



凤祥食品



INTERIM REPORT

2021中期報告



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

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

(於中華人民共和國註冊成立的股份有限公司)

股份代號 Stock Code : 9977

CONTENTS

目錄

CORPORATE INFORMATION	公司基本情況	2
MAJOR FINANCIAL INDICATORS AND KEY OPERATING DATA	主要財務指標及主要經營數據	5
MANAGEMENT DISCUSSION AND ANALYSIS	管理層討論及分析	8
CHANGES IN SHARE CAPITAL AND SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS	股本變動及主要股東持股情況	32
DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT	董事、監事及高級管理層情況	34
SIGNIFICANT EVENTS	重要事項	36
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	簡明綜合全面收益表	48
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITIONS	簡明綜合財務狀況表	50
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	簡明綜合權益變動表	52
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	簡明綜合現金流量表	54
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	簡明綜合財務報表附註	56

CORPORATE INFORMATION

公司基本情況

Legal Name in Chinese
法定中文名稱

山東鳳祥股份有限公司

Legal Name in English
法定英文名稱

Shandong Fengxiang Co., Ltd.

Legal Representative
法定代表

Mr. Liu Zhiguang
劉志光先生

Executive Directors
執行董事

Mr. Liu Zhiguang
劉志光先生
Mr. Xiao Dongsheng
肖東生先生
Mr. Wang Jinsheng
王進聖先生

Non-executive Directors
非執行董事

Mr. Liu Xuejing
劉學景先生
Mr. Zhang Chuanli
張傳立先生
Mr. Ow Weng Cheong
區永昌先生

Independent Non-executive Directors
獨立非執行董事

Mr. Guo Tianyong
郭田勇先生
Mr. Chung Wai Man
鍾偉文先生
Ms. Zhao Yinglin
趙迎琳女士

Supervisors
監事

Mr. Zhang Jun
張軍先生
Mr. Chen Dehe
陳德賀先生
Ms. Lian Xianmin
廉憲敏女士

Authorised Representatives
授權代表

Mr. Liu Zhiguang
劉志光先生
Mr. Shi Lei
石磊先生

Secretary to the board of directors (the “**Board of Directors**”)
董事會(「**董事會**」)秘書

Mr. Shi Lei
石磊先生

Joint Company Secretaries

聯席公司秘書

Mr. Shi Lei

石磊先生

Ms. Siu Pui Wah

蕭佩華女士

Registered Office

註冊辦事處

Liumiao Village, Anle Town, Yanggu County
Liaocheng City, Shandong Province

PRC

中國

山東省聊城市

陽穀縣安樂鎮劉廟村

Headquarters in the PRC

中國總部

Liumiao Village, Anle Town, Yanggu County
Liaocheng City, Shandong Province

PRC

中國

山東省聊城市

陽穀縣安樂鎮劉廟村

Company's Website

公司網站

www.fengxiang.com

Principal Place of Business in Hong Kong

香港主要營業地點

14th Floor, Golden Centre
188 Des Voeux Road Central
Hong Kong

香港

德輔道中188號

金龍中心14樓

Place of Listing of H Shares

H股上市地點

The Stock Exchange of Hong Kong Limited (the "Stock Exchange")

香港聯合交易所有限公司(「聯交所」)

Stock Short Name

股票簡稱

FENGXIANG CO

鳳祥股份

Stock Code

股份代號

9977

Website of the Stock Exchange for Publishing the Interim Report

登載中期報告的聯交所網站

www.hkexnews.hk

Location where copies of Interim Report are kept

中期報告備置地

Liumiao Village, Anle Town, Yanggu County
Liaocheng City, Shandong Province

PRC

中國

山東省聊城市

陽穀縣安樂鎮劉廟村

CORPORATE INFORMATION

公司基本情况

H Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
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Wanchai, Hong Kong
香港中央證券登記有限公司
香港灣仔
皇后大道東183號
合和中心
17樓1712-1716號舖

H股過戶登記處

Legal Adviser as to Hong Kong Laws

Fangda Partners
26th Floor, One Exchange Square
8 Connaught Place
Central
Hong Kong
方達律師事務所
香港
中環
康樂廣場8號
交易廣場1期26樓

香港法律顧問

Independent Auditor

BDO China SHU LUN PAN Certified Public Accountants LLP
901, 9th Floor, Building 7, Yard 16,
W. 4th Ring Middle Road,
Haidian District,
Beijing
立信會計師事務所(特殊普通合伙)
北京市
海淀區
西四環中路
16號院7號樓9層901

獨立核數師

Compliance Adviser

Southwest Securities (HK) Capital Limited
40/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong
西證(香港)融資有限公司
香港
銅鑼灣
希慎道33號
利園一期40樓

合規顧問

Principal Bankers

China Development Bank, Shandong Branch
Agricultural Development Bank of China, Yanggu Sub-Branch
Agricultural Bank of China Limited, Yanggu Sub-Branch
國家開發銀行山東省分行
中國農業發展銀行陽穀縣支行
中國農業銀行股份有限公司陽穀縣支行

主要往來銀行

MAJOR FINANCIAL INDICATORS AND KEY OPERATING DATA

主要財務指標及主要經營數據

KEY FINANCIAL DATA

主要財務數據

For the six months ended 30 June

截至6月30日止六個月

2021	2020
2021年	2020年
	As restated 經重述
RMB'000	RMB'000
人民幣千元	人民幣千元
(Unaudited)	(Unaudited)
(未經審核)	(未經審核)

Revenue	收入	1,969,445	1,902,759
Gross profit	毛利	224,683	384,139
Net profit/(loss)	淨利潤／(虧損)	(47,375)	161,000
Net profit/(loss) attributable to shareholders of the parent company	歸屬母公司股東的淨利潤／(虧損)	(46,722)	161,376
Basic earnings (loss) per share (in RMB)	每股基本盈利(虧損) (人民幣元)	(0.03)	0.15

MAJOR FINANCIAL INDICATORS AND KEY OPERATING DATA

主要財務指標及主要經營數據

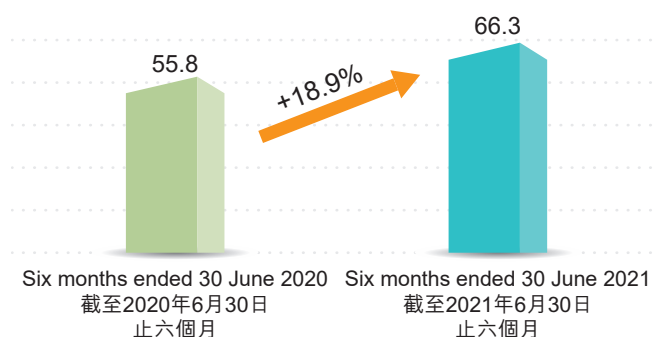
KEY OPERATING DATA

主要經營數據

White-feathered broilers bred

白羽肉雞飼養量

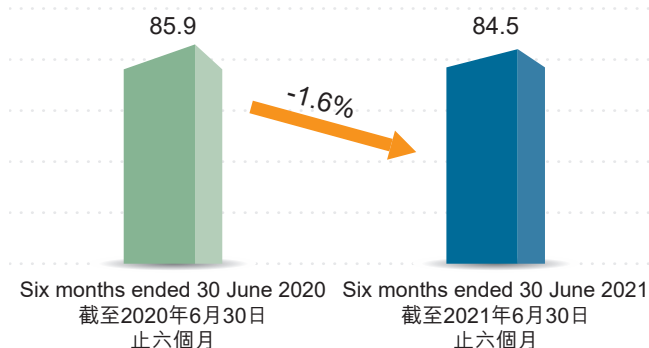
unit: million birds
單位：百萬隻



Sales volume of raw chicken meat products

生雞肉製品銷量

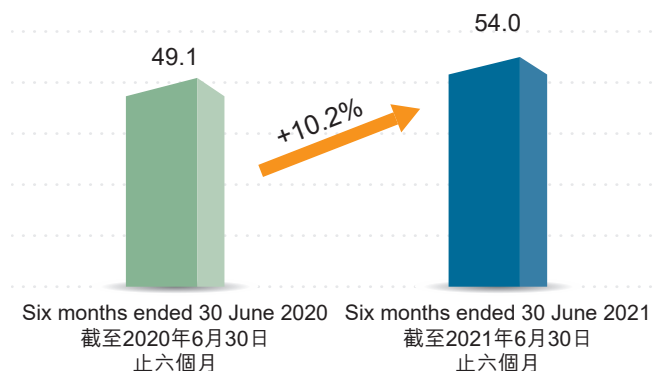
unit: million kg
單位：百萬千克



White-feathered broilers slaughtered

白羽肉雞屠宰量

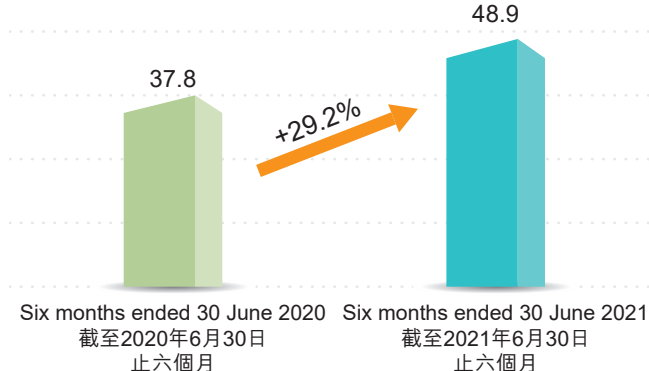
unit: million birds
單位：百萬隻



Sales volume of processed chicken meat products

深加工雞肉製品銷量

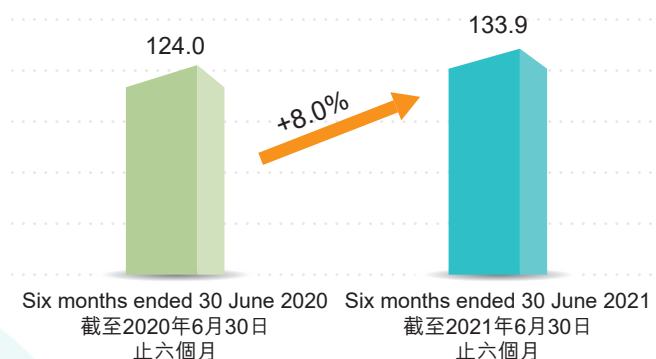
unit: million kg
單位：百萬千克



White-feathered broilers processed

白羽肉雞加工量

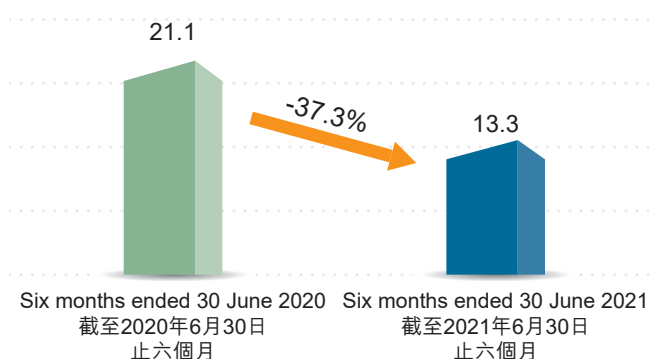
unit: million kg
單位：百萬千克



Sales volume of chicken breeds

雞苗銷量

unit: million birds
單位：百萬隻





優形雞胸肉累計銷售1億包

鳳祥豪取新零售大捷

Cumulative sales of 100 million packs of iShape's chicken breast products

Fengxiang's tremendous success in new retail

優形以首席合作夥伴的身份在淘寶造物節「C位出道」

iShape's "center-position debut" in Taobao Festival of Creation as a chief partner



優形強勢開啟夏季霸屏減脂季

iShape kicked off a summer weight loss season



優形系列的顛覆性新產品——不炸兀脆雞

Disruptive new product of iShape series — Buzhawu Crispy Chicken

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

MANAGEMENT DISCUSSION AND ANALYSIS

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

COMPANY PROFILE

Introduction

Shandong Fengxiang Co., Ltd. (the “**Company**” or “**Fengxiang**” together with its subsidiaries, the “**Group**”) is the largest white-feathered broiler meat exporter and the leading retail enterprise of chicken meat food in the People’s Republic of China (the “**PRC**”), which was established as a joint stock limited liability company in the PRC on 17 December 2010 and listed on the Main Board of the Stock Exchange on 16 July 2020 (stock code: 9977).

The Group is principally based in Shandong in the PRC and produces and sells processed chicken meat products and raw chicken meat products mainly from white-feathered broilers. The main products include (i) processed chicken meat products; (ii) raw chicken meat products; (iii) chicken breeds; and (iv) others. The Group also produced a small portion of chicken meat products from Sichuan Mountain Black-Bone Chicken bred in Sichuan in the PRC, in which part of the production facilities were based. Such business operation ceased on 28 May 2021 through a disposal of its 90% equity interests of Xingwen Tianyang Jishi Food Development Co., Ltd.* (興文天養極食食品發展有限公司) (“**Xingwen Tianyang**”) and Xingwen Tianyang ceased to be a subsidiary of the Company. Apart from its leading domestic market position in the PRC, the Group has an established and growing export business supplying a wide range of premium quality chicken meat products to overseas customers in Japan, Malaysia, the European Union, Korea, Mongolia and Singapore. The Group’s white-feathered chicken meat products are halal certified by adopting Islamic slaughter rituals.

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

管理層討論及分析

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

公司概況

簡介

山東鳳祥股份有限公司(「**本公司**」或「**鳳祥**」，連同其附屬公司統稱為「**本集團**」)為中華人民共和國(「**中國**」)最大的白羽肉雞出口商及領先的雞肉食品零售企業，於2010年12月17日在中國成立為股份有限公司，並於2020年7月16日在聯交所主板上市(股份代號：9977)。

本集團主要位於中國山東，主要用白羽肉雞生產及銷售深加工雞肉製品及生雞肉製品。主要產品包括(i)深加工雞肉製品；(ii)生雞肉製品；(iii)雞苗；及(iv)其他。本集團亦用於中國四川(部分生產設施位於此地)養殖的四川山地烏骨雞生產一小部分雞肉製品。該業務營運已於2021年5月28日透過出售興文天養極食食品發展有限公司(「**興文天養**」)的90%權益而終止且興文天養已不再為本公司附屬公司。除在中國國內市場的領先地位外，本集團亦擁有成熟並不斷壯大的出口業務，向日本、馬來西亞、歐盟、韓國、蒙古及新加坡的海外客戶供應多種優質雞肉製品。本集團的白羽雞肉製品採用伊斯蘭屠宰儀式進行清真認證。

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

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Business Segments

Processed Chicken Meat Products

The Group markets its processed chicken meat products under “鳳祥食品 (Fovo Foods)” (“**Fovo Foods**”), “優形 (iShape)” (“**iShape**”) and “五更爐 (Wu Genglu)” (“**Wu Genglu**”) brands. Processed chicken meat products comprise cooked, semi-cooked and seasoned chicken meat products. Depending on the processing methods, these processed products are required to be chilled or frozen. The raw chicken meat the Group uses in its processed chicken meat production is either supplied by itself, or procured from independent third party suppliers in the PRC and overseas. The cooked chicken meat products comprise ready-to-eat chicken meat products and frozen chicken meat products, which are fully cooked and sterilised (end consumers will need to reheat the frozen cooked chicken meat products before consumption according to the instructions provided on the packaging). The semi-cooked chicken meat products are processed, chilled or frozen and boxed (end consumers will need to further process (including steaming, grilling, roasting or frying) such semi-cooked chicken meat products before consumption according to the instructions provided on the packaging). The seasoned chicken meat products include raw chicken meat flavoured with certain ingredients or spices. The Group also offers ready-to-cook pre-prepared meal solutions, including Chinese cuisine. For the six months ended 30 June 2021, the sales volume of processed chicken meat products was 48.9 million kilogram (“**kg**”) (six months ended 30 June 2020: 37.8 million kg). Revenue from sale of processed chicken meat products (after elimination of inter-segment transactions) grew by 27.3% to RMB1,046.8 million for the six months ended 30 June 2021 (six months ended 30 June 2020: RMB822.0 million), representing 53.2% of the Group's total revenue.

業務分部

深加工雞肉製品

本集團以「鳳祥食品(Fovo Foods)」(「**鳳祥食品**」)、「優形(iShape)」(「**優形**」)及「五更爐(Wu Genglu)」(「**五更爐**」)品牌推廣深加工雞肉製品。深加工雞肉製品包括雞肉熟食製品、雞肉半熟食製品及調味雞肉製品。該等深加工產品需冷藏或冷凍，視乎加工方法而定。本集團於深加工雞肉生產中所使用的生雞肉由其自身供應，或向中國及海外的獨立第三方供應商採購。雞肉熟食製品包括即食雞肉製品及冷凍雞肉製品，均已完全煮熟並消毒(最終消費者於食用前需根據包裝上的指示重新加熱冷凍雞肉熟食製品)。雞肉半熟食製品已經加工、冷藏或冷凍及包裝(最終消費者於食用前需根據包裝上的指示進一步加工(包括清蒸、炙烤、燒烤或油炸)雞肉半熟食製品)。調味雞肉製品採用生雞肉與若干原料或香辛料調製而成。本集團亦提供預先加工的即烹肉類食品，包括中式菜餚。截至2021年6月30日止六個月，深加工雞肉製品的銷量為48.9百萬千克(「**千克**」)(截至2020年6月30日止六個月：37.8百萬千克)。銷售深加工雞肉製品所得收入(於對銷分部間交易後)增長27.3%至截至2021年6月30日止六個月的人民幣1,046.8百萬元(截至2020年6月30日止六個月：人民幣822.0百萬元)，佔本集團總收入的53.2%。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Raw Chicken Meat Products

The Group offers raw white-feathered chicken meat products, which include whole frozen chickens and chicken portions, such as chicken wings, chicken breast, chicken drumsticks, chicken drumettes, bone-in chicken thighs, boneless chicken fillets, chicken head, chicken feet and chicken legs. The Group's broilers are then cut into portions according to its internal or customers' requirements, which will be chilled or frozen depending on the product nature. For the six months ended 30 June 2021, the sales volume of raw chicken meat products decreased by 1.6% to 84.5 million kg (six months ended 30 June 2020: 85.9 million kg). Revenue from external sale of raw chicken meat products dropped by 15.8% to RMB811.0 million for the six months ended 30 June 2021 (six months ended 30 June 2020: RMB963.5 million), representing 41.2% of the Group's total revenue.

Chicken Breeds

The Group sells some of its chicken breeds hatched from broiler eggs to other independent third parties for breeding into broilers. The sales volume of the Group's chicken breeds is based on the average selling prices of chicken breeds, which is market-driven. The Group sells chicken breeds to local chicken farmers and other poultry business operators, who are independent third parties. For the six months ended 30 June 2021, the sales volume of chicken breeds was 13.3 million birds (six months ended 30 June 2020: 21.1 million birds). Revenue from external sale of chicken breeds dropped by 29.1% to RMB42.8 million for the six months ended 30 June 2021 (six months ended 30 June 2020: RMB60.3 million), representing 2.2% of the Group's total revenue.

Other Products

The Group sells other products, including sale of broilers that cannot satisfy the Group's quality requirements and excess broiler eggs that exceed the Group's internal needs, by-products (such as chicken feather, chicken blood and unused chicken organs), black-bone chicken meat products (such business operation ceased on 28 May 2021), packing materials and other miscellaneous products. Revenue from external sale of other products grew by 21.1% to RMB68.9 million for the six months ended 30 June 2021 (six months ended 30 June 2020: RMB56.9 million), representing 3.5% of the Group's total revenue.

生雞肉製品

本集團提供生白羽雞肉製品，其中包括冷凍全雞及雞部位，如雞翅尖、雞胸、雞小腿、雞翅根、帶骨雞腿、無骨雞柳、雞頭、雞爪及雞腿。本集團屆時將根據內部或客戶要求將肉雞切成各個部位，並根據產品性質將其冷藏或冷凍。截至2021年6月30日止六個月，生雞肉製品的銷量減少1.6%至84.5百萬千克（截至2020年6月30日止六個月：85.9百萬千克）。對外銷售生雞肉製品所得收入減少15.8%至截至2021年6月30日止六個月的人民幣811.0百萬元（截至2020年6月30日止六個月：人民幣963.5百萬元），佔本集團總收入的41.2%。

雞苗

本集團銷售一部分由種蛋孵化成的雞苗予其他獨立第三方，以飼養成肉雞。本集團的雞苗銷量基於受市場驅動的雞苗平均售價。本集團向當地雞農及其他家禽業務經營者（均為獨立第三方）銷售雞苗。截至2021年6月30日止六個月，雞苗的銷量為13.3百萬隻（截至2020年6月30日止六個月：21.1百萬隻）。對外銷售雞苗所得收入下跌29.1%至截至2021年6月30日止六個月的人民幣42.8百萬元（截至2020年6月30日止六個月：人民幣60.3百萬元），佔本集團總收入的2.2%。

其他產品

本集團銷售其他產品，包括銷售淘汰雞及超出本集團內部需要的多餘種蛋、副產品（如雞毛、雞血及尚未使用的雞隻內臟）、烏骨雞肉製品（該業務營運已於2021年5月28日終止）、包裝材料和其他雜項產品。截至2021年6月30日止六個月，對外銷售其他產品所得收入增長21.1%至人民幣68.9百萬元（截至2020年6月30日止六個月：人民幣56.9百萬元），佔本集團總收入的3.5%。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

BUSINESS REVIEW

During the six months ended 30 June 2021 (the “**Reporting Period**”), Fengxiang strived to adjust its product structure, upgrade its research and development (“**R&D**”) system, improved its logistics services and focus its resources on downstream development. The new retail business, the processed food business and the branded products business had all realised significant achievements. It has been another milestone for the development, transformation and upgrade process of Fengxiang in recent years.

During the Reporting Period, the Company achieved sales revenue of RMB1,969.4 million, representing a period-on-period growth of 3.5%. In particular, under the principle of “from raw to cooked”, the ratio of raw to cooked products was further optimised. Revenue from raw chicken meat products achieved RMB811.0 million, accounting for 41.2% (six months ended 30 June 2020: 50.6%) of the Group's total revenue. Revenue from processed chicken meat products amounted to RMB1,046.8 million, accounting for 53.2% (six months ended 30 June 2020: 43.2%) of the Group's total revenue. Revenue from chicken breeds and other non-core businesses amounted to RMB111.6 million, accounting for 5.7% (six months ended 30 June 2020: 6.2%) of the Group's total revenue.

In particular, the new retail business continued to expand and achieved sales revenue of RMB463.1 million, representing a period-on-period growth of 24.1%, and accounting for 23.5% (six months ended 30 June 2020: 19.6%) of the Group's total revenue.

iShape series products continued to maintain its rapid development, achieving sales revenue of RMB238.0 million with a period-on-period growth of 195.0%, which already outperformed its full year sales revenue in 2020 (year ended 31 December 2020: RMB230.9 million).

業務回顧

截至2021年6月30日止六個月(「**報告期**」)，鳳祥著力調整產品結構，升級研發(「**研發**」)體系，提高物流服務水平，集中資源發展下游，新零售業務、深加工食品業務與品牌性產品業務，均取得標誌性成就，是鳳祥近幾年的發展、轉型及升級過程中的另一個里程碑。

報告期內，公司實現銷售收入人民幣1,969.4百萬元，同比增長3.5%。其中，在「生變熟」思想的指導下，生熟產品比例進一步優化。生雞肉製品收入取得人民幣811.0百萬元，佔本集團總收入的41.2% (截至2020年6月30日止六個月：50.6%)。深加工雞肉食品業務收入取得人民幣1,046.8百萬元，佔本集團總收入的53.2% (截至2020年6月30日止六個月：43.2%)。雞苗及其他非核心業務收入取得人民幣111.6百萬元，佔本集團總收入的5.7% (截至2020年6月30日止六個月：6.2%)。

其中，新零售業務繼續擴張並實現銷售收入人民幣463.1百萬元，同比增長24.1%，佔本集團總收入的23.5% (截至2020年6月30日止六個月：19.6%)。

優形品牌系列產品繼續保持高速發展，取得銷售收入人民幣238.0百萬元同比增長195.0%，已經超越其2020年全年銷售收入(截至2020年12月31日止年度：人民幣230.9百萬元)。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Acceleration in Development of iShape and Continuous Increase in the Retail Weighting

1. Major Channels: Three Driving Forces, Steady Revenue, A Spike in Retail Business, Continuous Increase in Centralised Procurement Business and Pressure on Exports

During the Reporting Period, the Company achieved sales revenue of RMB1,969.4 million, representing a period-on-period increase of 3.5%. In particular:

(1) New Retail Business

Revenue from new retail business, representing the business-to-consumer (“B2C”) business of the Group providing Fovo Foods and iShape products through online e-commerce services, offline convenience stores and boutique supermarkets, amounted to RMB463.1 million, representing a period-on-period increase of 24.1%, which reflects the trend of continuous rapid growth.

- (a) online revenue amounted to RMB239.9 million, representing a period-on-period decrease of 7.8%. Based on the initiative to adjust the Group's product structure at the retail end, the proportion of sales of fresh food products has further decreased and the cooked food and branded processed products have realised qualitative changes from quantitative changes, with iShape series products reaching an online sales revenue of RMB142.7 million, representing a period-on-period increase of 247.4%, and accounting for 59.5% of the Group's total revenue for online retail business; and
- (b) offline revenue amounted to RMB223.2 million, representing a period-on-period increase of 97.7%, which highlighted the value of such sales channel.

優形發展加速，零售權重持續提升

1. 主要渠道：三駕馬車，收入企穩，零售突進，集採續增，出口承壓

報告期內，公司取得銷售收入人民幣1,969.4百萬元，同比增長3.5%。其中：

(1) 新零售業務

來自新零售業務的收入為人民幣463.1百萬元，同比增長24.1%，反映了持續高速增長的態勢。新零售業務指本集團透過線上電商服務、線下便利店及精品商超等渠道提供鳳祥食品及優形產品的企業對消費者（「B2C」）業務。

- (a) 線上收入人民幣239.9百萬元，同比下降7.8%；基於本集團主動進行零售端產品的結構調整，生鮮製品的銷售佔比進一步下降，熟食與品牌深加工產品已經從量變實現質變，優形系列產品線上銷售收入達到人民幣142.7百萬元，同比增長247.4%，佔本集團線上零售業務總收入的59.5%；及
- (b) 線下收入人民幣223.2百萬元，同比增長97.7%，有關銷售渠道的價值已突顯。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

(2) New Centralised Procurement Business

Revenue from the new centralised procurement business was RMB428.6 million, representing a period-on-period increase of 14.1%, which demonstrated the effectiveness of model innovation.

(3) Export Business

Revenue from new export business was RMB373.1 million, representing a period-on-period decrease of 17.2%. Due to the impact of the coronavirus pandemic (COVID-19) ("COVID-19") along with the pressure on the supply of breeding, major overseas markets witnessed declines in revenue to varying degrees, while the Malaysian market managed to achieve a growth in revenue of 3.9%.

2. Major Products: Focusing on and Highlighting the Core Businesses, Proportion of Processed Food Products Reaching New High

The Group mainly offers processed chicken meat products, raw white-feathered chicken meat products and chicken breeds.

During the Reporting Period, the sale of chicken meat products as the Group's core business achieved sales revenue of RMB1,857.8 million, representing a period-on-period increase of 4.0% and accounting for 94.3% (six months ended 30 June 2020: 93.8%) of the Group's total revenue. In particular:

(1) Increase in Proportion of Processed Food Products

The proportion of revenue generated from processed chicken meat products increased to 53.2% (six months ended 30 June 2020: 43.2%).

(2) 新集採業務

新集採業務收入人民幣428.6百萬元，同比增長14.1%，模式創新已見成效。

(3) 出口業務

新出口業務收入人民幣373.1百萬元，同比下降17.2%。受到新冠病毒(「COVID-19」)與養殖供應壓力的迭加影響，海外主要市場有不同程度收入下降，但馬來西亞市場實現3.9%的收入增長。

2. 主要產品：聚焦與突出核心業務，深加工食品佔比再創新高

集團主要提供深加工雞肉食品、生白羽雞肉製品以及雞苗。

報告期內，銷售雞肉製品(本集團核心業務)取得銷售收入人民幣1,857.8百萬元，同比增長4.0%，佔本集團總收入的94.3%(截至2020年6月30日止六個月：93.8%)。其中：

(1) 加大深加工食品產品比重

來自深加工雞肉製品的收入佔比增至53.2%(截至2020年6月30日止六個月：43.2%)。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

(2) Decline in Proportion of Raw Chicken Meat Products

The proportion of raw chicken meat products continuously declined, mainly due to:

- (a) the Company continued to focus its strategy on downstream market, prioritised the pursuit of rapid expansion of its new retail business and increase in the proportion of processed chicken meat products, in optimising the “raw-to-cooked” ratio; and
- (b) the supply shortage and capacity constraints at the upstream breeding end of the Company during the Reporting Period.

3. Major Brands: Acceleration in the Development of iShape, Optimisation of Fovo Foods, and Steady Development of Wu Genglu

(1) iShape Series

During the Reporting Period, the Company focused its resources on the development of iShape. The sales revenue of the iShape series products amounted to RMB238.0 million, representing a period-on-period increase of 195.0%, which has already outperformed its full year sales revenue in 2020 (year ended 31 December 2020: RMB230.9 million). In particular, the growth rate of sales on online and offline platforms were 247.4% and 140.7%, respectively, with the revenue ratio of 6:4. The proportion of retail revenue of chicken breast single products, which is the main product under the iShape series, increased to 46.7% (six months ended 30 June 2020: 18.7%), representing a period-on-period increase of 209.1%. The proportion of protein bars single products increased to 4.3% (six months ended 30 June 2020: 2.9%), representing a period-on-period increase of 86.8%.

(2) Fovo Food Series

Fovo Food series achieved sales revenue of RMB200.5 million, representing a period-on-period decrease of 25.8%, mainly due to the proactive control of the market scale of raw chicken meat and processed standard products, while strengthening the investment resources in quality single products. Among which, low-temperature ready-to-eat chicken thigh products and salted-egg flavored chicken products witnessed a period-on-period growth of 485.9% and 22.0%, respectively. The new products of chicken patty squares also quickly gained market recognition.

(2) 生雞肉製品佔比下降

生雞肉佔比持續下降，主要是因為：

- (a) 公司繼續將戰略重點放在下游市場，優先追求新零售業務的快速擴張，加大深加工雞肉製品比例，優化「生熟比例」；及
- (b) 報告期內，公司上游養殖端供應不足、產能制約。

3. 主要品牌：優形發展加速，鳳祥食品優化，五更爐穩扎穩打

(1) 優形系列

報告期內，公司集中資源，重點發展優形。優形系列產品取得銷售收入人民幣238.0百萬元，同比增長195.0%，已超越其2020年全年銷售收入(截至2020年12月31日止年度：人民幣230.9百萬元)。其中，線上與線下增速分別為247.4%和140.7%，收入佔比為6：4。優形系列主力產品雞胸肉單品在零售收入的佔比增至46.7%(截至2020年6月30日止六個月：18.7%)，同比增長209.1%；蛋白棒單品佔比增至4.3%(截至2020年6月30日止六個月：2.9%)，同比增長86.8%。

(2) 鳳祥食品系列

鳳祥食品系列取得銷售收入人民幣200.5百萬元，同比下降25.8%，主要是對生雞肉與深加工食品標準產品的市場規模進行了主動控制，同時強化對優質單品的資源投入，其中，低溫即食雞腿產品同比增長485.9%，鹹蛋黃嫩骨雞產品同比增長22.0%，新品雞肉小方亦迅速取得市場的認可。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

(3) Wu Genglu Series

The sales revenue of the Wu Genglu brand series amounted to RMB22.7 million, representing a period-on-period increase of 3.5%.

4. Pressure on Profitability: Volatile Breeding Business, Rising Costs of Animal Feeds, Shortage in Supply, Relatively High Costs of External Meat Procurement, Relatively Low Meat Prices and Continuous Impact of the COVID-19

During the Reporting Period, the Company recognised a loss of RMB47.4 million as compared to the consolidated net profit of approximately RMB161.0 million for the six months ended 30 June 2020 (restated figures in accordance with China Accounting Standards for Business Enterprises ("CASBE")). The main reasons for pressure on profitability were:

- (1) the increased costs of animal feed ingredients due to the period-on-period increase in the price of raw materials such as corn and soybean meal;
- (2) the decrease in the average selling price of raw chicken meat products;
- (3) a slight decrease in the production volume of broilers due to the use of chicken breeds from moulting breeders and an increase in the procurement amount of raw chicken meat which led to an increase in costs;
- (4) the increase in selling and marketing expenses as a result of the increase in resources invested by the Group in its new retail business; and
- (5) continuous impact of COVID-19, resulting in varying degrees of decline in key overseas markets.

Strategic Path: Upgrading the Industry in the Region through iShape

1. Three-year Development Goal:

We are committed to upgrading the industry of traditional chicken meat products and achieving quality growth with higher gross profit and brand premiums.

(3) 五更爐系列

五更爐品牌系列產品取得銷售收入人民幣22.7百萬元，同比增長3.5%。

4. 利潤承壓：養殖業務波動，飼料成本上升，供應不足，外採肉源成本偏高，肉價仍處較低位，COVID-19持續影響

相較於截至2020年6月30日止六個月的綜合淨利潤約人民幣161.0百萬元(根據中國企業會計準則(「中國企業會計準則」)重述的數字)，公司於報告期內確認虧損人民幣47.4百萬元。利潤承壓的主要原因是：

- (1) 原材料價格包括玉米及豆粕之價值同比上漲影響飼料成本上漲；
- (2) 生雞肉製品之平均售價降低；
- (3) 由於使用換羽種雞產出的雞苗導致肉雞產量稍為下降及生雞肉的採購量增加，導致成本上升；
- (4) 銷售、營銷費用因本集團增加對其新零售業務的資源投資而增加；及
- (5) COVID-19的持續影響，導致海外主要市場有不同程度下降。

戰略路徑：以優形帶動全域實現產業升級

1. 三年發展目標：

致力於傳統雞肉製品的產業升級，實現較高毛利水平、較高品牌溢價的優質增長。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

We strive to achieve a comprehensive coverage and satisfaction in terms of consumer needs for iShape products, secure our leading advantage in the market share and customer loyalty, boost the new retail business of the Group and continue to create higher market value.

We also aim to achieve the expected target of capacity expansion (self-rearing scale of 180 million to 200 million birds), steadily improve the quality of breeding, adapt to and meet the basic needs of key clients from major business end and iShape Food Technology Co., Ltd. (優形食品科技有限公司) (formerly known as Fengxiang Food Co., Ltd. (鳳祥食品有限公司)), and ensure the healthy improvement of supply chain management capabilities.

We will continue to develop and integrate market-based meat procurement and original equipment manufacturer (“OEM”) system to accomplish stable development of new centralised procurement channel business.

2. Strategic Path: Adhering to the “123” Strategy, Focusing on Downstream Channel Expansion and Building a Leading Chicken Meat Products Brand

We are one of the leading retailers and exporters of chicken meat products in the PRC. Over the past few years, the Company was determined to transform and upgrade by implementing the “123” development strategy — “One Foundation, Two Major Markets and Three Driving Forces” and the Company continued increasing the proportion of processed food products, expanding the retail business and building itself as China’s leading chicken brand.

(1) “One Foundation”

We strengthened the Group’s advantage in its vertically integrated business model across the entire industry value chain and the industry ecological chain, and continued strict management on the quality of raw material supply, so as to ensure food quality and safety, offered consumers with quality-assured products and laid a solid foundation for product quality;

(2) “Two Major Markets”

To simultaneously develop the domestic market and the international market, ensure “same production line, same standard, same quality” for domestic sales and export sales, and facilitate the mutual circulation of the domestic and international markets;

力爭優形產品初步實現對消費者需求的全場景覆蓋和滿足，保持市場佔有率與顧客忠誠度的領先優勢，帶動本集團新零售業務持續創造更高市場價值。

我們亦實現產能擴充預期目標(自養規模達到1.8億至2億羽)，穩定提高養殖質量，適應與滿足主要業務端大客戶與優形食品科技有限公司(前稱為鳳祥食品有限公司)的需求，確保供應鏈管理能力的健康提升。

繼續開拓與整合市場化肉源採購與代工生產(OEM)體系，實現新集採渠道業務的穩定發展。

2. 戰略路徑：堅持「123」戰略，專注下游渠道擴張，建立領先的雞肉產品品牌

我們是中國領先的雞肉製品零售商與出口商之一。幾年來，公司決心轉型升級，實施「123」發展戰略——「一個基礎、兩大市場、三駕馬車」，不斷加大深加工食品比重，不斷拓展零售業務，建立中國領先的雞肉品牌。

(1) 「一個基礎」

將縱向一體化業務模式優勢擴展至全產業價值鏈與生態鏈，持續、嚴格原料供應品質管理，確保食品質量安全，為消費者提供安心的產品，奠定堅實的品質基礎；

(2) 「兩大市場」

同步發展國內市場與國際市場，堅持內外銷售「同線同標同質」，加速促進國內、國際雙循環；

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

(3) “Three Driving Forces”

- (a) to coordinate online and offline resources to focus on the development of new retail business, providing branded products such as iShape and Fovo Foods directly to consumers through online e-commerce services, offline convenience stores and boutique supermarkets;
- (b) to develop the new centralised procurement business. New centralised procurement, in relation to the food and beverage industry, refers to the provision of group purchasing or procurement of high quality products to leading enterprises of the catering industry and the convenience store system business, by leveraging its years of experience in serving KFC and McDonald's, and in line with the trend of the upgrading of procurement standards; and
- (c) to construct the new export business through product optimisation and multiple channels. New export refers to the upgrading of the long-term leading position in the Group's overseas export business, through accumulation of its export experience for over 20 years, to deliver supreme services and to achieve diversified channels through upgrading services, developing markets and expanding channels.

Through implementation of the new strategy, the domestic market and the international market supplement and boost each other, and great synergy is created among the new retail business, the new centralised procurement business and the new export business. With the quality and standard for serving global top catering giants for years, the Group is committed to providing hundreds of millions of families and individual consumers with high-quality products and services, creating China's leading chicken meat product brand.

(3) 「三駕馬車」

- (a) 線上線下協力重點發展新零售業務，透過線上電商服務，線下便利店及精品商超等渠道直接向消費者提供「優形」、「鳳祥食品」等品牌產品；
- (b) 開拓的新集採業務。新集採對餐飲行業而言指本集團借助多年服務肯德基、麥當勞的經驗，順應採購標準升級趨勢，向餐飲行業與便利店系統的優秀企業提供優質的團購或集採產品；及
- (c) 通過優化產品與渠道構建的新出口業務。新出口，對應本集團長期領先的海外出口業務的升級，指本集團基於20多年出口經驗積澱，升級服務，開發市場，拓寬渠道，實現服務的極致化與渠道的多元化。

本集團通過新戰略的實施，實現國內市場與國際市場的相互促進，新零售、新集採與新出口業務的高效協同，以多年服務全球頂級餐飲巨頭的品質與標準，為億萬家庭和個人用戶提供優質產品和服務，創造領先的雞肉品牌。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

3. Strategic Upgrade of iShape

(1) Current Industry Status of iShape

We are the pioneer and leader of ready-to-eat chicken breast products and is the most prominent brand of high end ready-to-eat chicken breast products. The Company ranked first in sales and market share on online and offline sales platform such as Tmall, JD.com and Tik Tok.

(2) Positioning of iShape

Expand from high-end chicken breast products to “low burden” meat products. We have been building iShape with the focus on “health needs”, to gradually transform from rational brand philosophy of “high nutrition” and “high function” to emotional brand philosophy of “low physical burden”, “low psychological burden”, etc. In our relentless pursuit of professionalism and fashion, we continue to subdivide user groups in meeting and maximising the satisfaction of consumers' diversified needs.

(3) Current Status of iShape Products

During the Reporting Period, we achieved sales revenue of RMB238.0 million, which has already outperformed the full year revenue of iShape in 2020, representing a period-on-period growth of 195.0% and a surge from 21.6% to 51.4% of the Group's total revenue for new retail business. In particular, the chicken breast (whole) products took the lead, representing a period-on-period growth of 209.1% and an increase from 18.7% to 46.7% of the Group's total revenue for new retail business. The chicken breast protein bar products recorded a period-on-period growth of 86.8%, representing an increase in the Group's total revenue for new retail business from 2.9% to 4.3%.

“High-End Chicken Breast, Choose iShape” has been recognised by more office lady users in the city, successfully getting hold of the minds and hearts of the core target consumers.

3. 優形品牌戰略升級

(1) 優形品牌行業地位現狀

即食雞胸肉品類開創者與領導者，高端即食雞胸肉第一品牌。公司在天貓、京東、抖音、線上及線下全網銷售額與市場佔有率第一。

(2) 優形定位

從高端雞胸肉產品擴充到「低負擔」的肉製品。搭建以「健康需求」為軸心的優形品牌光譜，從「高營養」、「高功能」的理性品牌訴求逐漸轉向「低身體負擔」、「低心理負擔」等情感品牌訴求，不懈追求更專業、更時尚，不斷細分用戶人群，最大程度地滿足消費者多元化的消費需求。

(3) 優形品牌項下產品現狀

報告期內，實現銷售收入人民幣238.0百萬元，已超越2020年優形品牌全年收入，同比增長195.0%，佔本集團新零售總收入比例由21.6%激增至51.4%。其中，雞胸肉（整塊）產品挑起了大梁，同比增長209.1%，佔本集團新零售總收入比例由18.7%擴幅至46.7%。雞胸肉蛋白棒產品同比增長86.8%，佔本集團新零售總收入比例由2.9%增加到4.3%。

「高端雞胸肉，就吃優形」，已經得到更多都市白領女性用戶的認同，成功佔據了核心目標消費者的心智資源。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

(4) Products Matrix Upgrade for iShape

(a) Trends and Opportunities

- (i) the acceleration of urbanisation has resulted in rising consumption awareness and level among the general public. Chicken meat products, as the representative of healthy meat products with lower calorie, lower fat and higher protein, have become increasingly popular, demonstrating revolutionary changes of the national nutritional diet structure;
- (ii) due to the rapid development of mobile internet technology and transportation network, the new retail model featuring e-commerce as the leader and offline contact function are refreshing the business pattern in the past and the consumer goods industry is also undergoing a new round of golden era of development; and
- (iii) along with the growth of the younger generation, their emphasis on health, recognition of brands, desire for a new lifestyle and the needs for all-rounded consumption have become the core driver for growth and development of quality consumer goods and excellent brands.

(b) Thought and Choice

- (i) iShape has already established its own “professional” and “delicious” product style, as well as “healthy” and “young” brand attributes, which have made it a leader in the field of ready-to-eat chicken breast segment, with considerable brand recognition and pioneer advantage; and
- (ii) focusing on the all-rounded consumption needs of our target customers, iShape products set foot on its chicken breast ingredients, targeting healthy meat products, commencing speedy development of new products and gradually expanding into new areas. At present, iShape products have already made achievements in the areas of meal replacement and meal supplement. In addition, it has also launched its own snack and instant food products and will target children’s needs by launching the “YoYo” series of products in the second half of 2021.

(4) 優形品牌產品矩陣升級

(a) 趨勢和機會

- (i) 隨著城市化進程的加速，人民消費意識和水平的提高，以雞肉為代表的更低熱量更低脂肪更高蛋白質的健康肉製品，越來越受到歡迎，國民營養膳食結構正在發生革命性的變化；
- (ii) 隨著移動互聯網技術與交通網絡的高速發展，以電商為龍頭、線下接觸作用新零售模式，正在刷新過往商業格局，消費品行業迎來了新一輪黃金發展期；及
- (iii) 隨著新一代年輕人的成長，他們對於健康的重視，對於品牌的認可，對於全新生活方式的渴望，他們的全場景消費需求，也成為優質消費品與優秀品牌成長發展的最核心源動力。

(b) 思考與選擇

- (i) 優形已經樹立了自己「專業」、「美味」的產品調性，「健康」、「年輕」的品牌屬性，成為即食雞胸肉領域中的領先者，具備一定的品牌認可度與先發優勢；及
- (ii) 圍繞著目標客戶的全場景消費需求，優形產品立足於雞胸肉原料，鎖定於健康肉製品，快速開發新產品，逐步拓展新領域。就目前而言，優形產品在代餐佐餐領域已經開創局面，另外已經推出了自己的零食和速食產品；於2021年下半年，還將針對兒童需求，推出「每日優優」系列產品。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

(c) Current Product Matrix of iShape

Category

品類

Meal Replacement and Supplement Series

代餐、佐餐系列

Instant Food Series

速食系列

Snack Series

零食系列

Children Series

兒童系列

(c) 優形本階段產品矩陣

Product (Existing)

產品(已有)

iShape Pro chicken breast

優形Pro雞胸肉

Salad chicken breast

沙拉雞胸肉

Chicken breast protein bar

雞胸肉蛋白棒

Xiao Q chicken breast

小Q雞胸肉

Jia'ge chicken drumstick

加個雞腿

Coming soon

敬請期待

Yikou Buren sausage

一口不忍腸

Chicken patty squares

雞肉小方

Coming soon

敬請期待

Chicken nuggets

雞肉塊

Meat and egg buns

肉蛋包

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

4. Organisational Reform and Core Function Upgrade:

(1) Independent Operation of the New Retail Business from the Group

- (a) established iShape Food Technology Co., Ltd. (優形食品科技有限公司) with the introduction of new retail business and professional team;
- (b) ensured stable operation of business-end business, and invested substantial resources into the new retail business;
- (c) on the premise of stabilising the front-end integrated breeding and production capacity, actively deploy external meat source procurement strategic cooperation system to ensure the supply chain management capacity; and
- (d) continued to increase brand building and marketing efforts to ensure the brand of iShape remains sustainable, healthy and value-added.

(2) Introduced Core R&D team with Cross-Responsibility System

(a) Basic Research and Application Development

We focused on our target consumer's insights and demand realisation, continued to strengthen the speed and efficiency of product application and development; at the same time, based on the demand for continuous growth of brand value, we upgraded to open up and leverage domestic and foreign quality resources, established internal and external joint creation mechanism, developed core technologies, kept abreast with the meat products and healthy food industry through active deployment and penetration.

4. 組織變革與核心職能升級：

(1) 新零售業務獨立於本集團運作

- (a) 已成立優形食品科技有限公司，注入新零售業務、專業團隊；
- (b) 確保B端業務穩定運營，傾斜資源重倉加磅新零售業務；
- (c) 在穩定前端養殖一體化供應能力的前提下，積極佈局外部肉源採購戰略合作體系，確保供應鏈管理能力；及
- (d) 繼續加大品牌建設與市場推廣力度，保證優形品牌持續健康的保值增值。

(2) 已引進核心研發團隊，搭建跨責任體系

(a) 基礎研究及應用開發

著眼於目標消費人群洞察及需求實現，繼續加強產品應用開發速度和效率；同時基於品牌價值持續增長需求，升級為打通與借助國內外優質資源，建立內外部共創機制，開發核心技術，同步向肉製品及健康美食產業的多賽道積極佈局與滲透。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

(b) Product Manager and Project Manager

We upgraded from the previous single-track responsibility system of a product manager to cross-responsibility system of both the product manager and project manager, and implemented the operation model of Integrated Product Development (“IPD”) (integrating the R&D system, milestone key point management) product whole process management and formed a horizontal project team to ensure rapid product iteration and maintain the new fashion image.

(c) Differentiation and Experience

We upgraded from the previous R&D system that focused only on product quality to that which emphasises on market demand, consumer research and insight. With the ultimate consumer experience as the objective of our product development, we developed new products with strong product strengthen featuring a unique concept and core technology. In the whole process of R&D, we simultaneously pursued the overall improvement of product and service quality, and constantly explored better differentiation and experience.

(3) Upgraded the Logistics System and Implemented Cost Reduction and Efficiency Improvement

- (a) the logistics procurement center was set up at the end of 2020 to undertake the management functions of the headquarters;
- (b) upgrading the warehousing and distribution model by adopting integrating use of warehouse, and distribution separation arrangements for B2B and B2C consumers. The Group also commenced strategic cooperation with leading logistic providers to improve logistics efficiency;
- (c) during the Reporting Period, warehousing demand grew by 10.0%, transportation volume grew by 13.5%, and customers sales volume grew by 49.5%; the average price per unit of new retail online delivery master contracts decreased by 56.3% compared with that of the same period in 2020;
- (d) during the Reporting Period, we completed the information system construction and OEM supplier foundation deployment.

(b) 產品經理及項目經理

由過往的產品經理單軌負責制，升級為產品經理與項目經理的交叉負責制，實施Integrated Product Development (「IPD」) (組合研發體系，里程碑關鍵節點管理)產品全流程管理與橫向項目組的運營模式，確保產品迭代加快，保持新銳時尚形象。

(c) 差異化及體驗感

由過往研發體系只聚焦於產品品質，升級為以市場需求為導向，以消費者調研和洞察為指引，以消費者的極致體驗為產品開發目標，開發出具有獨到概念及核心技術植入的有強大產品力的新品，在研發全過程，同步追求產品和服務品質的全面提升，不斷追求更好的差異化和體驗感。

(3) 物流體系升級，實施降本增效

- (a) 2020年底組建物流採購中心，承載總部管理職能；
- (b) 通過採納倉庫一體化升級倉配模式，為B2B及B2C客戶作好配送分離安排；本集團亦與物流行業巨頭戰略合作，提高物流效率；
- (c) 報告期內，倉儲需求增長10.0%，運量增長13.5%，C端單量增長49.5%；新零售線上配送主合同每單平均價與2020年同期下降56.3%；
- (d) 報告期內，完成信息系統建設與OEM供應商基礎佈局。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

(4) Upgraded the Marketing System with a Focus on Membership Operation and Accelerated New Procurement and Improved Quality of Repeated Procurement:

- (a) during the Reporting Period, a professional membership operation team was established to actively upgrade the operational system of the membership service regarding joint creation of brands, whole process experience and whole network services;
- (b) during the Reporting Period, we continued to add and optimise offline convenience stores and develop new quality supermarkets, covering 121 cities in all provinces and regions in the PRC, with more than 35,000 stores;
- (c) during the Reporting Period, we continued to enhance marketing and promotion efforts of our Tmall and JD.com flagship stores, and launched a campaign regarding the Tik Tok marketing system in February this year;
- (d) during the Reporting Period, according to the 180 day repurchase rate of the iShape flagship store, our members exceeded 50.0% and non-members reached approximately 22.0%;
- (e) in the 2021 “618” marketing campaign, iShape was selected as one of the TOP 100 cases in Tmall 618, with a period-on-period growth of 246.6% in Tmall flagship store and 56.2% in JD.com self-operated store. iShape also took two of the top five places (ranked 2nd and 5th) in the Tik Tok 618 livestream salesperson ranking for fresh food category. In June, the monthly sales of Tik Tok platform exceeded RMB17 million. iShape was also selected as the only Chief Treasure Brand for the Taobao Festival of Creation (淘寶造物節) and the Chief Partner Brand for Tik Tok’s first e-commerce festival.

(4) 營銷體系升級，重點著眼於會員運營，拉新增速，複購提質：

- (a) 報告期內，組建專業會員運營團隊，針對品牌共創、體驗全程與服務全網，積極升級會員服務運營體系；
- (b) 報告期內，線下繼續新增與優化便利店合作門店，新開拓優質精品商超門店，已經完成國內所有省區121個城市的覆蓋，合作門店超過35,000家；
- (c) 報告期內，線上繼續加大天貓與京東旗艦店的營銷推廣力度，並於今年2月開啓抖音平台營銷體系戰役；
- (d) 報告期內，優形旗艦店的180天複購率指標，會員超過50.0%，非會員接近22.0%；
- (e) 2021年「618」營銷戰役，優形入選天貓618 TOP 100案例，天貓旗艦店同比增長246.6%，京東自營店同比增長56.2%，與此同時，抖音618生鮮類帶貨主播榜前五名，優形獨佔兩席（第2名，第5名），抖音平台6月份單月銷售額已經超過人民幣1,700萬元。優形還被選擇成為淘寶造物節唯一的首席寶藏品牌和抖音首屆電商節的首席合作品牌。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

(5) Production Efficiency Upgrade and Cost Control

(a) Enhancement in Production Efficiency

During the Reporting Period, the Company's non-automated slaughterhouse efficiency improved by 10% compared with the same period last year. The fully automated slaughterhouse also commenced production from trial operation during the Reporting Period, and it is expected that the efficiency of slaughterhouse will be significantly improved this year.

(b) Cost Reduction and Efficiency Improvement in the Processed Production Line

During the Reporting Period, the production efficiency of the processed food in the first half of the year improved by 13%, and the output of the processed food increased by 28% compared with the same period last year. In terms of cost control, the manufacturing cost of the processed products of the Company decreased obviously compared to the same period last year.

(c) Increase in Production Capacity of iShape

In the second half of this year, the Company will carry out renovation and production line expansion for the production lines of the three workshops for iShape. It is expected that the production capacity will expand to an output value of RMB1 billion, which will consolidate the foundation for the strategy of iShape products in the next three years.

All the iShape products are controlled under the Company's high standard and quality requirements, and we control the product quality from the source. In the future, the Company will pass our control standard, management experiences and process control accumulated over the past 30 years to the OEM factories we cooperated with to further ensure the consistent standard, quality and taste of each pack of products offered to the consumers.

(5) 生產效率升級、成本把控

(a) 生產效率提升

報告期內，公司非自動化屠宰車間分割效率較去年同期相比提升10%；全自動化的屠宰車間也於報告期內從試運營到開始投產，預計今年分割效率會有更明顯的改善。

(b) 深加工生產線的降費提效

報告期內，上半年度的深加工生產效率較去年同期提升13%，深加工產量較去年同期提升28%。在成本把控方面，公司深加工品單位制造費用較去年同期下降明顯。

(c) 優形產能提升

公司將於今年下半年對優形三家車間的生產線進行改造升級和產線擴充，預計產能將擴充至人民幣10億產值，為優形產品未來3年戰略夯實基礎。

優形產品均由公司高標準、高質量把控，從源頭控制產品質量，未來公司將把累積30餘年的管控標準、管理經驗、流程把控輸出至合作OEM工廠中，確保提供給消費者的每一包產品都是同標同質同樣口味。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

FINANCIAL REVIEW

Overall performance

In the first half of 2021, the Group experienced an increase of 3.5% in revenue as compared to that of the first half of 2020. There was a decrease of 41.5% in gross profit, 130.2% in profit for the period and 129.0% in profit attributable to the owners of the Company as compared to the corresponding period in 2020. The basic loss per share was RMB(0.03) for the first half of 2021. Set out below is further information on the fluctuations in the Company's results for the six months ended 30 June 2021.

財務回顧

整體業績

於2021年上半年，本集團的收入較2020年上半年增加3.5%。與2020年同期相比，毛利減少41.5%、期內利潤減少130.2%及本公司擁有人應佔利潤減少129.0%。2021年上半年的每股基本虧損為人民幣(0.03)元。截至2021年6月30日止六個月，本公司業績波動的詳情載列如下。

Items 項目		Six months ended 30 June 截至6月30日止六個月		Change 變動
		2021 2021年	2020 2020年 (As restated) (經重述)	
		RMB'000 人民幣千元 (Unaudited) (未經審核)	RMB'000 人民幣千元 (Unaudited) (未經審核)	(%)
Total operating revenue	營業總收入	1,969,445	1,902,759	+3.5
Operating costs	營業成本	1,744,762	1,518,620	+14.9
Selling expenses	銷售費用	208,315	121,057	+72.1
Administrative expenses	管理費用	50,195	43,239	+16.1
R&D expenses	研發費用	12,500	9,770	+27.9
Finance costs	財務費用	13,397	29,400	-54.4
Other gains	其他收益	3,231	1,582	+104.2
Total profit (loss)	利潤(虧損)總額	(48,833)	161,940	-130.2
Net profit (loss)	淨利潤(虧損)	(47,375)	161,000	-129.4
Gross profit	毛利潤	224,683	384,139	-41.5
Gross profit margin	毛利率	11.4%	20.2%	-43.5
Net profit margin	淨利率	(2.4)%	8.5%	-128.4

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Operating costs

The Group's operating costs increased by 14.9% to RMB1,744.8 million for the six months ended 30 June 2021 (six months ended 30 June 2020: RMB1,518.6 million), mainly due to (i) a 18.9% increase in the sales of white-feathered broilers reared by the Group; (ii) rising costs of animal feeds due to the period-on-period increase in corn and soybean meal prices; (iii) a 29.2% increase in the sales of processed chicken meat products.

Administrative expenses

The Group's administrative expenses increased by 16.1% to RMB50.2 million for the six months ended 30 June 2021 (six months ended 30 June 2020: RMB43.2 million), mainly due to more engagement with the service suppliers related to the listing which resulted in an increase in service fees.

Selling expenses

The Group's selling expenses increased by 72.1% to RMB208.3 million for the six months ended 30 June 2021 (six months ended 30 June 2020: RMB121.1 million), mainly due to the increase in resources invested by the Group in its new retail business.

R&D expenses

The Group's R&D expenses increased by 27.9% to RMB12.5 million for the six months ended 30 June 2021 (six months ended 30 June 2020: RMB9.8 million), mainly due to increased investment in R&D with the establishment of a multi-level new product R&D system, and introduction of experienced R&D personnel.

營業成本

本集團截止2021年6月30日止六個月營業成本上升14.9%至人民幣1,744.8百萬元(截止2020年6月30日止六個月:人民幣1,518.6百萬元),主要由於(i)本集團白羽肉雞飼養銷量增加18.9%;(ii)玉米、豆粕價格同比上漲,造成飼料成本上漲;(iii)深加工雞肉製品銷量增加29.2%。

管理費用

本集團截止2021年6月30日止六個月管理費用上升16.1%至人民幣50.2百萬元(截止2020年6月30日止六個月:人民幣43.2百萬元),主要由於委聘更多與上市相關的服務供應商導致服務費用的增加。

銷售費用

本集團截止2021年6月30日止六個月銷售費用上升72.1%至人民幣208.3百萬元(截止2020年6月30日止六個月:人民幣121.1百萬元),主要由於本集團增加對新零售業務的資源投資而增加。

研發費用

本集團截止2021年6月30日止六個月研發費用上升27.9%至人民幣12.5百萬元(截止2020年6月30日止六個月:人民幣9.8百萬元),主要由於公司搭建多層次新品研發體系,加大研發投入,及引進經驗豐富的研發人員所致。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Finance costs

財務費用

		Six months ended 30 June	
		截至6月30日止六個月	
		2021	2020
		2021年	2020年
			(As restated)
			(經重述)
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
Interest expenses	利息費用	30,180	38,574
Including: Interest expenses for lease liabilities	其中：租賃負債利息費用	7,283	5,966
Less: (Interest income)	減：(利息收入)	(17,035)	(4,906)
Exchange (gains)	匯兌收益	(448)	(5,100)
Fees for financial institutions	金融機構手續費	700	832
Total	合計	13,397	29,400

The Group's finance costs decreased by 54.4% to RMB13.4 million for the six months ended 30 June 2021 (six months ended 30 June 2020: RMB29.4 million), mainly due to: (i) the average interest rate of 3.97% of the loans obtained by the Group from financial institutions (excluding interest expenses on lease liabilities), representing a period-on-period decrease of 0.8%; (ii) capitalisation of some interest on bank borrowings for project construction; and (iii) idle fund raising and cash management for partial cash with a more favorable deposit rate, resulting in an increase in interest income.

本集團截止2021年6月30日止六個月財務費用減少54.4%至人民幣13.4百萬元(截止2020年6月30日止六個月：人民幣29.4百萬元)，主要由於：(i)本集團獲得金融機構的貸款(不包含租賃負債利息費用)平均利率為3.97%，同比下降0.8%；(ii)部分用於項目建設的銀行借款利息進行了資本化；及(iii)閒置募集資金及部分現金進行現金管理，取得較優惠的存款利率，導致利息收入增加。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Analysis on Capital Resources

Liquidity and Capital Resources

The Group has funded its operations principally with cash generated from its operations, borrowings and shareholders' capital contributions. The Group's primary uses of cash for the six months ended 30 June 2021 were for working capital purposes and capital expenditures for expansion and improvement of production equipment and facilities.

The Group had received financial assistance from GMK Finance Co., Ltd. (新鳳祥財務有限公司) ("GMK Finance"), whereby the Group pledges commercial bills received by the Group in the ordinary course of business to GMK Finance for discounting in return for cash loans extended to the Group. The discounting of the commercial bills provides the Group a way to factor and to obtain cash from the commercial bills that it receives in its ordinary course of trading, which in turn allows the Group to increase its cash flows in advance.

Most of the income and expense of the Group are determined in RMB. The Group used a small amount of foreign currency derivative instruments to hedge its exposure to foreign exchange risk. The management closely monitors the exposures and will consider hedging the exposures should the need arise.

Capital Structure

As at 30 June 2021, the registered capital of the Company was RMB1,400,000,000 and the total number of issued shares of the Company was 1,400,000,000 shares, comprising 1,045,000,000 domestic shares and 355,000,000 H shares with a nominal value of RMB1.0 each.

資本資源分析

流動資金及資本資源

本集團的業務資金主要來自其經營所產生的現金、借貸以及股東資本出資。截至2021年6月30日止六個月，本集團的主要現金用途為營運資金目的以及擴大及改善生產設備及設施所需資本開支。

本集團已獲得新鳳祥財務有限公司(「新鳳祥財務」)的財務資助，據此，本集團將其於日常業務過程中收到的商業票據抵押予新鳳祥財務進行貼現，以換取本集團獲授的現金貸款。商業票據貼現為本集團提供了考慮及自其於日常交易過程中所收到的商業票據獲取現金的途徑，進而使本集團可提前增強其現金流量。

本集團大部份收益及開支以人民幣列值。本集團使用少量外幣衍生金融工具對沖外匯風險。管理層密切監察其風險，並將於有需要時考慮對沖有關風險。

資本架構

於2021年6月30日，本公司註冊資本為人民幣1,400,000,000元，本公司已發行股份總數為1,400,000,000股股份，包括1,045,000,000股內資股及355,000,000股H股，每股面值為人民幣1.0元。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

As at 30 June 2021, the total borrowings of the Group amounted to RMB2,067.3 million, representing an increase of 39.0% as compared to that of 31 December 2020. The increase was mainly attributable to: (i) the grant of a two-year term loan of RMB300.0 million by state-owned commercial banks to the Group at a relatively low interest rate ranging from 3.85% to 3.95% for the purpose of financing its daily operations, benefiting from the financial support policies promulgated by the PRC government; (ii) the grant of a 5.5-year project loan of RMB500.0 million by commercial banks to expand the whole broiler industrial chain of breeding, slaughtering and processing capacity; and (iii) the Group's borrowings were renewed normally upon expiration during the six months ended 30 June 2021. The abovementioned new medium and long-term borrowings have improved the Company's capital structure, effectively strengthened the Company's capability against uncertain risks in the market, and provided sufficient capital reserves for the normal operation and rapid development of the Group.

As at 30 June 2021, the debt-to-equity ratio and debt-to-asset ratio of the Company were 64.7% (31 December 2020: 46.8%) and 50.1% (31 December 2020: 41.4%), respectively.

Contingent Liabilities and Pledge of Assets

The Group's bank borrowings as at 30 June 2021 were secured by (i) mortgages of the Group's lands situated in the PRC with aggregate net carrying values of RMB50.0 million (31 December 2020: RMB26.0 million); (ii) pledge of the Group's bank deposits of RMB347.9 million (31 December 2020: RMB266.1 million); (iii) pledge of certain of the Group's property, plant and equipment with aggregate net carrying amount of RMB420.0 million (31 December 2020: RMB277.0 million); (iv) pledge of certain inventories of the related company with aggregate net carrying amount of RMB534.9 million (31 December 2020: RMB535.0 million); and (v) guarantee from a related party for loans up to RMB49.0 million (31 December 2020: RMB49.0 million).

As at 30 June 2021, the Group did not have any material contingent liabilities.

於2021年6月30日，本集團借款總額人民幣2,067.3百萬元，較2020年12月31日增加39.0%。增加主要是因為：(i)本集團受益於中國政府財政支持政策，獲得國有商業銀行以較低利率（介於3.85%至3.95%）授出兩年期定期貸款人民幣300.0百萬元，用於日常經營所需資金；(ii)獲得商業銀行授出5.5年期項目貸款人民幣500.0百萬元，以擴大肉雞全產業鏈養殖、屠宰、加工生產能力；及(iii)於截至2021年6月30日止六個月，本集團到期借款得以正常續貸。以上新增中長期借款，改善了本公司的資本結構，有效增加了本公司抵抗市場帶來的不確定風險的能力，為本集團正常運行和快速發展提供了充足資金儲備。

於2021年6月30日，本公司的負債對股本比率及資產負債比率分別為64.7%（2020年12月31日：46.8%）及50.1%（2020年12月31日：41.4%）。

或然負債及資產抵押

本集團於2021年6月30日的銀行借款以(i)抵押本集團位於中國的總賬面淨值為人民幣50.0百萬元（2020年12月31日：人民幣26.0百萬元）的土地；(ii)抵押本集團人民幣347.9百萬元（2020年12月31日：人民幣266.1百萬元）的銀行存款；(iii)抵押本集團總賬面淨值為人民幣420.0百萬元（2020年12月31日：人民幣277.0百萬元）的若干物業、廠房及設備；(iv)抵押關聯公司總賬面淨值為人民幣534.9百萬元（2020年12月31日：人民幣535.0百萬元）的若干存貨作為擔保；及(v)關聯方提供貸款擔保額至人民幣49.0百萬元（2020年12月31日：人民幣49.0百萬元）。

於2021年6月30日，本集團並無任何重大或然負債。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Human Resources

As at 30 June 2021, the Group had 7,597 employees who were directly employed by the Group, of which 7,591 employees were employed in the PRC and 6 employees were located in Japan. The remuneration packages for the employees include salary, bonuses and allowances. As required by the PRC regulations, the Group (i) participates in social insurance schemes operated by the relevant local government authorities, and (ii) maintains mandatory pension contribution plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance. The Group also provides continuing education and training programmes to its employees to improve their skills and develop their potential. The Company also adopted a share award scheme, and any full-time or part-time employees of the Group (including any director of the Company (the “**Directors**”)) are eligible participants under the said scheme. In June 2020, the Company granted awards to certain selected participants to recognise their contribution and to provide them with incentives to retain them for the continual operation and development of the Group. The scheme became effective on 16 July 2020.

BUSINESS OUTLOOK

1. Challenges and risks:

- (1) continuous increase in animal feed costs such as corn, soybean meal, etc.;
- (2) chicken prices remaining at a low price;
- (3) more industry giants and further intensified competition.

2. Opportunities and potential development:

- (1) increasingly rapid growth regarding the health food market with chicken breast as the main ingredient;
- (2) further improvement in the efficiency of convenience stores, Tmall and other advantageous channels, and a rapid rise in new e-commerce platforms such as Tik Tok, Kuaishou, etc.;
- (3) further accumulation of strength and rapid amplification of energy of the iShape brand value.

人力資源

於2021年6月30日，本集團有7,597名直接受僱於本集團的僱員，其中在中國僱用7,591名僱員及6名僱員位於日本。僱員薪酬待遇包括薪金、獎金及津貼。按照中國法規規定，本集團(i)參加由相關地方政府機構運作的社會保險計劃、(ii)設立強制性養老金供款計劃並投購醫療保險、工傷保險、失業保險及生育險。本集團亦向僱員提供持續教育及培訓課程，以提高其技能及發揮其潛能。本公司亦採納股份獎勵計劃，且本集團任何全職或兼職僱員(包括任何本公司董事(「董事」))均為上述計劃下的合資格參與者。於2020年6月，本公司向若干選定參與者授出獎勵以表彰彼等的貢獻，並向彼等提供獎勵以為本集團的持續經營及發展留任該等人士。該計劃於2020年7月16日生效。

業務展望

1. 挑戰與風險：

- (1) 玉米、豆粕等飼料成本持續上升；
- (2) 雞肉價格仍處於低位；
- (3) 更多行業巨頭發力，競爭態勢進一步白熱化。

2. 機會與潛在發展：

- (1) 以雞胸肉為主要原料的健康美食市場更快速的增長；
- (2) 便利店、天貓等優勢渠道效率的進一步提升，抖音、快手等新電商平台的快速崛起；
- (3) 優形品牌價值的進一步蓄勢與能量快速放大。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

3. Long-term growth strategy:

- (1) officially launch the employee stock ownership plans and the core incentive plans to attract and retain talent, and set up a new partnership mechanism for breeding and retail ends;
- (2) to centralise our resources and focus on and highlight our core business, offering white-feathered chicken meat product;
- (3) shape the effectiveness for marketing and R&D, build a multi-level R&D and promotional system for new products according to user needs, and continue to ensure an increase in the market share of single chicken breast meat market, while continuously implementing a quality single product programme by: launching, testing, and reserving;
- (4) improve the operation and service capabilities, realise joint creation of brands and products, strengthen the advantage of knowing the minds and hearts among consumers, and continue to pursue the leading position of the mid-to-high-end products;
- (5) strengthen rapid organisational change and learning capability, and continue to promote the rapid evolution of our enterprise with digital marketing approach; and
- (6) deeply enrich and improve the strategic partnership system, and optimise and enhance the peripheral ecosystem of our enterprise.

3. 長期增長策略：

- (1) 正式推出員工持股計劃與核心骨幹激勵計劃，吸引與留住人才，在養殖與零售兩端搭建新型的合夥人機制；
- (2) 集中我們的資源，及專注並加強我們的核心業務，即提供白羽雞肉製品；
- (3) 塑造營銷與研發的效力，圍繞用戶需求，搭建多層次新品研發推廣體系，在繼續確保單塊雞胸肉市場佔有率提高的同時，繼續實施優質單品計劃：推出下一個，測試下一代，儲備下一類；
- (4) 提高運營與服務能力，實現品牌共創與產品共創，鞏固消費者心智資源先發優勢，繼續追求在中高端產品的領先優勢；
- (5) 加強組織變革速度與學習能力，以數字營銷方面為抓手，繼續推進企業的快速進化；及
- (6) 深層次豐富完善戰略合作夥伴體系，優化提升企業周邊生態系統。

CHANGES IN SHARE CAPITAL AND SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

股本變動及主要股東持股情況

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

As at 30 June 2021, to the best knowledge of the Directors or chief executives, the following persons (not being the Directors or supervisors of the Company (the "Supervisor(s)") or chief executives) had interests or short positions in the shares ("Shares") or underlying shares of the Company which were required to be entered in the register referred to in section 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") by the Company or would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

主要股東於股份及相關股份中擁有的權益及淡倉

於2021年6月30日，就董事或最高行政人員所深知，以下人士（並非董事或本公司監事（「監事」）或最高行政人員）於本公司股份（「股份」）或相關股份擁有本公司根據香港法例第571章《證券及期貨條例》（「《證券及期貨條例》」）第336條須記入該條所述之登記冊或根據《證券及期貨條例》第XV部第2及第3分部條文須向本公司披露的權益或淡倉：

Name of shareholders	Nature of interest	Class of Shares	Number of Shares	Approximate percentage of interest in the relevant class of Shares of the Company ⁽¹⁾ 在本公司 相關股份類別中 所佔概約 權益百分比 ⁽¹⁾	Approximate percentage of interest in the total share capital of the Company ⁽²⁾ 在本公司 總股本中 所佔概約 權益百分比 ⁽²⁾
股東姓名／名稱	權益性質	股份類別	股份數目		
Ms. Zhang Xiuying ⁽³⁾ 張秀英女士 ⁽³⁾	Interest of spouse 配偶權益	Domestic Shares 內資股	992,854,500 (L)	95.01%	70.92%
Mr. Liu Zhiming ⁽⁴⁾⁽⁵⁾	Interest in controlled corporation	Domestic Shares	52,145,500 (L)	4.99%	3.72%
劉志明先生 ⁽⁴⁾⁽⁵⁾	受控法團權益	內資股			
	Interests held jointly with another person	Domestic Shares	992,854,500 (L)	95.01%	70.92%
	與另一人士共同持有權益	內資股			
GMK Holdings Group Co., Ltd. ("GMK Holdings") 新鳳祥控股集團有限責任公司 ("新鳳祥控股")	Beneficial interest	Domestic Shares	198,654,500 (L)	19.01%	14.19%
	實益權益	內資股			
	Interest in controlled corporation	Domestic Shares	794,200,000 (L)	76.00%	56.72%
	受控法團權益	內資股			
Shandong Fengxiang (Group) Co., Ltd. ("Fengxiang Group") ⁽⁶⁾ 山東鳳祥(集團)有限責任公司 ("鳳祥集團") ⁽⁶⁾	Beneficial interest	Domestic Shares	627,000,000 (L)	60.00%	44.79%
	實益權益	內資股			
Shandong Fengxiang Investment Co., Ltd. ("Fengxiang Investment") ⁽⁶⁾ 山東鳳祥投資有限公司 ("鳳祥投資") ⁽⁶⁾	Beneficial interest	Domestic Shares	167,200,000 (L)	16.00%	11.94%
	實益權益	內資股			
Sun Dafei 孫達飛	Beneficial owner 實益擁有人	H Shares H股	22,109,000 (L)	6.23%	1.58%
Hwa-An International Limited	Beneficial owner 實益擁有人	H Shares H股	34,909,000 (L)	9.83%	2.49%
Hwa-An International Limited	Investment manager	H Shares	31,965,000 (L)	9.00%	2.28%
Dragonstone Capital Management Limited	投資經理	H股			
CICFH New Dynamic Investment SPC	Beneficial owner	H Shares	29,705,000 (L)	8.37%	2.12%
CICFH New Dynamic Investment SPC	實益擁有人	H股			

CHANGES IN SHARE CAPITAL AND SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

股本變動及主要股東持股情況

Notes:

- (1) The calculation is based on the percentage of shareholding in Domestic Shares or H Shares, respectively.
- (2) The calculation is based on the total number of 1,045,000,000 Domestic Shares in issue and 355,000,000 H Shares in issue.
- (3) Ms. Zhang Xiuying and Mr. Liu Xuejing are spouses, and therefore Ms. Zhang Xiuying is deemed to be interested in all of Mr. Liu Xuejing's interests in the Company by virtue of the SFO.
- (4) Guangdong Hengqin Zhengxing Investment Centre (Limited Partnership) ("**Zhengxing Investment**") (formerly known as Guangdong Hengqin Fengxiang Equity Investment Centre (Limited Partnership)) is held as to 99% by Guangdong Hengqin Shangchen Investment Limited Partnership (Limited Partnership) ("**Shangchen Investment**") (formerly known as Guangdong Hengqin Xinfengxiang Guangming Investment Limited Partnership (Limited Partnership)) and 1% by Guangdong Hengqin Pengtu Investment Co., Ltd. ("**Pengtu Investment**") (formerly known as Xinfengxiang Guangming Investment Management Co., Ltd.). Shangchen Investment is controlled by Mr. Liu Zhiming and Pengtu Investment as to 99% and 1%, respectively. Pengtu Investment is entirely controlled by Mr. Liu Zhiming, which is the general partner of Shangchen Investment and Zhengxing Investment. As such, by virtue of the SFO, Mr. Liu Zhiming is deemed to be interested in the Shares held by Zhengxing Investment.
- (5) Fengxiang Group and Fengxiang Investment are wholly owned by GMK Holdings, while GMK Holdings is owned as to 51% by Mr. Liu Xuejing, 9% by Ms. Zhang Xiuying (Mr. Liu Xuejing's spouse), 20% by Mr. Liu Zhiguang and 20% by Mr. Liu Zhiming, respectively. By virtue of the SFO, Mr. Liu Zhiming is deemed to be interested in the Shares directly or indirectly held by GMK Holdings.
- (6) Fengxiang Group and Fengxiang Investment are wholly owned by GMK Holdings. By virtue of the SFO, GMK Holdings is deemed to be interested in the Shares held by Fengxiang Group and Fengxiang Investment.
- (7) The letter "L" denotes a long position in the Shares.

Save as disclosed above, as at 30 June 2021, the Company has not been notified by any other person (excluding the Directors or Supervisors or chief executives), who had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO, or required to be entered in the register kept by the Company under section 336 of the SFO.

附註：

- (1) 分別以內資股或H股的持股百分比為基準計算。
- (2) 以合共1,045,000,000股已發行內資股及355,000,000股已發行H股為基準計算。
- (3) 張秀英女士與劉學景先生是配偶，因此，根據《證券及期貨條例》，張秀英女士被視為在劉學景先生所擁有的本公司所有權益中擁有權益。
- (4) 廣東橫琴正星投資中心(有限合夥)(「**正星投資**」)(原名為廣東橫琴鳳祥股權投資中心(有限合夥))由廣東橫琴上辰投資合夥企業(有限合夥)(「**上辰投資**」)(原名為廣東橫琴新鳳祥光明投資合夥企業(有限合夥))及廣東橫琴鵬途投資有限公司(「**鵬途投資**」)(原名為新鳳祥光明投資管理有限公司)分別持有99%及1%的股份。上辰投資由劉志明先生、鵬途投資分別控制99%及1%。鵬途投資由劉志明先生完全控制，是為上辰投資及正星投資的普通合夥人。因此，根據《證券及期貨條例》，劉志明先生被視為在正星投資持有的股份中擁有權益。
- (5) 新鳳祥控股全資擁有鳳祥集團及鳳祥投資，而劉學景先生、張秀英女士(劉學景先生的配偶)、劉志光先生及劉志明先生分別持有新鳳祥控股51%、9%、20%及20%的股份。根據《證券及期貨條例》，劉志明先生被視為為新鳳祥控股直接及間接持有的股份中擁有權益。
- (6) 新鳳祥控股全資擁有鳳祥集團及鳳祥投資。根據《證券及期貨條例》，新鳳祥控股被視為為鳳祥集團及鳳祥投資持有的股份中擁有權益。
- (7) 字母「L」指股份中的好倉。

除上文所披露者外，於2021年6月30日，本公司尚未接獲任何其他人士(董事或監事或最高行政人員除外)通知，表示其於本公司股份或相關股份中擁有根據《證券及期貨條例》第XV部第2及第3分部須予披露，或須記入根據《證券及期貨條例》第336條須由本公司存置的登記冊的權益或淡倉。

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

董事、監事及高級管理層情況

DIRECTORS

As at the date of this interim report, the Board of Directors consists of nine Directors, comprising three executive Directors, namely, Mr. Liu Zhiguang (chairman), Mr. Xiao Dongsheng and Mr. Wang Jinsheng; three non-executive Directors, namely, Mr. Liu Xuejing, Mr. Zhang Chuanli and Mr. Ow Weng Cheong; and three independent non-executive Directors, namely, Mr. Guo Tianyong, Ms. Zhao Yinglin and Mr. Chung Wai Man.

SUPERVISORS

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

SENIOR MANAGEMENT

As at the date of this interim report, the senior management of the Company comprises Mr. Xiao Dongsheng as general manager; Mr. Wang Jinsheng, Mr. Wang Zhixian, Mr. Meng Tao, Ms. Zhou Jinying and Mr. Luo Pingtao as vice general managers; Mr. Shi Lei as chief financial officer, secretary to the Board of Directors and joint company secretary; Mr. Su Xiaolong as e-commerce officer; Mr. Ikeda Yoshiaki as chief consultant; and Mr. Li Libo as general manager of the domestic affair department.

CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

On 19 April 2021, Mr. Ow Weng Cheong, an executive Director, has been re-designated as a non-executive Director and ceased to be a vice general manager of the Company.

On 19 April 2021, Mr. Zhang Ye tendered his resignation from his position as an independent non-executive Director and a member of the audit committee of the Company (the **"Audit Committee"**) and the nomination committee of the Company (the **"Nomination Committee"**).

On 19 April 2021, Ms. Zhao Yinglin was proposed to be appointed as an independent non-executive Director, a member of the Audit Committee and the Nomination Committee and was elected at the annual general meeting of the Company held on 28 May 2021 (**"2020 AGM"**). For details (including the biographical details of Ms. Zhao Yinglin), please refer to the announcement of the Company dated 19 April 2021.

董事

於本中期報告日期，董事會由九名董事組成，包括三名執行董事，即劉志光先生（董事會主席）、肖東生先生及王進聖先生；三名非執行董事，即劉學景先生、張傳立先生及區永昌先生；及三名獨立非執行董事，即郭田勇先生、趙迎琳女士及鍾偉文先生。

監事

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

高級管理層

於本中期報告日期，本公司高級管理層包括總經理肖東生先生；副總經理王進聖先生、汪之現先生、孟濤先生、周勁鷹女士及羅平濤先生；財務總監、董事會秘書兼聯席公司秘書石磊先生；電子商務總監蘇小龍先生；首席顧問池田良曉先生；及國內事業部總經理李立波先生。

董事、監事、高級管理層變動情況

於2021年4月19日，執行董事區永昌先生已獲調任為非執行董事，且不再擔任本公司副總經理。

於2021年4月19日，張曄先生已因其他工作事務而辭去獨立非執行董事、本公司審計委員會（「審計委員會」）成員及本公司提名委員會（「提名委員會」）成員職務。

於2021年4月19日，趙迎琳女士獲建議委任為獨立非執行董事、審計委員會成員及提名委員會成員，並於2021年5月28日舉行的本公司股東週年大會（「2020年股東週年大會」）上獲選。有關詳情（包括趙迎琳女士的履歷詳情）請參閱本公司日期為2021年4月19日的公告。

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

董事、監事及高級管理層情況

On 31 March 2021, Mr. Kong Xiangwei tendered his resignation from his position as a shareholders representative Supervisor and the chairman of the Board of Supervisors. On the same date, Mr. Zhang Jun was proposed to be appointed as the shareholders representative Supervisor and the chairman of the Board of Supervisors and was elected at the 2020 AGM held on 28 May 2021. For details (including the biographical details of Mr. Zhang Jun), please refer to the announcement of the Company dated 31 March 2021.

Save as disclosed above, during the six months ended 30 June 2021 and up to the date of this interim report, there has been no change in Directors, Supervisors and senior management of the Company, and there is no other information that is required to be disclosed pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

於2021年3月31日，孔祥偉先生辭去股東代表監事及監事會主席職務。同日，張軍先生獲建議委任為股東代表監事及監事會主席，並已於2021年5月28日舉行的2020年股東週年大會上獲選。有關詳情（包括張軍先生的履歷詳情）請參閱本公司日期為2021年3月31日的公告。

除上文所披露外，截至2021年6月30日止六個月及直至本中期報告日期，董事、監事及本公司高級管理層概無變動，且亦無根據《香港聯合交易所有限公司證券上市規則》（「**上市規則**」）第13.51B(1)條須予披露的其他資料。

SIGNIFICANT EVENTS

重要事項

CORPORATE GOVERNANCE

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

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

CORPORATE GOVERNANCE CODE

Compliance with the Corporate Governance Code

During the six months ended 30 June 2021, the Company has complied with all the applicable code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules. The Company will continue to review and monitor its corporate governance practice to ensure the compliance of the CG Code.

企業管治

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

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

企業管治守則

遵守《企業管治守則》

於截至2021年6月30日止六個月，本公司已遵守《上市規則》附錄十四所載《企業管治守則》（「**企業管治守則**」）的所有適用守則條文。本公司將繼續檢討及監察其企業管治常規，以確保遵守企業管治守則。

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management and Internal Control Systems

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

Internal Audit

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

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

風險管理及內部控制

風險管理及內部控制系統

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

內部審計

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

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

SIGNIFICANT EVENTS

重要事項

INTERIM DIVIDEND

The Board did not recommend the declaration or payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

USE OF NET PROCEEDS FROM LISTING

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

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

中期股息

董事會不建議就截至2021年6月30日止六個月宣派或派付中期股息(截至2020年6月30日止六個月：無)。

上市所得款項淨額用途

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

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

Intended use of Net Proceeds	Allocation of Net Proceeds	Amount of Net Proceeds utilised up to 30 June 2021 截至2021年6月30日已動用所得款項淨額金額 RMB million 人民幣百萬元	Balance of Net Proceeds unutilised up to 30 June 2021 截至2021年6月30日未動用所得款項淨額結餘 RMB million 人民幣百萬元	Intended timetable for use of the unutilised Net Proceeds 使用未動用所得款項淨額擬定時間表
所得款項淨額擬定用途	所得款項淨額的分配 RMB million 人民幣百萬元			
(i) approximately 45.0% of the total Net Proceeds will be invested in the expansion of our breeding and production capacities of white-feathered broilers through the procurement of facilities necessary for the broiler farms with battery cage systems, slaughtering and processing plant, breeder farms, hatchery, feedmill and organic fertiliser plant 所得款項淨額總額的約45.0%將投資於我們的白羽肉雞飼養及產能擴充，透過為帶有籠養系統的肉雞場、屠宰加工廠、種雞場、孵化場、飼料加工廠和有機肥料廠採購所需設備的方式實現產能擴充	438.9	278.9	160.0	December 2022 2022年12月
(ii) approximately 42.5% of the total Net Proceeds will be used to repay existing borrowings 所得款項淨額總額的約42.5%將用於償還現有借款	414.5	414.5	0.0	June 2021 2021年6月

SIGNIFICANT EVENTS

重要事項

Intended use of Net Proceeds	Allocation of Net Proceeds	Amount of Net Proceeds utilised up to 30 June 2021 截至2021年 6月30日已動用 所得款項淨額金額 RMB million 人民幣百萬元	Balance of Net Proceeds unutilised up to 30 June 2021 截至2021年 6月30日未動用 所得款項淨額結餘 RMB million 人民幣百萬元	Intended timetable for use of the unutilised Net Proceeds 使用未動用 所得款項淨額 擬定時間表
所得款項淨額擬定用途	所得款項淨額的 分配 RMB million 人民幣百萬元			
(iii) approximately 10.0% of the total Net Proceeds will be invested in the brand development and penetration of our existing B2C processed chicken meat products sales channels (both online and offline) through targeted sales and marketing campaigns 所得款項淨額總額的約10.0%將投資於透過定向銷售及營銷活動對我們現有B2C深加工雞肉製品銷售渠道(線上及線下)進行品牌開發及滲透	97.5	97.5	0.0	December 2022 2022年12月
(iv) approximately 2.5% of the total Net Proceeds will be invested in strengthening our R&D capabilities to (i) diversify our product portfolio of processed chicken meat products and ready-to-eat chicken meat products to capture more business opportunities both domestically and overseas; and (ii) improve our expertise and technical knowhow in relation to our product quality, production techniques and efficiency to strengthen our competitiveness in the market 所得款項淨額總額的約2.5%將投資於增強我們的研發能力以(i)促進深加工雞肉製品及即食雞肉製品產品組合的多樣化，從而把握更多國內外業務機會；及(ii)提升有關產品品質、生產技術及效率的專業知識及技術訣竅，從而增強我們在市場上的競爭力	24.4	11.1	13.3	December 2022 2022年12月
Total 總計	975.3 ^(Note) 975.3 ^(附註)	802.0	173.3	

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

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

SIGNIFICANT EVENTS

重要事項

During the Reporting Period, the Company proactively promoted the expansion of production capacity. As at the date of this interim report, the Company (i) built seven new broiler farms with battery caged systems, one new broiler cage conversion farm with battery caged systems and four broiler farms with battery caged systems under construction; (ii) built two new breeder farms; (iii) added one feedmill with production capacity of 400,000 tonnes per annum and commenced operation; (iv) added a fully automatic slaughtering plant with an annual capacity of 80 million broilers and commenced operations; and (v) added a hatchery with an annual capacity of 50 million chicken breeds and commenced operations.

The Group will continue to utilise the Net Proceeds in accordance with the intended purposes as set out in the Prospectus. The above intended timetable for use of the unutilised net proceeds is based on the best estimation of future market conditions and business operations made by the Company, and remains subject to change based on current and future development of market conditions and actual business needs.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

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

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

報告期內，本公司積極推進擴大產能建設，於本中期報告日期，本公司(i)新建籠養肉雞場七座、籠養肉雞改造場一座及在建籠養肉雞場四座；(ii)新建種雞場2座；(iii)新增一間年產40萬噸飼料廠並投入運營；(iv)新增一間年可屠宰8,000萬隻肉雞全自動屠宰廠並投入運營；及(v)新增年可孵化5,000萬隻雞苗的孵化廠並投入運營。

本集團繼續按招股章程所載的擬定用途使用所得款項淨額。上述使用未動用所得款項淨額擬定時間表乃根據本公司對未來市場狀況及業務營運的最佳估計而作出，且仍會根據當前及未來市場狀況的發展以及實際業務需求而有所變動。

關連交易及持續關連交易

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

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

On 28 May 2021, Shandong Fengxiang Industrial Co., Ltd. (山東鳳祥實業有限公司) (“**Fengxiang Industrial**”), a wholly-owned subsidiary of the Company (as the purchaser) and Yanggu Xiangguang Copper Co., Ltd. (陽穀祥光銅業有限公司) (“**Xiangguang Copper**”), an associate of GMK Holdings, a controlling shareholder of the Company and a connected person of the Company (as the vendor) entered into the asset transfer agreement, pursuant to which Fengxiang Industrial agreed to acquire machineries and equipment which are associated with and currently used by Yanggu Sewage Water Treatment Plant (陽穀縣第二污水處理廠) from Xiangguang Copper at a consideration of RMB23,125,900 (equivalent to approximately HK\$27,288,600). The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules, details of which are set out in the Company’s announcement dated 28 May 2021.

On 28 August 2021, the Company entered into the procurement and outsourcing framework agreement with GMK Holdings, pursuant to which GMK Holdings together with its subsidiaries and associates (excluding the Group), collectively “**GMK Group**”, shall provide raw materials and processing services to the Group. On the same date, the Company and GMK Holdings entered into the new product sales framework agreement, pursuant to which the Group shall sell commodities including poultry products, by-products and other livestock and poultry breeding waste materials such as mixture of paddy husk and chicken manure to GMK Group. The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules, details of which are set out in the Company’s announcement dated 28 August 2021.

Save as disclosed above, the Group had not entered into any connected transaction during the six months ended 30 June 2021 and up to the date of this interim report, which is required to be disclosed under Chapter 14A of the Listing Rules.

MATERIAL ASSETS ACQUISITION, SALE AND MERGER

As at 30 June 2021, the Company had no material assets acquisition, sale or merger other than that disclosed in this interim report.

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

The Group had neither significant investments nor significant acquisitions and disposals of relevant subsidiaries, associates and joint ventures during the six months ended 30 June 2021 other than that disclosed in this interim report.

於2021年5月28日，本公司全資附屬公司山東鳳祥實業有限公司(「**鳳祥實業**」)(作為買方)與陽穀祥光銅業有限公司(「**祥光銅業**」，為本公司控股股東及本公司關連人士新鳳祥控股之聯繫人)(作為賣方)訂立資產轉讓合同，據此，鳳祥實業同意向祥光銅業收購陽穀縣第二污水處理廠相關及目前使用的機器及設備，代價為人民幣23,125,900元(相當於約27,288,600港元)。本公司已遵守《上市規則》第14A章的披露規定，詳情載於本公司日期為2021年5月28日的公告。

於2021年8月28日，本公司與新鳳祥控股訂立採購及外包框架協議，據此，新鳳祥控股連同其附屬公司及聯營公司(本集團除外)，合稱「**新鳳祥集團**」須向本集團提供原材料及加工服務。同日，本公司與新鳳祥控股訂立新產品銷售框架協議，據此，本集團須向新鳳祥集團出售禽肉製品、副產品以及其他牲畜及家禽養殖廢料(如稻殼及雞糞的混合物)等商品。本公司已遵守《上市規則》下第14A章的披露要求，詳情載於本公司日期為2021年8月28日的公告。

除上文所披露外，本集團於截至2021年6月30日止六個月及直至本中期報告日期並無訂立而須根據《上市規則》第14A章要求披露的任何關連交易。

重大資產收購、出售及合併

除本中期報告所披露者外，於2021年6月30日，本公司並無重大資產收購、出售或合併。

附屬公司、聯營公司及合資企業的重大投資、收購及出售事項

除本中期報告所披露者外，本集團截至2021年6月30日止六個月並無重大投資，亦無重大收購及出售相關附屬公司、聯營公司及合資企業。

SIGNIFICANT EVENTS

重要事項

IMPLEMENTATION OF EQUITY INCENTIVE PLAN

A summary of the principal terms of the share award scheme was conditionally adopted by resolutions passed at the Company's extraordinary general meeting held on 4 June 2020, and effective from the Company's listing date (the **"Share Award Scheme"**). The Share Award Scheme is not a share option scheme and is not subject to the provisions of Chapter 17 of the Listing Rules. On 22 June 2020, the Company established a trust in connection with the Share Award Scheme (the **"Trust"**) and has appointed Bank of Communications Trustee Limited as trustee (the **"Trustee"**) to administer the Trust. Pursuant to the Share Award Scheme, the grant of award (the **"Award"**) by the Board of Directors to the selected participants may vest in the form of H Shares (the **"Awarded Shares"**) or the net sale proceeds of the Awarded Shares in cash in accordance with the Share Award Scheme.

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

DIRECTORS' AND SUPERVISORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the **"Model Code"**) as set out in Appendix 10 to the Listing Rules as a code of conduct for securities transactions by the Directors and Supervisors. The Company has made specific enquiries with each Director and Supervisor and each of them confirmed that he or she had complied with all required standards under the Model Code during the six months ended 30 June 2021.

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

Save as disclosed in this interim report, as at 30 June 2021, none of the Directors or Supervisors directly or indirectly had any material interest in any material transaction, arrangement or contract in relation to the Company's business, to which the Company, any of its subsidiaries or fellow subsidiaries, if any, was a party.

股權激勵計劃實施情況

本公司於2020年6月4日舉行的臨時股東大會上通過決議有條件地採納並自本公司之上市日期起生效的股份獎勵計劃(「**股份獎勵計劃**」)的主要條款摘要。股份獎勵計劃並非購股權計劃，不受《上市規則》第十七章的條文規管。於2020年6月22日，本公司已就股份獎勵計劃成立信託(「**信託**」)，並已委任交通銀行信託有限公司為受託人(「**受託人**」)管理信託。根據股份獎勵計劃，董事會向選定參與者授出的獎勵(「**獎勵**」)可以H股(「**獎勵股份**」)的形式或根據股份獎勵計劃以現金授出獎勵股份銷售所得款項淨額的形式歸屬。

於2020年6月26日，董事會根據股份獎勵計劃向18名選定參與者授出2,050,000股獎勵股份。為遵守適用中國法律法規及股份獎勵計劃條款以及《上市規則》相關限制，本公司已指示受託人於全球發售完成後直至2020年9月29日的任何時間自公開市場購買2,050,000股H股，以滿足董事會為股份獎勵計劃授出的上述獎勵。

董事及監事的證券交易

本公司已採納《上市規則》附錄十所載的《上市發行人董事進行證券交易的標準守則》(「**標準守則**」)，作為董事及監事進行證券交易的行為守則。本公司已向各董事及監事作出具體查詢並獲各董事及監事確認，其於截至2021年6月30日止六個月已遵守《標準守則》項下規定的所有標準。

董事及監事於重大交易、安排或合約的權益

除本中期報告所披露者外，於2021年6月30日，概無董事或監事於本公司、其任何附屬公司或同系附屬公司(如有)作為訂約方並對本公司業務而言屬重大交易、安排或合約中直接或間接擁有任何重大權益。

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

As at 30 June 2021, the interests and short positions of the Directors, Supervisors and chief executives in any Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning as defined in Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which they were taken or deemed to have under such provisions of the SFO), or to be entered in the register to be kept pursuant to section 352 of the SFO, or otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules are as follows:

(a) The Company

董事、監事及最高行政人員於股份、相關股份或債券之權益及淡倉

於2021年6月30日，董事、監事及最高行政人員於本公司或其任何相聯法團（定義見《證券及期貨條例》第XV部）的任何股份、相關股份及債券中，擁有根據《證券及期貨條例》第XV部第7及第8分部須知會本公司及聯交所的權益及淡倉（包括根據《證券及期貨條例》有關條文被當作或視為擁有的權益及淡倉），或根據《證券及期貨條例》第352條須記入所存置的登記冊內的權益及淡倉，或根據《上市規則》附錄十所載的《標準守則》須另行知會本公司及聯交所的權益及淡倉如下：

(a) 本公司

Name of Directors/ Supervisors	Nature of interest	Class of Shares	Number of Shares	Approximate percentage of interest in the relevant class of Shares of the Company ⁽¹⁾ 在本公司 相關股份類別中 所佔概約 權益百分比 ⁽¹⁾	Approximate percentage of interest in the total share capital of the Company ⁽²⁾ 在本公司 總股本中 所佔概約 權益百分比 ⁽²⁾
董事／監事姓名	權益性質	股份類別	股份數目	權益百分比 ⁽¹⁾	權益百分比 ⁽²⁾
Mr. Liu Zhiguang	Interests held jointly with another person	Domestic Shares	1,045,000,000 (L)	100%	74.62%
劉志光先生	與另一人士共同持有權益	內資股			
Mr. Liu Xuejing ⁽³⁾	Interest in controlled corporation	Domestic Shares	992,854,500 (L)	95.01%	70.92%
劉學景先生 ⁽³⁾	受控法團權益	內資股			
Mr. Xiao Dongsheng ⁽⁴⁾	Beneficiary of a trust	H Shares	300,000 (L)	0.085%	0.021%
肖東生先生 ⁽⁴⁾	信託受益人	H股			
Mr. Ow Weng Cheong ⁽⁴⁾	Beneficiary of a trust	H Shares	200,000 (L)	0.056%	0.014%
區永昌先生 ⁽⁴⁾	信託受益人	H股			
Mr. Wang Jinsheng ⁽⁴⁾	Beneficiary of a trust	H Shares	200,000 (L)	0.056%	0.014%
王進聖先生 ⁽⁴⁾	信託受益人	H股			
Ms. Lian Xianmin ⁽⁴⁾	Beneficiary of a trust	H Shares	50,000 (L)	0.014%	0.004%
廉憲敏女士 ⁽⁴⁾	信託受益人	H股			

SIGNIFICANT EVENTS

重要事項

Notes:

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

附註：

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

(b) Associated Corporation

(b) 相聯法團

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

Note:

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

附註：

- (1) 鳳祥投資與鳳祥集團由新鳳祥集團全資擁有。

Save as disclosed above, as at 30 June 2021, none of the Directors, Supervisors or chief executives or their associates have or are deemed to have any interests and short positions in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning as defined in Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which they were taken or deemed to have under such provisions of the SFO), or pursuant to section 352 of the SFO, required to be entered in the register referred therein, or otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities during the six months ended 30 June 2021.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

OTHER EVENTS

Proposed Initial Public Offering of A Shares

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

除上文所披露者外，於2021年6月30日，概無董事、監事或最高行政人員或彼等聯繫人士於或被視為於本公司或其相聯法團（定義見《證券及期貨條例》第XV部）的股份、相關股份或債券中擁有任何根據《證券及期貨條例》第XV部第7及第8分部須知會本公司及聯交所的權益及淡倉（包括根據《證券及期貨條例》有關條文被當作或視為擁有的權益及淡倉），或根據《證券及期貨條例》第352條須記入該條所述之登記冊內的權益及淡倉，或根據《標準守則》須另行知會本公司及聯交所的權益及淡倉。

購買、出售或贖回上市證券

於截至2021年6月30日止六個月，本公司及其任何附屬公司概無購買、出售或贖回其任何上市證券。

董事及監事購買股份或債券之權利

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

其他事項

建議首次公開發售A股

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

SIGNIFICANT EVENTS

重要事項

Adoption of CASBE

Since the date on which the H shares of the Company became listed on the Stock Exchange, the Company has been preparing its financial statements under both CASBE and International Financial Reporting Standards (“IFRSs”). In order to facilitate the application process of the proposed issue of the A shares of the Company, and to align the financial information disclosure of the Company in both markets, the Board of Directors considered and approved a resolution on 19 April 2021 in relation to the change of its basis for preparation of the overseas financial statements from IFRSs to CASBE, which was approved by the Shareholders at the 2020 AGM on the proposed amendments to the articles of association of the Company (the “**Articles of Association**”).

Amendments to the Articles of Association of the Company

In view of the adoption of CASBE, the Company proposed to amend the relevant articles of the Articles of Association in relation to the preparation of the financial statements of the Company which shall be in accordance with CASBE and the requirements of applicable laws and regulations (“**Proposed Amendments to the Articles of Association**”). A resolution in relation to the Proposed Amendments to the Articles of Association was considered and approved by the Shareholders at the 2020 AGM. Save as disclosed above, during the six months ended 30 June 2021 and up to the date of this interim report, there had been no material change to the Articles of Association. The Articles of Association is available on the websites of the Company and the Stock Exchange.

Change of Overseas Auditors

In view of the above change to the standards in the preparation of the Company's overseas financial statements, the Board of Directors also proposed to change the Company's overseas auditor from BDO Limited to BDO China SHU LUN PAN Certified Public Accountants LLP, which was approved by the Shareholders at the 2020 AGM.

採納中國企業會計準則

自本公司H股於聯交所上市之日以來，本公司一直根據中國企業會計準則及國際財務報告準則（「國際財務報告準則」）編製其財務報表。為方便本公司擬發行A股的申請程序，並使本公司在兩個市場的財務資料披露保持一致，董事會於2021年4月19日審議通過了關於將境外財務報表的編製基礎由國際財務報告準則變更為中國企業會計準則的決議案，該決議案已由股東於2020年股東週年大會上批准建議修訂本公司的公司章程（「**公司章程**」）。

修訂本公司的公司章程

鑒於採納中國企業會計準則，本公司建議修訂有關編製本公司財務報表的公司章程相關條文，以符合中國企業會計準則及適用法律法規的規定（「**建議修訂公司章程**」）。有關建議修訂公司章程的決議案已經股東於2020年股東週年大會上審議及批准。除上文所披露者外，截至2021年6月30日止六個月及直至本中期報告日期，公司章程概無重大變動。公司章程可於本公司及聯交所網站查閱。

更換境外核數師

鑒於上述編製本公司境外財務報表準則的變化，董事會還建議將本公司的境外核數師由香港立信德豪會計師事務所有限公司變更為立信會計師事務所（特殊普通合夥），並經股東於2020年股東週年大會上批准。

Payment of Final Dividends

The profit distribution plan for 2020 of a final dividend of RMB0.03 per Share (tax inclusive) for the year ended 31 December 2020 was considered and approved by the Board of Directors and the Shareholders at the annual general meeting on 31 March 2021 and 28 May 2021, respectively. The profit distribution plan shall be subject to the consideration and approval of the Shareholders at the AGM. The final dividend for 2020 was distributed in July 2021 to the Shareholders in an aggregate amount of RMB42.0 million (tax inclusive).

SUBSEQUENT EVENTS

Save as disclosed in this interim report, the Board of Directors is not aware of any significant event affecting the Group occurred after 30 June 2021 and up to the date of this interim report.

REVIEW OF INTERIM RESULTS

The Audit Committee comprises three independent non-executive Directors, namely, Mr. Guo Tianyong, Ms. Zhao Yinglin and Mr. Chung Wai Man. Mr. Chung Wai Man serves as the chairman of the Audit Committee, who has the professional qualification and experience in financial matters in compliance with the requirements of the Listing Rules. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group, the unaudited interim results of the Group for the six months ended 30 June 2021 and this interim report and is of the view that the interim results of the Group is prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made.

By order of the Board of Directors
Chairman
Liu Zhiguang
Shandong, the PRC
27 August 2021

派付末期股息

截至2020年12月31日止年度的末期股息每股人民幣0.03元(含稅)的2020年度利潤分配方案已獲董事會及股東分別於2021年3月31日及2021年5月28日的股東週年大會上審議及批准。此利潤分配方案須在股東週年大會上提呈股東審議及批准。2020年的末期股息已於2021年7月派發予股東，總額為人民幣42.0百萬元(含稅)。

期後事項

除本中期報告所披露者外，董事會並不知悉於2021年6月30日後及直至本中報日期發生的任何影響本集團之重大事項。

審閱中期業績

審計委員會由三名獨立非執行董事(即郭田勇先生、趙迎琳女士及鍾偉文先生)組成。鍾偉文先生為審計委員會主席，彼具有符合《上市規則》規定的財務方面的專業資格及經驗。審計委員會已與管理層審閱本集團採納的會計原則及慣例、本集團截至2021年6月30日止六個月的未經審核中期業績及本中期報告，並認為本集團的中期業績乃根據適用的會計準則、規則及規例編製，並已作出適當披露。

承董事會命
董事會主席
劉志光
中國山東
2021年8月27日

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

簡明綜合全面收益表

For the six months ended 30 June 2021 截至2021年6月30日止六個月

			Six months ended 30 June 截至6月30日止六個月	
			2021 2021年	2020 2020年 (As restated) (經重述)
			RMB'000 人民幣千元 (Unaudited) (未經審核)	RMB'000 人民幣千元 (Unaudited) (未經審核)
		Note 附註		
Total operating revenue	營業總收入	3	1,969,445	1,902,759
Less: Operating costs	減：營業成本		1,744,762	1,518,620
Taxes and charges	稅金及附加		14,119	12,240
Selling expenses	銷售費用		208,315	121,057
Administrative expenses	管理費用		50,195	43,239
Research and development expenses	研發費用		12,500	9,770
Finance costs	財務費用	4	13,397	29,400
Add: Other gains	加：其他收益	5	3,231	1,582
Investment income	投資收益	6	20,308	(1)
Income on investments in associates and joint ventures	對聯營企業和合營企業的投資收益		(738)	—
Credit impairment loss	信用減值損失		(358)	(133)
Asset impairment loss	資產減值損失		—	—
Proceeds on disposal of assets	資產處置收益		—	—
Operating profit/(loss)	營業利潤／（虧損）		(50,661)	169,881
Add: non-operating income	加：營業外收入		1,863	955
Less: non-operating expenses	減：營業外支出		36	8,897
Total profits/(loss)	利潤／（虧損）總額		(48,833)	161,940
Less: income tax (expenses)/credit	減：所得稅（費用）／抵免	7	(1,458)	940
Net profit/(loss)	淨利潤／（虧損）		(47,375)	161,000
Breakdown by continuity of operations	按經營持續性分類		—	—
Net profit (loss) from continuing operations	持續經營淨利潤（虧損）		(47,375)	161,000
Breakdown by attributable interests	按所有權歸屬分類		—	—
Net profit (loss) attributable to shareholders of the parent company	歸屬於母公司股東的淨利潤（虧損）		(46,722)	161,376
Loss attributable to minority interests	少數股東虧損		(653)	(375)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

簡明綜合全面收益表

For the six months ended 30 June 2021 截至2021年6月30日止六個月

Six months ended 30 June
截至6月30日止六個月

	Note	2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2020 2020年 (As restated) (經重述) RMB'000 人民幣千元 (Unaudited) (未經審核)
Net other comprehensive income after tax	其他綜合收益的稅後淨額	(240)	279
Net other comprehensive income attributable to shareholders of the parent company after tax	歸屬於母公司所有者的其他綜合收益的稅後淨額	(240)	279
Other comprehensive income that cannot be reclassified into profit or loss	不能重分類進損益的其他綜合收益	—	—
Changes arising from remeasurement of defined benefit plan	重新計量設定受益計劃變動額	—	—
Other comprehensive income that cannot be reclassified into profit or loss under the equity method	權益法下不能轉損益的其他綜合收益	—	—
Change in fair value of investment in other equity instruments	其他權益工具投資公允價值變動	—	—
Change in fair value of corporate credit risks	企業自身信用風險公允價值變動	—	—
Other comprehensive income that can be reclassified into profit or loss	將重分類進損益的其他綜合收益	(240)	279
Other comprehensive income to be reclassified into profit or loss under the equity method	權益法下可轉損益的其他綜合收益	—	—
Change in fair value of other debt investments	其他債權投資公允價值變動	—	—
Amount of financial assets to be reclassified into other comprehensive income	金融資產重分類計入其他綜合收益的金額	—	—
Credit impairment provision for other debt investments	其他債權投資信用減值準備	—	—
Cash flow hedging reserve	現金流量套期儲備	—	—
Exchange differences on translation of foreign currency financial statements	外幣財務報表折算差額	(240)	279
Others	其他	—	—
Net other comprehensive income attributable to minority interests after tax	歸屬於少數股東的其他綜合收益的稅後淨額	—	—
Total comprehensive income	綜合收益總額	(47,615)	161,279
Total comprehensive income attributable to the shareholders of the parent company	歸屬於母公司所有者的綜合收益總額	(46,962)	161,655
Total comprehensive income attributable to minority interests	歸屬於少數股東的綜合收益總額	(653)	(375)
Earnings per share	每股收益		
Basic (loss) earnings per share (RMB per Share)	基本每股(虧損)收益(元/股)	(0.03)	0.15
Diluted (loss) earnings per share (RMB per Share)	稀釋每股(虧損)收益(元/股)	(0.03)	0.15

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITIONS

簡明綜合財務狀況表

As at 30 June 2021 於2021年6月30日

			As at 30 June 2021 於2021年 6月30日	As at 31 December 2020 於2020年 12月31日 (As restated) (經重述)
	Note 附註		RMB'000 人民幣千元 (Unaudited) (未經審核)	RMB'000 人民幣千元 (Audited) (經審核)
Current assets		流動資產		
Monetary funds		貨幣資金	1,910,676	1,556,134
Financial assets held for trading		交易性金融資產	72	—
Trade receivables	10	應收賬款	179,148	192,572
Prepayments		預付款項	35,476	57,924
Other receivables		其他應收款	10,608	7,824
Financial assets held under resale agreements		買入返售金融資產	—	—
Inventories	11	存貨	787,616	726,003
Contract assets		合同資產	—	—
Assets held for sale		持有待售資產	—	—
Non-current assets due within one year		一年內到期的非流動資產	—	—
Other current assets	12	其他流動資產	69,014	65,051
Total current assets		流動資產合計	2,992,610	2,605,508
Non-current assets		非流動資產		
Long-term equity investments	13	長期股權投資	64,089	64,827
Fixed assets	14	固定資產	2,500,571	2,004,898
Construction in progress	15	在建工程	170,726	301,021
Productive biological assets	16	生產性生物資產	133,065	101,225
Right-of-use assets	17	使用權資產	424,195	427,113
Intangible assets	18	無形資產	93,588	91,320
Long-term deferred expenses		長期待攤費用	0	411
Deferred income tax assets		遞延所得稅資產	1,431	203
Other non-current assets		其他非流動資產	28,057	156,212
Total non-current assets		非流動資產合計	3,415,722	3,147,229
Total assets		資產總計	6,408,332	5,752,737

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITIONS

簡明綜合財務狀況表

As at 30 June 2021 於2021年6月30日

			As at 30 June 2021 於2021年 6月30日	As at 31 December 2020 於2020年 12月31日 (As restated) (經重述)
	Note 附註		RMB'000 人民幣千元 (Unaudited) (未經審核)	RMB'000 人民幣千元 (Audited) (經審核)
Current liabilities	流動負債			
Short-term borrowings	短期借款	23	1,613,462	1,487,000
Bills payable	應付票據	19	73,418	—
Trade payable	應付賬款	20	439,324	348,931
Contract liabilities	合同負債		32,429	37,830
Payroll payable	應付職工薪酬	21	59,249	73,494
Taxes payable	應交稅費		7,311	7,212
Other payables	其他應付款	22	165,546	126,902
Non-current liabilities due within one year	一年內到期的非流動負債		103,144	68,275
Other current liabilities	其他流動負債		2,343	2,456
Total current liabilities	流動負債合計		2,496,226	2,152,100
Non-current liabilities	非流動負債			
Long-term borrowings	長期借款	23	438,411	—
Lease liabilities	租賃負債		265,054	310,286
Long-term payables	長期應付款		—	—
Long-term payroll payables	長期應付職工薪酬		—	—
Estimated liabilities	預計負債		165	184
Deferred income	遞延收益		11,476	7,108
Total non-current liabilities	非流動負債合計		715,106	317,578
Total liabilities	負債合計		3,211,332	2,469,678
Owners' equity	所有者權益			
Share capital	股本	29	1,400,000	1,400,000
Capital reserve	資本公積		663,282	663,335
Less: treasury shares	減：庫存股		2,548	3,822
Other comprehensive income	其他綜合收益		(18)	222
Surplus reserve	盈餘公積		135,407	135,407
Undistributed profits	未分配利潤		1,000,877	1,089,599
Total equity attributable to shareholders of the parent company	歸屬於母公司所有者權益合計		3,197,000	3,284,741
Minority interests	少數股東權益		—	(1,682)
Total owners' equity	所有者權益合計		3,197,000	3,283,059
Total liabilities and owners' equity	負債和所有者權益總計		6,408,332	5,752,737

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

簡明綜合權益變動表

For the six months ended 30 June 2021 截至2021年6月30日止六個月

		Consolidated statement of changes in owners' equity for the six months ended 30 June 2021 截至2021年6月30日止六個月合併所有者權益變動表								
Items	項目	Share capital	Capital reserves	Less: treasury shares	Other comprehensive income	Surplus reserves	Undistributed profits	Sub-total	Minority interest	Total owners' equity
		股本	資本公積	減：庫存股	其他綜合收益	盈餘公積	未分配利潤	小計	股東權益少數	權益合計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(未經審計)	(未經審計)	(未經審計)	(未經審計)	(未經審計)	(未經審計)	(未經審計)	(未經審計)	(未經審計)
I. Balance at the end of last year	一、上年年末餘額	1,400,000	663,335	3,822	222	135,407	1,089,599	3,284,741	(1,682)	3,283,059
II. Balance at the beginning of the year	二、本年初餘額	1,400,000	663,335	3,822	222	135,407	1,089,599	3,284,741	(1,682)	3,283,059
III. Increases/decreases at current period	三、本期增減變動金額	—	(53)	(1,274)	(240)	—	(88,722)	(87,740)	1,682	(86,058)
(I) Total comprehensive income	(一) 綜合收益總額	—	—	—	(240)	—	(46,722)	(46,962)	(653)	(47,615)
(II) Capital contributed or reduced by owners	(二) 所有者投入和減少資本	—	(53)	(1,274)	—	—	—	1,221	2,336	3,557
1. Ordinary shares contributed by owners	1. 所有者投入的普通股	—	(18)	—	—	—	—	(18)	2,336	2,318
2. Capital contributed by the holders of other equity instruments	2. 其他權益工具持有者投入資本	—	—	—	—	—	—	—	—	—
3. Amounts of share-based payments recognised in owners' equity	3. 股份支付計入所有者權益的金額	—	(106)	(1,274)	—	—	—	1,168	—	1,168
4. Others	4. 其他	—	72	—	—	—	—	72	—	72
(III) Profit distribution	(三) 利潤分配	—	—	—	—	—	(42,000)	(42,000)	—	(42,000)
1. Withdrawal of surplus reserves	1. 提取盈餘公積	—	—	—	—	—	—	—	—	—
2. Withdrawal of general risk reserves	2. 提取一般風險準備	—	—	—	—	—	—	—	—	—
3. Profit distributed to owners (or shareholders)	3. 對所有者(或股東)的分配	—	—	—	—	—	(42,000)	(42,000)	—	(42,000)
4. Others	4. 其他	—	—	—	—	—	—	—	—	—
IV. Balance at the end of the period	四、本期末餘額	1,400,000	663,282	2,548	(18)	135,407	1,000,877	3,197,000	—	3,197,000

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

簡明綜合權益變動表

For the six months ended 30 June 2021 截至2021年6月30日止六個月

Consolidated statement of changes in owners' equity for the six months ended 30 June 2020
截至2020年6月30日止六個月合併所有者權益變動表

Items	項目	Share capital (As restated)	Capital reserves (As restated)	Less: treasury shares (As restated)	Other comprehensive income (As restated)	Surplus reserves (As restated)	Undistributed profits (As restated)	Sub-total (As restated)	Minority interest (As restated)	Total owners' equity (As restated)
		股本 (經重述)	資本公積 (經重述)	減：庫存股 (經重述)	其他 綜合收益 (經重述)	盈餘公積 (經重述)	未分配利潤 (經重述)	小計 (經重述)	股東權益 (經重述)	權益合計 (經重述)
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(未經審計)	(未經審計)	(未經審計)	(未經審計)	(未經審計)	(未經審計)	(未經審計)	(未經審計)	(未經審計)
I.	Balance at the end of last year 一、上年年末餘額	1,045,000	41,861	—	261	119,790	917,623	2,124,535	(856)	2,123,678
II.	Balance at the beginning of the year 二、本年初餘額	1,045,000	41,861	—	261	119,790	917,623	2,124,535	(856)	2,123,678
III.	Increases/decreases at current period 三、本期增減變動金額	—	552	—	279	—	161,376	162,207	(375)	161,831
(I)	Total comprehensive income (一) 綜合收益總額	—	—	—	279	—	161,376	161,655	(375)	161,279
(II)	Capital contributed or reduced by owners (二) 所有者投入和減少資本	—	552	—	—	—	—	552	—	552
1.	Ordinary shares contributed by owners 1. 所有者投入的普通股	—	—	—	—	—	—	—	—	—
2.	Capital contributed by the holders of other equity instruments 2. 其他權益工具持有者投入資本	—	—	—	—	—	—	—	—	—
3.	Amounts of share-based payments recognised in owners' equity 3. 股份支付計入所有者權益的金額	—	—	—	—	—	—	—	—	—
4.	Others 4. 其他	—	552	—	—	—	—	552	—	552
(III)	Profit distribution (三) 利潤分配	—	—	—	—	—	—	—	—	—
1.	Withdrawal of surplus reserves 1. 提取盈餘公積	—	—	—	—	—	—	—	—	—
2.	Withdrawal of general risk reserves 2. 提取一般風險準備	—	—	—	—	—	—	—	—	—
3.	Profit distributed to owners (or shareholders) 3. 對所有者(或股東)的分配	—	—	—	—	—	—	—	—	—
4.	Others 4. 其他	—	—	—	—	—	—	—	—	—
IV.	Balance at the end of the period 四、本期末餘額	1,045,000	42,413	—	540	119,790	1,078,999	2,286,741	(1,232)	2,285,509

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

簡明綜合現金流量表

For the six months ended 30 June 2021 截至2021年6月30日止六個月

Items	項目	Notes 附註	Six months ended 30 June 截至6月30日止六個月	
			2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審計)	2020 (As restated) 2020年(經重述) RMB'000 人民幣千元 (Unaudited) (未經審計)
I. Cash flows from operating activities	一、經營活動產生的現金流量			
Cash received from sales of goods and rendering of services	銷售商品、提供勞務收到的現金		2,124,382	1,945,434
Tax refunds received	收到的稅費返還		16,761	29,321
Cash received from other operating activities	收到其他與經營活動有關的現金		115,773	39,534
Sub-total of cash inflows from operating activities	經營活動現金流入小計		2,256,916	2,014,289
Cash paid for goods purchased and services received	購買商品、接受勞務支付的現金		1,585,603	1,223,148
Cash paid to and on behalf of employees	支付給職工以及為職工支付的現金		299,919	315,418
Cash paid for taxes	支付的各項稅費		24,451	14,375
Cash paid for other operating activities	支付其他與經營活動有關的現金		322,142	176,899
Sub-total of cash outflows from operating activities	經營活動現金流出小計		2,232,115	1,729,840
Net cash flows generated from operating activities	經營活動產生的現金流量淨額		24,801	284,449
II. Cash flows from investing activities	二、投資活動產生的現金流量			
Cash received from disposal of investments	收回投資收到的現金		—	—
Cash received from gains on investments	取得投資收益收到的現金		—	—
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	處置固定資產、無形資產和其他長期資產收回的現金淨額		1,349	1,347
Net cash received from disposal of subsidiaries and other business units	處置子公司及其他營業單位收到的現金淨額		10	—
Cash received from other investing activities	收到其他與投資活動有關的現金		—	—
Sub-total of cash inflows from investing activities	投資活動現金流入小計		1,359	1,347
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	購建固定資產、無形資產和其他長期資產支付的現金		343,467	202,141
Cash paid for investments	投資支付的現金		—	—
Net increase in pledge loans	質押貸款淨增加額		—	—
Net cash paid to acquire subsidiaries and other business units	取得子公司及其他營業單位支付的現金淨額		—	—
Cash paid for other investing activities	支付其他與投資活動有關的現金		5,921	—
Sub-total of cash outflows from investing activities	投資活動現金流出小計		349,388	202,141
Net cash flows from investing activities	投資活動產生的現金流量淨額		(348,029)	(200,794)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

簡明綜合現金流量表

For the six months ended 30 June 2021 截至2021年6月30日止六個月

Items	項目	Notes 附註	Six months ended 30 June 截至6月30日止六個月	
			2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審計)	2020 (As restated) 2020年(經重述) RMB'000 人民幣千元 (Unaudited) (未經審計)
III. Cash flows from financing activities	三、籌資活動產生的現金流量		—	—
Cash from absorption of investments	吸收投資收到的現金		—	—
Including: cash received by subsidiaries from investment by minority shareholders	其中：子公司吸收少數股東投資收到的現金		—	—
Cash received from borrowings	取得借款收到的現金		1,482,290	1,341,334
Cash received from other financing activities	收到其他與籌資活動有關的現金		—	—
Sub-total of cash inflows from financing activities	籌資活動現金流入小計		1,482,290	1,341,334
Cash paid for debts repayments	償還債務支付的現金		817,500	838,826
Cash paid for distribution of dividends and profits or payment of interest	分配股利、利潤或償付利息支付的現金		23,834	30,914
Including: dividends and profits paid to minority shareholders by subsidiaries	其中：子公司支付給少數股東的股利、利潤		—	—
Cash paid for other financing activities	支付其他與籌資活動有關的現金		44,500	34,564
Sub-total of cash outflows from financing activities	籌資活動現金流出小計		885,834	904,304
Net cash flows from financing activities	籌資活動產生的現金流量淨額		596,456	437,030
IV. Effect of fluctuation in exchange rate on cash and cash equivalents	四、匯率變動對現金及現金等價物的影響		8	12
V. Net increase in cash and cash equivalents	五、現金及現金等價物淨增加額		273,236	520,697
Add: Cash and cash equivalents at beginning of period	加：期初現金及現金等價物餘額		1,289,514	563,365
VI. Cash and cash equivalents at end of period	六、期末現金及現金等價物餘額		1,562,750	1,084,062

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

1. BASIS OF PREPARATION

The unaudited interim financial statements of the Group have been prepared on a going concern basis based on the actual transactions and events in accordance with the Accounting Standards for Business Enterprises and relevant regulations issued by the Ministry of Finance of the People's Republic of China (the “**PRC**”) (collectively, the “**PRC Accounting Standards**”), the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the “**Companies Ordinance**”), and is in compliance with the accounting policies and accounting estimates applicable to the Group.

The interim results have been reviewed by the Audit Committee.

The financial statements have been prepared under the historical cost convention. Unless otherwise stated, the financial statements are presented in RMB and all amounts are rounded to the nearest thousand (RMB'000).

1. 編製基準

本集團未經審核中期財務報表以持續經營為基礎，根據實際發生的交易和事項，按照中華人民共和國（「中國」）財政部頒佈的《企業會計準則》及相關規定（以下合稱「中國會計準則」），以及香港聯合交易所有限公司《證券上市規則》（「《上市規則》」）、香港法例第622章《公司條例》（「《公司條例》」）的披露規定，並基於本集團所適用的會計政策及會計估計編製。

本中期業績已經審計委員會審閱。

該等財務報表乃根據歷史成本常規法編製。除另有註明外，該等財務報表以人民幣呈列，所有金額均調整至最接近的千元。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

1. BASIS OF PREPARATION (Continued)

The Group used to apply the applicable International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”) and the requirements of the Companies Ordinance in its preparation of its financial statements. According to the “Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong” published by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in December 2010, with effect from this financial year, the Group has decided to prepare its financial statements in accordance with the PRC Accounting Standards. The adoption of the PRC Accounting Standards has been applied retrospectively. The balance sheet as at 31 December 2020 and the income statement, statement of cash flows and statement of changes in equity for the period from January to June 2020 for comparative purposes are also converted to the presentation and disclosure in accordance with the format of the enterprise financial statements as stipulated in the PRC Accounting Standards. As the PRC Accounting Standards and IFRSs converge, the material differences between the PRC Accounting Standards adopted in the financial statements in 2021 and IFRSs adopted in the financial statements disclosed as at 31 December 2020 are mainly due to differences in the measurement model of productive biological assets.

In 2020, the Company performed valuation for all productive biological assets in accordance with IFRSs. As such valuation is not a statutory valuation, the revaluation surpluses resulting from the valuation is only reflected in the statements prepared under IFRSs, but not reflected in the statements prepared under the PRC Accounting Standards. Productive biological assets are not depreciated in accordance with IFRSs, but are depreciated according to the PRC Accounting Standards and the productive biological assets will be depreciated year by year.

1. 編製基準(續)

本集團以往一直採用國際會計準則理事會(「**國際會計準則理事會**」)頒佈所適用國際財務報告準則(「**國際財務報告準則**」)及公司條例的規定編製其財務報表。根據香港聯合交易所有限公司(「**聯交所**」)於2010年12月刊發的《有關接受在香港上市的內地註冊成立公司採用內地的會計及審計準則以及聘用內地會計師事務所的諮詢總結》，由本財政年度開始，本集團決定按照中國會計準則編製財務報表，採納中國會計準則作追溯性應用，並將用作比較之財務數據截至2020年12月31日的資產負債表及2020年1至6月利潤表、現金流量表、權益變動表轉換為按中國會計準則規定的企業財務報表格式欄示和披露。由於中國會計準則與國際財務報告準則趨同，為此，本集團於2021年度採納中國會計準則，與截至2020年12月31日止披露的財務報表採用的國際財務報告政策的重大差異主要是由於生產性生物資產計量模式導致的差異。

在2020年，本公司按國際財務報告準則，對所有生產性生物資產進行了評估。由於該評估不屬於法定評估，因此該次評估所產生的重估增值只反映在按國際財務報告編製的報表中，而未反映在按中國會計準則編製的報表中；國際會計準則不對生產性生物資產折舊，而中國會計準則對生產性生物資產折舊，故生產性生物資產將在以後年度逐年折舊。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Declaration on compliance with the CASBE

The financial statements comply with the requirements of the CASBE issued by the Ministry of Finance, and truthfully and completely reflect the consolidated financial position as at 30 June 2021 and the consolidated results of operations and cashflows for the period from January to June 2021.

Accounting period

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

The accounting period for this report is from 1 January 2021 to 30 June 2021.

Business cycle

The Company's business cycle is 12 months.

Functional currency

The Company adopts RMB as its functional currency.

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

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

2. 重要會計政策及會計估計

遵循中國會計準則的聲明

本財務報表符合財政部頒佈的中國會計準則的要求，真實、完整地反映了本公司2021年6月30日的合併財務狀況以及2021年1-6月的合併經營成果和現金流量。

會計期間

自公曆1月1日起至12月31日止為一個會計年度。

本報告會計期間為2021年1月1日至2021年6月30日。

營業週期

本公司營業週期為12個月。

記賬本位幣

本公司採用人民幣為記賬本位幣。

同一控制下和非同一控制下企業合併的會計處理方法

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

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

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

Preparation method of consolidated financial statements

(1) Scope of consolidation

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

2. 重要會計政策及會計估計(續)

同一控制下和非同一控制下企業合併的會計處理方法(續)

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

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

合併財務報表的編製方法

(1) 合併範圍

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Preparation method of consolidated financial statements (Continued)

(2) Consolidation procedures

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

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

Addition of subsidiary or business

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

2. 重要會計政策及會計估計(續)

合併財務報表的編製方法(續)

(2) 合併程序

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

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

增加子公司或業務

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Preparation method of consolidated financial statements (Continued)

(2) Consolidation procedures (Continued)

Addition of subsidiary or business (Continued)

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

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

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

2. 重要會計政策及會計估計(續)

合併財務報表的編製方法(續)

(2) 合併程序(續)

增加子公司或業務(續)

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Preparation method of consolidated financial statements (Continued)

(2) Consolidation procedures (Continued)

Disposal of subsidiary

General treatment for disposal:

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

Stepwise disposal of subsidiary

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

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

2. 重要會計政策及會計估計(續)

合併財務報表的編製方法(續)

(2) 合併程序(續)

處置子公司

一般處理方法：

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

分步處置子公司

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Preparation method of consolidated financial statements (Continued)

(2) Consolidation procedures (Continued)

Stepwise disposal of subsidiary (Continued)

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

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

Purchase of minority interests in subsidiary

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

2. 重要會計政策及會計估計(續)

合併財務報表的編製方法(續)

(2) 合併程序(續)

分步處置子公司(續)

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

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

購買子公司少數股權

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Preparation method of consolidated financial statements (Continued)

(2) Consolidation procedures (Continued)

Partial disposal of equity investment in subsidiary without loss of control

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

Classification of joint arrangements and accounting treatment for joint operations

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

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

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

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

2. 重要會計政策及會計估計(續)

合併財務報表的編製方法(續)

(2) 合併程序(續)

不喪失控制權的情況下部分處置對子公司的股權投資

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

合營安排分類及共同經營會計處理方法

合營安排分為共同經營和合營企業。

共同經營，是指合營方享有該安排相關資產且承擔該安排相關負債的合營安排。

本公司確認與共同經營中利益份額相關的下列項目：

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

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

Recognition standard for cash and cash equivalents

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

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

(1) Foreign currency transactions

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

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

2. 重要會計政策及會計估計(續)

合營安排分類及共同經營會計處理方法(續)

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

現金及現金等價物的確定標準

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

外幣業務和外幣報表折算

(1) 外幣業務

外幣業務採用交易發生日的即期匯率作為折算匯率將外幣金額折合成人民幣記賬。

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

(2) Translation of financial statements denominated in foreign Currency

For the translation of financial statements of foreign operation denominated in foreign currency, the assets and liabilities in the balance sheets are translated at the spot exchange rates on the balance sheet date; except for “retained earnings” items, all items under owner's equity are translated at the spot exchange rates when incurred. The income and expense items in the income statement are translated at the spot exchange rates on the transaction dates.

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

Financial Instruments

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

(1) Classification of financial instruments

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

2. 重要會計政策及會計估計(續)

外幣業務和外幣報表折算(續)

(2) 外幣財務報表的折算

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

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

金融工具

本公司在成為金融工具合同的一方時，確認一項金融資產、金融負債或權益工具。

(1) 金融工具的分類

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Financial Instruments (Continued)

(1) Classification of financial instruments (Continued)

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

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

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

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

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

2. 重要會計政策及會計估計(續)

金融工具(續)

(1) 金融工具的分類(續)

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

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Financial Instruments (Continued)

(1) Classification of financial instruments (Continued)

All financial assets not classified as measured at amortised cost and fair value through other comprehensive income as described above are measured at fair value through current profit or loss. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through current profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

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

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

2. 重要會計政策及會計估計(續)

金融工具(續)

(1) 金融工具的分類(續)

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Financial Instruments (Continued)

(2) Recognition basis and measurement method of financial instruments

Financial assets measured at amortised cost

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

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

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

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

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

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

2. 重要會計政策及會計估計(續)

金融工具(續)

(2) 金融工具的確認依據和計量方法

以攤餘成本計量的金融資產

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

持有期間採用實際利率法計算的利息計入當期損益。

收回或處置時，將取得的價款與該金融資產賬面價值之間的差額計入當期損益。

以公允價值計量且其變動計入其他綜合收益的金融資產(債務工具)

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Financial Instruments (Continued)

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

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

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

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

Financial assets at fair value through current profit or loss

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

Financial liabilities measured at fair value through current profit or loss

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

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

2. 重要會計政策及會計估計(續)

金融工具(續)

(2) 金融工具的確認依據和計量方法(續)

以公允價值計量且其變動計入其他綜合收益的金融資產(權益工具)

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

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

以公允價值計量且其變動計入當期損益的金融資產

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

以公允價值計量且其變動計入當期損益的金融負債

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

終止確認時，其賬面價值與支付的對價之間的差額計入當期損益。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Financial Instruments (Continued)

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

Financial liabilities measured at amortised cost

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

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

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

(3) Derecognition of financial asset and financial asset transfers

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

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

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

2. 重要會計政策及會計估計(續)

金融工具(續)

(2) 金融工具的確認依據和計量方法(續)

以攤餘成本計量的金融負債

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

持有期間採用實際利率法計算的利息計入當期損益。

終止確認時，將支付的對價與該金融負債賬面價值之間的差額計入當期損益。

(3) 金融資產終止確認和金融資產轉移

滿足下列條件之一時，本公司終止確認金融資產：

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Financial Instruments (Continued)

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

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

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

The book value of the financial asset transferred;

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

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

The book value of the part that is derecognised;

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

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

2. 重要會計政策及會計估計(續)

金融工具(續)

(3) 金融資產終止確認和金融資產轉移(續)

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

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

所轉移金融資產的賬面價值；

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

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

終止確認部分的賬面價值；

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Financial Instruments (Continued)

(4) Derecognition of financial liabilities

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

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

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

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

2. 重要會計政策及會計估計(續)

金融工具(續)

(4) 金融負債終止確認

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Financial Instruments (Continued)

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

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

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

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

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

2. 重要會計政策及會計估計(續)

金融工具(續)

(5) 金融資產和金融負債的公允價值的確定方法

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

(6) 金融資產減值的測試方法及會計處理方法

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Financial Instruments (Continued)

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

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

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

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

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

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

2. 重要會計政策及會計估計(續)

金融工具(續)

(6) 金融資產減值的測試方法及會計處理方法(續)

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

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Financial Instruments (Continued)

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

For lease receivables, the Company chooses to always measures the loss provisions at the lifetime expected credit loss.

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

Inventories

(1) Classification and costs for inventories

Inventories are classified into raw materials, turnover material, goods in stock, work in process, distributed goods and consumptive biological assets, etc.

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

(2) Measurement for inventories delivered

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

2. 重要會計政策及會計估計(續)

金融工具(續)

(6) 金融資產減值的測試方法及會計處理方法(續)

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

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

存貨

(1) 存貨的分類和成本

存貨分類為：原材料、周轉材料、庫存商品、在產品、發出商品、消耗性生物資產等。

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

(2) 發出存貨的計價方法

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Inventories (Continued)

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

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

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

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

(4) Inventory system

The perpetual inventory system is adopted.

2. 重要會計政策及會計估計(續)

存貨(續)

(3) 不同類別存貨可變現淨值的確定依據

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

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

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

(4) 存貨的盤存制度

採用永續盤存制。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Inventories (Continued)

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

Low-value consumables are mortised using the immediate write off method;

Packaging materials are mortised using the immediate write-off method.

Contract assets

(1) Recognition and standard of contract assets

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

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

For the method of determination of expected credit loss of contract assets and accounting treatment methods, please refer to the Note III "(X) 6. Test and accounting methods for impairment of financial assets".

2. 重要會計政策及會計估計(續)

存貨(續)

(5) 低值易耗品和包裝物的攤銷方法

低值易耗品採用一次轉銷法；

包裝物採用一次轉銷法。

合同資產

(1) 合同資產的確認方法及標準

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

(2) 合同資產預期信用損失的確定方法及會計處理方法

合同資產的預期信用損失的確定方法及會計處理方法詳見本附註三「(十)6、金融資產減值的測試方法及會計處理方法」。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Long-term equity investments

(1) Joint control or significant influence criterion

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

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

(2) Determination of initial investment cost

Long-term equity investments acquired through business combination

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

2. 重要會計政策及會計估計(續)

長期股權投資

(1) 共同控制、重大影響的判斷標準

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

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

(2) 初始投資成本的確定

企業合併形成的長期股權投資

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Long-term equity investments (Continued)

(2) Determination of initial investment cost (Continued)

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

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

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

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

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

(3) Subsequent measurement and recognition of profit or loss

Long-term equity investment accounted for by cost method

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

2. 重要會計政策及會計估計(續)

長期股權投資(續)

(2) 初始投資成本的確定(續)

企業合併形成的長期股權投資(續)

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

通過企業合併以外的其他方式取得的長期股權投資

以支付現金方式取得的長期股權投資，按照實際支付的購買價款作為初始投資成本。

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

(3) 後續計量及損益確認方法

成本法核算的長期股權投資

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Long-term equity investments (Continued)

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

Long-term equity investment accounted for by equity method

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

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

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

2. 重要會計政策及會計估計(續)

長期股權投資(續)

(3) 後續計量及損益確認方法(續)

權益法核算的長期股權投資

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Long-term equity investments (Continued)

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

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

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

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

Disposal of long-term equity investments

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

2. 重要會計政策及會計估計(續)

長期股權投資(續)

(3) 後續計量及損益確認方法(續)

權益法核算的長期股權投資(續)

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

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

長期股權投資的處置

處置長期股權投資，其賬面價值與實際取得價款的差額，計入當期損益。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Long-term equity investments (Continued)

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

Disposal of long-term equity investments (Continued)

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

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

2. 重要會計政策及會計估計(續)

長期股權投資(續)

(3) 後續計量及損益確認方法(續)

長期股權投資的處置(續)

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Long-term equity investments (Continued)

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

Disposal of long-term equity investments (Continued)

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

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

2. 重要會計政策及會計估計(續)

長期股權投資(續)

(3) 後續計量及損益確認方法(續)

長期股權投資的處置(續)

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Fixed assets

(1) Conditions for recognition of fixed assets

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

it is probable that the economic benefits associated with the fixed asset will flow to the enterprise;

its cost can be reliably measured.

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

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

(2) Methods for depreciation

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

2. 重要會計政策及會計估計(續)

固定資產

(1) 固定資產確認條件

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

與該固定資產有關的經濟利益很可能流入企業；

該固定資產的成本能夠可靠地計量。

固定資產按成本(並考慮預計棄置費用因素的影響)進行初始計量。

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

(2) 折舊方法

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Fixed assets (Continued)

(2) Methods for depreciation (Continued)

The depreciation policy for fixed assets leased under finance leases is consistent with that for own fixed assets. If it is reasonably certain that ownership of the leased assets will be obtained at the end of the lease term, depreciation is provided over the remaining useful life of the leased assets; if it is not reasonably certain that ownership of the leased assets will be obtained at the end of the lease term, depreciation is provided over the shorter of the lease term and the remaining useful life of the leased assets.

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

Category 類別	Depreciation method 折舊方法	Useful life (Years) 折舊年限(年)	Residual value rate (%) 殘值率(%)	Annual depreciation rate (%) 年折舊率(%)
House and buildings 房屋及建築物	Straight-line method 平均年限法	20–40	5	2.38–4.85
Machine and equipment 機器設備	Straight-line method 平均年限法	4–15	5	6.33–23.75
Vehicle 運輸設備	Straight-line method 平均年限法	8	5	11.88
Electronic equipment 電子設備	Straight-line method 平均年限法	5	5	19.00

2. 重要會計政策及會計估計(續)

固定資產(續)

(2) 折舊方法(續)

融資租賃方式租入的固定資產採用與自有固定資產相一致的折舊政策。能合理確定租賃期屆滿時將會取得租賃資產所有權的，在租賃資產尚可使用年限內計提折舊；無法合理確定租賃期屆滿時能夠取得租賃資產所有權的，在租賃期與租賃資產尚可使用年限兩者中較短的期間內計提折舊。

各類固定資產折舊方法、折舊年限、殘值率和年折舊率如下：

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Fixed assets (Continued)

(3) Recognition and measurement of fixed assets under finance lease

Where any one of the following conditions is provided in the lease agreement between the Company and the lessor, assets under finance lease will be recognised:

- (1) upon the expiry of lease, the ownership of the leased asset will be transferred to the Company;
- (2) the Company has the option to purchase the leased asset at a price that is expected to be far less than the fair value of the leased asset at the exercise of the option;
- (3) the lease term accounts for the majority of the useful life of the leased asset;
- (4) the present value of the minimum lease payment at the inception of the lease is substantially the same as the fair value of the leased asset;
- (5) the leased assets are of a specialised nature such that only the lessee can use them without major modifications being made.

At the inception of the lease, the leased asset shall be stated at the lower of the fair value of the leased asset and the present value of the minimum lease payments, and the minimum lease payments shall be recorded as the carrying amount of long-term payables. The difference between the recorded amount of the leased asset and the minimum lease payments shall be accounted for as unrecognised finance charge.

2. 重要會計政策及會計估計(續)

固定資產(續)

(3) 融資租入固定資產的認定依據、計價方法

公司與租賃方所簽訂的租賃協議條款中規定了下列條件之一的，確認為融資租入資產：

- (1) 租賃期滿後租賃資產的所有權歸屬於本公司；
- (2) 公司具有購買資產的選擇權，購買價款遠低於行使選擇權時該資產的公允價值；
- (3) 租賃期佔所租賃資產使用壽命的大部分；
- (4) 租賃開始日的最低租賃付款額現值，與該資產的公允價值不存在較大的差異；
- (5) 租賃資產性質特殊，如果不作較大改造，只有承租人才能使用。

公司在承租開始日，將租賃資產公允價值與最低租賃付款額現值兩者中較低者作為租入資產的入賬價值，將最低租賃付款額作為長期應付款的入賬價值，其差額作為未確認的融資費。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Fixed assets (Continued)

(4) Disposal of fixed assets

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

Construction in progress

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

Borrowing costs

(1) Criteria for recognition of capitalised borrowing costs

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

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

2. 重要會計政策及會計估計(續)

固定資產(續)

(4) 固定資產處置

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

在建工程

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

借款費用

(1) 借款費用資本化的確認原則

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Borrowing costs (Continued)

(2) Capitalisation period of borrowing costs

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

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

expenditures for the assets (including cash paid, non-currency assets transferred or interest-bearing liabilities assumed for the acquisition, construction or production of qualifying assets) have been incurred;

borrowing costs have been incurred;

acquisition, construction or production that are necessary to enable the asset get ready for their intended use or sale have commenced.

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

(3) Suspension of capitalisation period

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

2. 重要會計政策及會計估計(續)

借款費用(續)

(2) 借款費用資本化期間

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

借款費用同時滿足下列條件時開始資本化：

資產支出已經發生，資產支出包括為購建或者生產符合資本化條件的資產而以支付現金、轉移非現金資產或者承擔帶息債務形式發生的支出；

借款費用已經發生；

為使資產達到預定可使用或者可銷售狀態所必要的購建或者生產活動已經開始。

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

(3) 暫停資本化期間

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Borrowing costs (Continued)

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

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

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

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

2. 重要會計政策及會計估計(續)

借款費用(續)

(4) 借款費用資本化率、資本化金額的計算方法

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Biological assets

- (1) The Company's biological assets are productive biological assets, which are classified into immature productive biological assets and mature productive biological assets according to different stages. The two stages refer to the breeding stage and the production stage, respectively.
- (2) The cost of productive biological assets mainly includes: the cost of purchased chicken breeds of parent stock day-old chicks, material consumption, depreciation of chicken sheds and remuneration. When the parent stock day-old chicks enter the egg-laying stage, the costs originally assigned to the immature productive biological assets account are transferred to the mature productive biological assets account at one time and amortised to the current egg cost during the egg-laying period according to the corresponding daily amortisation rate of the stage.
- (3) The immature productive biological assets account for the parent stock day-old chicks that are still in the breeding and maturing stages at the end of the period, and the mature productive biological assets account for the parent stock day-old chicks that are laying eggs at the end of the period.
- (4) The actual expenses incurred before the productive biological assets reach their intended production purpose constitute the cost of the productive biological assets, and the subsequent expenses incurred after the intended productive purpose is reached are included in the current profit and loss.

2. 重要會計政策及會計估計(續)

生物資產

- (1) 本公司的生物資產為生產性生物資產，根據不同的階段劃分為未成熟生產性生物資產和成熟生產性生物資產。兩個階段分別為育雛育成階段及產蛋階段。
- (2) 生產性生物資產成本主要包括：外購父母代種雞苗成本、耗料、雞舍等折舊、工資性薪酬等。父母代種雞飼養進入產蛋階段，原歸集在未成熟生產性生物資產科目的成本一次性轉入成熟生產性生物資產科目核算，並在產蛋期間按所處階段對應的日攤銷率進行攤銷記入當期種蛋成本中。
- (3) 期末未成熟生產性生物資產科目核算的是尚在育雛及育成階段飼養的父母代種雞，期末成熟生產性生物資產科目核算的是當期正在產蛋的父母代種雞。
- (4) 生產性生物資產在達到預定生產目的前發生的實際費用構成生產性生物資產的成本，達到預定生產目的後發生的後續支出，計入當期損益。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Biological assets (Continued)

(5) The Company depreciates productive biological assets that have reached their intended production and operation purposes on a daily basis over the estimated egg production period, with a residual value of RMB20 per breeder for white-feathered chickens and RMB75 per breeder for black bone chickens. The Company reviews the useful life, estimated net residual value and depreciation method at the end of each year. If the expected number of useful life or estimated net production value differs from the original estimate or if there is a significant change in the way economic benefits are realized, the useful life or estimated net production value is adjusted as a change in accounting estimate, or the depreciation method is changed.

(6) The difference between the proceeds from the sale, loss, death or destruction of productive biological assets, net of their carrying value and related taxes, is included in the current profit or loss.

(7) The productive biological assets are inspected at the end of each year. If there is evidence that the recoverable amount of the productive biological assets or the net realizable value of the consumable biological assets is lower than their book value, the provision for impairment of the productive biological assets is made at the lower amount and is included in the current profit and loss; once the provision for impairment of the productive biological assets is made, it cannot be reversed.

(8) Inventory system and specific inventory methods:

The Company takes inventory of the parent stock day-old chicks by batch, once every six months or at the time of culling. The specific inventory method is to count the number of individual. The Company monitors the entire process of the parent stock day-old chicks in the breeding process.

2. 重要會計政策及會計估計(續)

生物資產(續)

(5) 公司對於達到預定生產經營目的的生產性生物資產，按預計產蛋期間每天計提折舊，白羽雞種雞殘值為每只20元，烏骨雞種雞殘值為每只75元。公司每年度終了對使用壽命、預計淨殘值和折舊方法進行覆核，如使用壽命、預計淨產值預期數與原先估計數有差異或經濟利益實現方式有重大變化的，作為會計估計變更調整使用壽命或預計淨產值或改變折舊方法。

(6) 生產性生物資產出售、盤虧、死亡或毀損的處置收入扣除其賬面價值和相關稅費後的差額計入當期損益。

(7) 每年度終了，對生產性生物資產進行檢查，有證據表明生產性生物資產可收回金額或消耗性生物資產的可變現淨值低於其賬面價值的，按低於金額計提生產性生物資產的減值準備計入當期損益；生產性生物資產減值準備一經計提，不得轉回。

(8) 存貨盤點制度和具體盤點方法：

公司對父母代種雞按批次進行盤點，每半年或者淘汰時盤點一次。具體盤點方法為單獨清點數量。公司對父母代種雞在飼養過程中全程監控。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Intangible assets

(1) Measurement of intangible assets

Intangible assets are initially measured at cost upon acquisition by the Company;

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

Subsequent measurement

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

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

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

Items 項目	Estimated Useful Years 預計使用壽命	Amortisation method 攤銷方法
Land use rights 土地使用權	25-50	Straight-line method 年限平均法
Computer software 電腦軟件	10	Straight-line method 年限平均法
Patents 專利權	20	Straight-line method 年限平均法

2. 重要會計政策及會計估計(續)

無形資產

(1) 無形資產的計價方法

公司取得無形資產時按成本進行初始計量；

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

後續計量

在取得無形資產時分析判斷其使用壽命。

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

(2) 使用壽命有限的無形資產的使用壽命估計情況

Basis 依據
Terms for bringing economic benefits to the Company 為公司帶來經濟利益的期限
Terms for bringing economic benefits to the Company 為公司帶來經濟利益的期限
Terms for bringing economic benefits to the Company 為公司帶來經濟利益的期限

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Intangible assets (Continued)

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

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

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

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

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

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

the technical feasibility of completing the intangible asset so that it will be available for use or for sale;

the intention to complete the intangible asset for use or for sale;

the ways in which the intangible asset generate economic benefits, including there is evidence that the products produced using the intangible asset has a market or the intangible asset itself has a market, or if the intangible asset is for internal use, there is evidence that proves its usefulness;

2. 重要會計政策及會計估計(續)

無形資產(續)

(3) 劃分研究階段和開發階段的具體標準

公司內部研究開發項目的支出分為研究階段支出和開發階段支出。

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

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

(4) 開發階段支出资本化的具體條件

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

完成該無形資產以使其能夠使用或出售在技術上具有可行性；

具有完成該無形資產並使用或出售的意圖；

無形資產產生經濟利益的方式，包括能夠證明運用該無形資產生產的產品存在市場或無形資產自身存在市場，無形資產將在內部使用的，能夠證明其有用性；

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Intangible assets (Continued)

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

the availability of adequate technical, financial and other resources to complete the development of the intangible asset and the ability to use or sell the intangible asset;

the expenditures attributable to the development phase of the intangible asset could be reliably measured.

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

Impairment of long-term assets

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

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

2. 重要會計政策及會計估計(續)

無形資產(續)

(4) 開發階段支出资本化的具體條件(續)

有足夠的技術、財務資源和其他資源支持，以完成該無形資產的開發，並有能力使用或出售該無形資產；

歸屬於該無形資產開發階段的支出能夠可靠地計量。

無法區分研究階段支出和開發階段支出的，將發生的研發支出全部計入當期損益。

長期資產減值

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Impairment of long-term assets (Continued)

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

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

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

2. 重要會計政策及會計估計(續)

長期資產減值(續)

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

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

上述資產減值損失一經確認，在以後會計期間不予轉回。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Long-term deferred expenses

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

(1) Amortisation method

Long-term deferred expenses are amortised evenly over the estimated benefit period.

(2) Amortisation Period

The period as agreed in the contract.

Contract liabilities

Accounting policy since 1 January 2020

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

Employee benefits

(1) Accounting treatment method of short-term benefits

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

2. 重要會計政策及會計估計(續)

長期待攤費用

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

(1) 攤銷方法

長期待攤費用在受益期內平均攤銷。

(2) 攤銷年限

合同約定的年限。

合同負債

自2020年1月1日起的會計政策

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

職工薪酬

(1) 短期薪酬的會計處理方法

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Employee benefits (Continued)

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

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

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

(2) Accounting for post-employment benefits

Defined contribution scheme

The Company will pay basic pension insurance and unemployment insurance for the staff in accordance with the relevant provisions of the local government. During the accounting period when the staff provides service, the Company will calculate the amount payable in accordance with the local stipulated basis and proportions which will be recognised as liabilities, and the liabilities would be charged into current profit or loss or costs of relevant assets. In addition, the Company participates in the corporate annuity scheme/supplementary pension insurance approved by the relevant state authorities. And the Company makes annuity contributions in proportion to its employees' total salaries to the annuity scheme/local social institutes. The payment would be charged into current profit or loss or costs of relevant assets.

2. 重要會計政策及會計估計(續)

職工薪酬(續)

(1) 短期薪酬的會計處理方法(續)

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

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

(2) 離職後福利的會計處理方法

設定提存計劃

本公司按當地政府的相關規定為職工繳納基本養老保險和失業保險，在職工為本公司提供服務的會計期間，按以當地規定的繳納基數和比例計算應繳納金額，確認為負債，並計入當期損益或相關資產成本。此外，本公司還參與了由國家相關部門批准的企業年金計劃／補充養老保險基金。本公司按職工工資總額的一定比例向年金計劃／當地社會保險機構繳費，相應支出計入當期損益或相關資產成本。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Employee benefits (Continued)

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

Defined benefit scheme

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

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

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

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

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

2. 重要會計政策及會計估計(續)

職工薪酬(續)

(2) 離職後福利的會計處理方法(續)

設定受益計劃

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

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Employee benefits (Continued)

(3) Accounting treatment of termination benefits

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

Estimated liabilities

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

such obligation is the present obligation of the Company;

the performance of such obligation is likely to lead to an outflow of economic benefits of the Company;

the amount of such obligation can be reliably measured.

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

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

2. 重要會計政策及會計估計(續)

職工薪酬(續)

(3) 辭退福利的會計處理方法

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

預計負債

與或有事項相關的義務同時滿足下列條件時，本公司將其確認為預計負債：

該義務是本公司承擔的現時義務；

履行該義務很可能導致經濟利益流出本公司；

該義務的金額能夠可靠地計量。

預計負債按履行相關現時義務所需的支出的最佳估計數進行初始計量。

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Estimated liabilities (Continued)

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

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

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

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

Share-based payments

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

2. 重要會計政策及會計估計(續)

預計負債(續)

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

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

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

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

股份支付

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Share-based payments (Continued)

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

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

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

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

2. 重要會計政策及會計估計(續)

股份支付(續)

(1) 以權益結算的股份支付及權益工具

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Share-based payments (Continued)

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

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

Revenue

(1) Accounting policies for revenue recognition and measurement

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

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

2. 重要會計政策及會計估計(續)

股份支付(續)

(2) 以現金結算的股份支付及權益工具

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

收入

(1) 收入確認和計量所採用的會計政策

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Revenue (Continued)

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

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

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

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

2. 重要會計政策及會計估計(續)

收入(續)

(1) 收入確認和計量所採用的會計政策(續)

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Revenue (Continued)

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

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

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

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

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

2. 重要會計政策及會計估計(續)

收入(續)

(1) 收入確認和計量所採用的會計政策(續)

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Revenue (Continued)

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

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

Contract costs

Contract costs comprise contract performance costs and contract acquisition costs.

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

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

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

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

2. 重要會計政策及會計估計(續)

收入(續)

(1) 收入確認和計量所採用的會計政策(續)

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

合同成本

合同成本包括合同履約成本與合同取得成本。

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Contract costs (Continued)

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

The remaining consideration expected to be obtained by the transfer of goods or services related to the asset;

The cost expected to be incurred for the transfer of the relevant goods or services.

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

Government grants

(1) Types

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

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

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

2. 重要會計政策及會計估計(續)

合同成本(續)

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

因轉讓與該資產相關的商品或服務預期能夠取得的剩餘對價；

為轉讓該相關商品或服務估計將要發生的成本。

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

政府補助

(1) 類型

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Government grants (Continued)

(1) Types (Continued)

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

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

(2) Timing for recognition

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

(3) Accounting treatment

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

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

2. 重要會計政策及會計估計(續)

政府補助(續)

(1) 類型(續)

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

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

(2) 確認時點

政府補助在本公司能夠滿足其所附的條件並且能夠收到時，予以確認。

(3) 會計處理

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Deferred income tax assets and deferred income tax liabilities

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

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

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

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

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

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

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

2. 重要會計政策及會計估計(續)

遞延所得稅資產和遞延所得稅負債

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

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

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

對於應納稅暫時性差異,除特殊情況外,確認遞延所得稅負債。

不確認遞延所得稅資產或遞延所得稅負債的特殊情況包括:

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

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

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

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

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

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

2. 重要會計政策及會計估計(續)

遞延所得稅資產和遞延所得稅負債(續)

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

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Hedge accounting

(1) Classification of hedging

- A fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment (except foreign exchange risk).
- Cash flow hedges is a hedge of the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment.
- Hedge of a net investment in a foreign operation is a hedge of the exposure to foreign exchange risk associated with a net investment in a foreign operation. Net investment in a foreign operation is the share of interest in the net asset of the foreign operation.

(2) Designation of the hedge relationship and recognition of the effectiveness of hedging

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge. The documentation includes identification of the nature and quantity of the hedging instrument, the nature and quantity of the hedged item, the nature of the risk being hedged, the type of hedging and how the Company will assess the hedging instrument's effectiveness. Hedging instrument's effectiveness means the degree of the change of fair value and cash flow of the hedging instrument in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.

The hedge is assessed by the Company for effectiveness on an ongoing basis and judged whether it meets the requirements for the effectiveness of using hedge accounting throughout the accounting periods for which the hedging relationship was designated. Provided the discontent of the requirements, the application of a hedge shall be terminated.

2. 重要會計政策及會計估計(續)

套期會計

(1) 套期保值的分類

- 公允價值套期，是指對已確認資產或負債，尚未確認的確定承諾（除外匯風險外）的公允價值變動風險進行的套期。
- 現金流量套期，是指對現金流量變動風險進行的套期，此現金流量變動源於與已確認資產或負債、很可能發生的預期交易有關的某類特定風險，或一項未確認的確定承諾包含的外匯風險。
- 境外經營淨投資套期，是指對境外經營淨投資外匯風險進行的套期。境外經營淨投資，是指企業在境外經營淨資產中的權益份額。

(2) 套期關係的指定及套期有效性的認定

在套期關係開始時，本公司對套期關係有正式的指定，並準備了關於套期關係、風險管理目標和套期策略的正式書面文件。該文件載明了套期工具性質及其數量、被套期項目性質及其數量、被套期風險的性質、套期類型、以及本公司對套期工具有效性的評估。套期有效性，是指套期工具的公允價值或現金流量變動能夠抵銷被套期風險引起的被套期項目公允價值或現金流量變動的程度。

本公司持續地對套期有效性進行評價，判斷該套期在套期關係被指定的會計期間內是否滿足運用套期會計對於有效性的要求。如果不滿足，則終止運用套期關係。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Hedge accounting (Continued)

(2) Designation of the hedge relationship and recognition of the effectiveness of hedging (Continued)

The application of hedge accounting shall meet the requirements on the effectiveness of the hedge:

There is an economic relationship between the hedged item and the hedging instrument.

The effect of credit risk does not dominate the value changes that result from that economic relationship.

The appropriate hedge ratio will not cause the imbalance of relative weight between the hedged item and the hedging instrument, thus generating accounting results inconsistent with the hedge accounting objectives. If the hedge ratio is no longer inappropriate, but the hedge risk management objectives do not change, the amount of the hedged item and the hedging instrument shall be adjusted, so that the hedge ratio can re-meet the requirements on the effectiveness.

(3) The criteria for hedge accounting

Fair value hedges

The change in the fair value of a hedging derivative is recognised in the current profit or loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying amount of the hedged item and is also recognised in the current profit or loss.

For fair value hedges relating to financial instruments carried at amortised cost, the adjustment to carrying value is amortised through the current profit or loss over the remaining term to maturity. Any adjustment to the carrying amount of a hedged financial instrument for which the effective interest method is used is amortised to the current profit or loss. Amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

2. 重要會計政策及會計估計(續)

套期會計(續)

(2) 套期關係的指定及套期有效性的認定(續)

運用套期會計，應當符合下列套期有效性的要求：

被套期項目與套期工具之間存在經濟關係。

被套期項目與套期工具經濟關係產生的價值變動中，信用風險的影響不佔主導地位。

採用適當的套期比率，該套期比率不會形成被套期項目與套期工具相對權重的失衡，從而產生與套期會計目標不一致的會計結果。如果套期比率不再適當，但套期風險管理目標沒有改變的，應當對被套期項目或套期工具的數量進行調整，以使得套期比率重新滿足有效性的要求。

(3) 套期會計處理方法

公允價值套期

套期衍生工具的公允價值變動計入當期損益。被套期項目的公允價值因套期風險而形成的變動，計入當期損益，同時調整被套期項目的賬面價值。

就與按攤餘成本計量的金融工具有關的公允價值套期而言，對被套期項目賬面價值所作的調整，在調整日至到期日之間的剩餘期間內進行攤銷，計入當期損益。按照實際利率法的攤銷可於賬面價值調整後隨即開始，並不得晚於被套期項目終止針對套期風險產生的公允價值變動而進行的調整。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Hedge accounting (Continued)

(3) The criteria for hedge accounting (Continued)

Fair value hedges (Continued)

If the hedged item is derecognised, the unamortised fair value is recognised immediately in the current profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the current profit or loss. The changes in the fair value of the hedging instrument are also recognised in the current profit or loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly as other comprehensive income, while the ineffective portion is recognised immediately in the current profit or loss.

Amounts taken to other comprehensive income are transferred to the profit or loss when the hedged transaction affects the current profit or loss, such as when hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts taken to other comprehensive income are transferred to the initial carrying amount of the non-financial asset or non-financial liability (or originally recognised in other comprehensive income, and transferred in the same period as the profit and loss is affected by the non-financial assets and nonfinancial debts, the amounts shall be included in the current profit or loss).

2. 重要會計政策及會計估計(續)

套期會計(續)

(3) 套期會計處理方法(續)

公允價值套期(續)

如果被套期項目終止確認，則將未攤銷的公允價值確認為當期損益。

被套期項目為尚未確認的確定承諾的，該確定承諾的公允價值因被套期風險引起的累計公允價值變動確認為一項資產或負債，相關的利得或損失計入當期損益。套期工具的公允價值變動亦計入當期損益。

現金流量套期

套期工具利得或損失中屬於有效套期的部分，直接確認為其他綜合收益，屬於無效套期的部分，計入當期損益。

如果被套期交易影響當期損益的，如當被套期財務收入或財務費用被確認或預期銷售發生時，則將其他綜合收益中確認的金額轉入當期損益。如果被套期項目是一項非金融資產或非金融負債的成本，則原在其他綜合收益中確認的金額轉出，計入該非金融資產或非金融負債的初始確認金額(或則原在其他綜合收益中確認的，在該非金融資產或非金融負債影響損益的相同期間轉出，計入當期損益)。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Hedge accounting (Continued)

(3) The criteria for hedge accounting (Continued)

Cash flow hedges (Continued)

If the forecast transaction or firm commitment is no longer expected to occur, the amounts previously recognised in other comprehensive income are transferred to the current profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, the amounts previously recognised in other comprehensive income remain in there until the forecast transaction or firm commitment affects the current profit or loss.

Hedges of a net investment in a foreign operation

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the current profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the current profit or loss.

Lease

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

2. 重要會計政策及會計估計(續)

套期會計(續)

(3) 套期會計處理方法(續)

現金流量套期(續)

如果預期交易或確定承諾預計不會發生，則以前計入其他綜合收益中的套期工具累計利得或損失轉出，計入當期損益。如果套期工具已到期、被出售、合同終止或已行使(但並未被替換或展期)，或者撤銷了對套期關係的指定，則以前計入其他綜合收益的金額不轉出，直至預期交易或確定承諾影響當期損益。

境外經營淨投資套期

對境外經營淨投資的套期，包括作為淨投資的一部分的貨幣性項目的套期，其處理與現金流量套期類似。套期工具的利得或損失中被確定為有效套期的部分計入其他綜合收益，而無效套期的部分確認為當期損益。處置境外經營時，任何計入其他綜合收益的累計利得或損失轉出，計入當期損益。

租賃

租賃，是指在一定期間內，出租人將資產的使用權讓與承租人以獲取對價的合同。在合同開始日，本公司評估合同是否為租賃或者包含租賃。如果合同中一方讓渡了在一定期間內控制一項或多項已識別資產使用的權利以換取對價，則該合同為租賃或者包含租賃。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Lease (Continued)

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

(1) The Company as a lessee

Right-of-use assets

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

The amount of the initial measurement of lease liability;

Lease payments made at or before the inception of the lease less any lease incentives already received (if there is a lease incentive);

Initial direct costs incurred by the Company;

The costs of the Company expected to be incurred for dismantling and removing the leased asset, restoring the site on which the leased asset is located or restoring it to the condition as agreed in the terms of the lease, except those incurred for the production of inventories.

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

The Company determines whether the right-of-use assets have been impaired in accordance with the principles described in the note "III. (XIX) Impairment of long-term assets" and conducts accounting treatment for impairment loss identified.

2. 重要會計政策及會計估計(續)

租賃(續)

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

(1) 本公司作為承租人

使用權資產

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

租賃負債的初始計量金額；

在租賃期開始日或之前支付的租賃付款額，存在租賃激勵的，扣除已享受的租賃激勵相關金額；

本公司發生的初始直接費用；

本公司為拆卸及移除租賃資產、復原租賃資產所在場地或將租賃資產恢復至租賃條款約定狀態預計將發生的成本，但不包括屬於為生產存貨而發生的成本。

本公司後續採用直線法對使用權資產計提折舊。對能夠合理確定租賃期屆滿時取得租賃資產所有權的，本公司在租賃資產剩餘使用壽命內計提折舊；否則，租賃資產在租賃期與租賃資產剩餘使用壽命兩者孰短的期間內計提折舊。

本公司按照本附註「三、(十九)長期資產減值」所述原則來確定使用權資產是否已發生減值，並對已識別的減值損失進行會計處理。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Lease (Continued)

(1) The Company as a lessee (Continued)

Lease liabilities

At the commencement date of lease term, the Company recognizes lease liabilities for leases (excluding short-term leases and leases of low-value assets). Lease liabilities are initially measured based on the present value of outstanding lease payment. Lease payment include:

Fixed payments (including in-substance fixed payments), less any lease incentives (if there is a lease incentive);

Variable lease payment that are based on an index or a rate;

Amounts expected to be payable under the guaranteed residual value provided by the Company;

The exercise price of a purchase option if the Company is reasonably certain to exercise that option;

Payments of penalties for terminating the lease option, if the lease term reflects that the Company will exercise that option.

The Company adopts the interest rate implicit in the lease as the discount rate. If that rate cannot be determined reasonably, the Company's incremental borrowing rate is used.

The Company shall calculate the interest expenses of lease liabilities over the lease term at the fixed periodic interest rate, and include it into profit or loss in the period or cost of relevant assets.

Variable lease payments not included in the measurement of lease liabilities are charged to profit or loss in the period or cost of relevant assets in which they actually arise.

After the commencement date of lease term, if the following circumstances occur, the Company re-measures the lease liability and adjusts the carrying value of the right-of-use asset accordingly. If the carrying value of the right-of-use asset has been reduced to zero, the lease liability still needs to be further reduced. The Company accounts for the difference in the current profit or loss:

2. 重要會計政策及會計估計(續)

租賃(續)

(1) 本公司作為承租人(續)

租賃負債

在租賃期開始日，本公司對除短期租賃和低價值資產租賃以外的租賃確認租賃負債。租賃負債按照尚未支付的租賃付款額的現值進行初始計量。租賃付款額包括：

固定付款額(包括實質固定付款額)，存在租賃激勵的，扣除租賃激勵相關金額；

取決於指數或比率的可變租賃付款額；

根據公司提供的擔保餘值預計應支付的款項；

購買選擇權的行權價格，前提是公司合理確定將行使該選擇權；

行使終止租賃選擇權需支付的款項，前提是租賃期反映出公司將行使終止租賃選擇權。

本公司採用租賃內含利率作為折現率，但如果無法合理確定租賃內含利率的，則採用本公司的增量借款利率作為折現率。

本公司按照固定的週期性利率計算租賃負債在租賃期內各期間的利息費用，並計入當期損益或相關資產成本。

未納入租賃負債計量的可變租賃付款額在實際發生時計入當期損益或相關資產成本。

在租賃期開始日後，發生下列情形的，本公司重新計量租賃負債，並調整相應的使用權資產，若使用權資產的賬面價值已調減至零，但租賃負債仍需進一步調減的，將差額計入當期損益：

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Lease (Continued)

(1) The Company as a lessee (Continued)

Lease liabilities (Continued)

When there is a change in the assessment results of the purchase, extension or termination option, or when the actual exercise of the aforementioned options is inconsistent with the original valuation result, the Company remeasures the lease liabilities in accordance with the lease payments after changes and the present value calculated using the revised discount rate;

When there is a change in substance fixed payments, the amount expected to be payable under the guaranteed residual value or the index or rate arising from the confirmation of lease payments, the Company remeasures the lease liabilities in accordance with the lease payments after changes and the present value calculated using the initial discount rate. However, if the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used.

Short-term leases and leases of low-value assets

The right-of-use asset and lease liability are not recognised by the Company for short-term leases and leases of low-value assets, and the relevant lease payments are included in profit or loss in the period or costs of relevant assets in each period of the lease term on a straight-line basis. Short-term leases are defined as leases with a lease term of not more than 12 months from the commencement date and excluding a purchase option. Leases of low-value assets are defined as leases with underlying low value when new. Where the Company subleases or expects to sublease a leased asset, the original lease shall not belong to a lease of low value asset.

2. 重要會計政策及會計估計(續)

租賃(續)

(1) 本公司作為承租人(續)

租賃負債(續)

當購買選擇權、續租選擇權或終止選擇權的評估結果發生變化，或前述選擇權的實際行權情況與原評估結果不一致的，本公司按變動後租賃付款額和修訂後的折現率計算的現值重新計量租賃負債；

當實質固定付款額發生變動、擔保餘值預計的應付金額發生變動或用於確定租賃付款額的指數或比率發生變動，本公司按照變動後的租賃付款額和原折現率計算的現值重新計量租賃負債。但是，租賃付款額的變動源自浮動利率變動的，使用修訂後的折現率計算現值。

短期租賃和低價值資產租賃

本公司選擇對短期租賃和低價值資產租賃不確認使用權資產和租賃負債，並將相關的租賃付款額在租賃期內各個期間按照直線法計入當期損益或相關資產成本。短期租賃，是指在租賃期開始日，租賃期不超過12個月且不包含購買選擇權的租賃。低價值資產租賃，是指單項租賃資產為全新資產時價值較低的租賃。公司轉租或預期轉租租賃資產的，原租賃不屬於低價值資產租賃。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Lease (Continued)

(1) The Company as a lessee (Continued)

Lease change

The Company will account for the lease change as a separate lease if the lease changes and meets the following conditions:

The lease change expands the scope of lease by increasing the rights to use one or more leased assets;

The increased consideration and the individual price of the expanded part of the lease are equivalent to the amount adjusted for the contract.

If the lease change is not accounted for as a separate lease, the Company shall re-allocate the consideration of a changed contract, re-determine the lease term, and remeasure the lease liabilities by the present value calculated from the changed lease payments a revised discount rate on the effective date of the lease change.

If the lease change results in a narrower lease or a shorter lease term, the Company reduces the carrying value of the right-of-use asset accordingly, and recognises the related gains or losses that partially terminate or completely terminate the leases into the current profit and loss. For other lease change that cause the lease liabilities to be remeasured, the Company adjusts the carrying value of the right-of-use assets accordingly.

(2) The Company as a lessor

At the commencement date of lease term, the Company classifies leases as financing leases and operating leases. A financing lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset, irrespective of whether the ownership of the asset is eventually transferred. An operating lease is a lease other than a finance lease. As a sub-leasing lessor, the Company classifies the sub-leases based on the right-of-use assets of the original leases.

2. 重要會計政策及會計估計(續)

租賃(續)

(1) 本公司作為承租人(續)

租賃變更

租賃發生變更且同時符合下列條件的，公司將該租賃變更作為一項單獨租賃進行會計處理：

該租賃變更通過增加一項或多項租賃資產的使用權而擴大了租賃範圍；

增加的對價與租賃範圍擴大部分的單獨價格按該合同情況調整後的金額相當。

租賃變更未作為一項單獨租賃進行會計處理的，在租賃變更生效日，公司重新分攤變更後合同的對價，重新確定租賃期，並按照變更後租賃付款額和修訂後的折現率計算的現值重新計量租賃負債。

租賃變更導致租賃範圍縮小或租賃期縮短的，本公司相應調減使用權資產的賬面價值，並將部分終止或完全終止租賃的相關利得或損失計入當期損益。其他租賃變更導致租賃負債重新計量的，本公司相應調整使用權資產的賬面價值。

(2) 本公司作為出租人

在租賃開始日，本公司將租賃分為融資租賃和經營租賃。融資租賃，是指無論所有權最終是否轉移，但實質上轉移了與租賃資產所有權有關的幾乎全部風險和報酬的租賃。經營租賃，是指除融資租賃以外的其他租賃。本公司作為轉租出租人時，基於原租賃產生的使用權資產對轉租賃進行分類。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Lease (Continued)

(2) The Company as a lessor (Continued)

Accounting treatment of operating leases

The lease payments derived from operating leases are recognised as rental income on a straight-line basis over the respective lease terms. Initial direct costs relating to operating leases to be incurred by the Company shall be capitalised and then included in the current income by stages at the same base as the recognition of rental income over the lease term. The variable lease payments not included in the measurement of lease payments shall be recognised in profit or loss in the period in which they are occurred. Where there is a modification in an operating lease, the Company accounts for it as a new lease from the effective date of the modification, and the amount of lease receipts received or receivable in advance relating to the pre-modification lease is treated as receipts under the new lease.

Accounting treatment of financing leases

At the commencement date of lease term, the Company recognizes financing lease receivable and derecognizes the underlying assets. The Company initially measures financing lease receivable in the amount of net investment in the lease. Net investment in the lease is the sum of present value of unguaranteed residual value and the lease payments receivable at the commencement date of lease term, discounted at the interest rate implicit in the lease.

The Company calculates and recognizes interest income in each period during the lease term, based on a constant periodic interest rate. The derecognition and impairment of financing lease receivable are accounted for in accordance with the Note "III. (X) Financial instruments".

Variable lease payments not included in the measurement of the net investment in the lease are included in profit or loss in the period in which they are occurred. Accounting treatment of lease changes when a financial lease is changed and the following conditions are simultaneously met, the Company accounts for the lease change as a separate lease:

2. 重要會計政策及會計估計(續)

租賃(續)

(2) 本公司作為出租人(續)

經營租賃會計處理

經營租賃的租賃收款額在租賃期內各個期間按照直線法確認為租金收入。本公司將發生的與經營租賃有關的初始直接費用予以資本化，在租賃期內按照與租金收入確認相同的基礎分攤計入當期損益。未計入租賃收款額的可變租賃付款額在實際發生時計入當期損益。經營租賃發生變更的，公司自變更生效日起將其作為一項新租賃進行會計處理，與變更前租賃有關的預收或應收租賃收款額視為新租賃的收款額。

融資租賃會計處理

在租賃開始日，本公司對融資租賃確認應收融資租賃款，並終止確認融資租賃資產。本公司對應收融資租賃款進行初始計量時，將租賃投資淨額作為應收融資租賃款的入賬價值。租賃投資淨額為未擔保餘值和租賃期開始日尚未收到的租賃收款額按照租賃內含利率折現的現值之和。

本公司按照固定的週期性利率計算並確認租賃期內各個期間的利息收入。應收融資租賃款的終止確認和減值按照本附註「三、(十) 金融工具」進行會計處理。

未納入租賃投資淨額計量的可變租賃付款額在實際發生時計入當期損益。融資租賃發生變更且同時符合下列條件的，本公司將該變更作為一項單獨租賃進行會計處理：

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Lease (Continued)

(2) The Company as a lessor (Continued)

Accounting treatment of financing leases (Continued)

The change expands the scope of lease by adding the right to use one or more leased assets;

The consideration and the separate price of the expanded scope of lease are equivalent to the amount adjusted according to the contract.

Where a change in a financial lease is not accounted for as a separate lease, the Company deals with the lease after the change according to the following situation:

In case where the lease would have been classified as an operating lease assuming the modification became effective at the commencement date of the lease, the Company accounts for it as a new lease from the effective date of the modification and the net investment in the lease prior to the effective date of the modification is taken as the carrying amount of the leased assets;

In case where the lease would have been classified as a finance lease assuming the modification became effective at the commencement date of the lease, the Company conducts accounting treatment in accordance with the policy regarding the modification or renegotiation of contracts described in this note “III. (X) Financial instruments”.

(3) Sale and leaseback transactions

The Company determines whether the asset transfer in the sale and leaseback transaction is a sale in accordance with principles described in notes “III. (XXV) Revenue”.

2. 重要會計政策及會計估計(續)

租賃(續)

(2) 本公司作為出租人(續)

融資租賃會計處理(續)

該變更通過增加一項或多項租賃資產的使用權而擴大了租賃範圍；

增加的對價與租賃範圍擴大部分的單獨價格按該合同情況調整後的金額相當。

融資租賃的變更未作為一項單獨租賃進行會計處理的，本公司分別下列情形對變更後的租賃進行處理：

假如變更在租賃開始日生效，該租賃會被分類為經營租賃的，本公司自租賃變更生效日開始將其作為一項新租賃進行會計處理，並以租賃變更生效日前的租賃投資淨額作為租賃資產的賬面價值；

假如變更在租賃開始日生效，該租賃會被分類為融資租賃的，本公司按照本附註「三、(十)金融工具」關於修改或重新議定合同的政策進行會計處理。

(3) 售後租回交易

公司按照本附註「三、(二十五)收入」所述原則評估確定售後租回交易中的資產轉讓是否屬於銷售。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Lease (Continued)

(3) Sale and leaseback transactions (Continued)

(1) As a lessee

If the asset transfer in the sale and leaseback transaction is a sale, the Company, as a lessee, measures the right-of-use assets formed by the sale and leaseback based on the part of the book value of the original assets related to the use rights obtained from the leaseback, and recognize relevant gains or losses only for the right to transfer to the lessor; if the transfer of assets in the sale and leaseback transaction is not a sale, the Company, as a lessee, continues to recognize the transferred assets and recognizes a financial liability equal to the transfer income. For details of accounting treatment for financial liabilities, please see Note "III. (X) Financial instruments".

(2) As a lessor

If the transfer of assets in the sale and leaseback transaction is a sale, the Company, as a lessor, accounts for asset purchase, and accounts for asset lease in accordance with policies in the aforementioned "2. The Company as a lessor"; if the transfer of assets in the sale and leaseback transaction is not a sale, the Company, as a lessor, does not recognize the transferred assets, but recognizes a financial asset equal to the transfer income. For details of accounting treatment for financial assets, please see Note "III. (X) Financial instruments".

2. 重要會計政策及會計估計(續)

租賃(續)

(3) 售後租回交易(續)

(1) 作為承租人

售後租回交易中的資產轉讓屬於銷售的，公司作為承租人按原資產賬面價值中與租回獲得的使用權有關的部分，計量售後租回所形成的使用權資產，並僅就轉讓至出租人的權利確認相關利得或損失；售後租回交易中的資產轉讓不屬於銷售的，公司作為承租人繼續確認被轉讓資產，同時確認一項與轉讓收入等額的金融負債。金融負債的會計處理詳見本附註「三、(十)金融工具」。

(2) 作為出租人

售後租回交易中的資產轉讓屬於銷售的，公司作為出租人對資產購買進行會計處理，並根據前述「2、本公司作為出租人」的政策對資產出租進行會計處理；售後租回交易中的資產轉讓不屬於銷售的，公司作為出租人不確認被轉讓資產，但確認一項與轉讓收入等額的金融資產。金融資產的會計處理詳見本附註「三、(十)金融工具」。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Changes in significant accounting policies and estimates

(1) Changes in significant accounting policies

Implementation of Interpretation of Accounting Standards for Business Enterprises No. 14

On 2 February 2021, the Ministry of Finance issued Interpretation of Accounting Standards for Business Enterprises No. 14 (Cai Kuai [2021] No.1, the "Interpretation No. 14"), which effect on the date of its issuance. The new relevant business from 1 January 2021 to the effective date were adjusted in accordance with Interpretation No. 14.

Public-Private Partnership (PPP) Project Contract

The Interpretation No. 14 applies to the PPP project contract that meets both "double features" and "double control" requirements. Retroactive adjustments shall be made to the relevant PPP project contracts that commenced before 31 December 2020 and have not been completed by the implementation date. If the retroactive adjustment is not practicable, it shall be applied from the beginning of the earliest period for which the retroactive adjustment is practicable, and the cumulative effect shall be adjusted to the retained earnings and other relevant items in the financial statements at the beginning of the year of the implementation date, without adjusting the information for the comparable period. This requirement has no impact on the Company.

Interest rate benchmark reform

The Interpretation No. 14 provides simplified accounting for changes in the basis for determining cash flows related to financial instrument contracts and lease contracts as a result of the interest rate benchmark reform.

2. 重要會計政策及會計估計(續)

重要會計政策和會計估計的變更

(1) 重要會計政策變更

執行《企業會計準則解釋第14號》

財政部於2021年2月2日發佈了《企業會計準則解釋第14號》(財會[2021]1號，以下簡稱「解釋第14號」)，自公佈之日起施行。2021年1月1日至施行日新增的有關業務，根據解釋第14號進行調整。

政府和社會資本合作(PPP)項目合同

解釋第14號適用於同時符合該解釋所述「雙特徵」和「雙控制」的PPP項目合同，對於2020年12月31日前開始實施且至施行日尚未完成的有關PPP項目合同應進行追溯調整，追溯調整不切實可行的，從可追溯調整的最早期間期初開始應用，累計影響數調整施行日當年年初留存收益以及財務報表其他相關項目，對可比期間信息不予調整。該規定對本公司無影響。

基準利率改革

解釋第14號對基準利率改革導致金融工具合同和租賃合同相關現金流量的確定基礎發生變更的情形作出了簡化會計處理規定。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Changes in significant accounting policies and estimates (Continued)

(1) Changes in significant accounting policies (Continued)

Interest rate benchmark reform (Continued)

According to the requirements, relevant businesses related to the interest rate benchmark reform before 31 December 2020 shall be adjusted retrospectively, except where retrospective adjustment is not practicable, without adjusting the comparative financial statement data in the previous period. At the implementation date of the interpretation, the difference between the original and new carrying amounts of financial assets and financial liabilities is included in opening retained earnings or other comprehensive income for the reporting period of the year in which the interpretation is effective. The implementation of the interpretation did not have a material impact on the Company's financial position and results of operations.

Implementation of the Notice on Adjustment of Regulations on Accounting Treatment of Rental Concessions Related to the COVID-19 Pandemic

On 19 June 2020, the Ministry of Finance issued Regulations on Accounting Treatment of Rental Concessions Related to the COVID-19 Pandemic (Cai Kuai [2020] No.10), which enables enterprises to choose to adopt a simplified method for accounting treatment of rent concessions, such as rent remission and deferred payment, which are directly caused by the COVID-19 Pandemic.

2. 重要會計政策及會計估計(續)

重要會計政策和會計估計的變更(續)

(1) 重要會計政策變更(續)

基準利率改革(續)

根據該解釋的規定，2020年12月31日前發生的基準利率改革相關業務，應當進行追溯調整，追溯調整不切實可行的除外，無需調整前期比較財務報表數據。在該解釋施行日，金融資產、金融負債等原賬面價值與新賬面價值之間的差額，計入該解釋施行日所在年度報告期間的期初留存收益或其他綜合收益。執行該規定未對本公司財務狀況和經營成果產生重大影響。

執行《關於調整〈新冠肺炎疫情相關租金減讓會計處理規定〉適用範圍的通知》

財政部於2020年6月19日發佈了《新冠肺炎疫情相關租金減讓會計處理規定》(財會[2020]10號)，對於滿足條件的由新冠肺炎疫情直接引發的租金減免、延期支付租金等租金減讓，企業可以選擇採用簡化方法進行會計處理。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

Changes in significant accounting policies and estimates (Continued)

(1) Changes in significant accounting policies (Continued)

Implementation of the Notice on Adjustment of Regulations on Accounting Treatment of Rental Concessions Related to the COVID-19 Pandemic (Continued)

On 26 May 2021, the Ministry of Finance issued the Notice on Adjusting the Scope of Regulations on Accounting Treatment of Rental Concessions Related to the COVID-19 Pandemic (Cai Kuai [2021] No.9) with effect from 26 May 2021, which adjusted the scope of relevant rental concessions related to the COVID-19 pandemic that allowed using a simplified method for accounting treatment as stipulated in the Regulations on Accounting Treatment of Rental Concessions Related to the COVID-19 Pandemic from “the concessions are only for lease payments payable before 30 June 2021” to “the concessions are only for lease payments payable before 30 June 2022” with other applicable conditions remain unchanged.

The Company has elected to adopt the simplified method for accounting treatment for all eligible lease contracts before the scope adjustment, and has adopted the simplified method for accounting treatment for all eligible similar lease contracts after the scope adjustment (Note: if not adopted for all contracts, the nature of the lease contracts that have been treated using the simplified accounting treatment shall also be disclosed; however, the selection of the simplified accounting treatment shall be consistently applied to similar lease contracts that meet the conditions before and after the adjustment of the scope of application of the Regulations on Accounting Treatment of Rental Concessions Related to the COVID-19 Pandemic). Relevant lease contracts that have been accounted for using lease modifications prior to the issuance of the notice shall be retroactively adjusted, but not the comparative financial statement data of the prior period. Adjustments shall be made in accordance with the notice for relevant rental concessions occurred between 1 January 2021 and the effective date of the notice that were not accounted for in accordance with the notice.

2. 重要會計政策及會計估計(續)

重要會計政策和會計估計的變更(續)

(1) 重要會計政策變更(續)

執行《關於調整〈新冠肺炎疫情相關租金減讓會計處理規定〉適用範圍的通知》(續)

財政部於2021年5月26日發佈了《關於調整〈新冠肺炎疫情相關租金減讓會計處理規定〉適用範圍的通知》(財會[2021]9號)，自2021年5月26日起施行，將《新冠肺炎疫情相關租金減讓會計處理規定》允許採用簡化方法的新冠肺炎疫情相關租金減讓的適用範圍由「減讓僅針對2021年6月30日前的應付租賃付款額」調整為「減讓僅針對2022年6月30日前的應付租賃付款額」，其他適用條件不變。

本公司對適用範圍調整前符合條件的租賃合同已全部選擇採用簡化方法進行會計處理，對適用範圍調整後符合條件的類似租賃合同也全部採用簡化方法進行會計處理(提示：如果不是全部採用，還應披露採用簡化方法處理的租賃合同的性質，但對於簡化方法的選擇應當一致應用於《新冠肺炎疫情相關租金減讓會計處理規定》適用範圍調整前後符合條件的類似租賃合同)，並對通知發佈前已採用租賃變更進行會計處理的相關租賃合同進行追溯調整，但不調整前期比較財務報表數據；對2021年1月1日至該通知施行日之間發生的未按照該通知規定進行會計處理的相關租金減讓，根據該通知進行調整。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

3. REVENUE AND SEGMENT INFORMATION

The Group's revenue from contracts with customers is recognised upon goods transferred at a point in time. For management purposes, the Group is organised into business units based on their products and has four reportable operating segments as follows:

- (1) Production and sale of processed chicken meat products
- (2) Production and sale of raw chicken meat products
- (3) Production and sale of chicken breeds
- (4) Others comprising sale of by-products, packing materials and miscellaneous products

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment.

Segment assets and liabilities are not disclosed in the unaudited condensed consolidated financial statements as they are not regularly provided to the management for the purposes of resource allocation and performance assessment.

3. 收入及分部資料

本集團的客戶合約收入於貨品轉讓後於某一時間點確認。就管理目的而言，本集團按產品劃分業務單位，及擁有以下四個可呈報經營分部：

- (1) 生產及銷售深加工雞肉製品
- (2) 生產及銷售生雞肉製品
- (3) 生產及銷售雞苗
- (4) 其他(包括銷售副產品、包裝材料及雜項產品)

管理層單獨監察本集團經營分部的業績，以作出有關資源分配及表現評估方面的決策。

由於分部資產及負債並無定期提供予管理層以作資源分配及表現評估，因此有關資料並無於未經審核簡明綜合財務報表披露。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

3. REVENUE AND SEGMENT INFORMATION (Continued)

3. 收入及分部資料(續)

Operating revenue/operating costs

營業收入／營業成本

		Six months ended 30 June 截至6月30日止六個月			
		2021 2021年		2020 2020年 (As restated) (經重述)	
		RMB'000 人民幣千元 (Unaudited) (未經審核)		RMB'000 人民幣千元 (Unaudited) (未經審核)	
		Operating revenue 營業收入	Operating costs 營業成本	Operating revenue 營業收入	Operating costs 營業成本
Main business	主營業務	1,947,979	1,734,668	1,864,925	1,489,780
Other businesses	其他業務	21,466	10,094	37,834	28,840
Total	合計	1,969,445	1,744,762	1,902,759	1,518,620

Revenue by products

按產品劃分的收入

		Six months ended 30 June 截至6月30日止六個月	
		2021 2021年	2020 2020年 (As restated) (經重述)
		RMB'000 人民幣千元 (Unaudited) (未經審核)	RMB'000 人民幣千元 (Unaudited) (未經審核)
Processed chicken meat products	深加工雞肉製品	1,046,836	822,036
Raw chicken meat products	生雞肉製品	810,978	963,549
Chicken breeds	雞苗	42,769	60,313
Others	其他	68,862	56,861
Total	合計	1,969,445	1,902,759

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

3. REVENUE AND SEGMENT INFORMATION (Continued)

3. 收入及分部資料(續)

Geographic information

地區資料

Revenue from external customers

外部客戶收入

		Six months ended 30 June 截至6月30日止六個月	
		2021 2021年	2020 2020年 (As restated) (經重述)
		RMB'000 人民幣千元 (Unaudited) (未經審核)	RMB'000 人民幣千元 (Unaudited) (未經審核)
Mainland China	中國內地	1,596,320	1,452,074
Japan	日本	149,204	205,940
Malaysia	馬來西亞	101,875	98,043
Europe	歐洲	86,309	109,516
Other countries or regions	其他國家或地區	35,737	37,186
Total	合計	1,969,445	1,902,759

The revenue information above is based on the location of the customers.

上述收入資料乃按客戶所在地劃分。

4. FINANCE COSTS

4. 財務費用

		Six months ended 30 June 截至6月30日止六個月	
		2021 2021年	2020 2020年 (As restated) (經重述)
		RMB'000 人民幣千元 (Unaudited) (未經審核)	RMB'000 人民幣千元 (Unaudited) (未經審核)
Interest expenses	利息費用	30,180	38,574
Including: Interest expenses on lease liabilities	其中：租賃負債利息費用	7,283	5,966
Less: (Interest income)	減：(利息收入)	(17,035)	(4,906)
Exchange (gains)	匯兌收益	(448)	(5,100)
Fees for financial institutions	金融機構手續費	700	832
Total	合計	13,397	29,400

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

5. OTHER GAINS

5. 其他收益

		Six months ended 30 June 截至6月30日止六個月	
		2021 2021年	2020 2020年 (As restated) (經重述)
		RMB'000 人民幣千元 (Unaudited) (未經審核)	RMB'000 人民幣千元 (Unaudited) (未經審核)
Government grants (Note)	政府補助(附註)	3,231	1,582
Total	合計	3,231	1,582

Note: Government grants include various subsidies received by the Group from relevant government bodies in connection with certain financial subsidies to support the Group's businesses. There are no unfulfilled conditions or contingencies relating to these grants.

附註： 政府補助包括本集團自有關政府機構收取的支持本集團業務的若干財務補貼的各種相關補貼。概無有關該等補助的未達成條件或或然事項。

6. INVESTMENT INCOME

6. 投資收益

		Six months ended 30 June 截至6月30日止六個月	
		2021 2021年	2020 2020年 (As restated) (經重述)
		RMB'000 人民幣千元 (Unaudited) (未經審核)	RMB'000 人民幣千元 (Unaudited) (未經審核)
Gain from long-term equity investments accounted for using the equity method	權益法核算的長期股權投資收益	(738)	—
Investment income from disposal of long-term equity investment	處置長期股權投資產生的投資收益	21,048	—
Investment income on transactional financial assets during the holding period	交易性金融資產在持有期間的投資收益	(2)	(1)
Total	合計	20,308	(1)

Note: ① The Company holds 49% equity interests of Yanggu Xiangyu Biological Technology Co., Ltd., an associated enterprise. From January to June this year, investment income loss of RMB738,000 was recognised in accordance with the equity method; ② the Company agreed to transfer its 90% equity interests in Xingwen Tianyang Jishi Food Development Co., Ltd.* (興文天養極食食品發展有限公司) on 28 May 2021. The investment income amounted to RMB21,048,000.

附註： ① 公司持有聯營企業陽穀祥雨生物科技有限公司49%股權，本年1-6月按照權益法確認投資收益虧損738千元；② 公司2021年5月28日協議轉讓興文天養極食食品發展有限公司90%股權，產生投資收益21,048千元。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

7. INCOME TAX (EXPENSES)/CREDIT

7. 所得稅(開支)/抵免

		Six months ended 30 June 截至6月30日止六個月	
		2021 2021年	2020 2020年 (As restated) (經重述)
		RMB'000 人民幣千元 (Unaudited) (未經審核)	RMB'000 人民幣千元 (Unaudited) (未經審核)
Current tax — Mainland China (Charge)/credit for the period	即期稅項 — 中國內地 期內(費用)/抵免	(230)	940
Deferred tax	遞延稅項	(1,228)	—
Total	合計	(1,458)	940

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and the Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the six months ended 30 June 2021 (2020: 25%) except for the followings:

- (i) According to the Implementation Regulation of the EIT Law and the exemptions regulation set out in the *Circular of the Ministry of Finance and the State Administration on Releasing the Primary Processing Ranges of Agricultural Products Entitled to Preferential Policies on Enterprise Income Tax (Trial Implementation)* (Cai Shui [2008] No. 149), and the requirements of Article 86 of the Implementation Regulation of the EIT Law, the income from certain subsidiaries in Mainland China engaging in primary processing for agricultural products is exempted from EIT during the period.
- (ii) Pursuant to related regulations in respect of the Implementation Regulation of the EIT Law, the income from the Company engaging in projects of animal-husbandry and poultry feeding is exempted from EIT during the period.

根據《中華人民共和國企業所得稅法》(「《企業所得稅法》」)及《企業所得稅法實施條例》，截至2021年6月30日止六個月，中國附屬公司的稅率為25% (2020年：25%)，惟以下各項例外：

- (i) 根據《企業所得稅法實施條例》及《財政部、國家稅務總局關於發佈享受企業所得稅優惠政策的農產品初加工範圍(試行)的通知》(財稅[2008]149號)文件中免徵規定以及《企業所得稅法實施條例》第86條的規定，期內中國內地若干附屬公司從事農產品初加工所得收入免徵企業所得稅。
- (ii) 根據《企業所得稅法實施條例》相關規定，期內本公司從事畜牧及家禽飼養項目所得收入免徵企業所得稅。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

8. DIVIDENDS

A first final dividend of RMB0.03 per ordinary share, amounting to RMB42,000,000 for the year ended 31 December 2020 was approved at the 2020 AGM held on 28 May 2021. Such dividends were already paid.

Save as disclosed above, no dividend was paid, declared or proposed to owners of the parent for the six months ended 30 June 2021 (2020: Nil), nor has any dividend been paid, declared or proposed since the end of the Reporting Period.

9. EARNINGS PER SHARE

The basic earnings/(loss) per share for the six months ended 30 June 2020 and 2021 are calculated based on the profit/(loss) attributable to the owners of the Company during the period of RMB161.4 million and RMB(46.7) million (unaudited), respectively, and the weighted average number of ordinary shares, with the earnings (loss) per share of RMB0.15 and RMB(0.03).

The Company did not have any potential dilutive shares throughout the period. Accordingly, the diluted earnings per share are the same as the basic earnings per share.

10. TRADE RECEIVABLES

Trade receivables	應收賬款
Less: loss allowance	減：虧損準備
Total	合計

8. 股息

於2021年5月28日召開的2020年股東周年大會上批准2020年12月31日止年度首次末期股息每股普通股人民幣0.03元，金額為人民幣42,000,000元，該股息已派發完畢。

除上文所披露者外，本公司截至2021年6月30日止六個月並無向母公司擁有人派付、宣派或建議派付股息(2020年：無)，而自報告期末起亦無派付、宣派或建議派付任何股息。

9. 每股收益

截至2020年及2021年6月30日止六個月，每股基本盈利／(虧損)乃根據期內本公司擁有人應佔利潤／(虧損)分別為人民幣161.4百萬元及人民幣(46.7)百萬元(未經審核)及普通股的加權平均數計算，每股收益(虧損)為人民幣0.15元及(0.03)元。

於整個期間內，本公司並無任何潛在攤薄股份。因此，每股攤薄盈利與每股基本盈利相同。

10. 應收賬款

As at 30 June 2021 於2021年 6月30日	As at 31 December 2020 於2020年 12月31日 (As restated) (經重述)
RMB'000 人民幣千元 (Unaudited) (未經審核)	RMB'000 人民幣千元 (Audited) (經審核)
188,577	203,314
9,429	10,742
179,148	192,572

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

10. TRADE RECEIVABLES (Continued)

The Group's trading terms with its customers are mainly on cash and credit. The credit period is generally 30 to 60 days. The Group seeks to maintain strict control over its outstanding trade receivables and overdue balances are reviewed regularly by senior management. Concentrations of credit risk are managed by analysis by customer. The Group does not hold any collateral or other credit enhancements over these balances. Trade receivables are non-interest-bearing.

An aged analysis of the balance of trade receivables based on the invoice date and net of provision is as follows:

10. 應收賬款(續)

本集團與客戶的貿易條款以現金及賒銷為主。信貸期一般為30至60日。本集團力求對其未收回的應收賬款保持嚴格控制，且逾期結餘由高級管理層定期審閱。集中的信貸風險按照客戶的分析進行管理。本集團並無就該等結餘持有任何抵押品或其他信用增級。應收賬款均不計息。

按發票日期呈列的應收賬款結餘(扣除撥備)的賬齡分析如下：

		As at 30 June 2021 於2021年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	As at 31 December 2020 於2020年 12月31日 (As restated) (經重述) RMB'000 人民幣千元 (Audited) (經審核)
Less than 1 year	一年以內	188,577	202,670
1 to 2 years	一年至二年以內	—	644
2 to 3 years	兩年至三年以內	—	—
Over 3 years	三年以上	—	—
Total	合計	188,577	203,314

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

10. TRADE RECEIVABLES (Continued)

The movement in the impairment provision/loss allowance of trade receivables is as follows:

10. 應收賬款(續)

應收賬款的減值撥備／虧損準備變動如下：

		As at 30 June 2021 於2021年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	As at 31 December 2020 於2020年 12月31日 (As restated) (經重述) RMB'000 人民幣千元 (Audited) (經審核)
At the beginning of the period	期初	10,742	14,059
Loss allowance recognised	已確認的虧損準備	1,313	3,317
At the end of the period	期末	9,429	10,742

11. INVENTORIES

11. 存貨

		As at 30 June 2021 於2021年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	As at 31 December 2020 於2020年 12月31日 (As restated) (經重述) RMB'000 人民幣千元 (Audited) (經審核)
Raw materials	原材料	169,306	124,632
Turnover materials	周轉材料	36,469	35,233
Work-in-progress	在產品	133,945	120,323
Goods in transit	發出商品	7,208	9,567
Finished goods	庫存商品	436,869	423,751
Materials in transit	在途物資	3,819	12,497
Total	合計	787,616	726,003

Note: Work-in-progress are the Group's broilers and broiler eggs which are consumptive biological assets.

附註：在產品為本集團消耗性生物資產肉雞、種蛋。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

12. OTHER CURRENT ASSETS

12. 其他流動資產

		As at 30 June 2021 於2021年6月30日	As at 31 December 2020 於2020年12月31日 (As restated) (經重述)
		RMB'000 人民幣千元 (Unaudited) (未經審核)	RMB'000 人民幣千元 (Unaudited) (未經審核)
Excess value-added tax paid	增值稅留抵稅額	68,890	64,893
Cost of return receivable	應收退貨成本	124	158
Total	合計	69,014	65,051

13. LONG-TERM EQUITY INVESTMENT

13. 長期股權投資

		As at 31 December 2020 於2020年 12月31日 (As restated) (經重述) RMB'000 人民幣千元 (Audited) (經審核)	Additional investment 追加投資 (Unaudited) (未經審核)	Reduction of investment 減少投資 (Unaudited) (未經審核)	Gains or losses on investments recognised under the equity method 權益法下確認 的投資損益 (Unaudited) (未經審核)	As at 30 June 2021 於2021年 6月30日 (Unaudited) (未經審核)
Associate 聯營企業						
Yanggu Xiangyu Biological Technology Co., Ltd.	陽祥雨生物科技有限 公司	64,827	—	—	(738)	64,089

14. FIXED ASSETS

14. 固定資產

(1) Fixed Assets and Fixed Assets in Liquidation

(1) 固定資產及固定資產清理

		As at 30 June 2021 於2021年6月30日	As at 31 December 2020 於2020年12月31日 (As restated) (經重述)
		RMB'000 人民幣千元 (Unaudited) (未經審核)	RMB'000 人民幣千元 (Audited) (經審核)
Fixed assets	固定資產	2,499,500	2,004,840
Fixed assets in liquidation	固定資產清理	1,071	58
Total	合計	2,500,571	2,004,898

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

14. FIXED ASSETS (Continued)

14. 固定資產 (續)

(2) Fixed Assets

(2) 固定資產

Items	項目	Premises and buildings 房屋及建築物 RMB'000 人民幣千元 (Unaudited) (未經審核)	Machinery devices 機器設備 RMB'000 人民幣千元 (Unaudited) (未經審核)	Transportation 運輸設備 RMB'000 人民幣千元 (Unaudited) (未經審核)	Electronics devices 電子設備 RMB'000 人民幣千元 (Unaudited) (未經審核)	Total 合計 RMB'000 人民幣千元 (Unaudited) (未經審核)
1. Original Book Value	1. 賬面原值					
(1) Balance at the end of last year	(1) 上年年末餘額	1,473,806	1,350,379	40,349	74,934	2,939,468
(2) Current increase amount	(2) 本期增加金額	264,121	371,402	13,373	6,384	655,280
— Purchase	— 購置	40,895	83,582	13,094	2,248	139,819
— Transfer from construction in progress	— 在建工程轉入	223,226	287,820	279	4,136	515,461
— Increase in business combination	— 企業合併增加	—	—	—	—	—
(3) Current reduction payment amount	(3) 本期減少金額	29,444	62,162	533	1,186	93,325
— Disposal or abandonment	— 處置或報廢	29,444	62,162	533	1,186	93,325
— Transfer to other items	— 轉入其他科目	—	—	—	—	—
(4) Balance at the end of the period	(4) 期末餘額	1,708,483	1,659,619	53,189	80,132	3,501,423
2. Accumulated depreciation	2. 累計折舊					
(1) Balance at the end of last year	(1) 上年年末餘額	365,001	516,780	10,467	42,382	934,629
(2) Current increase amount	(2) 本期增加金額	35,032	48,205	2,781	5,077	91,095
— Provision	— 計提	35,032	48,205	2,781	5,077	91,095
(3) Current reduction payment amount	(3) 本期減少金額	6,422	16,249	316	813	23,800
— Disposal or abandonment	— 處置或報廢	6,422	16,249	316	813	23,800
— Transfer to other items	— 轉入其他科目	—	—	—	—	—
(4) Balance at the end of the period	(4) 期末餘額	393,610	548,736	12,932	46,645	1,001,923
3. Provision for impairment	3. 減值準備	—	—	—	—	—
4. Book value	4. 賬面價值	—	—	—	—	—
(1) Book value at the end of the period	(1) 期末賬面價值	1,314,873	1,110,883	40,257	33,487	2,499,500
(2) Book value at the end of last year	(2) 上年年末賬面價值	1,108,805	833,600	29,882	32,553	2,004,840

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

15. CONSTRUCTION IN PROGRESS

15. 在建工程

		As at 30 June 2021 於2021年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	As at 31 December 2020 於2020年 12月31日 (As restated) (經重述) RMB'000 人民幣千元 (Audited) (經審核)
Intelligent integrated projects	智能一體化項目	170,273	282,224
Other projects	其他項目	453	18,797
Total	合計	170,726	301,021

During the Reporting Period, the Company proactively promoted the expansion of production capacity. On 27 August 2021, the Company (i) built seven new broiler farms with battery caged systems, one new broiler cage conversion farm with battery caged systems and four broiler farms with battery caged systems under construction; (ii) built two new breeder farms; (iii) added one feedmill with production capacity of 400,000 tonnes per annum and commenced operation; (iv) added a fully automatic slaughtering plant with an annual capacity of 80 million broilers and commenced operations; and (v) added a hatchery with an annual capacity of 50 million chicken breeds and commenced operations.

報告期內，本公司積極推進擴大產能建設，於2021年8月27日，本公司(i)新建籠養肉雞場7座，籠養肉雞場改造1座，在建籠養肉雞場4座；(ii)新建種雞場2座；(iii)新增一間年產40萬噸飼料廠並投入運營；(iv)新增一間年可屠宰8,000萬只肉雞全自動屠宰廠並投入運營；及(v)新增年可孵化5,000萬雞苗的孵化廠並投入運營。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

16. PRODUCTIVE BIOLOGICAL ASSETS

16. 生產性生物資產

Items	項目	Immature productive biological assets 未成熟生產性 生物資產 RMB'000 人民幣千元 (Unaudited) (未經審核)	Mature productive biological assets 成熟生產性 生物資產 RMB'000 人民幣千元 (Unaudited) (未經審核)	Total 合計 RMB'000 人民幣千元 (Unaudited) (未經審核)
1. Original Book Value	1. 賬面原值			
(1) Balance at the end of last year	(1) 上年年末餘額	36,353	123,400	159,753
(2) Current increase amount	(2) 本期增加金額	112,813	82,555	195,368
— External procurement	— 外購	—	—	—
— Self-breeding	— 自行培育	112,813	82,555	195,368
(3) Current reduction payment amount	(3) 本期減少金額	82,555	85,679	168,234
— Disposal	— 處置	82,555	85,679	168,234
(4) Balance at the end of the period	(4) 期末餘額	66,611	120,276	186,887
2. Accumulated depreciation	2. 累計折舊	—	—	—
(1) Balance at the end of last year	(1) 上年年末餘額	—	58,528	58,528
(2) Current increase amount	(2) 本期增加金額	—	52,118	52,118
— Provision	— 計提	—	52,118	52,118
(3) Current reduction payment amount	(3) 本期減少金額	—	56,824	56,824
— Disposal	— 處置	—	56,824	56,824
(4) Balance at the end of the period	(4) 期末餘額	—	53,822	53,822
3. Provision for impairment	3. 減值準備	—	—	—
4. Book value	4. 賬面價值	—	—	—
(1) Book value at the end of the period	(1) 期末賬面價值	66,611	66,454	133,065
(2) Book value at the end of last year	(2) 上年年末賬面價值	36,353	64,872	101,225

Note: Productive biological assets are the Group's breeders which are productive biological assets.

附註：生產性生物資產為本集團生產性生物資產種雞。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

17. RIGHT-OF-USE ASSETS

17. 使用權資產

Items	項目	Premises and buildings 房屋及建築物 RMB'000 人民幣千元 (Unaudited) (未經審核)	Land use rights 土地使用權 RMB'000 人民幣千元 (Unaudited) (未經審核)	Machinery devices 機器設備 RMB'000 人民幣千元 (Unaudited) (未經審核)	Transportation 運輸設備 RMB'000 人民幣千元 (Unaudited) (未經審核)	Electronics devices 電子設備 RMB'000 人民幣千元 (Unaudited) (未經審核)	Total 合計 RMB'000 人民幣千元 (Unaudited) (未經審核)
1. Original Book Value	1. 賬面原值						
(1) Balance at the beginning of the year	(1) 年初餘額	14,864	263,274	214,230	92	5,816	498,276
(2) Current increase amount	(2) 本期增加金額	—	6,579	—	—	—	7,562
— New leases	— 新增租賃	984	6,579	—	—	—	7,562
(3) Current reduction payment amount	(3) 本期減少金額	—	—	—	—	—	—
— Transfer to fixed assets	— 轉出至固定資產	—	—	—	—	—	—
— Disposal	— 處置	—	—	—	—	—	—
(4) Balance at the end of the period	(4) 期末餘額	15,848	269,853	214,230	92	5,816	505,838
2. Accumulated depreciation	2. 累計折舊	—	—	—	—	—	—
(1) Balance at the beginning of the year	(1) 年初餘額	337	3,621	64,538	32	2,636	71,163
(2) Current increase amount	(2) 本期增加金額	2,228	124	7,642	5	481	10,480
— Provision	— 計提	2,228	124	7,642	5	481	10,480
(3) Current reduction payment amount	(3) 本期減少金額	—	—	—	—	—	—
— Transfer to fixed assets	— 轉出至固定資產	—	—	—	—	—	—
— Disposal	— 處置	—	—	—	—	—	—
(4) Balance at the end of the period	(4) 期末餘額	2,565	3,745	72,180	37	3,117	81,643
3. Provision for impairment	3. 減值準備	—	—	—	—	—	—
4. Book value	4. 賬面價值	—	—	—	—	—	—
(1) Book value at the end of the period	(1) 期末賬面價值	13,283	266,108	142,050	55	2,699	424,195
(2) Book value at the beginning of the year	(2) 年初賬面價值	14,528	255,997	153,347	60	3,180	427,113

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

18. INTANGIBLE ASSETS

18. 無形資產

Items	項目	Land use rights 土地使用權 RMB'000 人民幣千元 (Unaudited) (未經審核)	Patent rights 專利權 RMB'000 人民幣千元 (Unaudited) (未經審核)	Computer software 電腦軟件 RMB'000 人民幣千元 (Unaudited) (未經審核)	Total 合計 RMB'000 人民幣千元 (Unaudited) (未經審核)
1. Original Book Value	1. 賬面原值				
(1) Balance at the end of last year	(1) 上年年末餘額	98,727	1,466	19,124	119,317
(2) Current increase amount	(2) 本期增加金額	2,623	—	1,720	4,343
— Purchase	— 購置	2,623	—	1,720	4,343
— Internal R&D	— 內部研發	—	—	—	—
— Increase in business combination	— 企業合併增加	—	—	—	—
(3) Current reduction payment amount	(3) 本期減少金額	95	420	—	515
— Disposal	— 處置	95	420	—	515
— Lapsed and derecognition	— 失效且終止確認的部分	—	—	—	—
(4) Balance at the end of the period	(4) 期末餘額	101,255	1,046	20,844	123,145
2. Accumulated depreciation	2. 累計攤銷	—	—	—	—
(1) Balance at the end of last year	(1) 上年年末餘額	16,726	719	10,551	27,996
(2) Current increase amount	(2) 本期增加金額	1,346	88	774	2,208
— Provision	— 計提	1,346	88	774	2,208
(3) Current reduction payment amount	(3) 本期減少金額	381	266	—	647
— Disposal	— 處置	381	266	—	647
— Lapsed and derecognition	— 失效且終止確認的部分	—	—	—	—
(4) Balance at the end of the period	(4) 期末餘額	17,691	541	11,325	29,557
3. Provision for impairment	3. 減值準備	—	—	—	—
4. Book value	4. 賬面價值	—	—	—	—
(1) Book value at the end of the period	(1) 期末賬面價值	83,564	505	9,519	93,588
(2) Book value at the end of last year	(2) 上年年末賬面價值	82,000	747	8,573	91,320

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

19. BILLS PAYABLE

19. 應付票據

		As at 30 June 2021 於2021年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	As at 31 December 2020 於2020年 12月31日 (As restated) (經重述) RMB'000 人民幣千元 (Audited) (經審核)
Bank acceptance notes	銀行承兌匯票	3,418	—
Domestic letter of credit	國內信用證	70,000	—
Total	合計	73,418	—
An aged analysis of the bills is as follows			
Within 1 month	一個月以內	3,418	—
Over than 1 month but within 1 year	一個月以上一年以內	70,000	—
Over 1 year	一年以上	—	—
Total	合計	73,418	—

The bank acceptance notes of the Group are payable within one month, and domestic letters of credit are payable within one year.

本集團銀行承兌匯票兌付期限均在一個月以內，國內信用證兌付期限為一年以內。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

20. TRADE PAYABLES

20. 應付賬款

		As at 30 June 2021 於2021年 6月30日	As at 31 December 2020 於2020年 12月31日 (As restated) (經重述)
		RMB'000 人民幣千元 (Unaudited) (未經審核)	RMB'000 人民幣千元 (Audited) (經審核)
Payables for goods and projects	應付貨款及工程款	439,324	348,931
An aged analysis of the trade payables based on invoice date	按發票日期呈列的應付賬款 賬齡分析		
Within 1 month	一個月以內	293,329	240,628
Over than 1 month but within 3 months	一個月以上三個月以內	93,298	63,591
Over than 3 months but within 1 year	三個月以上一年以內	34,144	25,933
Over 1 year	一年以上	18,553	18,779

21. PAYROLL PAYABLE

21. 應付職工薪酬

		Short-term compensation 短期薪酬 RMB'000 人民幣千元 (Unaudited) (未經審核) (As restated) (經重述)	Post-employment benefits, defined withdrawal plan 離職後福利、 設定提取計劃 RMB'000 人民幣千元 (Unaudited) (未經審核) (As restated) (經重述)	Total 合計 RMB'000 人民幣千元 (Unaudited) (未經審核) (As restated) (經重述)
Amounts at the end of last year	上年末金額	73,487	7	73,494
Increase in current period	本期增加金額	267,189	18,022	285,211
Decrease in current period	本期減少金額	282,086	17,370	299,456
Amounts at the end of the period	期末金額	58,590	659	59,249

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

22. OTHER PAYABLES

22. 其他應付款

		As at 30 June 2021 於2021年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	As at 31 December 2020 於2020年 12月31日 (As restated) (經重述) RMB'000 人民幣千元 (Audited) (經審核)
Dividends payable	應付股利	42,000	—
Accrued expenses	預提費用	90,391	93,668
Deposits and guarantees	押金及保證金	25,698	26,774
Withholding payments	代扣代繳款項	6,503	4,840
Imprest fund	備用金	943	1,543
Other	其他	11	77
Total	合計	165,546	126,902

23. BORROWINGS

23. 借款

		As at 30 June 2021 於2021年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	As at 31 December 2020 於2020年 12月31日 (As restated) (經重述) RMB'000 人民幣千元 (Audited) (經審核)
Amount of borrowings	借款金額		
Pledged borrowings	質押借款	267,000	407,000
Mortgaged borrowings	抵押借款	653,790	300,000
Guaranteed borrowings	保證借款	419,000	289,000
Credit borrowings	信用借款	727,462	491,000
Total	合計	2,067,252	1,487,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

23. BORROWINGS (Continued)

23. 借款(續)

		Six months ended 30 June 截至6月30日止六個月	
Borrowing rate per annum 借款年利率		2021 2021年 (Unaudited) (未經審核)	2020 2020年 (Unaudited) (未經審核) (As restated) (經重述)
Pledged borrowings	質押借款	3.85%–4.35%	3.85%–4.36%
Mortgaged borrowings	抵押借款	3.80%–5.39%	3.00%–3.00%
Guaranteed borrowings	保證借款	3.45%–5.22%	3.20%–5.10%
Credit borrowings	信用借款	3.08%–5.10%	2.95%–5.80%
		As at 30 June 2021 於2021年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	As at 31 December 2020 於2020年 12月31日 RMB'000 人民幣千元 (Unaudited) (未經審核)
Term of borrowings 借款期限			
Short-term borrowings	短期借款	1,613,462	1,487,000
Long-term borrowings due within one year	一年內到期的長期借款	15,379	0
Long-term borrowings	長期借款	438,411	0

24. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

24. 關聯方及關聯交易

(1) Information on the parent company of the Company

(1) 本公司的母公司情況

Name of the parent company	Registered in	Business nature	Registered capital	Percentage of shareholding in the Company (%) 母公司對本公司的持股比例(%)	Percentage of voting right in the Company (%) 母公司對本公司的表決權比例(%)
母公司名稱	註冊地	業務性質	註冊資本		
Shandong Fengxiang (Group) Co., Ltd.	Yanggu County, Shandong Province	Retail	1,126,000,000	44.79	44.79
山東鳳祥(集團)有限責任公司	山東省陽谷縣	零售業	112,600萬元		

The ultimate controller of the Company is Liu Xuejing.

本公司最終控制人為劉學景。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

24. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

24. 關聯方及關聯交易 (續)

(2) Information on the subsidiaries of the Company

(2) 本公司的子公司情況

Name of subsidiary	Major operation place	Registered in	Business nature	Percentage of shareholding (%)		Acquisition method
				Direct	Indirect	
子公司名稱	主要經營地	註冊地	業務性質	直接	間接	取得方式
Shandong Fengxiang Industrial Co., Ltd.	Yanggu County, Liaocheng City, Shandong Province	Yanggu County, Liaocheng City, Shandong Province	Production and sale of frozen meat products	100	—	Set up
山東鳳祥實業有限公司	山東省聊城市陽穀縣	山東省聊城市陽穀縣	速凍肉製品生產、銷售等			設立
Shandong Fengxiang Food Development Co., Ltd.	Yanggu County, Liaocheng City, Shandong Province	Yanggu County, Liaocheng City, Shandong Province	Production and sale of frozen meat products	100	—	Set up
山東鳳祥食品發展有限公司	山東省聊城市陽穀縣	山東省聊城市陽穀縣	速凍食品生產、銷售等			設立
Shandong iShape Food Technology Co., Ltd.*	Yanggu County, Liaocheng City, Shandong Province	Yanggu County, Liaocheng City, Shandong Province	Production and sale of frozen meat products	100		Set up
山東優形食品科技有限公司	山東省聊城市陽穀縣	山東省聊城市陽穀縣	速凍食品生產、銷售等			設立
Fengxiang Foods (Japan) Co., Ltd.	Japan	Japan	Consulting	100		Set up
鳳祥食品株式會社	日本	日本	諮詢			設立
Yucheng Fengming Food Co., Ltd.	Yucheng City, Shandong Province	Yucheng City, Shandong Province	Production and sale of frozen meat products	100		Set up
禹城鳳鳴食品有限公司	山東省禹城市	山東省禹城市	速凍食品生產、銷售等			設立

* For identification purpose only

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

24. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

24. 關聯方及關聯交易 (續)

(3) Information on joint ventures and associates of the Company

(3) 本公司的合營和聯營企業情況

Name of joint ventures or associates	Major operation place	Registered in	Business nature	Percentage of shareholding (%)		Accounting for investments in joint ventures or associates 對合營企業或聯營企業投資的會計處理方法	Strategic to the Company's activities 對本公司活動是否具有戰略性
				Direct	Indirect		
合營企業或聯營企業名稱	主要經營地	註冊地	業務性質	持股比例 (%) 直接	間接	處理方法	是否具 有戰略性
Yanggu Xiangyu Biological Technology Co., Ltd.	Yanggu County, Liaocheng City, Shandong Province	Yanggu County, Liaocheng City, Shandong Province	Operation of organic fertilizers, microbial fertilizers, bio-fertilizers	49.00	—	Equity method	Yes
陽穀祥雨生物科技 有限公司	山東省聊城市陽穀縣	山東省聊城市陽穀縣	有機肥、微肥、生物肥的經營			權益法	是

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

24. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

24. 關聯方及關聯交易 (續)

(4) Related party transactions for purchase and sales of goods, provision and receipt of labor services

(4) 購銷商品、提供和接受勞務的關聯交易

Table of purchase of goods/receipt of labor services:

採購商品／接受勞務情況表：

		Six months ended 30 June 截至6月30日止六個月	
Related party 關聯方	Content of related party transactions 關聯交易內容	2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2020 2020年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Liaocheng Aode Energy Co., Ltd. 聊城奧德能源有限公司	Purchase of natural gas 採購天然氣	31,162	23,711
Yanggu Xiangguang Copper Co., Ltd. 陽穀祥光銅業有限公司	Property and machines 房產及機器設備	20,876	—
Qingdao Xiangguang Logistics Co., Ltd. 青島祥光物流有限公司	Settlement of logistics service fees 結算物流費	1,239	8,334
Zhongke Fengxiang Biotechnology Co., Ltd. 中科鳳祥生物工程股份有限公司	Purchase of raw materials 購進原材料等	1,437	340

The above related party transactions were conducted in accordance with the terms mutually agreed between the parties.

上述關聯交易均按照雙方相互協議的條款進行。

The above related party transactions constitute a non-exempt continuing related party transactions under Chapter 14A of the Listing Rules. The Company has applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the reporting and/or independent shareholders' approval requirements or complied with the disclosure requirements under Chapter 14A of the Listing Rules for the above non-exempt continuing related party transactions.

根據《上市規則》第十四A章，上述關聯交易構成不獲免持續關聯交易。本公司已向聯交所提出申請且聯交所已授予豁免，豁免上述不受豁免持續關聯交易嚴格遵守《上市規則》第十四A章下申報及／或獨立股東批准或遵守披露的規定。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

24. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(4) Related party transactions for purchase and sales of goods, provision and receipt of labor services (Continued)

Table of sales of goods/provision of labor services:

Related party 關聯方	Content of related party transactions 關聯交易內容
Zhongke Fengxiang Biotechnology Co., Ltd. 中科鳳祥生物工程股份有限公司	Sales of goods 銷售商品
Shandong Fengxiang Supermarket Co., Ltd. 山東鳳祥超市有限公司	Sales of goods 銷售商品
Yanggu Xiangguang Copper Co., Ltd. 陽谷祥光銅業有限公司	Sales of goods 銷售商品
Luxinan Hospital Co., Ltd. 魯西南醫院有限公司	Sales of goods 銷售商品
GMK Holdings Group Co., Ltd. 新鳳祥控股集團有限責任公司	Sales of goods 銷售商品
GMK Finance Co., Ltd. 新鳳祥財務有限公司	Sales of goods 銷售商品

The above related party transactions were conducted in accordance with the terms mutually agreed between the parties, and the maximum annual cap is more than 0.1% but less than 5% of all the applicable percentage ratios (except earning ratio) under Rule 14.07 of the Listing Rules. The related party transactions is subject to the reporting, annual review and announcement requirements, but are exempt from the circular and independent shareholder's approval under Chapter 14A of the Listing Rules.

24. 關聯方及關聯交易 (續)

(4) 購銷商品、提供和接受勞務的關聯交易 (續)

出售商品／提供勞務情況表：

Six months ended 30 June
截至6月30日止六個月

2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2020 2020年 RMB'000 人民幣千元 (Unaudited) (未經審核)
2,640	1,287
2,475	2,050
161	168
64	51
43	17
22	—

上述關聯交易均按照雙方相互協議的條款進行。最高年度上限於《上市規則》第14.07條下的所有適用百分比率(盈利比率除外)超過0.1%但低於5%，該等關聯交易須遵守申報、年度審閱與公告規定，但根據《上市規則》第十四A章，該等關聯交易豁免遵守有關通函與獨立股東批准規定。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

24. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

24. 關聯方及關聯交易 (續)

(5) Leasing with related parties

(5) 關聯租賃情況

The Company as a lessee:

本公司作為承租方：

		Six months ended 30 June 截至6月30日止六個月	
		2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2020 2020年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Name of the lessor 出租方名稱	Type of leased assets 租賃資產種類	Rental expenses paid 支付的租金	Rental expenses paid 支付的租金
GMK Holdings Group Co., Ltd. 新鳳祥控股集團有限責任公司	Premises 房屋	1,966	1,772

The leasing with related parties is a one-off related party transaction which qualifies as a de minimis transaction and is fully exempt from the independent shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

關聯租賃為一次性關聯交易，符合最低豁免水平的交易，全面豁免遵守《上市規則》第十四A章下獨立股東批准、年度審閱及所有披露規定。

(6) Borrowing from or lending to related parties

(6) 關聯方資金拆借

Related parties 關聯方	Items 項目	Amount of borrowing or lending 拆借金額 RMB'000 人民幣千元 (Unaudited) (未經審核)	Commencement date 起始日	Maturity date 到期日
Shandong Fengxiang (Group) Co., Ltd. 山東鳳祥(集團)有限責任公司	Borrowing 拆入	200,000	2021/6/16	2023/6/16

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

24. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(6) Borrowing from or lending to related parties (Continued)

The above related party transaction qualifies for a full waiver under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for financial assistance on better commercial terms provided by the listed issuer group.

(7) Other related party transactions

24. 關聯方及關聯交易 (續)

(6) 關聯方資金拆借 (續)

上述關聯交易符合《香港聯合交易所有限公司之證券上市規則》第十四A章的上市發行人集團以更佳商務條款提供的財務資助，獲得全面豁免。

(7) 其他關聯交易

		Six months ended 30 June 截至6月30日止六個月	
Related parties 關聯方	Items 項目名稱	2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2020 2020年 RMB'000 人民幣千元 (Unaudited) (未經審核)
GMK Finance Co., Ltd. 新鳳祥財務有限公司	Interest income 利息收入	11,789	2,846
Shandong Fengxiang (Group) Co., Ltd. 山東鳳祥(集團)有限責任公司	Interest expenses 利息支出	321	—
GMK Finance Co., Ltd. 新鳳祥財務有限公司	Interest expenses 利息支出	883	3,267

(8) Receivables from and payables to related parties

Receivables

		As at 30 June 2021 於2021年6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	As at 31 December 2020 於2020年12月31日 RMB'000 人民幣千元 (Unaudited) (未經審核)
Related parties 關聯方	Items 項目名稱		
Liaocheng Aode Energy Co., Ltd. 聊城奧德能源有限公司	Other receivables 其他應收款	1,500	1,500

(8) 關聯方應收應付款項

應收項目

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

24. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

24. 關聯方及關聯交易 (續)

(8) Receivables from and payables to related parties (Continued)

(8) 關聯方應收應付款項 (續)

Payables

應付項目

Related parties 關聯方	Items 項目名稱	As at 30 June 2021 於2021年6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	As at 31 December 2020 於2020年12月31日 RMB'000 人民幣千元 (Unaudited) (未經審核)
Liaocheng Aode Energy Co., Ltd. 聊城奧德能源有限公司	Trade payable 應付賬款	1,840	9
Zhongke Fengxiang Biotechnology Co., Ltd. 中科鳳祥生物工程股份有限公司	Contract liabilities 合同負債	956	3,844

Monetary funds

貨幣資金項目

Related parties 關聯方	Item 項目名稱	As at 30 June 2021 於2021年6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	As at 31 December 2020 於2020年12月31日 RMB'000 人民幣千元 (Unaudited) (未經審核)
GMK Finance Co., Ltd. 新鳳祥財務有限公司	Monetary funds 貨幣資金	767,457	437,446

The Company renewed the deposit services framework agreement with GMK Finance on 31 August 2020, pursuant to which GMK Finance provides deposit services to the Group, and the Company has strictly complied with the independent shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

本公司於2020年8月31日與新鳳祥財務續簽(存款服務框架協議)，據此，新鳳祥財務向本集團提供存款服務，根據上市規則第十四A章，本公司已嚴格遵守獨立股東批准、年度審閱及所有披露規定。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

24. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

24. 關聯方及關聯交易 (續)

(9) Compensation of key management personnel

(9) 關鍵管理人員薪酬

		Six months ended 30 June 截至6月30日止六個月	
		2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2020 2020年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Compensation of key management personnel	關鍵管理人員薪酬	5,977	6,647
Share-based compensation	以股份為基礎的薪酬	1,237	—
Total	合計	7,214	6,647

25. TAXATION

25. 稅項

(1) Main taxes and tax rates

(1) 主要稅種和稅率

Tax Types 稅種	Tax basis 計稅依據	Tax rate 稅率
Value-added tax	The value-added tax payable is the difference between output tax (calculated based on the revenue from sales of goods and taxable service income under the tax laws) and net of the input tax that is allowed to be deducted in the current period	13%, 9%, 6%
增值稅	按稅法規定計算的銷售貨物和應稅勞務收入為基礎計算銷項稅額，在扣除當期允許抵扣的進項稅額後，差額部分為應交增值稅	
City maintenance and construction tax	Value-added tax actually paid	5%
城市維護建設稅	按實際繳納的增值稅計繳	
Education surcharge	Value-added tax actually paid	3%
教育費附加稅	按實際繳納的增值稅計繳	
Local education surcharge	Value-added tax actually paid	2%
地方教育費附加稅	按實際繳納的增值稅計繳	
Enterprise income tax	Taxable income	25%
企業所得稅	按應納稅所得額計繳	

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

25. TAXATION (Continued)

(1) Main taxes and tax rates (Continued)

Different enterprise income tax rates applicable to different taxpayers are disclosed as below

Taxpayer 納稅主體名稱	Income tax rate 所得稅稅率
Fengxiang Foods (Japan) Co., Ltd. 鳳祥食品株式会社	0%

(2) Tax Preference

The Company is entitled to the preferential tax policy of “enterprise income tax for agriculture, forestry, husbandry and fishery projects” from 1 July 2012. Shandong Fengxiang Industrial Co., Ltd., a subsidiary of the Company, is also entitled to such preferential tax policy;

The Company is entitled to the preferential tax policy of “VAT exemption for agricultural producers on the sale of self-produced agricultural products” from 1 August 2012;

The Company is entitled to the preferential tax policy of “VAT exemption for feed products” from 1 January 2015;

The Company is entitled to the tax preferential policy of “additional deduction for research and development expenses incurred for the development of new technologies, products and processes” from 1 January 2016;

The Company is entitled to the preferential tax policy of “exemption from urban land use tax for land directly used for production in agriculture, forestry, husbandry and fishery” from 1 December 2010;

The Company is entitled to the preferential tax policy of “exemption from VAT on free lending of funds between units within an enterprise group (including enterprise groups)” from 1 February 2019 to 31 December 2023. Shandong iShape Food Technology Co., Ltd. and Shandong Fengxiang Food Development Co., Ltd., subsidiaries of the Company, are also entitled to such preferential tax policy.

25. 稅項(續)

(1) 主要稅種和稅率(續)

存在不同企業所得稅稅率納稅主體的，披露情況說明

(2) 稅收優惠

本公司於2012年7月1日起享受「農、林、牧、漁項目企業所得稅」稅收優惠政策，同時享受該政策的還有子公司山東鳳祥實業有限公司；

本公司於2012年8月1日起享受「農業生產者銷售自產農產品免增值稅」稅收優惠政策；

本公司於2015年1月1日起享受「飼料產品免增值稅」稅收優惠政策；

本公司於2016年1月1日起享受「開發新技術、新產品、新工藝發生的研究開發費加計扣除」稅收優惠政策；

本公司於2010年12月1日起享受「直接用於農、林、牧、漁的生產用地免徵城鎮土地使用稅」稅收優惠政策；

本公司2019年2月1日至2023年12月31日期間享受「企業集團內單位(含企業集團)之間的資金無償借貸行為，免徵增值稅」稅收優惠政策，同時享受該政策的還有子公司山東優形食品科技有限公司、山東鳳祥食品發展有限公司。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

25. TAXATION (Continued)

(2) Tax Preference (Continued)

Shandong Fengxiang Industrial Co., Ltd., a subsidiary of the Company, is entitled to the preferential tax treatment of "VAT exemption for fresh meat and egg products in circulation" from 1 August 2014. Shandong Fengxiang Food Development Co., Ltd., a subsidiary of the Company, is also entitled to such policy.

The food development subsidiary of the Company is entitled to the preferential tax policy of "VAT exemption for vegetables in circulation" from 1 July 2016;

Yucheng Fengming Food Co., Ltd., a subsidiary of the Company, qualifies as a small and micro enterprise from 1 January 2019, and is entitled to the preferential tax policy in the "Notice on Implementing Generalised Preferential Tax Treatment for Small Low-profit Enterprises" (Caishui [2019] No. 13), subject to the conditions;

Fengxiang Foods (Japan) Co., Ltd., a subsidiary of the Company, is exempt from corporate income tax under local tax regulations in Japan, where it is incorporated.

25. 稅項(續)

(2) 稅收優惠(續)

本公司子公司山東鳳祥實業有限公司於2014年8月1日起享受「鮮活肉蛋產品流通環節免徵增值稅」稅收優惠待遇，同時享受該政策的還有子公司山東鳳祥食品發展有限公司。

本公司子公司食品發展於2016年7月1日起享受「蔬菜流通環節免徵增值稅」稅收優惠政策；

本公司子公司禹城鳳鳴食品有限公司於2019年1月1日起符合小微企業條件，在符合條件的情況下享受財稅[2019]13號《關於實施小微企業普惠性稅收減免政策的通知》裡的稅收優惠政策；

本公司子公司鳳祥食品株式會社根據註冊地日本當地稅收規定，免交企業所得稅。

26. RISKS RELATED TO FINANCIAL INSTRUMENTS

The Company is confronted with various financial risks during its operation, including credit risk, market risk and liquidity risk. The Board of the Company is fully responsible in determining the risk management objectives and policies and assume the ultimate responsibilities for risk management objectives and policies. The Board has authorised the audit department of the Company to design and carry out procedures to ensure effective implementation of the risk management objectives and policies, and the Board will review the effectiveness of the procedures implemented and the reasonableness of the risk management objectives and policies through the monthly report submitted by the head of the audit department. In addition, the internal auditors of the Company will review the risk management policies and procedures and report their findings to the Audit Committee.

The overall objective of the risk management in the Company is to formulate risk management policies to minimise the risks without unduly interfering the Company's competitiveness and resilience.

26. 與金融工具相關的風險

本公司在經營過程中面臨各種金融風險：信用風險、市場風險和流動性風險。公司董事會全面負責風險管理目標和政策的確定，並對風險管理目標和政策承擔最終責任，董事會已授權本公司審閱部門設計和實施能確保風險管理目標和政策得以有效執行的程序。董事會通過審閱主管遞交的月度報告來審查已執行程序的有效性以及風險管理目標和政策的合理性。本公司的內部審閱師也會審閱風險管理的政策和程序，並且將有關發現匯報給審閱委員會。

本公司風險管理的總體目標是在不過度影響公司競爭力和應變力的情況下，制定盡可能降低風險的風險管理政策。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

26. RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

(1) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company mainly faces customer credit risk caused by credit sales. Before the signing of the new contract, the Company will evaluate the credit risk of the new customer, including the external credit rating and, in some cases, the bank credit certificate (when this information is available). The Company sets a credit limit for each customer, which is the maximum amount that does not require additional approval.

The Company ensures that the Company's overall credit risk is within control of the Company through quarterly monitoring of existing customers' credit ratings and monthly review of trade receivables aging analysis. When monitoring the customer's credit risk, we group them according to their credit characteristics. Customers rated as "high-risk" will be placed on the list of restricted customers, and the Company can only sell them on the premise of additional approval in the future period, otherwise they must be required to pay the relevant amounts in advance.

(2) Liquidity risk

Liquidity risk is the risk that an enterprise may encounter deficiency of funds in meeting obligations settled with cash or other financial assets delivery. The Company's policy is to ensure it has sufficient cash to settle the debts when they fall due. The Company's finance department centralized control on liquidity risk. Through monitoring cash balance, readily realizable marketable securities and the rolling forecasts of cash flow for the next 12 months, the finance department will ensure the Company has sufficient fund to settle its debts under all reasonable foreseeable circumstances.

26. 與金融工具相關的風險(續)

(1) 信用風險

信用風險是指金融工具的一方不履行義務，造成另一方發生財務損失的風險。本公司主要面臨除銷導致的客戶信用風險。在簽訂新合同之前，本公司會對新客戶的信用風險進行評估，包括外部信用評級和在某些情況下的銀行資信證明(當此信息可獲取時)。公司對每一客戶均設置了除銷限額，該限額為無需獲得額外批准的最大額度。

公司通過對已有客戶信用評級的季度監控以及應收賬款賬齡分析的月度審核來確保公司的整體信用風險在可控的範圍內。在監控客戶的信用風險時，按照客戶的信用特徵對其分組。被評為「高風險」級別的客戶會放在受限制客戶名單裡，並且只有在額外批准的前提下，公司才可在未來期間內對其除銷，否則必須要求其提前支付相應款項。

(2) 流動性風險

流動性風險，是指企業在履行以交付現金或其他金融資產的方式結算的義務時發生資金短缺的風險。本公司的政策是確保擁有充足的現金以償還到期債務。流動性風險由本公司的財務部門集中控制。財務部門通過監控現金餘額、可隨時變現的有價證券以及對未來12個月現金流量的滾動預測，確保公司在所有合理預測的情況下擁有充足的資金償還債務。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

26. RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

(3) Market risk

Market risk of financial instruments is the risk of fluctuation in the fair value of financial instruments or future cash flow arising from changes in market price. Market risk includes exchange rate risk, interest rate risk and other price risk.

Interest rate risk is the risk of fluctuation in the fair value of financial instruments or future cash flow arising from changes in market interest rate. The Company's interest rate risk mainly arises from short-term bank borrowings.

As at 30 June 2021, if the interest rates of borrowings with floating interest rates increased or decreased by 100 basis points with all other variables held constant, the Company's net profit will decrease or increase by RMB2,290,000 (30 June 2020: RMB3,261,000). The management is of the view that 100 basis points reasonably reflect the reasonable range of possible changes in the interest rates in the following year.

Exchange rate risk refers to the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company tries to match the income and expenditure in foreign currencies in order to reduce the exchange rate risk. During the period and the previous period, the Company entered into certain forward exchange contracts for the purpose of hedging exchange rate risk.

27. COMMITMENTS AND CONTINGENCIES

1. No significant commitments are required to be disclosed during the period.
2. No significant contingencies are required to be disclosed during the period.

26. 與金融工具相關的風險(續)

(3) 市場風險

金融工具的市場風險是指金融工具的公允價值或未來現金流量因市場價格變動而發生波動的風險，包括匯率風險、利率風險和其他價格風險。

利率風險，是指金融工具的公允價值或未來現金流量因市場利率變動而發生波動的風險。本公司面臨的利率風險主要來源於銀行短期借款。

於2021年6月30日，在其他變量保持不變的情況下，如果以浮動利率計算的借款利率上升或下降100個基點，則本公司的淨利潤將減少或增加2,290千元(2020年6月30日：3,261千元)。管理層認為100個基點合理反映了下一年度利率可能發生變動的合理範圍。

匯率風險，是指金融工具的公允價值或未來現金流量因外匯匯率變動而發生波動的風險。本公司盡可能將外幣收入與外幣支出相匹配以降低匯率風險。於本期及上期，本公司簽署了部分遠期外匯合約，以達到規避匯率風險的目的。

27. 承諾及或有事項

1. 本期無需要披露的重要承諾事項。
2. 本期無需要披露的重要的或有事項。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

28.SHARE CAPITAL

28.股本

		As at 30 June 2021 於2021年 6月30日	As at 31 December 2020 於2020年 12月31日 (As restated) (經重述)
		RMB'000 人民幣千元 (Unaudited) (未經審核)	RMB'000 人民幣千元 (Audited) (經審核)
Registered, issued and fully paid:	已註冊、發行及繳足股本：		
1,400,000,000 shares of RMB1.00 each	1,400,000,000股 每股人民幣1.00元的股份	1,400,000	1,400,000

29.DIFFERENCE BETWEEN DATA UNDER DOMESTIC AND INTERNATIONAL ACCOUNTING STANDARD

29.境內外會計準則下會計數據差異

- (1) Difference in net profit and net assets included in the financial statements as disclosed in accordance with IASs and PRC Accounting Standards

- (1) 按照國際會計準則與按中國會計準則披露的財務報告中淨利潤和淨資產差異情況

		Net profit 淨利潤 For the six months ended 30 June 2021 截至 2021年 6月30日止六個月 RMB'000 人民幣千元 (Unaudited) (未經審核)	Net assets 淨資產 As at 31 December 2020 於2020年 12月31日 RMB'000 人民幣千元 (Unaudited) (未經審核)
In accordance with the PRC Accounting Standards	按中國會計準則	161,000	3,283,058
Items and amounts adjusted in accordance with IASs:	按國際會計準則調整的項目及金額：		
1. Difference arising from the measurement model of productive biological assets	1、生產性生物資產計量模式導致的差異	(16,326)	93,847
2. Difference arising from accounting estimates such as the bad debt provision ratio	2、壞賬計提比例等會計估計導致的差異		11,466
3. Differences arising from other factors	3、其他因素的差異		(836)
In accordance with IASs	按國際會計準則	144,674	3,387,535

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2021 截至2021年6月30日止六個月

29. DIFFERENCE BETWEEN DATA UNDER DOMESTIC AND INTERNATIONAL ACCOUNTING STANDARD (Continued)

- (2) The figures as of 30 June 2020 and during January-June 2020 have been disclosed by BDO Limited in accordance with IASs; and the figures as of 31 December 2020 and during January-June 2020 were disclosed in accordance with the requirement of the CASBE. Description for adjusted items is as follows:

Difference arising from the measurement model of productive biological assets

At the end of 2020, the Company performed valuation for all productive biological assets in accordance with IFRSs. As such valuation is not a statutory valuation, the revaluation surpluses resulting from the valuation is only reflected in the statements prepared under IFRSs, but not reflected in the statements prepared under the CASBE;

As the productive biological assets are not depreciated by the Company in accordance with IASs, but need to be depreciated by the Company according to the CASBE, hence resulting difference in the standard.

Difference arising from accounting estimates such as the bad debt provision ratio

The Company implemented a new financial instrument standard since 1 January 2018. Under the requirements of both IFRSs and the CASBE, the allowance for losses on receivables is measured at an amount equal to the lifetime expected credit loss. However, the actual bad debt provision ratio of the Company is more prudent in accordance with the CASBE, thus resulting in such difference.

Differences arising from other factors

Both the difference in the measurement model of productive biological assets and the difference of the impact of the accounting estimates such as the bad debt provision ratio as described above resulted in the difference arising from the impact of accounts such as income tax expenses.

29. 境內外會計準則下會計數據差異(續)

- (2) 2020年6月30日、2020年1-6月數據已由香港立信德豪會計師事務所有限公司按照國際會計準則披露；本報告2020年12月31日、2020年1-6月數據按照中國企業會計準則規定披露。調節項目說明：

生產性生物資產計量模式導致的差異

在2020年期末，本公司按國際財務報告準則，對所有生產性生物資產進行了評估。由於該評估不屬於法定評估，因此該次評估所產生的重估增值只反映在按國際財務報告編製的報表中，而未反映在按中國企業會計準則編製的報表中；

由於根據國際會計準則公司不對生產性生物資產計提折舊，而根據中國企業會計準則公司需對生產性生物資產折舊，故形成一項準則差異。

壞賬計提比例等會計估計導致的差異

本公司自2018年1月1日起實施新金融工具準則，在無論在國際財務報告準則還是中國企業會計準則的規定下，對於應收款項均按照相當於整個存續期內預期信用損失的金額計量其損失準備。但由於在中國企業會計準則的規定下，公司實際計提的壞賬比例更為審慎，故導致該項差異。

其他因素的差異

由於主要上述生產性生物資產計量模式的差異以及壞賬計提比例等會計估計的影響差異，導致所得稅費用等科目的影響匯總產生的差異。

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