



**百宏實業控股有限公司**  
**BILLION INDUSTRIAL HOLDINGS LIMITED**

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock Code 股份代號: 2299

# 2024

## Interim Report

中期報告



# Contents

Contents	1
Company Profile	2
Corporate Information	4
Financial Highlights	5
Company Structure	6
Production Processes of Polyester Filament Yarns & Polyester Thin Films	7
Production Sites	8
Management Discussion and Analysis	10
Unaudited Condensed Consolidated Income Statement	32
Unaudited Condensed Consolidated Statement of Comprehensive Income	33
Unaudited Condensed Consolidated Statement of Financial Position	34
Unaudited Condensed Consolidated Statement of Changes in Equity	36
Unaudited Condensed Consolidated Cash Flow Statement	37
Notes to the Unaudited Condensed Consolidated Financial Statements	38
General Information	60
Corporate Governance	64



# Company Profile

## Mission

We aspire to become the world's premier supplier of consumer products materials, providing eco-friendly products for the public



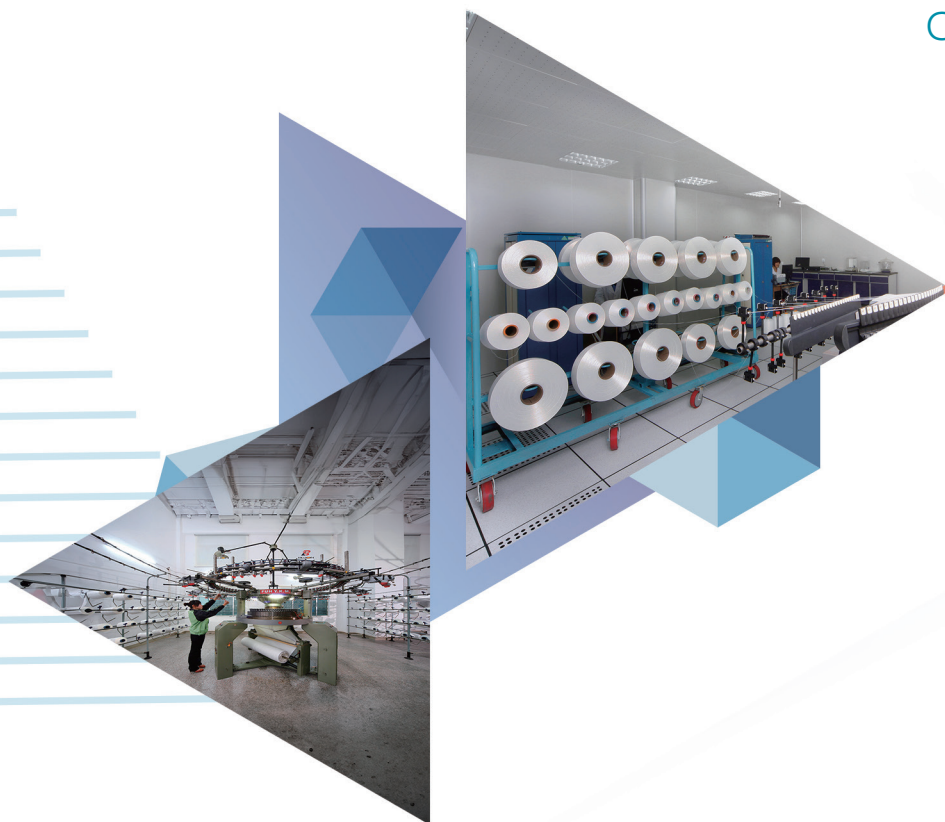
Billion Industrial Holdings Limited (the “**Company**” or “**Billion**”, together with its subsidiaries, the “**Group**”), is one of the largest developers and manufacturers of polyester filament yarns in the People’s Republic of China (the “**PRC**”). The polyester filament yarns products of the Group are positioned at middle and high-end markets in the PRC and overseas. Its main products are drawn textured yarn (“**DTY**”), fully drawn yarn (“**FDY**”), and partially oriented yarn (“**POY**”), a majority of which have special physical features and functionalities such as cotton-like fibers, protection against ultraviolet rays, moisture and sweat-absorption, flame-resistant, abrasion-resistant, super-soft, super-shining and antibacterial. These products are widely used in the production of high-end fabrics and textiles for various consumer products, including apparel, footwear and home furnishings. Billion was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 18 May 2011.

As of 30 June 2024, the Group’s designed capacity of domestic polyester filament yarns was 2,726,400 tons, of which the designed capacity of FDY and POY was 1,005,000 tons per year, while that of DTY was 711,400 tons per year. The combined designed capacity for DTY, FDY and POY was 1,716,400 tons per year, which made it the largest differentiated chemical fiber production base in Fujian Province.

As of 30 June 2024, the Group’s designed capacity for domestic polymer products was 910,000 tons per year, of which, the designed capacity biaxially-oriented polyethylene terephthalate (“**BOPET**”) thin films was 702,500 tons per year, and the Group was a large enterprise in manufacturing polyester thin films in China. The Group introduced the production lines and research and development equipment with advanced international standards for BOPET thin films from Dornier in Germany, for which the products are positioned at the high-end functional polyester thin films market in the PRC and applying in the segments including soft packaging, composite printing, electronic appliances, garments, safety and energy saving. The purification workshop management is implemented for production workshops, meeting the stringent environmental requirements for producing different polyester products. Also, the Group is vigorously developing new environmentally friendly polyester thin film products which can be applied in various segments.



## Company Profile



In order to further expand overseas markets, the Group has established Billion Industrial (Viet Nam) Co., Ltd. ("**Billion Vietnam**") in Vietnam, so as to develop the overseas polyester bottle chip business. We also set up the polyester filament yarns production facility and the polyester, POY and FDY production facilities in Vietnam. As of 30 June 2024, the designed capacity of Billion Vietnam of polyester filament yarns was 554,300 tons per year, of which, the designed capacity of FDY and POY was 184,000 tons per year, and that of DTY was 170,300 tons per year. The combined designed capacity for DTY, FDY and POY was 354,300 tons per year. The Group announced on 20 September 2022 that it will further invest approximately US\$73,900,000 in the development of a new production facility in Vietnam for polyester bottle chips. The designed annual production capacity is about 300,000 tons. It has been put into commercial production in July 2023. The designed capacity for polyester bottle chip was 550,000 tons per year, marking a milestone during the Group's journey in exploring the emerging markets.

In addition, in view of the increasing consumption of polyester industrial yarns in the PRC in recent years, in particular, the accelerating expansion of the polyester industrial yarns market in Eastern China, the Group invested approximately US\$185 million to set up a production line for polyester industrial yarn products to expand this business. The new manufacturing facilities have a total production capacity of approximately 250,000 tons per annum, and have commenced commercial production since 17 July 2020.

In recent years, the consumption of polyester thin films in China has been increasing. As a large polyester thin film manufacturer in China, by expanding the existing polyester thin film business, the Company will be able to enjoy the growth of this market with its existing scale and expertise in the manufacturing of polyester thin films. In this regard, the production line for polyester thin films established by the Group with a planned investment of approximately US\$320 million over a period of four years from 2020 to 2023 has been put into full commercial production in November 2023. Upon the full completion, the additional polymerizing production capacity is 400,000 tons per year, which enables the additional polyester thin films to give their full play to reach the production capacity of 228,000 tons per year.



# Corporate Information

## Board of Directors

### Executive Directors

Mr. Sze Tin Yau (*Co-chairman*)  
Mr. Wu Jinbiao  
(*Chief executive officer*)

### Non-executive Director

Mr. Zhang Shengbai  
(*Co-chairman*)

### Independent Non-executive Directors

Mr. Yu Wai Ming  
Mr. Shih Chun Pi  
Mr. Lin Jian Ming

## Board Committees

### Audit Committee

Mr. Yu Wai Ming (*Chairman*)  
Mr. Shih Chun Pi  
Mr. Lin Jian Ming

### Remuneration Committee

Mr. Yu Wai Ming (*Chairman*)  
Mr. Sze Tin Yau  
Mr. Lin Jian Ming

### Nomination Committee

Mr. Sze Tin Yau (*Chairman*)  
Mr. Yu Wai Ming  
Mr. Shih Chun Pi

### Corporate Governance Committee

Mr. Sze Tin Yau (*Chairman*)  
Mr. Wu Jinbiao

## Company Secretary

Mr. Law Hoi Ching

## Authorised Representatives

Mr. Sze Tin Yau  
Mr. Law Hoi Ching

## Registered Office

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

## Head Office and Principal Place of Business

### Hong Kong:

Unit 1501, Office Tower  
Convention Plaza  
No. 1 Harbour Road  
Wanchai  
Hong Kong

### PRC:

Fenglin Industrial Zone  
Longhu Town  
Jinjiang City  
Fujian  
PRC

### Vietnam:

Lot 43-16, Road N14,  
Phuoc Dong Industrial Park,  
Go Dau District  
Tay Ninh Province, Vietnam

## Legal Advisers

Morgan, Lewis & Bockius

## Auditors

Forvis Mazars CPA Limited  
(formerly known as Mazars  
CPA Limited)  
*Certified Public Accountants,  
Hong Kong*  
*Public Interest Entity Auditor,  
Hong Kong*

## Principal Share Registrar and Transfer Office

Suntera (Cayman) Limited  
Suite 3204, Unit 2A, Block 3  
Building D, P.O. Box 1586  
Gardenia Court, Camana Bay  
Grand Cayman, KY1-1100  
Cayman Islands

## Hong Kong Share Registrar and Transfer Office

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

## Principal Bankers

China Construction Bank  
Corporation  
Industrial Bank Co., Ltd.  
Agricultural Bank of China  
Holdings Limited

## Company Website

[www.baihong.com](http://www.baihong.com)

## Stock Code

2299

## Financial Highlights

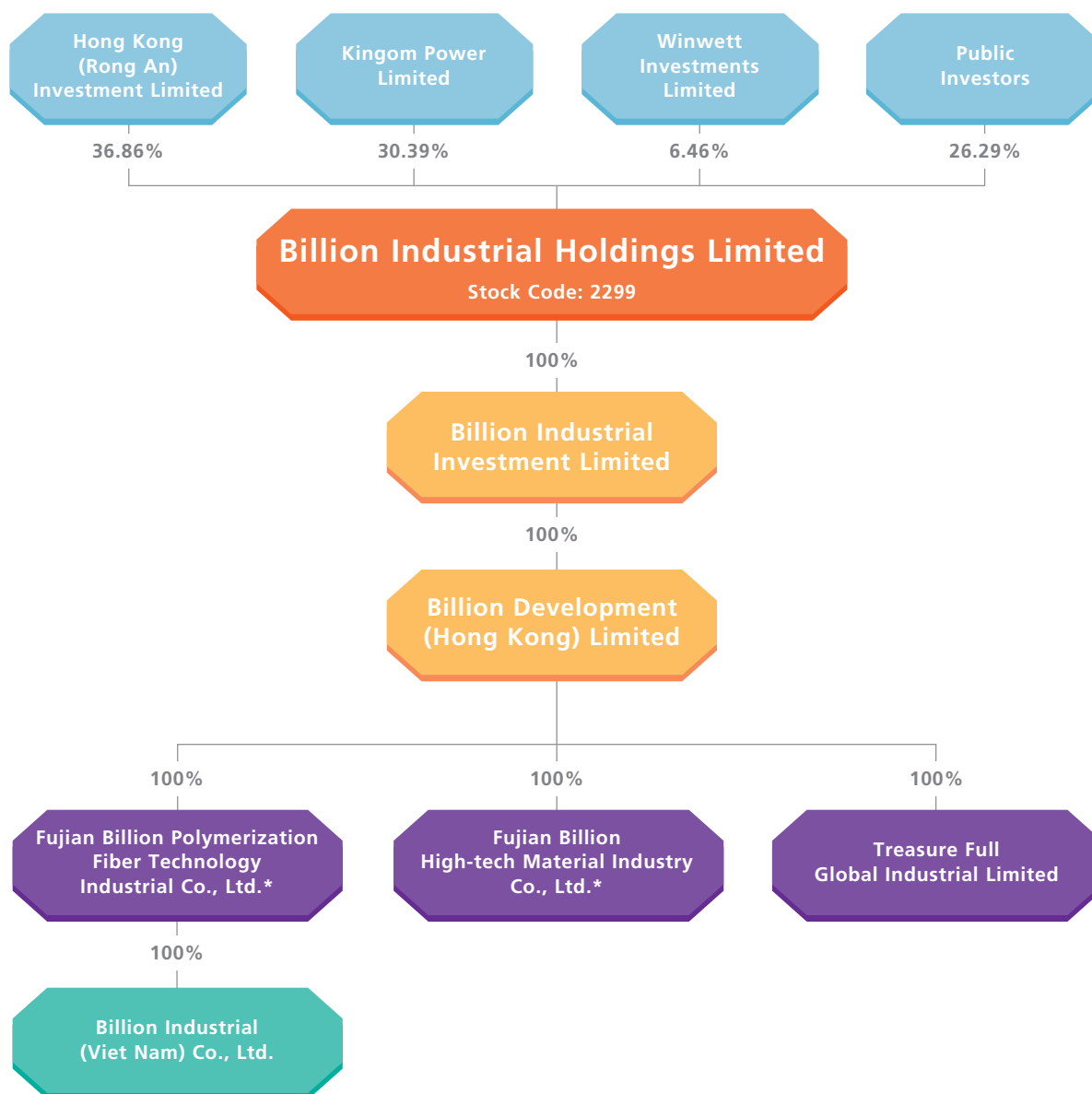
	For the six months ended 30 June		
	2024	2023	Change
	RMB'000	RMB'000	
<b>Operational Results</b>			
Revenue	10,619,933	7,504,397	41.5%
Gross profit	731,906	395,609	85.0%
Profit from operations	428,392	310,935	37.8%
Profit for the period	327,465	201,683	62.4%
	<b>As at 30 June</b>		
	2024	2023	Change
	RMB'000	RMB'000	
<b>Financial Position</b>			
Non-current assets	12,589,555	13,019,375	(3.3%)
Non-current liabilities	493,649	1,048,484	(52.9%)
Current assets	16,066,985	13,440,368	19.5%
Current liabilities	17,609,372	15,293,563	15.1%
Net current liabilities	1,542,387	1,853,195	(16.8%)
Total equity	10,553,519	10,117,696	4.3%
<b>Earnings per Share (RMB)</b>	0.15	0.10	
<b>Interim dividend (HK cent)</b>	–	–	
<b>Key Ratio Analysis</b>			
Gross profit margin	6.9%	5.3%	
Operating profit margin	4.0%	4.1%	
Net profit margin	3.1%	2.7%	
Return on equity (Note 1)	3.1%	2.0%	
Current ratio (Note 2)	91.2%	87.9%	
Gearing ratio (Note 3)	171.5%	161.5%	

**Notes:**

- 1: Return on equity: Profit for the period divided by total equity
- 2: Current ratio: Current assets divided by current liabilities
- 3: Gearing ratio: Total liabilities divided by total equity

# Company Structure

As at 30 June 2024



*Note:* Billion Industrial Holdings Limited  
 Billion Industrial Investment Limited  
 Billion Development (Hong Kong) Limited  
 Fujian Billion Polymerization Fiber Technology Industrial Co., Ltd.\*  
 Fujian Billion High-tech Material Industry Co., Ltd.\*  
 Treasure Full Global Industrial Limited  
 Billion Industrial (Viet Nam) Co., Ltd.

## Place of incorporation

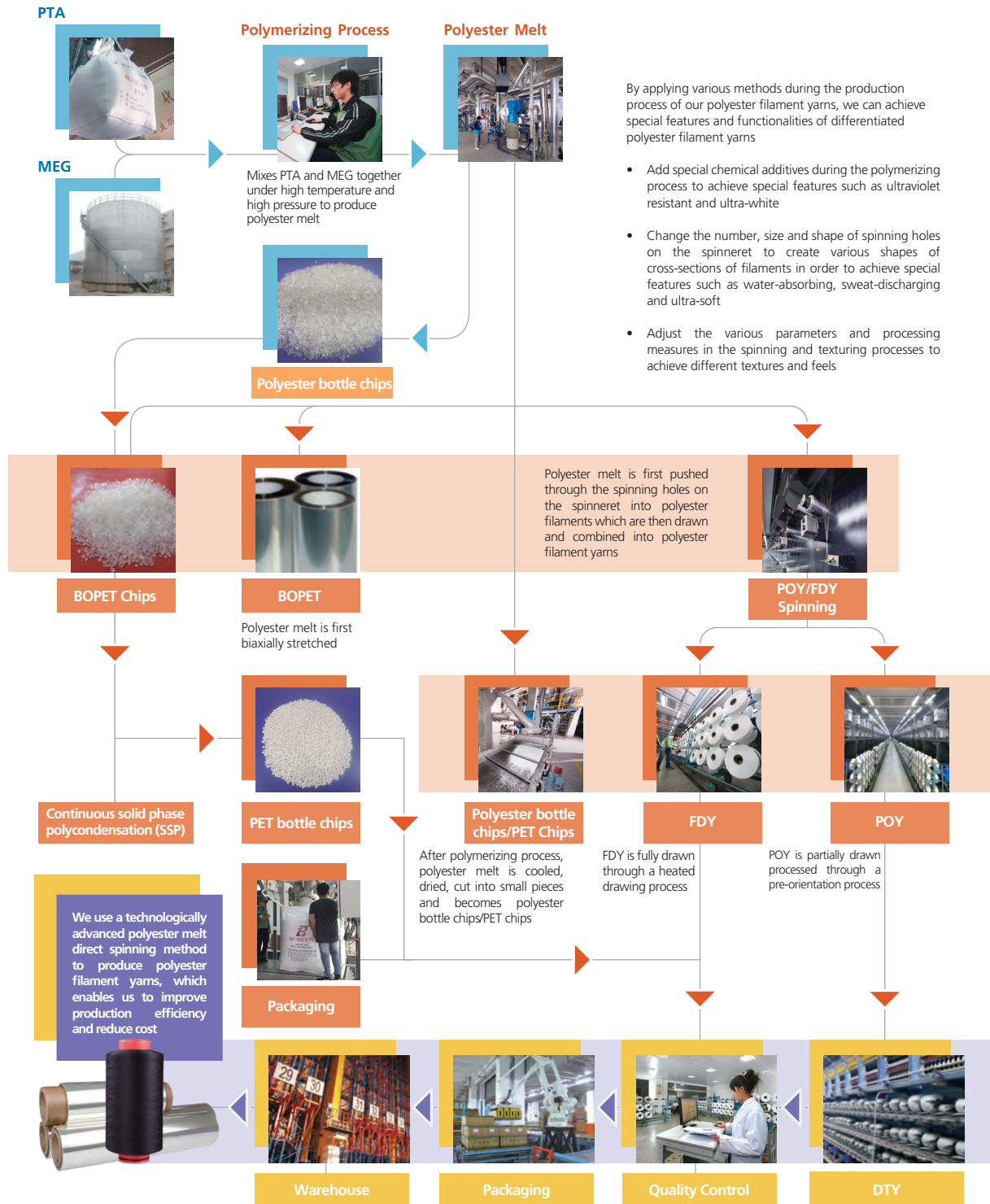
: Cayman Islands  
 : British Virgin Islands  
 : Hong Kong  
 : PRC  
 : PRC  
 : British Virgin Islands  
 : Vietnam

## Place of operation

Hong Kong  
 Hong Kong  
 Hong Kong  
 Fujian, PRC  
 Fujian, PRC  
 Hong Kong  
 Vietnam

\* For identification purposes only

# Production Processes of Polyester Filament Yarns & Polyester Thin Films



Notes: PTA represents purified terephthalic acid  
 MEG represents mono ethylene glycol  
 PET represents polyethylene terephthalate  
 BOPET represents biaxially-oriented polyethylene terephthalate



# Production Sites

## Production Site A and B

Situated in the Fenglin Industrial Zone, Longhu Town, Jinjiang City, Fujian Province, PRC



## Production Site C and D

Located at Jinnan Industrial Zone, approximately two kilometers away from the production site in Fenglin Industrial Zone



## Production Site E

Located at Jinnan Industrial Zone, approximately two kilometers away from the production site in Fenglin Industrial Zone



## Production Sites

### Designed capacity (as at 30 June 2024):

FDY+POY : 1,189,000 tons per year

DTY : 881,700 tons per year

BOPET : 702,500 tons per year

BOPET Chips : 550,000 tons per year

ES fiber : 14,500 tons per year

Polyester industrial yarns : 250,000 tons per year



### Vietnam Production Site

Situated in the Phuoc Dong Industrial Park, Phuoc Dong Commune,  
Go Dau District, Tay Ninh Province, Vietnam





# Management Discussion and Analysis

## CHANGES IN MACRO-ECONOMIC ENVIRONMENT

In the first half of 2024, the impact of the novel coronavirus (the “**COVID-19**”), Russia-Ukraine and Israeli-Palestinian wars, global interest rate hikes, and the delicate moment in the Sino-US relation have had an impact on the global economic landscape. However, as the COVID-19 largely passed, together with policies implemented to boost consumption, the markets and industries started to gradually resume their business operation and production. The global economy began to show signs of recovery from the impacts of the epidemic. The impact of the pandemic on China economy was temporary and unable to change the promising prospect of China’s economy to expand stably in long term. In face of the adversely affected business activities in global trade, many countries around the world have been proposing or enhancing their economic stimulus policies to cope with economic downturn and rising unemployment brought by the epidemic. The progress of global stable recovery largely depends on the sustainability and effectiveness of various economic stimulus policies and the improvement of the world economic governance.

In addition, with improved fiscal and currency policy, global economy is expected to improve gradually by 2024, and China is striving for the stable economic development, which further helps the people’s access to services and goods, so as to stimulate consumption.

## INDUSTRY REVIEW

The textile and apparel industry employs a large number of workers and plays an important role in ensuring the employment of residents, protecting the market players and stabilizing the supply chain of the industry chain. In 2024, China’s textile industry faced an increasingly complicated external environment. The increasing risk points of the global economy and the domestic structural issues have brought impacts on the textile and apparel industry. Despite those adverse impacts, the development trend of China’s macro economy will remain positive in long term due to its continuing effort to stabilize growth for the domestic macro-economic policies. In recent years, China’s textile industry has seen the trend of growing export of textile machinery and chemical fibers with higher technology content and added value. Trade tensions may accelerate the adjustment of the industry. As the Chinese government promulgated various anti-epidemic support measures to ease the operating pressure of the textile enterprises, the textile industry will develop under the general keynote of seeking progress while maintaining stability.

## Management Discussion and Analysis

### BUSINESS REVIEW

With the mission of “providing eco-friendly products for the public, aspiring to be the world’s premier supplier of consumer product materials”, the Group implements the operation philosophy of “creating green products”. In order to achieve “technology innovation and improving competitive strength”, the Group persists in pursuing technology innovation in a comprehensive approach addressing “Production, Learning, Research and Application”. The Group has formulated the deepened reform proposal through technology improvement, technology innovation, product mix optimization and recruiting innovative talents, strives to research and develop new products and enhance product added value, and improves brand values and market competitiveness of the Company. As a “High Technology Enterprise” and the “Pilot Demonstration Enterprise of Intelligent Manufacturing in Fujian Province”, the Group is the first enterprise pioneering in the application of the full process intelligent automatic production in the industry. The Group leverages on the digitalization, networking and modularization of automatic equipment to keep on improving its products’ quality and production volume. During the pandemic, the Group showed great resilience to risks. Benefiting from technologies and equipment such as intelligent transformation, intelligent production, intelligent packaging and intelligent storage, our production was less impacted by the pandemic. The Group’s production lines of each workshop continued to run at full speed during the outbreak of the pandemic when manpower was largely limited. The capability of maintaining operation benefits from the automation, which proves that our forward-looking decision made years ago to carry out intelligent transformation, and also reinforces the Group’s determination towards further intelligent upgrade.

The Group attaches great importance to the introduction and cultivation of talents and has adopted the talent strategy of “recruiting employees with due care and connecting people with heart (招人留心、用人連心)” which attracts more talented individuals to join our business. We established a talents practice base in cooperation with Donghua University, and we have become an enterprise with excellent research and development talents. The Group has a research and development team, comprising a large number of senior technicians from all around the country, to develop new products under a market-oriented approach. The Group also has a sizable quality control team equipped with the world class testing facilities to ensure stringent product quality and personalized quality service.

The management team of the Group applied scientific management software to achieve networking and informatization of the management during the course of production, to allocate production among various products and to allocate equipment between production and research and development to maximize the utilization of production capacity. The scientific production management process enhanced the production efficiency of the Group, which enabled the Group to constantly launch new products on time targeting at market demand with a view to increasing product differentiation. Our ES fiber project successfully commenced production on 27 June 2020. ES fiber is a kind of bicomponent skin-core structure composite fiber where the skin component has a low melting point and good flexibility and the core component has a high melting point and high strength. After heating, a portion of the skin component will be melted and bonded together, and the rest maintains the fiber properties while enjoying a low thermal shrinkage rate. It is particularly suitable for use in the through air drying process to manufacture products such as sanitary materials, thermal filling materials and filtration materials. With respect to model selection and main equipment installation, our ES fiber project adopts German facilities. The excellent equipment largely ensures the Group’s product innovation and technological innovation. The Group targets at the high-end customers to provide them with high-end customized products according to their demand, as a gradual process to enter into the international high-end market. Moving forward, the Group expects more promising prospects for the ES fiber business as to demand and application. High value-added products can generate higher profits, which will also consolidate the position of the Group in the industry.





## Management Discussion and Analysis

The Group manufactures functional polyester thin films project of 255,000 tons in production site G on an annual basis, of which, 2 of the production lines focused on the production of polyester thin films, with an annual capacity of 70,000 tons, were duly put into production in December 2020. The project adopts international advanced polyester production process with six biaxially-oriented polyester thin films production lines of the latest model purchased from Dornier in Germany, equipped with the cutting machines in KAMPF of Germany, and 9 APET sheet production lines. By virtue of the automatic control, the implementation of purification management in production workshops, and the smooth operation and stability of the equipment and the production lines, we can manufacture thin films of larger span, which can satisfy more customers' needs and ensure the quality of various products. Positioning at high-end functional polyester thin films market at home and abroad, the products can be mainly applied in the segments including soft packaging, composite printing, garments, safety and energy saving, cosmetics, food packaging, toys, electronic products including solar backplane, protective film and release film. Due to the prosperous market conditions in the thin films market this year and wide market potential, there have been advanced orders placed by our customers prior to the commencement of commercial production of the project. Relying on the entire supply chain platform of the Group and mature technology management team, the products will serve customers in all respects with a focus on high quality, high starting point and specialization. The production of the project will allow the Group to double the capacity of its existing polyester thin films and APET sheet and strengthen its market position as a large polyester thin films manufacturer in China.

The Group also announced on 20 September 2022 that it will further invest approximately US\$73,900,000 in the development of a new production facility in Vietnam for polyester bottle chips. The expected annual production capacity is about 300,000 tons and it has been put into commercial production gradually in July 2023. In addition, the production line for polyester thin films established by the Group with a planned investment of approximately US\$320 million over a period of four years from 2020 to 2023 has been put into commercial production in November 2023. Upon the full completion, the additional polymerizing production capacity is 400,000 tons per year, which enables the additional polyester thin films to give their full play to reach the production capacity of 228,000 tons per year.

After more than one year of planning and construction, the manufacturing facilities of polyester industrial yarns, which has an annual production capacity of approximately 250,000 tons, commenced operation in July 2022. The Group has been committed to constructing its polyester industrial yarns products with the belief of "high quality, high starting point, specialization, and serving various fields". The Group adopts world-class advanced polyester process in its production by introducing the latest high-speed spinning winder of Oerlikon Barmag (a German brand), which can produce a full range of products including ordinary high-strength, low-shrink, ultra-low-shrink, activated, anti-wicking and water-repellent, car seat belt wear resistant and special sewing thread and non-ferrous type, as complemented by the plied and twisted lines and twisting device to enrich the product structure. Meanwhile, the Group is equipped with the whole-process intelligent production and management from the latest intelligent winding, product inspection, packaging to storage, together with the optimized application of Oerlikon Barmag's automation solution. The Group is also among the top ten polyester industrial yarns manufacturers in China. The project has led the Group to expand the business of polyester industrial yarns products, marking another milestone towards the whole industry chain layout of the Group. We gradually acquire expertise in the direction of customer flow, information flow and capital flow in the industry. Meanwhile, the Company continues to strengthen its publicity efforts to further enhance our reputation for polyester industrial yarns products, and proactively deepens understanding of customers' needs for polyester industrial yarns prices, functions and services. The Group will continue to provide customers with high-end quality products and gradually take the lead in the market.

## Management Discussion and Analysis

The Group has signed a 5G new technology strategic cooperation with China Mobile, to jointly explore development opportunities in the 5G business sector by further leveraging the unique advantages of both parties. The Group's commissioning of 5G smart factories has eased the pressure caused by rising labor costs, improved production efficiency, and promoted high-quality development in digital, intelligent, and flexible aspects with reform and innovation. As the first 5G intelligent chemical factory in the chemical fiber industry in the country, the Group and China Mobile cooperate in the fields of intelligent manufacturing, 5G data acquisition and transmission, high-precision positioning, visual recognition, network security, etc., to expand 5G industrial Internet application scenarios and achieve mutual benefit and win-win results.

As a leading enterprise in Fujian, the Group has been dedicated to building the front-end platform for foreign economic and trading cooperation in recent years. In active response to the national call, the Group decided to invest in Vietnam to build a polyester factory as early as 2016. On 3 May 2020, the Group officially commenced the second project, i.e. the "polyester bottle chips project with an annual production capacity of 250,000 tons", under phase I of the Group's investment in and construction of the "700,000-ton differentiated chemical fiber project" in Tay Ninh, Vietnam. The main products of the project are bottle grade chips suitable for making bottles for water such as mineral water and purified water. Coupled with the "polyester filament yarns and chips project with an annual production capacity of 200,000 tons", which commenced operation in September 2019, the two projects under phase I of our investment in and construction of the "700,000-ton differentiated chemical fiber project" in Vietnam have completed construction. The Group aims to develop these projects to create a demonstration platform for China-Vietnam production capacity cooperation, being a further great leap forward for the development of the Group. Leveraging on the geographical location of Vietnam and its huge market potential, the Group will continue to capitalize on its opportunities and utilise its strengths as a large-scale corporation to differentiate itself from the competitors and enter the textile and polyester bottle chips market in Vietnam.

The Group has always been highly valuing the importance of marketing channel expansion and customer services. The flexible sales strategies enable it to understand market situations in time, focus on customers' experience and timely communicate the feedback from customers to the technology and production center, in order to ensure interaction and provide fast and efficient product aftersales services. While consolidating its market share in Fujian and Guangdong Provinces, the Group also strived to develop international markets and continued to improve its response to the market whilst expanding the emerging markets. According to the feedback of downstream users in the emerging markets, the Group made functional improvement and technology upgrade to its existing product lines with suitable marketing strategies, strengthened quality control on export products, and maintained cost advantages.

The Group's major subsidiaries, Fujian Billion Polymerization Fiber Technology Industrial Co., Ltd.\* (福建百宏聚纖科技實業有限公司) ("**Billion Fujian**") and Fujian Billion High-tech Material Industry Co., Ltd.\* (福建百宏高新材料實業有限公司) ("**Billion High-tech**") have been awarded as Advanced and New Technology Enterprise Status. During the period under review, the revenue from and the research and development expenses of the Group's differentiated products amounted to RMB5,272,519,000 and RMB260,632,000, representing 49.6% and 2.5% of the total revenue respectively. The Group's research and development focused on improving the product quality and production efficiency, as well as enhancing its innovative capability in all aspects from chemical fiber to textile fabrics. The Group remains confident in the medium-term and long-term development as it continues to push ahead its innovative capability and intelligentization achievements, alongside with the application for patents in China, increasing national income, optimizing demographic structure and consumption upgrade.



# Management Discussion and Analysis

## FINANCIAL REVIEW

### Operational Performance

#### 1. Revenue

Total revenue of the Group for the period under review amounted to RMB10,619,933,000 (for the first half of 2023: RMB7,504,397,000), representing an increase of 41.5% as compared to the same period last year. Revenue attributable to the sales of polyester filament yarns, the Group's main products, was RMB4,502,961,000, accounting for 42.4% of the total revenue. Revenue attributable to the sales of polyester products\* was RMB5,227,993,000, accounting for 49.2% of the total revenue. The revenue analysis of the two products is as follow:

##### *Polyester filament yarns*

The Group adopts a melt-direct spinning differentiated chemical fiber production line which is technologically advanced by global standards, and possesses the leading spinning and texturing equipment and technology in the industry. The Group's polyester filament yarns products are positioned at the middle and high-end markets both domestically and abroad, a majority of which are differentiated products and have special physical features and functionalities, such as cotton-like fibers, protection against ultraviolet rays, moisture and sweat-absorption, flame-resistant, abrasion-resistant, super-soft, super-shining and antibacterial. These products are widely used in apparel, footwear and home furnishings and high-end fabrics and textiles for industry. The Group has a clear positioning of its product solutions which target at the mid to high-end markets. In response to the needs of the target markets, the product plan designs are based on the production of differential Oerlikon fibers and functional fibers.

Revenue attributable to the sales of polyester filament yarns products for the period under review was RMB4,502,961,000, representing an increase of RMB649,378,000 or 16.9% as compared to RMB3,853,583,000 in the first half of 2023. The average selling price of polyester filament yarns in the period under review was RMB8,808 per ton, representing an increase of RMB329 or 3.9% as compared to RMB8,479 per ton in the first half of 2023.

\* Polyester products represent BOPET thin films, polyester bottle chips, polyester films and wasted filament generated during the production process.

## Management Discussion and Analysis

### *Polyester products*

The Group's polyester products can be widely used in various sectors including packaging, magnetic materials, imaging, industry, electronics and electrical appliances, with its principal products positioned at the middle and high-end markets both domestically and abroad. The Group re-engineered its polyester products production lines to conduct research and development on various categories of thin films products under different raw material formulae and various technological conditions. The Group introduced the production lines and research and development equipment with advanced international standards for biaxially-oriented polyethylene terephthalate ("**BOPET**") thin films from Dornier in Germany, which mainly focuses on the production, research and development and sales of BOPET thin films. The Group has become one of the largest polyester thin films production enterprises in China. In addition, the commencement of production of the facility of Billion Vietnam has also expanded the production capacity of polyester products of the Group.

Revenue attributable to the sales of polyester products for the period under review was RMB5,227,993,000, representing an increase of RMB2,450,432,000 or 88.2% as compared to RMB2,777,561,000 in the first half of 2023. The average selling price of polyester products in the period under review was RMB6,757 per ton, representing a decrease of RMB109 or 1.6% as compared to RMB6,866 per ton in the first half of 2023. The sales volume of the Group's polyester products during the period under review increased from 404,518 tons in the first half of 2023 to 773,671 tons during the period under review or an increase of 91.3%. The sales volume continued to record steady growth.



## Management Discussion and Analysis

### Breakdown of Revenue and Sales Volume (By Product)

	Revenue				Sales volume			
	For the six months ended 30 June				For the six months ended 30 June			
	2024		2023		2024		2023	
	RMB'000	Percentage	RMB'000	Percentage	Tons	Percentage	Tons	Percentage
<b>Polyester filament yarns</b>								
DTY	3,190,455	30.0%	2,676,257	35.7%	338,787	24.2%	295,666	30.4%
FDY	923,049	8.7%	864,874	11.5%	109,746	7.8%	107,805	11.1%
POY	96,395	0.9%	64,898	0.9%	13,779	1.0%	9,336	1.0%
Other polyester filament yarns products*	293,062	2.8%	247,554	3.3%	48,901	3.5%	41,658	4.3%
<b>Sub-total</b>	<b>4,502,961</b>	<b>42.4%</b>	<b>3,853,583</b>	<b>51.4%</b>	<b>511,213</b>	<b>36.5%</b>	<b>454,465</b>	<b>46.8%</b>
<b>Polyester products</b>								
BOPET thin films	1,816,472	17.1%	1,454,647	19.4%	259,599	18.5%	206,137	21.2%
Polyester bottle chips	2,766,766	26.0%	724,376	9.6%	410,194	29.3%	99,621	10.2%
Other polyester products**	644,755	6.1%	598,538	8.0%	103,878	7.4%	98,760	10.2%
<b>Sub-total</b>	<b>5,227,993</b>	<b>49.2%</b>	<b>2,777,561</b>	<b>37.0%</b>	<b>773,671</b>	<b>55.2%</b>	<b>404,518</b>	<b>41.6%</b>
ES fiber	60,361	0.6%	42,830	0.6%	6,656	0.5%	4,657	0.5%
Polyester industrial yarns	828,618	7.8%	830,423	11.0%	108,996	7.8%	107,893	11.1%
<b>Sub-total</b>	<b>888,979</b>	<b>8.4%</b>	<b>873,253</b>	<b>11.6%</b>	<b>115,652</b>	<b>8.3%</b>	<b>112,550</b>	<b>11.6%</b>
<b>Total</b>	<b>10,619,933</b>	<b>100.0%</b>	<b>7,504,397</b>	<b>100.0%</b>	<b>1,400,536</b>	<b>100.0%</b>	<b>971,533</b>	<b>100.0%</b>

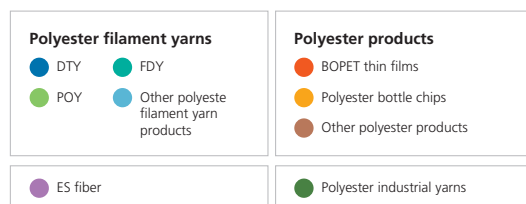
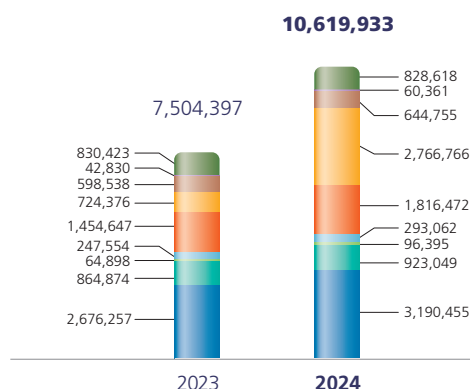
\* Other polyester filament yarns products represent polyethylene terephthalate ("PET") chips and wasted filament generated during the production process.

\*\* Other polyester products represent polyester chips, polyester films and wasted filament generated during the production process.

## Management Discussion and Analysis

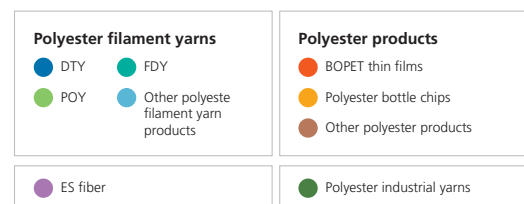
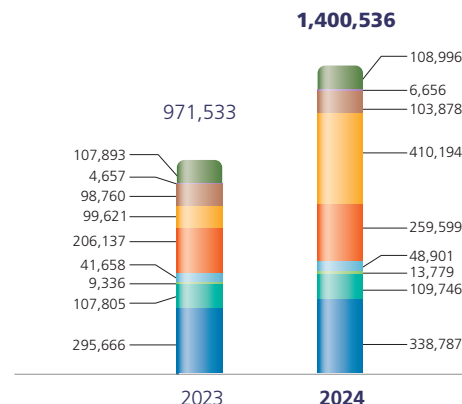
### Revenue (RMB'000)

Increase  
41.5%



### Sales Volume (Ton)

Increase  
44.2%



### Sales by geographic region

The Group's overseas sales revenue increased from RMB1,793,235,000 in the first half of 2023 to RMB3,245,309,000 during the period under review or an increase of 81.0%. Consequentially, the percentage of overseas sales revenue also increased from 23.9% in the first half of 2023 to 30.5% during the period under review, representing an increase of 6.6 percentage points. The stable development of the Group's overseas sales was not affected. In addition, the second project under phase I of the Group's investment in and construction of the "700,000-ton differentiated chemical fiber project" in Tay Ninh, Vietnam fully commenced production, which boosted the overall overseas sales of the Group. Approximately 69.5% of the Group's revenue was generated from domestic market sales, of which 43.9% was from sales to customers in Fujian Province and 12.9% to customers in the adjacent Guangdong Province. The textile manufacturing industries in these two provinces have been booming, resulting in a relatively strong demand for the Group's products.

## Management Discussion and Analysis

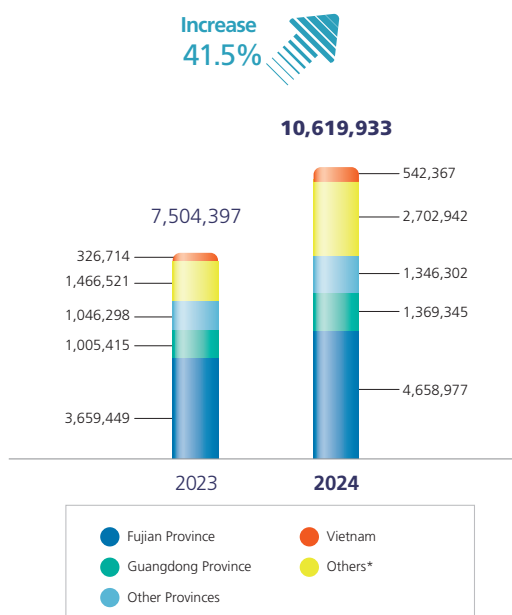
### Geographic Breakdown of Revenue

	For the six months ended 30 June			
	2024		2023	
	RMB'000	Percentage	RMB'000	Percentage
Domestic sales				
Fujian Province	4,658,977	43.9%	3,659,449	48.8%
Guangdong Province	1,369,345	12.9%	1,005,415	13.4%
Other Provinces	1,346,302	12.7%	1,046,298	13.9%
Overseas sales				
Vietnam	542,367	5.1%	326,714	4.4%
Others*	2,702,942	25.4%	1,466,521	19.5%
Total	10,619,933	100.0%	7,504,397	100.0%

\* Overseas sales were mainly made to countries such as ASEAN countries, EU countries, Japan, South Korea, Central America and South America.

### Geographic Breakdown of Revenue

(RMB'000)





## Management Discussion and Analysis

### 2. Cost of Sales

Cost of sales of the Group for the period under review was RMB9,888,027,000, representing an increase of 39.1% as compared to the cost of sales of RMB7,108,788,000 in the first half of 2023. Such a change was mainly attributable to the increase in sales volume. The cost of sales for polyester filament yarns was RMB4,022,508,000, accounting for 40.6% of the total cost of sales. The cost of sales for polyester products was RMB4,999,879,000, accounting for 50.6% of total cost of sales.

#### *Polyester filament yarns*

Average cost of sales for polyester filament yarns decreased from RMB8,046 per ton in the first half of 2023 to RMB7,868 per ton during the period under review, representing a decrease of RMB178 or 2.2% per ton. The average price of raw materials for polyester filament yarns decreased from RMB6,152 per ton in the first half of 2023 to RMB6,140 per ton during the period under review, representing a decrease of RMB12 or 0.2% per ton. PTA and MEG, major raw materials for products of the Group, accounted for 72.8% of the total cost of sales of polyester filament yarns and the price of which was directly affected by the price of their raw material, i.e. crude oil.

#### *Polyester products*

Average cost of sales for polyester products decreased from RMB6,525 per ton in the first half of 2023 to RMB6,463 per ton during the period under review, representing a decrease of RMB62 or 1.0% per ton. The average price of raw materials for polyester products increased from RMB5,585 per ton in the first half of 2023 to RMB5,687 per ton during the period under review, representing an increase of RMB102 or 1.8% per ton.



## Management Discussion and Analysis

### Breakdown of Cost of Sales

	For the six months ended 30 June			
	2024		2023	
	RMB'000	Percentage	RMB'000	Percentage
Polyester filament yarns				
Cost of raw materials				
PTA	2,278,250	23.0%	2,049,568	28.8%
MEG	651,892	6.6%	547,854	7.8%
POY and other raw materials	208,382	2.1%	198,412	2.8%
Sub-total	3,138,524	31.7%	2,795,834	39.4%
Manufacturing costs	883,984	8.9%	859,433	12.1%
Other costs	–	0.0%	1,647	0.0%
Sub-total	4,022,508	40.6%	3,656,914	51.5%
ES fiber				
Cost of raw materials:				
PTA	15,189	0.2%	10,873	0.2%
MEG	4,386	0.0%	2,944	0.0%
Other raw materials	26,763	0.3%	17,951	0.2%
Sub-total	46,338	0.5%	31,768	0.4%
Manufacturing costs	12,966	0.1%	12,231	0.2%
Other costs	–	0.0%	19	0.0%
Sub-total	59,304	0.6%	44,018	0.6%

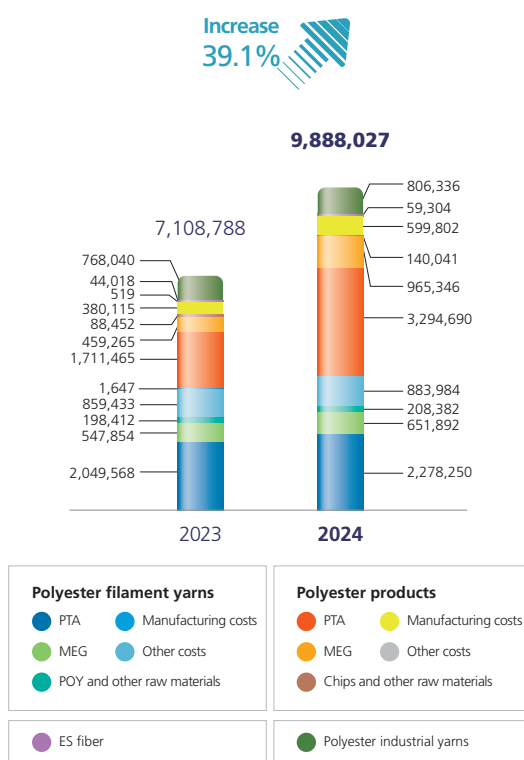
## Management Discussion and Analysis

	For the six months ended 30 June			
	2024		2023	
	RMB'000	Percentage	RMB'000	Percentage
Industrial yarns				
Cost of raw materials:				
PTA	480,298	4.9%	464,879	6.5%
MEG	143,324	1.4%	130,287	1.8%
Oil and other raw materials	16,488	0.2%	18,783	0.3%
Sub-total	640,110	6.5%	613,949	8.6%
Manufacturing costs	166,226	1.7%	153,651	2.2%
Other costs	—	0.0%	440	0.0%
Sub-total	806,336	8.2%	768,040	10.8%
Polyester products				
Cost of raw materials:				
PTA	3,294,690	33.3%	1,711,465	24.1%
MEG	965,346	9.8%	459,265	6.5%
Chips and other raw materials	140,041	1.4%	88,452	1.2%
Sub-total	4,400,077	44.5%	2,259,182	31.8%
Manufacturing costs	599,802	6.1%	380,115	5.3%
Other costs	—	0.0%	519	0.0%
Sub-total	4,999,879	50.6%	2,639,816	37.1%
Total	9,888,027	100.0%	7,108,788	100.0%

## Management Discussion and Analysis

### Breakdown of Cost of Sales

(RMB'000)



### 3. Gross Profit

Gross profit of the Group for the period under review was RMB731,906,000, which increased by RMB336,297,000, representing an increase of 85.0% as compared to RMB395,609,000 in the first half of 2023. Sales volume of the Group during the period under review increased by 429,003 tons, representing an increase of 44.2% as compared to that in the first half of 2023. Average selling price of products per ton decreased by an average of RMB141 per ton, representing a decrease of 1.8% from RMB7,724 per ton in the first half of 2023 to RMB7,583 per ton during the period under review, while average cost of products per ton also decreased by an average of RMB257 per ton, representing a decrease of 3.5% from RMB7,317 per ton in the first half of 2023 to RMB7,060 per ton during the period under review. Therefore, the average gross profit of products per ton increased from RMB407 in the first half of 2023 to RMB523 during the period under review. Gross profit margin increased by 1.6 percentage points from 5.3% in the first half of 2023 to 6.9% during the period under review.

## Management Discussion and Analysis

### *Polyester filament yarns*

Average selling price of polyester filament yarns products increased by an average of RMB329 per ton, representing an increase of 3.9% from RMB8,479 in the first half of 2023 to RMB8,808 during the period under review. The average gross profit of polyester filament yarns products per ton increased from RMB433 in the first half of 2023 to RMB940 during the period under review. The gross profit margin increased by 5.6 percentage points from 5.1% in the first half of 2023 to 10.7% during the period under review.

### *Polyester products*

Average selling price of polyester products per ton decreased by an average of RMB109 per ton, representing a decrease of 1.6% from RMB6,866 per ton in the first half of 2023 to RMB6,757 per ton during the period under review. The average gross profit of polyester products per ton decreased from RMB341 in the first half of 2023 to RMB294 during the period under review. The gross profit margin decreased by 0.6 percentage points from 5.0% in the first half of 2023 to 4.4% during the period under review.

During the period under review, there's an increase in the sales volume and sales of the Group as compared to the same period last year even amid the certain impact of global epidemic in the beginning of 2023. The enterprises in textile industry still face various difficulties including the impact of the loss in foreign trade orders and the intensifying international competition. But the development of textile industry progressively recovers as the pandemic is gradually under control, while the country starts to issue different supporting policies with regard to the influence of pandemic to help mitigate the operating pressure of enterprises in textile industry and to ensure the overall steady progress and stable development of the enterprises. While the Group is constantly committed to expanding their shares in both domestic market and overseas market and its production capacity continued to expand as planned. Factors including the official production of ES fiber and polyester industrial yarns allow the stable growth in the sales volume and sales of the Group's products continue in 2024. As the textile industry is still well-founded, we remain confident in the medium and long-term development of the business.



## Management Discussion and Analysis

### Analysis of gross profit by product

	For the six months ended 30 June			
	2024		2023	
	RMB'000	Percentage	RMB'000	Percentage
Polyester filament yarns				
DTY	339,780	46.4%	110,035	27.8%
FDY	136,810	18.7%	81,974	20.7%
POY	(2,196)	(0.3%)	(3,060)	(0.8%)
Other polyester filament yarns products*	6,056	0.8%	7,720	2.0%
Sub-total	480,450	65.6%	196,669	49.7%
ES fiber	1,111	0.2%	(1,140)	(0.3%)
Others	(53)	0.0%	(48)	0.0%
Sub-total	1,058	0.2%	(1,188)	(0.3%)
Polyester industrial yarns	15,993	2.2%	49,999	12.7%
Others	6,289	0.9%	12,384	3.1%
Sub-total	22,282	3.1%	62,383	15.8%
Polyester products				
BOPET thin films	27,516	3.8%	59,808	15.1%
Polyester bottle chips	153,229	20.9%	39,833	10.1%
Other polyester products**	47,371	6.4%	38,104	9.6%
Sub-total	228,116	31.1%	137,745	34.8%
Total	731,906	100.0%	395,609	100.0%

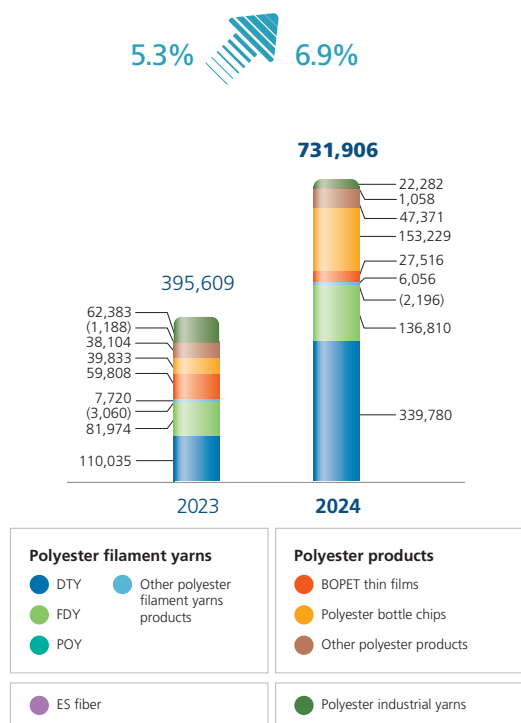
\* Other polyester filament yarns products represent PET chips and wasted filament generated during the production process.

\*\* Other polyester products represent polyester chips, polyester films and wasted filament generated during the production process.

## Management Discussion and Analysis

### Gross Profit and Gross Profit Margin

(RMB'000)



## Management Discussion and Analysis

### *Breakdown of Product Selling Price, Cost and Gross Profit (Average per ton)*

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB</b>	RMB
Polyester filament yarns		
Average selling price per ton	<b>8,808</b>	8,479
Average cost of sales per ton	<b>7,868</b>	8,046
Average gross profit per ton	<b>940</b>	433
Average gross profit margin	<b>10.7%</b>	5.1%
ES fiber		
Average selling price per ton	<b>9,069</b>	9,197
Average cost of sales per ton	<b>8,910</b>	9,452
Average gross profit per ton	<b>159</b>	(255)
Average gross profit margin	<b>1.8%</b>	(2.8%)
Industrial yarns		
Average selling price per ton	<b>7,602</b>	7,697
Average cost of sales per ton	<b>7,398</b>	7,119
Average gross profit per ton	<b>204</b>	578
Average gross profit margin	<b>2.7%</b>	7.5%
Polyester products		
Average selling price per ton	<b>6,757</b>	6,866
Average cost of sales per ton	<b>6,463</b>	6,525
Average gross profit per ton	<b>294</b>	341
Average gross profit margin	<b>4.4%</b>	5.0%



## Management Discussion and Analysis

### 4. *Other revenue*

Other revenue of the Group for the period under review amounted to RMB227,265,000 representing a decrease of 23.0% as compared to RMB294,964,000 in the first half of 2023. Other revenue included bank interest income, government grants and gains on sales of raw materials. Such change was mainly attributable to the combined effect of a decrease in bank interest income and gains on sales of raw materials, and a decrease in government grants as compared to those of the same period last year.

### 5. *Other net gains and losses*

Other net losses of the Group during the period under review amounted to RMB33,469,000 (in the first half of 2023: other net losses amounted to RMB28,250,000). Other net gains and losses mainly comprised the realised and unrealised gains and losses on financial instruments at FVPL, donation expenses and net exchange gain and loss. Such change was mainly attributable to the combined effects of a decrease in net realised loss on financial instruments at FVPL, and an increase in net exchange loss.

### 6. *Selling and distribution expenses*

Selling and distribution expenses of the Group for the period under review amounted to RMB150,282,000, representing an increase of 55.6% as compared to RMB96,585,000 in the first half of 2023. Selling and distribution expenses mainly comprised transportation costs, wages of our sales staffs, operating expenses and promotion expenses. Such increase was mainly due to the increase in relevant transportation costs resulted from the increase in sales volume in other provinces outside Fujian province and overseas during the period under review.

### 7. *Administrative expenses*

Administrative expenses of the Group for the period under review amounted to RMB347,028,000, representing an increase by 36.2% as compared to RMB254,803,000 in the first half of 2023. Administrative expenses mainly comprised research and development costs, depreciation on office equipment, staff wages, general office expenses, professional and legal fees etc. Such change was mainly due to the increase in research and development expenses during the period under review.

## Management Discussion and Analysis

### 8. Finance costs

Finance costs of the Group for the period under review amounted to RMB85,386,000, representing an increase by 44.7% as compared to RMB58,995,000 in the first half of 2023. Such change was mainly due to the increase in bills payables that led to the increase in related interest during the period under review.

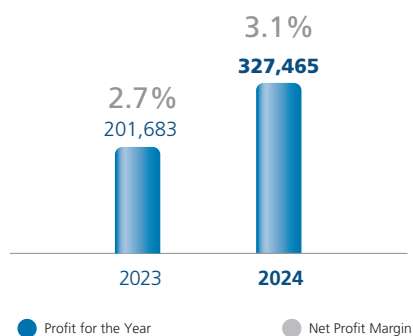
### 9. Income tax

Income tax of the Group for the period under review amounted to RMB15,541,000, representing a decrease by 69.1% as compared to RMB50,257,000 in the first half of 2023.

### 10. Profit for the period

Profit of the Group for the period under review amounted to RMB327,465,000, representing an increase by RMB125,782,000 or 62.4% as compared to RMB201,683,000 in the first half of 2023. Such increase was mainly attributable to the significant increase in total revenue caused by the higher total sales volume of polyester filament yarns and polyester products as compared to the same period last year.

**Profit for the Period and Net Profit Margin**  
(RMB'000)



## Management Discussion and Analysis

### Financial position

#### 1. *Liquidity and capital resources*

As at 30 June 2024, cash and cash equivalents of the Group amounted to RMB540,811,000, representing an increase by RMB382,673,000 or 242.0% as compared to RMB158,138,000 as at 31 December 2023.

During the period under review, net cash inflow from operating activities amounted to RMB1,397,781,000. Net cash outflow from investing activities amounted to RMB604,521,000, which mainly comprised the capital expenditure of RMB108,402,000 and the net increase of restricted bank deposit placement of RMB637,557,000. Net cash outflow from financing activities amounted to RMB405,676,000, which mainly comprised repayment of bank loans of RMB1,540,609,000 and proceeds from new bank loans of RMB1,222,800,000 during the period.

During the period under review, inventory turnover days were 84.8 days (in the first half of 2023: 106.5 days), a decrease of 21.7 days as compared to the same period last year, which was mainly due to the speed of inventory being realised as a result of optimizing inventory management by the Group. The trade receivable turnover days were 21.0 days (in the first half of 2023: 35.0 days), representing a decrease of 14.0 days as compared to the same period last year, which was mainly due to the increase in the discounting of bills receivables during the period. The trade payable turnover days were 369.8 days (in the first half of 2023: 295.3 days), representing an increase of 74.5 days as compared to the same period last year mainly due to the sound relationship the Group maintains with the suppliers.

As at 30 June 2024, the Group had capital commitments of RMB503,149,000, which were mainly used for the expansion of domestic production capacity as well as development of the Vietnam production business.

#### 2. *Capital Structure*

As at 30 June 2024, the total liabilities of the Group amounted to RMB18,103,021,000, whereas capital and reserves amounted to RMB10,553,519,000. The gearing ratio (total liabilities divided by total equity) was 171.5%. Total assets amounted to RMB28,656,540,000. The debt-to-assets ratio (total assets divided by total liabilities) was 1.58 times. Bank loans of the Group amounted to RMB382,842,000, of which RMB99,625,000 were repayable within one year, and RMB283,217,000 were repayable after one year. RMB382,842,000 of the bank borrowings were secured by properties and restricted bank deposits.





## Management Discussion and Analysis

### **Significant investments held, material acquisitions and disposals of subsidiaries, and future plans for material investments or acquiring capital assets**

Save for those disclosed in this interim report, there were no other significant investments held by the Group, nor were there any material acquisitions or disposals of subsidiaries during the period under review.

The Group will continue to seek opportunities in utilising its idle cash by investing in appropriate financial products. The Company's future plans in the coming year for other material investments and additions of capital assets are primarily related to the expansion of domestic production capacity as well as development of the Vietnam production business. The Company intends to finance such plans through internally generated funds and bank loans.

### **Charges on assets**

Save as disclosed in this report, there was no other charge on Group's assets as of 30 June 2024 (31 December 2023: Nil).

### **Contingent liabilities**

As at 30 June 2024, the Group did not have any contingent liabilities (31 December 2023: Nil).

### **Foreign currency risk**

The exposure of the Group's transactional currency to foreign currency risk was minimal as most of the financial assets and liabilities held by group entities of the Group are denominated in the respective functional currency of the respective group entities.

Certain financial assets and financial liabilities of the Group are denominated in RMB, which is different from the functional currency of the respective group entities.

The management monitors the related foreign currency risk exposure closely on daily basis and, pursuant to a written foreign currency hedging policy as approved by the management, the Group would only enter into foreign currency forward contracts should need to arise. At 30 June 2024, the Group had significant outstanding foreign currency forward contracts of approximately RMB88,639,000 (31 December 2023: RMB98,562,000). No significant realised and unrealised fair value gain or loss has been arising for the foreign currency forward contracts.

### **Employees and remuneration**

As at 30 June 2024, the Group had a total of 9,549 employees. The remuneration for employees is determined in accordance with their performance, professional experience and the prevailing market conditions. The management reviews the Group's employee remuneration policy and arrangements on a regular basis. Apart from pension, the Group also grants discretionary bonus to certain employees as awards in accordance with individual performance.

## Management Discussion and Analysis

### BUSINESS OUTLOOK

As the improved fiscal and currency policy, the global economy is expected to continue to rebound in 2024, and China is striving for the stable economic development, which is more conducive to people's access to services and commodities to stimulate consumption in this way.

As the largest polyester filament yarns manufacturer in Southern China, the Group has always been focusing on technological innovation. It adopts the world advanced melt-direct spinning differentiated chemical fiber production line, and possesses the leading spinning and texturing equipment and technology in the industry. Benefiting from the economic cycle and the rise of the crude oil price, the price trend of polyester thin films of the Group continued to improve. In addition, the continuous launch of new products has driven up the price of the Group's products and coupled with our appropriate cost control, the Group's overall business has experienced steady growth.

The Billion Vietnam Polyester Filament Project, which has an iconic significance for the Group's expansion into emerging markets, was formally put into operation in September 2019, further expanding the Group's overseas markets. Furthermore, in view of the increasing consumption of polyester industrial yarns in the PRC in recent years, in particular, the accelerating expansion of the polyester industrial yarns market in Eastern China, the Group invested approximately US\$185 million to set up a production line for polyester industrial yarns products to expand this business. The total production capacity of the new manufacturing facilities will be approximately 250,000 tons per annum, and they had been gradually commenced commercial production.

The Group also announced on 20 September 2022 that it will further invest approximately US\$73,900,000 in the development of a new production facility in Vietnam for polyester bottle chips. The designed annual production capacity is about 300,000 tons. It has been put into commercial production in July 2023.

Polyester products consumption has been increasing in China in recent years, and China has become an important production base for polyester products worldwide. By expanding the existing polyester thin film business, the Company will be able to leverage its existing scale and expertise in manufacturing polyester products to enjoy the growth of this market. The Group currently has geographical, technological and cost advantages in the polyester thin film industry. At a time when the industry is still in the blue ocean stage, the future polyester thin film will remain an important performance growth driver of the Group. The production line for polyester thin films established by the Group with a planned investment of approximately US\$320 million over a period of four years from 2020 to 2023 had been put into commercial production in November 2023. Upon the full completion, the additional polymerizing production capacity is 400,000 tons per year, which enables the additional polyester thin films to give their full play to reach the production capacity of 228,000 tons per year.

After the expansion plans for the polyester industrial yarns project and the polyester thin film project are completed, the size of the Group, and the sales volume and sales revenue of products will further increase. However, due to the impact of the lingering pandemic, there was some short-term impacts on the overall textile industry and the sales of the Group. However, as the textile industry is still well-founded, we remain confident in the medium and long-term development of the business.

# Unaudited Condensed Consolidated Income Statement

		Six months ended 30 June	
		2024	2023
	Note	RMB'000	RMB'000
		(unaudited)	(unaudited)
<b>Revenue</b>	3	<b>10,619,933</b>	7,504,397
Cost of sales		<b>(9,888,027)</b>	(7,108,788)
<b>Gross profit</b>		<b>731,906</b>	395,609
Other revenue	4	<b>227,265</b>	294,964
Other net gains and (losses)	5	<b>(33,469)</b>	(28,250)
Selling and distribution expenses		<b>(150,282)</b>	(96,585)
Administrative expenses		<b>(347,028)</b>	(254,803)
<b>Profit from operations</b>		<b>428,392</b>	310,935
Finance costs	6	<b>(85,386)</b>	(58,995)
<b>Profit before tax</b>	6	<b>343,006</b>	251,940
Income tax expenses	7	<b>(15,541)</b>	(50,257)
<b>Profit for the period attributable to owners of the Company</b>		<b>327,465</b>	201,683
<b>Earnings per share</b>			
Basic and diluted (RMB)	9	<b>0.15</b>	0.10

## Unaudited Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
<b>Profit for the period attributable to owners of the Company</b>	<b>327,465</b>	201,683
<b>Other comprehensive income (loss) for the period:</b>		
<i>Item that will not be reclassified to profit or loss</i>		
Translation of the Company's financial statements into presentation currency	<b>983</b>	4,548
<i>Item that may be reclassified subsequently to profit or loss</i>		
Exchange difference on consolidation	<b>(5,134)</b>	85,350
<b>Total other comprehensive (loss) income for the period</b>	<b>(4,151)</b>	89,898
<b>Total comprehensive income for the period attributable to owners of the Company</b>	<b>323,314</b>	291,581

## Unaudited Condensed Consolidated Statement of Financial Position

		At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
	Note		
<b>Non-current assets</b>			
Property, plant and equipment	10	12,408,216	12,794,492
Intangible assets		5,151	5,834
Deposits and prepayments	12	176,188	174,742
		<b>12,589,555</b>	12,975,068
<b>Current assets</b>			
Inventories	11	4,686,779	4,474,770
Trade and other receivables	12	4,759,641	3,241,181
Financial assets at FVPL	13	55,296	32,386
Restricted bank deposits	14	6,024,458	5,386,905
Cash and cash equivalents	15	540,811	158,138
		<b>16,066,985</b>	13,293,380
<b>Current liabilities</b>			
Trade and other payables	16	16,975,268	14,729,736
Contract liabilities		478,349	343,554
Bank loans	17	99,625	417,078
Lease liabilities	18	447	873
Tax payable		55,683	58,550
		<b>17,609,372</b>	15,549,791
<b>Net current liabilities</b>		<b>(1,542,387)</b>	(2,256,411)
<b>Total assets less current liabilities</b>		<b>11,047,168</b>	10,718,657

# Unaudited Condensed Consolidated Statement of Financial Position

	Note	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
<b>Non-current liabilities</b>			
Bank loans	17	283,217	283,538
Lease liabilities	18	2,182	2,273
Deferred tax liabilities		208,250	201,586
		493,649	487,397
<b>NET ASSETS</b>		<b>10,553,519</b>	10,231,260
<b>Capital and reserves</b>			
Share capital	19	17,814	17,816
Reserves		10,535,705	10,213,444
<b>TOTAL EQUITY</b>		<b>10,553,519</b>	10,231,260

The unaudited condensed consolidated financial statements on pages 32 to 59 were approved and authorised for issue by the Board of Directors on 26 August 2024 and signed on its behalf by

**Sze Tin Yau**  
Director

**Wu Jinbiao**  
Director



# Unaudited Condensed Consolidated Statement of Changes in Equity

	Reserves								Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Statutory reserve RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total reserves RMB'000	
At 1 January 2023 (audited)	17,819	72,926	1,514	896,182	1,805,631	(196,009)	7,228,814	9,809,058	9,826,877
Profit for the period	–	–	–	–	–	–	201,683	201,683	201,683
<b>Other comprehensive income:</b> <i>Item that will not be reclassified to profit or loss</i> Translation of the Company's financial statements into presentation currency	–	–	–	–	–	4,548	–	4,548	4,548
<i>Item that may be reclassified subsequently to profit or loss</i> Exchange difference on consolidation	–	–	–	–	–	85,350	–	85,350	85,350
<b>Total other comprehensive income</b>	–	–	–	–	–	89,898	–	89,898	89,898
<b>Total comprehensive income for the period</b>	–	–	–	–	–	89,898	201,683	291,581	291,581
<b>Transactions with owners:</b> Purchase and cancellation of own shares (Note 19(b)) – premium paid	–	(145)	–	–	–	–	–	(145)	(145)
Appropriation to statutory reserve	–	–	–	(392)	–	–	(225)	(617)	(617)
<b>Total transactions with owners</b>	–	(145)	–	(392)	–	–	(225)	(762)	(762)
<b>At 30 June 2023 (unaudited)</b>	17,819	72,781	1,514	895,790	1,805,631	(106,111)	7,430,272	10,099,877	10,117,696
At 1 January 2024 (audited)	17,816	71,721	1,517	942,479	1,805,631	(143,819)	7,535,915	10,213,444	10,231,260
Profit for the period	–	–	–	–	–	–	327,465	327,465	327,465
<b>Other comprehensive income (loss):</b> <i>Item that will not be reclassified to profit or loss</i> Translation of the Company's financial statements into presentation currency	–	–	–	–	–	983	–	983	983
<i>Item that may be reclassified subsequently to profit or loss</i> Exchange difference on consolidation	–	–	–	–	–	(5,134)	–	(5,134)	(5,134)
<b>Total other comprehensive loss</b>	–	–	–	–	–	(4,151)	–	(4,151)	(4,151)
<b>Total comprehensive income for the period</b>	–	–	–	–	–	(4,151)	327,465	323,314	323,314
<b>Transactions with owners:</b> <i>Contributions and distributions</i> Purchase and cancellation of own shares (Note 19(b)) – par value paid	(2)	–	–	–	–	–	–	–	(2)
– premium paid	–	(1,053)	–	–	–	–	–	(1,053)	(1,053)
– transfer between reserves	–	(2)	2	–	–	–	–	–	–
Appropriation to statutory reserve	–	–	–	(519)	–	–	519	–	–
<b>Total transactions with owners</b>	(2)	(1,055)	2	(519)	–	–	519	(1,053)	(1,055)
<b>At 30 June 2024 (unaudited)</b>	17,814	70,666	1,519	941,960	1,805,631	(147,970)	7,863,899	10,535,705	10,553,519

# Unaudited Condensed Consolidated Cash Flow Statement

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
<b>Operating activities</b>		
Cash generated from (used in) operations	1,409,525	(1,242,738)
Income tax paid	(11,744)	(2,208)
<b>Net cash from (used in) operating activities</b>	<b>1,397,781</b>	<b>(1,244,946)</b>
<b>Investing activities</b>		
Proceeds from disposal of property, plant and equipment	361	–
Purchase of property, plant and equipment and intangible assets	(54,548)	(59,048)
Expenditure on construction in progress	(53,854)	(727,999)
Investment in an unlisted investment fund	(30,000)	–
Proceeds from disposal of unlisted wealth management	–	50,000
Withdrawal of restricted bank deposits	666,105	1,374,853
Placement of restricted bank deposits	(1,303,662)	(501,487)
Other cash flows arising from investing activities	171,077	128,259
<b>Net cash (used in) from investing activities</b>	<b>(604,521)</b>	<b>264,578</b>
<b>Financing activities</b>		
Capital element of lease rentals paid	(494)	(782)
Interest element of lease rentals paid	(88)	(108)
Payment for repurchase of shares	(2,681)	(145)
Proceeds from new bank loans	1,222,800	2,672,731
Repayment of bank loans	(1,540,609)	(1,668,090)
Other cash flows used in financing activities	(84,604)	(75,802)
<b>Net cash (used in) from financing activities</b>	<b>(405,676)</b>	<b>927,804</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>387,584</b>	<b>(52,564)</b>
<b>Cash and cash equivalents at beginning of the reporting period</b>	<b>158,138</b>	<b>231,620</b>
Effect of foreign exchange rate changes, net	(4,911)	39,050
<b>Cash and cash equivalents at end of the reporting period, represented by bank balances and cash</b>	<b>540,811</b>	<b>218,106</b>



# Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

## 1. GENERAL INFORMATION

Billion Industrial Holdings Limited (the “**Company**”, together with its subsidiaries collectively referred to as the “**Group**”) was incorporated in Cayman Islands on 25 November 2010, as an exempted company with limited liability under the Company Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 18 May 2011. The addresses of the registered office and principal place of business of the Company are disclosed in the “Corporate Information” section of the interim report.

The Company is an investment holding company and its subsidiaries are principally engaged in manufacturing and sales of polyester filament yarns products, polyester products\*, polyester industrial yarns products and ES fiber products.

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2024 (the “**Interim Financial Statements**”) have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The Interim Financial Statements have been prepared on historical cost basis except for financial assets at fair value through profit or loss (“**FVPL**”) which are stated at fair value. The Interim Financial Statements are presented in Renminbi (“**RMB**”) as the functional currency of the Group’s major operating subsidiaries is RMB and all amounts have been rounded to the nearest thousand, unless otherwise stated.

The preparation of the Interim Financial Statements in conformity with HKAS 34 requires the management of the Group to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a period to date basis. Actual results may differ from these estimates.

The Interim Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 December 2023, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual HKFRSs, HKASs and Interpretations issued by the HKICPA. They shall be read in conjunction with the Group’s audited consolidated financial statements for the year ended 31 December 2023 (the “**2023 Annual Financial Statements**”).

\* Polyester products represent BOPET thin films, polyester bottle chips, polyester films and wasted filament generated during the production process.

# Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

## 2. BASIS OF PREPARATION (CONTINUED)

The accounting policies and methods of computation applied in the preparation of the Interim Financial Statements are consistent with those applied in preparing the 2023 Annual Financial Statements except for the adoption of the new/revised HKFRSs, HKASs and Interpretations which are relevant to the Group (hereinafter collectively referred to as the “**new/revised HKFRSs**”) as detailed below which are effective for current period.

### Going Concern

At 30 June 2024, the Group recorded net current liabilities of approximately RMB1,542,387,000. Based on the estimation of the future cash flows of the Group, after taking into account of (i) the bank and cash balances at 30 June 2024; and (ii) the confirmed and indicated credit commitments from financial institutions, the directors of the Company are of the opinion that the Group will have sufficient working capital to finance its normal operation and meet the obligation for its liabilities for the twelve months from the end of the reporting period of the unaudited condensed consolidated financial statements. Accordingly, the unaudited condensed consolidated financial statements have been prepared on a going concern basis.

### Adoption of new/revised HKFRSs

In the current period, the Group has adopted for the first time, the following new/revised HKFRSs issued by the HKICPA, which are effective for the current period.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

The adoption of the above amendments does not have any significant impact on the consolidated financial statements.

At the date of authorisation of the Interim Financial Statements, the HKICPA has issued a number of new/revised HKFRSs that are not yet effective for the current period, which the Group has not early adopted. The directors of the Company do not anticipate that the adoption of the new/revised HKFRSs in future periods will have any material impact on the financial performance and financial position of the Group.

## Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

### 3. REVENUE AND SEGMENT INFORMATION

The principal activities of the Group are manufacturing and sales of polyester filament yarns products, polyester products\*, polyester industrial yarns products and ES fiber products. The Group has only one reportable operating segment. The Group's most senior executive management reviews the Group as a whole and internal reports including only revenue analysis by product types and no other discretionary information is prepared for resource allocation and performance assessment. Therefore, no operating segment information is presented.

#### Disaggregation of revenue

Revenue represents the sales value of goods supplied to customers (net of value-added tax, other sales tax and discounts). Disaggregation of revenue from contracts with customers by major products is as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
<i>Disaggregated by major products lines</i>		
Polyester filament yarns products	4,502,961	3,853,583
Polyester products*	5,227,993	2,777,561
Polyester industrial yarns products	828,618	830,423
ES fiber products	60,361	42,830
	<b>10,619,933</b>	<b>7,504,397</b>
<i>Disaggregated by geographical location of customers</i>		
The People's Republic of China (the "PRC")	7,374,624	5,711,162
Vietnam	542,367	326,714
Others	2,702,942	1,466,521
	<b>10,619,933</b>	<b>7,504,397</b>

The Group's customer base is diversified. No individual customer had transactions which exceeded 10% of the Group's aggregate revenue for the six months ended 30 June 2024 and 2023.

The timing of revenue recognition of all revenue from contracts with customers is at a point in time during the six months ended 30 June 2024 and 2023.

\* Polyester products represent BOPET thin films, polyester bottle chips, polyester films and wasted filament generated during the production process.

## Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

### 3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

#### Geographical information

The following table sets out information about the geographical location of the Group's property, plant and equipment (including right-of-use assets), intangible assets and deposits and prepayments ("**Specified Non-current Assets**"). The geographical location of the Specified Non-current Assets is presented based on the physical location of the assets or the location of operation.

#### Location of the Specified Non-current Assets

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
The PRC	10,010,379	10,286,868
Vietnam	2,538,365	2,647,029
Hong Kong	40,811	41,171
	12,589,555	12,975,068

### 4. OTHER REVENUE

	Six months ended 30 June 2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Bank interest income	95,084	110,692
Government grants ( <i>Note</i> )	115,205	161,925
Sales of raw materials	16,952	17,913
Others	24	4,434
	227,265	294,964

*Note:*

In the opinion of the management of the Group, there were no unfulfilled conditions or contingencies relating to the grants.



## Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

### 5. OTHER NET GAINS AND (LOSSES)

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Donations	(228)	(184)
Exchange loss, net	(51,958)	(12,423)
Gain (Loss) on disposal of property, plant and equipment, net	242	(83)
Unrealised gain on financial instruments at FVPL, net		
– Contracts for financial instruments at FVPL	12,511	4,760
Realised gain (loss) on financial instruments at FVPL, net		
– Contracts for financial instruments at FVPL	3,432	(12,384)
Others	2,532	(7,936)
	(33,469)	(28,250)

### 6. PROFIT BEFORE TAX

Profit before tax is arrived at after charging (crediting):

#### (a) Finance costs

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest on bank loans	14,439	54,951
Interest on lease liabilities	87	108
Other interest expenses	71,119	6,058
Total finance costs	85,645	61,117
Less: Capitalised into construction in progress (Note (i))	(259)	(2,122)
	85,386	58,995

## Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

## 6. PROFIT BEFORE TAX (CONTINUED)

## (b) Staff costs (including directors' emoluments)

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Salaries, wages, allowances and other benefits	242,496	204,852
Contributions to defined contribution retirement plans (Note (ii))	10,178	7,967
	252,674	212,819

## (c) Other items

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Amortisation of intangible assets (included in "Administrative expenses")	683	861
Auditors' remuneration	182	178
Cost of inventories (Note (iii))	9,888,027	7,108,788
Depreciation (included in "Cost of sales" and "Administrative expenses", as appropriate)		
– property, plant and equipment	405,373	371,699
– right-of-use assets	14,951	12,238
(Reversal of) Provision for loss allowance on trade receivables, net	(868)	2,210
Research and development costs (Note (iv))	260,632	178,232

Notes:

- (i) The borrowing costs have been capitalised at a rate of 2.44% (six months ended 30 June 2023: 2.32%–4.95%) per annum for the six months ended 30 June 2024.
- (ii) For the six months ended 30 June 2024 and 2023, there were no forfeited contributions in respect of contribution previously made which were available to reduce the Group's existing level of contributions to the relevant defined contribution retirement plans.
- (iii) For the six months ended 30 June 2024, cost of inventories included approximately RMB607,341,000 (six months ended 30 June 2023: approximately RMB510,643,000) relating to staff costs and depreciation, which were included in the respective amounts as disclosed above.
- (iv) For the six months ended 30 June 2024, research and development costs included approximately RMB72,400,000 (six months ended 30 June 2023: approximately RMB73,261,000) relating to staff costs and depreciation, which were included in the respective amounts as disclosed above.

# Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

## 7. INCOME TAX EXPENSES

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
<b>Current tax</b>		
PRC Corporate Income Tax ("CIT")		
Current period	8,377	41,021
<b>Withholding tax</b>		
Withholding tax on dividends	500	41
<b>Deferred tax</b>		
Origination and reversal of temporary differences	6,664	9,195
	<b>15,541</b>	<b>50,257</b>

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

Under the Laws of the PRC on CIT (the "CIT Law") and Implementation Regulation of the CIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.

In accordance with the relevant CIT Law, regulations and implementation guidance notes, the subsidiaries in the PRC, Fujian Billion Polymerization Fiber Technology Industrial Co., Ltd.\* (福建百宏聚纖科技實業有限公司) ("Billion Fujian") and Fujian Billion High-tech Material Industry Co., Ltd.\* (福建百宏高新材料實業有限公司) ("Billion High-tech") were approved to be the Advanced and New Technology Enterprise Status for a valid period of 3 years from 2021 to 2023 and from 2023 to 2025, respectively, which entitles Billion Fujian and Billion High-tech to a reduced CIT tax rate at 15% during the valid period under the new tax law and its relevant regulations. Billion Fujian has submitted the application for renewal of the Advanced and New Technology Enterprise Status and in the opinion of the management of the Group, the application for renewal will be completed in 2024.

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC, an enterprise engaging in research and development activities is entitled to claim 200% of its qualified research and development expenses incurred as tax deductible expenses when determining its assessable profits.

\* The English translation of the name is for reference only.

## Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

### 7. INCOME TAX EXPENSES (CONTINUED)

Hong Kong Profits Tax has not been provided as the Group had no assessable profits for the six months ended 30 June 2024. Hong Kong Profits Tax has not been provided for the six months ended 30 June 2023 as the Group incurred a loss for taxation purpose in Hong Kong.

From 1 January 2008, a non-resident enterprise without an establishment or a place of business in the PRC or which has an establishment or a place of business in the PRC but whose relevant income is not effectively connected with the establishment or place of business in the PRC, will be subject to a withholding tax at the rate of 10% (unless reduced by treaty) on various types of passive income such as dividends derived from sources within the PRC. Pursuant to the Sino-Hong Kong Double Tax Arrangement and the related regulations, a qualified Hong Kong tax resident may be liable for a reduced withholding tax rate of 5% on dividends from a PRC enterprise if the Hong Kong tax resident is the “beneficial owner” and holds 25% or more of the equity interest of the PRC enterprise. The Group had obtained the certificates of Hong Kong tax residents from the Inland Revenue Department of Hong Kong, which are effective until 2024. Withholding tax on dividend represents tax charged by the PRC tax authority on dividends distributed by the Group’s subsidiaries in the PRC for the six months ended 30 June 2024 and 2023.

The standard corporate income tax rate in Vietnam is 20%. The provisions of the Investment Registration Certificate of Billion Industrial (Viet Nam) Co., Ltd. (“**Billion Vietnam**”), the subsidiary in Vietnam, allow Billion Vietnam to be exempted from income tax for 2 years starting from the first year it generates taxable profit and entitled to a 50% reduction in income for the 4 succeeding years. The above exemption and reduction are not applicable to other income. As Billion Vietnam generated taxable profit for the first year in 2021, Billion Vietnam is exempted from Vietnam CIT for the year ended 31 December 2021. Vietnam CIT has not been provided as Billion Vietnam incurred a loss for taxation purpose for the six months ended 30 June 2024 and 2023.

### 8. DIVIDENDS

The directors of the Company did not recommend the payment of an interim dividend for the six months ended 30 June 2024 and 2023.

## For the six months ended 30 June 2024

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

	Six months ended 30 June	
	2024	2023
	(unaudited)	(unaudited)
<b>Number of shares:</b>		
Issued ordinary shares at 1 January	2,118,658,000	2,118,986,000
Effect of shares repurchased and cancelled (Note 19(b))	(211,000)	(20,541)
Weighted average number of ordinary shares	2,118,447,000	2,118,965,459

46

## Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

## 10. PROPERTY, PLANT AND EQUIPMENT

## (a) Other property, plant and equipment

	Six months ended 30 June 2024 RMB'000 (unaudited)	Year ended 31 December 2023 RMB'000 (audited)
At the beginning of the reporting period	11,156,676	9,881,152
Exchange adjustments	(23,382)	12,640
Additions	—	211
Transfer from construction in progress (Note 10(b))	132,923	2,016,651
Disposals	(119)	(433)
Depreciation charge	(405,373)	(753,545)
At the end of the reporting period	10,860,725	11,156,676

## (b) Construction in progress

	Six months ended 30 June 2024 RMB'000 (unaudited)	Year ended 31 December 2023 RMB'000 (audited)
At the beginning of the reporting period	539,105	1,486,270
Exchange adjustments	(579)	1,406
Additions	59,400	1,049,539
Interest expenses	259	18,541
Transfer to other property, plant and equipment (Note 10(a))	(132,923)	(2,016,651)
At the end of the reporting period	465,352	539,105



# Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

## 10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### (c) Right-of-use assets

The analysis of the net book value of the Group's right-of-use assets by class of underlying assets is as follows:

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
<b>Included in "Property, plant and equipment":</b>		
Interests in leasehold land held for own use	1,081,180	1,097,429
Buildings leased for own use	959	1,282
	<b>1,082,139</b>	1,098,711

## 11. INVENTORIES

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Raw materials	624,060	536,728
Work in progress	225,183	239,640
Finished goods	3,837,536	3,698,402
	<b>4,686,779</b>	4,474,770

## Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

## 12. TRADE AND OTHER RECEIVABLES

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Trade receivables from third parties	1,194,752	927,366
Less: Loss allowance	(26,974)	(27,849)
	1,167,778	899,517
Bills receivables from third parties	91,546	274,553
	1,259,324	1,174,070
Deposits, prepayments and other receivables	3,676,505	2,241,853
	4,935,829	3,415,923
Less: Non-current portion of deposits and prepayments	(176,188)	(174,742)
	4,759,641	3,241,181

All of the trade and other receivables that are classified as current assets are expected to be recovered or recognised as expenses within one year.

At 30 June 2024, the Group had discounted bank acceptance bills totalling approximately RMB5,784,878,000 (31 December 2023: approximately RMB3,223,347,000) and endorsed bank acceptance bills totalling approximately RMB85,041,000 (31 December 2023: approximately RMB67,764,000), which are derecognised as financial assets (the "Derecognition"). These bank acceptance bills matured within one year from date of issue. The Group considered that the issuing banks of the bills are of good credit quality and the non-settlement of these bills by the issuing banks on maturity is not probable. During the six months ended 30 June 2024, the loss arising from the Derecognition was approximately RMB11,625,000 (31 December 2023: approximately RMB5,946,000).

Non-current portion of deposits and prepayments mainly represents deposits for acquisition of interests in leasehold land and property, plant and equipment.

Current portion of deposits, prepayments and other receivables mainly represents prepayments on raw materials, interest receivables from deposits with banks and value added tax recoverable.

## Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

### 12. TRADE AND OTHER RECEIVABLES (CONTINUED)

#### Ageing analysis

At the end of the reporting period, the ageing analysis of trade receivables and bills receivables (which are included in “trade and other receivables”), based on the date of billing and net of loss allowance for expected credit losses (“ECL”), is as follows:

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Within 1 month	1,245,107	1,152,588
1 to 2 months	10,014	14,299
2 to 3 months	1,185	5,384
Over 3 months	3,018	1,799
	<b>1,259,324</b>	<b>1,174,070</b>

Trade receivables and bills receivables are due within 30 to 210 days (31 December 2023: 30 to 210 days) and 1 to 365 days (31 December 2023: 1 to 365 days), respectively, from the date of billing.

### 13. FINANCIAL ASSETS AT FVPL

Details of financial instruments represented by financial assets at FVPL are set out as follows:

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Unlisted investment fund	30,000	—
Contracts for financial instruments at FVPL	25,296	32,386
	<b>55,296</b>	<b>32,386</b>

## Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

### 13. FINANCIAL ASSETS AT FVPL (CONTINUED)

The following table presents the fair value of the Group's financial assets at FVPL measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement.

	Fair value measurements At 30 June 2024 (unaudited) using			
	Fair value at 30 June 2024 RMB'000	Quoted prices in active market for identified underlying items (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
<b>Recurring fair value measurement</b>				
Unlisted investment fund	30,000	30,000	–	–
Contracts for financial instruments at FVPL	25,296	25,296	–	–
	55,296	55,296		

	Fair value measurements At 31 December 2023 (audited) using			
	Fair value at 31 December 2023 RMB'000	Quoted prices in active market for identified underlying items (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
<b>Recurring fair value measurement</b>				
Contracts for financial instruments at FVPL	32,386	32,386	–	–

At the end of the reporting period, the fair values of the unlisted investment fund and contracts for financial instruments at FVPL are determined by reference to the prices quoted by the financial institutions.

## Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

### 14. RESTRICTED BANK DEPOSITS

At 30 June 2024, the restricted bank deposits of approximately RMB221,502,000 (31 December 2023: approximately RMB222,057,000) and approximately RMB5,802,956,000 (31 December 2023: approximately RMB5,164,848,000) were pledged to the banks to secure certain bank loans (Note 17) and bills payables (Note 16), respectively.

### 15. CASH AND CASH EQUIVALENTS

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Bank balances and cash	540,811	158,138

### 16. TRADE AND OTHER PAYABLES

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Trade payables	2,151,905	2,327,575
Bills payables	14,242,528	11,707,191
Other payables and accrued charges	222,952	316,593
Salaries and welfare payables	53,546	48,109
Interest payables	7,840	6,887
Equipment payables	61,168	27,301
Construction payables	64,247	108,970
Accrued land cost	4,453	4,453
Other tax payables	166,629	182,657
	16,975,268	14,729,736

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

Certain bills payables are secured by restricted bank deposits at the end of each reporting period (Note 14).

## Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

### 16. TRADE AND OTHER PAYABLES (CONTINUED)

The Group normally is allowed a credit term of 60 to 180 days by its suppliers. At the end of the reporting period, the ageing analysis of trade payables and bills payables (which are included in "trade and other payables"), based on the invoice date/issue date, is as follows:

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Within 3 months	9,223,963	5,458,446
More than 3 months but within 6 months	3,672,962	4,796,134
More than 6 months but within 1 year	3,417,932	3,711,238
More than 1 year	79,576	68,948
	<b>16,394,433</b>	14,034,766

### 17. BANK LOANS

At the end of the reporting period, the bank loans were repayable as follows:

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Within 1 year or on demand	99,625	417,078
After 1 year but within 2 years	191,625	2,467
After 2 years but within 5 years	91,592	281,071
	<b>283,217</b>	283,538
	<b>382,842</b>	700,616

## Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

### 17. BANK LOANS (CONTINUED)

At the end of the reporting period, the bank loans were secured as follows:

	<b>At 30 June 2024 RMB'000 (unaudited)</b>	<b>At 31 December 2023 RMB'000 (audited)</b>
Secured bank loans	<b>382,842</b>	700,616

At 30 June 2024, the secured bank loans are collectively secured by:

- (i) restricted bank deposits amounted to approximately RMB221,502,000 (31 December 2023: approximately RMB222,057,000); and
- (ii) building held for own use amounted to approximately RMB40,558,000 (31 December 2023: approximately RMB40,919,000).
- (iii) corporate guarantee given by Billion Fujian and Billion High-tech to the extent of RMB2,269,793,000 (31 December 2023: approximately RMB1,509,238,000).

The ranges of effective interest rates on the Group's bank loans are as follows:

	<b>Six months ended 30 June 2024 % (unaudited)</b>	<b>Year ended 31 December 2023 % (audited)</b>
Fixed rate bank loans	<b>2.00 – 2.80</b>	2.00 – 2.55
Variable rate bank loans	<b>6.73</b>	5.58



## Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

## 18. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the reporting period:

	At 30 June 2024		At 31 December 2023	
	Present value of the minimum lease payments RMB'000 (unaudited)	Total minimum lease payments RMB'000 (unaudited)	Present value of the minimum lease payments RMB'000 (audited)	Total minimum lease payments RMB'000 (audited)
Within 1 year	447	653	873	1,128
After 1 year but within 2 years	81	165	136	201
After 2 years but within 5 years	85	392	88	403
After 5 years	2,016	3,989	2,049	3,953
	2,182	4,546	2,273	4,557
	2,629	5,199	3,146	5,685
Less: Future finance charges		(2,570)		(2,539)
Present value of lease liabilities		2,629		3,146

At 30 June 2024, the weighted average of the incremental borrowing rates for the lease liabilities of the Group was 5.56% (31 December 2023: 4.77%) per annum.

## 19. SHARE CAPITAL

## (a) Authorised and issued share capital

	Par value HK\$	Number of shares	Nominal value of ordinary shares HK\$
Authorised:			
At 1 January 2023,			
31 December 2023 (audited) and			
<b>30 June 2024 (unaudited)</b>	0.01	10,000,000,000	100,000,000

## Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

### 19. SHARE CAPITAL (CONTINUED)

#### (a) Authorised and issued share capital (Continued)

	Par value	Number of shares	Nominal value of ordinary shares	
	HK\$		HK\$	RMB
Issued and fully paid:				
At 1 January 2023	0.01	2,118,986,000	21,189,860	17,819,454
Repurchase and cancellation of shares	0.01	(328,000)	(3,280)	(2,759)
At 31 December 2023 (audited)	0.01	2,118,658,000	21,186,580	17,816,695
Repurchase and cancellation of shares (Note 19(b))	0.01	(278,000)	(2,780)	(2,337)
<b>At 30 June 2024 (unaudited)</b>	<b>0.01</b>	<b>2,118,380,000</b>	<b>21,183,800</b>	<b>17,814,358</b>

## Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

### 19. SHARE CAPITAL (CONTINUED)

#### (b) Purchase and cancellation of own shares

During the six months ended 30 June 2024 and the year ended 31 December 2023, the Company cancelled its own ordinary shares on the Stock Exchange as follows:

Month/Year of repurchase	Number of shares	Highest price paid per share HK\$	Lowest price paid per share HK\$	Aggregate price paid RMB'000
August 2023	44,000	4.10	3.99	163
September 2023	62,000	4.19	3.98	231
October 2023	24,000	4.18	3.96	91
November 2023	20,000	4.14	4.10	76
December 2023	8,000	4.06	4.06	30
Repurchased during the year ended 31 December 2023 and cancelled during the six months ended 30 June 2024	158,000			591
January 2024	48,000	4.14	4.06	179
March 2024	10,000	4.30	4.30	39
April 2024	62,000	4.40	4.22	246
Repurchased and cancelled during the six months ended 30 June 2024	120,000			464
May 2024	6,000	4.35	4.35	24
June 2024	568,000	4.35	4.11	2,193
Repurchased during the six months ended 30 June 2024 and cancelled subsequent to 30 June 2024	574,000			2,217
Total	852,000			3,272

## Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

### 19. SHARE CAPITAL (CONTINUED)

#### (b) Purchase and cancellation of own shares (Continued)

Pursuant to section 37(3) of the Companies Law of the Cayman Islands, 694,000 shares were repurchased during the six months ended 30 June 2024 of which 120,000 repurchased shares were cancelled during the six months ended 30 June 2024. The remaining 574,000 repurchased shares were cancelled subsequently in July 2024. In addition, 158,000 shares, which were repurchased during the year ended 31 December 2023, were cancelled during the six months ended 30 June 2024. Accordingly, the issued share capital of the Company was reduced by the nominal value of 278,000 shares. Pursuant to section 37(4) of the Companies Law of the Cayman Islands, an amount equivalent to the par value of the shares cancelled of approximately RMB2,000 was transferred from share premium to the capital redemption reserve during the six months ended 30 June 2024. The premium for the repurchase of 278,000 shares of approximately HK\$1,154,000 (equivalent to approximately RMB1,053,000) were charged to share premium for the six months ended 30 June 2024. The premium for the remaining 574,000 shares of approximately HK\$2,424,000 (equivalent to approximately RMB2,212,000) will be charged to share premium for the year ending 31 December 2024.

### 20. CAPITAL COMMITMENTS

Capital commitments outstanding at the end of the reporting period not provided, net of any deposits paid, for in the Interim Financial Statements were as follows:

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Authorised but not contracted for	13,348	–
Contracted for	489,801	234,793
	503,149	234,793

# Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

## 21. MATERIAL RELATED PARTY TRANSACTIONS

### (a) Key management personnel remuneration

Remuneration for key management personnel of the Group is as follows:

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Salaries, wages, allowances and benefits in kind	2,567	2,583
Retirement scheme contributions	30	28
	<b>2,597</b>	2,611

### (b) Transactions with related parties

Other than otherwise disclosed, the Group had no significant related party transactions for the six months ended 30 June 2024 and 2023.

# General Information

## INTERIM DIVIDEND

The board (“**Board**”) of directors (“**Directors**”) of the Company resolved not to declare an interim dividend for the six months ended 30 June 2024 (2023 interim dividend: nil).

## DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, the interests and short positions of the Directors and/or the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she is taken or deemed to have under such provisions of the SFO); or (ii) recorded in the register required to be kept by the Company under Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), are as follows:

### (a) Long position in ordinary shares of the Company

Name of Director	Nature of interest	Number of ordinary shares interested	Percentage of the Company's issued share capital <sup>(3)</sup>
Mr. Sze Tin Yau <sup>(1)</sup>	Interest in controlled corporation	643,720,000	30.39%
Mr. Wu Jinbiao <sup>(2)</sup>	Interest in controlled corporation	136,820,000	6.46%

Notes:

- (1) Mr. Sze Tin Yau owned 100% of the issued shares of Kingom Power Limited (“**Kingom Power**”), which directly owned 643,720,000 shares of the Company. Accordingly, Mr. Sze Tin Yau was deemed to be interested in all the shares of the Company owned by Kingom Power by virtue of the SFO.
- (2) Mr. Wu Jinbiao owned 100% of the issued shares of Winwett Investments Limited, which directly owned 136,820,000 shares of the Company. Accordingly, Mr. Wu Jinbiao was deemed to be interested in all the shares of the Company owned by Winwett investments Limited by virtue of the SFO.
- (3) Base on a total of 2,118,380,000 issued shares of the Company as at 30 June 2024.

## General Information

Save as disclosed above, as at 30 June 2024, none of the Directors or chief executives of the Company had or was deemed to have 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 will have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which each of them has taken or deemed to have taken under the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register required to be kept therein or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange. At no time had the Company or any of its holding company or subsidiaries participated in any arrangements to enable the Directors or chief executive (including their spouses or children under the age of eighteen) of the Company to acquire any interests and short positions of shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2024, so far as is known to the Directors, the following persons (other than a Director or chief executive of the Company) had or were deemed or taken to have an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO:

Name of substantial shareholder	Capacity	Number of ordinary shares interested	Percentage of the Company's issued share capital <sup>(d)</sup>
Hong Kong (Rong An) Investment Limited ("Hong Kong Rong An")	Beneficial owner	780,870,808	36.86%
CECEP Chongqing Industry Co., Ltd. ("CECEP Chongqing") <sup>(a)</sup>	Interest in controlled corporation	780,870,808	36.86%
CECEP Energy Conservation Technology Co., Ltd. ("CECEP Technology") <sup>(b)</sup>	Interest in controlled corporation	780,870,808	36.86%
China Energy Conservation and Environmental Protection Group ("CECEP") <sup>(c)</sup>	Interest in controlled corporation	780,870,808	36.86%



## General Information

Name of substantial shareholder	Capacity	Number of ordinary shares interested	Percentage of the Company's issued share capital <sup>(d)</sup>
Kingom Power Limited	Beneficial owner	643,720,000	30.39%
Winwett Investments Limited	Beneficial owner	136,820,000	6.46%
Mr. Huang Shaorong	Beneficial owner	19,425,000	0.92%
	Interest in controlled corporation	188,532,000	8.90%
Ever Luxuriant Global Trading Limited	Beneficial owner	188,532,000	8.90%
Mr. Lin Haibin	Beneficial owner	27,723,000	1.31%
	Nominee for another person (other than a bare trustee)	166,706,000	7.87%
Haibin International Investments Limited	Beneficial owner	170,140,000	8.03%
Export – Import Bank of China	Person having a security interest in shares	300,000,000	14.16%

### Notes:

- (a) CECEP Chongqing owned 100% of the issued share capital of Hong Kong Rong An, therefore, was thus deemed to be interested in all shares of the Company that Hong Kong Rong An was interested in under the SFO.
- (b) CECEP Chongqing was a non-wholly-owned subsidiary of CECEP Technology. CECEP Technology was therefore deemed to be interested in all shares of the Company that CECEP Chongqing was interested in under the SFO.
- (c) CECEP Technology was a wholly-owned subsidiary of CECEP. CECEP was therefore deemed to be interested in all shares of the Company that CECEP Technology was interested in under the SFO.
- (d) Base on a total of 2,118,380,000 issued shares of the Company as at 30 June 2024.

Save as disclosed above, as at 30 June 2024, so far as is known to the Directors, there is no other person (other than the Director or chief executive of the Company) who has interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO.

## General Information

**PURCHASE, SALE OR REDEMPTION OF LISTED SHARES**

During the six months ended 30 June 2024, the Company bought back a total of 694,000 shares on the Stock Exchange. The 120,000 bought-back shares were cancelled during the six months ended 30 June 2024 and the 574,000 bought-back shares were cancelled subsequently in July 2024. The details of the bought-back shares are as follows:

<b>Date</b>	<b>Number of shares bought back</b>	<b>Price per share or highest price paid per share (HK\$)</b>	<b>Lowest price paid per share (HK\$)</b>	<b>Aggregate price paid (HK\$)</b>
03 January 2024	32,000	4.14	4.06	131,560
17 January 2024	16,000	4.1	4.06	65,360
28 March 2024	10,000	4.3	4.3	43,000
09 April 2024	10,000	4.4	4.4	44,000
12 April 2024	10,000	4.27	4.27	42,700
22 April 2024	10,000	4.4	4.4	44,000
24 April 2024	18,000	4.38	4.22	77,880
26 April 2024	14,000	4.4	4.4	61,600
30 May 2024	6,000	4.35	4.35	26,100
12 June 2024	10,000	4.25	4.25	42,500
21 June 2024	100,000	4.28	4.17	423,100
24 June 2024	86,000	4.2	4.18	361,000
25 June 2024	172,000	4.3	4.11	727,140
27 June 2024	126,000	4.2	4.15	526,300
28 June 2024	74,000	4.35	4.25	316,100
<b>Total</b>	<b>694,000</b>			<b>2,932,340</b>

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any other listed securities (including sale of treasury shares) of the Company during the six months ended 30 June 2024. As at 30 June 2024, the Company did not hold any treasury shares.

There have been no options, awards, convertible securities or similar rights or arrangements, issued or granted by the Group during the six months ended 30 June 2024 and as at the date of this interim report.

**CHANGES IN DIRECTORS' INFORMATION**

There is no other information in respect of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.



# Corporate Governance

## Share schemes

During the six months ended 30 June 2024, the Company did not have any share option scheme or share award scheme.

## COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the period of the six months ended 30 June 2024, the Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules.

## COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) set out in Appendix C3 of the Listing Rules as the code of conduct regarding directors’ securities transactions. Having made specific enquiry of all the Directors, the Company has confirmed with all Directors that they had complied with the required standard set out in the Model Code throughout the six months ended 30 June 2024.

## AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rules 3.21 and 3.22 of Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control system of the Group. The Audit Committee comprises three members: Mr. Yu Wai Ming, Mr. Lin Jian Ming and Mr. Shih Chun Pi. All of them are independent non-executive Directors. The chairman of the Audit Committee is Mr. Yu Wai Ming. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed with the management of the Company on financial reporting matters including a review of the unaudited interim financial information of the Group for the six months ended 30 June 2024.

