

## APPENDIX I

## ACCOUNTANTS’ REPORT

*The following is the text of a report set out on pages I-1 to I-[●], received from the Company’s reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.*



### **ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHIYUE DAOTIAN GROUP CO., LTD. AND MORGAN STANLEY ASIA LIMITED, CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND CHINA SECURITIES (INTERNATIONAL) CORPORATE FINANCE COMPANY LIMITED**

#### **Introduction**

We report on the historical financial information of Shiyue Daotian Group Co., Ltd. (十月稻田集團股份有限公司) (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-[●] to I-[●], which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2020, 2021 and 2022 and 31 March 2023, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows, for each of the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2023 (the “Track Record Period”), and material accounting policy information 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 [●] (the “Document”) in connection with the [REDACTED] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

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

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

#### **Reporting accountants’ 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 (the “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 accountants’ 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 accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 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 purpose of the accountants’ report, a true and fair view of the Company’s and the Group’s financial position as at 31 December 2020, 2021 and 2022 and 31 March 2023 and of the Group’s financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

### **Review of stub period corresponding financial information**

We have reviewed the stub period corresponding financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the three months ended 31 March 2022 and other explanatory information (the “Stub Period Corresponding Financial Information”). The directors of the Company are responsible for the preparation and presentation of the Stub Period Corresponding Financial Information in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Corresponding 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 enquiries, 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 Corresponding Financial Information, for the purpose of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 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 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 27(c) to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Track Record Period.

**KPMG**

*Certified Public Accountants*

8th Floor, Prince's Building

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Central, Hong Kong

[Date]

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**HISTORICAL FINANCIAL INFORMATION**

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

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

The Historical Financial Information is presented in Renminbi (“RMB”) and all values are rounded to the nearest thousands (RMB’000) except when otherwise indicated.

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**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

(Expressed in Renminbi (“RMB”))

	Note	Year ended 31 December			Three months ended 31 March	
		2020	2021	2022	2022	2023
		RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
						(unaudited)
<b>Revenue</b>	4	2,327,008	3,598,251	4,532,920	910,168	1,081,514
Cost of sales		(1,922,335)	(3,060,713)	(3,753,373)	(755,666)	(905,805)
<b>Gross profit</b>		404,673	537,538	779,547	154,502	175,709
Other net income	5	7,010	49,277	27,403	2,481	3,724
Selling and distribution expenses		(126,065)	(223,430)	(314,833)	(64,267)	(72,224)
Administrative expenses		(38,778)	(272,475)	(858,250)	(20,231)	(28,670)
Impairment losses (charged)/ reversed on trade and other receivables		(368)	(1,356)	(9,698)	(7,830)	704
<b>Profit/(loss) from operations</b>		246,472	89,554	(375,831)	64,655	79,243
Finance costs	6(a)	(20,278)	(10,089)	(3,909)	(721)	(3,914)
Changes in the carrying amount of financial instruments issued to investors	22	(207,342)	(244,748)	(178,596)	(43,151)	(55,051)
<b>Profit/(loss) before taxation</b>	6	18,852	(165,283)	(558,336)	20,783	20,278
Income tax	7(a)	(4,878)	(7,581)	(5,883)	(1,031)	(1,665)
<b>Profit/(loss) and total comprehensive income for the year/period attributable to equity shareholders of the Company</b>		<u>13,974</u>	<u>(172,864)</u>	<u>(564,219)</u>	<u>19,752</u>	<u>18,613</u>
<b>Earnings/(loss) per share</b>						
Basic and diluted (RMB)	10	<u>0.19</u>	<u>(1.95)</u>	<u>(5.96)</u>	<u>0.21</u>	<u>0.18</u>

The accompanying notes form part of the Historical Financial Information.

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**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Expressed in RMB)

		At 31 December			At 31 March
	Note	2020	2021	2022	2023
		RMB’000	RMB’000	RMB’000	RMB’000
<b>Non-current assets</b>					
Property, plant and equipment	11	257,592	536,667	862,560	863,239
Right-of-use assets	12	41,662	76,641	129,552	127,037
Other non-current assets	14	12,393	33,502	12,293	51,312
		<u>311,647</u>	<u>646,810</u>	<u>1,004,405</u>	<u>1,041,588</u>
<b>Current assets</b>					
Inventories	15	647,243	1,049,783	1,372,671	1,215,120
Trade and other receivables	16	132,571	549,344	565,116	394,265
Financial assets at fair value through profit or loss (“FVPL”)	17	20,000	30,000	–	–
Restricted deposits	18	–	–	–	30,000
Cash and cash equivalents	18	24,121	108,215	120,360	613,120
		<u>823,935</u>	<u>1,737,342</u>	<u>2,058,147</u>	<u>2,252,505</u>
<b>Current liabilities</b>					
Trade and other payables	19	175,120	168,692	303,548	211,540
Contract liabilities	20	4,153	18,580	31,564	10,263
Bank and other loans	21	279,064	50,000	394,905	383,409
Lease liabilities	23	4,720	7,611	8,957	8,107
Income tax payable	24	2,597	6,814	5,882	4,202
		<u>465,654</u>	<u>251,697</u>	<u>744,856</u>	<u>617,521</u>
<b>Net current assets</b>		<u>358,281</u>	<u>1,485,645</u>	<u>1,313,291</u>	<u>1,634,984</u>
<b>Total assets less current liabilities</b>		<u>669,928</u>	<u>2,132,455</u>	<u>2,317,696</u>	<u>2,676,572</u>

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	<i>Note</i>	<b>At 31 December</b>			<b>At</b>
		<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>31 March</b>
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<b>2023</b>
				<i>RMB’000</i>	
<b>Non-current liabilities</b>					
Lease liabilities	23	8,082	8,404	11,049	9,036
Financial instruments issued					
to investors	22	362,102	1,872,844	2,380,161	2,720,926
Deferred income	25	17,218	32,619	32,858	38,093
		<u>387,402</u>	<u>1,913,867</u>	<u>2,424,068</u>	<u>2,768,055</u>
<b>NET ASSETS/ (LIABILITIES)</b>		<u>282,526</u>	<u>218,588</u>	<u>(106,372)</u>	<u>(91,483)</u>
<b>CAPITAL AND RESERVES</b>	27				
Paid-in capital/share capital		78,203	92,484	99,445	101,475
Reserves		<u>204,323</u>	<u>126,104</u>	<u>(205,817)</u>	<u>(192,958)</u>
<b>TOTAL EQUITY/(DEFICITS)</b>		<u>282,526</u>	<u>218,588</u>	<u>(106,372)</u>	<u>(91,483)</u>

The accompanying notes form part of the Historical Financial Information.

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**STATEMENTS OF FINANCIAL POSITION OF THE COMPANY**

*(Expressed in RMB)*

		<b>At 31 December</b>			<b>At 31 March</b>
	<i>Note</i>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current assets</b>					
Property, plant and equipment	<i>11</i>	278	64,024	147,663	146,735
Right-of-use assets	<i>12</i>	–	34,111	32,902	32,651
Interests in subsidiaries	<i>13</i>	97,904	1,085,193	1,739,349	1,739,349
Other non-current assets		–	3,139	3,508	68
		<u>98,182</u>	<u>1,186,467</u>	<u>1,923,422</u>	<u>1,918,803</u>
<b>Current assets</b>					
Trade and other receivables	<i>16</i>	496,587	703,851	507,528	882,080
Financial assets at FVPL	<i>17</i>	–	30,000	–	–
Cash and cash equivalents	<i>18</i>	232	7,188	5,020	215,792
		<u>496,819</u>	<u>741,039</u>	<u>512,548</u>	<u>1,097,872</u>
<b>Current liabilities</b>					
Trade and other payables	<i>19</i>	88	451	34,459	39,141
Lease liabilities		–	509	–	–
		<u>88</u>	<u>960</u>	<u>34,459</u>	<u>39,141</u>
<b>Net current assets</b>		<u>496,731</u>	<u>740,079</u>	<u>478,089</u>	<u>1,058,731</u>
<b>Total assets less current liabilities</b>		<u>594,913</u>	<u>1,926,546</u>	<u>2,401,511</u>	<u>2,977,534</u>
<b>Non-current liabilities</b>					
Financial instruments issued to investors	<i>22</i>	362,102	1,872,844	2,380,161	2,720,926
Deferred income		–	–	–	136
		<u>362,102</u>	<u>1,872,844</u>	<u>2,380,161</u>	<u>2,721,062</u>
<b>NET ASSETS</b>		<u>232,811</u>	<u>53,702</u>	<u>21,350</u>	<u>256,472</u>
<b>CAPITAL AND RESERVES</b>					
Paid-in capital/share capital	<i>27</i>	78,203	92,484	99,445	101,475
Reserves		154,608	(38,782)	(78,095)	154,997
<b>TOTAL EQUITY</b>		<u>232,811</u>	<u>53,702</u>	<u>21,350</u>	<u>256,472</u>

The accompanying notes form part of the Historical Financial Information.



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**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

*(Expressed in RMB)*

	<b>Paid-in capital</b>	<b>Capital reserve</b>	<b>Other reserve</b>	<b>Statutory reserve</b>	<b>Retained profits</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>(Note 27(b))</i>	<i>(Note 27(d))</i>	<i>(Note 27(e))</i>	<i>(Note 27(f))</i>		
<b>At 1 January 2020</b>	40,000	–	70,009	–	252,839	362,848
Changes in equity for 2020:						
Profit and total comprehensive income for the year	–	–	–	–	13,974	13,974
Capital contributions <i>(Note 27(b))</i>	38,203	137,501	–	–	–	175,704
Recognition of redemption liabilities for the preferential rights <i>(Note 22(a))</i>	–	–	(150,000)	–	–	(150,000)
Deemed distribution as defined in Note 1	–	–	(70,000)	–	–	(70,000)
Appropriation to statutory reserve	–	–	–	16,711	(16,711)	–
Dividends to shareholders <i>(Note 27(c))</i>	–	–	–	–	(50,000)	(50,000)
<b>At 31 December 2020</b>	<u>78,203</u>	<u>137,501</u>	<u>(149,991)</u>	<u>16,711</u>	<u>200,102</u>	<u>282,526</u>
<b>At 1 January 2021</b>	78,203	137,501	(149,991)	16,711	200,102	282,526
Changes in equity for 2021:						
Loss and total comprehensive income for the year	–	–	–	–	(172,864)	(172,864)
Capital contributions <i>(Note 27(b))</i>	14,281	1,280,586	–	–	–	1,294,867
Recognition of redemption liabilities for the preferential rights <i>(Note 22(a))</i>	–	–	(1,307,295)	–	–	(1,307,295)
Transfer of paid-in capital among the equity shareholders <i>(Note 26(b))</i>	–	–	(212,652)	–	–	(212,652)
Effect of the modification of the redemption rights <i>(Note 22(a))</i>	–	–	334,006	–	–	334,006
<b>At 31 December 2021</b>	<u>92,484</u>	<u>1,418,087</u>	<u>(1,335,932)</u>	<u>16,711</u>	<u>27,238</u>	<u>218,588</u>

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	<b>Paid-in capital</b>	<b>Capital reserve</b>	<b>Other reserve</b>	<b>Statutory reserve</b>	<b>Retained profits/ (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>	<i>RMB'000</i>
	<i>(Note 27(b))</i>	<i>(Note 27(d))</i>	<i>(Note 27(e))</i>	<i>(Note 27(f))</i>		
<b>At 1 January 2022</b>	92,484	1,418,087	(1,335,932)	16,711	27,238	218,588
Changes in equity for 2022:						
Loss and total comprehensive income for the year	–	–	–	–	(564,219)	(564,219)
Capital contributions <i>(Notes 27(a) and (b))</i>	6,961	21,449	–	–	–	28,410
Transfer of paid-in capital among the equity shareholders <i>(Note 26(b))</i>	–	–	(72,377)	–	–	(72,377)
Share-based payments <i>(Note 26(a))</i>	–	690,986	–	–	–	690,986
Dividends to shareholders <i>(Note 27(c))</i>	–	–	–	–	(200,000)	(200,000)
Deemed distribution <i>(Note 27(c))</i>	–	–	(207,760)	–	–	(207,760)
<b>At 31 December 2022</b>	<b>99,445</b>	<b>2,130,522</b>	<b>(1,616,069)</b>	<b>16,711</b>	<b>(736,981)</b>	<b>(106,372)</b>

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	Paid-in capital/ share capital	Capital reserve	Other reserve	Statutory reserve	Retained profits/ (accumulated losses)	Total
	<i>RMB'000</i> <i>(Note 27(b))</i>	<i>RMB'000</i> <i>(Note 27(d))</i>	<i>RMB'000</i> <i>(Note 27(e))</i>	<i>RMB'000</i> <i>(Note 27(f))</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>At 1 January 2023</b>	99,445	2,130,522	(1,616,069)	16,711	(736,981)	(106,372)
Changes in equity for the three months ended 31 March 2023:						
Profit and total comprehensive income for the period	-	-	-	-	18,613	18,613
Capital contributions <i>(Note 27(b))</i>	2,030	279,960	-	-	-	281,990
Recognition of redemption liabilities for the preferential rights <i>(Note 22(a))</i>	-	-	(285,714)	-	-	(285,714)
Conversion into a joint stock limited liability company <i>(Note 27(b))</i>	-	(1,717,998)	1,335,941	(16,711)	398,768	-
<b>At 31 March 2023</b>	<u>101,475</u>	<u>692,484</u>	<u>(565,842)</u>	<u>-</u>	<u>(319,600)</u>	<u>(91,483)</u>
	Paid-in capital	Capital reserve	Other reserve	Statutory reserve	Retained profits/ (accumulated losses)	Total
	<i>RMB'000</i> <i>(Note 27(b))</i>	<i>RMB'000</i> <i>(Note 27(d))</i>	<i>RMB'000</i> <i>(Note 27(e))</i>	<i>RMB'000</i> <i>(Note 27(f))</i>	<i>RMB'000</i>	<i>RMB'000</i>
(unaudited)						
<b>At 1 January 2022</b>	92,484	1,418,087	(1,335,932)	16,711	27,238	218,588
Changes in equity for the three months ended 31 March 2022:						
Profit and total comprehensive income for the period	-	-	-	-	19,752	19,752
<b>At 31 March 2022</b>	<u>92,484</u>	<u>1,418,087</u>	<u>(1,335,932)</u>	<u>16,711</u>	<u>46,990</u>	<u>238,340</u>

The accompanying notes form part of the Historical Financial Information.

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**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Expressed in RMB)

	Note	Year ended 31 December			Three months ended	
					31 March	
		2020	2021	2022	2022	2023
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
						(unaudited)
<b>Operating activities</b>						
Profit/(loss) before taxation		18,852	(165,283)	(558,336)	20,783	20,278
Adjustments for:						
Depreciation	6(c)	12,186	29,075	49,710	11,109	20,039
Share-based payments	6(b)	–	187,348	739,569	–	–
Changes in the carrying amount of financial instruments issued to investors		207,342	244,748	178,596	43,151	55,051
Net loss on disposal of property, plant and equipment	5	1,024	814	888	143	1
Impairment losses charged/(reversed) on trade and other receivables		368	1,356	9,698	7,830	(704)
Finance costs	6(a)	20,278	10,089	3,909	721	3,914
Investment income	5	–	(4,846)	(8,035)	(1,542)	–
Changes in working capital:						
(Increase)/decrease in inventories		(227,516)	(402,540)	(322,888)	232,781	157,551
Decrease/(increase) in trade and other receivables		3,482	(406,375)	(29,943)	168,670	178,519
Increase in restricted deposits		–	–	–	–	(30,000)
Increase/(decrease) in trade and other payables		71,155	(16,010)	107,647	(13,125)	(78,236)
(Decrease)/increase in contract liabilities		(21,484)	14,427	12,984	(9,058)	(21,301)
Increase/(decrease) in deferred income		10,678	15,401	239	(841)	5,235
<b>Cash generated from/(used in) operation</b>		96,365	(491,796)	184,038	460,622	310,347
Income tax paid	24(a)	(6,130)	(3,364)	(6,815)	(445)	(3,345)
<b>Net cash generated from/(used in) operating activities</b>		90,235	(495,160)	177,223	460,177	307,002

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	Note	Year ended 31 December			Three months ended 31 March	
		2020	2021	2022	2022	2023
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Investing activities</b>						
Payments for purchase of property, plant and equipment and land use rights		(177,651)	(357,400)	(354,271)	(48,643)	(71,746)
Purchase of financial assets at FVPL		(20,000)	(1,178,000)	(1,560,000)	(431,523)	–
Redemption of financial assets at FVPL		–	1,168,000	1,590,000	–	–
Net proceeds/(payments) from disposal of property, plant and equipment		470	1,384	(105)	10	570
Investment income received	5	–	4,846	8,035	1,542	–
<b>Net cash used in investing activities</b>		(197,181)	(361,170)	(316,341)	(478,614)	(71,176)
<b>Financing activities</b>						
Proceeds from the capital contributions, net of transaction costs	27(a) & 27(b)	180,464	1,187,572	28,410	–	285,292
Considerations paid for business combinations under common control	1	(70,000)	–	–	–	–
Issuance costs of the proposed issuance of new shares		–	–	(12,215)	–	(9,556)
Dividends paid to shareholders		(50,000)	–	(200,000)	–	–
Proceeds from bank and other loans	18(b)	1,690,317	535,586	417,418	10,000	93,409
Repayment of bank and other loans	18(b)	(1,608,338)	(764,650)	(72,930)	–	(104,905)
Capital element of lease rentals paid	18(b)	(3,981)	(5,995)	(7,928)	(2,372)	(3,392)
Interest element of lease rentals paid	18(b)	(229)	(666)	(609)	(175)	(205)
Finance costs paid	18(b)	(20,049)	(9,423)	(2,883)	(546)	(3,709)
Net changes in guarantee deposits		246	(2,000)	2,000	–	–
<b>Net cash generated from financing activities</b>		118,430	940,424	151,263	6,907	256,934
<b>Net increase/(decrease) in cash and cash equivalents</b>		11,484	84,094	12,145	(11,530)	492,760
<b>Cash and cash equivalents at the beginning of the year/period</b>		12,637	24,121	108,215	108,215	120,360
<b>Cash and cash equivalents at the end of the year/period</b>		24,121	108,215	120,360	96,685	613,120

The accompanying notes form part of the Historical Financial Information.

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### NOTES TO THE HISTORICAL FINANCIAL INFORMATION

*(Expressed in RMB unless otherwise indicated)*

#### 1 BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

Shiyue Daotian Group Co., Ltd. (十月稻田集團股份有限公司) (the “Company”), formerly known as Shiyue Daotian Agricultural Technology Co., Ltd. (十月稻田農業科技有限公司), was established in Shenyang, Liaoning Province, the People’s Republic of China (the “PRC”) on 3 May 2018 as a limited liability company. On 20 December 2022, the board of directors of the Company resolved to convert the Company from a limited liability company into a joint stock limited liability company. The conversion was completed on 6 January 2023 and on 28 February 2023 the Company changed its registered name to Shiyue Daotian Group Co., Ltd..

The Company and its subsidiaries (together, the “Group”) are principally engaged in the manufacturing and sales of pantry staple food (the “[REDACTED] Business”) in the PRC.

Prior to completion of the corporate reorganisation as described below, the [REDACTED] Business of the Group was carried out through Shenyang Xinchang Grain Trade Co., Ltd. (瀋陽信昌糧食貿易有限公司) (“Shenyang Xinchang”) and Wuchang City Caiqiao Rice Industry Co., Ltd. (五常市彩橋米業有限公司) (“Wuchang Caiqiao”).

To rationalise the corporate structure in preparation for the [REDACTED] of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Group underwent a reorganisation (the “Reorganisation”), as detailed in the section headed “History, Development and Corporate Structure” in the Document. As part of the Reorganisation, the Company acquired the [REDACTED] Business through the acquisition of the entire equity interests of Shenyang Xinchang and Wuchang Caiqiao at a total consideration of RMB70.0 million, which was taken as a deemed distribution to the original shareholders of these two entities. These acquisitions were completed in September 2020. Upon completion of the Reorganisation in September 2020, the Company became the holding company of the companies now comprising the Group.

The Reorganisation only involved interspersing the Company, which has no substantive business operations, as the holding company of the [REDACTED] Business. There were no changes in the economic substance of the ownership and the [REDACTED] Business before and after the Reorganisation. Accordingly, the Historical Financial Information has been prepared and presented as a continuation of the [REDACTED] Business with the assets and liabilities recognised and measured at their historical carrying amounts prior to the Reorganisation.

The consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for the Track Record Period as set out in the Historical Financial Information include the financial performance and cash flows of the companies now comprising the Group as if the current group structure had been in existence throughout the Track Record Period, or where the companies were established at a date later than 1 January 2020, for the period from the date of establishment to 31 March 2023. The consolidated statements of financial position of the

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Group as at 31 December 2020, 2021 and 2022 and 31 March 2023 as set out in the Historical Financial Information have been prepared to present the financial position of the companies now comprising the Group as at the respective dates as if the current group structure had been in existence as at the respective dates, taking into account the respective dates of establishment, where applicable. Intra-group balances and transactions are eliminated in full in preparing the Historical Financial Information. The statutory financial statements of the Company for the years ended 31 December 2020 and 2022 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and were audited by Liao Ning Teng Yue United Certified Public Accountants GP (遼寧騰躍聯合會計師事務所(普通合夥)). No audited statutory financial statements for the year ended 31 December 2021 have been prepared for the Company.

As at the date of this report, the Company has direct interests in the following principal subsidiaries, all of which are private companies:

Company name	Place and date of establishment and business	Particulars of registered/ paid-in capital	Proportion of ownership interest held by the Company	Principal activities
Wuchang Caiqiao 五常市彩橋米業有限公司 (Notes (i) and (ii))	The PRC 06 December 2013	RMB100,000,000/ RMB100,000,000	100%	Production and sale of rice and other products
Shenyang Xinchang 瀋陽信昌糧食貿易有限公司 (Notes (i) and (iii))	The PRC 27 June 2005	RMB100,000,000/ RMB100,000,000	100%	Production and sale of rice, grains, beans, dried food and other products
Shiyue Daotian Songyuan Agricultural Technology Co., Ltd. 十月稻田松原農業科技有限公司 (Notes (i) and (v))	The PRC 27 April 2021	RMB30,000,000/ RMB30,000,000	100%	Production and sale of rice
Shiyue Daotian (Aohanqi) Agricultural Technology Co., Ltd. 十月稻田(敖漢旗)農業科技有限公司 (Notes (i) and (iv))	The PRC 08 December 2020	RMB30,000,000/ RMB30,000,000	100%	Production and sale of grains
Shiyue Daotian (Beijing) Technology Development Co., Ltd. 十月稻田(北京)科技發展有限公司 (Notes (i) and (vi))	The PRC 25 January 2021	RMB2,000,000/ RMB2,000,000	100%	Technology services
Tonghe County Caiqiao Rice Industry Co., Ltd. 通河縣彩橋米業有限公司 (Notes (i) and (vi))	The PRC 08 September 2021	RMB35,000,000/ RMB35,000,000	100%	Production and sale of rice

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*Notes:*

- (i) These entities were registered as limited liability companies under the laws and regulations in the PRC. The official names of these entities are in Chinese. The English translation is included for identification only.
- (ii) The statutory financial statements of this entity for the years ended 31 December 2020, 2021 and 2022 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC. The statutory financial statements of this entity for the years ended 31 December 2020 and 2021 were audited by Harbin Lanyu Certified Public Accountants GP (哈爾濱瀾宇會計師事務所(普通合夥)) and the statutory financial statements of this entity for the year ended 31 December 2022 were audited by Liao Ning Teng Yue United Certified Public Accountants GP (遼寧騰躍聯合會計師事務所(普通合夥)).
- (iii) The statutory financial statements of this entity for the years ended 31 December 2020, 2021 and 2022 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and audited by Shenyang Xinli Partnership Certified Public Accountants (瀋陽新立合夥會計師事務所), Liaoning Yu Sheng United CPA Firm (遼寧鈺晟聯合會計師事務所) and Liao Ning Teng Yue United Certified Public Accountants GP (遼寧騰躍聯合會計師事務所(普通合夥)), respectively.
- (iv) The statutory financial statements of this entity for the years ended 31 December 2021 and 2022 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and audited by Shenyang Xinli Partnership Certified Public Accountants (瀋陽新立合夥會計師事務所). No audited statutory financial statements for the year ended 31 December 2020 have been prepared.
- (v) The statutory financial statements of this entity for the years ended 31 December 2021 and 2022 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and audited by Songyuan Yongan Certified Public Accountants (松原市永安會計師事務所).
- (vi) No audited statutory financial statements for the years ended 31 December 2021 and 2022 of these entities have been prepared.

All companies now comprising the Group have adopted 31 December as their financial year end date.

The Historical Financial Information has been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”) which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations issued by the International Accounting Standards Board (“IASB”). Further details of the material accounting policies adopted by the Group are set out in Note 2.

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing this Historical Financial Information, the Group has consistently applied all applicable new and revised IFRSs throughout the Track Record Period. The Group has not applied any new and revised accounting standards and interpretations issued but not yet effective for the accounting period beginning on 1 January 2023, the detail of which are set out in Note 34.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.



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As at 31 March 2023, the Group had net liabilities of RMB91.5 million, including liabilities arising from financial instruments issued to investors amounted to RMB2,720.9 million. The directors of the Company are of the opinion that no payment is expected for the settlement of the liabilities arising from financial instruments issued to investors as the related redemption options would be terminated and the financial instruments issued to investors would be converted into equity upon the [REDACTED] of the Company's shares on the Stock Exchange. Taken the above into consideration, and together with cashflow forecast for the twelve months ending 31 March 2024 prepared by management of the Group, the directors of the Company are of the opinion that the Group has sufficient financial resources to continue as a going concern for the next twelve months. Therefore, the directors of the Company are satisfied that it is appropriate to prepare the Historical Financial Information on a going concern basis.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Stub Period Corresponding Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

### 2 MATERIAL ACCOUNTING POLICY INFORMATION

#### (a) Basis of measurement

The Company and the Group has its functional currency in RMB and the Historical Financial Information is presented in RMB. The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis, except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- Financial assets at FVPL (see Note 2(e)); and
- Series A-1 investor's right to subscribe for additional registered capital (see Note 2(f)).

#### (b) Use of estimates and judgements

The preparation of Historical Financial Information in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in Note 3.

### **(c) Business combinations**

The Group accounts for business combination not under common control using the acquisition method when control is transferred to the Group (see Note 2(d)). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Business combinations of entities under common control are accounted for using the principle of merger accounting, under which, the Historical Financial Information incorporate the financial statement items of the acquired entities or businesses in which the common control combination occurs from the date when the acquired entities or businesses first come under the control of the controlling party.

The net assets of the acquired entities or businesses are combined using the existing book values from the controlling party's perspective. The differences between the cost of acquisition (fair value of consideration paid) and the amounts at which the assets and liabilities are recorded (net of any reserves of the acquired entities) have been recognised directly in equity as other reserve. Acquisition costs are expensed as incurred.

### **(d) Subsidiaries**

Subsidiaries are entities controlled by the Group. 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. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

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An investment in a subsidiary is included into the Historical Financial Information from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the Historical Financial Information. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(i)(ii)).

### **(e) Other investments in debt and equity securities**

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 28(e). These investments are subsequently accounted for as follows, depending on their classification.

#### *Investments other than equity investments*

Non-equity investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see Note 2(t)(iii)).
- FVOCI (recycling), if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.
- FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

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### *Equity investments*

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in Note 2(t)(v).

### **(f) Derivative financial instruments**

Derivative financial instruments are recognised at fair value. At the end of each reporting period, the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

### **(g) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(i)(ii)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see Note 2(v)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

– Plant and buildings	10-20 years
– Machinery and other equipment	3-10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

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Construction in progress is stated at cost less impairment losses (see Note 2(i)(ii)). Cost comprises direct costs of construction as well as interest expense capitalised during the periods of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

### **(h) Leased assets**

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

#### *(i) As a lessee*

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(g) and 2(i)(ii)).

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The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract (“lease modification”) that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are rent concessions that occurred as a direct consequence of the COVID-19 pandemic and met the conditions set out in paragraph 46B of IFRS 16 *Leases*. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

The Group presents right-of-use assets that do not meet the definition of investment property in ‘right-of-use assets’ and presents lease liabilities separately in the statement of financial position.

**(i) Credit losses and impairment of assets**

***(i) Credit losses from financial instruments***

The Group recognises a loss allowance for expected credit losses (“ECLs”) on financial assets measured at amortised cost (including cash and cash equivalents and trade and other receivables).

Financial assets and liabilities measured at fair value are not subject to the ECL assessment.

*Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

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The expected cash shortfalls of trade and other receivables are discounted using effective interest rate determined at initial recognition or an approximation thereof where the effect of discounting is material.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

### *Significant increases in credit risk*

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held). The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

### *Basis of calculation of interest income*

Interest income recognised in accordance with Note 2(t)(iii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.



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Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation; or
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

### *Write-off policy*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

### *(ii) Impairment of other non-current assets*

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired, or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- right-of-use assets;
- other non-current assets; and
- investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

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– *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

– *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable), or value in use (if determinable).

– *Reversals of impairment losses*

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior periods. Reversals of impairment losses are credited to profit or loss in the period in which the reversals are recognised.

**(j) Inventories and other contract costs**

**(i) Inventories**

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process.

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

A right to recover returned goods is recognised for the right to recover products from customers sold with a right of return. It is measured in accordance with the policy set out in Note 2(t)(i).

*(ii) Other contract costs*

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventories (see Note 2(j)(i)).

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract (for example, payments to sub-contractors). Other costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

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Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised. The accounting policy for revenue recognition is set out in Note 2(t).

**(k) Contract liabilities**

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(t)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see Note 2(l)).

**(l) Trade and other receivables**

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Receivables are subsequently stated at amortised cost, using the effective interest method less allowance for credit losses (see Note 2(i)(i)).

**(m) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in Note 2(i)(i).

**(n) Trade and other payables**

Trade and other payables are initially recognised at fair value and subsequently stated at amortised costs unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

Refund liabilities arising from rights of returns are recognised in accordance with the policy set out in Note 2(t)(i).

**(o) Interest-bearing borrowings**

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see Note 2(v)).

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**(p) Employee benefits**

**(i) *Short-term employee benefits and contributions to defined contribution retirement plans***

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

**(ii) *Termination benefits***

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

**(iii) *Share-based payments***

The share-based payment arrangement of the Group includes share awards and transfers of paid-in capital among the equity shareholders as set out in Note 26 to the Historical Financial Information.

*Share awards*

The fair value of the share awards granted to the employees is measured at the grant date, which represents the difference between the subscription price paid by the employees and the fair value of the paid-in capital of the Company shareholder at grant date. Where the share awards are settled by the Company's shareholders, the share-based payment transaction is equity-settled from the perspective of the Group. Where there are no vesting conditions that the employees are required to meet, the fair value of the share awards is recognised as share-based payment expenses at the grant date, with a corresponding increase in a capital reserve within equity.

*Transfers of paid-in capital among the equity shareholders*

Where the employees transfer the Company's paid-in capital without preferential rights to the new investors as paid-in capital with preferential rights as arranged by the Company in its capital raising transactions, and the considerations received by the employees with reference to the fair value of paid-in capital with preferential rights, which exceeds the fair value of the equity instruments transferred, the Group recognised such excess as share-based payment expenses.

Share-based payment expenses for employees of the Group's subsidiaries are recognised as contributions to subsidiaries under interests in subsidiaries in the Company's statement of financial position.

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**(q) Redemption liabilities**

A contract that contains an obligation for the Company to purchase its own equity instruments for cash or another financial asset gives rise to a financial liability even if the Company's obligation to purchase is conditional on the counterparty exercising its right to redeem. The redemption liability is initially measured at the present value of the redemption amount and subsequently measured at amortised cost with interest expense being included in change in the carrying amounts of financial instruments issued to investors.

The then carrying amount of the redemption liability is reclassified to equity upon a termination of the counterparty's redemption right.

**(r) Income tax**

Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous periods.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

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The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

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**(s) Provisions and contingent liabilities and onerous contracts****(i) Provisions and contingent liabilities**

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

**(ii) Onerous contracts**

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of fulfilling the contract. The cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling that contract.

**(t) Revenue and other income**

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.



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Further details of the Group's revenue and other income recognition policies are as follows:

*(i) Sale of goods*

Revenue is recognised when the customer takes possession of and accepts the products. If the products are a partial fulfilment of a contract covering other goods, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods promised under the contract on a relative stand-alone selling price basis.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

The Group offers certain customers for the sale of goods with rights of return and retrospective volume rebates when their purchases reach an agreed threshold. Such rights of return and volume rebates give rise to variable consideration.

The Group uses an expected value approach to estimate variable consideration based on the Group's current and future performance expectations and all information that is reasonably available. This estimated amount is included in the transaction price to the extent it is highly probable that a significant reversal of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved. At the time of sale of goods, the Group recognises revenue after taking into account adjustment to transaction price arising from returns and rebates as mentioned above. A refund liability is recognised for the expected returns and rebates, and is included in other payables. A right to recover returned goods (included in inventories) and corresponding adjustment to cost of sales are also recognised for the right to recover products from customers. This right to recover returned goods is measured at the former carrying amount of the inventory less any expected costs to recover goods (including potential decreases in the value of the returned goods).

*(ii) Service income*

Service income is recognised when the services are rendered. When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue is recognised when the related agent services are rendered at the net amount of commission received or to be received by the Group.

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***(iii) Interest income***

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see Note 2(i)(i)).

***(iv) Government grants***

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as other income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised as deferred income in the statement of financial position and are subsequently recognised in profit or loss over the useful life of the asset.

***(v) Dividends***

Dividend income from equity investments is recognised when the shareholder's right to receive payment is established.

***(u) Translation of foreign currencies***

Foreign currency transactions during the period are translated into the functional currency of the entity to which they relate at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency of the entity to which they relate at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into the functional currency of the entity to which they relate using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the entity initially recognises such non-monetary assets or liabilities.

***(v) Borrowing costs***

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

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The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

**(w) Related parties**

- (a) A person, or a close member of that person's family, is related to the Group if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or the Group's parent.
  
- (b) An entity is related to the Group if any of the following conditions applies:
  - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

### (x) Segment reporting

Operating segments, and the amounts of each segment item reported in the Historical Financial Information, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

## 3 ACCOUNTING JUDGEMENT AND ESTIMATES

### (a) Sources of estimation uncertainty

Note 28 contains information about the assumptions and their risk factors relating to fair value of financial instruments. Other key sources of estimation uncertainty are as follows:

#### *Share-based payments*

The Group measures the cost of share-based payments with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. The determination of the fair value of the share-based payments is affected by the significant assumptions such as the underlying equity value, the expected volatility of share price and risk free interest rate. Details of share-based payments are contained in Note 26.

## 4 REVENUE AND SEGMENT REPORTING

### (a) Revenue

The principal activities of the Group are manufacturing and sales of pantry staple food. All of the revenue of the Group is recognised at a point in time during the Track Record Period. Further details regarding the Group's principal activities are disclosed in Note 4(b).

Disaggregation of revenue by primary products is disclosed in Note 4(b)(i).

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During the Track Record Period, the Group's customers with whom transactions have exceeded 10% of the Group's revenue in the respective years/periods are as follows. Details of concentrations of credit risk of the Group are set out in Note 28(a).

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Company A	984,097	1,011,428	1,217,145	363,276	318,957
Company B ( <i>Note</i> )	653,246	746,057	822,710	137,892	187,363

(*unaudited*)

*Note:*

Company B acquired a subsidiary in October 2020. The Group's revenue from the Company B in 2020 includes revenue from the subsidiary of RMB18.0 million before the acquisition date in October 2020.

The Group takes advantage of the practical expedient in paragraph 121 of IFRS 15 and does not disclose the remaining performance obligation as all of the Group's sale contracts have an original expected duration of less than one year.

**(b) Segment reporting**

The Group manages its businesses by products. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Rice products: this segment mainly produces pre-packaged rice products of different varieties.
- Whole grain, bean and other products: this segment mainly produces pre-packaged mixed brown rice, millet, red bean and sesame.
- Dried food and other products: this segment mainly produces pre-packaged wood ear mushrooms, snow fungus mushroom and lotus seeds, as well as by-products, such as bran, husk and fractioned rice.

**(i) Segment results**

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments. The measure used for reporting segment result is gross profit. No inter-segment sales have occurred during the Track Record Period. Assistance provided by one segment to another is not measured.

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The Group's other operating income and expenses, such as other net income, selling and distribution expenses, administrative expenses and impairment losses, and assets and liabilities are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, interest income and interest expenses is presented.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance during the Track Record Period is set out below.

	<b>Year ended 31 December 2020</b>			
	<b>Rice products</b>	<b>Whole grain, bean and other products</b>	<b>Dried food and other products</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from external customers and reportable segment revenue	<u>1,871,439</u>	<u>367,343</u>	<u>88,226</u>	<u>2,327,008</u>
Reportable segment gross profit	<u>285,489</u>	<u>107,553</u>	<u>11,631</u>	<u>404,673</u>
	<b>Year ended 31 December 2021</b>			
	<b>Rice products</b>	<b>Whole grain, bean and other products</b>	<b>Dried food and other products</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from external customers and reportable segment revenue	<u>2,891,598</u>	<u>471,941</u>	<u>234,712</u>	<u>3,598,251</u>
Reportable segment gross profit	<u>406,931</u>	<u>102,829</u>	<u>27,778</u>	<u>537,538</u>

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	<b>Year ended 31 December 2022</b>			
	<b>Rice products</b>	<b>Whole grain, bean and other products</b>	<b>Dried food and other products</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from external customers and reportable segment revenue	<u>3,621,740</u>	<u>523,232</u>	<u>387,948</u>	<u>4,532,920</u>
Reportable segment gross profit	<u>600,824</u>	<u>126,383</u>	<u>52,340</u>	<u>779,547</u>

	<b>Three months ended 31 March 2023</b>			
	<b>Rice products</b>	<b>Whole grain, bean and other products</b>	<b>Dried food and other products</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from external customers and reportable segment revenue	<u>862,698</u>	<u>130,463</u>	<u>88,353</u>	<u>1,081,514</u>
Reportable segment gross profit	<u>130,661</u>	<u>34,473</u>	<u>10,575</u>	<u>175,709</u>

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**Three months ended 31 March 2022 (unaudited)**

	<b>Rice products</b>	<b>Whole grain, bean and other products</b>	<b>Dried food and other products</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from external customers and reportable segment revenue	<u>735,395</u>	<u>110,432</u>	<u>64,341</u>	<u>910,168</u>
Reportable segment gross profit	<u>122,816</u>	<u>25,418</u>	<u>6,268</u>	<u>154,502</u>

**(ii) Geographic information**

The Group does not have material assets or operation outside the PRC. All of the Group's revenue is generated from its customers in the PRC. Hence, no segment analysis based on geographical location of the customers and assets is presented.

**5 OTHER NET INCOME**

	<b>Year ended 31 December</b>			<b>Three months ended 31 March</b>	
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2022</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest income	65	248	2,037	70	716
Net income from sales of raw materials	764	967	2,252	109	200
Net loss on disposal of property, plant and equipment	(1,024)	(814)	(888)	(143)	(1)
Investment income	–	4,846	8,035	1,542	–
Government grants	<u>7,205</u>	<u>44,030</u>	<u>15,967</u>	<u>903</u>	<u>2,809</u>
	<u>7,010</u>	<u>49,277</u>	<u>27,403</u>	<u>2,481</u>	<u>3,724</u>



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**6 PROFIT/(LOSS) BEFORE TAXATION**

Profit/(loss) before taxation is arrived at after charging:

**(a) Finance costs**

	<b>Year ended 31 December</b>			<b>Three months ended</b>	
				<b>31 March</b>	
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2022</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Interest expenses on bank and other loans	20,049	9,423	3,300	546	3,709
Interest on lease liabilities	229	666	609	175	205
	<u>20,278</u>	<u>10,089</u>	<u>3,909</u>	<u>721</u>	<u>3,914</u>

No borrowing costs have been capitalised for each of the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2022 and 2023.

**(b) Staff costs<sup>#</sup>**

	<b>Year ended 31 December</b>			<b>Three months ended</b>	
				<b>31 March</b>	
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2022</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Salaries, wages and other benefits	70,869	151,364	265,338	55,977	60,846
Contributions to defined contribution retirement schemes	2,110	9,660	16,331	3,622	5,249
Share-based payment expenses ( <i>Note 26</i> )	–	187,348	739,569	–	–
	<u>72,979</u>	<u>348,372</u>	<u>1,021,238</u>	<u>59,599</u>	<u>66,095</u>

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The employees of the subsidiaries of the Group participate in defined contribution retirement benefit scheme managed by the local government authorities, whereby these subsidiaries are required to contribute to the schemes during the Track Record Period. Employees of these subsidiaries are entitled to retirement benefits, calculated based on a percentage of the average salaries level in the PRC, from the above-mentioned retirement scheme at their normal retirement age. During the year ended 31 December 2020, the subsidiaries have been granted certain exemption of social insurance expenses according to social insurance relief policies by local government authorities considering the effect of COVID-19 pandemic (“COVID-19”) outbreak. Such exemption was not granted for the years ended 31 December 2021 and 2022 and the three months ended 31 March 2022 and 2023 along with the recovery from COVID-19 in a whole.

The Group has no further obligation for payment of other retirement benefits beyond the above contributions. Contributions to the scheme vest immediately, there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

**(c) Other items**

	<b>Year ended 31 December</b>			<b>Three months ended</b>	
				<b>31 March</b>	
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2022</b>	<b>2023</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 inventories <sup>#</sup> <i>(Note 15)</i>	1,922,335	3,060,713	3,753,373	755,666	905,805
Depreciation <sup>#</sup> <i>(Notes 11 and 12)</i>					
– owned property, plant and equipment	8,719	20,802	38,504	8,405	16,995
– right-of-use assets	3,467	8,273	11,206	2,704	3,044
Rental expenses <sup>#</sup>	2,307	4,132	2,491	985	773
[REDACTED] expenses	–	–	10,102	–	4,232

# Cost of inventories include RMB38.4 million, RMB80.4 million, RMB102.7 million and RMB19.5 million (unaudited) and RMB29.4 million relating to staff costs, depreciation expenses and rental expenses for each of the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2022 and 2023, respectively, which are also included in the respective total amounts disclosed separately above or in Note 6(b) for each of these types of expenses.

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**7 INCOME TAX**

**(a) Income tax in the consolidated statements of profit or loss and other comprehensive income represents:**

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
				<i>(unaudited)</i>	
Current taxation	<u>4,878</u>	<u>7,581</u>	<u>5,883</u>	<u>1,031</u>	<u>1,665</u>

**(b) Reconciliation between tax expense and accounting profit at applicable tax rates:**

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
				<i>(unaudited)</i>	
Profit/(loss) before taxation	<u>18,852</u>	<u>(165,283)</u>	<u>(558,336)</u>	<u>20,783</u>	<u>20,278</u>
Expected tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned <i>(Note (i))</i>	4,713	(41,321)	(139,584)	5,196	5,070
Tax effect of non-deductible expenses <i>(Note (ii))</i>	53,559	110,741	232,865	11,539	14,445
Effect of PRC tax concession <i>(Note (iii))</i>	(55,289)	(63,031)	(99,347)	(15,936)	(19,100)
Tax effect of unused tax losses and deductible temporary differences not recognised	<u>1,895</u>	<u>1,192</u>	<u>11,949</u>	<u>232</u>	<u>1,250</u>
Income tax	<u>4,878</u>	<u>7,581</u>	<u>5,883</u>	<u>1,031</u>	<u>1,665</u>

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*Notes:*

- (i) The subsidiaries of the Group established in the PRC are subject to PRC Corporate Income Tax rate of 25% for the Track Record Period.
- (ii) Tax effect of non-deductible expenses mainly represent the changes in the carrying amount of financial instruments issued to investors, share-based payments expenses exceeding the deductible amount and certain other costs and expenses, which all are not deductible in accordance with relevant tax regulations in the PRC.
- (iii) In accordance with relevant tax regulations in the PRC, the Group’s business in primary processing of agricultural products is eligible for income tax exemption.

**8 DIRECTORS’ EMOLUMENTS**

Details of emoluments of directors and supervisors are as follows:

	Year ended 31 December 2020						
	Directors’ fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Subtotal	Share-based payments	Total
	<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>Executive directors</b>							
Mr. Wang Bing	–	832	–	2	834	–	834
Ms. Zhao Wenjun	–	373	–	2	375	–	375
Ms. Zhao Shulan	–	305	20	1	326	–	326
Mr. Shu Minghe	–	354	–	2	356	–	356
Mr. Zhao Wenchen	–	210	–	6	216	–	216
	–	2,074	20	13	2,107	–	2,107
<b>Non-executive director</b>							
Mr. Chang Bin	–	–	–	–	–	–	–
<b>Supervisor</b>							
Ms. Zhao Shujuan	–	108	–	–	108	–	108
	–	2,182	20	13	2,215	–	2,215

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Year ended 31 December 2021

	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Subtotal	Share- based payments (Note (v))	Total	
	<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>Executive directors</b>							
Mr. Wang Bing	-	1,004	-	42	1,046	-	1,046
Ms. Zhao Wenjun	-	500	-	-	500	65,572	66,072
Ms. Zhao Shulan	-	614	-	19	633	46,837	47,470
Mr. Shu Minghe	-	521	-	29	550	37,470	38,020
Mr. Shen Nanpeng	-	-	-	-	-	-	-
Mr. Yu Feng	-	-	-	-	-	-	-
	-	2,639	-	90	2,729	149,879	152,608
<b>Non-executive director</b>							
Mr. Chang Bin	-	-	-	-	-	-	-
<b>Supervisor</b>							
Ms. Zhao Shujuan	-	270	-	-	270	18,735	19,005
	-	2,909	-	90	2,999	168,614	171,613

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**ACCOUNTANTS’ REPORT**

Year ended 31 December 2022

	Directors’ fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Subtotal	Share- based payments (Note (v))	Total
	<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>Executive directors</b>							
Mr. Wang Bing	–	1,011	6,500	50	7,561	547,319	554,880
Ms. Zhao Wenjun	–	607	3,000	6	3,613	143,667	147,280
Ms. Zhao Shulan	–	666	1,500	19	2,185	20,243	22,428
Mr. Shu Minghe	–	354	2,300	29	2,683	18,219	20,902
Mr. Zou Hao	–	814	960	10	1,784	–	1,784
Mr. Shen Nanpeng	–	–	–	–	–	–	–
Mr. Yu Feng	–	–	–	–	–	–	–
	–	3,452	14,260	114	17,826	729,448	747,274
<b>Non-executive director</b>							
Mr. Chang Bin	–	–	–	–	–	–	–
<b>Supervisors</b>							
Ms. Zhao Shujuan	–	360	850	–	1,210	5,061	6,271
Mr. He Yang	–	859	300	58	1,217	–	1,217
Mr. Li Xiang	–	422	250	48	720	–	720
Ms. Wang Zhijuan	–	256	150	22	428	–	428
	–	1,897	1,550	128	3,575	5,061	8,636
	–	5,349	15,810	242	21,401	734,509	755,910

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**ACCOUNTANTS’ REPORT**

Three months ended 31 March 2023

	Directors’ fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Subtotal	Share-based payments (Note (v))	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
<b>Executive directors</b>							
Mr. Wang Bing	-	255	-	14	269	-	269
Ms. Zhao Wenjun	-	160	-	10	170	-	170
Ms. Zhao Shulan	-	156	-	5	161	-	161
Mr. Shu Minghe	-	88	-	7	95	-	95
Mr. Zou Hao	-	616	-	15	631	-	631
Mr. Shen Nanpeng	-	-	-	-	-	-	-
Mr. Yu Feng	-	-	-	-	-	-	-
Mr. Mohamed Albadr	-	-	-	-	-	-	-
	-	1,275	-	51	1,326	-	1,326
<b>Non-executive directors</b>							
Mr. Chang Bin	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
<b>Supervisors</b>							
Ms. Zhao Shujuan	-	-	-	-	-	-	-
Mr. He Yang	-	226	-	15	241	-	241
Mr. Li Xiang	-	126	-	14	140	-	140
Ms. Wang Zhijuan	-	72	-	7	79	-	79
	-	424	-	36	460	-	460
	-	1,699	-	87	1,786	-	1,786

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**ACCOUNTANTS’ REPORT**

Three months ended 31 March 2022 (unaudited)

	Directors’ fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Subtotal	Share-based payments (Note (v))	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
<b>Executive directors</b>							
Mr. Wang Bing	-	251	-	11	262	-	262
Ms. Zhao Wenjun	-	150	-	-	150	-	150
Ms. Zhao Shulan	-	156	-	5	161	-	161
Mr. Shu Minghe	-	88	-	7	95	-	95
Mr. Shen Nanpeng	-	-	-	-	-	-	-
Mr. Yu Feng	-	-	-	-	-	-	-
	-	645	-	23	668	-	668
<b>Non-executive director</b>							
Mr. Chang Bin	-	-	-	-	-	-	-
<b>Supervisor</b>							
Ms. Zhao Shujuan	-	90	-	-	90	-	90
	-	735	-	23	758	-	758

*Notes:*

- (i) Mr. Wang Bing was appointed as the chairman of the Board and an executive director of the Company on 17 August 2020. Ms. Zhao Shulan and Mr. Shu Minghe were appointed as executive directors of the Company on 17 August 2020. Ms. Zhao Wenjun was appointed as an executive director of the Company on 17 August 2020. Mr. Shen Nanpeng was appointed as an executive director of the Company on 5 April 2021 and resigned as an executive director of the Company on 3 March 2023. Mr. Yu Feng was appointed as an executive director of the Company on 7 April 2021 and resigned as an executive director of the Company on 3 March 2023. Mr. Zou Hao was appointed as an executive director of the Company on 20 December 2022. Mr. Zhao Wenchen was appointed as an executive director of the Company on 13 May 2019 and resigned as an executive director of the Company on 17 August 2020. Mr. Mohamed Albadr was appointed as an executive director of the Company on 17 January 2023 and resigned as an executive director of the Company on 3 March 2023.
- (ii) Ms. Zhao Shujuan was appointed as a supervisor of the Company on 13 May 2019 and resigned as a supervisor of the Company on 6 January 2023. Mr. He Yang, Mr. Li Xiang, and Ms. Wang Zhijuan were appointed as supervisors of the Company on 20 December 2022.
- (iii) Mr. Chang Bin was appointed as a non-executive director of the Company on 17 August 2020.
- (iv) Mr. Yeung Chi Tat, Mr. Shi Ketong and Mr. Lin Chen were appointed as independent non-executive directors of the Company in March 2023, effective from the [REDACTED].



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- (v) These represent the estimated value of share awards granted to the directors or supervisors or transfers of paid-in capital from directors or supervisors to other investors above fair value. The value of these share-based payments is measured according to the Group's accounting policies for share-based payment transactions as set out in Note 2(p)(iii). The details of these benefits in kind are disclosed in Note 26.
- (vi) These directors' emoluments disclosed above included compensations for services rendered by them as key management personnel prior to their appointments as directors of the Company.

During the Track Record Period, no director or supervisor has waived for agreed to waive any emoluments and no amounts were paid or payable by the Group to the directors and the supervisors as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

**9 INDIVIDUALS WITH HIGHEST EMOLUMENTS**

The number of directors, supervisor and other employees included in the five highest paid individuals for the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2022 and 2023 are set forth below:

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	<i>Number of individuals</i>	<i>Number of individuals</i>	<i>Number of individuals</i>	<i>Number of individuals (unaudited)</i>	<i>Number of individuals</i>
Directors	3	3	4	2	2
Supervisor	–	1	–	–	1
Other employees	2	1	1	3	2
	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>

The emoluments of the directors and supervisor are disclosed in Note 8. The aggregate of the emoluments in respect of the remaining highest paid individuals, are as follows:

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000 (unaudited)</i>	<i>RMB'000</i>
Salaries, allowances and benefits in kind	545	308	342	581	400
Discretionary bonuses	160	–	881	–	–
Share-based payments (Note 26)	–	18,734	5,060	–	–
Retirement scheme contributions	3	6	11	41	31
	<u>708</u>	<u>19,048</u>	<u>6,294</u>	<u>622</u>	<u>431</u>

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The emoluments of the individuals who are not directors or supervisor and who are amongst the five highest paid individuals of the Group are within the following bands:

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	<i>Number of individuals</i>	<i>Number of individuals</i>	<i>Number of Individuals</i>	<i>Number of Individuals</i>	<i>Number of Individuals</i>
Nil to HK\$1,000,000	2	–	–	3	2
HK\$7,000,001 to HK\$7,500,000	–	–	1	–	–
HK\$21,500,001 to HK\$22,000,000	–	1	–	–	–
	–	1	–	–	–

During the Track Record Period, no emoluments were paid by the Group to these individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

**10 EARNINGS/(LOSS) PER SHARE**

**(a) Basic earnings/(loss) per share**

The calculation of the basic earnings/(loss) per share during the Track Record Period is based on the profit/(loss) attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares in issue or deemed to be in issue during the Track Record Period.

The Company was converted into a joint stock limited liability company and issued 99,445,074 shares with the par value of RMB1 each on 6 January 2023. For the purpose of computing basic earnings/(loss) per share, the weighted average number of ordinary shares deemed to be in issue before the Company's conversion into a joint stock limited liability company was determined assuming the conversion into joint stock limited liability company had occurred on 1 January 2020, at the conversion ratio established in the conversion in January 2023 and does not take into account of the share split plan detailed in Note 33.

The financial instruments issued to investors with preferential rights were treated as treasury stock and debited to other reserve before the termination of preferential rights as described in Note 22. Accordingly, before the termination of preferential rights, the shares converted from related paid-in capital was deducted when calculating the number of ordinary shares deemed in issue.

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**Profit/(loss) of the year/period attributable to ordinary equity shareholders of the Company**

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Profit/(loss) for the year/period attributable to all equity shareholders of the Company	13,974	(172,864)	(564,219)	19,752	18,613
Allocation of (profit)/loss for the year/period attributable to financial instruments issued to investors <i>(Note 22)</i>	<u>(585)</u>	<u>40,956</u>	<u>156,878</u>	<u>(5,588)</u>	<u>(5,296)</u>
Profit/(loss) for the year/period attributable to ordinary equity shareholders of the Company	<u>13,389</u>	<u>(131,908)</u>	<u>(407,341)</u>	<u>14,164</u>	<u>13,317</u>

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**Weighted average number of shares**

	Year ended 31 December			Three months ended 31	
				March	
	2020	2021	2022	2022	2023
	<i>No. of shares</i>	<i>No. of shares</i>	<i>No. of shares</i>	<i>No. of shares</i>	<i>No. of shares</i>
	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>
				<i>(unaudited)</i>	
Ordinary shares					
deemed to be in					
issue at 1 January	40,000	78,203	92,484	92,484	99,445
Effect of					
ordinary shares					
deemed to be					
in issue	33,057	10,386	2,174	–	–
Effect of ordinary					
shares issued					
during the period	–	–	–	–	1,646
Effect of the financial					
instruments issued					
to investors ( <i>Note</i>					
22)	(3,057)	(20,989)	(26,319)	(26,165)	(28,766)
Weighted average					
number of ordinary					
shares (deemed to					
be) in issue	70,000	67,600	68,339	66,319	72,325

**(b) Diluted earnings/(loss) per share**

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. During the Track Record Period, the Group’s potential ordinary shares are from financial instruments issued to investors with preferential rights (Note 22). The potential ordinary shares were not included in the calculation of diluted earnings/(loss) per share as their inclusion would be anti-dilutive. Accordingly, diluted earnings/(loss) per share for the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2022 and 2023 are the same as basic earnings/(loss) per share for the respective years/periods.

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**ACCOUNTANTS' REPORT**

**11 PROPERTY, PLANT AND EQUIPMENT**

**The Group:**

	<b>Plant and buildings</b>	<b>Machinery and other equipment</b>	<b>Construction in progress</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Cost:</b>				
At 1 January 2020	31,367	39,811	47,074	118,252
Additions	–	15,080	149,395	164,475
Transfers in/(out)	10,530	9,602	(20,132)	–
Disposals	(63)	(2,006)	–	(2,069)
At 31 December 2020 and 1 January 2021	41,834	62,487	176,337	280,658
Additions	–	47,613	254,493	302,106
Transfers in/(out)	121,064	100,378	(221,442)	–
Disposals	(136)	(4,416)	–	(4,552)
At 31 December 2021 and 1 January 2022	162,762	206,062	209,388	578,212
Additions	–	42,704	323,942	366,646
Transfers in/(out)	299,893	149,061	(448,954)	–
Disposals	(126)	(3,502)	–	(3,628)
At 31 December 2022 and 1 January 2023	462,529	394,325	84,376	941,230
Additions	–	5,611	12,634	18,245
Transfers in/(out)	4,642	13,375	(18,017)	–
Disposals	(132)	(816)	–	(948)
At 31 March 2023	467,039	412,495	78,993	958,527

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	<b>Plant and buildings</b>	<b>Machinery and other equipment</b>	<b>Construction in progress</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Accumulated depreciation:</b>				
At 1 January 2020	(3,748)	(11,174)	–	(14,922)
Charge for the year	(1,688)	(7,031)	–	(8,719)
Written back on disposals	8	567	–	575
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 2020 and 1 January 2021	(5,428)	(17,638)	–	(23,066)
Charge for the year	(6,384)	(14,418)	–	(20,802)
Written back on disposals	39	2,284	–	2,323
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 2021 and 1 January 2022	(11,773)	(29,772)	–	(41,545)
Charge for the year	(11,539)	(26,965)	–	(38,504)
Written back on disposals	37	1,342	–	1,379
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 2022 and 1 January 2023	(23,275)	(55,395)	–	(78,670)
Charge for the period	(5,978)	(11,017)	–	(16,995)
Written back on disposals	5	372	–	377
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 March 2023	<u>(29,248)</u>	<u>(66,040)</u>	<u>–</u>	<u>(95,288)</u>
	-----	-----	-----	-----
<b>Net book value</b>				
At 31 March 2023	<u>437,791</u>	<u>346,455</u>	<u>78,993</u>	<u>863,239</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 2022	<u>439,254</u>	<u>338,930</u>	<u>84,376</u>	<u>862,560</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 2021	<u>150,989</u>	<u>176,290</u>	<u>209,388</u>	<u>536,667</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 2020	<u>36,406</u>	<u>44,849</u>	<u>176,337</u>	<u>257,592</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

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**ACCOUNTANTS' REPORT**

**The Company:**

	<b>Plant and buildings</b>	<b>Machinery and other equipment</b>	<b>Construction in progress</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Cost:</b>				
At 1 January 2020	–	36	–	36
Additions	–	286	–	286
Disposals	–	(36)	–	(36)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020 and 1 January 2021	–	286	–	286
Additions	–	19,062	45,033	64,095
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2021 and 1 January 2022	–	19,348	45,033	64,381
Additions	–	5,432	82,170	87,602
Transfers in/(out)	120,233	2,735	(122,968)	–
Disposals	–	(64)	–	(64)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2022 and 1 January 2023	120,233	27,451	4,235	151,919
Additions	–	53	1,138	1,191
Transfers in/(out)	111	3,334	(3,445)	–
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2023	120,344	30,838	1,928	153,110
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	<b>Plant and buildings</b>	<b>Machinery and other equipment</b>	<b>Construction in progress</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Accumulated depreciation:</b>				
At 1 January 2020	–	(5)	–	(5)
Charge for the year	–	(15)	–	(15)
Written back on disposals	–	12	–	12
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020 and 1 January 2021	–	(8)	–	(8)
Charge for the year	–	(349)	–	(349)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2021 and 1 January 2022	–	(357)	–	(357)
Charge for the year	(1,308)	(2,603)	–	(3,911)
Written back on disposals	–	12	–	12
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2022 and 1 January 2023	(1,308)	(2,948)	–	(4,256)
Charge for the period	(1,428)	(691)	–	(2,119)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2023	(2,736)	(3,639)	–	(6,375)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 31 March 2023	<u>117,608</u>	<u>27,199</u>	<u>1,928</u>	<u>146,735</u>
At 31 December 2022	<u>118,925</u>	<u>24,503</u>	<u>4,235</u>	<u>147,663</u>
At 31 December 2021	<u>–</u>	<u>18,991</u>	<u>45,033</u>	<u>64,024</u>
At 31 December 2020	<u>–</u>	<u>278</u>	<u>–</u>	<u>278</u>

At 31 December 2020, 2021 and 2022 and 31 March 2023, certificates of certain plant and buildings of the Group with carrying amount of RMB25.0 million, RMB29.0 million, RMB259.7 million and RMB258.7 million, respectively, are yet to be obtained.



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**ACCOUNTANTS’ REPORT**

**12 RIGHT-OF-USE ASSETS**

**The Group:**

	<b>Land- use-rights</b>	<b>Properties</b>	<b>Total</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
	<i>Note (a)</i>	<i>Note (b)</i>	
<b>Cost:</b>			
At 1 January 2020	29,063	6,016	35,079
Additions	738	12,560	13,298
At 31 December 2020 and 1 January 2021	29,801	18,576	48,377
Additions	34,011	10,349	44,360
Reductions due to early termination	–	(3,603)	(3,603)
Reductions due to expiration of leases	–	(511)	(511)
At 31 December 2021 and 1 January 2022	63,812	24,811	88,623
Additions	50,731	19,411	70,142
Reductions due to early termination	–	(15,970)	(15,970)
Reductions due to expiration of leases	–	(999)	(999)
At 31 December 2022 and 1 January 2023	114,543	27,253	141,796
Additions	–	529	529
Reductions due to expiration of leases	–	(1,015)	(1,015)
At 31 March 2023	114,543	26,767	141,310

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	<b>Land- use-rights</b>	<b>Properties</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>Note (a)</i>	<i>Note (b)</i>	
<b>Accumulated depreciation:</b>			
At 1 January 2020	(1,819)	(1,429)	(3,248)
Charge for the year	(874)	(2,593)	(3,467)
At 31 December 2020 and 1 January 2021	(2,693)	(4,022)	(6,715)
Charge for the year	(1,367)	(6,906)	(8,273)
Reductions due to early termination	–	2,495	2,495
Reductions due to expiration of leases	–	511	511
At 31 December 2021 and 1 January 2022	(4,060)	(7,922)	(11,982)
Charge for the year	(2,220)	(8,986)	(11,206)
Reductions due to early termination	–	9,945	9,945
Reductions due to expiration of leases	–	999	999
At 31 December 2022 and 1 January 2023	(6,280)	(5,964)	(12,244)
Charge for the period	(622)	(2,422)	(3,044)
Reductions due to expiration of leases	–	1,015	1,015
At 31 March 2023	(6,902)	(7,371)	(14,273)
<b>Net book value:</b>			
At 31 March 2023	107,641	19,396	127,037
At 31 December 2022	108,263	21,289	129,552
At 31 December 2021	59,752	16,889	76,641
At 31 December 2020	27,108	14,554	41,662

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**ACCOUNTANTS’ REPORT**

**The Company:**

	<b>Land- use-rights</b>	<b>Properties</b>	<b>Total</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
	<i>Note (a)</i>	<i>Note (b)</i>	
<b>Cost:</b>			
At 1 January 2020, 31 December 2020 and 1 January 2021	–	–	–
Additions	34,011	1,015	35,026
At 31 December 2021, 1 January 2022, 31 December 2022, 1 January 2023	34,011	1,015	35,026
Reductions due to expiration of leases	–	(1,015)	(1,015)
At 31 March 2023	34,011	–	34,011
<b>Accumulated depreciation:</b>			
At 1 January 2020, 31 December 2020 and 1 January 2021	–	–	–
Charge for the year	(509)	(406)	(915)
At 31 December 2021 and 1 January 2022	(509)	(406)	(915)
Charge for the year	(680)	(529)	(1,209)
At 31 December 2022 and 1 January 2023	(1,189)	(935)	(2,124)
Charge for the period	(171)	(80)	(251)
Reductions due to expiration of leases	–	1,015	1,015
At 31 March 2023	(1,360)	–	(1,360)
<b>Net book value:</b>			
At 31 March 2023	32,651	–	32,651
At 31 December 2022	32,822	80	32,902
At 31 December 2021	33,502	609	34,111
At 31 December 2020	–	–	–

- (a) Land-use-right premiums was paid by the Group for land situated in the PRC. Lump sum payments were made upfront to acquire these land-use-rights, there are no ongoing payments to be made under the terms of the land lease.

At 31 December 2020, 2021 and 2022 and 31 March 2023, certificates of certain land-use-rights of the Group with carrying amount of RMBNil, RMBNil, RMB23.6 million and RMB18.8 million respectively, are yet to be obtained.

- (b) The Group has obtained the right to use the properties as its warehouse and offices through tenancy agreements. The leases typically run for an initial period of 1 to 5 years.

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## ACCOUNTANTS’ REPORT

Some leases include an option to renew the lease for an additional period after the end of the contract term. Where practicable, the Group seeks to include such extension options exercisable by the Group to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. If the Group is not reasonably certain to exercise the extension options, the future lease payments during the extension periods are not included in the measurement of lease liabilities. For existing leases as at 31 December 2020, 2021 and 2022 and 31 March 2023, the Group is not reasonably certain to exercise any extension options therefore did not include future lease payments during the extension periods in the measurement of lease liabilities.

The analysis of expense items in relation to leases recognised in the Group’s profit or loss is as follows:

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
				<i>(unaudited)</i>	
Depreciation charge of right-of-use assets	3,467	8,273	11,206	2,704	3,044
Expense relating to short-term leases	2,307	4,132	2,491	985	773
Interest on lease liabilities <i>(Note 6(a))</i>	229	666	609	175	205
	<u>6,003</u>	<u>13,071</u>	<u>14,306</u>	<u>3,864</u>	<u>4,022</u>

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Notes 18(c) and 23, respectively.

### 13 INTERESTS IN SUBSIDIARIES

#### The Company:

	At 31 December			At 31 March
	2020	2021	2022	2023
	RMB’000	RMB’000	RMB’000	RMB’000
Investments in subsidiaries, at cost	97,904	151,865	997,815	997,815
Contributions to subsidiaries <i>(Note (i))</i>	–	149,879	741,534	741,534
Amounts due from subsidiaries <i>(Note (ii))</i>	–	783,449	–	–
	<u>97,904</u>	<u>1,085,193</u>	<u>1,739,349</u>	<u>1,739,349</u>

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*Notes:*

- (i) For the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2023, RMBNil, RMB149.9 million and RMB591.7 million and RMBNil were recognised as contributions from the Company to the subsidiaries in relation to the share-based compensation expenses for the senior management of the Group’s subsidiaries.
- (ii) The amounts due from subsidiaries are unsecured, non-interest bearing and have no fixed terms of repayment. The directors of the Company consider these amounts due from subsidiaries are long-term interests that in substance form part of the Company’s net investments in these subsidiaries.

### 14 OTHER NON-CURRENT ASSETS

**The Group:**

	At 31 December			At 31 March
	2020	2021	2022	2023
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Prepayments for construction in progress and land-use-rights	12,393	33,502	12,293	51,312

### 15 INVENTORIES

**The Group:**

	At 31 December			At 31 March
	2020	2021	2022	2023
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Raw materials	379,405	647,193	838,544	869,824
Work in progress	9,413	20,321	47,921	29,585
Finished goods	240,887	353,712	455,475	287,704
Packaging materials	17,726	30,178	33,225	31,025
	647,431	1,051,404	1,375,165	1,218,138
Less: write down of inventories	(188)	(1,621)	(2,494)	(3,018)
	<u>647,243</u>	<u>1,049,783</u>	<u>1,372,671</u>	<u>1,215,120</u>

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The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
				<i>(unaudited)</i>	
Carrying amount of inventories sold	1,922,147	3,059,280	3,752,500	755,209	905,281
Write down of inventories	188	1,433	873	457	524
	<u>1,922,335</u>	<u>3,060,713</u>	<u>3,753,373</u>	<u>755,666</u>	<u>905,805</u>

**16 TRADE AND OTHER RECEIVABLES**

**The Group:**

	At 31 December			At 31 March
	2020	2021	2022	2023
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Trade receivables from:				
– Third parties	90,472	309,688	402,344	195,281
Less: loss allowance	<u>(443)</u>	<u>(1,559)</u>	<u>(3,232)</u>	<u>(2,528)</u>
	----- 90,029	----- 308,129	----- 399,112	----- 192,753
Bills receivables	----- –	----- 15,698	----- 16,634	----- 48,077
Prepayments to suppliers	17,399	119,327	33,803	37,153
Prepayments for costs incurred in connection with the financing	–	–	3,302	–
Prepayments for costs incurred in connection with the proposed [REDACTED] of the Company’s shares ( <i>Note (i)</i> )	<u>–</u>	<u>–</u>	<u>8,913</u>	<u>18,469</u>
	----- 17,399	----- 119,327	----- 46,018	----- 55,622

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	<b>At 31 December</b>			<b>At</b>
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>31 March</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<b>2023</b>
				<i>RMB’000</i>
Value added tax recoverable	8,189	61,559	84,021	77,602
Deposits and amounts due from the e-commerce platforms	3,556	10,290	7,839	7,321
Deposits for bidding and purchase of land-use-rights	8,244	18,000	3,314	4,024
Guarantee deposits	–	2,000	–	–
Other receivables	1,158	1,296	21	1,063
Other deposits	3,996	13,156	8,157	7,803
Less: loss allowance	–	(111)	–	–
	<u>25,143</u>	<u>106,190</u>	<u>103,352</u>	<u>97,813</u>
Trade and other receivables	<u>132,571</u>	<u>549,344</u>	<u>565,116</u>	<u>394,265</u>

**The Company:**

	<b>At 31 December</b>			<b>At</b>
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>31 March</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<b>2023</b>
				<i>RMB’000</i>
Prepayments to suppliers	13	43	46	1,685
Prepayments for costs incurred in connection with the financing	–	–	3,302	–
Prepayments for costs incurred in connection with the proposed [REDACTED] of the Company’s shares ( <i>Note (i)</i> )	–	–	8,913	18,469
	<u>13</u>	<u>43</u>	<u>12,261</u>	<u>20,154</u>

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	<b>At 31 December</b>			<b>At 31 March</b>
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Amounts due from the subsidiaries (Note (ii))	489,571	676,004	484,175	850,511
Value added tax recoverable	59	7,305	8,911	9,109
Deposits for bidding and purchase of land-use-rights	6,744	18,000	–	–
Other deposits	200	2,499	2,181	2,306
	<u>496,574</u>	<u>703,808</u>	<u>495,267</u>	<u>861,926</u>
Trade and other receivables	<u>496,587</u>	<u>703,851</u>	<u>507,528</u>	<u>882,080</u>

All of the trade and other receivables are expected to be recovered or recognised as expenses or transferred to equity within one year.

*Notes:*

- (i) The balance will be transferred to the capital reserve within equity upon the [REDACTED] of the Company’s shares on the Stock Exchange.
- (ii) All of the amounts due from the subsidiaries are unsecured, non-interest bearing and have no fixed terms of repayment.

**Ageing analysis**

At 31 December 2020, 2021 and 2022 and 31 March 2023, the ageing analysis of the Group’s trade receivables (net of loss allowance) based on the invoice date is as follows:

	<b>At 31 December</b>			<b>At 31 March</b>
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Within 3 months	84,379	292,177	390,539	161,641
4 to 6 months	4,235	10,617	7,112	29,261
7 to 12 months	1,247	5,285	1,256	1,731
Over 1 year	168	50	205	120
	<u>90,029</u>	<u>308,129</u>	<u>399,112</u>	<u>192,753</u>



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Details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 28(a).

**17 FINANCIAL ASSETS AT FVPL**

The financial assets measured at FVPL represent wealth management products with variable returns. Further information on the fair value measurement is disclosed in Note 28(e).

**18 RESTRICTED DEPOSITS, CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION**

**(a) Cash and cash equivalents**

**The Group:**

	At 31 December			At 31 March
	2020	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash at bank and on hand	24,121	108,215	120,360	643,120
Less: restricted deposits <i>(Note)</i>	—	—	—	(30,000)
	24,121	108,215	120,360	613,120

*Note:* The restricted deposits represent the bank deposits frozen by court due to a litigation against subsidiaries of the Group (see Note 31).

**The Company:**

	At 31 December			At 31 March
	2020	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash at bank and on hand	232	7,188	5,020	215,792

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

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

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	<b>Bank and other loans</b>	<b>Dividend payable</b>	<b>Lease liabilities</b>	<b>Financial instruments issued to investors</b>	<b>Total</b>
	<i>RMB'000</i> <i>(Note 21)</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Note 23)</i>	<i>RMB'000</i> <i>(Note 22)</i>	<i>RMB'000</i>
<b>At 1 January 2020</b>	197,085	–	4,223	–	201,308
<b>Changes from financing cash flows:</b>					
Proceeds from bank and other loans	1,690,317	–	–	–	1,690,317
Repayment of bank and other loans	(1,608,338)	–	–	–	(1,608,338)
Proceeds from the issuance of financial instruments to investors	–	–	–	150,464	150,464
Dividends paid	–	(50,000)	–	–	(50,000)
Finance costs paid	(20,049)	–	–	–	(20,049)
Capital element of lease rentals paid	–	–	(3,981)	–	(3,981)
Interest element of lease rentals paid	–	–	(229)	–	(229)
<b>Total changes from financing cash flows</b>	<b>61,930</b>	<b>(50,000)</b>	<b>(4,210)</b>	<b>150,464</b>	<b>158,184</b>
<b>Other changes:</b>					
Increase in lease liabilities	–	–	12,560	–	12,560
Issuance of Series A-1 investor’s right to subscribe for additional registered capital	–	–	–	4,760	4,760
Changes in the carrying amount of financial instruments issued to investors	–	–	–	207,342	207,342
Dividends declared	–	50,000	–	–	50,000
Exchange adjustments	–	–	–	(464)	(464)
Finance costs	20,049	–	229	–	20,278
<b>Total other changes</b>	<b>20,049</b>	<b>50,000</b>	<b>12,789</b>	<b>211,638</b>	<b>294,476</b>
<b>At 31 December 2020</b>	<b>279,064</b>	<b>–</b>	<b>12,802</b>	<b>362,102</b>	<b>653,968</b>

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	<b>Bank and other loans</b>	<b>Lease liabilities</b>	<b>Financial instruments issued to investors</b>	<b>Total</b>
	<i>RMB’000</i> <i>(Note 21)</i>	<i>RMB’000</i> <i>(Note 23)</i>	<i>RMB’000</i> <i>(Note 22)</i>	<i>RMB’000</i>
<b>At 1 January 2021</b>	279,064	12,802	362,102	653,968
<b>Changes from financing cash flows:</b>				
Proceeds from bank and other loans	535,586	–	–	535,586
Repayment of bank and other loans	(764,650)	–	–	(764,650)
Proceeds from the issuance of financial instruments to investors, net of transaction costs	–	–	1,187,572	1,187,572
Finance costs paid	(9,423)	–	–	(9,423)
Capital element of lease rentals paid	–	(5,995)	–	(5,995)
Interest element of lease rentals paid	–	(666)	–	(666)
<b>Total changes from financing cash flows</b>	(238,487)	(6,661)	1,187,572	942,424
<b>Other changes:</b>				
Increase in lease liabilities	–	10,349	–	10,349
Reductions in lease liabilities due to early termination	–	(1,141)	–	(1,141)
Transaction costs for the issuance of financial instruments to investors	–	–	13,000	13,000
Issuance of financial instruments to investors by transfer of paid-in capital	–	–	400,000	400,000
Changes in the carrying amount of financial instruments issued to investors	–	–	244,748	244,748
Effect of the modification of the redemption rights	–	–	(334,006)	(334,006)
Exchange adjustments	–	–	(572)	(572)
Finance costs	9,423	666	–	10,089
<b>Total other changes</b>	9,423	9,874	323,170	342,467
<b>At 31 December 2021</b>	50,000	16,015	1,872,844	1,938,859

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	<b>Bank and other loans</b>	<b>Dividend payable</b>	<b>Lease liabilities</b>	<b>Financial instruments issued to investors</b>	<b>Total</b>
	<i>RMB'000</i> <i>(Note 21)</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Note 23)</i>	<i>RMB'000</i> <i>(Note 22)</i>	<i>RMB'000</i>
<b>At 1 January 2022</b>	50,000	–	16,015	1,872,844	1,938,859
<b>Changes from financing cash flows:</b>					
Proceeds from bank and other loans	417,418	–	–	–	417,418
Repayment of bank and other loans	(72,930)	–	–	–	(72,930)
Dividends paid	–	(200,000)	–	–	(200,000)
Finance costs paid	(2,883)	–	–	–	(2,883)
Capital element of lease rentals paid	–	–	(7,928)	–	(7,928)
Interest element of lease rentals paid	–	–	(609)	–	(609)
Total changes from financing cash flows	341,605	(200,000)	(8,537)	–	133,068
<b>Other changes:</b>					
Increase in lease liabilities	–	–	19,411	–	19,411
Reductions in lease liabilities due to early termination	–	–	(7,492)	–	(7,492)
Issuance of financial instruments to investors by transfer of paid-in capital and granting redemption rights	–	–	–	120,961	120,961
Issuance of financial instruments to investors by transfer of Series A-1 paid-in capital with redemption rights	–	–	–	207,760	207,760
Changes in the carrying amount of financial instruments issued to investors	–	–	–	178,596	178,596
Dividends declared	–	200,000	–	–	200,000
Finance costs	3,300	–	609	–	3,909
Total other changes	3,300	200,000	12,528	507,317	723,145
<b>At 31 December 2022</b>	394,905	–	20,006	2,380,161	2,795,072

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	<b>Bank and other loans</b>	<b>Lease liabilities</b>	<b>Financial instruments issued to investors</b>	<b>Total</b>
	<i>RMB'000</i> <i>(Note 21)</i>	<i>RMB'000</i> <i>(Note 23)</i>	<i>RMB'000</i> <i>(Note 22)</i>	<i>RMB'000</i>
<b>At 1 January 2023</b>	394,905	20,006	2,380,161	2,795,072
<b>Changes from financing cash flows:</b>				
Proceeds from the issuance of financial instruments to investors, net of transaction costs	–	–	285,292	285,292
Proceeds from bank and other loans	93,409	–	–	93,409
Repayment of bank and other loans	(104,905)	–	–	(104,905)
Finance costs paid	(3,709)	–	–	(3,709)
Capital element of lease rentals paid	–	(3,392)	–	(3,392)
Interest element of lease rentals paid	–	(205)	–	(205)
<b>Total changes from financing cash flows</b>	<b>(15,205)</b>	<b>(3,597)</b>	<b>285,292</b>	<b>266,490</b>
<b>Other changes:</b>				
Increase in lease liabilities	–	529	–	529
Changes in the carrying amount of financial instruments issued to investors	–	–	55,051	55,051
Exchange adjustments	–	–	422	422
Finance costs	3,709	205	–	3,914
<b>Total other changes</b>	<b>3,709</b>	<b>734</b>	<b>55,473</b>	<b>59,916</b>
<b>At 31 March 2023</b>	<b>383,409</b>	<b>17,143</b>	<b>2,720,926</b>	<b>3,121,478</b>

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	<b>Bank and other loans</b>	<b>Lease liabilities</b>	<b>Financial instruments issued to investors</b>	<b>Total</b>
	<i>RMB’000</i> <i>(Note 21)</i>	<i>RMB’000</i> <i>(Note 23)</i>	<i>RMB’000</i> <i>(Note 22)</i>	<i>RMB’000</i>
<b>(unaudited)</b>				
<b>At 1 January 2022</b>	50,000	16,015	1,872,844	1,938,859
<b>Changes from financing cash flows:</b>				
Proceeds from bank and other loans	10,000	–	–	10,000
Finance costs paid	(546)	–	–	(546)
Capital element of lease rentals paid	–	(2,372)	–	(2,372)
Interest element of lease rentals paid	–	(175)	–	(175)
<b>Total changes from financing cash flows</b>	9,454	(2,547)	–	6,907
<b>Other changes:</b>				
Changes in the carrying amount of financial instruments issued to investors	–	–	43,151	43,151
Finance costs	546	175	–	721
<b>Total other changes</b>	546	175	43,151	43,872
<b>At 31 March 2022</b>	60,000	13,643	1,915,995	1,989,638

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**(c) Total cash outflow for leases**

Amounts included in the consolidated statements of cash flows represent leases rental paid and comprise the following:

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Within operating cash flows	(2,307)	(4,132)	(2,491)	(985)	(773)
Within investing cash flows	(9,233)	(47,509)	(28,738)	(5,345)	(30,000)
Within financing cash flows	(4,210)	(6,661)	(8,537)	(2,547)	(3,597)
	<u>(15,750)</u>	<u>(58,302)</u>	<u>(39,766)</u>	<u>(8,877)</u>	<u>(34,370)</u>

**19 TRADE AND OTHER PAYABLES**

**The Group:**

	At 31 December			At 31 March
	2020	2021	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables				
– Related parties ( <i>Note 30(d)</i> )	1,143	–	–	–
– Third parties	147,067	119,979	171,626	94,257
	<u>148,210</u>	<u>119,979</u>	<u>171,626</u>	<u>94,257</u>
Payables for staff related costs	14,222	25,193	66,193	61,625
Payables for construction and purchase of property, plant and equipment	6,816	16,394	43,603	29,831
Amounts due to related parties ( <i>Note (i) and Note 30(d)</i> )	1,500	1,500	–	–
Payables for costs incurred in connection with the proposed [REDACTED] of the Company's shares	–	–	12,129	19,977
Others	1,485	3,818	5,910	2,784
	<u>24,023</u>	<u>46,905</u>	<u>127,835</u>	<u>114,217</u>
Financial liabilities measured at amortised cost	172,233	166,884	299,461	208,474
Refund liabilities	585	588	949	488
Payables for miscellaneous taxes	2,302	1,220	3,138	2,578
	<u>175,120</u>	<u>168,692</u>	<u>303,548</u>	<u>211,540</u>

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**The Company:**

	At 31 December			At 31 March
	2020	2021	2022	2023
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Trade payables				
– Third parties	–	–	39	54
Payables for staff related costs	–	78	15,288	14,950
Payables for construction and purchase of property, plant and equipment	–	299	6,882	3,991
Payables for costs incurred in connection with the proposed [REDACTED] of the Company’s shares	–	–	12,129	19,977
Others	88	17	–	–
	88	394	34,299	38,918
Financial liabilities measured at amortised cost	88	394	34,338	38,972
Payables for miscellaneous taxes	–	57	121	169
	88	451	34,459	39,141

*Note:*

- (i) The amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

As of the end of the reporting period, the ageing analyses of the Group’s trade payables, based on the invoice date, are as follows:

	At 31 December			At 31 March
	2020	2021	2022	2023
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Within one year or on demand	148,210	119,979	171,626	94,257
	148,210	119,979	171,626	94,257

All of the trade and other payables are expected to be settled within one year or are repayable on demand.



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**20 CONTRACT LIABILITIES**

**The Group:**

	At 31 December			At 31 March
	2020	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contract liabilities due to third parties	4,153	18,580	31,564	10,263

All of the contract liabilities are expected to be recognised as revenue within one year.

**Movements in contract liabilities**

	Year ended 31 December			Three months ended 31 March
	2020	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Balance at 1 January	3,047	4,153	18,580	31,564
Decrease in contract liabilities as a result of recognising revenue during the year/period that was included in the contract liabilities at the beginning of the year/period	(3,047)	(4,153)	(18,580)	(31,564)
Increase in contract liabilities as a result of receipts in advance	4,153	18,580	31,564	10,263
Balance at 31 December/ 31 March	4,153	18,580	31,564	10,263

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**21 BANK AND OTHER LOANS**

**(a) The Group’s bank and other loans comprised:**

	At 31 December			At
	2020	2021	2022	31 March
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<b>2023</b> <i>RMB’000</i>
Bank loans:				
Guaranteed by related parties				
<i>(Note 21(d))</i>	–	20,000	224,769	–
Guaranteed by a third party	10,000	–	–	–
Guaranteed by related parties and a third party <i>(Note 21(e))</i>	30,000	30,000	–	–
Guaranteed by related parties and secured by property, plant and equipment and land-use-rights of the Group <i>(Notes 21(c) and 21(f))</i>	10,000	–	120,136	–
Secured by property, plant and equipment and land-use-rights of the Group <i>(Note 21(c))</i>	–	–	–	200,000
Unsecured	–	–	–	183,409
	<u>50,000</u>	<u>50,000</u>	<u>344,905</u>	<u>383,409</u>
Other loans:				
Secured by trade receivables of the Group <i>(Note 21(c))</i>	229,064	–	50,000	–
	<u>279,064</u>	<u>50,000</u>	<u>394,905</u>	<u>383,409</u>

**(b) The Group’s bank and other loans are repayable as follows:**

At 31 December 2020, 2021 and 2022 and 31 March 2023, the bank and other loans were repayable as follows:

	At 31 December			At
	2020	2021	2022	31 March
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<b>2023</b> <i>RMB’000</i>
Within 1 year or on demand	<u>279,064</u>	<u>50,000</u>	<u>394,905</u>	<u>383,409</u>

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- (c) Certain of the Group’s bank and other loans are secured by the following assets of the Group:

	<b>At 31 December</b>			<b>At 31 March</b>
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Property, plant and equipment	–	–	114,582	113,293
Land-use-rights	24,026	–	23,037	22,914
Trade receivables	2,542	–	106,004	–
	<u>26,568</u>	<u>–</u>	<u>243,623</u>	<u>136,207</u>

- (d) The short-term bank loans are guaranteed by certain equity shareholders of the Company and close family members of the equity shareholders of the Company.
- (e) The short-term bank loans are guaranteed by certain equity shareholders of the Company and close family members of the equity shareholders of the Company, and guaranteed by a third party.
- (f) The short-term bank loans are guaranteed by certain equity shareholders of the Company and close family members of the equity shareholders of the Company, and secured by property, plant and equipment and land-use-rights of the Group.
- (g) At 31 December 2020, 2021 and 2022 and 31 March 2023, the Group’s banking facilities amounting to RMB20.0 million, RMB20.0 million, RMB520.0 million and RMB455.5 million, were utilised to the extent of RMB10.0 million, RMBNil, RMB344.5 million and RMB383.4 million, respectively.
- (h) Certain of the Group’s bank loans are subject to the fulfilment of covenants commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the loans would become repayable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group’s management of liquidity risk are set out in Note 28(b). At 31 December 2020, 2021 and 2022 and 31 March 2023, none of the covenants relating to the bank loans had been breached.
- (i) As of 31 March 2023, all guarantees provided by the related parties for the Group’s bank loans had been released.
- (j) At 31 December 2022 and 31 March 2023, certain bank loans were guaranteed by the subsidiaries within the Group.

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**22 FINANCIAL INSTRUMENTS ISSUED TO INVESTORS**

**The Group and the Company:**

	<b>At 31 December</b>			<b>At 31 March</b>
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Redemption liabilities ( <i>Note 22(a)</i> )	317,461	1,872,844	2,380,161	2,720,926
Series A-1 investor’s right to subscribe for additional registered capital ( <i>Note 22(b)</i> )	44,641	–	–	–
	<u>362,102</u>	<u>1,872,844</u>	<u>2,380,161</u>	<u>2,720,926</u>

**(a) Redemption liabilities**

The movements of the redemption liabilities during the Track Record Period are set out below:

	<b>Redemption liabilities</b>
	<i>RMB’000</i>
At 1 January 2020	–
Grant of redemption right in Series A-1 financing	150,000
Changes in the carrying amount of redemption liabilities	167,461
	<u>317,461</u>
At 31 December 2020 and 1 January 2021	317,461
Grant of redemption right in Series A-2 financing as a result of exercise of Series A-1 investor’s right to subscribe for additional registered capital ( <i>Note 22(b)</i> )	257,295
Grant of redemption right in Series B financing	1,050,000
Effect of the paid-in capital transfer and granting redemption rights to the transferees ( <i>Note 26(b)</i> )	400,000
Changes in the carrying amount of redemption liabilities	182,094
Effect of the modification of the redemption rights	(334,006)
	<u>1,872,844</u>
At 31 December 2021 and 1 January 2022	1,872,844
Effect of the paid-in capital transfer and granting redemption rights to the transferee ( <i>Note 26(b)</i> )	120,961
Effect of the Series A-1 paid-in capital transfer with redemption rights ( <i>Note 27(c)</i> )	207,760
Changes in the carrying amount of redemption liabilities	178,596
	<u>2,380,161</u>
At 31 December 2022 and 1 January 2023	2,380,161
Grant of redemption right in Series C financing	285,714
Changes in the carrying amount of redemption liabilities	55,051
	<u>2,720,926</u>
At 31 March 2023	<u>2,720,926</u>

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From July 2020 to February 2023, the Company conducted several rounds of financing by issuing registered capital to investors and the investors were granted a right to put back to the Company the registered capital acquired upon the occurrence of any of the following events: (i) no qualified [REDACTED] has been consummated within five (5) or six (6) years following the closing of series financing; (ii) any material breach of the agreements made with the financing investors under the transaction documents; (iii) any founding shareholders resign or is unable to act as the key management or core staff due to any subjective reasons before a qualified [REDACTED]; (iv) the other financing investors required the Company to redeem their registered capital based on the above events (i), (ii) and (iii).

The redemption price is as follows:

- For the Series A-1 and A-2 investors, the redemption price is the higher of (i) the investment amount paid by the investors, plus an annual compound interest rate of 10% on the investment amount for the period commencing from the relevant payment date of the investment amount to the date on which the investors receive payments for redemption, and any declared but undistributed dividends; and (ii) the market fair value of the paid-in capital with redemption rights required to be redeemed. Upon the Series B financing agreements dated on 12 April 2021, the redemption rights of the Series A-1 and A-2 investors were amended, such that (ii) above was removed. The changes in the carrying amount of the redemption liabilities as a result of such modification of RMB334,006,000 was charged to equity, since the modification is a transaction between the Company and its shareholders in their capacity as owners.
- For the Series B and Series C investors, the redemption price is the investment amount paid by the investors, plus an annual simple interest rate of 10% on the investment amount for the period commencing from the relevant payment date of investment amount to the date on which the investors receive payments for redemption, and any declared but undistributed dividends.

The redemption rights will automatically expire upon the [REDACTED] of the Company's shares on the Stock Exchange.

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**(b) Series A-1 investor’s right to subscribe for additional registered capital**

The movements of the Series A-1 investor’s right to subscribe for additional registered capital are set out below:

	<b>Series A-1 investor’s right to subscribe for additional registered capital</b>
	<i>RMB’000</i>
At 1 January 2020	–
Issuance of Series A-1 investor’s right	4,760
Changes in fair value through profit or loss	39,881
At 31 December 2020 and 1 January 2021	44,641
Changes in fair value through profit or loss	62,654
Exercise of Series A-1 investor’s right	(107,295)
At 31 December 2021, 31 December 2022 and 31 March 2023	–

In addition to the redemption right, the Series A-1 investor was granted a right to subscribe for additional registered capital up to RMB4,618,000 at a pre-determined enterprise value based on the revenue of the Group for the year ended 31 December 2020. This right would expire 12 months from the completion of the Series A-1 financing. In March 2021, the Series A-1 investor exercised the right and subscribe for additional registered capital of RMB4,618,000 at a consideration of RMB150,000,000.

The Series A-1 investor’s right to subscribe for additional registered capital is accounted for as a derivative financial liability measured at fair value through profit or loss.

**23 LEASE LIABILITIES**

The lease liabilities were repayable as follows as of the end of the reporting period:

**The Group:**

	<b>At 31 December</b>			<b>At 31 March</b>
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Within 1 year	4,720	7,611	8,957	8,107
After 1 year but within 2 years	4,155	6,772	5,022	5,328
After 2 years but within 5 years	3,927	1,632	6,027	3,708
	8,082	8,404	11,049	9,036
	12,802	16,015	20,006	17,143

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**24 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**(a) Current taxation in the consolidated statements of financial position represents:**

**The Group:**

	<b>Year ended 31 December</b>			<b>Three months ended 31 March</b>
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net balance of income tax payable at 1 January	3,849	2,597	6,814	5,882
Provision for the year/period <i>(Note 7(a))</i>	4,878	7,581	5,883	1,665
Income tax paid	<u>(6,130)</u>	<u>(3,364)</u>	<u>(6,815)</u>	<u>(3,345)</u>
Income tax payable at 31 December/31 March	<u>2,597</u>	<u>6,814</u>	<u>5,882</u>	<u>4,202</u>

**(b) Deferred tax assets not recognised**

In accordance with the accounting policy set out in Note 2(r), the Group has not recognised deferred tax assets in respect of cumulative unused tax losses and deductible temporary differences arising from the Company and certain subsidiaries of the Group of RMB0.6 million, RMB4.3 million, RMB52.1 million and RMB57.1 million as of 31 December 2020, 2021 and 2022 and 31 March 2023, as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

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**25 DEFERRED INCOME**

Various local government authorities have provided government grants to the Group for the purchase of certain property, plant and equipment and land-use-rights. Movements of the balances during the Track Record Period are as follows:

**The Group:**

	Year ended 31 December			Three months ended 31 March
	2020	2021	2022	2023
	RMB’000	RMB’000	RMB’000	RMB’000
At the beginning of the year	6,540	17,218	32,619	32,858
Government grants received during the year/period	10,678	17,160	3,622	6,145
Amortisation during the year/period	–	(1,759)	(3,383)	(910)
At the end of the year/period	<u>17,218</u>	<u>32,619</u>	<u>32,858</u>	<u>38,093</u>

**26 SHARE-BASED PAYMENTS**

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Share awards (Note 26(a))	–	–	690,986	–	–
Transfers of paid-in capital among the equity shareholders (Notes 22(a) and 26(b))	–	187,348	48,583	–	–
	<u>–</u>	<u>187,348</u>	<u>739,569</u>	<u>–</u>	<u>–</u>

**(a) Share awards**

During the year ended 31 December 2022, RMB9,236,155 paid-in capital of Shenyang Shiyue Zhongxin Enterprise Management Consulting Partnership (Limited Partnership) (“Shiyue Zhongxin”), one of the Company’s shareholders, were granted to Mr. Wang Bing and Ms. Zhao Wenjun at a price of RMB1 per unit paid-in capital by allocation of the partnership interests of Shiyue Zhongxin. The share awards were vested immediately at the grant date.



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The grant date fair value of the share-based payments is measured at the difference between the fair value of RMB75.8 per unit paid-in capital at the grant date and the price of RMB1 per unit paid-in capital.

**(b) Transfers of paid-in capital among the equity shareholders**

Simultaneous with the Series B financing in April 2021, two investors purchased RMB3,681,000 paid-in capital at RMB108.7 per unit paid-in capital from Shenyang Shiyue Daotian Enterprise Management Consulting Partnership (Limited Partnership) (“Shiyue Daotian Enterprise Management”), controlled by certain senior managements of the Group. The new investors were immediately granted redemption rights after the paid-in capital transferred. The difference of RMB187,348,000 between the consideration of RMB400,000,000 paid to Shiyue Daotian Enterprise Management and the fair value of RMB212,652,000 of the transferred paid-in capital, was recognised as share-based compensation expenses in profit or loss.

Simultaneous with the Series C financing in October 2022, a new investor purchased RMB955,000 paid-in capital at RMB126.7 per unit paid-in capital from Shiyue Daotian Enterprise Management, controlled by certain senior managements of the Group. The new investor was immediately granted redemption right after the paid-in capital transferred. The difference of RMB48,583,000 between consideration of RMB120,961,000 paid to Shiyue Daotian Enterprise Management and the fair value of RMB72,377,000 of the transferred paid-in capital, was recognised as share-based compensation expenses in profit or loss.

**27 CAPITAL, RESERVES AND DIVIDENDS**

**(a) Movements in components of equity**

The reconciliation between the opening and closing balances of each component of the Group’s consolidated equity during the Track Record Period are set out in the consolidated statements of changes in equity. Details of the changes in the Company’s individual components of equity are set out below:

	Paid-in capital	Capital reserve	Other reserve	Statutory reserve	(Accumulated losses)/retained profits	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
	<i>(Note 27(b))</i>	<i>(Note 27(d))</i>	<i>(Note 27(e))</i>	<i>(Note 27(f))</i>		
<b>At 1 January 2020</b>	40,000	–	–	–	(2,473)	37,527
Changes in equity for 2020:						
Profit and total comprehensive income for the year	–	–	–	–	169,580	169,580
Capital contributions <i>(Note 27(b))</i>	38,203	137,501	–	–	–	175,704
Recognition of redemption liabilities for the preferential rights <i>(Note 22(a))</i>	–	–	(150,000)	–	–	(150,000)
Appropriation to statutory reserve	–	–	–	16,711	(16,711)	–
<b>At 31 December 2020 and 1 January 2021</b>	78,203	137,501	(150,000)	16,711	150,396	232,811
Changes in equity for 2021:						
Loss and total comprehensive income for the year	–	–	–	–	(288,035)	(288,035)

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	Paid-in capital	Capital reserve	Other reserve	Statutory reserve	(Accumulated losses)/retained profits	Total
	RMB’000 (Note 27(b))	RMB’000 (Note 27(d))	RMB’000 (Note 27(e))	RMB’000 (Note 27(f))	RMB’000	RMB’000
Capital contributions (Note 27(b))	14,281	1,280,586	-	-	-	1,294,867
Recognition of redemption liabilities for the preferential rights (Note 22(a))	-	-	(1,307,295)	-	-	(1,307,295)
Transfer of paid-in capital among the equity shareholders (Note 26(b))	-	-	(212,652)	-	-	(212,652)
Effect of the modification of the redemption rights (Note 22(a))	-	-	334,006	-	-	334,006
<b>At 31 December 2021 and 1 January 2022</b>	<b>92,484</b>	<b>1,418,087</b>	<b>(1,335,941)</b>	<b>16,711</b>	<b>(137,639)</b>	<b>53,702</b>
Changes in equity 2022:						
Loss and total comprehensive income for the year	-	-	-	-	(271,611)	(271,611)
Capital contributions (Note 27(b)) (Note)	6,961	21,449	-	-	-	28,410
Transfer of paid-in capital among the equity shareholders (Note 26(b))	-	-	(72,377)	-	-	(72,377)
Share-based payments (Note 26(a))	-	690,986	-	-	-	690,986
Dividends to shareholders (Note 27(c))	-	-	-	-	(200,000)	(200,000)
Deemed distribution (Note 27(c))	-	-	(207,760)	-	-	(207,760)
<b>At 31 December 2022</b>	<b>99,445</b>	<b>2,130,522</b>	<b>(1,616,078)</b>	<b>16,711</b>	<b>(609,250)</b>	<b>21,350</b>
	<b>Paid-in capital/share capital</b>	<b>Capital reserve</b>	<b>Other reserve</b>	<b>Statutory reserve</b>	<b>(Accumulated losses)/retained profits</b>	<b>Total</b>
	RMB’000 (Note 27(b))	RMB’000 (Note 27(d))	RMB’000 (Note 27(e))	RMB’000 (Note 27(f))	RMB’000	RMB’000
<b>At 1 January 2023</b>	<b>99,445</b>	<b>2,130,522</b>	<b>(1,616,078)</b>	<b>16,711</b>	<b>(609,250)</b>	<b>21,350</b>
Changes in equity for the three months ended 31 March 2023:						
Profit and total comprehensive income for the period	-	-	-	-	238,846	238,846
Capital contributions (Note 27(b))	2,030	279,960	-	-	-	281,990
Recognition of redemption liabilities for the preferential rights (Note 22(a))	-	-	(285,714)	-	-	(285,714)
Conversion into a joint stock limited liability company (Note 27(b))	-	(1,717,998)	1,335,941	(16,711)	398,768	-
<b>At 31 March 2023</b>	<b>101,475</b>	<b>692,484</b>	<b>(565,851)</b>	<b>-</b>	<b>28,364</b>	<b>256,472</b>

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	Paid-in capital	Capital reserve	Other reserve	Statutory reserve	Accumulated losses	Total
	<i>RMB’000</i> <i>(Note 27(b))</i>	<i>RMB’000</i> <i>(Note 27(d))</i>	<i>RMB’000</i> <i>(Note 27(e))</i>	<i>RMB’000</i> <i>(Note 27(f))</i>	<i>RMB’000</i>	<i>RMB’000</i>
<i>(unaudited)</i>						
<b>At 1 January 2022</b>	92,484	1,418,087	(1,335,941)	16,711	(137,639)	53,702
Change in equity for the three months ended 31 March 2022:						
Loss and total comprehensive income for the period	-	-	-	-	(43,675)	(43,675)
<b>At 31 March 2022</b>	<u>92,484</u>	<u>1,418,087</u>	<u>(1,335,941)</u>	<u>16,711</u>	<u>(181,314)</u>	<u>10,027</u>

*Note:* On 27 December 2022, certain shareholders paid further RMB21,449,000 to compensate their prior assets contributions as paid-in capital which were invested and transferred to the Group in 2005 and 2017. As the prior assets continued to be owned and used by the Group, the additional paid amounts were credited to the capital reserve.

**(b) Paid-in capital/share capital**

**(i) Paid-in capital**

For the purpose of the Historical Financial Information, the paid-in capital of the Group represents the paid-in capital of the Company before it was converted into a joint stock company with limited liability.

	<b>Paid-in capital</b>
	<i>RMB’000</i>
<b>At 1 January 2020</b>	40,000
Issuance of capital to the founding shareholders	30,000
Issuance of capital to the Series A-1 investor	<u>8,203</u>
<b>At 31 December 2020 and 1 January 2021</b>	78,203
Issuance of capital to the Series A-2 investor <i>(Note 22(b))</i>	4,618
Issuance of capital to the Series B investors	<u>9,663</u>
<b>At 31 December 2021 and 1 January 2022</b>	92,484
Issuance of capital to Shiyue Zhongxin	<u>6,961</u>
<b>At 31 December 2022 and 1 January 2023</b>	99,445
Conversion into a joint stock company <i>(Note 27(b)(ii))</i>	<u>(99,445)</u>
<b>At 31 March 2023</b>	<u>-</u>

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On 17 August 2020, the Company’s paid-in capital was increased by RMB30,000,000 by all shareholders at a cash consideration of RMB30,000,000.

On 17 August 2020, the Company’s paid-in capital was increased by RMB8,203,000 by series A-1 investor and granted series A-1 investor a right to subscribe for additional registered capital at a total cash consideration of USD22,100,000 (approximately RMB150,464,000), which was fully paid in September 2020. The excess of the aggregate cash consideration of RMB150,464,000 over the increase in the paid-in capital of RMB8,203,000 and the fair value of the Series A-1 investor’s right to subscribe for additional registered capital of RMB4,760,000, amounting to RMB137,501,000 was credited to the capital reserve.

From March to June 2021, the Company’s paid-in capital was increased by RMB14,281,000 at a cash consideration of RMB1,200,572,000 and at a conversion of series A-1 investor’s rights to subscribe for additional registered capital (Note 22(b)) amounting to RMB107,295,000. The cash consideration was fully paid in 2021. The excess of the aggregate consideration of RMB1,307,867,000 over the increase in the paid-in capital of RMB14,281,000, net of transaction costs of RMB13,000,000, amounting to RMB1,280,586,000 was credited to the capital reserve.

*(ii) Share capital*

	<b>Number of original shares</b>	<b>Share capital</b>
	’000	RMB’000
<b>Issued and fully paid</b>		
<b>At 1 January 2023</b>	–	–
Issurance of ordinary shares upon conversion into a joint stock company	99,445	99,445
Issurance of ordinary shares	2,030	2,030
<b>At 31 March 2023</b>	<b>101,475</b>	<b>101,475</b>

On 6 January 2023, the Company was converted into a joint stock limited liability company and issued 99,445,074 shares with a par value of RMB1 each.

On 17 January 2023, the Company completed the Series C financing and 2,029,491 new shares of the Company were issued to the Series C investor with a consideration of USD42,333,000 (approximately RMB285,292,000), which was fully paid in February 2023. The excess of the aggregate consideration of RMB285,292,000 over the increase in the share capital of RMB2,030,000, net of transaction costs of RMB3,302,000, amounting to RMB279,960,000 was credited to the capital reserve.

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**(c) Dividends**

During the Track Record Period, subsidiaries of the Group and the Company made the following distributions to the equity shareholders:

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
				<i>(unaudited)</i>	
Wuchang Caiqiao	215,960	–	40,000	–	300,000
Shenyang Xinchang	213,177	–	40,000	–	–
	<u>429,137</u>	<u>–</u>	<u>80,000</u>	<u>–</u>	<u>300,000</u>
The Company	<u>–</u>	<u>–</u>	<u>200,000</u>	<u>–</u>	<u>–</u>

Prior to the completion of the Reorganisation, on 20 May 2020 and 4 August 2020, Shenyang Xinchang and Wuchang Caiqiao declared distributed dividends of RMB10,000,000 and RMB40,000,000, respectively, to the then equity shareholders of the Company.

Simultaneous with the Series C financing in October 2022, a new investor purchased RMB1,988,901 paid-in capital at RMB126.7 per unit paid-in capital from a series A investor. The difference of RMB207,760,000 between consideration of RMB252,000,000 and the carrying amount of the redemption liabilities of RMB44,240,000 of the transferred paid-in capital, was recognised in the other reserve as deemed distribution.

**(d) Capital reserve**

The capital reserve comprises: (i) the differences between the net considerations received and the nominal amount of paid-in capital/share capital issued by the Company; (ii) the grant date fair value of share awards which have been granted to and exercised by certain managements of the Group during the reporting periods; and (iii) the differences between the net assets received and the total amount of the par value of shares issued in relation to the conversion into a joint stock company as disclosed in Note 27(b)(ii).

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**(e) Other reserve**

The other reserve includes reserve arising from the Reorganisation, amounts in relation to the initial recognition and modification of the redemption liabilities, transactions with the Company's shareholders and deemed distribution as set out in Note 27(c).

**(f) Statutory reserve**

In accordance with relevant PRC laws and regulations and the articles of association of subsidiaries of the Group established in the PRC, these subsidiaries were required to set up certain statutory reserves, which were non-distributable, to transfer 10% of their net profit to their respective statutory reserves until the respective reserves reach 50% of the respective registered capital. The statutory reserves can only be utilised for predetermined means upon approval by the shareholders' meeting.

**(g) Capital management**

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

**28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS**

Exposure to credit, liquidity and interest rate risks arises in the normal course of the Group's business. The Group is not exposed to significant currency risk.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

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### (a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents and bills receivables is limited because the counterparties are banks and financial institutions with high credit standing, for which the Group considers to have low credit risk. Deposits and amounts due from the e-commerce platforms, deposits for bidding and purchase of land-use-rights, guarantee deposits, other receivables and deposits have been classified as other receivables. For the purposes of internal credit risk management, the Group has applied the general approach in IFRS 9 to measure the loss allowance at 12-month ECLs as there is no significant increase in credit risk since initial recognition. The Group determines the expected credit losses for these assets by assessment of probability of default, loss given default and exposure at default. As at the end of each reporting period, in view of the nature of these balances and historical settlement record, the Group considers that the provision of ECL allowance for these assets was not significant.

The Group does not provide any guarantees which would expose the Group to credit risk.

### *Trade receivables*

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At 31 December 2020, 2021 and 2022 and 31 March 2023, 46%, 36%, 27% and 18% of the total trade receivables, respectively, were due from the Group's largest debtor, and 72%, 84% and 74% and 60% of the total trade receivables, respectively, were due from the Group's five largest debtors. The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

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The following table provides information about the Group’s exposure to credit risk and ECLs for trade receivables as at 31 December 2020, 2021 and 2022 and 31 March 2023:

<b>At 31 December 2020</b>			
	<b>Expected loss rate</b>	<b>Gross carrying amount</b>	<b>Loss allowance</b>
		<i>RMB’000</i>	<i>RMB’000</i>
Current (not past due)	0.1%	37,866	24
Within 3 months past due	0.2%	46,720	116
4 to 6 months past due	2.0%	4,623	91
7 to 12 months past due	10.1%	995	100
1 to 2 years past due	41.8%	268	112
		<u>90,472</u>	<u>443</u>
		<u><u>90,472</u></u>	<u><u>443</u></u>
<b>At 31 December 2021</b>			
	<b>Expected loss rate</b>	<b>Gross carrying amount</b>	<b>Loss allowance</b>
		<i>RMB’000</i>	<i>RMB’000</i>
Current (not past due)	0.1%	180,423	49
Within 3 months past due	0.1%	112,051	154
4 to 6 months past due	2.5%	10,834	274
7 to 12 months past due	16.4%	6,277	1,029
1 to 2 years past due	46.2%	93	43
Over 2 years past due	100.0%	10	10
		<u>309,688</u>	<u>1,559</u>
		<u><u>309,688</u></u>	<u><u>1,559</u></u>



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**At 31 December 2022**

	<b>Expected loss rate</b>	<b>Gross carrying amount</b>	<b>Loss allowance</b>
		<i>RMB’000</i>	<i>RMB’000</i>
Current (not past due)	0.1%	186,777	119
Within 3 months past due	0.5%	205,116	925
4 to 6 months past due	18.0%	8,712	1,565
7 to 12 months past due	35.7%	1,521	543
1 to 2 years past due	36.7%	218	80
		<u>402,344</u>	<u>3,232</u>

**At 31 March 2023**

	<b>Expected loss rate</b>	<b>Gross carrying amount</b>	<b>Loss allowance</b>
		<i>RMB’000</i>	<i>RMB’000</i>
Current (not past due)	0.1%	55,912	32
Within 3 months past due	0.2%	118,133	205
4 to 6 months past due	8.6%	18,738	1,618
7 to 12 months past due	24.6%	2,260	555
1 to 2 years past due	47.4%	228	108
over 2 years past due	100.0%	10	10
		<u>195,281</u>	<u>2,528</u>

Expected loss rates are based on actual loss experience over the past recent years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group’s view of economic conditions over the expected lives of the receivables.

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Movements in the loss allowance account in respect of trade receivables during the Track Record Period are as follows:

	Year ended 31 December			Three months ended 31 March
	2020	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Balance at 1 January	92	443	1,559	3,232
Impairment losses charged/(reversed) during the year/period	368	1,245	9,698	(704)
Write-off of impairment losses	(17)	(129)	(8,025)	–
Balance at 31 December/31 March	<u>443</u>	<u>1,559</u>	<u>3,232</u>	<u>2,528</u>

**(b) Liquidity risk**

The treasury function is centrally managed by the Group, which includes the short-term investment of cash surpluses and the raising of funds to cover expected cash demands. The Group’s policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions and investors to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of each reporting period of the Group’s financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	At 31 December 2020				
	Contractual undiscounted cash outflow				
	Within 1 year or demand	1 year to 2 years	2 years To 5 years	Total	Carrying amount
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Bank and other loans	284,241	–	–	284,241	279,064
Trade and other payables measured at amortised cost	172,233	–	–	172,233	172,233
Lease liabilities	4,863	4,451	4,394	13,708	12,802
	<u>461,337</u>	<u>4,451</u>	<u>4,394</u>	<u>470,182</u>	<u>464,099</u>

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<b>At 31 December 2021</b>					
<b>Contractual undiscounted cash outflow</b>					
	<b>Within 1 year or on demand</b>	<b>1 year to 2 years</b>	<b>2 years to 5 years</b>	<b>Total</b>	<b>Carrying amount</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Bank and other loans	52,000	–	–	52,000	50,000
Trade and other payables measured at amortised cost	166,884	–	–	166,884	166,884
Lease liabilities	7,900	7,248	1,877	17,025	16,015
	<u>226,784</u>	<u>7,248</u>	<u>1,877</u>	<u>235,909</u>	<u>232,899</u>
<b>At 31 December 2022</b>					
<b>Contractual undiscounted cash outflow</b>					
	<b>Within 1 year or on demand</b>	<b>1 year to 2 years</b>	<b>2 years to 5 years</b>	<b>Total</b>	<b>Carrying amount</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Bank and other loans	408,393	–	–	408,393	394,905
Trade and other payables measured at amortised cost	299,461	–	–	299,461	299,461
Lease liabilities	9,133	5,985	6,713	21,831	20,006
	<u>716,987</u>	<u>5,985</u>	<u>6,713</u>	<u>729,685</u>	<u>714,372</u>
<b>At 31 March 2023</b>					
<b>Contractual undiscounted cash outflow</b>					
	<b>Within 1 year or on demand</b>	<b>1 year to 2 years</b>	<b>2 years to 5 years</b>	<b>Total</b>	<b>Carrying amount</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Bank and other loans	389,177	–	–	389,177	383,409
Trade and other payables measured at amortised cost	208,474	–	–	208,474	208,474
Lease liabilities	8,272	5,682	4,096	18,050	17,143
	<u>605,923</u>	<u>5,682</u>	<u>4,096</u>	<u>615,701</u>	<u>609,026</u>

In addition to the above, the Group was also exposed to liquidity risk arising from financial instruments issued to investors at 31 December 2020, 2021 and 2022 and 31 March 2023, the payment terms of which are further disclosed in Note 22.

**(c) Interest rate risk**

**(i) Interest rate profile**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group’s interest rate risk arises primarily from interest-bearing borrowings issued at variable rates and at fixed rates, which expose the Group to cash flow interest rate risk and fair value interest rate risk, respectively.

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The following table details the interest rate profile of the Group's borrowings at the end of each reporting period.

	At 31 December 2020		At 31 December 2021		At 31 December 2022		At 31 March 2023	
	Effective interest rate	RMB'000	Effective interest rate	RMB'000	Effective interest rate	RMB'000	Effective interest rate	RMB'000
	%		%		%		%	
<b>Fixed rate borrowings:</b>								
- Bank and other loans	3.35%-7.30%	274,064	4.00%-5.40%	50,000	4.10%-5.00%	274,769	3.50%-4.10%	183,409
- Lease liabilities	4.75%	12,802	4.75%	16,015	4.3%-4.75%	20,006	4.3%-4.75%	17,143
		<u>286,866</u>		<u>66,015</u>		<u>294,775</u>		<u>200,552</u>
<b>Variable rate borrowings:</b>								
- Bank and other loans	4.25%	5,000		-	3.70%	120,136	3.70%	200,000
		<u>5,000</u>		<u>-</u>		<u>120,136</u>		<u>200,000</u>
<b>Total borrowings</b>		<u>291,866</u>		<u>66,015</u>		<u>414,911</u>		<u>400,552</u>
<b>Fixed rate borrowings as a percentage of total borrowings</b>		<u>98%</u>		<u>100%</u>		<u>71%</u>		<u>50%</u>

**(ii) Sensitivity analysis**

At 31 December 2020, 2021 and 2022 and 31 March 2023, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit/(loss) after tax and retained profits/(accumulated losses) by approximately RMB50,000, RMBNil, RMB1,201,000 and RMB2,000,000, respectively.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax and retained profits that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax and retained profits is estimated as an annualised impact on interest expense or income of such a change in interest rates.

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**(d) Currency risk**

The Group is not exposed to significant foreign currency risk since financial assets and liabilities denominated in currencies other than the functional currencies of the Company and its subsidiaries are not significant.

**(e) Fair value measurement**

**(i) Assets and liabilities measured at fair value**

*Fair value hierarchy*

The following table presents the fair value of the Group’s financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

The following table presents the Group’s financial assets and financial liabilities that are measured at fair value at the end of each reporting date:

	Fair value at 31 December 2020 <i>RMB’000</i>	Fair value at 31 December 2021 <i>RMB’000</i>	Fair value measurements as at 31 December 2020 categorised into		Fair value measurements as at 31 December 2021 categorised into
			Level 2	Level 3	Level 2
			<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Wealth management products	20,000	30,000	20,000	–	30,000
Series A-1 investor’s right to subscribe for additional registered capital	44,641	–	–	44,641	–

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During the Track Record Period, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group’s policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

### Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of wealth management products is determined with reference to the quotation published by the issuing bank as at the end of the year.

### Information about Level 3 fair value measurements

As at 31 December 2020, the Group applied the discount cash flow method to determine the underlying equity value of the Group and adopted the Black-Scholes model to determine the fair value of the Series A-1 investor’s right to subscribe for additional registered capital. Key assumptions are set as below:

	<b>At 31 December 2020</b>
Risk-free interest rate	2.45%
Volatility	<u>54%</u>

As at 31 December 2020, if all other variables held constant, an increase/decrease in the risk free rate by 1% would have a decrease/increase impact on the Group’s profit after tax by RMB370,000 and RMB373,000, respectively.

As at 31 December 2020, if all other variables held constant, an increase/decrease in the expected volatility by 5% would have a decrease/increase impact on the Group’s profit after tax by RMB559,000 and RMB579,000, respectively.

### *(ii) Fair value of financial assets and liabilities carried at other than fair value*

The carrying amounts of the Group’s financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 December 2020, 2021 and 2022 and 31 March 2023.

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**29 COMMITMENTS**

(a) Capital commitments outstanding at 31 December 2020, 2021 and 2022 and 31 March 2023 not provided for in the Historical Financial Information were as follows:

	At 31 December			At
	2020	2021	2022	31 March
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>2023</i>
Contracted for	<u>147,607</u>	<u>182,114</u>	<u>115,186</u>	<u>95,042</u>

**30 MATERIAL RELATED PARTY TRANSACTIONS**

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company’s directors and supervisors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows:

	Year ended 31 December			Three months ended	
	2020	2021	2022	31 March	
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
				<i>(unaudited)</i>	
Salaries, allowances and benefits in kind	2,182	3,242	6,100	815	1,918
Discretionary bonuses	20	–	16,991	–	–
Contributions to defined contribution retirement schemes	13	96	285	25	104
Share-based payment expenses	–	187,348	739,569	–	–
	<u>2,215</u>	<u>190,686</u>	<u>762,945</u>	<u>840</u>	<u>2,022</u>

Total remuneration is included in “staff costs” (see Note 6(b)).

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**(b) Names and relationships of the related parties that had material transactions with the Group during the Track Record Period:**

<u>Name of related parties</u>	<u>Nature of relationship</u>
Mr. Wang Bing	Controlling shareholder of the Company
Ms. Zhao Wenjun	Shareholder and director of the Company
Ms. Zhao Shujuan	Shareholder and supervisor of the Company
Ms. Zhao Shumei	A close family member of directors and a supervisor of the Company
Ms. Zhao Shulan	Shareholder and director of the Company
Mr. Shu Minghe	Shareholder and director of the Company
Mr. Zhao Wenchen	Shareholder of the Company and key management of the Group
Ms. Wang Yue	A close family member of Mr. Wang Bing
Mr. Shu Baoxing	A close family member of Mr. Shu Minghe
Mr. Zheng Yunwei	A close family member of Ms. Zhao Shulan
Ms. Qiao Mingjie	A close family member of Mr. Zhao Wenchen
Ms. Lu Yao	A close family member of Mr. Shu Minghe
Ms. Zhao Yangqi	A close family member of Ms. Zhao Shujuan
Mr. Guo Yang	A close family member of Ms. Zhao Shujuan
Ms. Chen Hua	Senior management of the Company
Wuchang Daoran Rice Planting Professional Cooperative (五常市道然水稻種植專業合作社) (Note (i))	Entity controlled by Mr. Zhao Wenchen
Wuchang Qiaoyatou Rice Planting Professional Cooperative (五常市俏丫水稻種植專業合作社) (Note (i))	Entity controlled by Mr. Zhao Wenchen



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<b>Name of related parties</b>	<b>Nature of relationship</b>
Wuchang Chaihuodayuan Rice Planting Professional Cooperative (五常市柴火大院水稻種植專業合作社) (Note (i))	Entity controlled by Mr. Zhao Wenchen
Wuchang Yanran Rice Planting Professional Cooperative (五常市言然水稻種植專業合作社) (Note (i))	Entity controlled by Mr. Zhao Wenchen
Wuchang Yeran Rice Planting Professional Cooperative (五常市野然水稻種植專業合作社) (Note (i))	Entity controlled by Mr. Zhao Wenchen
Shenyang Xinchang Planting Professional Cooperative (瀋陽信昌種植專業合作社) (Note (i))	Entity controlled by Ms. Zhao Shujuan
Wuchang Shenmi Rice Planting Professional Cooperative (五常市紳米水稻種植專業合作社) (Note (i))	Entity controlled by Mr. Zhao Wenchen
Xinmin Damintun Town Jinyunong Family Farm (新民市大民屯鎮金玉農家庭農場) (Note (i))	Entity controlled by Mr. Guo Yang
Shenyang Jinyinong Grain Trading Co., Ltd. (瀋陽市金一農糧食貿易有限公司) (Note (i))	Entity controlled by Mr. Guo Yang
Beijing Junsheng Xinyue Trading Co., Ltd. (北京君盛欣悅貿易有限公司) (Note (i))	Entity controlled by Ms. Zhao Wenjun and Ms. Wang Yue
Beijing Heyulongsheng Trade Co., Ltd. (北京賀裕隆盛貿易有限公司) (Note (i))	Entity significantly influenced by Mr. Wang Bing
Shangahi Yunfeng Xinchuang Investment Management Limited (上海雲鋒新創投資管理有限公司) (Note (i))	Entity controlled by a director of the Company
Beijing Qicheng Century Consulting Co., Ltd. (北京啟承世紀諮詢有限公司) (Note (i))	Entity controlled by a director of the Company

*Note:*

- (i) The official names of these entities are in Chinese. The English translation is included for identification only.

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**(c) Transactions with related parties during the Track Record Period**

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
<b>Receiving of services</b>					
Entity controlled by Ms. Zhao Wenjun and Ms. Wang Yue	141	–	–	–	–
Entity significantly influenced by Mr. Wang Bing	12,925	–	–	–	–
Entity controlled by Mr. Guo Yang	499	550	550	138	217
	<u>13,565</u>	<u>550</u>	<u>550</u>	<u>138</u>	<u>217</u>
<b>Purchases of paddy</b>					
Entities controlled by Mr. Guo Yang	488	21,032	785	–	–
Entity controlled by Ms. Zhao Shujuan	14,722	29,524	–	–	–
Entities controlled by Mr. Zhao Wenchen	15,314	73,012	6,504	6,451	–
	<u>30,524</u>	<u>123,568</u>	<u>7,289</u>	<u>6,451</u>	<u>–</u>
<b>Sales of goods</b>					
Entity controlled by Mr. Guo Yang	421	225	29	28	–
Entity significantly influenced by Mr. Wang Bing	394	–	–	–	–
Shareholders, directors and supervisor of the Company	95	121	139	37	29
Close family members of directors or a supervisor of the Company	2	–	54	–	–
Entities controlled by directors of the Company	–	43	218	27	–
	<u>912</u>	<u>389</u>	<u>440</u>	<u>92</u>	<u>29</u>

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	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<b>Loan received from related parties</b>					
Mr. Shu Baoxing	12,930	-	-	-	-
<b>Repayment of loan received from related parties</b>					
Mr. Shu Baoxing	12,930	-	-	-	-
<b>Advances received from related parties</b>					
Entity controlled by Mr. Zhao Wenchen	1,500	-	-	-	-
Entity controlled by Ms. Zhao Shujuan	-	2,220	-	-	-
Mr. Zhao Wenchen	1,500	-	-	-	-
Mr. Guo Yang	2,000	-	-	-	-
Ms. Zhao Yangqi	1,000	-	-	-	-
Ms. Lu Yao	29,300	-	-	-	-
Ms. Wangyue	1,000	-	-	-	-
Ms. Chen Hua	150	-	-	-	-
	36,450	2,220	-	-	-
<b>Repayment of advances received from related parties</b>					
Entity controlled by Mr. Zhao Wenchen	1,500	-	1,500	-	-
Entity controlled by Ms. Zhao Shujuan	-	2,220	-	-	-
Mr. Zhao Wenchen	1,500	-	-	-	-
Mr. Guo Yang	2,000	-	-	-	-
Ms. Zhao Yangqi	1,000	-	-	-	-
Ms. Lu Yao	32,750	-	-	-	-
Ms. Wangyue	1,000	-	-	-	-
Ms. Chen Hua	150	-	-	-	-
	39,900	2,220	1,500	-	-
<b>Advances granted to related parties</b>					
Entity controlled by Mr. Zhao Wenchen	120	-	-	-	-
Entity controlled by Ms. Zhao Shujuan	15,271	-	-	-	-
	15,391	-	-	-	-

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	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<b>Repayment of advances granted to related parties</b>					
Entity controlled by Mr. Zhao Wenchen	120	-	-	-	-
Entity controlled by Ms. Zhao Shujuan	15,392	-	-	-	-
	<u>15,512</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Guarantees provided by related parties at the end of the reporting period</b>					
Mr. Wang Bing, Ms. Zhao Wenjun, Ms. Zhao Shulan, Mr. Zheng Yunwei, Mr. Shu Minghe and Mr. Zhao Wenchen	30,000	30,000	-	30,000	-
Mr. Wang Bing, Ms. Zhao Wenjun, Mr. Shu Minghe, Ms. Lu Yao, Mr. Zhao Wenchen and Ms. Qiao Mingjie	10,000	-	-	-	-
Ms. Zhao Shulan and Mr. Zheng Yunwei	-	20,000	-	30,000	-
Mr. Wang Bing, Ms. Zhao Wenjun, Ms. Zhao Shujuan, Ms. Zhao Shulan, Mr. Zhao Wenchen and Mr. Shu Minghe	-	-	224,769	-	-
Mr. Shu Minghe and Ms. Lu Yao	-	-	120,136	-	-
	<u>40,000</u>	<u>50,000</u>	<u>344,905</u>	<u>60,000</u>	<u>-</u>
<b>Interest expenses</b>					
Mr. Shu Baoxing	185	-	-	-	-
	<u>185</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The directors of the Company expect the above transactions in the form of (i) receiving of services; and (ii) sales of goods will be continued after the [REDACTED] of the Company’s shares on the Stock Exchange.

All guarantees provided by the related parties for the Group’s bank loans have been released.

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**(d) Balances with related parties as at the end of each reporting period**

	At 31 December			At
	2020	2021	2022	31 March
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>2023</i> <i>RMB’000</i>
<b>Trade in nature:</b>				
<b>Trade and other receivables</b>				
– Prepayments to suppliers				
Entity controlled by Ms.				
Zhao Shujuan	415	236	–	–
Entities controlled by Mr.				
Zhao Wenchen	76	50	–	–
Entity controlled by Mr. Guo				
Yang	–	138	138	138
	<u>491</u>	<u>424</u>	<u>138</u>	<u>138</u>
<b>Trade and other payables</b>				
<i>(Note 19)</i>				
Entity controlled by Mr. Zhao				
Wenchen	<u>1,143</u>	<u>–</u>	<u>–</u>	<u>–</u>
<b>Non-trade in nature:</b>				
<b>Trade and other payables</b>				
<i>(Note 19)</i>				
Entity controlled by Mr. Zhao				
Wenchen	<u>1,500</u>	<u>1,500</u>	<u>–</u>	<u>–</u>

All of the advances granted to and received from related parties are unsecured, non-interest bearing and have no fixed terms of repayment. All of the loans received from related parties are unsecured, interest-bearing and have no fixed terms of repayment.

**31 CONTINGENT LIABILITIES**

In March 2023, certain companies of the Group are named defendants on a lawsuit in respect of disputes on trademarks infringement. As at the date of this report, this lawsuit is under review before the court, and the Group’s bank deposits of RMB30.0 million has been frozen by the court for this lawsuit. Based on legal advices and assessment from the directors of the Company, no provision has been provided in respect of this claim.

**32 IMMEDIATE AND ULTIMATE CONTROLLING PARTY**

At 31 March 2023, the directors consider the immediate and ultimate controlling party of the Group to be Mr. Wang Bing.

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### 33 SUBSEQUENT EVENTS

#### (a) Impacts of flood in August 2023

In August 2023, areas in Northeast China such as Wuchang City have been affected by flood as the result of a period of prolonged heavy rainfall, which may impact the Group’s operations and financial performance. As far as the Group’s businesses are concerned, the potential impacts on the Group’s business operations could include but not limited to the shortage in raw material supply, the increase in raw material price and the decrease of the gross profit margin resulting from the failure to pass the incremental procurement costs of to customers. Accordingly, the Group has been closely monitoring whether the development may impact its business operations and financial performance and keep contingency measures in place and under review. These contingency measures include but not limited to, reassessing the adequacy and sustainability of the Group’s existing suppliers, expanding the supplier network or engaging additional OEM suppliers to secure inventory of raw materials to ensure the quality of our raw materials and support the production. The Group will keep the contingency measures under review as the situation evolves.

#### (b) Share split upon [REDACTED]

As approved by the Company’s shareholders’ general meeting held on 30 March 2023, immediately upon [REDACTED], the ordinary shares of the Company will be split on a one-for-ten basis, and the nominal value of the shares will be changed from RMB1.00 each to RMB0.10 each.

### 34 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ACCOUNTING PERIOD BEGINNING ON 1 JANUARY 2023

Up to date of issue of the Historical Financial Information, the IASB has issued a number of amendments which are not yet effective for the accounting period beginning on 1 January 2023 and which have not been adopted in the Historical Financial Information. These include the following.

	<b>Effective for accounting period beginning on or after</b>
Amendments to IAS 7 and IFRS 7, <i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to IAS 1, <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to IAS 1, <i>Non-current liabilities with covenants</i>	1 January 2024
Amendments to IFRS 16, <i>Lease liability in a sale and leaseback</i>	1 January 2024
Amendments to IFRS 10 and IAS 28, <i>Sale or contribution of assets between an investor and its associate or joint venture</i>	To be determined

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The Group is in the process of making an assessment of what the impact of these developments is expected to be in the initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

**SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to 31 March 2023.