	N/A <sup>##</sup>
Non-controlling interests	-	-	-	-	-	N/A <sup>#</sup>	-	N/A <sup>##</sup>	N/A <sup>##</sup>	N/A <sup>##</sup>
Total comprehensive income/(loss)	1,167	13,600	19,183	19,318	13,016	N/A <sup>#</sup>	(1,171)	N/A <sup>##</sup>	N/A <sup>##</sup>	N/A <sup>##</sup>

	Nanjing Jinse Zhuangyuan				Aisien			
	31 December	31 December	31 December	30 June	31 December	31 December	31 December	30 June
	2019	2020	2021	2022	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Attributed to owners of the joint ventures</b>								
Opening net assets	33,025	34,192	64,347	58,605	N/A <sup>#</sup>	-	N/A <sup>##</sup>	N/A <sup>##</sup>
Capital injection	-	16,555	-	-	N/A <sup>#</sup>	6,678	N/A <sup>##</sup>	N/A <sup>##</sup>
Profit/(loss) for the year/period	1,167	13,600	18,938	13,016	N/A <sup>#</sup>	(1,171)	N/A <sup>##</sup>	N/A <sup>##</sup>
Other comprehensive income	-	-	-	-	N/A <sup>#</sup>	-	N/A <sup>##</sup>	N/A <sup>##</sup>
Dividend paid	-	-	(24,680)	-	N/A <sup>#</sup>	-	N/A <sup>##</sup>	N/A <sup>##</sup>
Closing net assets	34,192	64,347	58,605	71,621	N/A <sup>#</sup>	5,507	N/A <sup>##</sup>	N/A <sup>##</sup>
Percentage of shareholding	15%	39%	39%	39%	N/A <sup>#</sup>	35%	N/A <sup>##</sup>	N/A <sup>##</sup>
Interests in joint ventures	5,129	25,096	22,856	27,867	N/A <sup>#</sup>	1,927	N/A <sup>##</sup>	N/A <sup>##</sup>
Implicit goodwill	2,766	22,700	22,700	22,700	N/A <sup>#</sup>	833	N/A <sup>##</sup>	N/A <sup>##</sup>
<b>Interests in joint ventures</b>	7,895	47,796	45,556	50,567	N/A <sup>#</sup>	2,760	N/A <sup>##</sup>	N/A <sup>##</sup>

# As the company has not been acquired, no information is disclosed in the summarised statements of financial position and profit or loss.

## The company was disposed before 31 December 2021, no information is disclosed in the summarised statements of financial position and profit or loss.

*Notes:*

No dividend has been paid or declared by the associates to the Group since the dates of investments and there are no other contingent liabilities and commitments relating to the Group’s interests in associates.

Dividend of RMB9,626,000 and RMB5,914,000 for the year ended 31 December 2021 and the six months ended 30 June 2021 have been paid by a joint venture to the Group since the dates of investments and there are no other contingent liabilities and commitments relating to the Group’s interests in joint ventures.

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*(g) Individually immaterial associates*

In addition to the interests in associates and joint ventures disclosed above, the Group also has interests in a number of individually immaterial associates that are accounted for using the equity method.

	As at 31 December			As at
	2019	2020	2021	30 June
	RMB’000	RMB’000	RMB’000	2022
Aggregate carrying amount of individually immaterial associates	36,328	71,312	88,745	96,480
Aggregate amounts of the Group’s share of losses	(3,360)	(1,754)	(1,016)	(2,413)

**21 Financial assets at FVOCI**

*The Group*

	As at 31 December			As at
	2019	2020	2021	30 June
	RMB’000	RMB’000	RMB’000	2022
<b>Non-current assets</b>				
Listed equity securities	11,172	9,953	4,989	2,908
Unlisted equity securities	65,177	55,409	5,875	17,526
	76,349	65,362	10,864	20,434

The movement of equity investments at FVOCI are as follows:

*The Group*

	As at 31 December			As at
	2019	2020	2021	30 June
	RMB’000	RMB’000	RMB’000	2022
At 1 January	71,440	76,349	65,362	10,864
Additions	30,457	8,243	3,002	10,581
Addition upon step acquisition (Note 36.1(b))	–	930	–	–
Disposals	(63,967)	–	–	(189)
Reclassification to interests in associates upon obtaining significant influence (Note 20(b))	–	(29,789)	(8,063)	–
Net fair value gain/(loss) charged to equity	38,419	9,629	(49,437)	(822)
At 31 December/ 30 June	76,349	65,362	10,864	20,434

On 10 December 2020, following the step acquisition of Youguolian Brand, the Group has effective interest of 56% in Youguolian Brand and therefore obtained control over Youguolian Brand. Certain financial assets at FVOCI are reclassified to interests in associates following the step acquisition of Youguolian Brand. Please refer to Note 20(b), (c)(ii) and (c)(v) for details.

On 28 January 2021, the Group acquired further interest in Beijing Kedao and obtained significant influence from that day onwards. As such, all of the Group’s previously interest in Beijing Kedao accounted for under financial asset at FVOCI, together with the newly acquired interest, is reclassified to interests in associate.

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*The Company*

	As at 31 December			As at
	2019	2020	2021	30 June
	RMB'000	RMB'000	RMB'000	2022
At 1 January	58,473	–	–	–
Additions	–	–	–	–
Disposals	(60,166)	–	–	–
Net fair value gain charged to equity	1,693	–	–	–
At 31 December/30 June	–	–	–	–

**22 Inventories**

*The Group*

	As at 31 December			As at
	2019	2020	2021	30 June
	RMB'000	RMB'000	RMB'000	2022
Fruits and other food products	223,411	247,251	236,819	249,333
Consumables	11,395	12,004	9,941	14,018
	234,806	259,255	246,760	263,351

*The Company*

	As at 31 December			As at
	2019	2020	2021	30 June
	RMB'000	RMB'000	RMB'000	2022
Fruits and other food products	9,303	25,433	16,117	23,051

The cost of inventories recognised as expenses and included in cost of sales amounted to RMB7,788,602,000, RMB7,658,785,000, RMB8,705,686,000, RMB4,708,374,000 and RMB4,993,775,000 during the years ended 31 December 2019, 2020 and 2021 and the six months ended 30 June 2021 and 2022, respectively.

Write-downs of inventories to net realisable value amounted to RMB57,000, RMB96,000, RMB2,292,000, RMB363,000 and RMB700,000 were recognised as an expense during the years ended 31 December 2019, 2020 and 2021 and the six months ended 30 June 2021 and 2022 respectively and included in ‘cost of sales’ in the consolidated statements of profit or loss.

**23 Biological assets**

*The Group*

Biological assets solely comprise fresh fruit bunches growing on fruit trees.

	As at 31 December			As at
	2019	2020	2021	30 June
	RMB'000	RMB'000	RMB'000	2022
At 1 January	1,977	3,006	2,131	4,525
Increase due to purchase and cultivation	6,341	8,594	8,274	5,231
Transfer to inventories	(5,071)	(9,620)	(5,386)	(4,597)
Changes in fair value due to biological transformation	(241)	151	(494)	(714)
At 31 December/30 June	3,006	2,131	4,525	4,445

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**24 Trade receivables**

*The Group*

	As at 31 December			As at 30 June
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables, gross	1,448,544	1,320,785	1,191,298	1,118,503
Less: loss allowance	(4,813)	(29,911)	(35,071)	(35,405)
Trade receivables, net	<u>1,443,731</u>	<u>1,290,874</u>	<u>1,156,227</u>	<u>1,083,098</u>

The Group allows an average credit period of up to 90 days to its customers. The ageing analysis of trade receivables by invoice date is as follows:

	As at 31 December			As at 30 June
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
1-90 days	1,034,783	832,824	784,079	741,392
91-180 days	369,964	343,154	332,889	306,355
181-365 days	41,315	128,104	47,500	42,577
Over 1 year	2,482	16,703	26,830	28,179
	<u>1,448,544</u>	<u>1,320,785</u>	<u>1,191,298</u>	<u>1,118,503</u>

The Group has assessed the ECL by considering historical default rates, existing market conditions and forward looking information.

Movement of loss allowance for impairment of trade receivables has been disclosed in Note 3.1(b)(ii).

An impairment analysis is performed at each reporting date using a provision matrix to measure ECL. The provision rates are based on the historical loss pattern of the Group. The calculation reflects the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

During the Track Record Period, management has identified debtors to be credit impaired and are undergoing bankruptcy proceedings. The Group has submitted a claim to those debtors. Management has assessed the recoverability of the outstanding balances of these debtors of RMB20,481,000, RMB27,207,000 and RMB27,207,000 as at 31 December 2020 and 2021, and 30 June 2022 separately from the provisional matrix, and has fully provided for the amounts.

The loss allowance provisions as at 31 December 2019, 2020 and 2021 and 30 June 2022 are determined as follows:

*For trade receivables from franchisees*

Ageing category	1-90 days	91-180 days	181-365 days	Over 1 year	Total
<b>31 December 2019:</b>					
Expected loss rate	0.002%	0.006%	0.08%	100.0%	
Gross carrying amount (RMB'000)	964,560	357,602	40,271	135	1,362,568
Loss allowance provision (RMB'000)	21	21	34	135	211
<b>31 December 2020:</b>					
Expected loss rate	0.06%	0.2%	1.2%	100.0%	
Gross carrying amount (RMB'000)	766,681	318,362	104,213	1,720	1,190,976
Loss allowance provision (RMB'000)	427	481	1,230	1,720	3,858
<b>31 December 2021:</b>					
Expected loss rate	0.09%	0.2%	0.8%	100.0%	
Gross carrying amount (RMB'000)	693,263	313,779	44,525	1,331	1,052,898
Loss allowance provision (RMB'000)	620	588	338	1,331	2,877
<b>30 June 2022:</b>					
Expected loss rate	0.1%	0.25%	0.9%	100.0%	
Gross carrying amount (RMB'000)	637,665	288,615	41,206	972	968,458
Loss allowance provision (RMB'000)	638	722	371	972	2,703

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*For trade receivables from corporate customers*

Ageing category	1-90 days	91-180 days	181-365 days	Over 1 year	Total
<b>31 December 2019:</b>					
Expected loss rate	2.3%	4.8%	6.9%	100.0%	
Gross carrying amount (RMB’000)	70,223	12,362	1,044	2,347	85,976
Loss allowance provision (RMB’000)	1,593	590	72	2,347	4,602
<b>31 December 2020:</b>					
Expected loss rate	3.1%	6.3%	10.6%	100.0%	
Gross carrying amount (RMB’000)	66,143	24,792	18,393	–	109,328
Loss allowance provision (RMB’000)	2,057	1,567	1,948	–	5,572
<b>31 December 2021:</b>					
Expected loss rate	3.5%	7.6%	27.1%	100.0%	
Gross carrying amount (RMB’000)	90,816	19,110	1,267	–	111,193
Loss allowance provision (RMB’000)	3,201	1,443	343	–	4,987
<b>30 June 2022:</b>					
Expected loss rate	3.6%	7.8%	27.5%	100.0%	
Gross carrying amount (RMB’000)	103,727	17,740	1,371	–	122,838
Loss allowance provision (RMB’000)	3,734	1,384	377	–	5,495

*For trade receivables from individually assessed customers*

Management has performed individual assessment on certain customers and identified these customers have been credit impaired. Balance of RMB20,481,000, RMB27,207,000 and RMB27,207,000, as at 31 December 2020 and 2021 and 30 June 2022, respectively have been fully provided.

Movements on the loss allowance of trade receivables are as follows:

	As at 31 December			As at 30 June
	2019	2020	2021	2022
	RMB’000	RMB’000	RMB’000	RMB’000
At 1 January	1,663	4,813	29,911	35,071
Increase in loss allowance recognised	3,150	25,098	5,160	334
At 31 December/ 30 June	4,813	29,911	35,071	35,405

The carrying amounts of the Group’s trade receivables are denominated in the following currencies:

	As at 31 December			As at 30 June
	2019	2020	2021	2022
	RMB’000	RMB’000	RMB’000	RMB’000
RMB	1,425,353	1,280,209	1,144,286	1,068,633
US\$	11,767	7,952	9,231	5,827
HK\$	6,611	2,713	2,710	8,638
	1,443,731	1,290,874	1,156,227	1,083,098

The maximum exposure to credit risk as at 31 December 2019, 2020 and 2021 and 30 June 2022 is the carrying value of trade receivables mentioned above. The Group does not hold any collateral as security.

*The Company*

	As at 31 December			As at 30 June
	2019	2020	2021	2022
	RMB’000	RMB’000	RMB’000	RMB’000
Trade receivables, gross	14,393	20,194	29,342	24,962
Less: (loss allowance)/reversal of loss allowance	(701)	(1,556)	(1,876)	(2,161)
Trade receivables, net	13,692	18,638	27,466	22,801

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The Company allows an average credit period of up to 90 days to its customers. The ageing analysis of trade receivables by invoice date is as follows:

	As at 31 December			As at 30 June
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
1-90 days	11,483	17,409	21,633	18,245
91-180 days	2,143	797	4,262	2,620
181-365 days	280	947	2,847	3,391
Over 1 year	487	1,041	600	706
	<u>14,393</u>	<u>20,194</u>	<u>29,342</u>	<u>24,962</u>

The Company has assessed the ECL by considering historical default rates, existing market conditions and forward looking information.

The loss allowance provisions as at 31 December 2019, 2020 and 2021 and 30 June 2022 are determined as follows:

*For trade receivables from corporate customers*

Ageing category	1-90 days	91-180 days	181-365 days	Over 1 year	Total
<b>31 December 2019:</b>					
Expected loss rate	1.1%	2.6%	13.6%	100.0%	
Gross carrying amount (RMB'000)	11,483	2,143	280	487	14,393
Loss allowance provision (RMB'000)	120	56	38	487	701
<b>31 December 2020:</b>					
Expected loss rate	2.0%	3.0%	15.0%	100.0%	
Gross carrying amount (RMB'000)	17,409	797	947	1,041	20,194
Loss allowance provision (RMB'000)	348	24	143	1,041	1,556
<b>31 December 2021:</b>					
Expected loss rate	1.6%	3.6%	27.4%	100.0%	
Gross carrying amount (RMB'000)	21,633	4,262	2,847	600	29,342
Loss allowance provision (RMB'000)	341	155	780	600	1,876
<b>30 June 2022:</b>					
Expected loss rate	2.0%	4.1%	29.0%	100.0%	
Gross carrying amount (RMB'000)	18,245	2,620	3,391	706	24,962
Loss allowance provision (RMB'000)	365	107	983	706	2,161

Movements on the loss allowance of trade receivables are as follows:

	As at 31 December			As at 30 June
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	433	701	1,556	1,876
Increase/(decrease) in loss allowance recognised	<u>268</u>	<u>855</u>	<u>320</u>	<u>285</u>
At 31 December/ 30 June	<u>701</u>	<u>1,556</u>	<u>1,876</u>	<u>2,161</u>

The carrying amounts of the Company’s trade receivables are denominated in RMB.

The maximum exposure to credit risk as at 31 December 2019, 2020 and 2021 and 30 June 2022 is the carrying value of trade receivables mentioned above. The Company does not hold any collateral as security.

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**25 Deposits, prepayments and other receivables**

*The Group*

	As at 31 December			As at
	2019	2020	2021	30 June
	RMB'000	RMB'000	RMB'000	2022
				RMB'000
<b>Non-current</b>				
Prepayment for property, plant and equipment	5,750	25,128	32,009	38,834
Prepayment for right of use assets	–	51,600	–	–
Rental deposits	5,906	5,620	12,297	12,612
Interest-bearings borrowings to franchisees (Note c)	50,226	131,617	178,990	190,767
Other prepayments (Note g)	23,240	36,431	101,588	112,370
	85,122	250,396	324,884	354,583
Less: loss allowance	(1,255)	(2,488)	(3,483)	(3,700)
	83,867	247,908	321,401	350,883
<b>Current</b>				
Rental deposits	2,178	1,211	1,355	1,473
Other deposits	5,677	7,665	6,407	6,534
Prepayment for purchases of fruits and other food products	213,942	217,217	452,288	424,171
Prepayment of [REDACTED] expenses	–	–	1,228	3,697
Other prepayments	15,741	41,944	62,773	49,958
Proceeds receivable from prepaid cards sold (Note a)	14,790	16,078	14,214	18,505
Interest-free loans to franchisees (Note b)	13,990	–	–	–
Factoring amounts to regional dealers (Note d)	148,035	179,835	221,478	169,537
Factoring amounts to suppliers (Note e)	114,224	72,520	16,557	–
Interest-bearing loans to third parties (Note f)	16,117	7,672	6,386	–
Other tax recoverable	25,938	52,623	55,483	59,666
Other receivables	17,359	27,427	23,667	28,752
	587,991	624,192	861,836	762,293
Less: loss allowance	(10,525)	(5,085)	(4,300)	(2,995)
	577,466	619,107	857,536	759,298

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*The Company*

	As at 31 December			As at
	2019	2020	2021	30 June
	RMB'000	RMB'000	RMB'000	2022
				RMB'000
<b>Non-current</b>				
Prepayment for property, plant and equipment	1,363	3,513	3,773	9,505
Rental deposits	1,246	901	761	464
Interest-bearing borrowings to franchisees (Note c)	50,226	131,617	178,990	190,767
Other prepayments (Note g)	23,240	36,431	101,588	112,373
	76,075	172,462	285,112	313,109
Less: loss allowance	(1,255)	(2,488)	(3,483)	(3,700)
	74,820	169,974	281,629	309,409
<b>Current</b>				
Rental deposits	1,868	488	283	713
Other deposits	2,055	4,448	2,933	3,034
Prepayment for purchases of fruits and other food products	263	59	142	97
Prepayment of [REDACTED] expenses	–	–	1,228	3,697
Other prepayments	10,176	15,190	15,607	17,663
Proceeds receivable from prepaid cards sold (Note a)	14,790	16,078	14,214	18,505
Interest-free loans to franchisees (Note b)	13,990	–	–	–
Factoring amounts to regional dealers (Note d)	131,895	–	–	–
Interest-bearing loans to third parties (Note f)	–	4,798	5,239	–
Other tax recoverable	10,097	12,583	18,440	21,777
Other receivables	15,507	12,478	25,701	19,840
	200,641	66,122	83,787	85,326
Less: loss allowance	(3,340)	(16)	(11)	(10)
	197,301	66,106	83,776	85,316

The carrying amounts of deposits and other receivables approximate their fair values.

The Group’s and the Company’s deposits and other receivables are denominated in RMB as at 31 December 2019, 2020 and 2021 and 30 June 2022.

*Notes:*

- (a) The Group issues and sells prepaid cards to corporate customers on behalf of franchisees at their own costs with no mark-up. In accordance with relevant regulations issued by Ministry of Commerce of the People’s Republic of China, bank balances of RMB115,970,000, RMB161,486,000, RMB158,788,000 and RMB153,414,000 as at 31 December 2019, 2020 and 2021 and 30 June 2022 were restricted. The amount represents proceeds receivable from corporate customers of prepaid cards sold.
- (b) Interest-free loans to franchisee represent cash advances made to franchisees. The loans are unsecured, interest-free and repayable on demand. Such interest-free loans were no longer granted since 2019 and were fully settled during the year ended 31 December 2020.



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- (c) The balance represents cash advance made to franchisees. The interest-bearing loans are unsecured, interest bearing at 4.75% per annum and repayable by the end of franchising agreement, which is 5 years for the inception of the franchise stores.
- (d) Factoring amounts to regional dealers represent cash advances made to regional dealers. Subsidiaries of the Group have agreed to transfer the creditor’s rights and relevant rights of the receivable from the regional dealers to a factoring company of the Group, and the factoring company has agreed to receive such creditor’s rights and relevant rights of the receivables and to provide the regional dealers with factoring facilities. The factoring facilities are unsecured, interest bearing at 4.75% to 12.0% per annum and repayable within 1 year.
- (e) Factoring amounts to suppliers represent cash advances made to suppliers. Suppliers has agreed to transfer the creditor’s rights and relevant rights of the receivable from the Group to a factoring company of the Group, and the factoring company has agreed to receive such creditor’s rights and relevant rights of the receivables and to provide the suppliers with factoring facilities. The factoring facilities are secured by the equity interests in these suppliers, and guaranteed by the controlling shareholders of the suppliers, with interest bearing from 9.6% to 12.0% per annum and repayable within 1 year.
- (f) Interest-bearing loans to third parties represents cash advances made to other independent third parties. The loan receivables are unsecured, interest bearing from 4% to 15% per annum and repayable within 1 year.
- (g) Other prepayments represent subsidies to certain franchisees for pre-opening support services provided to the franchisees. The subsidies are recognised on a straight-line basis over the expected franchise period, aligns with the franchisee’s access to the franchise rights. During the years ended 31 December 2019, 2020 and 2021 and six months ended 30 June 2021 and 2022, amortisation of RMB2,364,000, RMB7,535,000, RMB19,753,000, RMB6,854,000 and RMB16,461,000, respectively, was recognised as a reduction of royalty income.
- (h) Movements on the loss allowance of deposits and other receivables are as follows:

*The Group*

	As at 31 December			As at
	2019	2020	2021	30 June
	RMB’000	RMB’000	RMB’000	2022
At 1 January	7,892	11,780	7,573	7,783
Increase/(decrease) in loss allowance recognised	7,898	(4,207)	210	(1,088)
Receivables written off as uncollectible	(4,010)	–	–	–
At 31 December/ 30 June	<u>11,780</u>	<u>7,573</u>	<u>7,783</u>	<u>6,695</u>

*The Company*

	As at 31 December			As at
	2019	2020	2021	30 June
	RMB’000	RMB’000	RMB’000	2022
At 1 January	–	4,595	2,504	3,494
Increase in loss allowance recognised	4,595	(2,091)	990	216
At 31 December/ 30 June	<u>4,595</u>	<u>2,504</u>	<u>3,494</u>	<u>3,710</u>

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**26 Financial assets at FVTPL**

*The Group*

	As at 31 December			As at
	2019	2020	2021	30 June
	RMB'000	RMB'000	RMB'000	2022
				RMB'000
<b>Non-current asset</b>				
Unlisted compound financial instruments	79,716	75,166	82,286	81,313
<b>Current asset</b>				
Unlisted structured deposits	765,822	414,744	1,039,995	229,954

The movements of financial assets at FVTPL are as follows:

	As at 31 December			As at
	2019	2020	2021	30 June
	RMB'000	RMB'000	RMB'000	2022
				RMB'000
At 1 January	1,239,000	845,538	489,910	1,122,281
Additions	12,246,320	6,181,410	7,507,295	2,299,806
Redemption	(12,686,212)	(6,547,591)	(6,884,172)	(3,118,296)
Net fair value gains credited to profit or loss (Note 7)	46,430	10,553	9,248	7,476
At 31 December/30 June	845,538	489,910	1,122,281	311,267

*The Company*

	As at 31 December			As at
	2019	2020	2021	30 June
	RMB'000	RMB'000	RMB'000	2022
				RMB'000
<b>Current asset</b>				
Unlisted structured deposits	765,822	414,744	1,039,995	229,954

The movements of debt investments at FVTPL are as follows:

	As at 31 December			As at
	2019	2020	2021	30 June
	RMB'000	RMB'000	RMB'000	2022
				RMB'000
At 1 January	1,239,000	765,822	414,744	1,039,995
Additions	12,138,320	6,171,494	7,417,295	2,299,806
Redemption	(12,656,199)	(6,545,417)	(6,811,135)	(3,118,296)
Net fair value gains credited to profit or loss	44,701	22,845	19,091	8,449
At 31 December/30 June	765,822	414,744	1,039,995	229,954

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**27 Cash and bank balances**

*The Group*

	As at 31 December			As at
	2019	2020	2021	30 June
	RMB'000	RMB'000	RMB'000	2022
				RMB'000
<b>Non-current assets</b>				
Restricted bank deposits (Note a)	–	51,009	1,009	1,009
Long-term bank deposits (Note b)	–	250,000	100,000	30,000
	–	301,009	101,009	31,009
<b>Current assets</b>				
Cash at banks and on hand	317,248	454,636	564,666	1,897,504
Short-term bank deposit (Note b)	–	200,100	250,000	80,000
Restricted bank deposits (Note a)	176,979	224,386	272,690	267,314
	494,227	879,122	1,087,356	2,244,818
Cash and bank balances	494,227	1,180,131	1,188,365	2,275,827

The carrying amounts of the Group’s cash and bank balances approximate their fair values and are denominated in the following currencies:

	As at 31 December			As at
	2019	2020	2021	30 June
	RMB'000	RMB'000	RMB'000	2022
				RMB'000
RMB	487,391	1,164,395	1,128,563	2,262,602
US\$	6,836	13,000	57,171	13,225
HK\$	–	2,736	2,631	–
	494,227	1,180,131	1,188,365	2,275,827

*The Company*

	As at 31 December			As at
	2019	2020	2021	30 June
	RMB'000	RMB'000	RMB'000	2022
				RMB'000
<b>Non-current assets</b>				
Restricted bank deposits (Note a)	–	50,000	–	–
Long-term bank deposits (Note b)	–	250,000	100,000	30,000
	–	300,000	100,000	30,000
<b>Current assets</b>				
Cash at banks and on hand	151,801	261,942	278,367	1,154,141
Short-term bank deposits (Note b)	–	200,100	250,000	80,000
Restricted bank deposits (Note a)	165,970	211,486	258,788	252,282
	317,771	673,528	787,155	1,486,423
Cash and bank balances	317,771	973,528	887,155	1,516,423

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The carrying amounts of the Company’s cash and bank balances approximate their fair values and are denominated in RMB.

*Notes:*

- (a) Restricted bank deposits of the Group comprise (i) guaranteed deposits amounted to RMB115,970,000, RMB161,486,000, RMB158,788,000 and RMB153,414,000 as at 31 December 2019, 2020 and 2021 and 30 June 2022 for receipts in advance of prepaid cards in accordance with relevant regulations issued by Ministry of Commerce of the People’s Republic of China (Note 25(a)), (ii) guaranteed deposits amounted to RMB11,009,000, RMB13,909,000, RMB14,911,000 and RMB14,909,000 as at 31 December 2019, 2020 and 2021 and 30 June 2022, respectively, that are restricted in use for certain banking arrangement of the Group; and (iii) other restricted long term bank deposits with original maturities of over 1 year amounted to RMB50,000,000 as at 31 December 2020 and other restricted short term bank deposits with original maturities of over 3 months amount to RMB50,000,000, RMB50,000,000, RMB100,000,000 and RMB100,000,000 as at 31 December 2019, 2020 and 2021 and 30 June 2022, respectively.

Restricted bank deposits of the Company comprise (i) guaranteed deposits amounted to RMB115,970,000, RMB161,486,000, RMB158,788,000 and RMB153,414,000 as at 31 December 2019, 2020 and 2021 and 30 June 2022 for receipts in advance of prepaid cards in accordance with relevant regulations issued by Ministry of Commerce of the People’s Republic of China (Note 25(a)), and (ii) other restricted long term bank deposits with original maturities of over 1 year amounted to RMB50,000,000 as at 31 December 2020 and other restricted short term bank deposits with original maturities of over 3 months amount to RMB50,000,000, RMB50,000,000, RMB100,000,000 and RMB100,000,000 as at 31 December 2019, 2020 and 2021 and 30 June 2022, respectively.

- (b) Long term bank deposits and short term bank deposits represent bank deposits with original maturities of over 1 year and over 3 months respectively as at 31 December 2019, 2020 and 2021 and 30 June 2022, respectively, for the purpose of interest earning.

The cash and bank balances are deposited with banks in the PRC. The remittance of such balances out of the PRC is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

**28 Bank borrowings**

*The Group*

	As at 31 December			As at
	2019	2020	2021	30 June
	RMB’000	RMB’000	RMB’000	2022
				RMB’000
<b>Non-current</b>				
Long-term bank borrowings	26,000	18,000	17,084	15,676
<b>Current</b>				
Short-term bank borrowings	586,730	904,417	1,424,800	1,280,000
Portion of long-term bank borrowings due for repayment within one year/period	8,055	6,652	10,627	9,918
	594,785	911,069	1,435,427	1,289,918

Borrowings as at 31 December 2019, 2020 and 2021 and 30 June 2022 of RMB34,000,000, RMB26,000,000, RMB18,000,000 and RMB17,000,000, were guaranteed in full amount by the Company, Mr. Yu and Ms. Xu and secured by certain right-of-use assets (Note 16) with the carrying amount of RMB1,546,000, RMB1,502,000, RMB1,458,000 and RMB1,436,000 respectively.

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Borrowings as at 31 December 2019 and 2020 of RMB16,000,000 and RMB24,000,000 were secured by certain property, plant and equipment (Note 15) with the carrying amount of RMB1,446,000 and RMB1,332,000 respectively.

Remaining borrowings as at 31 December 2019, 2020 and 2021 and 30 June 2022 of RMB570,785,000, RMB879,069,000, RMB1,434,511,000 and RMB1,288,594,000 were guaranteed in full amount by the Company, certain subsidiaries of the Group, Mr. Yu and Ms. Xu.

As at 31 December 2019, 2020 and 2021 and 30 June 2022, the Group has unutilised facility amount of RMB310,000,000, RMB254,000,000, RMB950,200,000 and RMB1,410,000,000 respectively.

As at 30 June 2022, right-of-use assets of RMB50,367,000 was pledged for an unutilised facility amounting to RMB320,000,000.

The carrying amounts of the borrowings approximate their fair values. The weighted average interest rates are 4.67%, 4.11%, 3.86% and 3.75% as at 31 December 2019, 2020 and 2021 and 30 June 2022, respectively.

The carrying amounts of the Group’s borrowings are denominated in RMB.

The Group’s borrowings were repayable as follows:

	As at 31 December			As at
	2019	2020	2021	30 June
	RMB’000	RMB’000	RMB’000	2022
				RMB’000
<b>Bank borrowings</b>				
On demand or within 1 year	594,785	911,069	1,435,427	1,289,919
Between 1 and 2 years	8,000	10,000	1,827	8,847
Between 2 and 5 years	18,000	8,000	10,735	2,802
Over 5 years	–	–	4,522	4,026
	<u>620,785</u>	<u>929,069</u>	<u>1,452,511</u>	<u>1,305,594</u>

*The Company*

	As at 31 December			As at
	2019	2020	2021	30 June
	RMB’000	RMB’000	RMB’000	2022
				RMB’000
<b>Current</b>				
Short-term bank borrowings, guaranteed	<u>370,457</u>	<u>618,879</u>	<u>913,878</u>	<u>869,393</u>

The Company’s borrowings as at 31 December 2019, 2020 and 2021 and 30 June 2022 of RMB370,457,000, RMB618,879,000, RMB913,878,000 and RMB869,393,000 were guaranteed in full amount by one of the Company’s subsidiaries, Mr. Yu and Ms. Xu.

The carrying amounts of the borrowings approximate their fair values. The weighted average interest rates are 4.45%, 4.04%, 3.86% and 3.76% as at 31 December 2019, 2020 and 2021 and 30 June 2022 respectively.

The carrying amounts of the Company’s borrowings are denominated in RMB.

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The Company’s borrowing were repayable as follows:

	As at 31 December			As at
	2019	2020	2021	30 June
	RMB’000	RMB’000	RMB’000	2022
Bank and other borrowings				RMB’000
On demand or within 1 year	370,457	618,879	913,878	869,393

The Group and the Company have complied with the relevant covenants of its borrowing facilities as at 31 December 2019, 2020 and 2021 and 30 June 2022.

**29 Trade payables**

*The Group*

The ageing analysis of the trade payables based on invoice dates is as follows:

	As at 31 December			As at
	2019	2020	2021	30 June
	RMB’000	RMB’000	RMB’000	2022
0 to 30 days	361,555	282,426	317,811	466,048
31 to 60 days	6,552	18,022	20,757	20,948
61 to 90 days	1,856	3,272	2,224	2,836
Over 90 days	8,872	1,212	4,404	10,721
	378,835	304,932	345,196	500,553

The carrying amounts of the Group’s trade payables approximate their fair values and are denominated in RMB.

*The Company*

The ageing analysis of the trade payables based on invoice dates is as follows:

	As at 31 December			As at
	2019	2020	2021	30 June
	RMB’000	RMB’000	RMB’000	2022
0 to 30 days	2,596	4,699	11,644	7,824
31 to 60 days	802	2,910	1,450	5,047
61 to 90 days	506	28	345	178
Over 90 days	1,239	–	1,948	1,199
	5,143	7,637	15,387	14,248

The carrying amounts of trade payables approximate their fair values and are denominated in RMB.

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**30 Accruals and other payables**

*The Group*

	As at 31 December			As at
	2019	2020	2021	30 June
	RMB'000	RMB'000	RMB'000	2022
<b>Non-current</b>				RMB'000
Other payables (Note d)	30,235	63,219	72,266	76,939
<b>Current</b>				
Accrued expenses	23,042	31,095	42,313	49,240
Accrued [REDACTED] expenses	–	–	9,045	12,452
Net proceeds of franchised stores (Note a)	91,070	150,567	194,231	131,689
Receipt on behalf of franchisees for prepaid cards (Note b)	155,321	200,040	251,405	276,515
Stored value in member’s accounts (Note b)	344,980	392,022	335,660	405,850
Membership fee received (Note c)	30,531	32,042	41,953	37,008
Salaries and welfare payables	187,021	178,959	257,477	223,381
Other tax payables	4,039	4,097	8,670	3,071
Deposits received	18,512	26,594	24,656	27,044
Other payables	22,828	12,669	12,836	15,606
	877,344	1,028,085	1,178,246	1,181,856

*The Company*

	As at 31 December			As at
	2019	2020	2021	30 June
	RMB'000	RMB'000	RMB'000	2022
<b>Non-current</b>				RMB'000
Other payables (Note d)	30,235	63,219	72,266	73,604
<b>Current</b>				
Accrued expenses	1,565	11,762	15,468	15,195
Accrued [REDACTED] expenses	–	–	9,045	12,452
Net proceeds of franchised stores (Note a)	91,070	150,567	194,231	131,689
Receipt on behalf of franchisees for prepaid cards (Note b)	152,516	195,234	241,627	272,773
Stored value in member’s accounts (Note b)	344,980	392,022	335,660	405,850
Membership fee received (Note c)	30,531	32,042	41,953	37,008
Salaries and welfare payables	49,008	50,377	45,960	31,411
Other tax payables	1,189	931	987	1,026
Deposits received	14,127	22,072	18,379	20,753
Other payables	13,011	7,387	6,740	8,291
	697,997	862,394	910,050	936,448

*Notes:*

- (a) The amount would normally be repaid to the franchisees on a monthly basis, subject to provisions set out in the franchising contract.
- (b) Receipt of sales proceeds from prepaid cards and stored value accounts represents the advance receipts from the end customers who add value to their prepaid cards and stored value accounts. The Group receives the amount on behalf of franchisees and such amount is settled when the end customers use the cards and value accounts to purchase goods in stores.

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- (c) The balance represents the unutilised membership discount as at the respective year end dates arising from Xinxiang paid membership plan. The Group initiates such membership plan since late 2018. End customers of franchisees may subscribe for the membership for a 12-month period at a fixed fee payable to the Group. The members will enjoy discount from the purchases at franchised stores equivalent to at least the membership fee paid. Otherwise, the Group will refund to the end customers for any shortfall.
- (d) The balance represents the refundable initial deposit payable by franchisees upon entering into franchisees agreements. The deposit will be refunded to the franchisees at the end of franchise period net of any penalties incurred.

The carrying amounts of accruals and other payables approximate their fair values and are denominated in RMB.

**31 Deferred tax**

*The Group*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The analysis of deferred tax assets/(liabilities), net, is as follows:

	As at 31 December			As at
	2019	2020	2021	30 June
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>2022</i>
				<i>RMB'000</i>
Deferred tax assets				
– to be recovered within 12 months	1,628	1,774	2,983	1,033
– to be recovered after more than 12 months	4,862	2,638	3,856	4,533
	<u>6,490</u>	<u>4,412</u>	<u>6,839</u>	<u>5,566</u>
Deferred tax liabilities				
– to be recovered within 12 months	(8,915)	(7,533)	(2,713)	(1,265)
– to be recovered after more than 12 months	(13,335)	(10,394)	(8,327)	(7,376)
	<u>(22,250)</u>	<u>(17,927)</u>	<u>(11,040)</u>	<u>(8,641)</u>
	<u>(15,760)</u>	<u>(13,515)</u>	<u>(4,201)</u>	<u>(3,075)</u>

The movements on the net deferred tax assets/(liabilities) are as follows:

	Year ended 31 December			Six months ended 30 June	
	2019	2020	2021	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
At the beginning of year/period	5,504	(15,760)	(13,515)	(13,515)	(4,201)
(Charged)/credited to profit or loss (Note 12)	(4,063)	1,851	3,430	571	1,626
(Charged)/credited to other comprehensive income	(9,578)	524	5,884	5,994	(500)
Acquisition of subsidiaries (Note 36.1)	(16,553)	(130)	–	–	–
Release to equity upon disposals of financial assets	8,930	–	–	–	–
At the end of year/period	<u>(15,760)</u>	<u>(13,515)</u>	<u>(4,201)</u>	<u>(6,950)</u>	<u>(3,075)</u>



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The movements in deferred tax during the Track Record Period are as follows:

*Deferred tax assets*

	<b>Tax losses</b>	<b>Provisions</b>	<b>Lease liabilities</b>	<b>Decelerated tax depreciation</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2019 (Charged)/credited to profit or loss	8,412 (7,567)	419 363	15,489 27,035	163 188	24,483 20,019
At 31 December 2019 and 1 January 2020 Credited/(charged) to profit or loss	845 261	782 (115)	42,524 6,453	351 (111)	44,502 6,488
At 31 December 2020 and 1 January 2021 Credited/(charged) to profit or loss	1,106 1,278	667 (71)	48,977 (410)	240 –	50,990 797
At 31 December 2021 Credited/(charged) to profit or loss	2,384 (1,948)	596 133	48,567 2,953	240 –	51,787 1,138
At 30 June 2022	436	729	51,520	240	52,925
At 31 December 2020 and 1 January 2021 Credited/(charged) to profit or loss	1,106 1,310	667 23	48,977 1,817	240 –	50,990 3,150
At 30 June 2021 (unaudited)	2,416	690	50,794	240	54,140

*Deferred tax liabilities*

	<b>Unrealised profits</b>	<b>Right-of-use assets</b>	<b>Fair value adjustment on acquisition of a subsidiary</b>	<b>Unrealised fair value difference arising from financial assets at FVOCI</b>	<b>Unrealised fair value difference arising from financial assets at FVTPL</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2019	–	13,211	–	5,768	–	18,979
Acquisition of a subsidiary (Note 36.1(a))	–	–	16,553	–	–	16,553
Charged/(credited) to profit or loss	1,617	24,802	(3,182)	–	845	24,082
Charged to other comprehensive income	–	–	–	9,578	–	9,578
Release to equity upon disposals of financial assets	–	–	–	(8,930)	–	(8,930)
At 31 December 2019 and 1 January 2020 (Credited)/charged to profit or loss	1,617 (1,083)	38,013 8,530	13,371 (3,071)	6,416 –	845 261	60,262 4,637
Credited to other comprehensive income	–	–	–	(524)	–	(524)
Step acquisition of subsidiaries (Note 36.1(b))	–	–	–	130	–	130
At 31 December 2020 and 1 January 2021 (Credited)/charged to profit or loss	534 (214)	46,543 (1,629)	10,300 (2,068)	6,022 –	1,106 1,278	64,505 (2,633)
Credited to other comprehensive income	–	–	–	(5,884)	–	(5,884)
At 31 December 2021 (Credited)/charged to profit or loss	320 35	44,914 2,410	8,232 (950)	138 –	2,384 (1,983)	55,988 (488)
Credited to other comprehensive income	–	–	–	500	–	500
At 30 June 2022	355	47,324	7,282	638	401	56,000

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	Unrealised profits	Right-of-use assets	Fair value adjustment on acquisition of a subsidiary	Unrealised fair value difference arising from financial assets at FVOCI	Unrealised fair value difference arising from financial assets at FVTPL	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2020 and 1 January 2021	534	46,543	10,300	6,022	1,106	64,505
(Credited)/charged to profit or loss	(85)	2,351	(1,081)	-	1,394	2,579
Credited to other comprehensive income	-	-	-	(5,994)	-	(5,994)
At 30 June 2021 (unaudited)	449	48,894	9,219	28	2,500	61,090

As at 31 December 2019, 2020 and 2021 and 30 June 2022, the Group did not recognise deferred tax assets in respect of estimated accumulated tax losses of approximately RMB288,902,000, RMB566,809,000, RMB944,359,000 and RMB1,176,090,000 respectively due to the unpredictability of future assessable profit streams.

The expiry date of unrecognised tax losses is as follow:

	As at 31 December			As at 30 June
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Expiry date in:				
2020	4,380	-	-	-
2021	21,089	20,834	-	-
2022	62,814	62,814	59,877	45,147
2023	102,051	101,934	100,377	100,332
2024	98,568	98,540	97,171	96,836
2025	-	282,687	282,181	281,146
2026	-	-	404,753	404,753
2027	-	-	-	247,876
	288,902	566,809	944,359	1,176,090

*The Company*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The analysis of deferred tax assets is as follows:

	As at 31 December			As at 30 June
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets				
- to be recovered within 12 months	109	209	239	364
- to be recovered after more than 12 months	1,327	1,698	2,062	814
	1,436	1,907	2,301	1,178
Deferred tax liabilities				
- to be recovered within 12 months	(845)	(1,107)	(1,357)	(374)
	591	800	944	804

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The movements on the net deferred tax assets are as follows:

	Year ended 31 December			Six months ended 30 June	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(Unaudited)</i>	
At the beginning of year/period	–	591	800	800	944
(Charged)/credit to profit or loss	(7,916)	209	144	125	(140)
Charged to other comprehensive income	(423)	–	–	–	–
Release to equity upon disposals of financial assets	8,930	–	–	–	–
At the end of year/period	<u>591</u>	<u>800</u>	<u>944</u>	<u>925</u>	<u>804</u>

The movements in deferred income tax during the Track Record Period are as follows:

*Deferred tax assets*

	Tax losses	Provisions	Lease liabilities	Decelerated tax depreciation	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2019	8,210	108	5,088	70	13,476
(Charged)/credited to profit or loss	(7,365)	45	2,531	27	(4,762)
At 31 December 2019 and 1 January 2020	845	153	7,619	97	8,714
Credited/(charged) to profit or loss	261	55	(2,039)	27	(1,696)
At 31 December 2020 and 1 January 2021	1,106	208	5,580	124	7,018
Credited to profit or loss	250	33	717	–	1,000
At 31 December 2021 and 1 January 2022	1,356	241	6,297	124	8,018
Credited to profit or loss	(984)	125	(2,681)	–	(3,540)
At 30 June 2022	<u>372</u>	<u>366</u>	<u>3,616</u>	<u>124</u>	<u>4,478</u>
At 31 December 2020 and 1 January 2021	1,106	208	5,580	124	7,018
(Charged)/credited to profit or loss	126	48	569	–	743
At 30 June 2021 (unaudited)	<u>1,232</u>	<u>256</u>	<u>6,149</u>	<u>124</u>	<u>7,761</u>

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*Deferred tax liabilities*

	Right-of-use assets	Unrealised fair value difference arising from financial assets at FVOCI	Unrealised fair value difference arising from financial assets at FVTPL	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At 1 January 2019	4,969	8,507	–	13,476
Charged to profit or loss	2,309	–	845	3,154
Charged to other comprehensive income	–	423	–	423
Release to equity upon disposals of financial assets	–	(8,930)	–	(8,930)
At 31 December 2019 and 1 January 2020	7,278	–	845	8,123
(Credited)/charged to profit or loss	(2,166)	–	261	(1,905)
At 31 December 2020 and 1 January 2021	5,112	–	1,106	6,218
Charged to profit or loss	604	–	251	855
At 31 December 2021 and 1 January 2022	5,716	–	1,357	7,073
Charged to profit or loss	(2,416)	–	(984)	(3,400)
At 30 June 2022	3,300	–	373	3,673
At 31 December 2020 and 1 January 2021	5,112	–	1,106	6,218
Credited to profit or loss (Unaudited)	432	–	186	618
At 30 June 2021 (Unaudited)	5,544	–	1,292	6,836

As at 31 December 2019, 2020 and 2021 and 30 June 2022 and, the Company did not recognise deferred tax assets in respect of estimated accumulated tax losses of approximately RMB229,664,000, RMB434,809,000, RMB757,422,000 and RMB947,916,000 respectively due to the unpredictability of future assessable profit streams.

The expiry date of unrecognised tax losses is as follow:

	As at 31 December			As at 30 June
	2019	2020	2021	2022
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Expiry date in:				
2020	4,380	–	–	–
2021	21,089	21,089	–	–
2022	47,578	47,578	47,578	32,781
2023	82,497	82,497	82,497	82,497
2024	74,120	74,120	74,120	74,120
2025	–	209,525	209,525	209,525
2026	–	–	343,702	330,232
2027	–	–	–	218,761
	229,664	434,809	757,422	947,916

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**32 Paid-in capital/share capital**

*The Group and the Company*

	<b>Number of ordinary share</b>	<b>Paid-in capital</b>
	<i>in thousand</i>	<i>RMB’000</i>
At 1 January and 31 December 2019	N/A	21,901
Shares issued upon capitalisation of reserves (Note)	1,500,000	1,478,099
As at 31 December 2020 and 2021 and 30 June 2022	1,500,000	1,500,000
As at 30 June 2021	1,500,000	1,500,000

*Note:*

Pursuant to a shareholders’ resolution passed on 10 April 2020, the Company was converted into a joint stock company with limited liability on 10 April 2020. Pursuant to the promoters’ agreement dated 10 March 2020 entered into by all the then shareholders, it was approved that the net assets value of the Company as at 31 October 2019 was converted into 1,500,000,000 shares of the Company at a ratio of RMB1 per share. Pursuant to a shareholders’ resolution passed on 10 April 2020, the registered capital was increased to RMB1,500,000,000.

**33 Reserves**

*The Group*

	<b>Capital reserve</b>	<b>Share-based payment reserve (Note a)</b>	<b>FVOCI reserve</b>	<b>Statutory reserve (Note b)</b>	<b>Other reserve (Note c)</b>	<b>Retained earnings</b>	<b>Total</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At 1 January 2019	1,778,001	235,791	17,656	30,443	(2,910)	36,365	2,095,346
<b>Comprehensive income</b>							
Profit for the year	-	-	-	-	-	249,453	249,453
<b>Other comprehensive income/(loss)</b>							
Share of other comprehensive income of interests in associates and joint venture	-	-	84	-	-	-	84
Changes in the fair value of financial assets at FVOCI	-	-	38,419	-	-	-	38,419
Income tax relating to these items	-	-	(9,578)	-	-	-	(9,578)
Total comprehensive income	-	-	28,925	-	-	249,453	278,378
<b>Transactions with owners</b>							
Transfer of FVOCI reserve to retained earnings	-	-	(26,792)	-	-	26,792	-
Transfer to statutory reserve (Note b)	-	-	-	7,187	-	(7,187)	-
Total transactions with owners, recognised in equity	-	-	(26,792)	7,187	-	19,605	-
At 31 December 2019	1,778,001	235,791	19,789	37,630	(2,910)	305,423	2,373,724

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	Capital reserve	Share-based payment reserve (Note a)	FVOCI reserve	Statutory reserve (Note b)	Other reserve (Note c)	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2020	1,778,001	235,791	19,789	37,630	(2,910)	305,423	2,373,724
<b>Comprehensive income</b>							
Profit for the year	-	-	-	-	-	49,063	49,063
<b>Other comprehensive income</b>							
Changes in the fair value of financial assets at FVOCI	-	-	9,629	-	-	-	9,629
Income tax relating to these items	-	-	524	-	-	-	524
Total comprehensive income	-	-	10,153	-	-	49,063	59,216
<b>Transactions with owners</b>							
Shares issued upon capitalisation of reserves (Note d)	(883,616)	(235,791)	-	-	-	(358,692)	(1,478,099)
Transfer of FVOCI reserve to retained earnings (Note e)	-	-	(13,605)	-	-	13,605	-
Transfer to statutory reserve (Note b)	-	-	-	7,031	-	(7,031)	-
Total transactions with owners, recognised in equity	(883,616)	(235,791)	(13,605)	7,031	-	(352,118)	(1,478,099)
At 31 December 2020	894,385	-	16,337	44,661	(2,910)	2,368	954,841

	Capital reserve	Share-based payment reserve (Note a)	FVOCI reserve	Statutory reserve (Note b)	Other reserve (Note c)	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021	894,385	-	16,337	44,661	(2,910)	2,368	954,841
<b>Comprehensive income</b>							
Profit for the year	-	-	-	-	-	230,345	230,345
<b>Other comprehensive (loss)/income</b>							
Changes in the fair value of financial assets at FVOCI	-	-	(49,437)	-	-	-	(49,437)
Income tax relating to these items	-	-	5,884	-	-	-	5,884
Total comprehensive (loss)/income	-	-	(43,553)	-	-	230,345	186,792
<b>Transactions with owners</b>							
Transfer of FVOCI reserve to retained earnings (Note e)	-	-	(4,813)	-	-	4,813	-
Transfer to statutory reserve (Note b)	-	-	-	1,190	-	(1,190)	-
Acquisition of non-controlling interests (Note 1.1(d))	-	-	-	-	(5,774)	-	(5,774)
Total transactions with owners, recognised in equity	-	-	(4,813)	1,190	(5,774)	3,623	(5,774)
At 31 December 2021	894,385	-	(32,029)	45,851	(8,684)	236,336	1,135,859

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	Capital reserve	Share-based payment reserve (Note a)	FVOCI reserve	Statutory reserve (Note b)	Other reserve (Note c)	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>(Unaudited)</i>							
At 1 January 2021	894,385	–	16,337	44,661	(2,910)	2,368	954,841
<b>Comprehensive income</b>							
Profit for the period	–	–	–	–	–	139,209	139,209
<b>Other comprehensive (loss)/income</b>							
Changes in the fair value of financial assets at FVOCI	–	–	(58,077)	–	–	–	(58,077)
Income tax relating to these items	–	–	5,994	–	–	–	5,994
Total comprehensive (loss)/income	–	–	(52,083)	–	–	139,209	87,126
<b>Transactions with owners</b>							
Transfer of FVOCI reserve to retained earnings (Note e)	–	–	293	–	–	(293)	–
Total transactions with owners, recognised in equity	–	–	293	–	–	(293)	–
At 30 June 2021 (unaudited)	894,385	–	(35,453)	44,661	(2,910)	87,126	1,041,967

	Capital reserve	Share-based payment reserve (Note a)	FVOCI reserve	Statutory reserve (Note b)	Other reserve (Note c)	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	894,385	–	(32,029)	45,851	(8,684)	236,336	1,135,859
<b>Comprehensive income</b>							
Profit for the period	–	–	–	–	–	194,452	194,452
<b>Other comprehensive (loss)/income</b>							
Changes in the fair value of financial assets at FVOCI	–	–	(822)	–	–	–	(822)
Income tax relating to these items	–	–	(500)	–	–	–	(500)
Total comprehensive (loss)/income	–	–	(1,322)	–	–	194,452	193,130
<b>Transactions with owners</b>							
Transfer of FVOCI reserve to retained earnings	–	–	11	–	–	(11)	–
Total transactions with owners, recognised in equity	–	–	11	–	–	(11)	–
At 30 June 2022	894,385	–	(33,340)	45,851	(8,684)	430,777	1,328,989

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*The Company*

	<b>Capital reserve</b>	<b>Share-based payment reserve (Note a)</b>	<b>FVOCI reserve</b>	<b>Retained earnings/ (accumulated losses)</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2019	1,775,525	235,791	25,522	103,744	2,140,582
<b>Comprehensive income</b>					
Profit for the year	–	–	–	148,618	148,618
<b>Other comprehensive income/(loss)</b>					
Changes in the fair value of financial assets at FVOCI	–	–	1,693	–	1,693
Income tax relating to these items	–	–	(423)	–	(423)
Total comprehensive income	–	–	1,270	148,618	149,888
<b>Transactions with owners</b>					
Transfer of FVOCI reserve to retained earnings	–	–	(26,792)	26,792	–
Total transactions with owners, recognised in equity	–	–	(26,792)	26,792	–
At 31 December 2019	<u>1,775,525</u>	<u>235,791</u>	<u>–</u>	<u>279,154</u>	<u>2,290,470</u>
At 1 January 2020	<u>1,775,525</u>	<u>235,791</u>	<u>–</u>	<u>279,154</u>	<u>2,290,470</u>
<b>Comprehensive income</b>					
Loss for the year	–	–	–	(164,553)	(164,553)
Total comprehensive income	–	–	–	(164,553)	(164,553)
<b>Transactions with owners</b>					
Shares issued upon capitalisation of reserves	(883,616)	(235,791)	–	(358,692)	(1,478,099)
Total transactions with owners, recognised in equity (Note d)	<u>(883,616)</u>	<u>(235,791)</u>	<u>–</u>	<u>(358,692)</u>	<u>(1,478,099)</u>
At 31 December 2020	<u>891,909</u>	<u>–</u>	<u>–</u>	<u>(244,091)</u>	<u>647,818</u>
At 1 January 2021	<u>891,909</u>	<u>–</u>	<u>–</u>	<u>(244,091)</u>	<u>647,818</u>
<b>Comprehensive income</b>					
Loss for the year	–	–	–	(325,191)	(325,191)
At 31 December 2021	<u>891,909</u>	<u>–</u>	<u>–</u>	<u>(569,282)</u>	<u>322,627</u>
At 1 January 2021	<u>891,909</u>	<u>–</u>	<u>–</u>	<u>(244,091)</u>	<u>647,818</u>
<b>Comprehensive income</b>					
Loss for the period (Unaudited)	–	–	–	(123,847)	(123,847)
At 30 June 2021 (Unaudited)	<u>891,909</u>	<u>–</u>	<u>–</u>	<u>(367,938)</u>	<u>523,971</u>
At 1 January 2022	<u>891,909</u>	<u>–</u>	<u>–</u>	<u>(569,282)</u>	<u>322,627</u>
<b>Comprehensive income</b>					
Loss for the period	–	–	–	(206,003)	(206,003)
At 30 June 2022	<u>891,909</u>	<u>–</u>	<u>–</u>	<u>(775,285)</u>	<u>116,624</u>



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*Notes:*

- (a) The share-based payment reserve represents the grant date fair value of capital awarded to employees of the Group. The Company increased its registered capital and allowed particular employees to subscribe to capital at par as awards to their performance before the Track Record Period. It has been recognised in accordance with the accounting policy set out in Note 2.23.

No share options have been granted during the Track Record Period and no outstanding options as at 1 January 2019, 31 December 2019, 2020 and 2021 and 30 June 2022.

- (b) The balance is reserved by the subsidiaries in the PRC in accordance with the relevant PRC regulations. The PRC laws and regulations require companies registered in the PRC to provide for certain statutory reserve, which is to be appropriated from the net profit (after offsetting accumulated losses from prior years) as reported in their respective statutory financial statements, before profit distributions to equity holder. PRC company is required to appropriate 10% of statutory net profits to statutory reserve, upon distribution of its post-tax profits of the current year. A company may discontinue the contribution when the aggregate sum of the statutory reserve is more than 50% of its registered capital. The statutory reserve shall only be used to make up losses of the company, to expand the company's production operations, or to increase the capital of the company. In addition, a company may make further contributions to the discretionary surplus reserve using its post-tax profits in accordance with resolutions of the board of directors.
- (c) The other reserve of the Group represents the difference between the consideration paid and the net assets acquired for the further acquisition of two partially owned subsidiaries, Baiguo Technology and Jiangxi Wangpin. After such acquisitions, Baiguo Technology and Jiangxi Wangpin became the wholly owned subsidiaries of the Company.
- (d) On 10 April 2020, the Company was converted into a joint stock company with limited liability with a registered capital of RMB1,500,000,000. The Company issued and allotted 1,500,000,000 ordinary shares with par value of RMB1 each to the respective then shareholders of the Company in accordance with the respective proportion of the then share capital held by them in the Company as at 25 March 2020. Retained earnings was capitalised and increase share capital of RMB1,478,099,000.
- (e) The FVOCI reserve represents the changes in carrying amount of investments in equity instruments designated as FVOCI, net of tax, since its initial recognition. The accumulated changes in carrying amount of several financial assets at FVOCI were transferred to retained earnings upon obtaining significant influence through step acquisition on 10 December 2020 and capital injection on 28 January 2021.

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**34 Notes to the consolidated statements of cash flows**

*(a) Reconciliation of profit before income tax to net cash generated from operations*

	Year ended 31 December			Six months ended 30 June	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Profit before income tax	268,681	71,710	257,527	154,156	207,048
Adjustments for:				(Unaudited)	
– Depreciation of property, plant and equipment (Note 15)	30,195	33,866	40,202	17,493	19,462
– Depreciation of right-of-use assets (Note 16)	41,592	44,544	63,314	29,303	34,237
– Amortisation of intangible assets (Note 18)	7,991	13,444	14,302	6,833	7,720
– Interest income arising from loan receivables (Note 6)	(20,739)	(31,535)	(21,120)	(11,211)	(11,107)
– Net (provision)/reversal of impairment loss on financial assets	11,048	20,891	5,370	11,783	(754)
– Fair value losses/ (gain) on biological assets (Note 23)	241	(151)	494	(212)	714
– Fair value gains on financial assets at FVTPL (Note 26)	(46,430)	(10,553)	(9,248)	(8,250)	(7,476)
– Gain/(loss) on dissolution of associates (Note 20)	–	243	(1,248)	–	–
– Losses on disposals of property, plant and equipment (Note 34)	14,769	406	224	223	918
– Loss on dissolution of a subsidiary (Note 37)	394	–	–	–	–
– (Gain)/loss on lease termination	(2,203)	(13)	213	203	(116)
– Finance income	(3,031)	(12,192)	(24,091)	(5,137)	(15,423)
– Finance costs	44,673	52,065	78,190	33,781	43,499
– Share of (profits)/losses of associates and joint venture	7,529	9,763	(16,483)	(9,536)	(9,444)
– Impairment loss on an associate	–	26,354	–	–	–
– Re-measurement gain on interest in associates (Note 36.1(b))	–	(16,097)	–	–	–
Operating profit before changes in working capital	354,710	202,745	387,646	219,429	269,278
Changes in working capital:					
– Inventories	(38,677)	(16,417)	12,495	55,808	(16,591)
– Biological assets	(1,270)	1,026	(2,888)	(1,733)	(634)

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	Year ended 31 December			Six months ended 30 June	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
– Trade receivables	29,384	128,917	129,487	(2,753)	72,795
– Deposits, prepayments and other receivables	(65,217)	(79,826)	(401,176)	(362,642)	55,555
– Amounts due from associates	3,838	13,756	(15)	–	(973)
– Amounts due from related party	86,295	–	–	–	–
– Restricted bank deposits	(49,581)	(45,516)	2,698	(41,265)	5,374
– Trade payables	39,425	(75,695)	40,264	130,089	155,357
– Accruals and other payables	133,559	185,276	159,208	132,270	8,466
– Contract liabilities	20,671	6,837	606	(355)	(3,969)
– Amounts due to associates	6,944	(605)	(2,008)	(1,153)	(11,688)
Cash generated from operations	<u>520,081</u>	<u>320,498</u>	<u>326,317</u>	<u>128,119</u>	<u>532,970</u>

*(b) Reconciliation of proceeds from disposals of property, plant and equipment*

	Year ended 31 December			Six months ended 30 June	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Net book amount (Note 15)	25,288	3,987	224	223	918
Losses on disposals of property, plant and equipment (Note 7)	(14,769)	(406)	(224)	(223)	(918)
Proceeds from disposals of property, plant and equipment	<u>10,519</u>	<u>3,581</u>	<u>–</u>	<u>–</u>	<u>–</u>

*(c) Reconciliation of liabilities arising from financing activities*

	Bank borrowings	Lease liabilities	Accrual for [REDACTED] expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2019	554,796	188,714	–	743,510
Financing cash flows	12,929	(42,008)	–	(29,079)
Accrual of interest	29,060	15,613	–	44,673
Acquisition of a subsidiary	24,000	–	–	24,000
Non-cash – derecognition of lease liabilities upon lease termination	–	(44,464)	–	(44,464)
Non-cash – additions of lease liabilities	–	162,243	–	162,243
At 31 December 2019	<u>620,785</u>	<u>280,098</u>	<u>–</u>	<u>900,883</u>

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	<b>Bank borrowings</b>	<b>Lease liabilities</b>	<b>Accrual for [REDACTED] expenses</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2020	620,785	280,098	–	900,883
Financing cash flows	272,262	(52,037)	–	220,225
Accrual of interest	36,022	16,043	–	52,065
Non-cash – derecognition of lease liabilities upon lease termination	–	(12,240)	–	(12,240)
Non-cash – additions of lease liabilities	–	59,837	–	59,837
At 31 December 2020	<u>929,069</u>	<u>291,701</u>	<u>–</u>	<u>1,220,770</u>
At 1 January 2021	929,069	291,701	–	1,220,770
Operating cash flows	–	–	(7,959)	(7,959)
Financing cash flows	475,494	(76,101)	(574)	398,819
Accrual of interest	47,948	30,242	–	78,190
Non-cash – derecognition of lease liabilities upon lease termination	–	(5,831)	–	(5,831)
Non-cash – additions of lease liabilities	–	330,977	–	330,977
Non-cash – Accrual of [REDACTED] expenses	–	–	17,578	17,578
At 31 December 2021	<u>1,452,511</u>	<u>570,988</u>	<u>9,045</u>	<u>2,032,544</u>
At 1 January 2021	929,069	291,701	–	1,220,770
Operating cash flows	–	–	(3,458)	(3,458)
Financing cash flows	305,126	(33,188)	(366)	271,572
Accrual of interest	20,674	13,107	–	33,781
Non-cash – derecognition of lease liabilities upon lease termination	–	(3,836)	–	(3,836)
Non-cash – additions of lease liabilities	–	311,892	–	311,892
Non-cash – Accrual of [REDACTED] expenses	–	–	9,269	9,269
At 30 June 2021 (unaudited)	<u>1,254,869</u>	<u>579,676</u>	<u>5,445</u>	<u>1,839,990</u>
At 1 January 2022	1,452,511	570,988	9,045	2,032,544
Operating cash flows	–	–	(17,341)	(17,341)
Financing cash flows	(173,978)	(41,648)	(846)	(216,472)
Accrual of interest	27,061	16,438	–	43,499
Non-cash – derecognition of lease liabilities upon lease termination	–	(9,231)	–	(9,231)
Non-cash – additions of lease liabilities	–	7,588	–	7,588
Non-cash – Accrual of [REDACTED] expenses	–	–	21,593	21,593
At 30 June 2022	<u>1,305,594</u>	<u>544,135</u>	<u>12,451</u>	<u>1,862,180</u>

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**35 Commitments**

*(a) Capital commitments*

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

*The Group*

	As at 31 December			As at 30 June
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Property, plant and equipment	9,643	29,659	22,420	111,263
Equity investments	7,705	337,216	295,794	278,532
	<u>17,348</u>	<u>366,875</u>	<u>318,214</u>	<u>389,795</u>

*The Company*

	As at 31 December			As at 30 June
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Property, plant and equipment	669	2,268	3,156	3,014
Equity investments	–	30,000	500	–
	<u>669</u>	<u>32,268</u>	<u>3,656</u>	<u>3,014</u>

*(b) Non-cancellable leases*

The investment property is leased to tenants under lease with rental receivable monthly. For details of the leasing arrangement, refer to Note 17.

*The Group*

	As at 31 December			As at 30 June
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Minimum lease payments receivable on lease of investment property are as follows:				
Within 1 year	140	147	154	77
Between 1 and 2 years	147	154	–	–
Between 2 and 3 years	154	–	–	–
	<u>441</u>	<u>301</u>	<u>154</u>	<u>77</u>

The Group and the Company have recognised right-of-use assets for these leases, except for short-term leases, see Note 16 for further information.

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Minimum lease payments under non-cancellable short-term leases not recognised in the consolidated statements of financial position are payables as follows:

*The Group*

	As at 31 December			As at 30 June
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	795	866	1,000	967

*The Company*

	As at 31 December			As at 30 June
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	526	572	666	197

**36 Acquisitions of subsidiaries**

**36.1 Business combination**

*(a) Acquisition of Haiyang Jinchengtai*

On 4 April 2019, the Group completed the acquisition of 100% equity interest of Haiyang Jinchengtai at a consideration of approximately RMB250,000,000. Haiyang Jinchengtai is principally engaged in fruit trading in the PRC. Subsequent to the completion of this acquisition, the Group has control over Haiyang Jinchengtai and classified investment in Haiyang Jinchengtai as a subsidiary with its results being consolidated.

The following table summarises the consideration paid for the acquisition of Haiyang Jinchengtai, the fair value of assets acquired and liabilities assumed at the acquisition date.

	<i>RMB'000</i>
Consideration paid and payable as at acquisition date	250,000
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Property, plant and equipment (Note 15)	36,971
Right-of-use assets	9,026
Intangible assets	39,544
Inventories	87,309
Trade receivables	39,515
Deposits, prepayments and other receivables	10,630
Cash and cash equivalents	9,283
Trade payables	(6,693)
Accruals and other payables	(65,978)
Bank borrowings (Note 28)	(24,000)
Deferred tax liabilities (Note 31)	(16,553)
Total identifiable net assets acquired	119,054
Add: Goodwill	130,946
Net assets acquired	250,000
Analysis of net outflow of cash and cash equivalents in respect of acquisition of the subsidiary:	
Cash consideration paid	250,000
Less: Cash and cash equivalents acquired	(9,283)
Net cash outflow	240,717

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(a) *Acquisition of Haiyang Jinchengtai*

The fair value of the trade receivable acquired is RMB39,515,000 and it represents the gross contractual amount for such balance.

Haiyang Jinchengtai contributed revenue of RMB210,192,000 and net profit after tax of RMB45,311,000 to the Group for the period from 4 April 2019, the acquisition date, to 31 December 2019.

Acquisition-related costs of RMB320,000 is included in administrative expenses in profit or loss during the year ended 31 December 2019.

If the acquisitions had occurred on 1 January 2019, consolidated pro-forma revenue and net profit after tax of the Group for the year ended 31 December 2019 would have been RMB9,050,571,000 and RMB258,743,000 respectively.

(b) *Step acquisition of Youguolian Brand and Younongdao Beijing*

Youguolian Brand was a 30% associate of the Group before the acquisition.

On 10 December 2020, Pagoda Investment, a wholly owned subsidiary of the Company, entered into a shareholder’s agreement with the other shareholders of Youguolian Brand whereby Pagoda Investment will inject additional capital of RMB60 million into Youguolian Brand (the “Capital Injection”). RMB30 million is injected to share capital and RMB30 million is injected to capital reserve. Youguolian Brand is principally investment holding. Subsequent to the completion of this capital injection, the Group (through Pagoda Investment) has effective interest of 56% in Youguolian Brand and therefore obtained control over direction of relevant activities of Yuoguolian Brand by obtaining majority of board seat. As such, Youguolian Brand is accounted as a subsidiary with its results being consolidated from 10 December 2020 onwards.

On the other hand, the Group has 46% interest in Younongdao Beijing before 10 December 2020. As Youguolian Brand holds 22% interest in Younongdao Beijing, the Group also increased its effective interest in Younongdao Beijing from 46% to 68%, 46% of which is held through Pagoda Investment and 22% is held through Youguolian Brand, upon the completion of the Capital Injection. As such, the Group also obtained control over Younongdao Beijing, and Younongdao Beijing is also accounted for as a subsidiary with its results being consolidated from 10 December 2020 onwards.

The following table summarises the capital injection for the step acquisition, the fair value of assets acquired and liabilities assumed at the acquisition date. The non-controlling interests are measured at proportionate share in the recognised amounts of identifiable net assets at the acquisition date.

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	<i>RMB'000</i>
Consideration	
Capital Injection	60,000
Fair value of the associate shares held by the Group	34,280
	<u>94,280</u>
	<u><u>94,280</u></u>
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Property, plant and equipment (Note 15)	1,183
Intangible assets (Note 18)	1,520
Deferred tax assets	878
Financial assets at FVOCI (Note 21)	930
Interests in associates (Note 20)	64,468
Interests in joint ventures (Note 20)	37,860
Inventory	8,032
Trade and other receivables	7,580
Cash and cash equivalents	48,802
Trade and other payables	(6,303)
Contract liabilities	(1,178)
Tax payable	(29)
Deferred tax liabilities (Note 31)	(130)
	<u>163,613</u>
Total identifiable net assets acquired	163,613
Add: Goodwill	678
Less: Non-controlling interest initially recognised as at acquisition date	(70,011)
	<u>94,280</u>
	<u><u>94,280</u></u>
Analysis of net outflow of cash and cash equivalents in respect of acquisition of the subsidiary:	
Capital injection	60,000
Less: Cash and cash equivalents acquired	(48,802)
	<u>11,198</u>
	<u><u>11,198</u></u>
Re-measurement gain on interest in associates	
Fair value in interest in associates	34,280
Less: Interest in associates	(18,183)
	<u>16,097</u>
	<u><u>16,097</u></u>

The fair value of the trade and other receivable acquired is RMB7,580,000 and it represents the gross contractual amount for such balance.

Yonguolian Brand and Younongdao Beijing contributed minimal revenue and net profit after tax to the Group for the period from 10 December 2020, the acquisition date, to 31 December 2020.

Acquisition-related costs of RMB212,000 is included in administrative expenses in profit or loss during the year ended 31 December 2020.

If the acquisitions had occurred on 1 January 2020, consolidated pro-forma revenue and net profit after tax of the Group for the year ended 31 December 2020 would have been RMB8,898,109,000 and RMB32,996,000 respectively.

**37 Dissolution of subsidiaries**

During the year ended 31 December 2019, the Group wind up a subsidiary, Shenzhen Pagoda Management Consulting. Alongside the winding-up of the subsidiary, non-controlling interests of approximately RMB394,000 was derecognised. There was no net cash out flow arising from the dissolution.



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**38 Related party transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, has joint control over the party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control.

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the years ended 31 December 2019, 2020 and 2021 and six months ended 30 June 2021 and 2022, and balances arising from related party transactions as at 31 December 2019, 2020 and 2021 and 30 June 2022.

*(a) Name and relationship with related companies*

Save as disclosed in Note 20, the directors and shareholders of the Group are of the view that the following companies were related parties that had transactions or balances with the Group during the Track Record Period:

<b>Name</b>	<b>Relationship with the Group</b>
Mr. Yu	A major shareholder and director of the Company
Ms. Xu	A director of the Company and spouse of Mr. Yu
Ms. Fong Shun Chun (“Ms. Fong”)	A director of Haiyang Jinchengtai
Mr. Tian Xiqiu (“Mr. Tian”)	A director of the Company
Wangpin Pagoda Industrial Development (Shenzhen) Co., Ltd. (“Wangpin Pagoda”) (王品果業實業發展(深圳)有限公司)	Under common control of Mr. Yu
Guangzhou Wangpin Trade Development Co., Ltd. (廣州王品貿易發展有限公司) (“Guangzhou Wangpin”)	Under common control of Mr. Tian
Shandong Huiguo Agricultural Development Co., Ltd. (山東匯果農業發展有限公司) (“Shandong Huiguo”)	Under common control of Mr. Tian
Shing Kee Lan Co., Ltd.	Under common control of Ms. Fong
FRECO Asia Co., Ltd.	Under common control of Ms. Fong
Century Global Pte Ltd.	Under common control of Ms. Fong
Shenzhen Guodaoyunxin Education Consulting Co., Ltd. (深圳果道耘心教育諮詢有限公司) (“Guodaoyunxin”) (Formerly known as Shenzhen Guangmingdeng Education Consulting Co., Ltd.) (深圳廣明燈教育諮詢有限公司)	Under common control of Mr. Yu

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*(b) Transaction with related companies*

	Year ended 31 December			Six months ended June 30	
	2019	2020	2021	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(Unaudited)</i>	
<b>Continuing transactions</b>					
Sales of fruits and other food products:					
– Agriplus Co.	–	–	4	–	–
– Century Global.	3,647	3,127	2,242	1,087	1,328
– FRECO	768	539	656	256	–
– Shandong Liangzhi	–	–	1,137	630	258
– Guangdong Jinjin	–	35	20	5	–
– Guangzhou Wangpin	714	–	–	–	1,448
– Guangxi Zhencheng	–	–	1	–	–
– Guodaoyunxin	18	27	40	25	5
– Hainan Shengjie	1,842	4	9	–	–
– Liaoning Half Acre	–	–	2	2	2
– Youguolian Brand	125	–	–	–	–
– Dongguan Baiguo	229	–	–	–	–
– Nanjing Jinse Zhuangyuan	79	1,435	1,520	843	1,669
– Shanghai Niuguo	–	–	11	11	–
– Shandong Huiguo	–	–	13	13	481
– Shing Kee Lan	19,530	31,458	35,807	14,617	16,883
– Xiamen Weiyu	–	–	1	1	15
Purchase of fruits and other food products:					
– Chongqing Chunken	–	60	–	–	–
– Hainan Xinfu	–	302	–	–	–
– Guangdong Jinjin	–	9,848	14,899	13,536	29,267
– Guangxi Zhencheng	–	760	599	229	–
– Shanghai Niuguo	37,352	26,375	37,495	18,385	17,042
– Shandong Huiguo	29,265	122,280	115,026	66,223	68,741
– Shandong Liangzhi	21,958	31,729	35,153	16,010	23,085
– Liaoning Half Acre	–	1,203	42,611	29,467	24,967
– Nanjing Jinse Zhuangyuan	175,018	161,418	238,604	167,223	160,077
– Guodaoyunxin	–	–	–	–	34
– Hainan Shengjie	61,881	43,287	55,475	44,249	20,654
– Youguolian Brand	17,015	18,799	–	–	–
– Dongguan Baiguo	160	–	–	–	–
– Xiamen Weiyu	–	2,290	3,424	2,184	1,336
Interest income from loan:					
– Youguolian Brand	1,170	–	–	–	–
– Hebei Huiwenyongji	235	–	378	–	–
– Shandong Liangzhi	379	755	84	84	–
– Shanghai Niuguo	–	92	–	–	–
– Shandong Huiguo	847	2,063	1,013	1,013	–
– Hainan Shengjie	1,949	1,910	1,202	647	565
– Nanjing Jinse Zhuangyuan	83	30	–	–	–
– Xiamen Weiyu	–	47	–	–	–

The above related party transactions were carried out on terms mutually agreed between the parties. In the opinion of the directors of the Company, these transactions are in the ordinary course of business of the Group and in accordance with the term of the underlying agreements.

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**ACCOUNTANT’S REPORT**

*(c) Bank loans guaranteed by related parties*

	As at 31 December			As at
	2019	2020	2021	30 June
	RMB’000	RMB’000	RMB’000	2022
Non-trade in nature:				RMB’000
Bank loans guaranteed by Mr. Yu or jointly guaranteed by Mr. Yu, and Ms. Xu	604,000	880,000	1,424,800	1,280,000

The personal guarantees from shareholders, Mr. Yu and Ms. Xu, are expected to be released before [REDACTED] of the Company’s Shares on [REDACTED].

The personal guarantee from a director, Mr. Tian, have been released during the Track Record Period.

*(d) Balances with related companies*

The Group had the following balances with related companies:

*(i) Amounts due from associates (non-trade in nature)*

*The Group*

	As at 31 December			As at
	2019	2020	2021	30 June
	RMB’000	RMB’000	RMB’000	2022
				RMB’000
Youguolian Brand	9,507	–	–	–
Hebei Huiwenyongjie	4,000	–	–	–
Nanjing Jinse Zhuangyuan	–	–	–	971
Dongguan Baiguo	249	–	–	–
Beijing Kedao	–	–	15	15
Liaoning Half Acre	–	–	–	2
	13,756	–	15	988

The Group agreed to provide such funding to its associates for general working capital and business expansion purpose. [All the non-trade balances as of 30 June 2022 have been subsequently settled in [December] 2022.]

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**ACCOUNTANT’S REPORT**

(ii) *Loans to associates (non-trade in nature)*

*The Group*

	As at 31 December			As at
	2019	2020	2021	30 June
	RMB’000	RMB’000	RMB’000	2022
				RMB’000
Nanjing Jinse Zhuangyuan	5,083	–	–	–
Shandong Liangzhi	–	4,002	–	–
Hainan Shengjie	33,949	25,865	12,608	18,136
	39,032	29,867	12,608	18,136

The loans to associates are unsecured, interest bearing from 6% to 12% per annum and repayable within 1 year. The carrying amount is denominated in RMB. The balances at 30 June 2022 will not be settled before the [REDACTED].

(iii) *Amounts due to associates (trade in nature)*

*The Group*

	As at 31 December			As at
	2019	2020	2021	30 June
	RMB’000	RMB’000	RMB’000	2022
				RMB’000
Shanghai Niuguo Youguolian Brand	2,265	2,102	2,986	670
Nanjing Jinse Zhuangyuan	14,856	14,174	11,541	1,110
Hainan Shengjie	426	–	123	–
Dongguan Baiguo	160	249	–	–
Guangdong Jinjin	–	1,038	266	–
Liaoning Half Acre	–	177	412	2,272
Xiamen Weiyu	–	93	58	127
Hainan Xinfu	–	57	8	–
Shandong Liangzhi	–	–	488	15
	18,495	17,890	15,882	4,194

The ageing analysis of the amounts due to associates based on invoice dates is as follows:

	As at 31 December			As at
	2019	2020	2021	30 June
	RMB’000	RMB’000	RMB’000	2022
				RMB’000
1 - 90 days	18,495	17,890	15,882	4,194

As at 31 December 2019, 2020 and 2021 and 30 June 2022, amounts due to associates are unsecured, interest-free and repayable on demand. The carrying amounts of balances with associates approximate their fair values and are denominated in RMB.

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**ACCOUNTANT’S REPORT**

*(e) Key management compensation*

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. During the Track Record Period, the remuneration to key management of the Group for employee services is shown below:

	Year ended 31 December			Six months ended 30 June	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(Unaudited)</i>	
Wages and salaries	8,667	8,141	10,361	4,389	5,037
Retirement benefits costs					
– defined contribution plans	101	2	5	3	303
Benefits and allowances	44	117	180	37	2
	<u>8,812</u>	<u>8,260</u>	<u>10,546</u>	<u>4,429</u>	<u>5,342</u>

**39 Amounts due from/(to) subsidiaries**

As at 31 December 2019, 2020 and 2021 and 30 June 2022, amounts due from/(to) subsidiaries are unsecured, interest free and repayable on demand. The carrying amounts of balances with subsidiaries approximate their fair values and are denominated in RMB.

**40 Contingencies**

As at 31 December 2019, 2020 and 2021 and 30 June 2022, there were no material contingent liabilities relating to the Group and the Company.

**41 Event after the reporting period**

The COVID-19 pandemic has been declared globally and has not shown any indication of its end. While the Group has considered the potential financial impact of COVID-19 in the preparation of the historical financial information, the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance for the six months ended 30 June 2022 remains uncertain. Accordingly, there is a possibility that factors not currently anticipated by management could occur in the future and the Group’s assets may be subject to impairment loss in the subsequent financial periods.

The Group has been closely monitoring the impact from the COVID-19 on the Group’s businesses to ensure the safety of employees and stable operations. Based on the information currently available, the Directors considered that there was no material adverse change in the financial or trading position of the Group up to the date of this report. However, the actual impacts may differ from these estimates as the situation continues evolving and is subject to further information becomes available.

There have been no other material events subsequent to the Track Record Period, which require adjustment or disclosure in accordance with HKFRS.

**III. SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 30 June 2022 and up to the date of this report.