



PACIFIC MILLENNIUM PACKAGING GROUP CORPORATION

國際濟豐包裝集團

(Incorporated in the Cayman Islands with limited liability)

Stock code : 1820

Interim Report 2024



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Cheng Hsien-Chun (*Chairman*)
Mr. Philip Tan

Non-executive Director

Mr. Chow Tien-Li (resigned on 18 June 2024)

Independent Non-executive Directors

Mr. Wang Jisheng
Mr. Kiang Tien Sik David
Dr. Su Morley Chung Wu

AUDIT COMMITTEE

Mr. Kiang Tien Sik David (*Chairman*)
Mr. Chow Tien-Li (resigned on 18 June 2024)
Dr. Su Morley Chung Wu
Mr. Wang Jisheng

REMUNERATION COMMITTEE

Mr. Wang Jisheng (*Chairman*)
Mr. Cheng Hsien-Chun
Dr. Su Morley Chung Wu

NOMINATION COMMITTEE

Mr. Cheng Hsien-Chun (*Chairman*)
Mr. Wang Jisheng
Mr. Kiang Tien Sik David

ENVIRONMENT COMMITTEE

Dr. Su Morley Chung Wu (*Chairman*)
Mr. Cheng Hsien-Chun
Mr. Kiang Tien Sik David

COMPANY SECRETARY

Ms. Fu Chanyi

AUDITOR

BDO Limited
Certified Public Accountants and
Registered Public Interest Entity Auditor
25th Floor, Wing On Centre
111 Connaught Road Central
Central, Hong Kong

PRINCIPAL BANKER

Shanghai Pudong Development Bank Co., Ltd.,
Jiading Sub-branch
No. 199, Bole Road
Shanghai, PRC

REGISTERED OFFICE

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Harbour Place
103 South Church Street
George Town
Grand Cayman KY1-1106
Cayman Islands



HEADQUARTERS AND HEAD OFFICE

A303, 3rd Floor
Block 2
No. 398 Tian Lin Road
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STOCK CODE

1820

COMPANY'S WEBSITE

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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Grand Cayman KY1-1106
Cayman Islands

HONG KONG SHARE REGISTRAR

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



Financial Highlights

The board (the “**Board**”) of director(s) (the “**Director(s)**”) of Pacific Millennium Packaging Group Corporation (the “**Company**”, together with its subsidiaries, the “**Group**”) hereby set forth below a summary of the unaudited condensed consolidated results of the Group for the six months ended 30 June 2024 (the “**Period**”) together with comparative figures for the corresponding period in 2023 (the “**Corresponding Period**”):

- Revenue amounting to approximately RMB997.2 million was recorded for the Period (Corresponding Period: approximately RMB946.7 million), representing an increase of approximately 5.3% as compared with the Corresponding Period.
- The net loss attributable to owners of the Company for the Period was approximately RMB15.3 million (Corresponding Period: recorded net profit of approximately RMB3.7 million).
- The Board has resolved not to declare any interim dividend for the Period. Nonetheless the Board is pleased to announce that the declaration and payment of a special dividend of HK\$0.08 per share to shareholders of the Company whose names appear on the register of members of the Company on 25 October 2024 has been resolved by the Board in its meeting held on 26 August 2024. The special dividend is not reflected as dividend payables in these condensed consolidated interim financial statements. It is expected that the special dividend will be paid on or around 16 December 2024.



Management Discussion and Analysis

BUSINESS REVIEW

In the first half of 2024, China's external demand was generally better than domestic demand, showing a characteristic of "rising outside and falling inside".

From the external perspective, the United States (US) and the European Union markets have entered the stage of replenishing inventory, external demand has rebounded, and international trade has steadily recovered, driving China's export growth to be better than expected, and the export commodity has continued to develop in an optimal direction. The growth of new demand in emerging markets has effectively boosted China's exports, partially offset the decline in China's export to Europe, the US and Japan. During the Reporting Period, exports of new energy vehicles, lithium batteries and solar cells remained the main driving force for China's export growth, but due to trade frictions, their positive power on China's export has weakened. At the same time, with the recovery of global commodity demand, exports of consumer goods such as clothing, shoes and hats, household appliances and furniture have shown an improving trend.

From the internal perspective, domestic demand was weak in the first half of 2024 due to insufficient demand. Production capacity was relatively oversupplied, and investment and consumption growth rates both showed a slowing trend. In terms of consumption, growth in service sector was better than retail, tourism and other consumption continued to grow steadily. The growth rate of per capita disposable income has continued declining since the COVID-19 pandemic, and the foundation for residents' income growth still needs to be strengthened. During the reporting period, durable consumer goods were more likely "Low Price for Bulk Purchase". Enterprises avoided to stock up and were conservative about increasing investment scale. Affected by insufficient consumer confidence, end-user orders were relatively scattered in the first half of 2024. The oversupply in packaging market has continued. Although the Group's orders have been steadily increasing, intense market competition has led a decline in product sales unit price.

Considering the increasing complexity and uncertainty of the global economy, which affects domestic economy from multiple aspects such as exchange rates, prices, capital flows and foreign trade, the overall global economic environment in the second half of 2024 will have a more severe adverse impact. However, alongside the policies on encouraging consumption, it is expected that residents' consumption will recover gradually. As an industrial supporting industry, the development trend and revenue in the paper packaging industry in the second half of 2024 will be improved.



As a leading enterprise in the paper packaging industry, we always adhere to healthy development and strive for necessary improvement. During the Reporting Period, the Group achieved significant results in exploring new customers. Our first production plant in Hubei has formally commenced production for its customers in the central and western regions of China, which represents a new page of development. However, affected by the continuous decline in unit prices, the Group's performance for the Reporting Period was not ideal. The Group will continue expanding its sales, strengthening its facilities upgrades and enhancing its service, controlling its costs with a view to increasing its profits.

FINANCIAL REVIEW

For the Period, the Company recorded revenue of approximately RMB997.2 million, representing an increase of approximately RMB50.5 million or approximately 5.3% as compared with approximately RMB946.7 million for the Corresponding Period. Consolidated gross profit margin for the Period was approximately 15%, representing a decrease of approximately 1.7% as compared with approximately 16.7% for the Corresponding Period. Gross profit for the Period was approximately RMB149.6 million, representing a decrease of approximately 5.4% as compared with approximately RMB158.1 million for the Corresponding Period. Basic loss per Share for the Period was RMB0.05, while basic earnings per Share of RMB0.01 was recorded for the Corresponding Period.

Having considered that the second half of each year is traditionally a peak season, the Directors maintain a cautiously optimistic view as to the results of the Group in the second half of 2024. The management of the Group will continue monitoring the market condition and take appropriate steps to cope with the changing demand of the market.

REVENUE

During the Period, the Group recorded an increase in revenue in both sales of corrugated packaging products and corrugated sheet boards. For the Period, the Group recorded revenue of approximately RMB997.2 million, representing an increase of approximately RMB50.5 million or approximately 5.3% as compared with that for the Corresponding Period.

Sales of corrugated packaging products

For the Period, revenue from sales of corrugated packaging products was approximately RMB901.7 million, representing an increase of approximately 4.8% as compared with approximately RMB860.3 million for the Corresponding Period, and accounted for approximately 90.4% of the Group's total revenue for the Period. The increase in revenue from sales of corrugated packaging products was mainly attributable to the increase in sales volume.



Sales of corrugated sheet boards

For the Period, revenue from sales of corrugated sheet boards was approximately RMB95.5 million, representing an increase of approximately 10.5% as compared with approximately RMB86.5 million for the Corresponding Period, and accounted for approximately 9.6% of the Group's total revenue for the Period. The increase in sales of corrugated sheet boards was mainly attributable to the increase in sales volume.

COST OF SALES

For the Period, cost of sales of the Group was approximately RMB847.6 million, representing an increase of approximately 7.5% as compared with approximately RMB788.6 million for the Corresponding Period, mainly attributable to the increase in sales volume.

GROSS PROFIT

Gross profit of the Group was approximately RMB149.6 million for the Period, representing a decrease of approximately 5.4% as compared with approximately RMB158.1 million for the Corresponding Period, of which gross profit from sales of corrugated packaging products decreased by approximately 5.8% to RMB143.1 million, while gross profit from sales of corrugated sheet boards increased by approximately 5.3% to approximately RMB6.5 million. Gross profit margins of the Group for the Corresponding Period and the Period reached 16.7% and 15.0% respectively, of which gross profit margins of sales of corrugated packaging products for the Corresponding Period and the Period were 17.7% and 15.9% respectively, while gross profit margins of sales of corrugated sheet boards for the Corresponding Period and the Period were 7.1% and 6.8% respectively. The decrease of gross profit margin for the Period as compared to the Corresponding Period was mainly attributable to the rate of decline in unit price is greater than the rate of decline in unit cost of raw paper.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses increased by approximately 14.1% from approximately RMB59.2 million for the Corresponding Period to approximately RMB67.5 million for the Period. The increase was mainly due to the increase in sales volume.



ADMINISTRATIVE EXPENSES

For the Period, the Group's administrative expenses were approximately RMB84.9 million, representing an increase of approximately 10.0% as compared with approximately RMB77.1 million for the Corresponding Period. The increase was mainly due to the launch of new plants in Wuhan and Huzhou as well as new internet platform.

FINANCE COSTS

Finance costs comprise interest on finance leases net of capitalised amounts, interest on bank loans and interest on sale and leaseback arrangements. Finance costs increased by approximately 13.8% from approximately RMB15.6 million for the Corresponding Period to approximately RMB17.7 million for the Period. The increase was primarily due to the increase in financial leasing.

LOSS FOR THE PERIOD

The Group turned to loss of approximately RMB15.3 million for the Period from profit of approximately RMB3.7 million for the Corresponding Period, primarily due to the drop of sales unit price, and the investment in new plants and projects.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital

As at 30 June 2024, cash and cash equivalents of the Group amounted to approximately RMB49.7 million mainly comprised the cash generated from the Group's operating activities during the Period and accumulated cash and bank balances at the beginning of the Period.

Cash Flows

Cash outflows of the Group were principally generated from cash inflow from operating activities, namely sales of corrugated packaging products and corrugated sheet boards in the PRC and cash outflow from financing activities, namely repayments from bank borrowings. The Company's primary cash expenditures were used to purchase property, plant and equipment and to make prepayment for the purchase of property, plant and equipment. The following table sets out the Group's cash flows from operating activities, investing activities and financing activities for the Corresponding Period and the Period:

	For the six months ended 30 June	
	2024 RMB million (unaudited)	2023 RMB million (unaudited)
Net cash generated from operating activities	35.1	115.2
Net cash used in investing activities	(54.2)	(6.5)
Net cash used in financing activities	(76.5)	(66.3)
Cash and cash equivalents at beginning of the period	145.3	98.8
Effect of exchange rate changes on cash and cash equivalents	0.02	(0.2)
Cash and cash equivalents at end of the period	49.7	140.9

Net cash generated from operating activities

During the Period, our net cash generated from operating activities was approximately RMB35.1 million, which comprised cash generated from operations of approximately RMB39.9 million, offset by income tax of approximately RMB4.8 million. Net cash generated from operating activities decreased by approximately RMB80.1 million as compared with the net cash generated from operating activities of approximately RMB115.2 million for the Corresponding Period, mainly due to the changes in amount receivables.



Net cash used in investing activities

During the Period, the Group's net cash used in investing activities increased by approximately RMB47.7 million from approximately RMB6.5 million for the Corresponding Period to approximately RMB54.2 million for the Period. The increase in investing activities was mainly attributable to the equipment purchase for new plants.

Net cash used in financing activities

During the Period, the Group's net cash used in financing activities increased by approximately RMB10.2 million from RMB66.3 million for the Corresponding Period to approximately RMB76.5 million for the Period. The increase in net cash used in financing activities was mainly attributable to (i) the repayment of loans advanced by immediate holding company; (ii) the repayment of certain principal amount and interest under finance lease; and (iii) the repayment of certain bank loans and interest.

MAJOR ACQUISITIONS AND DISPOSALS

During the Period, the Group had no major acquisition and disposal.

PLEDGE OF ASSETS

Details of the pledged assets of the Group are set out in note 19 to the condensed consolidated interim financial statements in this report.

CONTINGENT LIABILITIES

As at 30 June 2024, the Group did not have any significant contingent liabilities.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Period, the Company did not redeem any of its Shares listed on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such Shares.



INTERIM DIVIDEND AND SPECIAL DIVIDEND

The Board has resolved not to declare any interim dividend for the Period (Corresponding Period: Nil). Nonetheless the Board is pleased to announce that the declaration and payment of a special dividend of HK\$0.08 per Share to Shareholders whose names appear on the register of members of the Company on 25 October 2024 has been resolved by the Board in its meeting held on 26 August 2024. The special dividend is not reflected as dividend payables in these condensed consolidated interim financial statements. It is expected that the special dividend will be paid on or around 16 December 2024.

CLOSURE OF THE REGISTER OF MEMBERS FOR THE ENTITLEMENT OF SPECIAL DIVIDEND

In order to determine the identity of the Shareholders who are entitled to the special dividend, the register of members of the Company will be closed from Wednesday, 23 October 2024 to Friday, 25 October 2024 (both days inclusive), during which period no transfer of Shares will be effected. The special dividend will be paid in Hong Kong dollars. In order to qualify for the special dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Tuesday, 22 October 2024.

IMPORTANT EVENTS AFTER THE PERIOD

After the Period and up to the date of this report, no important events have occurred.



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 chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO), or (ii) which were required, pursuant to section 352 of the SFO, to be entered into the register maintained by the Company, or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 of the Listing Rules were as follows:

Name of Director	Capacity	Number of Shares held	Percentage of shareholdings ⁽²⁾
Cheng Hsien-Chun (“Mr. Cheng”)	Beneficial owner	300,000 (Long Position)	0.10%
	Interest of a controlled corporation	15,748,800 ⁽¹⁾ (Long Position)	5.24%
Tan Philip	Beneficial owner	1,575,000 (Long Position)	0.52%
Kiang Tien Sik David	Beneficial owner	30,000 (Long Position)	0.01%
Dr. Su Morley Chung Wu	Beneficial owner	30,000 (Long Position)	0.01%

Notes:

- (1) Such interest is beneficially held by Lead Forward Limited ("**Lead Forward**") which is ultimately wholly-owned by Mr. Cheng and as such, he is deemed to be interested in all the interest held by Lead Forward under the SFO.
- (2) The approximate percentage was calculated based on 300,632,000 Shares in issue as at 30 June 2024.

Save as disclosed above, as at 30 June 2024, none of the Directors and the chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register of the Company required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 30 June 2024, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which 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 as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Capacity	Number of Shares held	Percentage of shareholding ⁽⁴⁾
Pacific Millennium Holdings Corporation (" PMHC ")	Beneficial owner	201,833,200 ⁽¹⁾ (Long Position)	67.14%
Golden Ford Investments Limited (" Golden Ford ")	Interest of a controlled corporation	204,063,200 ⁽²⁾ (Long Position)	67.88%
Lead Forward	Beneficial owner	15,748,800 ⁽³⁾ (Long Position)	5.24%



Notes:

- (1) PMHC is wholly-owned by Golden Ford and as such, Golden Ford is deemed to be interested in all the interest held by PMHC under the SFO.
- (2) Golden Ford is owned as to 60% by Elite Age International Limited ("**Elite Age**") and as to 40% by Ample Bright Management Limited ("**Ample Bright**") which are in turn, respectively, wholly-owned by Star Concord Worldwide Limited ("**Star Concord**") and Fortune China Resources Limited ("**Fortune China**") and as such, each of Elite Age, Ample Bright, Star Concord and Fortune China is deemed to be interested in all the interest held by Golden Ford under the SFO. Moreover, given that Tsai Wen Hao ("**Mr. Tsai**") is the sole shareholder of Star Concord and Tan Richard Lipin ("**Mr. Tan**") is the sole shareholder of Fortune China, each of Mr. Tsai and Mr. Tan is also deemed to be interested in all the interest held by Golden Ford under the SFO. Star Concord is the trustee of the TCC Entrepreneur Trust while Fortune China is the trustee of the TCC Education Trust.
- (3) As Lead Forward is wholly-owned by Mr. Cheng, Mr. Cheng is deemed to be interested in all the interest held by Lead Forward under the SFO.
- (4) The approximate percentage was calculated based on 300,632,000 Shares in issue as at 30 June 2024.

Save as disclosed above, as at 30 June 2024, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to section 336 of the SFO, to be entered in the register of the Company referred to therein.



Corporate Governance and Other Information

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. Except for deviation from provision C.2.1 of the Corporate Governance Code (the “CG Code”) as set forth in Appendix C1 to the Listing Rules, the Company had no material deviation from the CG Code since the Shares were listed on the Main Board of the Stock Exchange on 21 December 2018.

Under code provision C.2.1 of the CG Code, the responsibilities between the chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Cheng, the chairman of the Board and an executive Director, performs similar function to that of a chief executive officer. As Mr. Cheng has considerable experience in the corrugated packaging industry and has been assuming day-to-day responsibilities of managing and leading the Group since 1995, the Board believes that Mr. Cheng, has the benefit of ensuring consistent leadership within the Group and enabling more effective and efficient overall strategic planning of the Group which is in the best interest of the Group.

The Board considers that the deviation from provision C.2.1 of the CG Code is appropriate in such circumstances. Notwithstanding the above, the Board is of the view that this management structure is effective for the Group’s operations, and sufficient checks and balances are in place.

The Company will continue reviewing and enhancing its corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiries of all the Directors, each of the Directors has confirmed that he has complied with the required standards as set out in the Model Code during the Period and up to the date of this report.



REVIEW OF INTERIM RESULTS

The audit committee of the Company (the “**Audit Committee**”) has reviewed the accounting principles and practices adopted by the Group and has also reviewed and confirmed the Group’s unaudited financial results for the Period and discussed auditing, internal control, risk management systems and financial reporting matters of the Group. The Audit Committee comprises three directors, namely Mr. Kiang Tien Sik David (chairman), Mr. Wang Jisheng and Dr. Su Morley Chung Wu. None of them is employed by or otherwise affiliated with the former or current independent auditor of the Company. In addition, BDO Limited, the independent auditor of the Company, has reviewed the condensed consolidated interim financial statements for the Period in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

On behalf of the Board

Cheng Hsien-Chun

Chairman

Hong Kong, 26 August 2024



Report on Review of Condensed Consolidated Interim Financial Statements



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To the Board of Directors of
PACIFIC MILLENNIUM PACKAGING GROUP CORPORATION
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim condensed consolidated financial statements set out on pages 19 to 44 which comprise the condensed consolidated statement of financial position of Pacific Millennium Packaging Group Corporation (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) as at 30 June 2024 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the interim condensed consolidated financial statements, including material accounting policy information (the “**interim condensed consolidated financial statements**”). The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“**IAS 34**”) issued by the International Accounting Standards Board (“**IASB**”). The directors are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34.

Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.



SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

BDO Limited

Certified Public Accountants

Fong Wai Yee Wendy

Practising Certificate Number P06821

Hong Kong, 26 August 2024

Condensed Consolidated Statement of Comprehensive Income

		Six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
		(unaudited)	(unaudited)
	Notes		
Revenue	4	997,243	946,719
Cost of sales		(847,649)	(788,609)
Gross profit		149,594	158,110
Other income and other gains and losses, net	5	3,913	5,590
Selling and distribution expenses		(67,477)	(59,151)
Administrative expenses		(84,879)	(77,140)
Impairment loss on trade receivables, net		(739)	(2,597)
Finance costs	6	(17,701)	(15,553)
(Loss)/profit before income tax	7	(17,289)	9,259
Income tax credit/(expense)	8	1,997	(5,534)
(Loss)/profit for the period		(15,292)	3,725
Item that will not be reclassified subsequently to profit or loss:			
Exchange differences on translation of the Company's financial statements into its presentation currency		24	247
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		162	(2,276)
Total comprehensive income for the period		(15,106)	1,696
(Loss)/earnings per Share (RMB) — basic	9	(5 cents)	1 cents



Condensed Consolidated Statement of Financial Position

		As at 30 June 2024 RMB'000 (unaudited)	As at 31 December 2023 RMB'000 (audited)
	Notes		
Non-current assets			
Property, plant and equipment	10	794,235	753,928
Prepayments for purchase of property, plant and equipment		29,550	14,643
Deferred tax assets		24,410	18,541
		848,195	787,112
Current assets			
Inventories		130,657	130,374
Trade and other receivables	11	587,824	587,789
Pledged deposits	19	18,234	11,250
Bank balances and cash		49,683	145,302
		786,398	874,715
Current liabilities			
Trade and other payables	12	309,243	322,372
Contract liabilities		3,346	3,110
Dividend payable	20	21,957	—
Bank and other borrowings	13	267,214	307,608
Loans from immediate holding company	14	63,282	82,382
Tax payable		2,650	3,652
Lease liabilities	15	41,536	36,392
		709,228	755,516
Net current assets		77,170	119,199
Total assets less current liabilities		925,365	906,311



	Notes	As at 30 June 2024 RMB'000 (unaudited)	As at 31 December 2023 RMB'000 (audited)
Non-current liabilities			
Bank and other borrowings	13	56,295	27,969
Lease liabilities	15	320,606	292,960
		376,901	320,929
Net assets		548,464	585,382
Equity			
Share capital	16	2,442	2,442
Reserves		546,022	582,940
Total equity		548,464	585,382

On behalf of the board of directors

Cheng Hsien-Chun
Director

Kiang Tien Sik David
Director



Condensed Consolidated Statement of Changes in Equity

	Share capital RMB'000 (Note 16)	Share premium RMB'000	Merger reserve RMB'000 (Note (a))	Translation reserve RMB'000 (Note (b))	Surplus reserve RMB'000 (Note (c))	Other reserve RMB'000 (Note (d))	Retained profits RMB'000	Total RMB'000
Balance at 1 January 2024	2,442	398,312	16,844	(16,514)	136,949	3,609	43,740	585,382
Loss for the period	—	—	—	—	—	—	(15,292)	(15,292)
Other comprehensive income for the period:								
Exchange differences on translation of the Company's financial statements into its presentation currency	—	—	—	24	—	—	—	24
Exchange differences on translation of foreign operations	—	—	—	162	—	—	—	162
Total comprehensive income for the period	—	—	—	186	—	—	(15,292)	(15,106)
Dividend declared (Note 20)	—	—	—	—	—	—	(21,812)	(21,812)
At 30 June 2024 (unaudited)	2,442	398,312	16,844	(16,328)	136,949	3,609	6,636	548,464
Balance at 1 January 2023	2,442	398,312	16,844	(16,414)	131,043	—	70,319	602,546
Profit for the period	—	—	—	—	—	—	3,725	3,725
Other comprehensive income for the period:								
Exchange differences on translation of the Company's financial statements into its presentation currency	—	—	—	247	—	—	—	247
Exchange differences on translation of foreign operations	—	—	—	(2,276)	—	—	—	(2,276)
Total comprehensive income for the period	—	—	—	(2,029)	—	—	3,725	1,696
Dividend declared (Note 20)	—	—	—	—	—	—	(21,063)	(21,063)
At 30 June 2023 (unaudited)	2,442	398,312	16,844	(18,443)	131,043	—	52,981	583,179

Notes:

(a) Merger reserve

Merger reserve represented the difference between the investment costs in subsidiaries and the aggregate amount of issued share capital of subsidiaries acquired pursuant to the group reorganisation in 2014.

(b) Translation reserve

This reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations and the translation of the Company's financial statements into its presentation currency.

(c) Surplus reserve

In accordance with the relevant laws and regulations of the People's Republic of China (the "PRC"), each subsidiary incorporated in the PRC is required to provide for PRC surplus reserve, by way of transferring 10% of the profit after income tax to a surplus reserve until such reserve reaches 50% of the registered capital of each of the PRC subsidiary. Subject to certain restrictions set out in the Company Law of the PRC, part of the surplus reserve may be converted to increase paid-up capital/issued capital of the PRC subsidiary, provided that the remaining balance after capitalisation is not less than 25% of the registered capital.

(d) Other reserve

This reserve represents the shareholder's contribution to the Group.

Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Cash flows from operating activities		
Net cash from operating activities	35,060	115,149
Investing activities		
Purchase of property, plant and equipment	(19,919)	(8,208)
Proceeds from disposal of property, plant and equipment	1,649	2,154
Prepayments made for purchase of property, plant and equipment	(29,550)	(2,232)
(Increase)/decrease in pledged deposits	(6,984)	804
Interest received	584	1,021
Net cash used in investing activities	(54,220)	(6,461)
Financing activities		
Interest paid on bank loans	(4,858)	(6,790)
Repayment of interest element of lease liabilities	(9,671)	(8,010)
Interest paid on sale and leaseback arrangements	(3,092)	—
Proceeds from loans from immediate holding company	11,447	444
Repayment of loans from immediate holding company	(32,686)	(33,863)
Repayment of capital element of lease liabilities	(25,366)	(16,571)
Proceeds from bank and other borrowings	102,717	147,792
Repayment of bank and other borrowings	(114,974)	(149,300)
Net cash used in financing activities	(76,483)	(66,298)
Net (decrease)/increase in cash and cash equivalents	(95,643)	42,390
Cash and cash equivalents at beginning of the period	145,302	98,769
Effect of exchange rate changes on cash and cash equivalents	24	(243)
Cash and cash equivalents at end of the period	49,683	140,916
Analysis of cash and cash equivalents:		
Bank balances and cash	49,683	140,916



Notes to the Condensed Consolidated Interim Financial Statements

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 31 July 2014 as an exempted company with limited liability under the Companies Law (2013 revision) of the Cayman Islands. The registered office of the Company is at P.O. Box 472, 2nd Floor, Harbour Place, 103 South Church Street, George Town, Grand Cayman KY1-1106, Cayman Islands and the principal place of business of the Company in Hong Kong is Suite 2104, 21st Floor, Tower 2, Lippo Centre, 89 Queensway, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in manufacture and sale of packaging materials.

The immediate holding company of the Company is Pacific Millennium Holdings Corporation which is incorporated in the British Virgin Islands. The ultimate holding company of the Company is Golden Ford Investments Limited which is incorporated in the Independent State of Samoa. The directors of the Company consider Mr. Tan Richard Lipin to be the ultimate controlling shareholder.

The shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited on 21 December 2018.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 (“IAS 34”), issued by the International Accounting Standards Board (“IASB”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). These condensed consolidated interim financial statements were authorised for issue on 26 August 2024.

These condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements. The Group has not early adopted any new or amended IFRS Accounting Standards that has been issued but is not yet effective.



2. BASIS OF PREPARATION (Continued)

For the current period, the Group has applied all the new or amended IFRS Accounting Standards that are relevant to its operations and effective for the financial periods beginning on or after 1 January 2024. These applications do not have a material impact on the condensed consolidated interim financial statements of the Group.

These condensed consolidated interim financial statements are presented in Renminbi (“**RMB**”), unless otherwise stated. These condensed consolidated interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes 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 the 2023 annual financial statements. These condensed consolidated interim financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Accounting Standards and should be read in conjunction with the 2023 annual financial statements.

These condensed consolidated interim financial statements are unaudited, but have been reviewed by BDO Limited in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the Hong Kong Institute of Certified Public Accountants.



3. USE OF JUDGEMENTS AND ESTIMATES

The preparation of these condensed consolidated interim financial statements in compliance with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2023 annual financial statements.

4. REVENUE AND SEGMENT REPORTING

Revenue represents the net invoiced value of goods sold by the Group during the period, net of value-added tax.

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Corrugated packaging products	901,710	860,252
Corrugated sheet boards	95,533	86,467
	997,243	946,719

4. REVENUE AND SEGMENT REPORTING (Continued)

Disaggregation of revenue

The following table sets out a breakdown of the Group's revenue all of which is recognised at a point in time categorised by the industries of the end products, in which the Group's products were applied, during the period:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue by industry		
Food and beverage	266,756	275,595
Paper and packaging	139,385	123,404
Non-food-and-beverage-consumables (Note (i))	151,009	140,394
Home furniture	65,529	71,921
Medical products	59,974	59,278
Supplier chain solution	27,236	21,095
E-commerce	14,398	14,137
Home electronics	22,783	18,845
Chemical products	43,880	39,853
Mechanical manufacturing	40,617	33,051
Computer and electronic product manufacturing	33,314	28,293
Textiles	29,983	29,819
Others (Note (ii))	102,379	91,034
	997,243	946,719

Notes:

(i) Non-food-and-beverage-consumables include, but not limited to, daily household products such as shampoo, detergent, skin care products.

(ii) Others include logistics, architecture, automobile, etc.

The Group has applied the practical expedient under IFRS 15 so that transaction price allocated to unsatisfied performance obligations under contracts is not disclosed as such contracts have an original expected duration of one year or less.



4. REVENUE AND SEGMENT REPORTING (Continued)

Segment Reporting

The executive director of the Company has been identified as the chief operating decision-maker (“**CODM**”) of the Group who reviews the Group’s internal reporting in order to assess performance of the Group on a regular basis and allocate resources.

(a) Reportable segments

The Group is principally engaged in manufacture and sale of packaging materials. The CODM assesses the performance of the business based on a measure of operating results and considers the business as a single operating segment. Information reported to the CODM for the purposes of resources allocation and performance assessment focuses on the operation results of the Group as a whole as the Group’s resources are integrated. Accordingly, the Group has identified one operating segment which is manufacture and sale of packaging materials.

(b) Geographical information

Since all the Group’s revenue and operating profit were generated from the manufacture and sale of packaging materials in the PRC and over 90% of the Group’s identifiable assets and liabilities were located in the PRC, no geographical segment information is presented in accordance with IFRS 8 Operating Segments.

(c) Information about major customers

None of the Group’s sales to a single customer amounted to 10% or more of the Group’s revenue during the period and the corresponding period in 2023.

5. OTHER INCOME AND OTHER GAINS AND LOSSES, NET

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Sales of other materials and consumables	585	1,623
Interest income	584	1,021
Government subsidies (Note)	2,716	2,826
Sundry income	76	97
(Loss)/gain on disposal of property, plant and equipment	(48)	23
	3,913	5,590

Note: The amount includes subsidies for payroll support of RMB442,000 (six months ended 30 June 2023: RMB250,000) and subsidies for outstanding performance award of RMB2,274,000 (six months ended 30 June 2023: subsidies for environment friendly development of RMB2,576,000) obtained by the Group during the period. There were no unfulfilled conditions attached to these subsidies by the relevant PRC local government.

6. FINANCE COSTS

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Interest on lease liabilities	8,009	7,995
Interest on bank loans	4,858	6,790
Interest on sale and leaseback arrangements	3,092	—
Interest on loans from immediate holding company	1,742	768
	17,701	15,553



7. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before income tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Cost of inventories sold (Note (i))	847,649	788,609
Depreciation of property, plant and equipment (Note (ii))	52,467	53,266
Auditors' remuneration	215	327
Freight charges	41,256	35,770
Short-term lease expense	603	441
Impairment loss on inventories	1,420	2,688
Reversal of impairment loss on inventories	(1,568)	(2,420)
Impairment loss on trade receivables	1,872	2,776
Reversal of impairment loss on trade receivables	(1,133)	(179)
Exchange loss/(gain), net	1,120	(208)
Employee benefits expenses (including directors' remuneration):		
— Wages, salaries and benefits	115,492	109,242
— Retirement benefit costs (Note (iii))	15,537	13,966

Notes:

- (i) Cost of inventories sold for the period included RMB578,854,000, RMB54,101,000, RMB24,005,000, RMB67,521,000 and RMB40,995,000 (six months ended 30 June 2023: RMB541,365,000, RMB48,087,000, RMB17,049,000, RMB64,739,000 and RMB43,109,000), relating to costs of raw materials consumed, costs of accessories, outsourced production costs, employee benefits expenses and depreciation of property, plant and equipment respectively. The amounts disclosed of employee benefits expenses and depreciation of property, plant and equipment included in cost of inventories sold are also included in the respective total amounts disclosed separately above.
- (ii) Depreciation of property, plant and equipment for the period includes depreciation of right-of-use assets amounted to RMB15,325,000 (six months ended 30 June 2023: RMB14,032,000) and depreciation of plant and equipment held under finance leases amounted to RMB1,695,000 (six months ended 30 June 2023: RMB1,695,000).
- (iii) For the six months ended 30 June 2024, there were neither contributions forfeited by the Group nor had there been any utilisation of such forfeited contributions to reduce future contributions (six months ended 30 June 2023: Nil). As at 30 June 2024, there were no forfeited contributions which were available for utilisation by the Group to reduce the existing level of contributions to the government defined contribution retirement benefit scheme (six months ended 30 June 2023: Nil).

8. INCOME TAX (CREDIT)/EXPENSE

The amount of income tax (credit)/expense in the condensed consolidated statement of comprehensive income represents:

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Current tax		
— Provision for PRC enterprise income tax for the period	3,872	6,755
— Withholding tax on dividends	—	1,607
	3,872	8,362
Deferred tax		
— Origination and reversal of temporary differences	(5,869)	(2,828)
Income tax (credit)/expense	(1,997)	5,534

No provision of Hong Kong profits tax has been made as the Group has no assessable profits arising in Hong Kong for the six months ended 30 June 2024 and 2023.

Provision for PRC enterprise income tax is based on the statutory rate of 25% (six months ended 30 June 2023: same) of the assessable profits of the Group as determined in accordance with the relevant income tax rules and regulations of the PRC for the six months ended 30 June 2024 and 2023.



8. INCOME TAX (CREDIT)/EXPENSE (Continued)

According to applicable tax regulations prevailing in the PRC, dividends distributed by a company incorporated in the PRC to foreign investors with respect to profits derived after 1 January 2008 are generally subject to a 10% withholding tax. Under the double taxation arrangement between the PRC and Hong Kong, the relevant withholding tax rate applicable to the Group is reduced from 10% to 5% subject to the fulfilment of certain conditions. On 28 September 2018, China's Ministry of Finance, State Administration of Taxation and National Development and Reform Commission and Ministry of Commerce jointly issued Caishui [2018] No. 102 (Circular 102) to expand the scope of withholding tax deferral treatment on direct reinvestment to all non-prohibited foreign investments. Under the new policy, there is no withholding tax on dividend distributed by a PRC subsidiary if such dividend is reinvested in foreign investments that are not prohibited for foreign investors.

9. (LOSS)/EARNINGS PER SHARE

The basic (loss)/earnings per share is calculated based on the (loss)/profit for the periods and the weighted average number of ordinary shares during the periods as follows.

	Six months ended 30 June	
	2024 (unaudited)	2023 (unaudited)
(Loss)/profit for the period (RMB'000)	(15,292)	3,725
Weighted average number of ordinary shares in issue (in thousand)	300,632	300,632
Basic (loss)/earnings per share (RMB)	(5 cents)	1 cents

No diluted earnings per share is presented as the Group has no potential ordinary shares for the six months ended 30 June 2024 and 2023.

10. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired items of property, plant and equipment with cost of RMB96,106,000 including right-of-use assets (six months ended 30 June 2023: RMB15,788,000). Items of property, plant and equipment with net book value of RMB1,697,000 were disposed of during the period (six months ended 30 June 2023: RMB2,131,000), resulting in a loss on disposal of RMB48,000 (six months ended 30 June 2023: gain on disposal of RMB23,000).

As at 30 June 2024, the net carrying amounts of Group's plant and equipment held under finance leases were RMB90,424,000 (31 December 2023: RMB31,456,000).

As at 30 June 2024, certain property, plant and equipment were pledged to secure its bill payables, bank and other facilities (Note 19).

As at 30 June 2024, the net carrying amounts of the Group's plant and equipment pledged under sale and leaseback arrangements were RMB73,496,000 (31 December 2023: RMB41,237,000).

11. TRADE AND OTHER RECEIVABLES

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Trade receivables	519,324	535,425
Less: allowance for impairment loss	(5,500)	(5,118)
	513,824	530,307
Bills receivables	30,798	17,128
	544,622	547,435
Other receivables	2,930	1,907
Deposits	23,711	21,083
Prepayments	16,561	17,364
	587,824	587,789



11. TRADE AND OTHER RECEIVABLES (Continued)

As at the end of each reporting period, bills receivables matured within 180 days and were not past due.

The ageing analysis of trade and bills receivables (net of impairment loss) as at the end of each reporting period, based on invoice dates, is as follows:

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Within 1 month	292,067	257,698
Over 1 month but within 3 months	191,420	229,695
Over 3 months but within 1 year	61,135	60,042
	544,622	547,435

The average credit period on sales of goods is 30–120 days from the invoice date.

The basis of determining expected credit losses is the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2023.

12. TRADE AND OTHER PAYABLES

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Trade payables	193,095	202,234
Bills payables	56,250	56,250
Accruals and other payables	59,898	63,888
	309,243	322,372

As at 30 June 2024, the Group's bank deposits of RMB11,250,000 (31 December 2023: RMB11,250,000) were pledged to secure certain bills payables (Note 19).

All trade and other payables are due to be settled within twelve months.

The ageing analysis of trade and bills payables, based on the invoice dates, as at the end of each reporting period is as follows:

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Within 1 month	159,285	154,724
Over 1 month but within 3 months	63,960	76,231
Over 3 months but within 1 year	26,100	27,529
	249,345	258,484



13. BANK AND OTHER BORROWINGS

	Notes	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Bank loans, secured	(a)	249,199	294,592
Other borrowings, secured	(b)	74,310	40,985
		323,509	335,577
Categorised as:			
Current liabilities		267,214	307,608
Non-current liabilities		56,295	27,969
		323,509	335,577

Notes:

- (a) During the period, the average effective interest rates of the Group's bank loans ranged from 3.00% to 6.51% per annum (six months ended 30 June 2023: 3.52% to 3.90% per annum).

Properties with net carrying amount of RMB33,950,000 (31 December 2023: RMB36,725,000) were pledged for the Group's banking facilities in connection with the bank loans.

As at 30 June 2024, right-of-use assets of leasehold land with net carry amount of RMB8,833,000 (31 December 2023: RMB8,974,000) were pledged by the Group to secure certain bank loans (Note 19).

As at 30 June 2024, the Group's bank deposits of RMB6,984,000 (31 December 2023: Nil) were pledged and corporate guarantee executed by a PRC subsidiary to secure certain bank loans (Note 19).

As at 30 June 2024, all bank loans were scheduled to be repaid within one year (31 December 2023: same).

- (b) As at 30 June 2024, other borrowings represented five sale and leaseback arrangements (31 December 2023: three) for plant and equipment entered into with Chongqing Stone Tan Financial Leasing Limited ("**Chongqing Stone Tan**"), a related company over which one of the controlling shareholders of the Company has significant influence. As at 30 June 2024, the transactions were classified as secured loan financing instead of disposal of the underlying assets as the transfers of the plant and equipment to the buyer-lessor do not satisfy the requirements to be accounted for as a sale of the assets. The carrying amounts of the corresponding plant and equipment pledged under the sale and leaseback arrangements were RMB73,496,000 as at 30 June 2024 (31 December 2023: RMB41,237,000).



14. LOANS FROM IMMEDIATE HOLDING COMPANY

As at 30 June 2024, the Group obtained loans with principal amount of HK\$67,400,000 (31 December 2023: HK\$90,800,000) from its immediate holding company, Pacific Millennium Holdings Limited (“**PMHC**”), and the loans carry interest at One-Month Hong Kong Interbank Offered Rate (“**HIBOR**”) plus 2.6% per annum (31 December 2023: 2.6% per annum). All loans are denominated in Hong Kong Dollars (HK\$), unsecured and are repayable within one year.

On 31 December 2023, immediate holding company granted a deed of waiver to the Group discharging the obligation to repay the outstanding interest expenses of RMB3,609,000.

The loans from immediate holding company qualified as fully exempt connected transactions under Chapter 14A.90 of the Listing Rules.



15. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the current and previous reporting periods:

	30 June 2024		31 December 2023	
	Present value RMB'000 (unaudited)	Minimum lease payments RMB'000 (unaudited)	Present value RMB'000 (audited)	Minimum lease payments RMB'000 (audited)
Not later than 1 year	41,536	59,850	36,392	51,998
Later than 1 year and not later than 2 years	49,448	65,096	24,349	38,119
Later than 2 years and not later than 5 years	96,346	128,368	79,169	113,009
Over 5 years	174,812	205,928	189,442	225,325
	<u>362,142</u>	<u>459,242</u>	<u>329,352</u>	<u>428,451</u>
Less: total future interest expenses		(97,100)		(99,099)
Present value of lease liabilities		<u>362,142</u>		<u>329,352</u>

The balance included lease liabilities of RMB60,974,000 (31 December 2023: RMB13,116,000) owing to Chongqing Stone Tan, a related party over which one of the controlling shareholders of the Company has significant influence.

16. SHARE CAPITAL

Authorised and issued share capital

	Number of ordinary shares	Par value HK\$'000	
Ordinary shares of par value of HK\$0.01 each			
Authorised			
At 31 December 2023, 1 January 2024 and 30 June 2024	600,000,000	6,000	
Issued and fully paid			
	Number	HK\$'000	RMB'000
At 31 December 2023, 1 January 2024 and 30 June 2024	300,632,000	3,006	2,442

17. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in the condensed consolidated interim financial statements, the Group entered into the following transactions with related companies:

Name of related parties	Related party relationship	Type of transaction	Transaction amount Six months ended 30 June	
			2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Pacific Millennium Holdings Corporation	Immediate holding company	Use of trademarks (Note (iii))	—	—
Pacific Millennium Holdings Corporation	Immediate holding company	Interest expenses on loans (Note (i))	1,742	768



17. RELATED PARTY TRANSACTIONS (Continued)

Name of related parties	Related party relationship	Type of transaction	Transaction amount	
			Six months ended 30 June	
			2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Stone Tan China Finance & Invest Co Ltd	One of the controlling shareholders of the Company has significant influence over the entity	Rental paid (Note (i))	—	214
Shanghai Asia Corp. Communications Inc. Limited* 上海寰亞信息技術有限公司	The entity is a subsidiary of one of the controlling shareholders of the Company	Administrative and support charges (Note (i))	142	142
Shanghai Asia Corp. Communications Inc. Limited* 上海寰亞信息技術有限公司	The entity is a subsidiary of one of the controlling shareholders of the Company	Domain hosting and support charges (Note (i))	—	1,980
Shanghai Asia Corp. Communications Inc. Limited* 上海寰亞信息技術有限公司	The entity is a subsidiary of one of the controlling shareholders of the Company	Consulting fee	1,981	—
Shanghai Pacific Millennium Asia Corp. Communications Inc. Limited* 上海濟豐寰亞信息技術有限公司	The entity is wholly-owned by a member of the key management personnel of the Group	Domain hosting and support charges (Note (i))	722	730
Suzhou Vendure New Energy Technology Co., Ltd* 蘇州沃潔新能源科技有限公司	One of the controlling shareholders of the Company has significant influence over the entity	Electricity fee	369	—
Tianjin Vendure New Energy Technology Co., Ltd* 天津沃潔新能源有限公司	One of the controlling shareholders of the Company has significant influence over the entity	Electricity fee	164	—
Chongqing Stone Tan* 重慶談石融資租賃有限公司	One of the controlling shareholders of the Company has significant influence over the entity	Interest expenses on lease liabilities (Note (ii))	2,177	1,058
Chongqing Stone Tan* 重慶談石融資租賃有限公司	One of the controlling shareholders of the Company has significant influence over the entity	Interest expenses on sale and leaseback arrangements (Note (iii))	3,092	—

17. RELATED PARTY TRANSACTIONS (Continued)

Name of related parties	Related party relationship	Type of transaction	Transaction amount	
			Six months ended 30 June	
			2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Chongqing Stone Tan* 重慶談石融資租賃有限公司	One of the controlling shareholders of the Company has significant influence over the entity	Handling fee in relation to leases (Note (ii))	329	32
Chongqing Stone Tan* 重慶談石融資租賃有限公司	One of the controlling shareholders of the Company has significant influence over the entity	Handling fee in relation to sale and leaseback arrangements (Note (ii))	397	—

* The English name is for identification only. The official names of the companies are in Chinese.

Notes:

- (i) The transactions were determined with reference to the terms mutually agreed between the Group and the respective counterparty.
- (ii) Details of sale and leaseback and lease arrangements as at 30 June 2024 and 31 December 2023 are set out in Notes 13(b) and 15 respectively to the condensed consolidated interim financial statements.
- (iii) The immediate holding company at nil consideration granted to the Group a non-exclusive licence to use the trademarks in relation to the business of paper and packaging.

The transactions as set out in Note (i) above qualified as fully exempt connected transactions. The sale and leaseback and lease arrangements as set out in Note (ii) above were non-exempt continuing connected transactions. The free use of trademarks owned by the immediate holding company as set out in Note (iii) above qualified as fully exempt continuing connected transaction.



17. RELATED PARTY TRANSACTIONS (Continued)

Details of the loans from immediate holding company are set out in Note 14 to the condensed consolidated interim financial statements.

The emoluments of key management personnel, comprising the directors of the Company and certain senior management personnel of the Group, during the period were as follows:

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Short-term benefits	2,297	2,230
Post-employment benefits	88	85
	2,385	2,315

18. CAPITAL COMMITMENTS

The following are the details of capital expenditure contracted for but not provided for in the condensed consolidated interim financial statements.

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Commitment for the acquisition of property, plant and equipment	18,330	50,345

19. PLEDGE OF ASSETS

As at the end of each reporting period, the Group pledged the following assets to secure its bills payables, banking facilities granted to the Group and sale and leaseback arrangements with a related company. The carrying amounts of these assets are analysed as follows:

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Property, plant and equipment	107,446	77,962
Right-of-use assets of leasehold land	8,833	8,974
Pledged deposits	18,234	11,250
	134,513	98,186

20. DIVIDEND

No interim dividend has been declared by the Company for the six months ended 30 June 2024. Special dividend amounted to HK\$0.08 per share totalling RMB21,952,000 has declared by the directors of the Company on 26 August 2024.

Final dividend in relation to the fiscal year 2023 amounted to HK\$0.08 per share totalling RMB21,812,000 was approved by the shareholders in the annual general meeting held on 18 June 2024 (2023: final dividend of HK\$0.08 per share totalling RMB21,063,000 for 2022). The unpaid final dividend of RMB21,957,000 (31 December 2023: Nil) was recognised as dividend payable in the condensed consolidated statement of financial position as at 30 June 2024.



21. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the financial assets included above approximate their fair values due to their short term nature.

The carrying values of the financial liabilities (including current portion of bank and other borrowings) included above approximate their fair values due to their short term nature.

The fair values of the non-current portion of bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for borrowings with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for bank and other borrowings as at 30 June 2024 and 31 December 2023 were assessed to be insignificant. The carrying value of the non-current portion of bank and other borrowings also approximate their fair values as at 31 December 2023.

22. EVENT AFTER THE REPORTING DATE

There was no significant event which took place after 30 June 2024.