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嘉士利集團有限公司  
Jiashili Group Limited



*(incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1285)**

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2023**

### **FINANCIAL HIGHLIGHTS**

- The unaudited consolidated revenue of the Group for the six months ended June 30, 2023 amounted to approximately RMB796.0 million, increase by 1.7% as compared with the same period last year.
- Unaudited consolidated profit after tax for the six months ended June 30, 2023 amounted to approximately RMB24.3 million (six months ended June 30, 2022: profit after tax approximately RMB0.2 million), representing an increase of 11,141.6% as compared with the same period last year.
- For the six months ended June 30, 2023, the unaudited profit attributable to equity owners of the Company of approximately RMB28.8 million, up by 2,039.6%
- For the six months ended June 30, 2023, basic earnings per share was RMB6.94 cents (six months ended June 30, 2022: RMB0.32 cents).
- The earnings before interest, tax, depreciation and amortisation (EBITDA)\* for the six months ended June 30, 2023 amounted to approximately RMB94.7 million (six months ended June 30, 2022: approximately RMB52.8 million), representing an increase of 79.4% as compared with the same period last year.
- The Board does not recommend the payment of an interim dividend for the six months ended June 30, 2023 (six months ended June 30, 2022: Nil).

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

The board (the “**Board**”) of directors (the “**Directors**”) of Jiashili Group Limited (the “**Company**” or “**Jiashili**”) is pleased to present the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”, “**we**” or “**our**”) for the six months ended June 30, 2023 (the “**Reporting Period**”) together with the comparative figures for the corresponding period in 2022.

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

For the six months ended June 30, 2023

	NOTES	Six months ended June 30, 2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited) (restated)
Revenue	3	796,002	782,649
Cost of sales		<u>(553,870)</u>	<u>(599,424)</u>
Gross profit		242,132	183,225
Other income	5	22,876	25,770
Selling and distribution expenses		(100,098)	(113,257)
Administrative expenses		(45,945)	(43,136)
Other expenses	6	(29,809)	(30,914)
Impairment losses recognised under expected credit loss (“ECL”) model, net		(33,197)	(5,656)
Other gains and losses	7	2,398	(787)
Share of results of associates		(791)	(2,065)
Share of results of a joint venture		(3,073)	1,040
Finance costs		<u>(16,866)</u>	<u>(18,411)</u>
Profit (loss) before tax		37,627	(4,191)
Income tax (expense) credit	8	<u>(13,345)</u>	<u>4,407</u>
Profit and total comprehensive income for the period	9	<u>24,282</u>	<u>216</u>
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		28,799	1,346
Non-controlling interests		<u>(4,517)</u>	<u>(1,130)</u>
		<u>24,282</u>	<u>216</u>
Earnings per share	11		
— Basic (RMB cents)		<u>6.94</u>	<u>0.32</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2023

	<i>NOTES</i>	<b>June 30, 2023</b> <i>RMB'000</i> <b>(unaudited)</b>	December 31, 2022 <i>RMB'000</i> (unaudited) (restated)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	510,878	504,871
Right-of-use assets	12	235,903	212,629
Investment properties	12	16,867	16,290
Intangible assets	12	31,711	31,648
Goodwill		38,337	38,337
Interests in associates		21,040	21,788
Interest in a joint venture		1,561	4,634
Financial assets at fair value through profit or loss ("FVTPL")	13	110,282	107,131
Loan to a joint venture		159,521	158,949
Loan to a non-controlling shareholder of a subsidiary		5,174	4,947
Loan receivables		28,714	27,221
Deferred tax assets		2,038	2,711
Other receivables and deposits	14	2,092	1,775
Deposits paid for acquisition of right-of-use assets and property, plant and equipment		79,073	12,586
		<b>1,243,191</b>	1,145,517
<b>CURRENT ASSETS</b>			
Inventories		105,962	114,546
Trade, bills and other receivables	14	181,864	158,369
Loan receivables		120,277	143,125
Amounts due from associates		44,857	48,879
Amounts due from non-controlling shareholders of subsidiaries		4,921	2,866
Amounts due from a joint venture		177,104	175,594
Amounts due from related parties		3,029	16
Loan to a non-controlling shareholder of a subsidiary		7,589	9,608
Income tax recoverable		4,532	1,855
Pledged/restricted bank deposits		—	99
Bank balances and cash		339,394	320,301
		<b>989,529</b>	975,258

	<i>NOTES</i>	<b>June 30, 2023</b> <i>RMB'000</i> (unaudited)	December 31, 2022 <i>RMB'000</i> (unaudited) (restated)
<b>CURRENT LIABILITIES</b>			
Trade, bills and other payables	15	254,250	276,945
Contract liabilities		49,613	100,070
Income tax payables		13,355	20,437
Bank borrowings	16	608,921	510,524
Other borrowing		1,226	—
Amount due to a non-controlling shareholder of a subsidiary		—	6
Amounts due to related parties		37,287	18
Amount due to an associate		—	10
Amount due to a director		—	3,000
Amount due to a joint venture		12,572	4,734
Deferred income		1,929	1,929
Lease liabilities		3,603	3,475
		<u>982,756</u>	<u>921,148</u>
<b>NET CURRENT ASSETS</b>		<u>6,773</u>	<u>54,110</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,249,964</u>	<u>1,199,627</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		8,253	8,664
Deferred income		43,248	44,289
Bank borrowings	16	179,461	92,690
Other borrowing		1,774	—
Lease liabilities		49,565	50,393
		<u>282,301</u>	<u>196,036</u>
<b>NET ASSETS</b>		<u><u>967,663</u></u>	<u><u>1,003,591</u></u>
<b>CAPITAL AND RESERVES</b>			
Share capital		3,285	3,285
Reserves		929,873	961,284
		<u>933,158</u>	<u>964,569</u>
Equity attributable to owners of the Company		933,158	964,569
Non-controlling interests		34,505	39,022
		<u>967,663</u>	<u>1,003,591</u>
<b>TOTAL EQUITY</b>		<u><u>967,663</u></u>	<u><u>1,003,591</u></u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended June 30, 2023*

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 (“**IAS 34**”) *Interim Financial Reporting* issued by the International Accounting Standards Board (“**IASB**”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

### 1.1 Merger Accounting

The Group accounts for all its business combinations involving entities under common control using the principles of merger accounting.

In the current period, the Company acquired 100% interests in Guangdong Kangli Food Co. Limited\* 廣東康力食品有限公司 (“**Kangli**”) from Koni (Hong Kong) Food Investment Limited with a total cash consideration of RMB135,000,000 (the “**Acquisition**”). The Company acquired control over Kangli and its subsidiary (collectively “**Kangli Group**”) on April 19, 2023. Kangli Group is engaged in the manufacturing and sales of pasta.

The Company and Kangli are under common control of Mr. Huang Xianming, the ultimate controlling shareholder of both before and after the Acquisition. Therefore, it was regarded as a common control combination and accounted for using the principles of merger accounting. The financial statements of Kangli Group are included in the Group’s consolidated financial statements as if the Acquisition had occurred from the date when the ultimate controlling shareholder first obtained control. Therefore, the comparative figures of the condensed consolidated financial statements of the Group as at December 31, 2022 and for the six-month period ended June 30, 2022 have been restated.

\* *English name for identification purpose only.*

## 1.2 Restatements

The summarised effect of restatements on the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended June 30, 2022 in applying the principles of merger accounting is as follows:

	<b>The Group</b> <b>(as previously</b> <b>reported)</b> <i>RMB'000</i> (audited)	<b>Kangli</b> <b>Group</b> <i>RMB'000</i> (unaudited)	<b>Adjustments</b> <b>for business</b> <b>combination</b> <b>under common</b> <b>control</b> <i>RMB'000</i> (unaudited)	<b>The Group</b> <b>(restated)</b> <i>RMB'000</i> (unaudited)
Revenue	742,783	40,370	(504)	782,649
Cost of sales	(566,339)	(33,589)	504	(599,424)
Gross profit	176,444	6,781	—	183,225
Other income	25,760	10	—	25,770
Selling and distribution expenses	(110,580)	(2,677)	—	(113,257)
Administrative expenses	(41,323)	(1,813)	—	(43,136)
Other expenses	(30,892)	(22)	—	(30,914)
Impairment losses recognised under ECL model, net	(5,656)	—	—	(5,656)
Other gains and losses	(768)	(19)	—	(787)
Share of results of associates	(2,065)	—	—	(2,065)
Share of results of a joint venture	1,040	—	—	1,040
Finance costs	(18,259)	(152)	—	(18,411)
(Loss) profit before tax	(6,299)	2,108	—	(4,191)
Income tax credit	4,353	54	—	4,407
(Loss) profit and total comprehensive (expense) income for the period	(1,946)	2,162	—	216
(Loss) profit and total comprehensive (expense) income for the period attributable to:				
Owners of the Company	(816)	2,162	—	1,346
Non-controlling interests	(1,130)	—	—	(1,130)
	<u>(1,946)</u>	<u>2,162</u>	<u>—</u>	<u>216</u>

The summarised effect of restatements on the condensed consolidated statement of financial position as at December 31, 2022 in applying the principles of merger accounting is as follows:

	<b>The Group</b> (as previously reported) <i>RMB'000</i> (audited)	<b>Kangli</b> <b>Group</b> <i>RMB'000</i> (unaudited)	<b>Adjustments</b> <b>for business</b> <b>combination</b> <b>under common</b> <b>control</b> <i>RMB'000</i> (unaudited)	<b>The Group</b> (restated) <i>RMB'000</i> (unaudited)
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	448,795	56,076	—	504,871
Right-of-use assets	204,175	8,454	—	212,629
Investment properties	10,603	5,687	—	16,290
Intangible assets	31,648	—	—	31,648
Goodwill	38,337	—	—	38,337
Interests in associates	21,788	—	—	21,788
Interest in a joint venture	4,634	—	—	4,634
FVTPL	107,131	—	—	107,131
Loan to a joint venture	158,949	—	—	158,949
Loan to a non-controlling shareholder of a subsidiary	—	—	4,947	4,947
Loan receivables	32,168	—	(4,947)	27,221
Deferred tax assets	2,711	—	—	2,711
Other receivables and deposits	1,775	—	—	1,775
Deposits paid for acquisition of right-of-use assets and property, plant and equipment	12,000	586	—	12,586
Deposit paid for acquisition of a subsidiary	93,000	—	(93,000)	—
	<u>1,167,714</u>	<u>70,803</u>	<u>(93,000)</u>	<u>1,145,517</u>

	<b>The Group</b> <b>(as previously</b> <b>reported)</b> <i>RMB'000</i> (audited)	<b>Kangli</b> <b>Group</b> <i>RMB'000</i> (unaudited)	<b>Adjustments</b> <b>for business</b> <b>combination</b> <b>under common</b> <b>control</b> <i>RMB'000</i> (unaudited)	<b>The Group</b> <b>(restated)</b> <i>RMB'000</i> (unaudited)
<b>CURRENT ASSETS</b>				
Inventories	104,729	9,817	—	114,546
Trade, bills and other receivables	145,376	12,993	—	158,369
Loan receivables	143,125	—	—	143,125
Amounts due from associates	48,879	—	—	48,879
Amounts due from a non-controlling shareholder of a subsidiary	—	2,866	—	2,866
Amounts due from a joint venture	175,594	—	—	175,594
Amount due from a related party	16	—	—	16
Loan to a non-controlling shareholder of a subsidiary	9,608	—	—	9,608
Income tax recoverable	1,855	—	—	1,855
Pledged/restricted bank deposits	99	—	—	99
Bank balances and cash	310,108	10,193	—	320,301
	<u>939,389</u>	<u>35,869</u>	<u>—</u>	<u>975,258</u>
<b>CURRENT LIABILITIES</b>				
Trade, bills and other payables	267,269	9,676	—	276,945
Contract liabilities	92,092	7,978	—	100,070
Income tax payables	19,859	578	—	20,437
Bank borrowings	510,524	—	510,524	—
Amount due to a non-controlling shareholder of a subsidiary	—	6	—	6
Amounts due to related parties	226	(208)	—	18
Amount due to an associate	10	—	—	10
Amount due to a director	—	3,000	—	3,000
Amounts due to a joint venture	—	4,734	—	4,734
Deferred income	1,929	—	—	1,929
Lease liabilities	3,475	—	—	3,475
	<u>895,384</u>	<u>25,764</u>	<u>—</u>	<u>921,148</u>
<b>NET CURRENT ASSETS</b>	<u>44,005</u>	<u>10,105</u>	<u>—</u>	<u>54,110</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u><u>1,211,719</u></u>	<u><u>80,908</u></u>	<u><u>(93,000)</u></u>	<u><u>1,199,627</u></u>



	<b>The Group (as previously reported) RMB'000 (audited)</b>	<b>Kangli Group RMB'000 (unaudited)</b>	<b>Adjustments for business combination under common control RMB'000 (unaudited)</b>	<b>The Group (restated) RMB'000 (unaudited)</b>
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities	8,388	276	—	8,664
Deferred income	44,289	—	—	44,289
Bank borrowings	87,190	5,500	—	92,690
Lease liabilities	50,393	—	—	50,393
	<u>190,260</u>	<u>5,776</u>	<u>—</u>	<u>196,036</u>
<b>NET ASSETS</b>	<u>1,021,459</u>	<u>75,132</u>	<u>(93,000)</u>	<u>1,003,591</u>
<b>CAPITAL AND RESERVES</b>				
Share capital	3,285	52,000	(52,000)	3,285
Reserves	987,052	15,232	(41,000)	961,284
Equity attributable to owners of the Company	990,337	67,232	(93,000)	964,569
Non-controlling interests	31,122	7,900	—	39,022
<b>TOTAL EQUITY</b>	<u><u>1,021,459</u></u>	<u><u>75,132</u></u>	<u><u>(93,000)</u></u>	<u><u>1,003,591</u></u>

The effect of restatement on the Group's earnings per share for the six months ended June 30, 2022 in applying the principles of merger accounting is as follows:

	<b>Six months ended June 30, 2022 RMB cents</b>
Basic	
Unaudited and originally stated	(0.20)
Adjustments arising from business combination under common control	<u>0.52</u>
Unaudited and restated	<u><u>0.32</u></u>

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than change in accounting policies resulting from application of amendments to International Financial Reporting Standards (“IFRSs”) and additional accounting policies related to merger accounting for business combination involving businesses under common control which became relevant to the Group as below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2023 are the same as those presented in the Group’s annual financial statements for the year ended December 31, 2022.

### **Merger accounting for business combination involving businesses under common control**

The condensed consolidated financial statements incorporate the financial statements items of the combining businesses in which the common control combination occurs as if they had been combined from the date when the combining businesses first came under the control of the controlling party.

The net assets of the combining businesses are consolidated using the existing book values from the controlling party’s perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination.

The condensed consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining businesses from the earliest date presented or since the date when the combining businesses first came under the common control, where this is a shorter period.

The comparative amounts in the condensed consolidated financial statements are presented as if the businesses had been combined at the beginning of the previous reporting period or when they first came under common control, whichever is shorter.

## Application of Amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatory effective for the annual period beginning on or after January 1, 2023 for the preparation of the Group's condensed consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two model Rules

Except for the amendments to IFRSs mentioned below, the directors of the Company anticipate that the application of the amendments to IFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

### 3. REVENUE FROM CONTRACTS WITH CUSTOMERS

An analysis of the Group's revenue from major products is set out in note 4 as such analysis form part of the segment information reported to the management of the Group. All of the Group's revenue is recognised at a point in time.

	Six months ended June 30,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited) (restated)
<b>Sales channels</b>		
Distributors	793,809	781,589
Supermarkets	2,193	1,060
	<hr/>	<hr/>
Total	<b>796,002</b>	<b>782,649</b>
	<hr/> <hr/>	<hr/> <hr/>

	<b>Six months ended June 30,</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
		(restated)
<b>Geographical markets</b>		
The PRC (Country of domicile)	<b>794,384</b>	781,211
Others ( <i>note</i> )	<b>1,618</b>	1,438
	<hr/>	<hr/>
Total	<b><u>796,002</u></b>	<b><u>782,649</u></b>

*Note:* Others represent export sales to locations other than the PRC.

#### **4. SEGMENT INFORMATION**

Information reported to the executive directors of the Group, being the chief operating decision maker (“**CODM**”), for the purpose of resource allocation and assessment of segment performance focuses on types of products manufactured and sold. The CODM reviews operating results and financial information on a product by product basis. Each individual type of product constitutes an operating segment. For operating segments that exhibit similar long-term financial performance as they have similar economic characteristics, and are produced by using similar production processes and are distributed and sold to similar classes of customers, their segment results are aggregated into one reportable segment. The CODM assesses the performance of the operating segments based on a measure of segment profit or loss which represents the gross profit of each operation segment.

During the period, the Group commenced the business engaging in pasta products along with the acquisition of Kangli (as detailed in note 1), and it is considered as a new operating and reportable segment by the CODM.

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

1. Biscuit products
2. Pasta products

In addition to the above reportable segments, none of the other operating segments met the quantitative thresholds for the reportable segments in both current and prior periods. Accordingly, they were grouped in “Others”.

## Segment revenue and results

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

Six months ended June 30, 2023

	<b>Biscuit products RMB'000 (unaudited)</b>	<b>Pasta products RMB'000 (unaudited)</b>	<b>Others RMB'000 (unaudited)</b>	<b>Total RMB'000 (unaudited)</b>
Revenue	<b>699,485</b>	<b>59,050</b>	<b>37,467</b>	<b>796,002</b>
Segment results	<b>227,018</b>	<b>9,577</b>	<b>5,537</b>	<b>242,132</b>
Other income				<b>22,876</b>
Selling and distribution expenses				<b>(100,098)</b>
Administrative expenses				<b>(45,945)</b>
Other expenses				<b>(29,809)</b>
Impairment losses recognised under ECL model, net				<b>(33,197)</b>
Other gains and losses				<b>2,398</b>
Share of results of associates				<b>(791)</b>
Share of results of a joint venture				<b>(3,073)</b>
Finance costs				<b>(16,866)</b>
Profit before tax				<b>37,627</b>

Six months ended June 30, 2022

	Biscuit products <i>RMB'000</i> (unaudited)	Pasta products <i>RMB'000</i> (unaudited)	Others <i>RMB'000</i> (unaudited) (restated)	Total <i>RMB'000</i> (unaudited) (restated)
Revenue	727,945	40,370	14,334	782,649
Segment results	<u>174,412</u>	<u>6,850</u>	<u>1,963</u>	<u>183,225</u>
Other income				25,770
Selling and distribution expenses				(113,257)
Administrative expenses				(43,136)
Other expenses				(30,914)
Impairment losses recognised under ECL model, net				(5,656)
Other gains and losses				(787)
Share of results of associates				(2,065)
Share of results of a joint venture				1,040
Finance costs				<u>(18,411)</u>
Loss before tax				<u><u>(4,191)</u></u>

### Segment assets and liabilities

The consolidated assets and consolidated liabilities of the Group are regularly reviewed by CODM as a whole. Therefore, the measure of total segment assets and total segment liabilities by operating and reportable segments is not presented.

## Revenue from major products

The following is an analysis of the Group's revenue from its major products.

	Six months ended June 30,	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited) (restated)
<b>Revenue by products</b>		
Biscuit		
— Sweet single piece biscuits	263,637	267,085
— Salty single piece biscuits	25,420	24,925
— Sandwich biscuits	217,023	251,254
— Wafers	86,353	82,394
— Coarse grain biscuits	27,684	38,751
— Other biscuits products	79,368	63,536
	<u>699,485</u>	<u>727,945</u>
Pasta	59,050	40,370
Others ( <i>note</i> )	37,467	14,334
	<u>37,467</u>	<u>14,334</u>
Total	<u><u>796,002</u></u>	<u><u>782,649</u></u>

*Note:* Others represent miscellaneous products other than biscuits and pastas, such as bread, candies, mooncakes and soymilk.

## 5. OTHER INCOME

	Six months ended June 30,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited) (restated)
Government grants ( <i>note</i> )	6,365	7,625
Interest income on:		
— bank deposits	1,941	2,754
— loan receivables	1,143	8,330
— loans to a joint venture	3,509	3,865
— loans to non-controlling shareholders of subsidiaries	201	901
— advance to a related party	4,739	—
Sales of packaging materials	2,609	1,170
Rental income	2,255	762
Other non-operating income	114	363
	<u>22,876</u>	<u>25,770</u>

*Note:* Government grants represents incentive subsidies received from local government for improvement of working capital and compensation of research and development expenses incurred as well as government subsidies for the compensation of capital expenditures on plant and machinery and right-of-use assets which are deferred and amortised to profit or loss over the estimated useful lives of the respective assets when they are ready to use.

## 6. OTHER EXPENSES

	Six months ended June 30,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited) (restated)
Research and development expenses	24,978	30,349
Donation expenses	1,660	231
Packaging materials costs	1,165	—
Building lease expenses	873	—
Other non-operating expenses	1,133	334
	<u>29,809</u>	<u>30,914</u>



## 7. OTHER GAINS AND LOSSES

	<b>Six months ended June 30,</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
		(restated)
Net foreign exchange (losses) gains	(843)	119
Gains (losses) on disposal of property, plant and equipment	90	(13)
Fair value gain (loss) on financial assets at FVTPL	3,151	(893)
	<u>2,398</u>	<u>(787)</u>

## 8. INCOME TAX EXPENSE (CREDIT)

	<b>Six months ended June 30,</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
		(restated)
PRC Enterprise Income Tax (“EIT”)		
— Current tax	13,083	2,039
Deferred tax expense (credit)	262	(6,446)
	<u>13,345</u>	<u>(4,407)</u>

No provision for Hong Kong Profits Tax has been made for the six months ended June 30, 2023 and 2022 as the Group has no assessable profits arising in Hong Kong.

Guangdong Jiashili Food Group Company Limited\* (廣東嘉士利食品集團有限公司) (“**Guangdong Jiashili**”) was accredited as a High-New Technology Enterprise by the Science and Technology Bureau of Guangdong Province (廣東省科學技術廳) and relevant authorities in the PRC with effect from January 2021 for a term of three years. Guangdong Jiashili was registered with the local tax authority to be eligible to the reduced 15% EIT rate for three years from 2021 to 2023.

For other group entities in the PRC, under the Law of the PRC on EIT (the “**EIT Law**”) and Implementation Regulations of the EIT Law, the EIT rate was 25% for both periods.

According to Cai Shui 2008 No. 1, a joint circular of Ministry of Finance and State Administration of Taxation, dividend distributed out of the profits generated since January 1, 2008 by a PRC entity to a non-PRC tax resident shall be subject to withholding EIT pursuant to Articles 3 and 19 of the EIT Law.

The Company's subsidiaries that are PRC tax resident are required to withhold the PRC withholding EIT of 10% on dividend payment to their non-PRC resident immediate holding company.

\* *English name for identification purpose only.*

## 9. PROFIT FOR THE PERIOD

	<b>Six months ended June 30,</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
		(restated)
Profit for the period has been arrived at after charging:		
Directors' and chief executive's remuneration	<b>1,320</b>	1,965
Other employee benefits expenses:		
— Salaries and allowances	<b>115,317</b>	117,786
— Contributions to retirement benefits scheme	<b>11,570</b>	11,982
	<hr/>	<hr/>
Total employee benefits expenses	<b>128,207</b>	131,733
	<hr/>	<hr/>
Depreciation of property, plant and equipment	<b>31,799</b>	30,306
Depreciation of right-of-use assets	<b>4,829</b>	4,908
Depreciation of investment properties	<b>617</b>	364
Amortisation of intangible assets (included in cost of sales)	<b>2,937</b>	2,963
	<hr/>	<hr/>
Total depreciation and amortisation	<b>40,182</b>	38,541
	<hr/>	<hr/>
Expenses relating to short-term leases	<b>787</b>	374
Cost of inventories recognised as expenses with no impairment of inventories recognised	<b>553,870</b>	599,424
	<hr/> <hr/>	<hr/> <hr/>

## 10. DIVIDENDS

During the six months ended June 30, 2023, a final dividend of HK5 cents per share in respect of the year ended December 31, 2022, amounting to HK\$20,750,000 (equivalent to RMB18,210,000) (six months ended June 30, 2022: a final dividend of HK5 cents per share in respect of the year ended December 31, 2021, amounting to HK\$20,750,000 (equivalent to RMB17,745,000)) was recognised as distribution to the owners of the Company.

Subsequent to the end of both interim periods, the directors of the Company does not recommend the payment of an interim dividend for the six months ended June 30, 2023 and 2022.

## 11. EARNINGS PER SHARE

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

	<b>Six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
		<b>(restated)</b>
<b>Earnings</b>		
Profit for the period attributable to owners of the Company for the purposes of basic earnings per share	<b>28,799</b>	<b>1,346</b>
	<u><b>28,799</b></u>	<u><b>1,346</b></u>
	<b>Six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
	<b>'000</b>	<b>'000</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic earnings per share	<b>415,000</b>	<b>415,000</b>
	<u><b>415,000</b></u>	<u><b>415,000</b></u>

No diluted earnings per share for both six months ended June 30, 2022 and 2021 were presented as there were no potential ordinary shares in issue for both periods.

## **12. PROPERTY, PLANT AND EQUIPMENT/RIGHT-OF-USE ASSETS/ INVESTMENT PROPERTIES/INTANGIBLE ASSETS**

During the six months ended June 30, 2023, the Group had addition of RMB39,176,000 (six months ended June 30, 2022: RMB11,442,000 (restated)) on property, plant and equipment in order to upgrade its operating capacities.

During the six months ended June 30, 2023, the Group disposed of certain plant and equipment with an aggregate carrying amount of RMB177,000 (six months ended June 30, 2022: RMB504,000 (restated)) for cash proceeds of RMB267,000 (six months ended June 30, 2022: RMB491,000 (restated)), resulting in a gain on disposal of RMB90,000 (six months ended June 30, 2022: loss on disposal of RMB13,000 (restated)).

During the six months ended June 30, 2023, the Group entered into an agreement to lease out a building with a carrying amount of RMB1,194,000 (six months ended June 30, 2022: RMB11,345,000) to an independent third party for two years (six months ended June 30, 2022: six years). The building is reclassified from the property, plant and equipment to investment property upon the commencement of the lease.

During the six months ended June 30, 2023, the Group entered into several new lease agreements to obtain land use rights with lease terms ranged from 6 to 50 years. On the date of lease commencement, the Group recognised right-of-use assets of RMB28,103,000 and lease liabilities of RMB1,035,000. The Group had no addition on right-of-use assets during the six months ended June 30, 2022.

During the six months ended June 30, 2023, the Group had addition of RMB3,000,000 (six months ended June 30, 2022: nil) on intangible assets in order to obtain a licence for planting a new rice species.

## **13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

In 2019, the Group entered into a limited partnership agreement for setting up an unlisted equity investment fund, 青島嘉匯股權投資基金合夥企業(有限合夥) Tsingtao Jia Hui Equity Investment Fund (Limited Partnership) (“**Jia Hui LLP**”), with three independent third parties. Pursuant to the limited partnership agreement, RMB103.5 million is to be contributed by the Group as a limited partner. Jia Hui LLP was set up on May 16, 2019. As at June 30, 2023 and December 31, 2022, the unlisted equity investment fund is classified as a non-current asset, of which Jia Hui LLP consists of six years term to maturity. Management of the Jia Hui LLP shall vest exclusively to the general partner of Jia Hui LLP (“**GP**”). Limited partners of Jia Hui LLP shall have the exclusive authority to monitor and oversight the behaviour of the GP and they shall not involve in the daily operation and are not allowed to act on behalf of the Jia Hui LLP externally. Jia Hui LLP is accounted for as a financial asset at FVTPL.

As at June 30, 2023, the fair value of the unlisted equity investment fund is amounting to RMB110,282,000 (December 31, 2022: RMB107,131,000) with fair value gain recognised in profit or loss of RMB3,151,000 for the current period (six months ended June 30, 2022: fair value loss recognised in profit or loss of RMB893,000).

The fair value of the Group's unlisted equity investment fund at June 30, 2023 and December 31, 2022 has been arrived at on the basis of valuation carried out by Asset Appraisal Limited (“**Asset Appraisal**”), an independent qualified professional valuer not connected with the Group. Asset Appraisal is a registered firm of the Hong Kong Institute of Surveyors, and has appropriate qualifications and experience.

#### 14. TRADE, BILLS AND OTHER RECEIVABLES/OTHER RECEIVABLES AND DEPOSITS

	<b>June 30, 2023</b>	December 31, 2022
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited) (restated)
Trade and bills receivables	<b>28,680</b>	46,077
Less: allowance for ECL	<b>(8,733)</b>	(6,470)
	<hr/>	<hr/>
Total trade and bills receivables, net	<b>19,947</b>	39,607
Prepayments for purchase of raw materials ( <i>note a</i> )	<b>43,571</b>	31,661
Other receivables, net of allowance ( <i>note b</i> )	<b>35,130</b>	18,657
Value-added tax recoverable	<b>29,922</b>	17,149
Other prepayments ( <i>note c</i> )	<b>51,687</b>	51,303
Rental and utility deposits	<b>3,699</b>	1,767
	<hr/>	<hr/>
	<b>183,956</b>	160,144
Less: amount shown under current assets	<b>(181,864)</b>	(158,369)
	<hr/>	<hr/>
Amount shown under non-current assets as other receivables and deposits ( <i>note d</i> )	<b>2,092</b>	1,775
	<hr/> <hr/>	<hr/> <hr/>

## Trade and bills receivables

The following is an analysis of trade and bills receivables by age, net of allowance for ECL, presented based on the date of delivery of goods or the receipt date of bills receivables, which approximated the respective revenue recognition, at the end of the reporting period:

	<b>June 30, 2023</b>	December 31, 2022
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited) (restated)
Within 2 months	<b>14,556</b>	22,757
Over 2 months but within 3 months	<b>2,842</b>	1,546
Over 3 months but within 6 months	<b>1,045</b>	15,304
Over 6 months but within 1 year	<b>1,504</b>	—
	<b><u>19,947</u></b>	<b><u>39,607</u></b>

As at June 30, 2023, total bills receivables amounting to RMB4,202,000 (December 31, 2022: RMB6,208,000) are held by the Group for future settlement of trade receivables. The Group continues to recognise their full carrying amounts at the end of the reporting period. All bills receivables held by the Group are with a maturity period of less than one year.

## Prepayment, other receivables and deposits

*Notes:*

- (a) Prepayments for purchase of raw materials mainly comprised prepayments for packaging materials.
- (b) Other receivables net of allowance represent advances to other company, advances to staff and other miscellaneous deposits, which are unsecured, non-interest bearing.

During the six months ended June 30, 2023, the Group has provided an impairment loss of RMB1,581,000 (six months ended June 30, 2022: RMB2,991,000) on other receivables.

- (c) Other prepayments represent prepaid logistic fee to logistics companies to maintain a long-term cooperation relationship and enjoy preferential price offered by the suppliers.
- (d) The amount represents i) rental and utility deposits due after one year, ii) advances to staff due after one year and iii) advances to other company due after one year and therefore, classified as non-current.

## 15. TRADE, BILLS AND OTHER PAYABLES

	<b>June 30, 2023</b>	December 31, 2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited) (restated)
Trade payables	<b>89,525</b>	162,595
Bills payables	<b>64,000</b>	6,080
	<hr/>	<hr/>
Total trade and bills payables	<b>153,525</b>	168,675
Accrued expenses	<b>25,462</b>	28,029
Transportation fee payables	<b>11,291</b>	21,556
Payroll and welfare payables	<b>30,709</b>	36,433
Other tax payables	<b>9,101</b>	17,709
Dividend payables	<b>19,131</b>	—
Other payables	<b>5,031</b>	4,543
	<hr/>	<hr/>
	<b>254,250</b>	276,945
	<hr/> <hr/>	<hr/> <hr/>

### Trade and bills payables

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

	<b>June 30, 2023</b>	December 31, 2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited) (restated)
Within 3 months	<b>86,189</b>	156,332
Over 3 months but within 6 months	<b>1,127</b>	5,593
Over 6 months but within 1 year	<b>768</b>	262
Over 1 year	<b>1,441</b>	408
	<hr/>	<hr/>
	<b>89,525</b>	162,595
	<hr/> <hr/>	<hr/> <hr/>

All bills payables are due within one year. The following is an analysis of bills payables by maturity date at the end of each reporting period:

	<b>June 30, 2023</b>	December 31, 2022
	<i>RMB'000</i>	<i>RMB'000</i>
	<b>(unaudited)</b>	(unaudited)
Within 3 months	<b>2,000</b>	6,080
Over 3 months but within 6 months	<b>62,000</b>	—
	<b>64,000</b>	6,080

## 16. BANK BORROWINGS

During the six months ended June 30, 2023, the Group obtained new bank loans amounting to RMB494,490,000 (six months ended June 30, 2022: RMB490,500,000) and repaid bank loans amounted to RMB309,322,000 (six months ended June 30, 2022: RMB401,562,000). At June 30, 2023, the loans carry interest at fixed rates ranging from 2.55 % to 3.80% (December 31, 2022: 3.00% to 3.80%) per annum or variable rates ranging from 3.10% to 4.55% (December 31, 2022: 3.45% to 4.55%) per annum.

## 17. EVENT AFTER THE REPORT PERIOD

On August 10, 2023, the Group entered into an equity transfer agreement with Beidahuang Fengyuan Group Co., Limited\* 北大荒豐緣集團有限公司 for acquisition of the remaining 49% equity interest in Guangdong Fengjia Food Co., Limited\* 廣東豐嘉食品有限公司 (“**Fengjia**”) for a total cash consideration of RMB9,800,000 which has been paid as of the date of this announcement. The transaction was completed on August 28, 2023. Fengjia has become an indirect wholly-owned subsidiary of the Group from a joint venture since then.

\* *English name for identification purpose only.*



# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

In the beginning of 2023, the People's Republic of China (the “**PRC**” or “**China**”) government has adjusted and optimized its pandemic prevention policies fully lifting of pandemic control measures. The PRC retail consumption market recovered rapidly in the first half of 2023. For the six months ended June 30, 2023, the total retail sales of consumer goods increased by 8.2% year-on-year according to the latest data released by the National Bureau of Statistics of China. Jiashili's biscuits have been brand lasted for more than 67 years since 1956. Our products are distributed to 31 Provinces and Municipalities and 310 prefecture-level cities with more than 660 stock keeping units offered to market in the country. It is also a household name and has won the love of all ethnic groups. Apart from distributing domestically, the Group also exports its products to other countries.

The products produced and distributed by the Group can be summarized into the following product ranges:

- I. Biscuits: Sweet and Salty single piece, Sandwich, Wafers and other series.
- II. Pasta: Spaghetti and Macaroni.
- III. Other biscuits and other grocery products: Crackers, Cookies, Candies, Bread, Mooncakes and other products.

We are operating on consumer products industry, our business is always affected by economic growth, consumers' spending preference, snack food industry cycle, cost of our major materials, intense competition and other global events such as world-wide COVID-19 pandemic, with re-emergence of trade protectionism and global recession, the whole consumer industry is facing complicated external environment and greater challenges. Notwithstanding these challenges, the Group registered an increase in revenue of about 1.7% to approximately RMB796.0 million from RMB782.6 million in the corresponding last period. The revenue improvements are mainly due to swift response to these challenges. During the long and successful history of Jiashili, we have mastered many crises and once again we have proven that our Group is up to the local challenges. Our objectives are to produce quality, popular and preferred biscuits and leisure snack products where you can share anytime, anywhere. Over the year, we have been adhering to the business philosophy of “Jiashili, benefit the nation and benefit to all people 嘉士利、利國家、利大家” to provide delicious and high quality biscuits to the customers in China.

## **Review of the 2023 first half**

During the Reporting Period we have continued to invest and execute on our strategic priorities to ensure we can continue to deliver growth in the markets in which we operate. The first half of the financial year 2023 was a successful one for the Jiashili Group. Revenue in the first-half of 2023 has been increased by 1.7% year-on-year to approximately RMB796.0 million. The result show that, thanks to our strong brand positioning, high quality standards and committed employees, we were able to achieve very good results even in a volatile market environment. Raw materials cost prices were eased and declined in the Reporting Period and as a consequence gross profit were increased from approximately RMB183.2 million to approximately RMB242.1 million compared with the same period last year, increased by 32.2% year-on-year. Overall gross profit margin of the Group has increased to 30.4% in the first half of 2023, representing an increase of 7.0 percentage points from the same period last year. Profit after tax increased from approximately RMB0.2 million to approximately RMB24.3 million compared with the same period last year, increased by 11,141.7% year-on-year. Such increase in after-tax profit was mainly attributable to (i) increased marketing efforts and successful product positioning and product portfolio mix; (ii) the favorable impacts of declining costs of raw materials in the Reporting Period; and (ii) stringent control on monitoring production costs and implements various systems and processes to increase productivity, efficiency and efficient implementation of expenses savings programme.

### **New business**

The Group adopted business strategy of diversified product category aiming at providing different food and snack categories with different portfolios to customers in the China market. Dare to accept innovative idea and product development are the driving force for the Group's continuous development. We continue to pursue a consistent and proven strategy of developing the business through a combination of organic growth, operational improvements and acquisition growth.

Pursuant to the circular dated March 25, 2023, the Group announced the acquisition of a property plans to establish an integrated healthcare, macrobiotics, agronomy, research, leisure and tourism-oriented centre in Kaiping, primarily serving the diabetics with suitable and nutritious meals and low-GI rice. As at the date of this announcement, the acquisition has yet to be completed. The acquisition aligns with the Group's strategy to expand its business in the health and wellness industry.

In the second quarter of 2023, the Group had completed the acquisition of Guangdong Kangli Food Company Limited\* (廣東康力食品有限公司), engaging in manufacturing and selling pasta and macaroni products widen our product offerings to meet customers demand for more healthier products.

\* *English name for identification purpose only*

We will continue to optimise product portfolios, enhance cost management, promote brand building and expand new sales channels to strengthen the core competence and improve the overall performance of the Group.

## FINANCIAL REVIEW

During the Reporting Period, Group's revenue recorded an increase by 1.7% year-on-year to RMB796.0 million. Breakdown of the revenue by product category for the Reporting Period and the comparative figures for the same period last year are as follows:

Revenue	For the six months ended June 30,		% of changes in revenue
	2023 RMB (million)	2022 RMB (million)	2023 vs 2022
Sweet Single piece biscuits	263.6	267.1	-1.3%
Salty Single piece biscuits	25.4	24.9	2.0%
Sandwich biscuits	217.0	251.3	-13.6%
Wafers	86.4	82.4	4.9%
Coarse grain biscuits	27.7	38.8	-28.6%
Other biscuits products	79.4	63.5	25.0%
Pasta	59.0	40.4	46.0%
Others	37.5	14.3	162.2%
Total	<u>796.0</u>	<u>782.7</u>	<u>1.7%</u>

### Breakdown of revenue by products

#### *Sweet single piece biscuits*

During the Reporting Period, revenue from sweet single piece biscuits recorded a slight decline of 1.3% to approximately RMB263.6 million as compared with the same period last year. The decrease was mainly driven by consumers switching their consumption preference and pattern. The Group's strategy will explore market repositioning to gain more market acceptance.

## **Salty single piece biscuits**

During the Reporting Period, the revenue generated from salty single piece biscuits was registered an increase by approximately RMB0.5 million to RMB25.4 million representing a slight increase of 2.0% year-on-year from the same period of last year.

## **Sandwich biscuits**

Turning to sandwiches biscuits, consists mainly fruit jam sandwiches biscuits (果樂果香). In the first half of 2023, revenue generated from sandwich biscuits recorded a drop by 13.6% year-on-year to approximately RMB217.0 million. The series of fruit jam sandwich biscuits was the Group's revenue generating power engine and received wide market acceptance and attention since introduction to the market. The Group maintained the majority market share and expected an increase in marketing efforts and promotion in the second half of this year.

## **Wafers**

During the Reporting Period, the revenue generated from wafers amounted to approximately RMB86.4 million, increase of 4.9% ahead of the corresponding period of last year. The results were primarily attributable to the success of the Group's marketing and pricing strategy and the continuing market acceptance.

## **Coarse grain biscuits**

During the Reporting Period, revenue of coarse grain biscuit amounted to approximately RMB27.7 million, representing a decline of 28.6% as compared with the same period last year. Market repositioning and marketing channel restructuring is underway for coarse grain biscuits.

## **Other biscuits products**

It is the Group's policy of actively seeking to expand different mix of products with different brands and flavors to meet customer's demands. Other biscuits products include mainly Jiuzhou cookie (九洲曲奇), cream crackers, Ruishiyue products series (瑞士樂系列) and others. During the Reporting Period, revenue from other biscuits products increased by 25.0% to approximately RMB79.4 million as compared with the same period last year.

## **Pasta**

In the second quarter of 2023, the Group completed the acquisition of pasta business from our controlling shareholders, during the Reporting Period, the revenue generated from pasta products amounted to approximately RMB59.0 million, increase of 46.0% ahead of the corresponding period of last year.

## **Others**

Others represents non-biscuits related miscellaneous items mainly consists of short self-life bread, mooncakes, soymilk and other confectionery products. During the Reporting Period, the revenue generated from other products amounted to approximately RMB37.5 million, representing an increase of 162.2% as compared with the same period last year.

## **Cost of sales and gross profit**

In the first half of 2023, gross profit increased from approximately RMB183.2 million to approximately RMB242.1 million compared with the same period last year. Accordingly, gross profit margin rose by 7.0 percentage points as compared with the corresponding period in 2022. The increase in gross profit and gross profit margin year-on-year was mainly due to the favorable impacts on reduction of purchase costs of our raw materials and productivity improvements of our efficient utilization of production plants.

## **Other income**

During the Reporting Period other income has decreased by 11.2% to approximately RMB22.9 million from approximately RMB25.8 million as compared with the same period last year. The decrease was primarily due to drop in income of government grants and reduction of interests income from loan receivables.

## **Selling and distribution expenses**

Selling and distribution expenses primarily composed of advertising and promotion expenses, delivery and transportation expenses and selling administration expenses. During the Reporting Period, such expense was decreased by approximately RMB13.2 million or 11.6% year-on-year, to approximately RMB100.1 million. It was primarily due to the efficient control on our logistic and distribution network system and effective implementation of our advertising and promotions programmes.

## **Administrative expenses**

During the Reporting Period, the amounts of administrative expenses was approximately RMB45.9 million, representing a drop of approximately RMB2.8 million or 6.5% over the same period last year. Such decrease was primarily attributable to our efficient implementation of our expenses reduction policy and programmes reducing wastages and minimizing mismatch of resources.

## **Inventories**

The Group's inventories consist mainly of raw materials (consists of palm oil, sugar and flour), packaging materials and finished goods. The inventories balance as at June 30, 2023 decreased by approximately RMB8.6 million to approximately RMB106.0 million (December 31, 2022: approximately RMB114.5 million) as compared to the beginning of the Reporting Period, which was attributable to the early preparation of products for the Lunar Chinese New Year sales. The inventory turnover days\* for the Reporting Period was 36 days.

\* Inventory turnover days were calculated based on the average of inventory balances as at the beginning and the end of the year or period divided by cost of sales multiplied by the number of days in the year or period.

## **Trade, bills and other receivables**

The Group's trade, bills and other receivables refer to the Group's trade receivable balance from its customers, primarily including distributors and KA together with bills receivables and other deposits and prepayments. The Group's trade, bills and other receivables as at June 30, 2023 was approximately RMB181.9 million, increased by 14.8% from approximately RMB158.4 million as at December 31, 2022. The trade, bills and other receivables turnover days\* for the Reporting Period was 39 days.

\* Trade, bills and other receivables turnover days were calculated based on the average of trade, bills and other receivables s balances as at the beginning and the end of the year or period divided by revenue multiplied by the number of days in the year or period.

## **Financial and liquidity position**

We finance our operations and capital expenditure primarily by internally generated cash flows as well as banking facilities provided by our principal bankers. As at June 30, 2023, the Group had bank balances and cash amounted to approximately RMB339.4 million (as at December 31, 2022: approximately RMB320.3 million). Total bank borrowings as at June 30, 2023 amounted to approximately RMB788.4 million, an increase of 30.7% from December 31, 2022 as to finance our expansion and investment in the Reporting Period. As at June 30, 2023 the gross gearing ratio (defined as total bank borrowings over total equity) was 81.5% (as at December 31, 2022: 60.1%). As at June 30, 2023 the net gearing ratio (defined as total bank borrowings minus bank balances and cash over total equity) was 46.4% (as at December 31, 2022: 28.2%). The Group will from time to time adopt prudent financial management policy to address changing financial conditions.

As at June 30, 2023, the Group's net current assets was approximately RMB6.8 million (as at December 31, 2022: net current assets approximately RMB54.1 million). Current ratio of the Group as at June 30, 2023 was 1.01 (as at December 31, 2022: 1.06). The Group believed that we are in a strong and healthy position and has sufficient resources to support our working capital requirements and meet our foreseeable capital expenditure.

### **Contingent liabilities and guarantees**

As at June 30, 2023, the Group did not provide any guarantees for any third party and had no significant contingent liabilities.

### **PROSPECT**

Despite the expected slowdown in economic growth due to global financial conditions and the consumer behavior of Chinese consumers towards biscuits and snack remains highly situation-driven. we expect biscuits market to grow as it is a popular and good snack and leisure food product. The Group envisages that the industry is poised to continue to grow and evolve to meet the changing demands of consumers and will strive to continue to maintain and improve product quality. The Group will focus on maintaining the market share and product competitiveness in order to increase the popularity of Jiashili biscuits in the industry. The Group will continue to optimise product portfolios adopting diversified strategy in order to increase revenue. Taking into account of the aforesaid and barring any unforeseen circumstances, the Group is cautiously optimistic that the business operations for the second half of this year to be satisfactory.

### **OTHER INFORMATION**

#### **Human resources and remuneration of employees**

As at June 30, 2023 the Group had total of 2,184 full-time employees (excluding part-time and short term labour) (December 31, 2022: 2,427) The Group's employees are remunerated with reference to their positions, performance, experience and prevailing salary trends in the market. The remuneration package of our employees includes fixed salary, commissions and allowances (where applicable), and performance based year-end bonuses having regard to the performance of the Group and individual. For the six months ended June 30, 2023, the total employee benefits expenses (including Directors' and chief executive's remuneration) were approximately RMB128.2 million (for the six months ended June 30, 2022: approximately RMB131.7 million).

## **CORPORATE GOVERNANCE PRACTICES**

The Board is committed to maintaining and ensuring high standards of corporate governance practices. In the opinion of the Directors, the Company has adopted the principles and applicable code provisions of Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong (the “**Listing Rules**”) as its own code of corporate governance. Since the date of its listing and up to the date of this announcement, the Company has complied with the code provisions under the CG Code except for deviation during the Reporting Period which is summarised as below.

### **Code Provision C.2.1**

As stipulated in the Code provision C.2.1 of the Code, the role of chairman and chief executive should be separated and should not be performed by the same individual. As the duties of chairman and chief executive of the Company are performed by Mr. Huang Xianming (“**Mr. Huang**”), the Company has deviated from the Code provision C.2.1 of the CG Code. As all major decisions are made in consultation with all members of the Board, and currently there are three independent non-executive Directors on the Board offering independent advises and providing fresh perspectives to the Company. In regard of this, the Board is of the view that it is appropriate this management structure is effective for the Group’s operations and sufficient checks and balances are in place and in the best interests of the Company for Mr. Huang to hold both positions as it helps to maintain the continuity of the policies and the stability of the operations of the Company. The Board will also continue to review and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company.

## **COMPLIANCE WITH MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as its own code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiries of all Directors, all Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the Reporting Period.



## **AUDIT COMMITTEE**

The audit committee comprises three independent non-executive Directors, namely Mr. Kam Robert, Mr. Wan Ngar Yin, David and Mr. Ma Xiaoqiang. The audit committee together with the management, has reviewed constantly the accounting principles and practices adopted by the Group, discussed auditing, internal control and financial reporting matters and reviewed the financial results of the Group. The audit committee has reviewed and discussed the interim results of the Group for the six months ended June 30, 2023. The audit committee has no disagreement with the accounting treatment adopted by the Company.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the first half of 2023.

## **INTERIM DIVIDEND**

The Board has decided not to declare an interim dividend. The Directors consider that this is prudent given the focus on managing the Group's cashflow positions in the second half of this financial year. We will consider the declaration of a dividend at the year end in the light of operating for the full financial year and the financial circumstances at that time.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

This interim results announcement is published on the websites of The Stock Exchange of Hong Kong Limited ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company (<http://www.gdjsl.com>). The interim report of the Company for the six months ended June 30, 2023 will be dispatched to shareholders of the Company and published on the aforementioned websites in due course.

By Order of the Board  
**Jiashili Group Limited**  
**Huang Xianming**  
*Chairman*

Hong Kong, August 29, 2023

*As at the date of this announcement, the Board comprises Mr. Huang Xianming, Mr. Tan Chaojun, Mr. Chen Songhuan, Mr. Li Fuliang, Mr. Lu Jianxiong and Mr. Huang Zekun as executive directors; Mr. Kam Robert, Mr. Ma Xiaoqiang and Mr. Wan Ngar Yin, David as independent non-executive directors.*