金嗓子控股集團有限公司

GOLDEN THROAT HOLDINGS GROUP COMPANY LIMITED

(Incorporated under the laws of the Cayman Islands with limited liability of its members)

Stock code: 06896

2022
Annual Report

主要原料获中国发明专利
专利号：ZL 2009 1 0114185.8
PREBIOTICS
肠宝益生元（新一代）
固体饮料
OTC
金嗓子喉片
Golden
Golden Throat
Lozenge
6片x2板
江佩珍
金嗓子喉寶
（无蔗糖）都乐含片
复合益生菌
红枣含片
3000亿 CFU/瓶
复合益生菌
百香果微泡含片
500亿 CFU/瓶
复合益生菌
纳豆红曲含片
3000亿 CFU/瓶

CONTENTS

COMPANY PROFILE

Golden Throat Holdings Group Company Limited (the "Company", together with its subsidiaries, the "Group") is a leading manufacturer of lozenges in China. The Group's history dates back to 1956 when Liuzhou No. 2 Sweet Factory (柳州市糖果二廠), the predecessor of Guangxi Golden Throat Co., Ltd. (an indirect wholly owned subsidiary of the Company), was established. Currently, the Group has developed into a comprehensive modern group mainly engaging in the manufacture and sale of lozenges and other pharmaceutical and food products.

The Company was incorporated in the Cayman Islands on 2 September 2014 as an exempted company with limited liability. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 15 July 2015.

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Ms. JIANG Peizhen

EXECUTIVE DIRECTORS

Mr. ZENG Yong
Mr. HUANG Jianping
Mr. ZENG Kexiong
Mr. HE Jinqiang

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LI Hua
Mr. ZHU Jierong
Mr. CHENG Yiqun

AUDIT COMMITTEE

Mr. ZHU Jierong *(Chairman)*
Mr. LI Hua
Mr. CHENG Yiqun

REMUNERATION COMMITTEE

Mr. LI Hua *(Chairman)*
Mr. CHENG Yiqun
Mr. HE Jinqiang

NOMINATION COMMITTEE

Ms. JIANG Peizhen *(Chairman)*
Mr. ZHU Jierong
Mr. CHENG Yiqun

COMPANY SECRETARY

Ms. LEE Angel Pui Shan

AUTHORISED REPRESENTATIVES

Mr. HE Jinqiang
Ms. LEE Angel Pui Shan

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 28 Fengxiang Road, Liuzhou
Guangxi Zhuang Autonomous Region
China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai, Hong Kong

COMPANY'S WEBSITE

www.goldenthroat.com

STOCK CODE

06896

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

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

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

LEGAL ADVISER

Slaughter and May
47th Floor, Jardine House
One Connaught Place
Central, Hong Kong

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

PRINCIPAL BANK

Agricultural Bank of China Limited
Liuzhou Lixin Sub-branch
No. 33, Lixin Road
Liuzhou
Guangxi Zhuang Autonomous Region
China

FINANCIAL HIGHLIGHTS

- The Group's revenue increased by approximately RMB171.5 million or 20.9% to approximately RMB992.0 million, as compared to the year ended 31 December 2021.

- The Group's gross profit increased by approximately RMB143.2 million or 24.8% to approximately RMB720.9 million, as compared to the year ended 31 December 2021.

- The Group's earnings before interest, taxes, depreciation and amortisation increased by approximately RMB143.1 million or 50.8% to approximately RMB424.9 million, as compared to the year ended 31 December 2021.

- Profit attributable to equity holders of the Company increased by approximately RMB93.6 million or 49.9% to approximately RMB281.2 million, as compared to the year ended 31 December 2021.

- The Board recommends the payment of a final dividend of HK$0.36 per share for the year ended 31 December 2022 to the shareholders of the Company. The final dividend is subject to the approval of shareholders of the Company at the forthcoming annual general meeting and, if approved, is expected to be paid on or before 30 June 2023.

CHAIRMAN'S STATEMENT

Dear Shareholders,

I would like to take this opportunity to report the Group's performance for the year ended 31 December 2022, and at the same time provide a brief outlook for the Group's operations in 2023.

The Group is a leading manufacturer of lozenges in China. Golden Throat Lozenges (OTC) has been ranked as the first place in the "Throat Category" under the Chinese patent medicines amongst China OTC drugs in the comprehensive statistical ranking of OTC Chinese patent medicine products in China for many consecutive years, and was again awarded first place in March 2023 for the year 2022. In January 2023, the Company was awarded the title of Guangxi's Leading Industrial Enterprise. At the end of 2022, the Company was awarded the title of the Most Popular Brand by the Audience of Guangxi Brand High-quality Development Forum and the title of Top Ten Taxpayers of Private Enterprises in Liuzhou. The Company was listed as one of the Award-Winning Enterprises in the 2021 China Pharmaceutical Industry Top 100 Series List released in July 2022.

At the end of 2022, the Beijing Municipal Health Commission organized pharmaceutical, clinical and traditional Chinese medicine experts to formulate the Catalogue of Medicines for People Infected with COVID-19 (First Edition) (《新冠病毒感染者用藥目錄(第一版)》) with reference to the actual practice of medication treatment, in which our Golden Throat Lozenge (OTC) was specifically recommended for pharyngeal symptoms such as sore throat and dry throat.

For many years, Golden Throat has been a brand with the aim of benefiting mankind, and we have successively launched the three signature products of Golden Throat. Moreover, in June 2022, we launched a new product - Golden Throat Compound Probiotic Lozenges. The brand-new compound probiotic lozenges, Golden Throat Compound Probiotic Lozenges, was developed by the Group and the scientific research team of "Food Microbial Function Development" of Beijing Agricultural College, which is specially targeted at probiotics which are lacking independent intellectual property rights in China. The new product is an active probiotic developed independently in China and has obtained six patents. It adopts the leading international technologies such as three-layer embedding technology and 360-degree thermal radiation freezedrying technology to ensure the active quality of probiotics, and is committed to using "Chinese bacteria" to improve the physique of Chinese people. In November 2022, the professor workstation jointly established by the Group and the scientific research team of Beijing Agricultural College was officially unveiled at our new production base, marking the Group's new achievements in promoting industry-university-research cooperation, scientific and technological innovation, and transformation of achievements.

For the full year of 2022, the sales revenue for the year was approximately RMB992 million, with profit reaching RMB281 million. Profit increased by approximately RMB94 million year-on-year as compared to 2021. In addition, we have officially completed the relocation of our new production base and bought another approximately 50 mu (畝) of land next to the new production base, on which we have commenced the development for phase two of our production base, which will include Golden Throat Doctoral Workstation, Golden Throat Academician Workstation, Golden Throat Throat Research Institute, Golden Throat Gastrointestinal Research Institute and Golden Throat Heart and Brain Research Institute, etc. As of 31 December 2022, phase two of the project has commenced the document approval.

Going forward, we will also take the main brand of "Golden Throat" as our core, and our lead would be, such as Lozenge Series, Intestinal Series, Heart Series, Stomach Series and Children Series, to strengthen our competitiveness and create a powerful brand core of "Great Health" under Golden Throat.

I am confident that this year, we will be able to achieve another brilliant success and develop our Golden Throat's future "Great Health" strategy, so as to achieve our goal of being a century-old brand and a 10-billion enterprise.

In 2023, the Group will endeavour to accomplish new breakthroughs in pharmaceutical products and fast-moving consumer goods with the concerted efforts of staff at all levels and we have confidence in the Group in fulfilling this goal.

I, on behalf of Golden Throat Holdings Group Company Limited, would like to express my sincere gratitude to all our shareholders for their care and support!

JIANG Peizhen
Chairman
29 March 2023

Unless otherwise defined, capitalised terms in this report shall have the meanings ascribed to them below:

"ASEAN"	Association of Southeast Asian Nations
"Articles" or "Articles of Association"	the amended and restated articles of association of the Company, conditionally adopted by the Company on 24 June 2015, which became effective upon the Listing, and as amended from time to time
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors of the Company
"Board Committees"	the Audit Committee, the Nomination Committee and the Remuneration Committee of the Board
"Cayman Companies Act" or "Companies Act"	the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised from time to time) of the Cayman Islands
"CG Code"	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
"Changbao"	Guangxi Changbao Biological Technology Co., Ltd (廣西常寶生物技術有限公司), previously known as Guangxi Weikete Biological Technology Co., Ltd. (廣西維科特生物技術有限公司), a company with limited liability established in China
"Company","we","us" and "our"	Golden Throat Holdings Group Company Limited (金嗓子控股集團有限公司), an exempted company incorporated with limited liability in the Cayman Islands on 2 September 2014
"Controlling Shareholders"	has the meaning ascribed thereto in the Listing Rules and, unless the context otherwise requires, refers to Mr. ZENG Yong, the Family Trust, Jin Jiang Global and Golden Throat International
"Director(s)"	the director(s) of the Company

"ED"	the executive Director of the Company
"Family Trust"	an irrevocable discretionary trust settled by Mr. ZENG Yong as the settlor pursuant to a trust arrangement dated 25 February 2015 in respect of the shares in Jin Jiang Global
"Golden Throat Company" or "Guangxi Golden Throat"	廣西金嗓子有限責任公司 (Guangxi Golden Throat Co., Ltd.), a company with limited liability established in China and a subsidiary of the Company
"Golden Throat Health Food"	Guangxi Golden Throat Health Food Co., Ltd. (廣西金嗓子保健品有限公司), a company with limited liability incorporated in China and a subsidiary of the Company
"Golden Throat International"	Golden Throat International Holdings Limited, a company incorporated in the British Virgin Islands and beneficially and wholly owned by Jin Jiang Global, and one of the Controlling Shareholders
"Golden Throat Lozenges (OTC)"	Golden Throat Lozenge (金嗓子喉片), one of the Group's key products and approved as a type of over-the-counter medicine
"Golden Throat Lozenge Series Products"	Golden Throat Lozenge Series Products (金嗓子喉寶系列產品), one of the Group's key products and approved as food products
"Golden Throat Medical"	廣西金嗓子醫藥有限公司 (Guangxi Golden Throat Medical Co., Ltd.), a company with limited liability established in China and a subsidiary of the Company
"Golden Throat Pharmaceutical"	廣西金嗓子藥業股份有限公司 (Guangxi Golden Throat Pharmaceutical Corporation), a company with limited liability established in China and an indirect wholly-owned subsidiary of the Company
"Group"	the Company and its subsidiaries
"HKD" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"INED"	independent non-executive Director of the Company

"IPO Proceeds"	the net proceeds from the listing of the Shares on the Stock Exchange
"Jin Jiang Global"	Jin Jiang Global Investment Company Limited, a company incorporated in the British Virgin Islands and its issued shares are held by Sovereign Trust International Limited as trustee for the benefit of Mr. ZENG Yong and his children and descendants, and one of the Controlling Shareholders
"Listing" or "IPO"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"NED"	non-executive Director of the Company
"NMPA"	National Medical Products Administration of the PRC (中國國家監督管理局), formerly known as China Food and Drug Administration (國家食品藥品監督管理總局)
"Nomination Committee"	the nomination committee of the Board
"OTC"	relating to pharmaceutical products which may, upon receiving the China Food and Drug Administration approval, be sold over the counter in China at dispensers, pharmacies or retail outlets without requiring a prescription by a medical practitioner
"Peizhen Investment"	Guangxi Peizhen Investment Consulting Co., Ltd. (廣西佩珍投資諮詢有限公司), a company with limited liability established in China and controlled by Ms. JIANG Peizhen
"PRC" or "China"	the People's Republic of China, for the purpose of this annual report only, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
"Prospectus"	the prospectus of the Company dated 30 June 2015 in respect of the global offering of the Shares

"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	for the year ended 31 December 2022
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"Shareholder(s)"	holder(s) of any Share(s)
"Share(s)"	ordinary share(s) in the capital of the Company with a nominal value of US$0.000025 each
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Well-known Trademark"	the trademark of "Golden Throat Lozenge (金嗓子喉寶)" with the registration number 1969118

Unless otherwise specified, all numerical figures are rounded to one decimal place.

BUSINESS REVIEW

The Group is a leading manufacturer of lozenges in China. In March 2023, the China OTC Brand Statistical Ranking for 2022 was announced at the China OTC Brand Grand Ceremony: "Guangxi Golden Throat Co., Ltd." ranked 48th in the comprehensive statistical ranking of China OTC drug manufacturers for 2022; "Golden Throat Lozenges (OTC) (金嗓子喉片 (OTC))" won the first place in "Throat Category" in the comprehensive statistical ranking of OTC Chinese patent medicine products in China for 2022. In January 2023, the Company was awarded the title of Guangxi's Leading Industrial Enterprise. At the end of 2022, the Company was awarded the title of the Most Popular Brand by the Audience of Guangxi Brand High-quality Development Forum and the title of Top Ten Taxpayers of Private Enterprises in Liuzhou. In July 2022, the Company was listed as one of the Award-Winning Enterprises in the 2021 China Pharmaceutical Industry Top 100 Series List. Currently, the Group has developed into a modern integrated group mainly engaging in the manufacture and sale of lozenges, other pharmaceutical and biotech food.

Amidst the ongoing global COVID-19 pandemic in 2022, the pandemic prevention and control achievements in China were consolidated and China's economy maintained a stable recovery.

In 2022, the Beijing Municipal Health Commission organized pharmaceutical, clinical and traditional Chinese medicine experts to formulate the Catalogue of Medicines for People Infected with COVID-19 (First Edition) (《新冠病毒感染者用藥目錄(第一版)》) with reference to the actual practice of medication treatment, in which our Golden Throat Lozenge (OTC) was specifically recommended for pharyngeal symptoms such as sore throat and dry throat. The Group also recorded a significant increase in sales for the full year of 2022.

Key Products

The Group reports its revenue by three product categories, which include Golden Throat Lozenges (OTC), Golden Throat Lozenge Series Products and other products.

Golden Throat Lozenges (OTC) – over-the-counter medicine

The Group's flagship product is Golden Throat Lozenges (OTC), which was launched in 1994. It is a type of lozenge mainly designed to relieve symptoms of sore and dry throat and hoarse voice caused by acute pharyngitis. Golden Throat Lozenges (OTC) was approved as over-the-counter medicine by the National Medical Products Administration, as such they can be purchased by the public in pharmacies without requiring the prescription of a qualified medical professional.

For the year ended 31 December 2022, the Group's revenue of Golden Throat Lozenges (OTC) accounted for approximately 91.2% of its total revenue.

Golden Throat Lozenge Series Products – Food

The Group's other key products are Golden Throat Lozenge Series Products, which include seven products comprising of Dule Lozenges (都樂含片), sugar-free Dule Lozenges and five other sugar-free flavours of this series, namely orange (香橙), fructus momordicae (羅漢果), chrysanthemum (桑菊), American ginseng (西洋參) and hawthorn (山楂). In 2018, the Group established Golden Throat Lozenge Series Products flagship store on online platform Taobao Tmall, with the addition of online exclusive Golden Throat Lozenge Series Products, which include six products comprising of Golden Throat Lozenge Dule Lozenges and five other flavours (including mint, chrysanthemum, red tangerine (桔紅), fructus momordicae and American ginseng) and various fruit candies.

A major difference between Golden Throat Lozenges (OTC) and Golden Throat Lozenge Series Products is that the former is approved as over-the-counter medicine, whereas the latter is approved as food products. The sugar-free series of Golden Throat Lozenge Series Products was launched in 2013, which supplements the Group's original sales channel and provides consumers with more diversified choices in response to consumer differentiation.

For the year ended 31 December 2022, the Group's revenue of Golden Throat Lozenges Series Products accounted for approximately 8.2% of its total revenue.

Other Products

For the year ended 31 December 2022, the Group's revenue of other products accounted for approximately 0.6% of its total revenue. One of the Group's other products is Yinxingye Tablet (銀杏葉片). Yinxingye Tablet is mainly designed to facilitate blood circulation, remove blood stasis and dredge energy channels and was approved as a prescription medicine by the NMPA.

Another one of the Group's other products is the Group's new product, Golden Throat Intestinal Series, which is an exclusive nutrition for probiotics, also known as prebiotics. It uses the targeting properties of prebiotics to deliver exclusive nutrition favored by probiotics to specific parts of the probiotic- rich intestine. This results in a significant increase in intestinal probiotics, especially the number and proportion of bifidobacteria. It also increases intestinal probiotics to promote intestinal health.

In June 2022, the Group launched a new product, Golden Throat Compound Probiotic Lozenges. The brand-new compound probiotic lozenges, Golden Throat Compound Probiotic Lozenges, was developed by the Group and the scientific research team of "Food Microbial Function Development" of Beijing Agricultural College, which is specially targeted at probiotics which are lacking independent intellectual property rights in China. The new product is an active probiotic developed independently in China and has obtained six patents. It adopts the leading international technologies such as three-layer embedding technology and 360-degree thermal radiation freezedrying technology to ensure the active quality of probiotics, and is committed to using "Chinese bacteria" to improve the physique of Chinese people.

Research and Development

The Group's business has significantly benefited from its strong track record in research and development. Since 1994, the Group has successfully developed 32 new products for which it has obtained manufacturing permits, amongst which, 8 are pharmaceutical products (including Jinyin Sanqi Capsule (金銀三七膠囊)), 22 are food products, 1 is a health supplement and 1 is a medical apparatus product.

The Group's research and development activities are conducted both in-house and through collaborations with external research institutions, such as hospitals, institutes for drug research and other companies.

Sales, Marketing and Distribution

Branding

The Group believes that strong brand recognition and customer loyalty are key to the recognition of the "Golden Throat (金嗓子)" brand. In January 2023, the Company was awarded the title of Guangxi's Leading Industrial Enterprise. At the end of 2022, the Company was awarded the title of the Most Popular Brand by the Audience of Guangxi Brand High-quality Development Forum and the title of Top Ten Taxpayers of Private Enterprises in Liuzhou. In July 2022, the Company was listed as one of the Award-Winning Enterprises in the 2021 China Pharmaceutical Industry Top 100 Series List. In October 2021, in the 2021 overall statistical ranking of China nonprescription medicines enterprises and product brands, Golden Throat Lozenges (OTC) stood out among many products and was awarded No. 1 amongst Chinese traditional medicines (Throat) by China Nonprescription Medicines Association. It ranked 43rd in the overall ranking of nonprescription manufacturing enterprises. In May 2021, the 21st IAI International Advertising Awards, Golden Throat's brand story "The Treasure of Each Other" won the Gold Award for film and television work.

Golden Throat Lozenge Series Products have been exported to 22 countries and regions as of 31 December 2022, with France, Spain, the Netherlands, Italy and Ireland added to the list in 2022 and will be exported to Luxembourg, Croatia and Estonia in early 2023.

Distribution Network

The Group has established an extensive and structured sales and distribution network throughout China for its (i) over-the-counter medicines, (ii) food products and (iii) prescription medicines. As of 31 December 2022, substantially all of the Group's revenue was generated from sales to distributors.

As at 31 December 2022, the Group's distribution network covers all provinces, autonomous regions and municipalities directly under the jurisdiction of the PRC. In 2022, the Group will continue to expand into new markets as it further strengthens its partnerships with its top distributors and pharmacy chains following the consolidation of its distributor channel. In addition, the Group has further streamlined the procurement process for distributors by supplying primary pharmacies and clinics through an online drug procurement platform.

The Group also has a presence in various overseas markets for its products, including the United States, Canada, Japan, the European Union, Australia, Southeast Asia, Middle East, Mexico and Africa, with exports covering a total of 53 countries and regions across five continents of the world. In 2022, the Group's Golden Throat Lozenges (OTC) was granted the MAL Pharmaceutical Registration Qualification by the Ministry of Health of Malaysia after a long-term rigorous examination and testing. In the second quarter of 2023, the first batch of Golden Throat Lozenges (OTC) will soon be available in mainstream hospitals and clinics at all levels in Malaysia. The distribution network of the Group's Golden Throat Lozenge Series Products was expanded to France, Spain, the Netherlands, Italy and Ireland in 2022, and will be further expanded to Luxembourg, Croatia and Estonia in early 2023.

The Group has actively responded to China's top-level strategy – the national "Belt and Road" initiative, of which 10 ASEAN countries play a vital role in its strategy. Up to now, the Company has successfully entered into agency agreements with all of the 10 ASEAN countries, and its products have exported to nine countries, except Laos.

In October 2018, the Group established Golden Throat Lozenge Series Products flagship store on online platform Taobao Tmall, with the addition of online exclusive Golden Throat Lozenge Series Products, which include six products comprising of Golden Throat Lozenge Dule Lozenges and five other flavours (including mint, chrysanthemum, red tangerine (桔紅), fructus momordicae and American ginseng) and various fruit candies. Nowadays, the dual development of retail pharmacies and online sales has contributed to an efficient and comprehensive distribution system.

Promoters

As of 31 December 2022, the Group has entered into certain products promotion cooperation agreements with 11 promoters. The primary reasons for engaging the promoters in certain regions are: (i) their knowledge of local markets and substantial experience in promoting products; and (ii) their familiarity with local municipal level agents and that the Group can benefit from their facilitation and ongoing feedback of such local markets.

Market Review

In recent years, as the global pharmaceutical market grow steadily with the growth of global population and the increasing level of ageing population, the demand for and the types of medical services and medicines have been rising. Besides, the rising living standard gives rise to the increasing awareness of health management among the citizens, which has fostered the steady development of the global pharmaceutical market. Throat diseases are common and are frequently triggered. Given that the particulate matter 2.5 (PM2.5) has been at an unhealthy level in most of the major cities in China for a long time in recent years, air pollution is one of the main causes of respiratory infections, especially pharyngitis. In addition, broadcasters in live broadcasting industry, singers, actors and teachers generally use their voices for a long time, with loud volume and frequent throat discomfort symptoms. Such consumers will also pay special attention to throat products. In view of the air pollution and excessive use of voice problem, consumers are more concerned about protecting their throats, and the pharmaceutical and lozenge market in China is expected to grow continuously. Furthermore, young people these days also pay attention to throat products that can effectively remove oral odor that cool the throat and refresh the mind. The flagship products of the Group, Golden Throat Lozenges (OTC) and Golden Throat Lozenge Series Products, cover a wide range of pharmacies and supermarkets to provide consumers with purchasing channels that are more convenient.

In the middle of 2022, Golden Throat Compound Probiotic Lozenges jointly developed by Golden Throat Group and the scientific research team of "Food Microbial Function Development" of Beijing Agricultural College was launched to market. The new product is an active probiotic that has obtained six patents by using strains with independent intellectual property rights. It adopts the leading international technologies such as three-layer embedding technology and 360-degree thermal radiation freezedrying technology to ensure the active quality of probiotics.

PRC consumers' health awareness has been increasing year by year, which resulted in higher spending on health related products including, amongst others, health food and medicines. Consumers nowadays care more about life quality and health than before, and are getting more familiar with many brands of OTC medicines. In addition, the inconvenience and time needed for seeing doctors due to shortage of medical resources also drive consumers to treat themselves at home by purchasing OTC medicines when they encounter common ailments or chronic diseases.

In the post-COVID-19 era, the Group believes that two major health issues, namely immunity and gastrointestinal health, are receiving more attention from all age groups, which give rise to the health awareness in the probiotic and further enhanced the market's reception of probiotic products. At present, the probiotic industry has high technical barriers and domestic raw materials are mainly dominated by imported brands. The Group believes that it is only possible to create a competitive brand in the market by possessing core technologies and the Group will continue to conduct research and development of its products in future.

In 2022, the Beijing Municipal Health Commission organized pharmaceutical, clinical and traditional Chinese medicine experts to formulate the Catalogue of Medicines for People Infected with COVID-19 (First Edition) (《新冠病毒感染者用藥目錄(第一版)》) with reference to the actual practice of medication treatment, in which our Golden Throat Lozenge (OTC) were specifically recommended for pharyngeal symptoms such as sore throat and dry throat. The Group recorded a significant increase in sales for the full year of 2022.

Future Expansion and Upgrading Plan

In the future, the Group will remain committed to consumers' demand, continue to optimise and enrich its product portfolio, persistently strengthen its organisational capabilities, allocate resources to focus on customer-centric operation and digital marketing, thereby promoting the enhancement of its organisational capabilities and forming a new growth logic of the Group's products so as to realise positive and healthy development of the Group, continue to strengthen its leading position in the lozenge market and continue to expand its market share in the PRC pharmaceutical and food products markets.

Over the past three years, there has been a profound impact on economic development, industry patterns and lifestyles due to the impact of the COVID-19 pandemic. Despite the short-term turbulence, people have become more concerned about their physical and mental health, and the opportunities in the industry have increased, and the market is still full of momentum and hope. In view of this, the Group continued to strengthen its "single brand, multi-category, multi-channel" development strategy, focusing on product, channel and retail operation capabilities and supply chain management, continuing to attract consumers' attention through creative features, exclusive product sales and innovative diversified channel development to enrich the brand image and influence. Under the market trend of consumption upgrading, the Group will continue to innovate in promoting the development of new products such as genetic medicines, traditional Chinese medicine prescriptions and specialty health foods, and is committed to promoting the development of China's mass health industry.

Nowadays, people mainly rely on online purchasing while E-commerce and new retails continue to develop. The Group's Golden Throat WeChat Mini Program Mall was launched in early 2020. We will continue to expand online sales channel in 2023, and we believe there would be breakthroughs in our online business in the future.

To further enhance the popularity of its products and awareness of its brand and image in China, the Group will continue to maintain and promote its "Golden Throat (金嗓子)" brand with the goal of establishing it as a well-known household brand recognised for effective, safe and curative lozenge products in China. The Group plans to expand and enhance its media marketing and promotion efforts, by increasingly advertising via internet media that has a broader coverage. The Group's dedicated marketing team will continue to work closely with its distributors to design and carry out effective and targeted marketing campaigns and promotional activities.

The Group also intends to increase its production capacity by constructing a new production base to meet the market demand for its Golden Throat Lozenges (OTC). As at 31 December 2022, plants and office buildings of a new medicine production and research and development base of the Group located at Luowei Industrial Concentration Area, Liuzhou, Guangxi Zhuang Autonomous Region and the commissioning of product line and trial production were completed, and the Group completed the overall relocation in the second half of 2021. The new production base covers a usable area of about 60,000 square meters, including research and development centers, production plants, warehouses and administrative office buildings. The fully automated production line in the production plant will improve the efficiency of the production process. A brand-new modern production enterprise will be formed with the new production and research and development base, new factories, new workflow and new production lines, which will completely upgrade the management platform and manufacturing platform of the factories, comprehensively improving the manufacturing quality and technology content of the products, enhancing the comprehensive competitiveness of the Company, and will lay a solid foundation for expanding and strengthening the Company.

In 2021, the Group selected a land of 48 mu (畝) located in the south of our new medicine production and research and development base as the new site for the second phase of our production base of Golden Throat, with the expected usable area of about 50,000 square meters when the construction is completed. A food production plant and a food product research centre will be built in accordance with our plan. Upon completion, a high-tech development and research team as well as smart production and smart sales will be deployed to develop more great health products. As of 31 December 2022, the phase two of the project has commenced the document approval.

The Golden Throat's second phase construction will help to establish the core leading position of the technical platform of Golden Throat Doctoral Workstation, Golden Throat Professorial Workstation, Golden Throat Throat Research Institute, Golden Throat Gastrointestinal Research Institute and Golden Throat Heart and Brain Research Institute; develop new products such as genetic drugs, traditional Chinese medicine formulas, special medical devices and special health food; and promote the implementation of the second phase of the Golden Throat base to create a continuous innovation to drive the development of the Golden Throat great health industry.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2022, the Group's revenue increased by approximately RMB171.5 million or 20.9% to approximately RMB992.0 million, as compared to approximately RMB820.5 million for the year ended 31 December 2021.

For the year ended 31 December 2022, the Group's revenue generated from sales of Golden Throat Lozenges (OTC) was approximately RMB904.6 million, representing an increased of approximately RMB165.4 million or 22.4% as compared to approximately RMB739.2 million for the year ended 31 December 2021. This is mainly due to the significant increase in the Group's sales for the whole year of 2022.

For the year ended 31 December 2022, the Group's revenue from the sales of the Golden Throat Lozenge Series Products amounted to approximately RMB81.4 million as compared to approximately RMB71.7 million for the year ended 31 December 2021, representing an increase of approximately RMB9.7 million or 13.5%, which was mainly due to the significant increase in the Group's sales for the whole year of 2022.

For the year ended 31 December 2022, the Group's revenue from sales of other products amounted to approximately RMB6.0 million, representing a decrease of approximately 37.5% as compared to approximately RMB9.6 million for the year ended 31 December 2021.

The table below sets forth, for the periods indicated, the sales volume, revenue, cost, gross margin, unit price and unit cost of the Group's key products.

	Year ended 31 December 2022					
	Sales boxes'000	**Revenue RMB'000**	**Cost RMB'000**	**Gross margin %**	**Unit price RMB'000**	**Unit cost RMB'000**
Golden Throat Lozenges (OTC)	**126,686**	**904,585**	**234,975**	**74.0**	**7.1**	**1.9**
Golden Throat Lozenge Series Products	**13,549**	**81,360**	**29,305**	**64.0**	**6.0**	**2.2**

	Year ended 31 December 2021					
	Sales boxes'000	Revenue RMB'000	Cost RMB'000	Gross margin %	Unit price RMB'000	Unit cost RMB'000
Golden Throat Lozenges (OTC)	118,838	739,223	205,904	72.1	6.2	1.7
Golden Throat Lozenge Series Products	12,836	71,669	27,028	62.3	5.6	2.1

Cost of Sales

The Group's cost of sales consists primarily of cost of materials, labor costs, depreciation and other costs relating to Golden Throat Lozenges (OTC), Golden Throat Lozenge Series Products and other products.

The Group's cost of sales increased from approximately RMB242.8 million for the year ended 31 December 2021 to approximately RMB271.1 million for the year ended 31 December 2022. The increase in cost of sales was mainly attributable to the increase in the sales volume of Golden Throat Lozenges (OTC).

The table below sets forth, for the periods indicated, the components of the cost of inventories sold and each component as a percentage of total cost of inventories sold.

	Year ended 31 December 2022		Year ended 31 December 2021	
	RMB'000	**% of total**	RMB'000	% of total
Materials	**169,610**	**62.6%**	156,596	64.5%
Labor costs	**57,000**	**21.0%**	45,708	18.8%
Depreciation	**28,049**	**10.3%**	26,712	11.0%
Other costs	**16,435**	**6.1%**	13,791	5.7%
Total	**271,094**	**100.0%**	242,807	100%

Gross Profit

Gross profit represents the excess of revenue over cost of sales.

The Group's gross profit for the year ended 31 December 2022 was approximately RMB720.9 million, as compared to approximately RMB577.7 million for the year ended 31 December 2021, representing an increase of approximately RMB143.2 million or 24.8%. The increase in gross profit was mainly due to the increase in the Group's revenue. For the year ended 31 December 2022, the Group's gross profit margin was 72.7% as compared to 70.4% for the corresponding period in 2021.

Other Income and Gain

For the year ended 31 December 2022, the Group's other income and gain decreased to approximately RMB24.7 million, as compared to approximately RMB32.5 million for the year ended 31 December 2021, representing a decrease of approximately RMB7.8 million. The decrease was due to a decrease in government grants compared with last year.

Selling and Distribution Expenses

The Group's selling and distribution expenses primarily consisted of (i) advertising expenses, (ii) marketing expenses, (iii) employee benefit expenses, and (iv) other miscellaneous expenses. For the year ended 31 December 2022, the Group's selling and distribution expenses amounted to approximately RMB279.0 million, as compared to approximately RMB261.6 million for the year ended 31 December 2021, representing an increase of approximately RMB17.4 million or 6.7%. The increase was primarily due to the increase in promotion expenses as the Group aimed to boost its sales for the Reporting Period.

Administrative Expenses

The Group's administrative expenses primarily consisted of (i) salaries and staff welfare expenses for management and administrative personnel, (ii) travel and office expenses, (iii) research and development costs, (iv) depreciation and amortisation costs, (v) amortisation of right-of-use assets, (vi) professional services fees, and (vii) other miscellaneous expenses. For the year ended 31 December 2022, the Group's administrative expenses amounted to approximately RMB78.6 million, as compared to approximately RMB103.2 million for the year ended 31 December 2021, representing a decrease of approximately RMB24.6 million or 23.8%. The decrease was mainly due to higher research and development expenses incurred by the Group last year.

Other Expenses

Other expenses of the Group mainly consist of donation expense. For the year ended 31 December 2022, the Group's other expenses amounted to approximately RMB1.7 million, as compared to approximately RMB0.7 million for the year ended 31 December 2021, representing an increase of approximately RMB1.0 million. The change in amount was not material as compared with last year.

Finance Costs

For the year ended 31 December 2022, the Group's finance costs amounted to approximately RMB10.3 million, as compared to approximately RMB8.0 million for the year ended 31 December 2021, representing an increase of approximately RMB2.3 million or 28.8%. The increase was mainly due to the increase in interest-bearing bank borrowings for the Reporting Period.

Income Tax Expense

For the year ended 31 December 2022, the Group's income tax expense amounted to approximately RMB94.8 million, as compared to approximately RMB49.2 million for the year ended 31 December 2021, representing an increase of approximately RMB45.6 million or 92.7%. The increase was mainly due to the increased sales.

Net Profit

For the year ended 31 December 2022, the Group's net profit amounted to approximately RMB281.2 million, as compared to approximately RMB187.6 million for the year ended 31 December 2021, representing an increase of approximately RMB93.6 million or 49.9%. The increase in the Group's net profit was mainly attributable to the increase in the Group's revenue. For the reasons of increase in the Group's revenue, please refer to the section headed "Revenue" above.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Net Current Assets

As of 31 December 2022, the Group had net current assets of approximately RMB1,060.1 million, as compared to approximately RMB855.7 million as of 31 December 2021. The current ratio of the Group was 2.5 as at 31 December 2021 and 2.4 as at 31 December 2022.

Borrowings and the Pledge of Assets

As of 31 December 2022, the Group had an aggregate interest-bearing bank borrowings and other borrowings of approximately RMB272.6 million, as compared to approximately RMB235.0 million as of 31 December 2021. All the bank borrowings are repayable within one year. Bank borrowings and other borrowings increased by RMB37.6 million as compared to that of 31 December 2021.

As of 31 December 2022, all of the Group's bank borrowings were at fixed interest rates. For details of such borrowings, please refer to Note 13 of the Group's consolidated financial statements above.

The Group continues to manage its financial position and capital structure with a solid equity base, adequate working capital and credit facilities. The Group has various policies governing accounting control, as well as credit and foreign exchange risks and treasury management. The Group has also been paying close attention to asset and liability management, including liquidity risks and currency risks.

As at 31 December 2022, certain of the Group's bank loans are secured by:

(i) the pledge of the Group's bills receivable amounting to RMB20,384,000 (2021: RMB17,529,000); and

(ii) the pledge of certain of the Group's deposits amounting to RMB121,081,000 (2021: RMB55,072,000).

Gearing Ratio

As at 31 December 2022, the gearing ratio of the Group, which is calculated by dividing total borrowings by total equity, increased to approximately 17.7% from approximately 17.2% as at 31 December 2021.

Contingent Liabilities

As at 31 December 2022, the Group did not have any significant contingent liabilities.

Foreign Exchange Risk

The Group's transactions are mainly denominated and settled in RMB. The Group had certain amounts of deposits in HKD and USD, amounting to approximately HK$1.5 million and US$11.1 million as of 31 December 2022, respectively. The Group has exposure to foreign exchange risk that arises from fluctuations in the exchange rates of HKD to RMB and USD to RMB. The management of the Group will monitor the foreign exchange risk on an ongoing basis, and the Board expects that fluctuations in HKD and USD will not have a significant impact on the Group.

As at 31 December 2022, the Group did not use any financial instruments to hedge its foreign exchange risk.

EMPLOYEES AND EMOLUMENTS POLICY

As at 31 December 2022, the Group employed a total of 853 full-time employees, as compared to a total of 937 full-time employees as at 31 December 2021. The staff costs, including Directors' emoluments but excluding any contributions to pension scheme, were approximately RMB80.4 million for the year ended 31 December 2022 as compared to approximately RMB79.4 million for the corresponding period in 2021. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employees. In addition to a basic salary, year-end bonuses are offered to those staffs with outstanding performances to attract and retain capable employees of the Group.

The Group adheres to the concept of "benefiting mankind and repaying society", and currently employs more than 100 disabled employees. In August 2020, the Group provided employees with Baojun new energy electric vehicles produced by Liuzhou SGMW (柳州上汽通用五菱) for employees commuting to work. The Group ordered over 700 new energy electric vehicles from SGMW, which would not only solve the transportation problem of employees with long commuting distance, but also effectively stimulate domestic demand and help economic growth and recovery.

With respect to trainings, the Company proactively arranges its employees to study the newly-promulgated laws and regulations in the PRC so as to ensure that products produced by the Group are in compliance with the laws and regulations. The Group also organises various training programmes targeting employees from different business departments and functions. For example, there are training programmes in relation to knowledge of Chinese medicinal herbs and Chinese medicine decoction pieces as well as the trainings in relation to production quality standard of pharmaceutical products, equipment maintenance and repair and so forth. All of these are designed to provide support to the technological development and team building of the Group.

SIGNIFICANT INVESTMENTS HELD AND MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

For the year ended 31 December 2022, the Group did not hold any significant investments or make any material acquisitions or disposals of subsidiaries, associates or joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have any specific plan for material investments or acquisitions of capital assets as at 31 December 2022.

SIGNIFICANT SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

As of the date of this report, the Group does not have any significant subsequent events after the Reporting Period.

PROSPECTS

As a national brand, Golden Throat had experienced the challenge from the market and a vast range of consumers. At present, against the market trend of upgraded consumption, the original aspiration of the Group, to provide service for the health of a vast range of consumers will not be changed. Currently, the Company is committed to building a new base as the health industrial park of Golden Throat. In the coming ten years, the focus of the Golden Throat great health development plan will be on enhancing the core competitiveness of the Group.

The Group will continue to seek to strengthen its leading position in the lozenge market and continue to expand its market share in the PRC pharmaceutical and food markets in 2023. Moreover, the Group will aim to increase its production capacities, expand its product portfolio and strengthen its research and development capabilities. It will enhance its food and other pharmaceutical businesses and promote synergies across different product segments. The Group will aim to enhance its brand recognition through effective and targeted marketing efforts, and will continue to expand its distribution network, to refine associated infrastructure and to leverage on its existing distribution network to promote different products.

In 2023, the Group will continue to optimise and enrich its product portfolio based on consumer demand. It will also continue to strengthen its organisational capabilities, allocate resources based on customer-focused operations and digital marketing, promote organisational capability enhancement and establish a new logic for the Group's product growth, with a view to achieving sound and healthy development of the Group in future.

USE OF NET PROCEEDS FROM LISTING

The IPO Proceeds (including those shares issued pursuant to the partial exercise of the over-allotment options), after deducting underwriting fees and related expenses, amounted to approximately HK$909.6 million. Details of the use of the IPO Proceeds are set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

On 30 March 2022, the Board resolved to change part of the unutilized use of net IPO Proceeds originally intended to be used for conversion of headquarters into a food production plant and food research centre to construction of food production plant and food research center. For details of the change in the use of the IPO proceeds, please refer to the Company's announcement dated 30 March 2022.

From the Listing Date to 31 December 2022, the Group had utilized approximately HK$650,955,000, representing approximately 71.6% of the IPO Proceeds. Set out below is a summary of the utilised and unutilised IPO Proceeds:

Revised use of IPO Proceeds	**Amount utilized as of 31 December 2022** HK$'000	**Amount unutilized as of 31 December 2022** HK$'000
Construction in Luowei Industrial Concentration Area	208,982	–
Construction of food production plant and food research center	2,295	187,689
Market expansion	286,685	–
Product development	51,597	30,730
Establishment of Chinese herbs processing base	–	37,997
Refinement and upgrade of electronic code system	10,436	2,229
General working capital	90,960	–
Total	650,955	258,645

As of 31 December 2022, the Group's project for the construction of food production plant and food research center has commenced the exploration and survey phase. In addition, the Group has not utilized any IPO Proceeds in relation to the establishment of a Chinese herbs processing base on our current site in Laibin, Guangxi Zhuang Autonomous Region. The Group plans to commence the above-mentioned project in 2023.

The unutilized amount of IPO Proceeds is expected to be fully utilized by 2028.

DIRECTORS AND SENIOR MANAGEMENT

AN OVERVIEW OF DIRECTORS AND SENIOR MANAGEMENT

As at the date of this report, the Board of Directors of the Company consists of eight Directors, comprising four executive Directors, one non-executive Director and three independent non-executive Directors.

The table below sets forth certain information in respect of the Directors and our senior management as at the date of this report.

Name	Age	Position	Date of appointment	Relationship with other Directors or senior management
DIRECTOR				
Ms. JIANG Peizhen (江佩珍)	77	Chairman and Non-executive Director	10 February 2015	Mother of Mr. ZENG Yong
Mr. ZENG Yong (曾勇)	49	Vice Chairman of the Board, Executive Director and General Manager	10 February 2015	Son of Ms. JIANG Peizhen
Mr. HUANG Jianping (黃建平)	60	Executive Director, Deputy General Manager and President of Labour Union	10 February 2015	None
Mr. ZENG Kexiong (曾克雄)	58	Executive Director and Deputy General Manager	10 February 2015	None
Mr. HE Jinqiang (何錦強)	53	Executive Director and Deputy General Manager	10 February 2015	None
Mr. LI Hua (李驊)	52	Independent Non-executive Director	10 February 2015	None
Mr. ZHU Jierong (朱頡榕)	74	Independent Non-executive Director	10 February 2015	None
Mr. CHENG Yiqun (程益群)	53	Independent Non-executive Director	10 February 2015	None
SENIOR MANAGEMENT				
Mr. CHENG Qiang (程強)	53	Assistant to General Manager	December 2018	None
Ms. LI Qing (李慶)	53	Assistant to General Manager	January 2014	None
Mr. WU Dong (吳東)	54	Assistant to General Manager	February 2015	None

DIRECTORS

Non-Executive Director

Ms. JIANG Peizhen (江佩珍), aged 77, is the Chairman of the Board and a non-executive Director. Ms. JIANG was appointed as a Director on 10 February 2015 and is primarily responsible for formulating the overall development strategies and business plan of the Group. Ms. JIANG is also a director of Guangxi Golden Throat and Golden Throat Medical. From 1956 to 1998, Ms. JIANG had been working as a staff worker, workshop director, vice president, president and party secretary of Liuzhou No. 2 Sweet Factory (柳州市糖果二廠). Ms. JIANG obtained a Diploma degree in journalism from Beijing Humanities University (北京人文大學) in Beijing, China in May 1987 and a Pharmaceutical Diploma from Guangxi School of Chinese Medicine (廣西中醫學院) (now known as Guangxi University of Chinese Medicine (廣西中醫藥大學)) in Nanning, Guangxi Zhuang Autonomous Region, China, in January 2001. Ms. JIANG obtained the qualification certificate of senior economist conferred by the Bureau of Scientific and Technological Personnel, Guangxi Zhuang Autonomous Region (廣西壯族自治區科技幹部局) in 1992. Ms. JIANG is the mother of Mr. ZENG Yong.

Executive Directors

Mr. ZENG Yong (曾勇), aged 49, is the Vice Chairman of the Board and an executive Director and General Manager. Mr. ZENG was appointed as a Director on 10 February 2015 and is primarily responsible for overseeing the management and strategic development of the Group. Mr. ZENG is also a director of Guangxi Golden Throat and Golden Throat Pharmaceutical. Mr. ZENG joined Guangxi Golden Throat in March 1995 and has gained over 18 years of experience in sales management. Prior to joining the Group, Mr. ZENG worked at the International Affairs Department of the Bank of Communications Guangxi Liuzhou Branch (交通銀行廣西柳州分行) from August 1994 to September 1995. From October 1995 to September 1998, Mr. ZENG also worked at the Advertising Department of the Guangxi Liuzhou Cable TV Network (廣西柳州市有線電視台). Mr. ZENG obtained a Diploma's degree in English from Guangxi Teachers Education University (廣西師範學院) in Nanning, Guangxi Zhuang Autonomous Region, China in June 1994. Mr. ZENG is the son of Ms. JIANG Peizhen.

Mr. HUANG Jianping (黃建平), aged 60, is an executive Director, the Deputy General Manager and President of Labour Union. Mr. HUANG was appointed as a Director on 10 February 2015 and is primarily responsible for providing strategic advice and guidance on the employee union related matter of the Group. Mr. HUANG is also a director of Guangxi Golden Throat and Golden Throat Pharmaceutical. Mr. HUANG joined the Group in August 1985 and has gained over 20 years of experience in pharmaceutical manufacturing. From 1985 to 1998, Mr. HUANG worked as a staff worker, communist party vice secretary and office chief of Liuzhou No. 2 Sweet Factory (柳州市糖果二廠) and Guangxi Golden Throat. He graduated from Guangxi Light Industry Technician College (廣西輕工學校) in sugar refinery in Nanning, Guangxi Zhuang Autonomous Region, China in July 1985. Mr. HUANG obtained the qualification certificate of assistant engineer issued by the Liuzhou Municipal Qualification Reform Office (柳州市職稱工作改革辦公室) in 1994.

Mr. ZENG Kexiong (曾克雄), aged 58, is an executive Director and Deputy General Manager. Mr. ZENG was appointed as a Director on 10 February 2015 and is primarily responsible for production, technology and quality inspection related matters of the Group. Mr. ZENG is also a director of Guangxi Golden Throat and Golden Throat Pharmaceutical. Mr. ZENG joined the Group in August 1984 and has gained over 20 years of experience in pharmaceutical manufacturing. From 1984 to 1998, Mr. ZENG worked as a staff worker and department chief of Production and Technology Department of Liuzhou No. 2 Sweet Factory (柳州市糖果二廠) and Guangxi Golden Throat. He graduated from Guangxi Light Industry Technician College (廣西輕工學校) in sugar refinery in Nanning, Guangxi Zhuang Autonomous Region, China in July 1984. Mr. ZENG obtained the qualification certificate of engineer conferred by the Liuzhou Municipal Leading Group of Qualification Reform (柳州市職改領導小組) in 1996.

Mr. HE Jinqiang (何錦強), aged 53, is an executive Director and Deputy General Manager. Mr. HE was appointed as a Director on 10 February 2015 and is primarily responsible for labour, personnel and warehouse related matters of the Group. Mr. HE is also a director of Guangxi Golden Throat, Golden Throat Health Food and Golden Throat Pharmaceutical. Mr. HE joined the Group in August 1991 and has gained over 20 years of experience in pharmaceutical manufacturing. From 1991 to 1998, Mr. HE worked as a staff worker of Liuzhou No. 2 Sweet Factory (柳州市糖果二廠) and Guangxi Golden Throat. He obtained a Bachelor's degree in food science from Guangxi University (廣西大學) in Nanning, Guangxi Zhuang Autonomous Region, China in July 1991. Mr. HE obtained the qualification certificate of engineer conferred by the Liuzhou Municipal Leading Group of Qualification Reform (柳州市職改領導小組) in 1996.

Independent Non-Executive Directors

Mr. LI Hua (李驊), aged 52, is an independent non-executive Director. Mr. LI was appointed as a Director on 10 February 2015 and is primarily responsible for supervising and providing independent judgment to the Board. Mr. LI has over 30 years experience in the auditing and accounting in various industries. Since 2005, Mr. LI has been acting as the chairman of Guangxi Tianhua Certified Public Accountants Co., Ltd. (廣西天華會計師事務所有限責任公司). Prior to this, Mr. LI served as the chief account of Guangxi Zhengze Certified Public Accountants (廣西正則會計師事務所) from 1999 to 2004. Mr. LI concurrently serves as a standing director of The Chinese Institute of Certified Public Accountants (中國註冊會計師協會), standing director of Guangxi Accounting Society (廣西會計學會), vice president of Liuzhou Accounting Society (柳州會計學會) and vice president and chairman of professional advisory committee of Guangxi Institute of Certified Public Accountants (廣西註冊會計師協會專業諮詢委員會). Mr. LI is a Chinese certified public accountant recognised by the Certified Accountants Examination Committee of the Ministry of Finance in May 1995, certified public valuer recognised by the Ministry of Finance in April 1997 and certified tax agent jointly recognised by the Ministry of Human Resources and Social Security of the PRC and the SAT in 1999. Mr. LI obtained a Bachelor's degree in accounting from Shanghai University of Finance and Economics (上海財經大學) in Shanghai, China in July 1993.

Mr. ZHU Jierong (朱頡榕), aged 74, is an independent non-executive Director. Mr. ZHU was appointed as a Director on 10 February 2015 and is primarily responsible for supervising and providing independent judgment to the Board. Mr. ZHU has over 20 years experience in engineering and management. From 2002 to 2012, Mr. ZHU has been acting as deputy general manager of Zhejiang Shibao Company Limited (浙江世寶股份有限公司) (Stock Code: 1057) and has been acting as a director thereof from June 2004 to June 2018. Prior to this, Mr. ZHU worked as deputy technical director, deputy chief engineer and the head of Technical Audit Department in automotive steering plant of Zhejiang Wanda Group Corporation (浙江萬達集團) and other entities from 1990 to 2002. Mr. ZHU is a fellow member of the Hong Kong Institute of Directors since October 2014, and obtained the certificates of independent director qualification of listed companies issued by the Shenzhen Stock Exchange in June 2017. Mr. ZHU graduated from Management Institute of Automotive Technology (汽車工業管理幹部學院) (now known as Hubei University of Automotive Technology (湖北汽車工業學院)) in Hubei Province, China in August 1987.

Mr. CHENG Yiqun (程益群), aged 53, is an independent non-executive Director. Mr. CHENG was appointed as a Director on 10 February 2015 and is primarily responsible for supervising and providing independent judgment to the Board. Mr. CHENG has over 22 years experience in providing legal services. Mr. CHENG joined Commerce & Finance Law Offices in April 2001 and has been a partner since 2009. Mr. CHENG was appointed as an Independent Non-executive Director of Tianli Education International Holdings Limited (天立教育國際控股有限公司) in August 2018. Mr. Cheng also serves as independent non-executive directors of Mingya Fund Management Company Limited, Wuhan Sino-Sci Ruihua Eco Tech Co., Ltd., Guangdong Faith Long Crystal Technology Co.,Ltd. and Shanghai Baoli Food Co., Ltd. Mr. CHENG is a PRC practising lawyer recognised by the Ministry of Justice of the PRC in August 2009. Mr. CHENG graduated from the law faculty of Wuhan University in July 1997.

SENIOR MANAGEMENT

Mr. CHENG Qiang (程強), aged 53, is the Assistant to General Manager and the Chief Financial Officer and minister of the Group. He was appointed as the Head of Finance and the Assistant to General Manager in June 2018 and December 2018, respectively, and is primarily responsible for the financial audit, accounting and financial management related matters of the Group. Mr. CHENG joined the Group in August 1990 and has gained over 29 years of experience in financial management. From 1990 to 2018, Mr. CHENG worked as financial management staff in Liuzhou No. 2 Sweet Factory (柳州市糖果二廠) and Guangxi Golden Throat, as well as the Head of Information Center, the Minister of Security Department and the Head of Finance. He obtained a Professional Diploma's degree in corporate finance and accounting as well as Qualified Accounting certificate from Guangxi School of Finance and Economics (now known as Guangxi University of Finance and Economics (廣西財經學院)) in Guangxi Zhuang Autonomous Region, China in 1990.

Ms. LI Qing (李慶), aged 53, is the Assistant to General Manager and Deputy Head of our Manufacturing Technology Department of the Group. She was appointed as the Assistant to General Manager and Deputy Head of our Manufacturing Technology Department in January 2014 and April 2010, respectively, and is primarily responsible for the development and manufacturing related matters of the Group. Ms. LI joined the Group in August 1991 and has gained over 20 years of experience in pharmaceutical manufacturing. From 1991 to 1998, Ms. LI worked as a technology management staff in Liuzhou No. 2 Sweet Factory (柳州市糖果二廠) and Guangxi Golden Throat. She obtained a Bachelor's degree in food science from Chengdu University of Science and Technology (成都科技大學) (now a part of Sichuan University (四川大學)) in Chengdu, Sichuan Province, China in 1991, and a professional part-time Diploma's degree in pharmacy from Guangxi School of Chinese Medicine (廣西中醫學院) (now known as Guangxi University of Chinese Medicine (廣西中醫藥大學)) in Nanning, Guangxi Zhuang Autonomous Region, China, in 2001. Ms. LI obtained the qualification certificate of engineer conferred by the Liuzhou Municipal Leading Group of Qualification Reform (柳州市職改領導小組) in 1996 and obtained the qualification certificate of licensed pharmacist conferred by the Ministry Of Health in 2002.

Mr. WU Dong (吳東), aged 54, is the Assistant to General Manager. He was appointed as the Assistant to the General Manager in February 2015 and is primarily responsible for promotion related matters of the Group. Mr. WU joined the Group in July 1990 and has gained over 20 years of experience in pharmaceutical manufacturing. From 1990 to 1998, Mr. WU worked as a staff worker of Liuzhou No. 2 Sweet Factory (柳州市糖果二廠) and from 1998 to 2014, Mr. WU worked as the first deputy director of the General Manager Office of Guangxi Golden Throat. He obtained a Diploma's degree in administrative management from Guangxi School of Industry (廣西工學院) (now known as Guangxi University of Science and Technology (廣西科技大學)) in Liuzhou, Guangxi Zhuang Autonomous Region, China in 1990. Mr. WU obtained the qualification certificate of assistant professional for political work (助理政工師) conferred by the Office of the Leading Group of Qualification Conference of Political Work in Enterprises in Guangxi Zhuang Autonomous Region (廣西壯族自治區企業思想政治工作人員專業職務評定工作領導小組辦公室) in 1999.

The Directors are pleased to present their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2022.

CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 2 September 2014 as an exempted company with limited liability under the Cayman Companies Act. The Company's Shares were listed on the Main Board of the Stock Exchange on 15 July 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Company's subsidiaries are principally engaged in the manufacture and sale of pharmaceutical, healthcare food and other products. There were no significant changes in the nature of the principal activities of the Group during the year ended 31 December 2022.

RESULTS

The Group's profit for the year ended 31 December 2022 and the Group's financial position at that date are set out in the financial statements on pages 93 to 96.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK$0.36 per share for the year ended 31 December 2022 to the Shareholders. The final dividend is subject to the approval of Shareholders at the forthcoming annual general meeting and, if approved, is expected to be paid on or before 30 June 2023.

BUSINESS REVIEW

A review of the Group's business during the year ended 31 December 2022 and a discussion on the Group's future business development, particulars of important events affecting the Group that have occurred since the end of the year ended 31 December 2022, and possible risks and uncertainties that the Group may be facing are provided in the Chairman's Statement on pages 6 to 8 and Management Discussion and Analysis on pages 13 to 27 of this report.

The financial risk management objectives and policies of the Group are shown in note 32 to the Group's financial statements in this report.

An analysis of the Group's performance during the year ended 31 December 2022 using financial key performance indicators is provided in the Financial Highlights on page 5, Chairman's Statement on pages 6 to 8, and Management Discussion and Analysis on pages 13 to 27 of this report.

In addition, discussions on the Group's environmental policies, compliance with relevant laws and regulations which have a significant impact on the Group and key relationships with its employees, customers and suppliers are contained in the Corporate Governance Report on pages 54 to 70 of this report.

The other sections in this annual report referred to above form part of this directors' report.

FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the last five financial years is set out on page 170 of this report. That summary does not form part of the audited consolidated financial statements.

DIVIDEND POLICY

The Company adopts a dividend policy of providing shareholders with stable dividends. The distribution of relatively certain cash dividends is given priority consideration as the primary goal for profit distribution and generally does not fluctuate with fluctuations in capital requirements. The prospectus dividend growth, however, remains dependent upon the financial performance and future funding needs of the Company.

USE OF NET PROCEEDS FROM LISTING

As at 31 December 2022, the Group had utilised approximately HK$638.78 million, and approximately 71.6% of the IPO Proceeds. Details of the use of net proceeds from listing and change in use of proceeds during the year ended 31 December 2022 are set out on page 27 of this report.

MAJOR CUSTOMERS AND SUPPLIERS

Revenue from sales to the Group's five largest customers accounted for approximately 29.4% of the Group's total revenue from sales for the year ended 31 December 2022 and revenue from sales to the Group's largest customer amounted to 10.2% of the Group's total revenue from sales for the year.

Purchases from the Group's five largest suppliers accounted for approximately 74.4% of the Group's total purchase for the year ended 31 December 2022 and purchases from the Group's largest supplier amounted to 32.2% of the Group's total purchase for the year.

None of the Directors or any of their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued shares) had any interest in the Group's five largest customers and suppliers.

TAX RELIEF

The Directors are not aware of any tax relief available to the Shareholders by reason of their holding of the Company's securities.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2022 are set out in note 13 to the financial statements in this report.

SHARE CAPITAL

There were no movements in the Company's share capital during the Reporting Period.

RESERVES

Details of movements in the reserves of the Company and the Group during the year ended 31 December 2022 are set out in note 33 to the financial statements and the consolidated statement of changes in equity on pages 97 to 98 of this report.

DISTRIBUTABLE RESERVES

As at 31 December 2022, the Company's reserves available for distribution, calculated in accordance with the provisions of the Companies Act, amounted to approximately RMB660.0 million (as at 31 December 2021: RMB680.0 million).

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 December 2022 are set out in note 22 to the financial statements in this report.

EQUITY-LINKED AGREEMENT

No equity-linked agreements were entered into by the Group, or existed during the year ended 31 December 2022.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the article 164 of the Articles of Association and subject to the all applicable statues, rules and regulations, every Director and other officers of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he/she may sustain or incur in or about the execution or holding of his/her office or otherwise in relation thereto, provided that the indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons.

For details about insurance for the Directors, please refer to the Corporate Governance Report of this report.

DIRECTORS

The Directors for the year ended 31 December 2022 and up to the date of this report were:

Executive Directors:

Mr. ZENG Yong *(Vice Chairman and General Manager)*
Mr. HUANG Jianping
Mr. ZENG Kexiong
Mr. HE Jinqiang
Mr. LV Xinghong (resigned on 25 March 2022)

Non-Executive Director:

Ms. JIANG Peizhen *(Chairman)*

Independent non-executive Directors:

Mr. LI Hua
Mr. ZHU Jierong
Mr. CHENG Yiqun

In accordance with article 84 of the Articles of Association, every Director shall be subject to retirement by rotation at an annual general meeting at least once every three years and shall be eligible for re-election.

Ms. JIANG Peizhen, Mr. ZENG Yong, Mr. HUANG Jianping, Mr. ZENG Kexiong, Mr. HE Jinqiang, Mr. LI Hua, Mr. ZHU Jierong and Mr. CHENG Yiqun retired and were re-elected as Directors at the annual general meeting held on 13 May 2022.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out on pages 29 to 32 of this report.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors has confirmed his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent in accordance with Rule 3.13 of the Listing Rules.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors, non-executive Director and independent non-executive Directors has renewed the appointment contract with the Company for an initial term of three years commencing from 10 February 2021 and may be terminated in accordance with the respective terms of the appointment letters.

None of the Directors has or is proposed to enter into any service contract that is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

None of the Directors has or is proposed to enter into a service contract with the Group which is for a duration which may exceed three years or which requires the Company to, in order to terminate such contract, give a notice period in excess of one year or pay or make other payments equivalent to more than one year's emoluments.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Connected Transactions" below, no Director nor any entity connected with the Director had any material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the Group's business to which the Company, any of its subsidiaries, fellow subsidiaries or its parent companies were a party subsisted at the end of the year of 2022 or at any time during the year ended 31 December 2022.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2022.

SHARE OPTION SCHEME

The Company has adopted the Share Option Scheme on 8 June 2017. During the year ended 31 December 2022, since the date of the adoption, no share option had been granted, exercised, cancelled or lapsed under the Share Option Scheme and there are no outstanding share options. Terms used in this section headed "Share Option Scheme" have the meanings prescribed to them in the circular of the Company dated 28 April 2017. Set out below is a summary of the principal terms of the Share Option Scheme:

1 PURPOSE

The purpose of the Share Option Scheme is to enable the Board to grant Options to selected Participants as incentives or rewards for their contribution or potential contribution to the development and growth of the Group.

2 WHO MAY JOIN AND BASIS OF ELIGIBILITY

The Board may offer to grant an Option to any Participant who has had contribution to the Group to subscribe for such number of Shares at the Option Price, subject always to any limits and restrictions specified in the Rules.

3 PAYMENT ON ACCEPTANCE OF OPTION OFFER

A Participant shall pay the Company HK$1.00 for the grant of an Option on acceptance of an Option offer within 21 days after the Offer Date.

4 TERMS OF OPTIONS

Options granted under the Share Option Scheme are subject to such terms and conditions as may be determined by the Board at its absolute discretion and specified in the offer of an Option, which terms and conditions may include, among others:

4.1 vesting conditions which must be satisfied before an Option-Holder's Option shall become vested and capable of being exercised; and

4.2 the Board may, in its absolute discretion, specify performance conditions that must be achieved before an Option can be exercised and/or the minimum period for which an Option must be held before it can be exercised.

These provisions will give the Board flexibility to impose conditions suitable for fulfilling the various purposes of the Share Option Scheme. Apart from this general discretion of the Board, the Rules do not contain specific provisions on the minimum period for which an Option must be held before exercise or on performance targets applicable to Options.

Under the Share Option Scheme, the Directors have discretion to set a minimum period for which an option must be held before the exercise of the subscription rights attaching thereto. This discretion allows the Directors to provide incentive to eligible Participants to remain as eligible Participants and thereby enable the Group to continue to benefit from the services and contributions of the eligible Participants. This discretion, coupled with the power of the Directors to impose any performance target or other restrictions as they consider appropriate before the option can be exercised, enable the Group to provide incentives to the Participants to use their best endeavours in assisting the growth and development of the Group. Although the Share Option Scheme does not provide for the granting of options with rights to subscribe for Shares at a discount to the trading prices of the Shares on the Stock Exchange, the Directors are of the view that the flexibility given to the Directors in granting Options to the Participants and to impose minimum period for which the options can be exercised will place the Group in a better position to attract talents that are valuable to the growth and development of the Group as a whole.

5 OPTION PRICE

The Option Price will be determined by the Board at its absolute discretion and notified to an Option-holder. The minimum Option Price shall not be less than the highest of:

5.1 the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date;

5.2 the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five Business Days immediately preceding the Offer Date; and

5.3 the nominal value of the Shares.

6 MAXIMUM NUMBER OF SHARES SUBJECT TO THE SHARE OPTION SCHEME

6.1 The total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any options to be granted under any Other Schemes must not in aggregate exceed 10% (i.e. 73,930,200 Shares) of the aggregate of the Shares in issue as at the date of approval of the Share Option Scheme, representing 10% of the Shares in issue as at the date of this annual report.

Options lapsed in accordance with the terms of the Share Option Scheme and any Other Schemes will not be counted for the purpose of calculating the 10% limit in this paragraph 6.1.

6.2 With the approval of the Shareholders in general meeting, the Board may "refresh" the 10% limit under paragraph 6.1 (and may further refresh such limit in accordance with this paragraph), provided that the total number of Shares which may be issued upon the exercise of all Options to be granted under the Share Option Scheme and any Other Schemes under the limit as "refreshed" shall not exceed 10% of the Shares in issue as at the date on which the Shareholders approve the "refreshed" limit.

Options granted under the Share Option Scheme and options granted under any Other Schemes previously (including those outstanding, cancelled and lapsed in accordance with the terms of the relevant scheme, or exercised options) will not be counted for the purpose of calculating the limit as "refreshed".

6.3 The Board may, with the approval of the Shareholders in general meeting, grant Options in excess of the 10% limit to Participants specifically identified. In such situation, the Company will send a circular to the Shareholders containing, amongst others, a generic description of the specified Participants who may be granted such Options, the number and terms of such Options to be granted and the purpose of granting such Options to the specified Participants with an explanation of how the terms of the Options will serve the purpose.

6.4 The total number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and all outstanding Options granted and yet to be exercised under any Other Schemes shall not exceed 30% of the Shares in issue from time to time. No Options may be granted under the Share Option Scheme and no options may be granted under any Other Schemes if this will result in the limit being exceeded.

7 MAXIMUM ENTITLEMENT OF EACH PARTICIPANT

The Board shall not grant any Options to any Participant which, if exercised, would result in such Participant becoming entitled to subscribe for such number of Shares as, when aggregated with the total number of Shares already issued or to be issued to him under all Options granted to him (including those options exercised or outstanding) in any 12-month period exceed 1% of the Shares in issue at such date.

The Board may grant Options to any Participant in excess of the individual limit of 1% in any 12-month period with the approval of the Shareholders in general meeting (with such Participant and his/her close associates (or his associates if the Participant is a connected person) abstaining from voting). In such situation, the Company will send a circular to the Shareholders and the circular must disclose, amongst others, the identity of the Participant, the number and terms of the options to be granted (and previously granted to such Participant).

8 TIME OF EXERCISE OF OPTIONS

An Option under the Share Option Scheme which is vested and has not lapsed may be exercised at any time during such period notified by the Board as not exceeding 10 years from the Offer Date. The exercise of Options may also be subject to any conditions imposed by the Board at the time of Offer. The Share Option Scheme has a life of 10 years since 8 June 2017.

EMOLUMENT POLICY

The Remuneration Committee was set up to develop the Company's emolument policy and structure for remuneration of the Directors and senior management of the Company, having regard to the Company's operating results, individual performance of the Directors and senior management and comparable market practices.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and the five highest paid individuals are set out in notes 8 and 9 to the financial statements in this report.

CHANGE IN DIRECTORS' INFORMATION

Save as disclosed in the section headed "Directors and Senior Management" in this report, there was no change to any of the information required to be disclosed in relation to any Director pursuant to paragraphs (a) to (e) and (g) of rule 13.51(2) of the Listing Rules.

DIRECTORS' AND THE CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2022, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were recorded in the register kept by the Company pursuant to section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long Positions in the Shares, underlying Shares and debentures of the Company:

Name of Director	Capacity/Nature of interest	Number of Shares held	Approximate percentage of the total issued Shares
Mr. ZENG Yong(4)	Founder of a discretionary trust	511,963,200	
	Beneficial owner	4,050,500	
		516,013,700	69.79%
Ms. JIANG Peizhen(5)	Interest through controlled corporation(4)	58,937,400	7.97%
Mr. HUANG Jianping(4)	Beneficiary of a trust	17,100,000	2.31%
Mr. ZENG Kexiong(7)	Beneficiary of a trust	17,100,000	2.31%
Mr. LV Xinghong (resigned on 25 March 2022)(8)	Beneficiary of a trust	17,100,000	2.31%
Mr. HE Jinqiang(8)	Beneficiary of a trust	17,100,000	2.31%

Notes:

(1) Unless the context otherwise requires, terms used in these notes have the meanings prescribed to them in the Prospectus.

(2) The calculation is based on the total number of 739,302,000 Shares in issue as at 31 December 2022.

(3) The Senior Management Trust and the Employees Trust were combined on 10 July 2017, and the Employees Trust has been replaced.

(4) The Family Trust, an irrevocable discretionary trust established by Mr. ZENG Yong (as the settlor) for the benefit of Mr. ZENG Yong and his children and descendants with Sovereign Trust International Limited acting as the trustee, holds the entire issued share capital of Golden Throat International through Jin Jiang Global. As a result, Mr. ZENG Yong is deemed to be interested in 453,025,800 Shares held by Golden Throat International (which is 100% owned by Jin Jiang Global). Mr. ZENG is also the settlor of the Senior Management Trust which holds the 7.97% (or 58,937,400 Shares) of the issued share capital of the Company immediately after the completion of the global offering and the partial exercise of the over-allotment option. Furthermore, for so long as Jin Chen Employee Holdings Limited holds or controls shares in the Company, all voting rights attaching to such shares shall be exercised by an investment review panel consisting of Ms. JIANG Peizhen and/or such other person(s) as they may wish to appoint. Mr. ZENG Yong also holds 4,050,500 Shares, as a result, Mr. ZENG is deemed to be interested in all the 516,013,700 Shares.

(5) Ms. JIANG Peizhen is the protector of the Senior Management Trust. For so long as Jin Chen Employee Holdings Limited holds or controls shares in the Company, all voting rights attaching to such shares shall be exercised by an investment review panel consisting of Ms. JIANG Peizhen and/or such other person(s) as they may wish to appoint. As a result, Ms. JIANG Peizhen is deemed to be interested in 58,937,400 Shares of the Company.

(6) The Senior Management Trust, an irrevocable discretionary trust established by Mr. ZENG Yong (as the settlor) for the benefit of certain senior management employed or formerly employed by Guangxi Golden Throat and their dependents including Mr. HUANG Jianping, with Jin Chen Employee Holdings Limited as the trustee, holds the entire issued share capital of Jin Qing Global. Accordingly, Mr. HUANG Jianping is deemed to be interested in 17,100,000 Shares held by Jin Qing Global.

(7) The Senior Management Trust, an irrevocable discretionary trust established by Mr. ZENG Yong (as the settlor) for the benefit of certain senior management employed or formerly employed by Guangxi Golden Throat and their dependents including Mr. ZENG Kexiong, with Jin Chen Employee Holdings Limited as the trustee, holds the entire issued share capital of Jin Qing Global. Accordingly, Mr. ZENG Kexiong is deemed to be interested in 17,100,000 Shares held by Jin Qing Global.

(8) The Senior Management Trust, an irrevocable discretionary trust established by Mr. ZENG Yong (as the settlor) for the benefit of certain senior management employed or formerly employed by Guangxi Golden Throat and their dependents including Mr. HE Jinqiang, with Jin Chen Employee Holdings Limited as the trustee, holds the entire issued share capital of Jin Qing Global. Accordingly, Mr. HE Jinqiang is deemed to be interested in 17,100,000 Shares held by Jin Qing Global.

Save as disclosed above, as at 31 December 2022, so far as is known to Directors of the Company, none of the Directors or the general manager of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register kept by the Company pursuant to section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

No rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company were granted by the Company to any Director or their respective spouse or children under 18 years of age, nor were any such rights exercised by them, nor was the Company or any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate during the year ended 31 December 2022.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2022, to the knowledge of the Directors, the interests or short positions of the following persons (excluding the Directors or the chief executive of the Company, whose interests are disclosed on pages 42 to 43 above) in the Shares or underlying Shares of the Company, which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Capacity/Nature of interest	Number of Shares held	Approximate percentage of the total issued Shares
Family Trust(4)	Interest of controlled corporation	453,025,800	61.28%
Sovereign Trust International Limited(4)	Trustee of a discretionary trust	453,025,800	61.28%
Jin Jiang Global(4)	Interest of controlled corporation	453,025,800	61.28%
Golden Throat International	Beneficial owner	453,025,800	61.28%
Senior Management Trust(5)	Interest of controlled corporation	58,937,400	7.97%
Jin Chen Employee Holdings Limited(6)	Trustee of a discretionary trust	58,937,400	7.97%
Jin Chen Global	Beneficial owner	41,837,400	5.66%

Notes:

(1) Terms used in these notes have the meanings prescribed to them in the Prospectus.

(2) All interests stated are long positions.

(3) The calculation is based on the total number of 739,302,000 Shares in issue as at 31 December 2022.

(4) The Family Trust, an irrevocable discretionary trust established by Mr. ZENG Yong (as the settlor) for the benefit of Mr. ZENG Yong and his children and descendants. Sovereign Trust International Limited is the trustee of the Family Trust and holds 100% issued share capital of Jin Jiang Global, which then holds 100% issued share capital of Golden Throat International, thus the Family Trust, Sovereign Trust International Limited and Jin Jiang Global are each deemed to be interested in the 453,025,800 Shares held by Golden Throat International, which represents 61.28% of the issued share capital of the Company.

(5) The Senior Management Trust and the Employees Trust were combined on 10 July 2017, and the Employees Trust has been replaced.

(6) Jin Chen Employee Holdings Limited is the trustee of the Senior Management Trust and holds 100% of issued share capital of Jin Chen Global, which holds 41,837,400 Shares of the Company, and Jin Qing Global, which holds 17,100,000 Shares of the Company, and thus holds in aggregate, 58,937,400 Shares of the Company. As a result, Jin Chen Employee Holdings Limited is deemed to be interested in 7.97% of the issued share capital of the Company.

Save as disclosed above, as at 31 December 2022, the Directors are not aware of any other person (excluding the Directors or the chief executive of the Company, whose interests are disclosed on pages 42 to 43 above) who has interests or short positions in the Shares or underlying Shares of the Company, which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

None of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2022.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands that would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

DIRECTOR'S AND CONTROLLING SHAREHOLDER'S INTERESTS IN COMPETING BUSINESS

A non-competition agreement dated 24 June 2015 (the "Non-competition Agreement") was entered into between the Company and the Controlling Shareholders.

Under the Non-competition Agreement, the Controlling Shareholders have undertaken to the Company that, they will not, and will procure any of their associates not to, engage or participate in whatever manner in any business that competes or may compete directly or indirectly with the Group's current or future core businesses subject to certain exceptions. Details of the Non-competition Agreement were contained in the Prospectus.

The Controlling Shareholders have confirmed to the Company their compliance with the Non-Competition Agreement during the year ended 31 December 2022 for disclosure in this report.

The independent non-executive Directors have reviewed the Non-Competition Agreement and assessed whether the Controlling Shareholders have abided by the Non-Competition Agreement. The independent non-executive Directors confirmed that the Controlling Shareholder have not been in breach of the Non-Competition Agreement during the year ended 31 December 2022.

During the year ended 31 December 2022, none of the Directors or their respective associates had engaged in or had any interest in any business, other than the Group, which competes or is likely to compete with the businesses of the Group and which is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

CONNECTED TRANSACTIONS

During the year ended 31 December 2022, the transactions described below were entered into between the Company and its connected persons (as defined in the Listing Rules). Under the Listing Rules, the following persons and entities, amongst others, are regarded as connected persons of the Company:

Ms. JIANG Peizhen

Ms. JIANG Peizhen is a non-executive Director of the Company. Each of Ms. JIANG Peizhen and her associates therefore constitutes a connected person of the Company under the Listing Rules.

Guangxi Changbao Biological Technology Co., Ltd (previously named Guangxi Weikete Biological Technology Co., Ltd.)

Changbao is an associate of Ms. JIANG Peizhen. Ms. JIANG Peizhen holds 51.2% interest in Liuzhou Jinqing Equity Investment Centre (LLP) and 51.0% equity interest in Liuzhou Jingui Equity Investment Centre (LLP), which in turn in aggregate hold 95.6% equity interest in Changbao, and the remaining 4.4% equity interest in Changbao is held by Mr. ZENG Yong. Changbao therefore constitutes a connected person of the Company under the Listing Rules.

Guangxi Peizhen Investment Consulting Co., Ltd.

Peizhen Investment is an associate of Ms. JIANG Peizhen. Ms. JIANG Peizhen holds 70% and her daughter, Ms. ZENG Jun (曾軍), holds 30% equity interest in Peizhen Investment. Peizhen Investment therefore constitutes a connected person of the Company under the Listing Rules.

The Company makes the disclosures below in accordance with Rule 14A.71 of the Listing Rules.

Set out below is a summary of the continuing connected transactions between the Group and the connected persons of the Company and the actual transaction amount incurred in 2022:

Item	Transaction	Annual Cap for the year ended 31 December 2022 (RMB thousand)	Actual transaction amount for the year ended 31 December 2022 (RMB thousand)
A.	**Continuing Connected Transaction with Changbao**		
	1 Procurement of raw materials and finished products from Changbao to the Group	31,110	2,446
B.	**Continuing Connected Transaction with Peizhen Investment**		
	2 Licensing of trademarks from Peizhen Investment to the Group (Note)	N/A	N/A
C.	**Continuing Connected Transaction with Ms. JIANG Peizhen**		
	3 Licensing of portrait rights from Ms. JIANG Peizhen to the Group (Note)	N/A	N/A

Notes:

Nil consideration is payable under each of these transactions. Under Rule 14A.76 of the Listing Rules, as each of the percentage ratios (other than the profits ratio) for the year ended 31 December 2022 was less than 0.1%, the transaction is fully exempted from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS EXEMPTED FROM SHAREHOLDERS' APPROVAL

Procurement of raw materials from Changbao

Description of Transactions and Principal Terms

The Company and Changbao entered into a framework agreement dated 12 February 2018, under which Changbao agreed to provide raw materials, namely isomalt ("Isomalt"), isomaltulose syrup ("Syrup", together with Isomalt as "Sugar Substitute Raw Materials") to the Group (the "Original Agreement").

Pursuant to the Original Agreement, the Company and/or any of its subsidiaries and Changbao will enter into written agreements in relation to each of the individual connected transactions between each other in relation to the procurement of the Sugar Substitute Raw Materials.

The Original Agreement expired on 31 December 2020, and therefore on 30 December 2020, the Company and Changbao renewed the agreement of raw materials and finished products for the period from 1 January 2021 to 31 December 2023 (the "2021 Procurement Framework Agreement").

The Directors believe that it is in the Group's interests to procure the Sugar Substitute Raw Materials and finished products from Changbao, on terms acceptable to it for the Group's product production and confirm that the transactions contemplated under the above written agreements will be conducted in the ordinary course of business and on normal commercial terms after arm's length negotiation.

Price Determination

Liquid Isomalt

The Company purchased solid Isomalt from Changbao in the Original Agreement. Pursuant to the 2021 Procurement Framework Agreement, Changbao provides liquid Isomalt to the Company, which further benefits the production, processing and usage of the Company. The parties have agreed for the sale and purchase of liquid Isomalt at a lower unit price of not exceeding RMB20.00 per kg or price paid to independent third parties by the Group from time to time. Such price has been determined by arm's length negotiation and comparing the price offered by Changbao with those offered by two independent third parties for the same type of raw materials as follows:

(A) Zhengzhou Jiangda Bio Technology Company Limited* (鄭州江大生物科技有限公司) supplies solid Isomalt at RMB27 per kg; and

(B) Jiangsu Yanke Bio-Engineering Company Limited* (江蘇燕科生物工程有限公司) supplies solid Isomalt at RMB24 per kg.

Isomalt AG

Isomalt AG is a newly-included raw material in the 2021 Procurement Framework Agreement. The parties have agreed for the sale and purchase of Isomalt AG at a unit price of not exceeding RMB50.00 per kg. As Isomalt AG is a type of raw material specially refined for the Company, there is no market comparable of the price of Isomalt AG and its price has been determined by arm's length negotiation with reference to its fair value.

Syrup

Syrup is a raw material already included in the Original Agreement. The parties have agreed for the sale and purchase of Syrup to be priced at cost, expected to be approximately RMB6 per kg. Such cost is calculated based on the lower of the actual cost and reasonable cost for providing Syrup (including but not limited to cost of raw materials and any processing costs). As the ingredients of Syrup provided by various suppliers in the wholesale market are different, the price of Syrup is not comparable. Changbao has confirmed to the Group that it has adopted the same pricing approach in respect of its sales to other customers.

Probiotics

Changbao Probiotics is a newly-included finished product in the 2021 Procurement Framework Agreement. The parties have agreed for the sale and purchase of Changbao Probiotics to be priced at cost, being not exceeding RMB70.0 per box. Such cost is calculated based on the actual cost for producing Changbao Probiotics (including but not limited to cost of raw materials and any processing costs).

The above pricing policies, together with the undertakings provided by Changbao, ensure that the pricing terms offered by Changbao are fair and reasonable and no less favourable than those offered by or to independent third parties.

Term

The effective period of the Renewed Procurement Framework Agreement is for a term of three years, from 1 January 2021 to 31 December 2023. The Renewed Procurement Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company which are exempted from the independent shareholders' approval requirement, but are subject to the reporting and announcement requirements under the Listing Rules.

EXEMPTED CONTINUING CONNECTED TRANSACTIONS

Trademarks Licensing Agreement

Description of Transactions and Principal Terms

Peizhen Investment, the Company and Guangxi Golden Throat entered into a trademark licensing agreement on 24 June 2015 (the "Trademark Licensing Agreement"). Peizhen Investment has agreed to license to the Group the right to use the Well-known Trademark and its related trademarks (the "Licensed Trademarks") on an exclusive basis for free.

The Group is entitled to transfer or sub-lease the Licensed Trademarks to any third party, provided that it provides 15 days' written notice to Peizhen Investment. The Group has undertaken to use the Licensed Trademarks within the scope specified.

Peizhen Investment has undertaken that:

(A) it will be responsible for the timely renewal and payment of fees for maintaining effective registration of the Licensed Trademarks;

(B) it will not use the Licensed Trademarks in any manner to engage or participate in any business which competes or will potentially compete with the business of the Group;

(C) it will not license any of the Licensed Trademarks to any third party;

(D) it will not transfer the rights to use the Licensed Trademarks to any third party without the Group's consent; and

(E) it will not create any charge against the rights to use the Licensed Trademarks for the purpose of securing any loan or providing any guarantee for the benefit of itself or any third party.

Furthermore, all parties have undertaken that they will not do anything that will affect the goodwill or reputation of the Licensed Trademarks or cause material adverse effect on the Group's business.

Consideration

Nil consideration is payable under the Trademark Licensing Agreement.

Term and Termination

The Trademark Licensing Agreement became effective upon signing, but the term of the Trademark Licensing Agreement is deemed to have commenced on 1 November 2014 and will remain effective for a term of 50 years (subject to the relevant Licensed Trademark's effective period of registration (including the effective period as extended by renewal of registration)). Every time upon expiry of the term, provided that the Group does not object to this, the term may be automatically renewed for a further period of 50 years on terms no less favourable than the current terms. No party can unilaterally terminate the Trademark Licensing Agreement without all parties' consent.

The Company considers that a term exceeding three years is required for the Trademark Licensing Agreement as the Licensed Trademarks form an intricate part of the Group's daily business and it is normal business practice for contracts of this type to be of such duration.

Ms. JIANG Peizhen's Portrait Licensing Agreement

Description of Transactions and Principal Terms

Ms. JIANG Peizhen, the Company and Guangxi Golden Throat entered into a portrait licensing agreement on 24 June 2015 (the "Portrait Licensing Agreement"), under which Ms. JIANG Peizhen has agreed to grant the Group the right to use Ms. JIANG Peizhen's portrait (the "Jiang's Portrait") on an exclusive basis for free on its products.

The Group is entitled to use the Jiang's Portrait at any time within the term of authorisation and for any business purpose (profit or non-profit) without the need to notify Ms. JIANG Peizhen or obtain Ms. JIANG Peizhen's consent. Moreover, the Company or any other member of the Group is entitled to register a trademark based on the Jiang's Portrait and all rights under such trademark belong to the Company or any other member of the Group.

Ms. JIANG Peizhen has agreed that she and her lawful heirs or successors cannot interfere with or prevent the use of the Jiang's Portrait by the Company or any other member of the Group and cannot at any time or by any means enforce any rights or demand any financial compensation from the Company or any other member of the Group under the Portrait Licensing Agreement.

Moreover, Ms. JIANG Peizhen has undertaken (i) not to use the Jiang's Portrait to conduct any business which is or will be in competition with the Group's business and (ii) not to authorise or transfer the right to use the Jiang's Portrait to any third party.

Consideration

Nil consideration is payable under the Portrait Licensing Agreement.

Term and Termination

The Portrait Licensing Agreement became effective upon signing, but the term of the Portrait Licensing Agreement is deemed to have commenced on 1 November 2014 and will remain effective for a term of 50 years. Every time upon expiry of the term, provided that the Group does not object to this, the term may be automatically renewed for a further period of 50 years on terms no less favourable than the current terms. No party (including their lawful heirs or successors) can unilaterally terminate the Portrait Licensing Agreement without all parties' consent.

The Company considers that a term exceeding three years is required for the Portrait Licensing Agreement as the Jiang's Portrait will form an intricate part of the Group's daily business and it is normal business practice for contracts of this type to be of such duration.

Other than Ms. JIANG Peizhen, who is also the indirect controlling shareholder of Changbao and Peizhen Investment, none of the Directors has a material interest in the aforementioned continuing connected transactions.

The Company's INEDs have reviewed the aforementioned continuing connected transactions and confirmed that these transactions have been entered into:

(1) in the ordinary and usual course of business of the Group;

(2) on normal commercial terms or better; and

(3) in accordance with the terms of the agreements governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

The Company's auditor was engaged to report on the Company's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued their unqualified letter containing their conclusion in respect of the continuing connected transactions disclosed by the Company on pages 48 to 49 of this report confirming the matters set out in Rule 14A.56 of the Listing Rules. A copy of such letter has been provided by the Company to the Stock Exchange.

During the year, the Group entered into certain transactions with parties regarded as related parties under the applicable accounting standards. A summary of the related party transactions entered into by the Group during the year ended 31 December 2022, which also constitute continuing connected transactions or connected transactions under Chapter 14A of the Listing Rules, is contained in note 29(a) to the financial statements of this report. The transactions with Changbao constitutes continuing connected transactions while the transaction with Guangxi Golden Throat Travel Co., Ltd. constitutes a connected transaction. The Group confirms that the related party transactions have complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

AUDIT COMMITTEE

The Audit Committee has reviewed together with the management of the Company the accounting principles and policies adopted by the Group and the audited consolidated financial statements for the year ended 31 December 2022.

CORPORATE GOVERNANCE

The Company is committed to maintaining the highest standard of corporate governance practices.

Information on the corporate governance practices adopted by the Company and details of the compliance by the Company with the CG Code are set out in the Corporate Governance Report on pages 54 to 70 of this report.

SUFFICIENCY OF PUBLIC FLOAT

According to Rule 8.08(1) of the Listing Rules, it requires that at least 25% of an issuer's total number of issued shares must at all times be held by the public. Based on the information that is publicly available to the Company and to the knowledge of the Directors at the date of this report, there was a sufficient prescribed public float of the issued shares of the Company throughout the year ended 31 December 2022 and up to the latest practicable date prior to the publication of this report.

AUDITOR

Ernst & Young has been appointed as auditor of the Company for the year ended 31 December 2022. There is no change of the auditor of the Company in the preceding three years.

Ernst & Young shall retire in the forthcoming AGM and, being eligible, will offer itself for re-appointment. A resolution for the re-appointment of Ernst & Young as auditor of the Company will be proposed at the forthcoming AGM.

PROFESSIONAL TAX ADVICE RECOMMENDED

If any shareholder is unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the Shares, it is advised to consult an expert.

On behalf of the Board
JIANG Peizhen
Chairman

Guangxi, the PRC
29 March 2023

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as its own code of corporate governance. Except as disclosed below, the Company has complied with all the applicable code provisions set out in the CG Code for the year ended 31 December 2022.

Under code provision C.1.8 of the CG Code, an issuer should arrange appropriate insurance cover in respect of legal action against its Directors. According to the CG Code, where an issuer considers that the code provisions of the CG code can be dispensed while applying the principles of good corporate governance, the issuer may choose to deviate from the code provisions (i.e. adopt action(s) or step(s) other than those set out in the code provisions). The Company did not arrange the above-mentioned insurance cover. The Board believes that with regular and timely communications among the Directors and the management of the Group, potential claims and legal actions against the Directors can be handled effectively without the need for insurance to be maintained. The Board will regularly review the procedures in handling potential claims and legal actions and take into account the requirements of the Directors and will monitor the need for making such an arrangement.

THE BOARD

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors its business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board Committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its Shareholders at all times.

The Group has put in place relevant mechanisms to ensure that the Board is provided with independent views and opinions, including but not limited to the right of all Directors to engage independent professional advisors where necessary, encouraging all Directors to express their views at Board or committee meetings, and the number of independent non-executive Directors meeting the requirement of at least one-third of the Board under the Listing Rules, etc. The Group reviews the implementation and effectiveness of these mechanisms annually.

Board Composition

As at the end of the Reporting Period, the Board comprises eight members, consisting of four executive Directors, one non-executive Director and three independent non-executive Directors as set out below:

Executive Directors:

Mr. ZENG Yong *(Vice Chairman and General Manager)*
Mr. HUANG Jianping
Mr. ZENG Kexiong
Mr. HE Jinqiang

Non-executive Director:

Ms. JIANG Peizhen *(Chairman)*

Independent non-executive Directors:

Mr. LI Hua
Mr. ZHU Jierong
Mr. CHENG Yiqun

The biographies of the Directors as at the date of this report are set out under the section headed "Directors and Senior Management" of this report.

As of the date of this report, the Company has been in compliance with the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications of accounting or related financial management expertise.

The Company also complied with the requirement of Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive Directors representing at least one-third of the Board.

Each of the independent non-executive Directors has confirmed his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers each of them to be independent.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

Ms. JIANG Peizhen, a non-executive Director and chairman of the Board, is the mother of Mr. ZENG Yong, an executive Director, vice chairman of the Board and the general manager of the Company. Save as disclosed above, there are no financial, business, familial or other material relationships among other members of the Board.

With regards to the code provision of the CG Code requiring directors to disclose to the Company at the time of appointment and in a timely manner for any change, the number and nature of offices held in public companies or organisations and other significant commitments as well as their identities and the time involved (the “Commitments”), the Directors have disclosed their Commitments to the Company at the time of their appointments and agreed to disclose their Commitments to the Company in a timely manner.

Induction and Continuous Professional Development

The Directors were provided with the relevant training, such as Director online training courses. The courses include trainings on (i) Corporate Governance Code; (ii) Directors’ duties; (iii) Listing Rules requirements under Chapter 14 of the Listing Rules; and (iv) Listing Rules requirements under Chapter 14A of the Listing Rules. The training of the relevant courses for Directors is to ensure that they have a proper understanding of the business and operations of the Company and that they are fully aware of their responsibilities and obligations as a Director of a listed company as well as the compliance practice under the Listing Rules.

For the year ended 31 December 2022, the attendance record of professional training received by the Directors is as follows:

Director	Date of attendance of directors’ training
Ms. JIANG Peizhen	7 January 2022
Mr. ZENG Yong	7 January 2022
Mr. HUANG Jianping	7 January 2022
Mr. ZENG Kexiong	7 January 2022
Mr. LV Xinghong (resigned on 25 March 2022)	7 January 2022
Mr. HE Jinqiang	7 January 2022
Mr. LI Hua	7 January 2022
Mr. ZHU Jierong	7 January 2022
Mr. CHENG Yiqun	7 January 2022

Through the Directors’ training, each of the Directors has enhanced their knowledge on the Listing Rules, conduct of the Directors and the relevant business of listed companies.

Chairman and General Manager

As required by code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals.

The chairman of the Board and the general manager of the Company are currently two separate positions held by Ms. JIANG Peizhen and Mr. ZENG Yong respectively with distinct responsibilities. The chairman of the Board is responsible for the management and leadership of the Board to formulate overall strategies and business development directions for the Company, to ensure that adequate, complete and reliable information is provided to all Directors in a timely manner, and to ensure that the issues raised at Board meetings are explained appropriately. The general manager of the Company is responsible for the management of the business of the Company and implementation of the policies, business objectives and plans set by the Board and is accountable to the Board for the overall operation of the Company.

Term of Appointment of Non-executive Directors

All the non-executive Directors are appointed for a specific term of three years.

Nomination, appointment, retirement and re-election

In accordance with article 84 of the Articles of Association, every Director shall be subject to retirement by rotation at an annual general meeting at least once every three years and shall be eligible for re-election. In accordance with article 83(3) of the Articles of Association, any Director appointed by the Board to fill a casual vacancy shall hold office until the next following annual general meeting of the Company after his appointment and be subject to re-election at such meeting, and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

The rules and procedures governing the appointment, retirement, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board structure, size and composition and making recommendations to the Board on the appointment and re-appointment of Directors and succession planning for Directors.

Board Meetings

The Board intends to hold board meetings regularly at least four times a year at approximately quarterly intervals. Notices of not less than fourteen days will be given for all regular board meetings to provide all Directors with an opportunity to attend and include matters to be discussed in the agenda for regular Board meetings.

For other Board and Board Committees meetings, reasonable notice will generally be given by the Company. The agenda and accompanying Board papers are dispatched to the Directors or Board Committees members at least three days before the meetings to ensure that they have sufficient time to review the papers and be adequately prepared for the meetings. When Directors or Board Committees members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting.

Minutes of the Board meetings and Board Committees meetings are/will be recorded in sufficient detail to include the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors and Board Committees members. Draft minutes of each Board meeting and Board Committees meeting are/will be sent to the Directors and Board Committees members for comments within a reasonable time after the date on which the meeting is held.

The Company held four Board meetings and one annual general meeting held on 13 May 2022 during the year ended 31 December 2022 and the attendance of the Directors at these meetings is set out in the table below:

Name of Director	Position	General Meeting Attended/Eligible to Attend	Board Meeting Attended/Eligible to Attend
Ms. JIANG Peizhen	NED and chairman of the Board	1/1	4/4
Mr. ZENG Yong	ED and general manager	1/1	4/4
Mr. HUANG Jianping	ED	1/1	4/4
Mr. ZENG Kexiong	ED	1/1	4/4
Mr. HE Jinqiang	ED	1/1	4/4
Mr. LI Hua	INED	1/1	4/4
Mr. ZHU Jierong	INED	1/1	4/4
Mr. CHENG Yiqun	INED	1/1	4/4

In addition to the Board meetings listed above, the chairman of the Board also held a meeting with the independent non-executive Directors without other Directors present during the Reporting Period.

Code of Conduct Regarding Directors' Securities Transactions

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry to all Directors, the Company confirms that all Directors complied with the required standards set out in the Model Code during the year ended 31 December 2022.

Delegation by the Board

The Board reserves for its decision all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management of the Company. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management of the Company.

Corporate Governance Function

The Board recognizes that corporate governance should be the collective responsibility of Directors which includes:

(a) to develop and review the Company's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of Directors and senior management of the Company;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and

(e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

As at the date of this report, the Board, through the Audit Committee, executed the corporate governance function and had reviewed this corporate governance report.

BOARD COMMITTEES

Nomination Committee

The Nomination Committee comprises three members, namely Ms. JIANG Peizhen (NED), Mr. ZHU Jierong (INED) and Mr. CHENG Yiqun (INED), the majority of which are independent non-executive Directors. Ms. JIANG Peizhen has been appointed as the chairman of the Nomination Committee.

The principal duties of the Nomination Committee include the following (without limitation):

– reviewing the structure, size and composition of the Board and making recommendations regarding any proposed changes;

– reviewing the board diversity policy of the Company (the "Board Diversity Policy") regularly (including any measurable objectives that the Board has set for implementing the Board Diversity Policy and the progress on achieving those objectives);

– identifying, nominating and recommending qualified candidates for appointment as Directors;

– assessing the independence of independent non-executive Directors;

– making recommendations to the Board on the appointment or re-appointment of and succession planning for Directors; and

– reviewing and monitoring the training and continuous professional development of Directors and senior management of the Company.

The Nomination Committee undertakes that the selection of Director candidates shall be based on a range of diversity perspectives, with reference to the Company's business model and specific needs, including but not limited to gender, race, age, language, cultural background, educational background, industry experience and professional experience.

The Nomination Committee will also ensure that the recruitment and selection of Director candidates are conducted in accordance with appropriate framework procedures so that candidates with diverse backgrounds can be engaged by the Company.

The Nomination Committee will assess the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities. The recommendations of the Nomination Committee will then be put to the Board for decision.

The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

During the year ended 31 December 2022, the Nomination Committee convened one committee meeting. The Nomination Committee had assessed the independence of INEDs; reviewed the Board Diversity Policy; reviewed the Board composition and considered that the existing Board was appropriately structured. Attendance of each Nomination Committee member is set out in the table below:

Name of Member	Attended/Eligible to attend
Ms. JIANG Peizhen *(Chairman)*	1/1
Mr. ZHU Jierong	1/1
Mr. CHENG Yiqun	1/1

Board Diversity Policy

The Company views diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. To that end, the Company has adopted the Board Diversity Policy to set out the approach to achieve diversity on the Board taking into consideration factors such as diversity of skills, professional and industry experience, cultural and educational background, ethnicity, length of service, gender and age. Under the Board Diversity Policy, the Nomination Committee would monitor the implementation of the Board Diversity Policy and give adequate consideration to the Board Diversity Policy when identifying suitably qualified candidates to become members of the Board. The Board will regularly review the Board Diversity Policy and make appropriate revisions to ensure the effectiveness of the Board Diversity Policy.

For the purpose of implementation of the Board Diversity Policy, the following measurable objectives were adopted:

1. at least one-third of the members of the Board shall be independent non–executive Directors;

2. at least one of the members of the Board shall have obtained accounting or other professional qualifications; and

3. at least one of the members of the Board shall be female.

Currently, the composition of the Board has achieved the measurable objectives in the Board Diversity Policy.

The Group also continues to adopt employee diversity measures to promote the diversity at all levels of its workforce. All eligible employees enjoy the equal opportunities for employment, training and career development without discrimination.

Currently, the male to female ratio in the workforce of the Group (including Senior Management) is approximately 3:2, which is in line with the distribution in the same industry and the Board considers that the gender diversity in workforce is currently achieved.

Remuneration Committee

The Remuneration Committee comprises three members, namely Mr. LI Hua (INED), Mr. CHENG Yiqun (INED) and Mr. HE Jinqiang (ED), the majority of whom are independent non-executive Directors. Mr. LI Hua has been appointed as the chairman of the Remuneration Committee.

The principal duties of the Remuneration Committee include the following (without limitation):

– making recommendations to the Board for approval of the remuneration policy and structure and remuneration packages of the Directors and the senior management of the Company;

– determining the remuneration packages of the executive Directors and the senior management of the Company;

– making recommendations to the Board on the remuneration of non-executive Directors;

– ensuring that no Director or any of his/her associates will be involved in deciding his/her own remuneration. The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company; and

– reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

During the year ended 31 December 2022, the Remuneration Committee convened two committee meetings to assess the performance of the Directors, reviewed the Company's remuneration policy and structure for all Directors and senior management and reviewed and/or approved matters relating to share schemes under Chapter 17 of the Listing Rules. Attendance of each Remuneration Committee member is set out in the table below:

Name of Member	Attended/Eligible to attend
Mr. LI Hua *(Chairman)*	2/2
Mr. CHENG Yiqun	2/2
Mr. HE Jinqiang	2/2

Audit Committee

The Audit Committee comprises three members, namely Mr. ZHU Jierong (INED), Mr. LI Hua (INED) and Mr. CHENG Yiqun (INED). Mr. ZHU Jierong has been appointed as the chairman of the Audit Committee, and is the INED with the appropriate professional qualifications.

The principal duties of the Audit Committee include the following (but without limitation):

– reviewing the financial information of the Company including financial statements and annual and interim reports and accounts before submission to the Board;

– making recommendations to the Board on the appointment, re-appointment and removal of the external auditor;

– reviewing and monitoring the external auditor's independence and objectivity and effectiveness of the audit process in accordance with applicable standards and discussing with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;

– reviewing the Company's financial controls, risk management and internal control systems;

– reviewing the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures, including the adequacy of the resources, staff qualifications and experience, staff training programmes and their budget of the Company's accounting and financial reporting function;

– developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board;

– reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report;

– considering major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings; and

– reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements. The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

During the year ended 31 December 2022, the Audit Committee convened two committee meetings to review the annual results and financial statements of the Company and its subsidiaries for the year ended 31 December 2021, the interim results and financial statements of the Company and its subsidiaries for the six months ended 30 June 2022, the effectiveness of the Group's risk management and internal control systems, and the effectiveness of the Group's internal audit function. There are also proper arrangements for employees to raise concerns about possible improprieties in financial reporting, internal control and other matters. On 29 March 2023, the Audit Committee also reviewed the annual results and the financial statements for the year ended 31 December 2022 and the re-appointment of the external auditor. The Audit Committee's reviews also covered all material controls, including financial, operational and compliance controls and risk management and internal control functions of the Group. The Group's internal audit department has produced a report on the Group's internal control, financial control and risk management systems, which was presented to and reviewed by the Audit Committee and the Board. Attendance of each Audit Committee member is set out in the table below:

Name of Member	Attended/Eligible to attend
Mr. ZHU Jierong *(Chairman)*	2/2
Mr. LI Hua	2/2
Mr. CHENG Yiqun	2/2

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2022 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The Company's management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with monthly updates on the Company's performance, positions and prospects.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the auditor of the Company regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 91 to 92 of this report.

DIRECTORS' LIABILITY INSURANCE

The Company did not arrange any insurance cover in respect of legal action against its Directors. The Board believes that with regular and timely communications among the Directors and the management of the Group, potential claims and legal actions against the Directors can be handled effectively without the need for insurance to be maintained. The Board will regularly review the procedures in handling potential claims and legal actions and take into account the requirements of the Directors and will monitor the need for making such an arrangement.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is the responsibility of the Board to maintain adequate risk management and internal control systems to safeguard Shareholders' investments and the Company's assets and review the effectiveness of such systems on an ongoing basis, at least annually.

The Group has established an internal audit department to review the financial condition, operational condition, risk management, compliance control and internal control of the Group. The Group's risk management and internal control systems are designed to ensure the achievement of business objectives in operations, financial reporting integrity and compliance with applicable laws and regulations. Such systems of risk management and internal control are designed to manage, rather than completely eliminate, risks impacting the Company's ability to achieve its business objectives. Accordingly, such systems can only provide reasonable but not absolute assurance that the financial statements do not contain a material misstatement or loss.

With the assistance of the Company's management team, the Board identifies, evaluates, and manages the significant risks faced by the Company (including material risks relating to environmental, social and governance ("ESG")). The Company implements the Board's policies and procedures to mitigate such risks by (i) identifying and assessing the risks the Group faces and (ii) designing, operating and monitoring the Group's risk management and internal control systems to mitigate and control such risks.

In addition, the disclosure policy which contains the procedures and internal controls for the handling and dissemination of inside information was in place. The policy contains the Company's disclosure obligations, procedures for the handling of inside information, and procedures for the specified disclosure requirements, to assist the Group in identifying the inside information and stating the steps to be taken according to the provisions of the Listing Rules or the SFO.

The Board, through the Audit Committee, has reviewed the effectiveness of the Group's risk management and internal control systems and considers such systems in place for the year ended 31 December 2022 and up to the date of this report, to be effective and adequate.

AUDITOR'S REMUNERATION

For the year ended 31 December 2022, the total remuneration paid or payable to the Company's auditor, Ernst & Young, for annual audit services totalled RMB2,900,000.

For the year ended 31 December 2022, no non-audit service was provided by the external auditor of the Company. An analysis of the remuneration paid or payable to Ernst & Young is set out below:

Items of auditor's services	Amount (RMB'000)
Audit services:	
Annual audit services	2,900

The Audit Committee and the Board have agreed on the re-appointment of Ernst & Young as the external auditor of the Company for 2023 and the proposal will be submitted for approval at the forthcoming AGM of the Company.

COMPANY SECRETARY

Ms. LEE Angel Pui Shan ("Ms. LEE") was appointed as the company secretary of the Company on 9 March 2022. Ms. Lee is a corporate secretarial executive of SWCS Corporate Services Group (Hong Kong) Limited (a professional corporate service provider) and her primary contact person of the Company was Mr. HE Jinqiang, an executive Director of the Company. During the year ended 31 December 2022, Ms. LEE has undertaken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Details of the remuneration of Directors and the five highest paid employees required to be disclosed under Appendix 16 of the Listing Rules have been set out in Notes 8 and 9 to the financial statements.

For the year ended 31 December 2022, the remuneration paid to the 3 senior management, other than Directors, is listed as below by band:

Band of remuneration	No. of person
Nil to RMB1,000,000	3

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognises the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make informed investment decisions.

To promote effective communication with its Shareholders and encourage their participation in general meetings, the Company has established a shareholders' communication policy. The Board has approved and adopted a shareholders' communication policy of the Company ("Shareholders Communication Policy"), which enable Shareholders to engage actively with the Company and exercise their rights as Shareholders in an informed manner such as corporate communications, general meetings, the Company's website and investors' engagement, and maintains a website at www.goldenthroat.com, where up-to-date information on the Company's business operations and developments is available.

The annual general meetings of the Company provide opportunity for Shareholders to communicate directly with the Directors. The Chairman of the Company will attend the annual general meetings of the Company to answer Shareholders' questions. The external auditor of the Company will also attend the annual general meetings of the Company to answer questions from the Shareholders about the conduct of the audit, the preparation and contents of the auditor's report, the accounting policies and auditor independence.

The Company has reviewed the Shareholders Communication Policy and its implementation, and believes that during the year ended 31 December 2022, the policy and its implementation remained effective.

SHAREHOLDERS' RIGHTS

The Company intends to avoid bundling of resolutions at general meetings such that a separate resolution shall be proposed for each substantially separate issue at general meetings.

All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

CONVENING OF EXTRAORDINARY GENERAL MEETINGS AND PUTTING FORWARD PROPOSALS

In accordance with the Articles of Association, one or more Shareholders of the Company may convene an extraordinary general meeting provided that they deposit a written requisition to the Board or the company secretary and such requisitioning Shareholders hold as at the date of deposit of such requisition not less than one-tenth of the paid up capital of the Company which carries voting rights at general meetings of the Company.

Shareholders may put forward proposals for consideration at a general meeting under the Companies Act and the Articles of Association. Any written requisitions and proposals should be sent to the principal place of business of the Company in the PRC at 28, Fengxiang Road, Liuzhou, Guangxi Zhuang. Autonomous Region, China.

As regards proposing a person for election as a Director, the procedures are available on the website of the Company.

ENQUIRIES TO THE BOARD

Shareholders who intend to put forward their enquiries about the Company to the Board should email their enquiries to the Company at gt6896@163.com.

CHANGE IN CONSTITUTIONAL DOCUMENTS

For the year ended 31 December 2022, there was no significant change in the Articles of Association of the Company.

ENVIRONMENTAL POLICIES

The Group is committed to protecting the environment. The Group implemented a comprehensive set of environmental protection measures to treat emissions generated during its production process to minimise impact on the environment and to prevent industrial pollution. These measures include having treatment and control systems for solid waste, waste water, waste gas and noise. The Group has dedicated staff members responsible for environmental protection measures. Furthermore, to minimise the impact on the environment, the Group has installed environmental protection equipment and facilities to treat and, where possible, recycle waste materials. The Group is also constantly seeking to improve its environmental protection measures, for example, by reducing its use of water and production of waste water and by not burning coal as fuel to reduce carbon emissions.

ESG REPORT

Details of the ESG of the Group for 2022 are set out in the ESG Report on pages 71 to 86 of this report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group recognises the importance of compliance with regulatory requirements and the risk of non-compliance with the applicable rules and regulations. During the year ended 31 December 2022, the Group has complied with the Cayman Companies Act, the Company Law of the PRC, the Tax Law of the People's Republic of China, the Drug Administration Law and the Food Safety Law. As far as the Company is aware, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that has a significant impact on the businesses and operations of the Group.

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Company understands the importance of maintaining a good relationship with its employees, customers and suppliers. During the year ended 31 December 2022, there were no material and significant disputes between the Group and its employees, customers and suppliers.

Employees – The Group provides various internal and external training programmes to its employees with a view to improving staff knowledge. The Group also seeks to motivate and retain its employees by maintaining a merit-based compensation and promotion system. The Group has not experienced any major disputes with its employees and the Company believes that the Group maintains a good working relationship with its employees.

Customers – The Group's distributors are its direct customers. As of 31 December 2022, the Group's distribution network covered over 680 distributors (directly employed by the Group) covering all provinces, autonomous regions and municipalities in the PRC. The Company believes that its distribution network is not easily replicable because it is the accumulation of a process of over a decade of searching for, identifying, negotiating with and selecting qualified distributors in different regions across the country. Over the years, the Group has also developed pricing strategies, which ensure that the profit margins of its products remain attractive to its distributors. In addition, the Group's market leading position of its lozenge products helps retain its distributors. For further details, please refer the section headed "Distribution Network" in the Management Discussion and Analysis of this report.

Suppliers – The Group has established relationships with an average duration of more than three years with most of its major suppliers. The Group carefully selects its suppliers based on various factors, including their product quality, stability, timeliness of delivery, market reputation, creditworthiness and track record. The Group has not experienced significant difficulties in maintaining reliable sources of supplies, and it expects to be able to maintain adequate sources of quality supplies in the future.

GOING CONCERN

The Directors have a reasonable expectation that the Group will have adequate resources to continue in operation for the foreseeable future for a period that is not less than 12 months from the date of this report. The Group therefore continues to adopt the going concern basis in preparing the financial statements.

The Group places great emphasis on corporate culture and corporate philosophy. In recent years, the government, consumers, clients and investors have paid close attention to corporate governance, environmental protection and product safety. In 2022, the Group has further deepened its understanding that it should continuously strive for improvement on safety and environmental protection. Therefore, we strictly follow regulations and adhere to a sense of responsibility, and have made certain achievements by comprehensively implementing the accountability system for safety and environment management objectives, enriching the Company's safety management improvement projects, strengthening the detection and treatment of potential problems, developing a long-term risk management mechanism and taking other measures. Apart from stepping up its efforts to improve business performance, the Group also pays extra attention to protect employees' rights and the environment and continues to show our love and care to the society with concrete actions. The Company adheres to the strategic approach of "creating success through concerted efforts, persistent hard work and second-phase venturing strategy and achieving brilliance again" and lives up to our corporate goal to benefit the society at large by pragmatically producing safer, healthier and more effective products.

ABOUT THIS REPORT

Report Overview

This report aims to disclose to the stakeholders the latest progress of the work of the Group in respect of environmental, social and governance ("ESG") in 2022. This report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Reporting Period

From 1 January 2022 to 31 December 2022, some contents are retrospective to previous year as appropriate.

Scope of the Report

Unless otherwise stated, the scope of disclosure in this report is the same as that covered in the 2022 annual report. There was no change in reporting scope compared to the ESG report of previous year. The report focuses on our business in the production and retail of lozenges. During the Reporting Period, the Group's core business scope was expanded to include its headquarters and new production base in Liuzhou, Guangxi, China.

Access to the Report

This report is prepared and printed in both traditional Chinese and English, and is published in electronic version which can be downloaded from the Company's website at www.goldenthroat. com and the HKEXnews website of The Stock Exchange of Hong Kong Limited at www.hkexnews. hk.

BOARD STATEMENT

The Board attaches great importance to environmental, social and governance matters, and authorizes the ESG Management Committee and the execution teams to carry out ESG-related work. The Board also supervises overall ESG matters, and reviews the Group's ESG strategy, ESG objectives and related risk management. The Group has established the sustainable development vision and strategy to guide its environmental, social and governance work. The vision and strategy have been reviewed by the Board to ensure that they are consistent with the business characteristics of the Group and are consistent with the overall development strategy of the Group. The Board has participated in the assessment, prioritization and management of key ESG issues, and reviewed the identification, assessment process and analysis results of key ESG issues of the Group and response strategies developed. This report discloses the management practices of the Group in respect of the abovementioned work and other fields on ESG. This report was considered and approved by the Board on 29 March 2023.

Reporting principles

Materiality: The Group has identified, assessed and ranked material issues on ESG, and disclosed ESG matters based on the results of materiality assessment. After evaluation, the order of importance in descending order is: occupational safety, employment and labor standards, production management environment, anti-corruption, product responsibility, supply chain management, development and training, emission reduction, resource use, giving back the community, environment and natural resources.

Quantitative: This report adopts a quantitative method to measure applicable key performance indicators and set quantitative environmental targets. Data on the criteria, methodologies, assumptions and/or measurement tools used to quantify relevant emissions and energy consumption have been disclosed where appropriate.

Balance: The report provides an unbiased picture of the Group's performance through pursuing balance between qualitative and quantitative information in the Report and providing in-depth analysis of its ESG management during the Reporting Period from both positive and negative sides.

Consistency: In this report, apart from changes in the greenhouse gas emission data as compared to previous year, the compilation method, statistical method of other report data and the measurement criteria, methodologies, assumptions of the quantitative data and/or calculation tools, conversion factors used, are consistent with previous years.

I. ENVIRONMENTAL

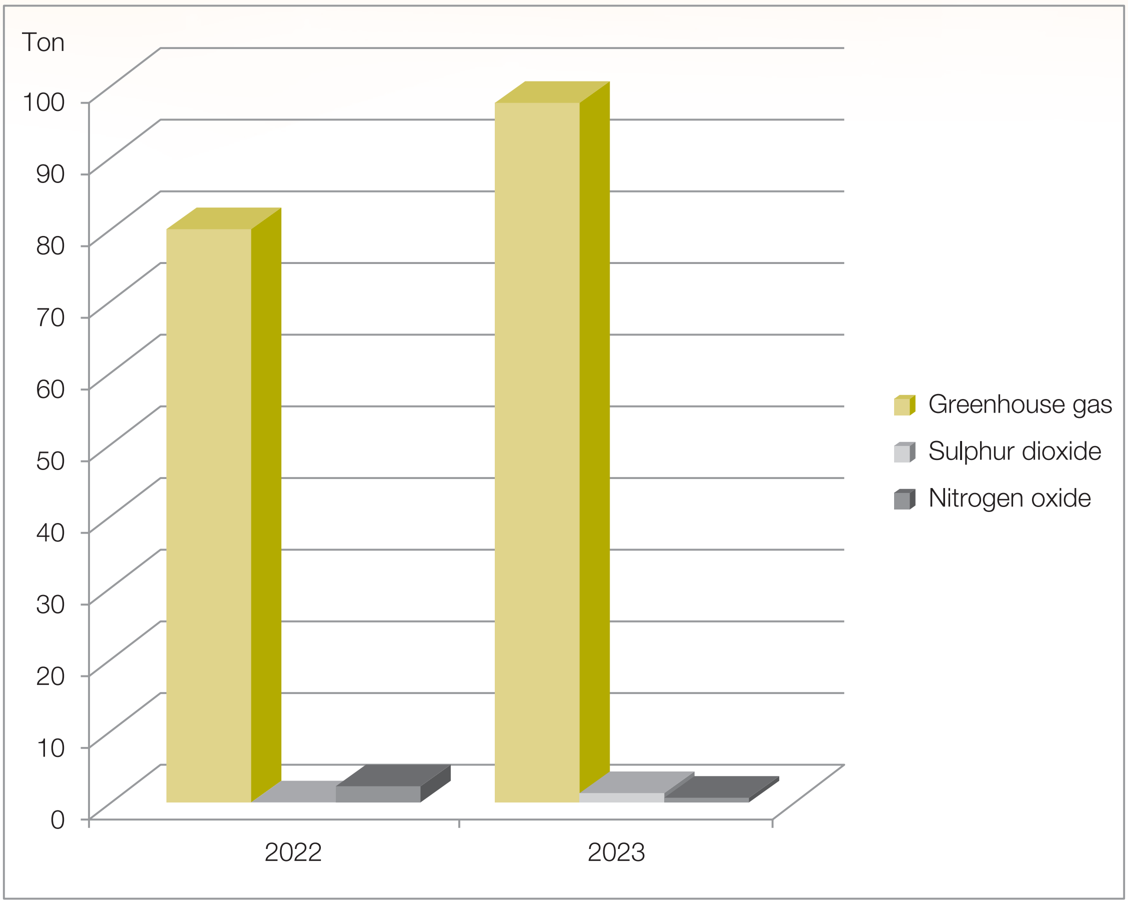
With increasing concerns over environmental protection around the world, environmental protection and energy conservation have become the key topics in sustainable development of enterprises. As a corporation that advocates green culture, the Group spares no efforts in emission reduction and energy conservation and endeavours to minimize the impact of its daily operation on the environment.

Emission Reduction

The Group advocates energy conservation and emission reduction in every business procedure and strictly abides by the requirements of laws and regulations including the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》). The Group has taken effective measures from stages of production to emission of pollutants. For instance, the Group makes rational use of clean energy, improves energy use efficiency and implements policies in respect of energy conservation and emission reduction, such as processing flue gas and wastewater generated in the manufacturing processes with treatment equipment before they are emitted and discharged, so as to continuously reduce the environmental impact of wastewater, exhaust gas and non-hazardous solid wastes produced during the manufacturing and operation process of the Company. The Group's greenhouse gas and exhaust gas emissions are mainly flue gas emitted by natural gas oil-fired steam boilers.

Since the Group's relocation to the new medicine production and research and development base in 2021, the number of machinery and equipment and units in the new base has increased significantly and the Group has changed the calculation of greenhouse gas emissions. Therefore, starting from 2021, the Group's emission indicators have surged significantly. Greenhouse gas emission in 2022 was approximately 97.63 tonnes and approximately 496,936.70 cubic meter, the emission per square meter of construction area is 0.0019 tonne/square meter. Exhaust gas emission of sulphur dioxide was approximately 1.23 tonne and nitrogen oxide was approximately 0.54 tonnes. Greenhouse gas emission has increased by approximately 71.92 tonnes, sulphur dioxide emission has increased by 1.22 tonnes, and nitrogen oxide emission has decreased by 1.59 tonnes, respectively, as compared to 2021. In 2022, the greenhouse gas, sulphur dioxide and nitrogen oxide emission of the Group were approximately 263.44 kilograms, 3.31 kilogram and 1.46 kilograms, respectively, for every 1,000 boxes of products produced. All of the above have complied with the level-two requirements of GB13271-2001 "Emission Standard of Air Pollutants for Boilers" (《鍋爐大氣污染物排放標準》) and are emitted through emission devices in an organized manner in order to reduce the impact on the surrounding environment. For the flue gas generated in the manufacturing process, it is discharged after being processed by treatment equipment and reaching the standards to minimize the emission of flue gas pollutants.

EMISSION INDICATORS



The principal business of the Group involves the processing of raw materials into finished goods and the sale of finished goods. No hazardous waste is generated during the production process of the Group, while non-hazardous wastes, primarily activated carbon clay and dregs, are generated in its production and operation. After identification and inspection for hazardous waste, the activated carbon generated during the production process of the Group is general industrial solid waste. In 2022, a total of approximately 253 tonnes of non-hazardous wastes were generated in production, which has decreased by approximately 35 tonnes as compared to the total wastes generated in 2021. In 2022, approximately 682.69 kilograms of non-hazardous wastes were generated for every 1,000 boxes of products produced (2021: approximately 713.81 kilograms of non-hazardous wastes were generated for every 1,000 boxes of products produced). All wastes were delivered to the Environmental Hygiene Department for centralized treatment. In 2022, the Group adopted refined management in its production process, with a view to reducing the generation of solid wastes from the source, thus achieving reduction in solid wastes. The solid waste disposal of the Group is in compliance with the principles of renewability, minimisation and detoxification as stipulated in the Solid Waste Pollution Prevention and Control Law (《固體廢物污染防治法》) of the PRC and the statutory requirements in respect of handling of solid wastes.

In order to reduce the frequency of the use of fuel vehicles by the employees of the Group and reduce greenhouse gas emissions and for employees commuting to work, the Group provided each employee, other than disabled employees, with a Baojun new energy electric vehicles produced by Liuzhou SGMW (柳州上汽通用五菱). The Group ordered a total of over 700 new energy electric vehicles from SGMW. Today, the majority of the employees of the Group commute to work by new energy vehicles, which has effectively and significantly reduced the carbon emission generated in the commuting of employees.

Use of Resources

In terms of energy conservation, the Group sets energy consumption standards according to the actual operational needs of various departments with reference to the Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》) and the Water Law of the People's Republic of China (《中華人民共和國水法》), so as to enhance energy efficiency and avoid waste of resources.

In 2022, the Group has completely relocated to the new medicine production and research and development base located in Luowei Industrial Concentration Area, Liuzhou, the PRC. The new base covers a usable area of about 60,000 square meters, including research and development centres, production plants, warehouses and administrative office buildings. The significant increase in the number of machinery and equipment and units in the new base compared with that of Golden Throat's headquarters at No. 28, Yuejin Road, Liuzhou, the PRC has resulted in certain increase in use of resources by the Group starting from 2021. Meanwhile, through cooperation with various environmental protection authorities in 2022, the Group organized various forms of training and educational activities, developed the concept of green office, and promoted paperless office to enhance employee's awareness of environmental protection, improve application and understanding of energy conservation, emission reduction and energy efficiency, and to establish a corporate culture of low-carbon office. The Group also encouraged employees to save office supplies, reduce paper printing, reduce the use of electricity, turn off unused computers or electrical appliances and equipment, use energy-efficient light-saving bulbs, and adjust office air-conditioning temperature to 25 degree Celsius in order to enhance employees' awareness on energy conservation and to save energy.

In 2022, the annual electricity consumption of the Group was 4,144,800 kWh, representing an increase of approximately 347,200 kWh as compared to 2021. In 2022, the water usage of the Group was 171,300 tonnes, representing an increase of approximately 5,100 tonnes as compared to 2021. In 2022, the electricity consumption and water usage were approximately 11,200 kWh and 462 tonnes, respectively, for every 1,000 boxes of products produced (2021: the electricity consumption and water usage were approximately 9,400 kWh and 411 tonnes, respectively, for every 1,000 boxes of products produced). The Group had no issue in sourcing water that is fit for purposes. The wastewater discharged were mainly sewage from production process. Our sewage treatment reaches the first-tier standard of GB8978-1996 "Integrated Wastewater Discharge Standard" (《污水綜合排放標準》). The Group has established a set of sewage treatment facilities which employs processing procedures of "gas flotation + anaerobic process + efficient water purifier + sand filtration" and has a processing capacity of 800 tonnes per day. The purified water can be used for removing dusty water in boilers, as well as planting trees in the factory areas. The use of resources policy of the Group aims to increase the wastewater reuse rate as much as possible to achieve the purpose of efficient use of resources. In 2022, the Group continuously improved the recycling and utilization policy of water resources, and enhanced the recycling of wastewater and the utilization rate of water resources. In respect of recycling water, the Group achieved a wastewater reuse rate of 70%. The management has formulated measures in relation to conservation of water resources and will monitor the implementation on a daily basis. The packaging material for finished goods used by the Group in 2022 amounted to an aggregate of approximately 2,838 tonnes, representing a decrease of 10 tonnes as compared to 2021 due to the decrease in production volume in 2022. In 2022, approximately 7.66 tonnes of packaging material were used for every 1,000 boxes of products produced (2021: approximately 7.06 tonnes of packaging material were used for every 1,000 boxes of products produced).

Environment and Natural Resources

The Group is committed to reducing the emission of pollutants by carrying out specific environmental management measures. Besides, the Group has obtained the ISO14001:2004 environmental management system certification. The Group strives to minimize the impact of its production business on the environment and steps up its efforts in monitoring and managing the environment, with a view to strictly manage the production process and identify the pollutants discharged and factors which may have potential impacts on the environment. The Group also utilizes energy resources effectively, which will help protecting resources and solving climate change issues. In 2022, the Group's business activities did not have any significant adverse impact on the environment and natural resources. The Group has relocated to a new R&D and production base for pharmaceutical products. The new R&D and production base will be powered by clean energy, i.e. natural gas-fired boilers, and are expected to effectively conserve non-renewable resources in the future.

The Group will popularize the knowledge of climate change and the concept of low-carbon development, vigorously carry out publicity and education on the concept of green operation, improve employees' awareness on energy conservation, and advocate a green lifestyle. In addition, the Group will strengthen the monitoring and alert of spontaneous combustion disasters and the construction of engineering defense capabilities, and improve the social mobilization mechanism for disaster prevention and reduction.

Climate change

To cope with the impact of climate change on the continuity and sustainability of the Group's operations, the Group has identified and sorted out major climate change risks and opportunities related to the Group through communication and research, combined with the development needs of the Group's business strategy, and formulated relevant response strategies.

Nowadays, consumers are concerning more about climate change issues and their awareness of environmental protection and low carbon has increased. Their consumption needs, consumption behaviors and consumption habits are leaning towards green, low-carbon and sustainable products. In the future, the Group will focus on the changing trends of consumers' consumption needs, habits and behaviors, and integrate green concept into the process of product design, manufacturing, packaging and transportation, so as to meet the consumer demand for green concept products in the end-consumer market.

The quality and cost of raw materials used in products may be affected due to the occurrence of extreme weather conditions and changing climatic conditions in certain regions. The Group will continue to pay attention to the climatic conditions of raw material origins and price fluctuations in the raw material market. If the quality of raw materials is affected or the price increases significantly, the Group will replace raw material suppliers in a timely manner, and develop and use other types of substitutes at the same time.

The occurrence of extreme weather conditions or natural disasters may have impact on the supply chain of raw materials, the continuity of factory production, and the logistics, transportation and warehousing of goods. For the impact of extreme weather conditions, including typhoons, blizzards and rainstorms, the Group will maintain communication with relevant functional departments to ensure the continuity of order production and transportation.

II. SOCIAL

Occupational Safety

According to the requirements of "Basic Rules for Standardization of Safety Production of Enterprises" (《企業安全生產標準化基本規則》) of the PRC, the Group has formulated various relevant regulations to specify different safety management responsibilities. The Group has also established a comprehensive occupational safety management system under the principles of "key responsible persons shall be held accountable" and the safety philosophy of "two roles in one post".

Moreover, the Group conducts regular safety reviews. In 2022, the Group's review team completed 12 occupational safety reviews. The encouraging results show that various relevant departments and production areas of the Company have achieved significant improvements in protective equipment, on-site environment, fire-fighting equipment, operating specifications, equipment management aspects.

Each year, the Group's internal control department, together with the security department, prepare an annual review plan. All departments are required to conduct internal review in accordance with different safety standards and operating specifications, submit a report listing out all items in violation of the safety standards, analyze the reasons behind such violation and propose rectification measures. The internal control department, together with the security department, will monitor the proposed rectification according to the scheduled due time to ensure such violation of safety production standards will be rectified as soon as possible.

In 2022, the Group's internal safety inspection on production safety found 6 safety-related issues that is subject to improvement and 4 hidden safety dangers, all of which had been rectified under the cooperation and joint efforts of various departments. Meanwhile, the Group's Human Resources Centre organizes fire drills in June every year, including fire emergency preparedness drills, drills in respect of the actual use of fire apparatus, fire evacuation drills and fire safety education programmes, which can enhance employees' skills in dealing with fire emergencies and their evacuation techniques. The Group also organises staff meeting regularly to provide guidelines for relevant occupational safety, which can raise employees' safety awareness and ensure all the Group's escape routes are free from obstructions. For the three years ended 31 December 2022, the Group had no fatal accidents in relation to safe production. For the year ended 31 December 2022, no employee applied for leave due to work-related injury.

Employment of Employees

Indicator		As of 31 December 2022
By gender	Male employees (person)	499
	Female employees (person)	354
By age	Employees under 30 years old (person)	213
	Employees between 30 years old (inclusive) and 50 years old (exclusive) (person)	493
	Employees over 50 years old (inclusive) (person)	147

Employment and Labour Standards: Working Environment and Culture

The Group values talent diversification and forbids discrimination based on factors such as gender, age, ethnicity, religion or marital status for candidates who meet the job requirements. Everyone who joins the Group shall be treated equally.

The Group safeguards the legitimate rights and interests of minors by strictly complying with the relevant laws and regulations, such as the Labour Law of the People's Republic of China (《中華人民共和國勞動法》) and the Regulations on Prohibiting Use of Child Labour (《禁止使用童工規定》). Newly recruited employees must be at least aged 18 and satisfy the recruitment conditions before being processed for onboarding. The Group also conducts overall review on its practices regarding employment from time to time to avoid child labour, forced labour or the occurrence of other potential non-compliance with the relevant laws and regulations. If employment of child labor or forced labor is found, the Group will promptly investigate relevant situation according to the requirements of the local labor bureau, including communicating with child labor guardians, understanding the willingness to work of the forced labor employees. Adjustment of work, dismissal, accountability and other measures will be adopted in accordance with the investigation results to eliminate violations as soon as possible. In 2022, the Group did not discover any instances of child labor or forced labor. The Group guarantees our employees reasonable working hours and rest periods in strict accordance with regulations to assist them with achieving work-life balance. Workers will be arranged to take day-off on statutory holidays in compliance with the relevant laws to enhance their sense of well-being.

As at 31 December 2022, the Group had 853 full-time employees. In view of the changes in the social culture and labour environment in the Mainland China, the Group has established a reasonable, legally compliant and effective human resources management system pursuant to government regulations to provide its employees with competitive remuneration and benefits. The Group provides good working environment for its employees, including a workplace that is free from discrimination and harassment. The Group has also formulated a performance assessment system and promotion system, through which all employees will be provided equal opportunities and competitive remuneration. The Group has formulated its remunerations and benefits in strict compliance with relevant regulations and rules. Outstanding performance of employees at various levels will be rewarded with remuneration, bonus, rewards and other benefits as a gratitude for their valuable contribution to the Group. The Group also provides marital leave, causal leave and compassionate leave in accordance with relevant regulations. In addition, all employees working in the same positions are entitled to the same level of benefits and compensation. Such policy applies to the employment ordinances and conditions of the Group, including recruitment, employment, placement, dismissal, layoff and deployment.

As a company producing food and pharmaceutical products, the Group holds the physical and mental health of employees in high regard. Employees are encouraged to participate in various activities, work hard and be serious at work, enjoy their life and stay happy every day. In 2022, the Company organized light volleyball competition and light volleyball elite competition for its employees, during which the Group rented venues for them to practise and hold the light volleyball competition.

In 2022, the trade union of the Group sent their festive greetings to all female employees, staff members and their children on "March 8 Women's day", "May 1 Labour day" and "June 1 Children's day", respectively. Besides, the Group extended its regards to the employees staying in hospitals, arranged gynecological examination for female employees and maintained mutual-support medical insurance for its employees in addition to the compulsory medical insurance required by the State.

In 2022, while we were committed to developing our business, we adhered to the concept of "benefiting mankind and repaying society". As for employee benefits, the Group has completely relocated to the new medicine production and research and development base located in Luowei Industrial Concentration Area, Liuzhou, the PRC in the second half of 2021. In order to reduce the frequency of the use of fuel vehicles by the employees of the Group and reduce greenhouse gas emissions and for employees commuting to work, the Group also provided each employee, other than disabled employees, with a Baojun new energy electric vehicles produced by Liuzhou SGMW (柳州上汽通用五菱). The Group ordered over 700 new energy electric vehicles from SGMW, which not only solved the transportation problem of employees with long commuting distance, but also effectively stimulated local consumption demand in Liuzhou and help economic growth and recovery.

Development and Training

With respect to training, the Group proactively arranges its employees to participate in various internal and external training programmes. In 2022, the Group organized 36 different internal training sessions for employees from different systems and departments and of different functions, with a total of 850 participants. The training covered laws and regulations related to safe production, pharmaceutical products, food products and health food products, hygiene requirements for production staff, knowledge of microorganisms in clean areas, facilities and equipment related to production, and operating procedures for each position, and inspection and operating procedures for inspection staff, etc. After the training, participants were assessed by written examination, interviews, oral examination, on-site operations or other means to ensure that all of them can master the relevant knowledge, meet the expected goals of the training and be competent for their corresponding positions. In addition, in light of the need of pandemic prevention during the pandemic, the Group specially introduced the "physical and mental health" segment into the anti-pandemic programme targeted at all staff members for them to acquire scientific anti-pandemic knowledge.

For external training, the Group assigned 9 key personnel from each department to attend training overseas during the year. Due to the impact of the pandemic in 2022, external training was mainly conducted via online streaming. The Group had signed a training agreement with www.chsfda.com, by which 176 employees participated in a total of 16 specialized training sessions on various topics including the scientific maintenance of Chinese medicinal herbs and Chinese medicine decoction pieces, the design, operation and maintenance of pharmaceutical purified water systems, verification management, the establishment and implementation of Marketing Authorization Holder (MAH) post-listing change of control system, risk control of production process, production site management and material management during the year. www.chsfda.com's team of professional lecturers had comprehensively enriched the frontline learning topics and the strong team of experts had helped our Group's Good Manufacturing Practice (GMP) training to reach new heights. In addition, the Group had arranged its licensed pharmacists to participate in the annual continuing education and training for practicing qualification of the nation to ensure the consolidation of knowledge and continuous improvement of the professional and technical personnel in pharmaceutical of the Group, which in turn provide an important guarantee of technical support to the Company.

The trainings aimed at enhancing the comprehensive quality and ability of employees, ensuring that our employees keep abreast of the new regulations and technologies to better complete the designated tasks and strengthen the talent building of the Company, which will enable the Group to remain at the forefront of the industry in terms of production and management standards.

Employee Training in 2022

Indicator		Percentage of employees trained (%)	Average training hours
By Gender	Male employees	100%	7.32
	Female employees	100%	7.82
By Category	Management employees	100%	8.10
	Non-management employees	100%	7.62

Giving Back to Community

"Benefiting mankind with Golden Throat Lozenges" is always the corporate mission upheld by the Company. In order to give back to society, the Group has contributed a total of over RMB60 million to support various community welfare projects since its establishment, of which RMB1 million was invested in the construction of two "Golden Throat" pedestrian footbridges on the east and west side of Wuyi Road in Liuzhou city; over RMB25.6 million was contributed for the establishment of Guangxi Golden Throat Football School; and RMB2 million was contributed to support the Guangxi sports delegation team to participate in the 9th National Games. In times of natural disasters over the years, the Group has donated money and materials of over RMB3.8 million. The Group has also sent greetings to teachers in Liuzhou on Teachers' Day for 35 consecutive years, and has provided financial aids to schools in poor mountainous regions on a long-term basis.

The Group has funded a number of schools from 1998 to 2022, including Guangxi Golden Throat Posuo Primary School (廣西金嗓子坡索小學) in the old revolutionary base area of Donglan County, Hechi Prefecture, Guangxi, Guangxi Golden Throat Beigeng Secondary School (廣西金嗓子北更中學) in Xincheng County, a national-level poverty region, Xiangfen Secondary School in Rongshui Miao Autonomous Region (融水苗族自治區香粉中學), Yaji Primary School (牙己小學) and Chaxi Primary School (茶溪小學) in Sanjiang Dong Autonomous County. Over these years, the Group has supported the building of two Project Hope primary schools, two school buildings, 6 washrooms and 2 libraries; donated over 2,000 classroom tables and chairs, over 20,000 warm winter outfits and sponsored over 200 girls under the Spring Buds Program. Ms. JIANG Peizhen, the Chairman of the Board of Directors of the Company, has also taken the lead to sponsor over 10 ethnic minority girls from Longmei Secondary School (龍美中學) in Guzhai Township, Liucheng County to receive 9-year compulsory education.

In September 2022, the Group carried out the "Double Ninth Festival • Longevity Health – Golden Throat Intestinal Series Delivering Health Public Welfare Campaign (九九重陽 • 久久健康 – 金嗓子腸寶送健康公益大行動)", in which the Group delivered 30,000 boxes of Golden Throat Intestinal Series products (trial packs) with a total value of RMB1.5 million to senior citizens aged 60 or above in Liuzhou City to help protect the intestinal health of the elderly!

III. CORPORATE DEVELOPMENT AND MANAGEMENT

Supply Chain Management

The Company has always attached great importance to the coordination and balance of its stability and development. It is committed to maintaining an effective management and control plan, while continuing to cooperate with industry organisations, suppliers and external experts. During the year, the Company exercised extensive management over suppliers pursuant to the regulatory requirements of Good Manufacturing Practice (GMP) standards for pharmaceutical products and carefully reviewed their qualifications. We have also conducted on-site review of major suppliers for rectification of problems on a continuous basis to ensure that the quality of raw material is up to standard.

The Company has reviewed 32 suppliers introduced in 2022, among which 32 of them officially became our suppliers and 2 of them were changed, while the introduction of 2 suppliers was terminated. The Company insists on the principle that suppliers should manage their own work while the Company should be responsible for supervision and review. The Company will file reports to the Food and Drug Administration timely in respect of the extracts suppliers that the Company has decided to introduce. The Company also adheres to the principle that daily management and emergency alert system should be integrated and reviews the operation risks of suppliers on a regular basis.

Production and Management Environment of the Company

The Company keeps its surrounding environment clean, maintains the roads smooth and fosters a satisfactory green environment. There is no pollution in the production areas and no obstruction in the sewers. Reliable liquid seal devices are installed in the floor drains in clean areas. Production staff members who have direct contact with our products receive medical examination every year. Health archives were established to ensure all production staff members are free from infectious diseases. In addition, the Company has laid down and has strictly enforced management requirements in respect of procurement as well as stock-in and stock-out of inventories. The Company has also set storage periods for its materials, where materials are re-inspected upon the expiry of their storage periods and only those passing the re-inspection will be used, otherwise they will be discarded. The stock-out of materials is carried out on a "first-in-first-out" basis. Complete record with signatures of both the issuers and recipients are maintained. The Company has constructed warehouses for raw materials, finished products, cold stuffs, as well as inner and outer packaging materials that are complementary to the production. These warehouses are equipped with lighting, ventilation, cooling, anti-pest and anti-rodent facilities based on the storage requirements of different materials and finished products. Materials and finished products are stored separately with clear labels. Store keepers monitor and take record of the temperature and humidity level of each warehouse. The workshop is equipped with advanced production equipment which is able to deliver reliable performance. Meanwhile, the Company has formulated various quality management systems, job operating procedure as well as quality standards and regulations for standard inspection procedures in respect of raw materials, packaging materials, intermediates, semi-finished products and finished products, and strictly monitors the implementation of such systems, standards and regulations.

The Company provides its employees with safe working environment by strictly complying with various national policies, including regulations on production safety and regulations on prevention and control of occupational diseases and hazards. The Group conducts a major inspection every year, organizes education and training on safety knowledge for its staff once every quarter. New staff will receive safety training before commencing work. The Group has also formulated detailed distribution system in respect of labour protection supplies, pursuant to which work uniforms, gloves, masks, etc. are distributed as planned. Our staff receives medical examination every year to prevent and control occupational diseases.

Product Responsibility

The Group is always committed to providing consumers and customers with safe, reliable and effective products that are in line with national standards. The standard of Golden Throat Lozenges, a product of the Company, was jointly proposed and reformulated by the Company and Guangxi Institute for Drug Control. It is the first lozenge medicine with the ingredient measurement indicator included in the national standard of lozenge medicine of proprietary Chinese medicine, and its quality indicators have been ahead of similar products in China. Meanwhile, the Company monitored the quality of its products based on an internal quality control standards higher than national standards. The manufacturing process of Dule Lozenges of Golden Throat Lozenge Series Products, a food product series of the Company, was monitored in accordance with the requirements of pharmaceutical manufacturing. The Company adopted an industry-exclusive internal quality control standard by introducing the inspection of certain pharmaceutical products on top of all national standards for food products.

The Company insists on placing comprehensive quality control as the core of corporate management, and established a three-tier quality management network with delineated quality assurance and quality control responsibilities. Production management and quality management departments are completely independent of each other. Quality management department is directly supervised by the General Manager with absolute veto on quality. Substandard raw materials would not be allowed to enter the factory and substandard products would not be allowed to leave the factory. In case of material quality issue, the person in charge of the relevant departments would be dismissed directly. Quality management department strengthens daily and sample inspection and the examination work. Inspection results and product quality would be linked to the income of employees. A special fund has been designated for the establishment of a quality fund reward, requiring 85% of the income of employees to be linked with the quality assessment. Full amount of fund will be disbursed only when all requirements of internal indicators are met.

The Group adheres to creating a sound service system for customers, and upholds the principle of “customer priority and professional services”. It has formulated a communication system so as to establish good communication channels with customers.

Customer Data Protection

The Group attached great importance to the protection of customer data security, strictly abided by the provisions of laws and regulations, including the Personal Data Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》), Cyber Security Law of the People's Republic of China (《中華人民共和國網絡安全法》) and Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》). It has established a sound information security management system, which effectively protects the Group and customers' privacy and data security through the application of high-tech means such as firewalls with high security level and the implementation of strict data flow monitoring measures.

Intellectual Property and Brand Protection

The Group strictly abides by the relevant laws and regulations such as the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), Patent Law of the People's Republic of China (《中華人民共和國專利法》), Copyright Law of the People's Republic of China (《中華人民共和國著作權法》), Advertisement Law of the People's Republic of China (《中華人民共和國廣告法》), Law of the People's Republic of China Against Unfair Competition (《中華人民共和國反不正當競爭法》) and Law of the People's Republic of China on Protection of the Rights and Interests of Consumers (《中華人民共和國消費者權益保護法》). It continues to carry out standardized advertising and trademark management, implements protection measures, gradually improves the advertising and trademark management system to timely identify, sort out and prevent intellectual property risks in business, and further enhance the level of brand management and intellectual property management.

The Company attaches great importance to product quality, thus contributing to the excellent quality of Golden Throat with safety, stability, reliability and effectiveness. Products of the Company successively won multiple accolades including the National Key Brand of Reassurance, the National Excellent Product of the Food Industry, Autonomous Region Customer Satisfaction Product, the Guangxi Famous Product and the Guangxi Leading Enterprise. The companies of the Group were also granted approval for the Registered Hygiene Certificate for Exported Food (currently replaced by the Filing of Enterprises Producing Exported Food), the Halal Certification, the ISO 2200 Certification and other certifications. In 2022, all products of the companies of the Group have reached a passing rate of 100% in various sampling and quality inspections conducted by government regulators, and no issue of material non-compliance was found in the daily supervisory inspections and unannounced inspection conducted by regulators at autonomous region and municipal levels. In 2022, the Group have not recalled any product due to safety and health issues.

Anti-corruption

The Group has formulated the Anti-malpractice Operation Regulations (《反舞弊工作條例》) and the Reporting System (《舉報制度》) to prevent extortion, fraud and money laundering, and strictly complied with the relevant requirements. We have established a sound voluntary interest declaration mechanism and adopted diversified reporting channels such as mail, fax, telephone and email. Follow-up investigation will be carried out for all suspicious cases. In addition, the Group vigorously promotes enterprise education to promote the concept of anti-corruption through a variety of means such as seminars, and to build an honest and self-disciplined working environment. The Group's Audit Committee monitors and reviews the operation of the policies and makes recommendations for actions arising from the investigations. In 2022, we carried out anti-corruption training for all employees in various forms to enhance employees' anti-corruption awareness. Through plant pictorial and email tweets, we conveyed the Group's anti-corruption and compliance policies to employees, and carried out anti-corruption and anti-bribery system training of the Group to all directors, including compliance background, purpose and significance of anti-corruption and anti-bribery, content and implementation of anti-corruption and anti-bribery system, etc. In 2022, the employees of the Group have complied with the laws and have not violated the relevant anti-corruption legislation and no legal proceedings regarding corruption occurred.

IV. LEGAL COMPLIANCE

The Group has complied with relevant laws and regulations that have a significant impact on the Group relating to (i) air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste; (ii) compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare; (iii) providing a safe working environment and protecting employees from occupational hazards; (iv) preventing child or forced labour; (v) health and safety, advertising, labelling and privacy matters relating to products and services provided; and (vi) preventing bribery, extortion, fraud and money laundering.

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To the shareholders of Golden Throat Holdings Group Company Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Golden Throat Holdings Group Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 93 to 169, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Recoverability of trade receivables	
As at 31 December 2022, the net carrying value of the Group's trade receivables amounted to RMB25,176,000 after netting off with an impairment provision of RMB1,640,000, which represented 1.09% of the Group's total assets. The collectability of trade receivables is a key element of the Group's working capital management, which is managed on an ongoing basis by management. According to HKFRS 9, impairment of trade receivables is assessed based on the expected credit loss model which requires significant judgements and estimates from the management. In assessing the expected credit loss of the trade receivables, management considers various factors such as the age of the balance, existence of disputes, recent historical payment patterns and influence from macroeconomy. The assessment is highly judgmental. The Group's disclosures about trade receivables are included in notes 2.4, 3 and 16 to the financial statements, which also explain the accounting policies, management's accounting estimates and the related expected credit losses.	We evaluated management's assessment on the recoverability of the trade receivables and the forward-looking adjustments by evaluating the detailed analyses of the ageing of the receivables and testing on a sample basis, payments received subsequent to the year end, historical payment patterns, and any disputes between the parties involved and market information about the credit status of the counterparties, where available. We also evaluated the expected credit loss provision methodology used by the Group and the estimates used to determine the expected credit losses by considering cash collection performance against historical trends.

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment of non-financial long-lived assets	
As the carrying amount of the net assets of the Group was higher than the market capitalisation of the Company as at 31 December 2022, the Group performed an impairment test of the cash-generating unit ("CGU"). The impairment test involved significant estimations and judgements around the assumptions used, including expectation for sales, unit selling price of products, unit purchase price of raw materials, budgeted gross margin, growth rate, discount rate and overall market and economic conditions. Management determined that no provision for impairment of non-financial long-lived assets was required. The Group's disclosures about impairment of assets are included in notes 2.4 and 3 to the financial statements, which also explain the accounting policies and management's accounting estimates.	We evaluated management's identification of indicators of impairment. We reviewed and tested management's future forecasted cash flows and key assumptions by comparing them to the Group's development plan and external forecast and analysis on the industry. We also performed a sensitivity analysis on the forecasts. We involved our internal valuation specialists to assist us in evaluating the methodology used and the underlying assumptions and key valuation parameters such as the discount rate and the terminal growth rate used in the forecasted cash flows.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the Management Discussion and Analysis of the Annual Report (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Chairman's Statement, the Directors' Report and the Corporate Governance Report, which are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Chairman's Statement, the Directors' Report and the Corporate Governance Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Audit Committee.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Hooi Wan Yee.

Ernst & Young
Certified Public Accountants
Hong Kong
29 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
REVENUE	5	**992,014**	820,543
Cost of sales		**(271,094)**	(242,807)
Gross profit		**720,920**	577,736
Other income and gain	5	**24,687**	32,545
Selling and distribution expenses		**(279,040)**	(261,610)
Administrative expenses		**(78,557)**	(103,178)
Other expenses		**(1,723)**	(671)
Finance costs	7	**(10,294)**	(7,975)
PROFIT BEFORE TAX	6	**375,993**	236,847
Income tax expense	10	**(94,775)**	(49,204)
PROFIT FOR THE YEAR		**281,218**	187,643
Attributable to:			
Owners of the parent		**281,218**	187,643
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	12	**RMB38.04 cents**	RMB25.38 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2022

	2022 RMB'000	2021 RMB'000
PROFIT FOR THE YEAR	**281,218**	187,643
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**7,853**	(6,280)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	**7,853**	(6,280)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**7,853**	(6,280)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**289,071**	181,363
Attributable to:		
Owners of the parent	**289,071**	181,363

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**425,986**	445,996
Advance payments for property, plant and equipment		**359**	478
Right-of-use assets	14(a)	**50,167**	53,336
Prepayments, other receivables and other assets	17	**–**	108
Deferred tax assets	24	**28,123**	18,363
Total non-current assets		**504,635**	518,281
CURRENT ASSETS			
Inventories	15	**46,298**	64,963
Trade and bills receivables	16	**618,698**	415,971
Prepayments, other receivables and other assets	17	**82,553**	95,594
Due from related parties	29(c)	**510**	459
Financial assets at fair value through profit or loss	19	**30,000**	80,000
Pledged deposits	18	**121,081**	55,072
Cash and cash equivalents	18	**895,515**	722,839
Total current assets		**1,794,655**	1,434,898
CURRENT LIABILITIES			
Trade payables	20	**25,313**	21,829
Other payables and accruals	21	**363,033**	283,712
Interest-bearing bank and other borrowings	22	**272,586**	234,999
Due to a director	29(c)	**236**	216
Due to related parties	29(c)	**867**	860
Tax payable		**72,299**	37,236
Government grants	23	**266**	366
Total current liabilities		**734,600**	579,218
NET CURRENT ASSETS		**1,060,055**	855,680
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,564,690**	1,373,961

31 December 2022

	Notes	**2022** **RMB'000**	2021 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,564,690**	1,373,961
NON-CURRENT LIABILITIES			
Other payables and accruals	21	**734**	890
Government grants	23	**75**	341
Deferred tax liabilities	24	**24,770**	7,587
Total non-current liabilities		**25,579**	8,818
Net assets		**1,539,111**	1,365,143
EQUITY			
Equity attributable to owners of the parent			
Share capital	25	**113**	113
Share premium	25	**675,410**	675,410
Reserves	26	**863,588**	689,620
Total equity		**1,539,111**	1,365,143

Jiang Peizhen
Director

Zeng Yong
Director

	Attributable to owners of the parent							
	Share capital RMB'000 (note 25)	Share premium account RMB'000 (note 25)	Capital reserve* RMB'000 (note 26)	Statutory and other surplus reserves* RMB'000 (note 26)	Other reserve* RMB'000	Exchange fluctuation reserve* RMB'000	Retained profits* RMB'000	Total equity RMB'000
At 1 January 2021	113	675,410	8,952	204,558	(24)	58,522	272,811	1,220,342
Profit for the year	–	–	–	–	–	–	187,643	187,643
Other comprehensive income for the year:								
Exchange differences related to foreign operations	–	–	–	–	–	(6,280)	–	(6,280)
Total comprehensive income for the year	–	–	–	–	–	(6,280)	187,643	181,363
Final 2020 dividend declared	–	–	–	–	–	–	(36,562)	(36,562)
Transfer from retained profits	–	–	–	16,358	–	–	(16,358)	–
At 31 December 2021	113	675,410	8,952	220,916	(24)	52,242	407,534	1,365,143

	Attributable to owners of the parent							
	Share capital RMB'000 (note 25)	Share premium account RMB'000 (note 25)	Capital reserve* RMB'000 (note 26)	Statutory and other surplus reserves* RMB'000 (note 26)	Other reserve* RMB'000	Exchange fluctuation reserve* RMB'000	Retained profits* RMB'000	Total equity RMB'000
At 1 January 2022	113	675,410	8,952	220,916	(24)	52,242	407,534	1,365,143
Profit for the year	–	–	–	–	–	–	281,218	281,218
Other comprehensive income for the year:								
Exchange differences related to foreign operations	–	–	–	–	–	7,853	–	7,853
Total comprehensive income for the year	–	–	–	–	–	7,853	281,218	289,071
Final 2021 dividend declared	–	–	–	–	–	–	(115,103)	(115,103)
Transfer from retained profits	–	–	–	40,330	–	–	(40,330)	–
At 31 December 2022	113	675,410	8,952	261,246	(24)	60,095	533,319	1,539,111

* These reserve accounts comprise the consolidated reserves of RMB863,588,000 (2021: RMB689,620,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**375,993**	236,847
Adjustments for:			
Depreciation of property, plant and equipment	13	**34,700**	33,125
Depreciation of right-of-use assets	14(a)	**3,944**	3,850
Recognition of government grants	23	**(366)**	(291)
Loss on disposal of items of property, plant and equipment		**194**	75
Investment income from financial assets at fair value through profit or loss	5	**(2,191)**	(1,413)
Foreign exchange differences, net	5	**(1,392)**	(3,367)
Bank interest income	5	**(16,553)**	(15,346)
Finance costs	7	**10,294**	7,975
Impairment of trade receivables, net	16	**432**	183
Impairment of other receivables, net	17	**(41)**	(120)
Write-down of inventories to net realisable value	6	**(795)**	(983)
		404,219	260,535
Decrease/(increase) in inventories		**19,460**	(25,137)
Increase in trade and bills receivables		**(203,159)**	(52,087)
Decrease/(increase) in prepayments, other receivables and other assets		**13,190**	(49,918)
Increase in amounts due from related parties		**(51)**	(459)
Increase in trade payables		**3,484**	5,748
Increase in other payables and accruals		**80,006**	77,759
Increase/(decrease) in amount due to a director		**20**	(6)
Increase in amounts due to related parties		**7**	251
Cash generated from operations		**317,176**	216,686
Interest received		**16,553**	17,443
Interest paid		**(10,294)**	(7,975)
Income tax paid		**(52,289)**	(61,265)
Net cash flows from operating activities		**271,146**	164,889

	Note	2022 RMB'000	2021 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(15,847)**	(48,661)
Prepayment of right-of-use assets		**–**	(7,902)
Purchases of financial assets at fair value through profit or loss		**(256,000)**	(298,990)
Proceeds from disposal of financial assets at fair value through profit or loss		**308,191**	220,403
Proceeds from disposal of items of property, plant and equipment		**241**	37
Increase in time deposits with original maturity of over three months		**–**	(10,000)
Net cash flows from/(used in) investing activities		**36,585**	(145,113)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of bank loans		**(284,697)**	(303,450)
New bank loans		**322,686**	385,597
Principal portion of lease payments		**(402)**	(383)
Dividends paid to shareholders		**(113,586)**	(36,899)
Increase in pledged deposits		**(66,009)**	(55,072)
Net cash flows used in financing activities		**(142,008)**	(10,207)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**165,723**	9,569
Effect of foreign exchange rate changes, net		**6,953**	(2,267)
Cash and cash equivalents at beginning of year		**712,839**	705,537
CASH AND CASH EQUIVALENTS AT END OF YEAR		**885,515**	712,839
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the statement of financial position	18	**895,515**	722,839
Time deposits with original maturity of over three months when acquired		**(10,000)**	(10,000)
Cash and cash equivalents as stated in the statement of cash flows		**885,515**	712,839

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 2 September 2014. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

During the year, the Group was principally involved in the manufacture and sale of pharmaceutical, healthcare food and other products.

In the opinion of the directors, the holding company of the Company is Golden Throat International Holdings Limited, which is incorporated in the British Virgin Islands.

Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Golden Throat Industrial Holdings Limited 金嗓子實業集團有限公司	Hong Kong	Hong Kong dollar ("HK$") 1	100%	–	Investment holding
Guangxi Golden Throat Investment Consulting Co., Ltd.* 廣西金嗓子投資諮詢有限公司	People's Republic of China ("PRC")/ Mainland China	United States dollars ("US$") 113,000,000	–	100%	Investment holding
Guangxi Golden Throat Co., Ltd.** ("Golden Throat Company") 廣西金嗓子有限責任公司	PRC/Mainland China	RMB250,265,000	–	100%	Manufacture and sale of pharmaceutical, healthcare food and products
Guangxi Golden Throat Health Food Co., Ltd.** 廣西金嗓子保健品有限公司	PRC/Mainland China	RMB3,200,000	–	100%	Manufacture and sale of pharmaceutical, healthcare food and products
Guangxi Golden Throat Medical Co., Ltd.** ("Golden Throat Medical") 廣西金嗓子醫藥有限公司	PRC/Mainland China	RMB5,000,000	–	100%	Trading of pharmaceutical, healthcare food and products
Guangxi Golden Throat Pharmaceutical Corporation** ("Golden Throat Pharmaceutical") 廣西金嗓子藥業股份有限公司	PRC/Mainland China	RMB30,000,000	–	100%	Manufacture and sale of pharmaceutical, healthcare food and products

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Guangxi Golden Throat Import & Export Trading Co., Ltd.** ("Golden Throat Import & Export") 廣西金嗓子進出口貿易有限公司	PRC/Mainland China	RMB2,100,000	–	100%	Import and export trading of goods
Guangxi Golden Throat Biological Technology Co., Ltd.** 廣西金嗓子生物科技有限公司	PRC/Mainland China	RMB2,000,000	–	100%	No principal activities
Guangxi Golden Throat Food Co., Ltd.** 廣西金嗓子食品有限公司	PRC/Mainland China	RMB2,000,000	–	100%	No principal activities
Guangxi Golden Throat Internet Technology Co., Ltd.**# ("Golden Throat Internet Technology") 廣西金嗓子網絡科技有限公司	PRC/Mainland China	RMB2,100,000	–	100%	No principal activities

* This entity is a wholly-foreign-owned enterprise established under PRC law.

** These entities are limited liability enterprises established under PRC law.

\# On 24 June 2022, the Group newly incorporated a 100% owned subsidiary, Golden Throat Internet Technology with registered share capital of RMB2,100,000.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

2.1 BASIS OF PREPARATION *(continued)*

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.1 BASIS OF PREPARATION *(continued)*

Basis of consolidation *(continued)*

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the "Conceptual Framework") issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

(b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) *Annual Improvements to HKFRSs 2018-2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group’s financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
HKFRS 17	*Insurance Contracts*[1]
Amendments to HKFRS 17	*Insurance Contracts*[1, 5]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*[2, 4]
Amendments to HKAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKAS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for annual periods beginning on or after 1 January 2024
3 No mandatory effective date yet determined but available for adoption
4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion
5 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023
6 An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of HKFRS 17

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current, in particular the determination over whether an entity has a right to defer settlement of the liabilities for at least 12 months after the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. In 2022, the HKICPA issued the 2022 Amendments to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to HKFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently revisiting the accounting policy disclosures to ensure consistency with the amendments.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 12 narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair value measurement

The Group measures its unlisted investments and bills receivable at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fair value measurement *(continued)*

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	4.75%
Machinery and equipment	9.50%
Computer and office equipment	19.00%
Motor vehicles	23.75%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents buildings under construction, and machinery and equipment under installation, which is stated at cost less any impairment losses, and is not depreciated. Cost is the direct costs of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Intangible assets

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception 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 an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	50 years
Office premise and warehouse	2 to 10 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

Group as a lessee *(continued)*

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in interest-bearing bank and other borrowings.

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of warehouses (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

Group as a lessor (continued)

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets *(continued)*

Initial recognition and measurement (continued)

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

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

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets *(continued)*

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets *(continued)*

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, an amount due to a director, amounts due to related parties and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities as follows:

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing bank and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the country in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.

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

(a) Sale of products

Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products.

Some contracts for the sale of products provide customers with volume rebates. The rights of volume rebates give rise to variable consideration.

Retrospective volume rebates may be provided to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfer the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Termination benefits

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Borrowing costs

All borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

The functional currency of the Company is the HK$. The Group's presentation currency is RMB because the Group's principal operations are carried out in Mainland China. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies *(continued)*

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of the Company and non-PRC established subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the Company and non-PRC established subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

There is no significant effect on the amounts recognised in the Group's financial statements arising from the judgements, apart from those involving estimations, made by management in the process of applying the Group's accounting policies.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of non-financial long-lived assets

The Group assesses whether there are any indicators of impairment for all non-financial long-lived assets (including the right-of-use assets) at the end of the reporting period. Non-financial long-lived assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. As at 31 December 2022, the Company's market capitalisation was lower than the Group's net assets value which is an indicator of impairment for non-financial long-lived assets. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used in the calculations of expected future cash flows include appropriate discount rate, expected future sales and cost of sales of products, budgeted growth margin and growth rate. Where the expectation is different from the original estimates, the carrying value and provision for such non-financial long-lived assets in the period in which such estimates are changed will be adjusted accordingly.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on ageing for groupings of various customer segments that have similar loss patterns such as by customer type.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

Provision for expected credit losses on trade receivables (continued)

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 16 to the financial statements.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The amount of unrecognised tax losses at 31 December 2022 was RMB8,034,000 (2021: RMB13,877,000). Further details are contained in note 24 to the financial statements.

Income tax

The Group is subject to income taxes in various regions. As certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimates and judgements based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income tax. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions over the period in which the differences are realised. Further details are disclosed in note 10 to the financial statements.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their products and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

4. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information

(a) Revenue from external customers

	2022 RMB'000	2021 RMB'000
Mainland China	**984,383**	817,130
Other countries/regions	**7,631**	3,413
	992,014	820,543

The revenue information is based on the locations of the customers.

(b) Non-current assets

	2022 RMB'000	2021 RMB'000
Mainland China	**468,705**	490,516
Hong Kong	**7,807**	9,402
	476,512	499,918

The non-current asset information above is based on the locations of the assets and excludes deferred tax assets.

Information about major customers

Revenue from a major customer which accounted for 10% or more of the Group's revenue during the year is set out below:

	2022 RMB'000	2021 RMB'000
Customer A	**101,466**	95,890

5. REVENUE, OTHER INCOME AND GAIN

An analysis of revenue is as follows:

	2022 RMB'000	2021 RMB'000
Revenue from contracts with customers	**991,866**	820,407
Revenue from other sources		
Gross rental income	**148**	136
	992,014	820,543

Revenue from contracts with customers

(a) Disaggregated revenue information

	2022 RMB'000	2021 RMB'000
Geographical markets		
Mainland China	**984,235**	816,994
Other countries/regions	**7,631**	3,413
	991,866	820,407
Timing of revenue recognition		
Goods transferred at a point in time	**991,866**	820,407

The following table shows the amounts of revenue recognised during the year that were included in the contract liabilities at the beginning of the reporting period:

	2022 RMB'000	2021 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the year:		
Sale of products	**82,532**	37,657

5. REVENUE, OTHER INCOME AND GAIN *(continued)*

Revenue from contracts with customers *(continued)*

(b) Performance obligations

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

Sale of products

The performance obligation is satisfied upon acceptance of the goods and payment is generally due within three months, extending up to six months for certain customers.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2022 RMB'000	2021 RMB'000
Amounts expected to be recognised as revenue:		
Within one year	**87,135**	85,214

The amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

An analysis of other income and gain is as follows:

	2022 RMB'000	2021 RMB'000
Other income		
Government grants (note (a))	**4,518**	10,520
Bank interest income	**16,553**	15,346
Investment income from financial assets at fair value through profit or loss	**2,191**	1,413
Foreign exchange differences, net	**1,392**	3,367
Others	**33**	41
	24,687	30,687
Gain		
Gain on settlement of litigation	**–**	1,858
	24,687	32,545

Note:

(a) The government grants mainly represent subsidies received from the local government for the purposes of compensation for value-added tax paid, interest expense on bank borrowings and capital expenditure incurred on certain projects.

6. PROFIT BEFORE TAX

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

	Notes	2022 RMB'000	2021 RMB'000
Cost of inventories sold*		**271,094**	242,807
Depreciation of property, plant and equipment	13	**34,700**	33,125
Depreciation of right-of-use assets	14(a)	**3,944**	3,850
Research and development costs		**6,420**	22,285
Lease payments not included in the measurement of lease liabilities	14(c)	**220**	519
Auditor's remuneration		**3,017**	2,953
Government grants	5	**(4,518)**	(10,520)
Bank interest income	5	**(16,553)**	(15,346)
Investment income from financial assets at fair value through profit or loss	5	**(2,191)**	(1,413)
Foreign exchange differences, net	5	**(1,392)**	(3,367)
Loss on disposal of items of property, plant and equipment		**194**	75
Impairment of trade receivables, net	16	**432**	183
Impairment of other receivables, net	17	**(41)**	(120)
Employee benefit expense (excluding directors' remuneration (note 8)):			
Wages and salaries		**66,196**	58,621
Pension scheme contributions**		**9,628**	8,190
Staff welfare expenses		**16,739**	15,159
		92,563	81,970

* The cost of inventories sold includes the following expenses which are also included in the respective total amounts of the items disclosed above:

	2022 RMB'000	2021 RMB'000
Depreciation of property, plant and equipment	**28,049**	26,712
Employee benefit expense	**57,000**	45,708
Write-down of inventories to net realisable value	**(795)**	(983)

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2022 RMB'000	2021 RMB'000
Interest on bank loans	**7,396**	5,897
Interest on discounted bills receivable	**2,891**	2,052
Interest on lease liabilities	**7**	26
	10,294	7,975

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1) (a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Group	
	2022 RMB'000	2021 RMB'000
Fees	**375**	360
Other emoluments:		
Salaries, allowances and benefits in kind	**7,344**	7,741
Performance related bonuses	**6,464**	6,240
Pension scheme contributions	**415**	395
	14,223	14,376
	14,598	14,736

8. DIRECTORS' REMUNERATION *(continued)*

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2022 RMB'000	2021 RMB'000
Li Hua	**125**	120
Cheng Yiqun	**125**	120
Zhu Jierong	**125**	120
	375	360

There were no other emoluments payable to the independent non-executive directors during the year (2021: Nil).

(b) Executive directors and a non-executive director

	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2022				
Executive directors:				
Zeng Yong	3,343	2,109	83	5,535
Lv Xinghong*	140	8	–	148
Zeng Kexiong	340	334	83	757
Huang Jianping	340	334	83	757
He Jinqiang	339	394	83	816
	4,502	3,179	332	8,013
Non-executive director:				
Jiang Peizhen	2,842	3,285	83	6,210
	7,344	6,464	415	14,223

8. DIRECTORS' REMUNERATION *(continued)*

(b) Executive directors and a non-executive director *(continued)*

	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2021				
Executive directors:				
Zeng Yong	3,337	2,109	79	5,525
Lv Xinghong	567	32	–	599
Zeng Kexiong	334	334	79	747
Huang Jianping	334	334	79	747
He Jinqiang	333	334	79	746
	4,905	3,143	316	8,364
Non-executive director:				
Jiang Peizhen	2,836	3,097	79	6,012
	7,741	6,240	395	14,376

* Lv Xinghong ceased to be executive director on 25 March 2022.

The Group did not appoint a chief executive and the duty of a chief executive was performed by the general manager.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

No emoluments were paid by the Group to any of the above directors as an inducement to join or upon joining the Group or as compensation for loss of office during the year.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included five directors (2021: five directors), details of whose remuneration are set out in note 8 above.

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate. The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act of the Cayman Islands and accordingly is not subject to income tax. The Group's subsidiary incorporated in Hong Kong is not liable for profits tax as it did not have any assessable profits arising in Hong Kong during the year.

10. INCOME TAX *(continued)*

The provision for Mainland China income tax has been made at the applicable income tax rate of 25% on the assessable profits of certain PRC subsidiaries of the Group in accordance with the PRC Corporate Income Tax Law. Golden Throat Company and Golden Throat Pharmaceutical are qualified as companies under the development strategy of China western region and were subject to tax at a preferential income tax rate of 15% for the year (2021: 15%). Golden Throat Import & Export, Golden Throat Medical and Golden Throat Internet Technology were entitled to a preferential income tax rate of 20% for small and micro enterprises with the first RMB1,000,000 of annual taxable income eligible for a 87.50% reduction and the income between RMB1,000,000 and RMB3,000,000 eligible for a 50% reduction.

The income tax expense of the Group during the year is analysed as follows:

	2022 **RMB'000**	2021 RMB'000
Current tax:		
Charge for the year	**72,227**	44,138
Deferred tax (note 24)	**22,548**	5,066
Total tax charge for the year	**94,775**	49,204

A reconciliation of the tax expense applicable to profit before tax at the statutory rate in Mainland China to the tax expense at the effective tax rate is as follows:

	2022 **RMB'000**	2021 RMB'000
Profit before tax	**375,993**	236,847
At the PRC's statutory income tax rate of 25%	**93,998**	59,212
Preferential tax rates enacted by local authority	**(33,002)**	(17,442)
Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries	**32,308**	6,228
Expenses not deductible for tax	**1,229**	2,920
Additional deductible allowance for the payroll of disabled employees	**(716)**	(778)
Tax losses not recognised	**1,068**	174
Tax losses utilised from previous periods	**(110)**	(1,110)
Tax charge at the Group's effective rate	**94,775**	49,204

11. DIVIDENDS

	2022	2021
	RMB'000	RMB'000
Proposed final – HK36 cents (2021: HK18 cents) per ordinary share	**237,743**	108,802

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 739,302,000 (2021: 739,302,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2022 and 2021.

The calculation of basic earnings per share is based on:

	2022	2021
	RMB'000	RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**281,218**	187,643

	Number of shares	
	2022	2021
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**739,302,000**	739,302,000

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Machinery and equipment RMB'000	Computer and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2022:						
Cost	462,285	118,597	6,767	31,135	2,059	620,843
Accumulated depreciation	(85,001)	(72,176)	(3,875)	(13,795)	–	(174,847)
Net carrying amount	377,284	46,421	2,892	17,340	2,059	445,996
At 1 January 2022, net of accumulated depreciation	377,284	46,421	2,892	17,340	2,059	445,996
Additions	–	1,046	337	–	13,742	15,125
Disposals	–	(265)	(19)	(151)	–	(435)
Depreciation provided during the year (note 6)	(21,446)	(6,734)	(460)	(6,060)	–	(34,700)
Transfers	12,964	–	–	–	(12,964)	–
At 31 December 2022, net of accumulated depreciation	368,802	40,468	2,750	11,129	2,837	425,986
At 31 December 2022:						
Cost	475,249	113,673	6,718	28,572	2,837	627,049
Accumulated depreciation	(106,447)	(73,205)	(3,968)	(17,443)	–	(201,063)
Net carrying amount	368,802	40,468	2,750	11,129	2,837	425,986

13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Buildings RMB'000	Machinery and equipment RMB'000	Computer and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2021:						
Cost	450,784	117,926	5,704	30,473	–	604,887
Accumulated depreciation	(65,046)	(67,240)	(3,303)	(7,838)	–	(143,427)
Net carrying amount	385,738	50,686	2,401	22,635	–	461,460
At 1 January 2021, net of accumulated depreciation	385,738	50,686	2,401	22,635	–	461,460
Additions	–	2,414	1,070	694	13,595	17,773
Disposals	–	(88)	(1)	(23)	–	(112)
Depreciation provided during the year (note 6)	(19,955)	(6,626)	(578)	(5,966)	–	(33,125)
Transfers	11,501	35	–	–	(11,536)	–
At 31 December 2021, net of accumulated depreciation	377,284	46,421	2,892	17,340	2,059	445,996
At 31 December 2021:						
Cost	462,285	118,597	6,767	31,135	2,059	620,843
Accumulated depreciation	(85,001)	(72,176)	(3,875)	(13,795)	–	(174,847)
Net carrying amount	377,284	46,421	2,892	17,340	2,059	445,996

14. LEASES

The Group as a lessee

The Group has lease contracts for leasehold land, office premise and warehouse. Lump sum payments were made upfront to acquire the leasehold land from the government with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of office premise and warehouse generally have lease terms between 2 and 10 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land	**Office premise and warehouse**	**Total**
	RMB'000	RMB'000	RMB'000
As at 1 January 2021	36,806	12,002	48,808
Additions	7,902	785	8,687
Depreciation charge (note 6)	(1,167)	(2,683)	(3,850)
Exchange realignment	–	(309)	(309)
As at 31 December 2021 and 1 January 2022	43,541	9,795	53,336
Depreciation charge (note 6)	(1,181)	(2,763)	(3,944)
Exchange realignment	–	775	775
As at 31 December 2022	42,360	7,807	50,167

14. LEASES *(continued)*

The Group as a lessee *(continued)*

(b) *Lease liabilities*

The carrying amount of lease liabilities (included under interest-bearing bank and other borrowings) and the movements during the year are as follows:

	2022 RMB'000	2021 RMB'000
Carrying amount at 1 January	**402**	–
Additions	**–**	785
Accretion of interest recognised during the year	**7**	26
Payments	**(409)**	(409)
Carrying amount at 31 December	**–**	402
Analysed into:		
Current portion	**–**	402

The maturity analysis of lease liabilities is disclosed in note 32 to the financial statements.

(c) The amounts recognised in the statement of profit or loss in relation to leases are as follows:

	2022 RMB'000	2021 RMB'000
Interest on lease liabilities	**7**	26
Depreciation charge of right-of-use assets	**3,944**	3,850
Expense relating to short-term leases (included in selling and distribution expenses)	**220**	519
Total amount recognised in profit or loss	**4,171**	4,395

(d) The total cash outflow for leases is disclosed in note 27(b) to the financial statements.

15. INVENTORIES

	2022 RMB'000	2021 RMB'000
Raw materials	**23,425**	23,119
Work in progress	**6,640**	6,287
Finished goods	**16,233**	35,557
	46,298	64,963

16. TRADE AND BILLS RECEIVABLES

	2022 RMB'000	2021 RMB'000
Trade receivables	**26,816**	25,538
Bills receivable	**593,522**	391,641
	620,338	417,179
Impairment	**(1,640)**	(1,208)
	618,698	415,971

The Group's trading terms with its customers are mainly on credit. The credit period is generally three months, extending up to six months for certain customers. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over these balances. Trade receivables are non-interest-bearing.

16. TRADE AND BILLS RECEIVABLES *(continued)*

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

	2022 RMB'000	2021 RMB'000
Within 3 months	**23,586**	20,771
3 to 6 months	**360**	421
6 to 12 months	**400**	2,062
1 to 2 years	**233**	743
Over 2 years	**597**	333
	25,176	24,330

The movements in the loss allowance for impairment of trade receivables are as follows:

	2022 RMB'000	2021 RMB'000
At beginning of year	**1,208**	1,025
Impairment losses, net (note 6)	**432**	183
At end of year	**1,640**	1,208

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

16. TRADE AND BILLS RECEIVABLES *(continued)*

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2022

	Gross carrying amount RMB'000	Expected credit loss rate %	Expected credit loss RMB'000
Less than 1 year	**24,493**	**0.60**	**147**
1 to 2 years	**334**	**30.24**	**101**
2 to 3 years	**1,026**	**41.81**	**429**
Over 3 years	**963**	**100.00**	**963**
	26,816	**6.12**	**1,640**

As at 31 December 2021

	Gross carrying amount RMB'000	Expected credit loss rate %	Expected credit loss RMB'000
Less than 1 year	23,387	0.57	133
1 to 2 years	1,038	28.42	295
2 to 3 years	563	40.85	230
Over 3 years	550	100.00	550
	25,538	4.73	1,208

The Group's bills receivable was mainly aged within six months and neither past due nor impaired.

As at 31 December 2022, the Group has pledged certain of bills receivable of RMB20,384,000 (2021: RMB17,529,000) to secure bank loans (note 22).

Bills receivable of RMB593,522,000 (2021: RMB391,641,000) whose fair values approximate to their carrying values were classified as financial assets at fair value through other comprehensive income under HKFRS 9. The fair value changes of these bills receivable at fair value through other comprehensive income were insignificant.

16. TRADE AND BILLS RECEIVABLES *(continued)*

At 31 December 2022, the Group endorsed certain bills receivable accepted by banks in Mainland China (the “Endorsed Bills”) to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB85,155,000 (2021: RMB111,975,000) (the “Endorsement”). In addition, the Group discounted certain bills receivable accepted by banks in Mainland China (the “Discounted Bills”) with a carrying amount in aggregate of RMB124,733,000 (2021: RMB178,518,000) (the “Discount”). In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Endorsed Bills and the Discounted Bills may exercise the right of recourse against the Group if the banks default (the “Continuing Involvement”).

In the opinion of the directors, the Group has transferred substantially all the risks and rewards relating to certain of the Endorsed Bills and Discounted Bills accepted by large and reputable banks with amounts of RMB56,870,000 (2021: RMB76,659,000) and RMB101,947,000 (2021: RMB112,421,000), respectively (the “Derecognised Bills”). Accordingly, the Group has derecognised the full carrying amounts of these Derecognised Bills and the associated trade payables settled by the Endorsed Bills.

The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s Continuing Involvement in the Derecognised Bills are not significant.

At 31 December 2022, the Group continued to recognise the full carrying amounts of the remaining Endorsed Bills and the associated trade payables settled with an amount of RMB28,285,000 (2021: RMB35,316,000) and to recognise the proceeds received from the discount of the remaining Discounted Bills with an amount of RMB22,786,000 (2021: RMB66,097,000) as short-term loans because the directors believe that the Group has retained the substantial risks and rewards, which include default risks relating to such remaining Endorsed Bills and Discounted Bills.

During the year, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The Endorsement and the Discount have been made evenly during the year.

17. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2022 RMB'000	2021 RMB'000
Other receivables	**19,104**	20,029
Prepayments	**3,736**	1,728
Prepaid expenses	**67,972**	82,245
	90,812	104,002
Impairment allowance	**(8,259)**	(8,300)
	82,553	95,702
Less: Prepaid expenses, non-current portion	**–**	(108)
	82,553	95,594

An impairment analysis is performed at each reporting date by considering the probability of default. Expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

Other receivables are unsecured, non-interest-bearing and have no fixed terms of repayment.

The movements in the loss allowance for impairment of other receivables are as follows:

	2022 RMB'000	2021 RMB'000
At beginning of year	**8,300**	8,420
Impairment losses, net (note 6)	**(41)**	(120)
At end of year	**8,259**	8,300

18. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Note	2022 RMB'000	2021 RMB'000
Cash and bank balances		**872,116**	690,524
Time deposits		**144,480**	87,387
		1,016,596	777,911
Less: Pledged for bank loans	22	**(121,081)**	(55,072)
Cash and cash equivalents		**895,515**	722,839
Denominated in RMB		**816,892**	646,797
Denominated in US$		**77,240**	70,589
Denominated in HK$		**1,383**	5,453
Cash and cash equivalents		**895,515**	722,839

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods from one day to three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 RMB'000	2021 RMB'000
Unlisted investments, at fair value	**30,000**	80,000

The unlisted investments represented certain financial products issued by commercial banks. They were classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

20. TRADE PAYABLES

	2022 RMB'000	2021 RMB'000
Trade payables	**25,313**	21,829

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

	2022 RMB'000	2021 RMB'000
Less than 3 months	**23,544**	16,876
3 to 6 months	**136**	595
6 to 12 months	**436**	1,005
1 to 2 years	**38**	2,185
Over 2 years	**1,159**	1,168
	25,313	21,829

Included in the trade payables are trade payables of RMB182,000 (2022: RMB349,000) due to a related party controlled by a director of the Group which are repayable within 30 days, which represents credit terms similar to those offered by the related party to its major customers.

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

21. OTHER PAYABLES AND ACCRUALS

	2022 RMB'000	2021 RMB'000
Other payables	**72,183**	77,867
Refund liabilities	**89,527**	53,498
Accrued expenses	**44,978**	40,644
Contract liabilities	**87,135**	85,214
Payroll payables	**13,476**	4,240
Taxes payable other than income tax	**56,468**	23,139
	363,767	284,602
Less: Accrued employee benefits, non-current portion	**(734)**	(890)
	363,033	283,712

21. OTHER PAYABLES AND ACCRUALS *(continued)*

Contract liabilities represent short-term advances received to deliver products.

Other payables are non-interest-bearing and repayable on demand.

22. INTEREST-BEARING BANK AND OTHER BORROWINGS

		31 December 2022		31 December 2021	
	Maturity	**Effective interest rate (%)**	**RMB'000**	Effective interest rate (%)	RMB'000
Current					
Lease liabilities (note 14(b))	Within 1 year	**4.75**	**–**	4.75	402
Bank loans – secured	Within 1 year	**1.65-4.10**	**130,000**	1.70-4.35	118,500
Bank loans – unsecured	Within 1 year	**1.70-3.65**	**119,800**	3.85	50,000
Discounted bills receivable	Within 1 year	**1.80-2.00**	**22,786**	2.20-3.50	66,097
			272,586		234,999
Analysed into:					
Bank loans repayable:					
Within one year or on demand			**272,586**		234,597
Other borrowings repayable:					
Within one year or on demand			**–**		402
			234,999		152,450

22. INTEREST-BEARING BANK AND OTHER BORROWINGS *(continued)*

Note:

(a) Certain of the Group's bank loans are secured by:

(i) the pledge of the Group's bills receivable amounting to RMB20,384,000 (2021: RMB17,529,000) (note 16); and

(ii) the pledge of certain of the Group's deposits amounting to RMB121,081,000 (2021: RMB55,072,000) (note 18).

23. GOVERNMENT GRANTS

	2022 RMB'000	2021 RMB'000
At beginning of year	**707**	998
Recognised as income during the year	**(366)**	(291)
At end of year	**341**	707
Current	**266**	366
Non-current	**75**	341
	341	707

The grants are related to the subsidies received from the government for the purpose of rewarding the Group for its capital expenditure incurred on certain projects.

24. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

	Deferred tax assets							Deferred tax liabilities		
	Impairment of receivables	Impairment of inventories	Accrued expenses	Accrued employee benefits	Unrealised profit attributable to the intra-group transactions	Government grants	Deferred tax assets total	Withholding taxes	Deferred tax liabilities total	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021	1,464	710	14,694	88	95	150	17,201	(3,583)	(3,583)	13,618
Deferred tax credited/(charged) to the statement of profit or loss during the year (note 10)	7	(146)	1,404	34	(93)	(44)	1,162	(6,228)	(6,228)	(5,066)
Deferred tax realised during the year	–	–	–	–	–	–	–	2,224	2,224	2,224
At 31 December 2021 and 1 January 2022	1,471	564	16,098	122	2	106	18,363	(7,587)	(7,587)	10,776
Deferred tax credited/(charged) to the statement of profit or loss during the year (note 10)	27	(410)	10,277	(28)	(26)	(80)	9,760	(32,308)	(32,308)	(22,548)
Deferred tax realised during the year	–	–	–	–	–	–	–	15,125	15,125	15,125
At 31 December 2022	1,498	154	26,375	94	(24)	26	28,123	(24,770)	(24,770)	3,353

24. DEFERRED TAX *(continued)*

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2022, deferred tax of RMB24,770,000 (2021: RMB7,587,000) has been recognised for withholding taxes that would be payable on unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB306,046,000 at 31 December 2022 (2021: RMB474,637,000).

The Group has tax losses arising in Mainland China of RMB8,034,000 (2021: RMB13,877,000) that are available in one to five years for offsetting against future taxable profits of the subsidiaries.

Deferred tax assets have not been recognised in respect of these tax losses as they have arisen in subsidiaries that have loss-making and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

25. SHARE CAPITAL AND SHARE PREMIUM

	2022	2021
Authorised:		
2,000,000,000 (2021: 2,000,000,000) ordinary shares of US$0.000025 each		
US$	**50,000**	50,000
Issued and fully paid:		
739,302,000 (2021: 739,302,000) ordinary shares of US$0.000025 each		
US$	**18,483**	18,483
RMB	**113,000**	113,000

25. SHARE CAPITAL AND SHARE PREMIUM *(continued)*

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000	Share premium account RMB'000	Total RMB'000
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	739,302,000	113	675,410	675,523

26. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

Statutory and other surplus reserves

In accordance with the Company Law of the PRC, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserves may be converted to increase share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

Other surplus reserve was appropriated from net profit in accordance with a prescribed percentage approved in a general meeting of the shareholders. Other surplus reserve may be used to offset accumulated losses or increase capital. Where an enterprise satisfies the stipulated conditions, other surplus reserve can also be used to the distribution of cash dividends.

Capital reserve

Capital reserve represents the paid-up capital of the subsidiaries comprising the Group prior to the incorporation of the Company.

27. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

2022

	Bank and other loans RMB'000	Lease liabilities RMB'000
At 1 January 2022	**234,597**	**402**
Changes from financing cash flows	**37,989**	**(402)**
Interest expense	**–**	**7**
Interest paid classified as operating cash flows	**–**	**(7)**
At 31 December 2022	**272,586**	**–**

2021

	Bank and other loans RMB'000	Lease liabilities RMB'000
At 1 January 2021	152,450	–
Changes from financing cash flows	82,147	(383)
Additions	–	785
Interest expense	–	26
Interest paid classified as operating cash flows	–	(26)
At 31 December 2021	234,597	402

27. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(continued)

(b) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2022 RMB'000	2021 RMB'000
Within operating activities	**220**	519
Within financing activities	**402**	383
	622	902

28. COMMITMENTS

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

	2022 RMB'000	2021 RMB'000
Contracted, but not provided for:		
Buildings	–	3,142
Plant and machinery	–	2,342
	–	5,484

29. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with related parties during the year:

	Note	2022 RMB'000	2021 RMB'000
An entity ultimately controlled by a director:			
Guangxi Changbao Biological Technology Co., Ltd. ("Changbao")			
Purchases of products	(i)	**2,446**	9,576

Note:

(i) The purchase prices were determined by arm's length negotiation between the Group and the related party.

(b) Outstanding balances with related parties:

(i) The Group had an outstanding balance due from a shareholder of the Company and entities controlled by a shareholder of RMB510,000 (2021: RMB459,000) as at the end of the reporting period. The outstanding balance is unsecured, non-interest-bearing and payable on demand.

(ii) The Group had an outstanding balance due to entities controlled by a shareholder of RMB867,000 (2021: RMB860,000) as at the end of the reporting period. This balance is unsecured, interest-free and has no fixed terms of repayment.

(iii) The Group had an outstanding balance due to a director of RMB236,000 (2021: RMB216,000) as at the end of the reporting period. The balance is unsecured, non-interest-bearing and repayable on demand.

(iv) Details of the Group's trade balances with its related party as at the end of the reporting period are disclosed in note 20 to the financial statements.

29. RELATED PARTY TRANSACTIONS *(continued)*

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

	2022 RMB'000	2021 RMB'000
Short-term employee benefits	**15,156**	15,240
Pension scheme contributions	**646**	614
Total compensation paid to key management personnel	**15,802**	15,854

Further details of directors' remuneration are included in note 8 to the financial statements.

The related party transactions in respect of purchases of products from Changbao above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

30. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

2022

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		
	Mandatorily designated as such RMB'000	Debt investments RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade and bills receivables	-	593,522	25,176	618,698
Financial assets included in prepayments, other receivables and other assets	-	-	10,845	10,845
Due from related parties	-	-	510	510
Financial assets at fair value through profit or loss	30,000	-	-	30,000
Pledged deposits	-	-	121,081	121,081
Cash and cash equivalents	-	-	895,515	895,515
	30,000	593,522	1,053,127	1,676,649

30. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

Financial assets *(continued)*

2021

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		
	Mandatorily designated as such RMB'000	Debt investments RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade and bills receivables	–	391,641	24,330	415,971
Financial assets included in prepayments, other receivables and other assets	–	–	11,729	11,729
Due from related parties	–	–	459	459
Financial assets at fair value through profit or loss	80,000	–	–	80,000
Pledged deposits	–	–	55,072	55,072
Cash and cash equivalents	–	–	722,839	722,839
	80,000	391,641	814,429	1,286,070

Financial liabilities at amortised cost

	2022 RMB'000	2021 RMB'000
Trade payables	**25,313**	21,829
Financial liabilities included in other payables and accruals	**206,688**	172,009
Interest-bearing bank and other borrowings	**272,586**	234,999
Due to a director	**236**	216
Due to related parties	**867**	860
	505,690	429,913

31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade and bills receivables, financial assets included in prepayments, other receivables and other assets, amounts due from/to a director and related parties, trade payables and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments. The fair values of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the fixed interest rates of these instruments or the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the finance manager. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the finance manager. The valuation process and results are discussed with the directors once a year for annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The Group invests in unlisted investments, which represent wealth management products issued by banks in Mainland China. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The fair values of the bills receivable classified as financial assets at fair value through other comprehensive income have been calculated by discounting the expected future cash flows, which are the par values of the bills receivable. In addition, the bills receivable will mature within one year, and thus their fair values approximate to their carrying values.

31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	–	30,000	–	30,000
Bills receivable	–	593,522	–	593,522
	–	623,522	–	623,522

As at 31 December 2021

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	–	80,000	–	80,000
Bills receivable	–	391,641	–	391,641
	–	471,641	–	471,641

The Group did not have any financial liabilities measured at fair value as at 31 December 2022 (2021: Nil).

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2021: Nil).

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables, trade payables and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between the RMB and other currencies in which the Group conducts business may affect the Group's financial condition and results of operations. The Group seeks to limit its exposure to foreign currency risk by minimising its net foreign currency position.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group's profit before tax (arising from HK$ and US$ denominated financial instruments).

	Increase/ (decrease) in rate of foreign currency	**Increase/ (decrease) in profit before tax**
	%	RMB'000
2022		
If the RMB weakens against the HK$	**5**	**(841)**
If the RMB strengthens against the HK$	**(5)**	**841**
If the RMB weakens against the US$	**5**	**3,858**
If the RMB strengthens against the US$	**(5)**	**(3,858)**
2021		
If the RMB weakens against the HK$	5	(1,831)
If the RMB strengthens against the HK$	(5)	1,831
If the RMB weakens against the US$	5	3,525
If the RMB strengthens against the US$	(5)	(3,525)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(continued)

Credit risk

The Group trades mainly with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	–	–	–	26,816	26,816
Bills receivable	593,522	–	–	–	593,522
Financial assets included in prepayments, other receivables and other assets					
– Normal**	11,045	–	–	–	11,045
– Doubtful**	–	–	8,059	–	8,059
Due from related parties					
– Normal**	510	–	–	–	510
Pledged deposits					
– Not yet past due	121,081	–	–	–	121,081
Cash and cash equivalents					
– Not yet past due	895,515	–	–	–	895,515
	1,621,673	–	8,059	26,816	1,656,548

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(continued)

Credit risk *(continued)*

Maximum exposure and year-end staging *(continued)*

As at 31 December 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	–	–	–	25,538	25,538
Bills receivable	391,641	–	–	–	391,641
Financial assets included in prepayments, other receivables and other assets					
– Normal**	11,970	–	–	–	11,970
– Doubtful**	–	–	8,059	–	8,059
Due from related parties					
– Normal**	459	–	–	–	459
Pledged deposits					
– Not yet past due	55,072	–	–	–	55,072
Cash and cash equivalents					
– Not yet past due	722,839	–	–	–	722,839
	1,181,981	–	8,059	25,538	1,215,578

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 16 to the financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets and amounts due from related parties is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk *(continued)*

Maximum exposure and year-end staging (continued)

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and other receivables are disclosed in notes 16 and 17 to the financial statements.

Since the Group trades mainly with recognised and creditworthy third parties, there is no requirement for collateral. There are no significant concentrations of credit risk.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group maintains a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk *(continued)*

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

2022

	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings (excluding lease liabilities)	–	25,764	251,776	–	–	277,540
Trade payables	1,769	23,544	–	–	–	25,313
Financial liabilities included in other payables and accruals	1,548	188,600	16,540	–	–	206,688
Due to a director	236	–	–	–	–	236
Due to related parties	867	–	–	–	–	867
	4,420	237,908	268,316	–	–	510,644

2021

	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings (excluding lease liabilities)	–	52,143	186,967	–	–	239,110
Lease liabilities	–	204	204	–	–	408
Trade payables	4,953	16,876	–	–	–	21,829
Financial liabilities included in other payables and accruals	2,118	148,370	21,521	–	–	172,009
Due to a director	216	–	–	–	–	216
Due to related parties	860	–	–	–	–	860
	8,147	217,593	208,692	–	–	434,432

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2022 and 31 December 2021.

The Group monitors capital using a gearing ratio, which is debt divided by total assets. Debt includes interest-bearing bank and other borrowings, trade payables and other payables and accruals. The gearing ratios as at the end of the reporting periods were as follows:

	31 December 2022 RMB'000	31 December 2021 RMB'000
Interest-bearing bank and other borrowings	**272,586**	234,999
Trade payables	**25,313**	21,829
Other payables and accruals	**363,033**	283,712
Debt	**660,932**	540,540
Total assets	**2,299,290**	1,953,179
Gearing ratio	**28.7%**	27.7%

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the is as follows:

	2022 RMB'000	2021 RMB'000
NON-CURRENT ASSETS		
Investment in a subsidiary	**–***	–*
Right-of-use assets	**7,807**	9,402
Total non-current assets	**7,807**	9,402
CURRENT ASSETS		
Prepayments, other receivables and other assets	**1,427**	415
Due from a subsidiary	**709,151**	638,069
Due from related parties	**495**	444
Cash and cash equivalents	**31,401**	56,945
Total current assets	**742,474**	695,873
CURRENT LIABILITIES		
Other payables and accruals	**798**	985
Due to the holding company	**87**	80
Total current liabilities	**885**	1,065
NET CURRENT ASSETS	**741,589**	694,808
TOTAL ASSETS LESS CURRENT LIABILITIES	**749,396**	704,210
Net assets	**749,396**	704,210
EQUITY		
Share capital	**113**	113
Share premium (note)	**675,410**	675,410
Reserves (note)	**73,873**	28,687
Total equity	**749,396**	704,210

* Amounts less than RMB1,000

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium account	Exchange fluctuation reserve	Retained profits/ (accumulated losses)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021	675,410	45,478	36,845	757,733
Profit for the year	–	–	4,353	4,353
Other comprehensive income for the year:				
Exchange differences related to foreign operations	–	(21,427)	–	(21,427)
Total comprehensive income for the year	–	(21,427)	4,353	(17,074)
Final 2020 dividend declared	–	–	(36,562)	(36,562)
At 31 December 2021 and 1 January 2022	**675,410**	**24,051**	**4,636**	**704,097**
Profit for the year	**–**	**–**	**95,089**	**95,089**
Other comprehensive income for the year:				
Exchange differences related to foreign operations	**–**	**65,200**	**–**	**65,200**
Total comprehensive income for the year	**–**	**65,200**	**95,089**	**160,289**
Final 2021 dividend declared	**–**	**–**	**(115,103)**	**(115,103)**
At 31 December 2022	**675,410**	**89,251**	**(15,378)**	**749,283**

34. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 29 March 2023.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below.

	Year ended 31 December				
	2022	2021	2020	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
RESULTS					
CONTINUING OPERATIONS					
REVENUE	**992,014**	820,543	646,941	797,129	694,194
Cost of sales	**(271,094)**	(242,807)	(171,298)	(198,673)	(177,679)
Gross profit	**720,920**	577,736	475,643	598,456	516,515
PROFIT BEFORE TAX	**375,993**	236,847	189,886	219,920	149,454
Income tax expense	**(94,775)**	(49,204)	(35,834)	(52,307)	(47,268)
PROFIT FOR THE YEAR	**281,218**	187,643	154,052	167,613	102,186
Attributable to:					
Owners of the parent	**218,218**	187,643	154,052	167,613	102,186

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2022	2021	2020	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
TOTAL ASSETS	**2,299,290**	1,953,179	1,685,088	1,626,953	1,485,959
TOTAL LIABILITIES	**(760,179)**	(588,036)	(464,746)	(472,824)	(428,747)
TOTAL EQUITY	**1,539,111**	1,365,143	1,220,342	1,154,129	1,057,212