



PACIFIC MILLENNIUM PACKAGING GROUP CORPORATION

國際濟豐包裝集團

(Incorporated in the Cayman Islands with limited liability)

Stock code : 1820

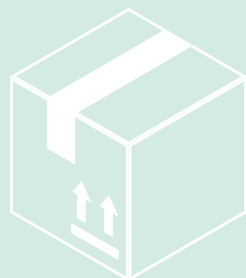
# Interim Report 2023





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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

#### 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  
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

P.O. Box 472, 2nd Floor  
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  
Shanghai, PRC

## STOCK CODE

1820

## COMPANY'S WEBSITE

<http://www.pmpgc.com>

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 2104, 21st Floor, Tower 2  
Lippo Centre, 89 Queensway  
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

International Corporation Services Ltd.  
P.O. Box 472, 2nd Floor  
Harbour Place  
103 South Church Street  
George Town  
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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**”) hereby set forth below a summary of the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2023 (the “**Period**”) together with comparative figures for the corresponding period in 2022 (the “**Corresponding Period**”):

- Revenue amounting to approximately RMB946.7 million was recorded for the Period (Corresponding Period: approximately RMB1,062.5 million), representing a decrease of approximately 10.9% as compared with the Corresponding Period.
- The net profit attributable to owners of the Company for the Period was approximately RMB3.7 million (Corresponding Period: approximately RMB8.9 million), representing a decrease of approximately 58.4% as compared with the Corresponding Period.
- 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 27 October 2023 has been resolved by the Board in its meeting held on 29 August 2023. 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 15 December 2023.



# Management Discussion and Analysis

## BUSINESS REVIEW

In the first half of 2023, the three-year epidemic control came to an end. Under the combined effect of the policy-oriented social economy and the gradual release of accumulated consumer demand as well as the economic recovery in 2023, the performance of paper packaging industry in the second quarter of 2023 was better than that of the first quarter and a downward trend in prices of main raw materials, such as boxboard and corrugated paper was seen in the Period. Coupled with the weak demand of orders, it is expected that the purchase price of paper packaging orders will be suppressed to a certain extent. In terms of paper packaging demand, the growth of popular consumption accelerated during the Period. The consumption of contact and gathering services such as catering and tourism has improved significantly. Furthermore, not only the demand for food, beverages and other categories boosted but also the domestic demand in textile, clothing, shoes and hats industry saw a relatively large recovery. Besides, as a result of seasonality effects, the production of home appliances increased and high-tech manufacturing industries such as new energy vehicles, medical equipment and instrumentation manufacturing, photovoltaics, and semiconductors have distinct advantages in developing towards high quality.

However, in general, the overall view of “strong expectation and weak reality” needs to be changed. The main manifestations are: the recovery of the industry is unbalanced, the effective demand is insufficient, the profits of enterprises are under pressure, and the endogenous recovery momentum of society still needs to be strengthened. It is believed that with the continuous enhancement of economic recovery capabilities and the consolidation of downstream customers’ confidence, the development of the paper packaging industry will become clearer at the end of 2023.

The Group strives to stable development and marginal improvement. During the Period, despite that the profit of the Group was affected by the decline in unit price of the Group’s products, the overall business performance and the sales volume remained stable. During the Period, the Group made good use of market resources and deployed them on product quality, research and development, multi-location production capacity layout and overall management. In addition, the Group actively optimized the structure of customer orders and promoted technology upgrades and service upgrades as well as improved the efficiency of regional collaboration with a view to gaining new innovation momentum and gradually entering into a new development stage.



## FINANCIAL REVIEW

For the Period, the Company recorded revenue of approximately RMB946.7 million, representing a decrease of approximately RMB115.8 million or approximately 10.9% as compared with approximately RMB1,062.5 million for the Corresponding Period. Consolidated gross profit margin for the Period was approximately 16.7%, representing an increase of approximately 1.6% as compared with approximately 15.1% for the Corresponding Period. Gross profit for the Period was approximately RMB158.1 million, representing a decrease of approximately 1.7% as compared with approximately RMB160.9 million for the Corresponding Period. Basic earnings per Share for the Period was RMB0.01, representing a decrease of approximately 66.7% as compared with RMB0.03 for the Corresponding Period.

Having considered that the second half of each year is traditionally a peak season and that the three-year epidemic control ended in the first half of 2023, the Directors maintain a cautiously optimistic view as to the results of the Group in the second half of 2023. 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 a decrease in revenue in both sales of corrugated packaging products and corrugated sheet boards. For the Period, the Group recorded revenue of approximately RMB946.7 million, representing a decrease of approximately RMB115.8 million or approximately 10.9% 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 RMB860.3 million, representing a decrease of approximately 10.3% as compared with approximately RMB959.0 million for the Corresponding Period, and accounted for approximately 90.9% of the Group's total revenue for the Period. The decrease in performance of the sales of corrugated packaging products was mainly attributable to the decrease in the average unit price.

### Sales of corrugated sheet boards

For the Period, revenue from sales of corrugated sheet boards was approximately RMB86.5 million, representing a decrease of approximately 16.4% as compared with approximately RMB103.5 million for the Corresponding Period, and accounted for approximately 9.1% of the Group's total revenue for the Period. The decrease in sales of corrugated sheet boards was mainly attributable to the decrease in the average unit price.



## COST OF SALES

For the Period, cost of sales of the Group was approximately RMB788.6 million, representing a decrease of approximately 12.5% as compared with approximately RMB901.6 million for the Corresponding Period, mainly attributable to the decrease in raw paper cost.

## GROSS PROFIT

Gross profit of the Group was approximately RMB158.1 million for the Period, representing a slight decrease of approximately 1.7% as compared with approximately RMB160.9 million for the Corresponding Period, of which gross profit from sales of corrugated packaging products increased by approximately 0.1% to RMB151.9 million, while gross profit from sales of corrugated sheet boards decreased by approximately 31.9% to approximately RMB6.2 million. Gross profit margins of the Group for the Corresponding Period and the Period reached 15.1% and 16.7% respectively, of which gross profit margins of sales of corrugated packaging products for the Corresponding Period and the Period were 15.8% and 17.7% respectively, while gross profit margins of sales of corrugated sheet boards for the Corresponding Period and the Period were 8.8% and 7.1% respectively. The increase of gross profit margin for the Period as compared to the Corresponding Period was mainly attributable to the drop of raw paper cost, partially offset by the new plant's fixed cost.

## SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses increased by approximately 5.2% from approximately RMB56.3 million for the Corresponding Period to approximately RMB59.2 million for the Period. The increase was mainly due to the increase of selling expenses of our new plants.

## ADMINISTRATIVE EXPENSES

For the Period, the Group's administrative expenses were approximately RMB77.1 million, representing a decrease of approximately 4.0% as compared with approximately RMB80.3 million for the Corresponding Period. The decrease was mainly due to the enhanced measures of cost control.





## 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 12.2% from approximately RMB13.9 million for the Corresponding Period to approximately RMB15.6 million for the Period. The increase was primarily due to the increase in value of the right-of-use assets of a production plant in Chuzhou.

## INCOME TAX EXPENSE

Income tax expense increased by approximately 3.8% from approximately RMB5.3 million for the Corresponding Period to approximately RMB5.5 million for the Period, primarily due to the increase in the dividend tax. The Group's effective tax rate calculated by dividing the Group's income tax expense by the Group's profit before income tax, was 59.8% for the Period and 37.3% for the Corresponding Period.

## PROFIT FOR THE PERIOD AND NET PROFIT MARGIN

The Group's profit decreased by approximately 58.4% from approximately RMB8.9 million for the Corresponding Period to approximately RMB3.7 million for the Period. The Group's net profit margin decreased from 0.8% for the Corresponding Period to 0.4% for the Period.

## PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

For the Period, profit attributable to equity holders of the Company was approximately RMB3.7 million, representing a decrease of approximately 58.4% as compared with approximately RMB8.9 million for the Corresponding Period.

## LIQUIDITY AND CAPITAL RESOURCES

### Working Capital

As at 30 June 2023, cash and cash equivalents of the Group amounted to approximately RMB140.9 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 inflows 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 from financing activities, namely proceeds 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	
	2023 RMB million (unaudited)	2022 RMB million (unaudited)
Net cash generated from operating activities	115.2	161.0
Net cash used in investing activities	(6.5)	(44.3)
Net cash used in financing activities	(66.3)	(57.2)
Cash and cash equivalents at beginning of the period	98.8	58.8
Effect of exchange rate changes on cash and cash equivalents	(0.2)	0.1
Cash and cash equivalents at end of the period	140.9	118.4

### Net cash generated from operating activities

During the Period, our net cash generated from operating activities was approximately RMB115.2 million, which comprised cash generated from operations of approximately RMB131.2 million, offset by income tax of approximately RMB16.0 million. Net cash generated from operating activities decreased by approximately RMB45.8 million as compared with the net cash generated from operating activities of approximately RMB161.0 million for the Corresponding Period, mainly due to (i) the decrease of amount payables; and (ii) the decline in inventory level, partially offset by the cash flow in profit and depreciation.



### **Net cash used in investing activities**

During the Period, the Group's net cash used in investing activities decreased by approximately RMB37.8 million from approximately RMB44.3 million for the Corresponding Period to approximately RMB6.5 million for the Period. The decrease in investing activities was mainly attributable to the equipment purchase in current plants.

### **Net cash used in financing activities**

During the Period, the Group's net cash used in financing activities increased by approximately RMB9.1 million from RMB57.2 million for the Corresponding Period to approximately RMB66.3 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 2023, 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. 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 27 October 2023 has been resolved by the Board in its meeting held on 29 August 2023. 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 15 December 2023.

## IMPORTANT EVENTS AFTER THE PERIOD

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

## 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, 25 October 2023 to Friday, 27 October 2023 (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, 24 October 2023.



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

As at 30 June 2023, 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 10 of the Listing Rules were as follows:

Name of Director	Capacity	Number of Shares held	Percentage of shareholdings <sup>(2)</sup>
Cheng Hsien-Chun (“Mr. Cheng”)	Beneficial owner	150,000 (Long Position)	0.05%
	Interest of a controlled corporation	15,748,800 <sup>(1)</sup> (Long Position)	5.24%
Chow Tien-Li	Beneficial owner	2,274,000 (Long Position)	0.76%
Tan Philip	Beneficial owner	1,565,000 (Long Position)	0.52%
Kiang Tien Sik David	Beneficial owner	20,000 (Long Position)	0.01%
Dr. Su Morley Chung Wu	Beneficial owner	20,000 (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 2023.

Save as disclosed above, as at 30 June 2023, 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 2023, 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:

<b>Name of Shareholder</b>	<b>Capacity</b>	<b>Number of Shares held</b>	<b>Percentage of shareholding<sup>(4)</sup></b>
Pacific Millennium Holdings Corporation (" <b>PMHC</b> ")	Beneficial owner	192,458,200 <sup>(1)</sup> (Long Position)	64.02%
Golden Ford Investments Limited (" <b>Golden Ford</b> ")	Interest of a controlled corporation	195,509,200 <sup>(2)</sup> (Long Position)	65.03%
Lead Forward	Beneficial owner	15,748,800 <sup>(3)</sup> (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 2023.

Save as disclosed above, as at 30 June 2023, 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 14 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 Hsien-Chun (“**Mr. Cheng**”) is the only executive Director, who performs similar function to that of a chief executive officer, and he also performs as the chairman of the Board. 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, being the executive Director and the chairman of the Board 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 10 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 four directors, namely Mr. Kiang Tien Sik David (chairman), Mr. Chow Tien-Li, 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 Hong Kong Institute of Certified Public Accountants.

On behalf of the Board

**Cheng Hsien-Chun**

*Chairman*

Hong Kong, 29 August 2023



## 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 condensed consolidated interim financial statements set out on pages 19 to 40 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 2023 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 certain explanatory notes. 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 condensed consolidated interim financial statements in accordance with IAS 34.

Our responsibility is to express a conclusion on these condensed consolidated interim 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 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34.

### **BDO Limited**

*Certified Public Accountants*

### **Wendy W.Y. Fong**

Practising Certificate Number P06821

Hong Kong, 29 August 2023



## Condensed Consolidated Statement of Comprehensive Income

	Notes	Six months ended 30 June	
		2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Revenue	4	946,719	1,062,501
Cost of sales		(788,609)	(901,629)
Gross profit		158,110	160,872
Other income and other gains and losses, net	5	5,590	4,084
Selling and distribution expenses		(59,151)	(56,345)
Administrative expenses		(77,140)	(80,300)
Impairment loss on trade receivables, net		(2,597)	(211)
Finance costs	6	(15,553)	(13,927)
Profit before income tax	7	9,259	14,173
Income tax expense	8	(5,534)	(5,292)
<b>Profit for the period</b>		<b>3,725</b>	<b>8,881</b>
<b>Item that will not be reclassified subsequently to profit or loss:</b>			
Exchange differences on translation of the Company's financial statements into its presentation currency		247	(132)
<b>Item that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translation of foreign operations		(2,276)	(4,735)
<b>Total comprehensive income for the period</b>		<b>1,696</b>	<b>4,014</b>
<b>Earnings per Share (RMB) – basic</b>	9	<b>1 cents</b>	3 cents



## Condensed Consolidated Statement of Financial Position

	Notes	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	10	754,987	794,579
Prepayments for purchase of property, plant and equipment		2,232	5,407
Deferred tax assets		18,798	15,969
		<b>776,017</b>	815,955
<b>Current assets</b>			
Inventories		108,854	111,483
Trade and other receivables	11	554,073	635,642
Pledged deposits	19	20,046	20,850
Bank balances and cash		140,916	98,769
		<b>823,889</b>	866,744
<b>Current liabilities</b>			
Trade and other payables	12	300,147	331,151
Contract liabilities		2,623	2,829
Dividend payable	20	22,175	—
Bank borrowings	13	346,832	348,340
Loans from immediate holding company	14	37,870	69,771
Tax payable		5,248	12,896
Lease liabilities	15	33,040	29,970
		<b>747,935</b>	794,957
<b>Net current assets</b>		<b>75,954</b>	71,787
<b>Total assets less current liabilities</b>		<b>851,971</b>	887,742



	Notes	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
<b>Non-current liabilities</b>			
Lease liabilities	15	268,792	285,196
<b>Net assets</b>		<b>583,179</b>	602,546
<b>Equity</b>			
Share capital	16	2,442	2,442
Reserves		580,737	600,104
<b>Total equity</b>		<b>583,179</b>	602,546

On behalf of the board of directors

**Mr. Cheng Hsien-Chun**  
*Director*

**Mr. 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))	Retained profits RMB'000	Total RMB'000
<b>Balance at 1 January 2023</b>	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)
<b>Total comprehensive income for the period</b>	—	—	—	(2,029)	—	3,725	1,696
Dividend declared (Note 20)	—	—	—	—	—	(21,063)	(21,063)
<b>At 30 June 2023 (unaudited)</b>	2,442	398,312	16,844	(18,443)	131,043	52,981	583,179
<b>Balance at 1 January 2022</b>	2,442	398,312	16,844	(6,381)	124,193	94,985	630,395
Profit for the period	—	—	—	—	—	8,881	8,881
Other comprehensive income for the period:							
Exchange differences on translation of the Company's financial statements into its presentation currency	—	—	—	(132)	—	—	(132)
Exchange differences on translation of foreign operations	—	—	—	(4,735)	—	—	(4,735)
<b>Total comprehensive income for the period</b>	—	—	—	(4,867)	—	8,881	4,014
Dividend declared (Note 20)	—	—	—	—	—	(19,555)	(19,555)
<b>At 30 June 2022 (unaudited)</b>	2,442	398,312	16,844	(11,248)	124,193	84,311	614,854

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.

**(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.



## Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
<b>Cash flows from operating activities</b>		
<b>Net cash from operating activities</b>	<b>115,149</b>	160,980
<b>Investing activities</b>		
Purchase of property, plant and equipment	(8,208)	(5,951)
Proceeds from disposal of property, plant and equipment	2,154	3,488
Prepayments made for purchase of property, plant and equipment	(2,232)	(37,792)
Decrease/(increase) in pledged deposits	804	(5,000)
Interest received	1,021	956
<b>Net cash used in investing activities</b>	<b>(6,461)</b>	(44,299)
<b>Financing activities</b>		
Interest paid on bank loans	(6,790)	(6,747)
Repayment of interest element of lease liabilities	(8,010)	(6,261)
Interest paid on sale and leaseback arrangements	—	(817)
Interest paid on loans from immediate holding company	—	(996)
Proceeds from loans from immediate holding company	444	5,951
Repayment of loans from immediate holding company	(33,863)	(1,352)
Repayment of capital element of lease liabilities	(16,571)	(17,545)
Proceeds from bank borrowings	147,792	55,858
Repayment of bank borrowings	(149,300)	(85,265)
<b>Net cash used in financing activities</b>	<b>(66,298)</b>	(57,174)
<b>Net increase in cash and cash equivalents</b>	<b>42,390</b>	59,507
<b>Cash and cash equivalents at beginning of the period</b>	<b>98,769</b>	58,799
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(243)</b>	71
<b>Cash and cash equivalents at end of the period</b>	<b>140,916</b>	118,377
<b>Analysis of cash and cash equivalents:</b>		
Bank balances and cash	140,916	118,377





# 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 Appendix 16 to 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 29 August 2023.

These condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements. The Group has not early adopted any new or amended International Financial Reporting Standards (“**IFRSs**”) 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 IFRSs that are relevant to its operations and effective for the financial periods beginning on or after 1 January 2023. 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 2022 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 IFRSs and should be read in conjunction with the 2022 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 2022 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.

	<b>Six months ended 30 June</b>	
	<b>2023</b> <b>RMB'000</b> <b>(unaudited)</b>	2022 RMB'000 (unaudited)
Corrugated packaging products	<b>860,252</b>	958,961
Corrugated sheet boards	<b>86,467</b>	103,540
	<b>946,719</b>	1,062,501

#### 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:

	<b>Six months ended 30 June</b>	
	<b>2023</b> <b>RMB'000</b> <b>(unaudited)</b>	2022 RMB'000 (unaudited)
<b>Revenue by industry</b>		
Food and beverage	<b>275,595</b>	270,379
Paper and packaging	<b>123,404</b>	154,948
Non-food-and-beverage-consumables (Note (i))	<b>140,394</b>	159,737
Home furniture	<b>71,921</b>	79,118
Medical products	<b>59,278</b>	52,237
Supplier chain solution	<b>21,095</b>	46,439
E-commerce	<b>14,137</b>	14,583
Home electronics	<b>18,845</b>	15,257
Others (Note (ii))	<b>222,050</b>	269,803
	<b>946,719</b>	1,062,501



## 4. REVENUE AND SEGMENT REPORTING (Continued)

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 computer and electronic devices such as mobile phones and cameras, textile, machinery, 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.

### 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 over 90% of 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 2022.



## 5. OTHER INCOME AND OTHER GAINS AND LOSSES, NET

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
Sales of other materials and consumables	<b>1,623</b>	1,088
Interest income	<b>1,021</b>	956
Government subsidies (Note)	<b>2,826</b>	1,829
Sundry income	<b>97</b>	282
Gain/(loss) on disposal of property, plant and equipment	<b>23</b>	(71)
	<b>5,590</b>	4,084

Note: The amount includes subsidies for payroll support of RMB250,000 (six months ended 30 June 2022: RMB541,000) and subsidies for environment friendly development of RMB2,576,000 (six months ended 30 June 2022: RMB1,288,000) 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

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
Interest on lease liabilities	<b>8,010</b>	6,261
Less: amounts capitalised in property, plant and equipment	<b>(15)</b>	(894)
	<b>7,995</b>	5,367
Interest on bank loans	<b>6,790</b>	6,747
Interest on sale and leaseback arrangements	<b>—</b>	817
Interest on loans from immediate holding company	<b>768</b>	996
	<b>15,553</b>	13,927



## 7. PROFIT BEFORE INCOME TAX

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

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Cost of inventories sold (Note (i))	788,609	901,629
Depreciation of property, plant and equipment (Note (ii))	53,266	47,444
Auditors' remuneration	327	911
Freight charges	35,770	37,824
Short-term lease expense	441	1,470
Impairment loss on inventories	2,688	2,249
Reversal of impairment loss on inventories	(2,420)	(1,620)
Impairment loss on trade receivables	2,776	534
Reversal of impairment loss on trade receivables	(179)	(323)
Exchange gain, net	(208)	(883)
Employee benefits expenses (including directors' remuneration):		
– Wages, salaries and benefits	109,242	104,393
– Retirement benefit costs (Note (iii))	13,966	13,769

Notes:

- (i) Cost of inventories sold for the period included RMB541,365,000, RMB48,087,000, RMB17,049,000, RMB64,739,000 and RMB43,109,000 (six months ended 30 June 2022: RMB664,299,000, RMB48,069,000, RMB18,568,000, RMB59,714,000 and RMB37,300,000), 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 RMB14,032,000 (six months ended 30 June 2022: RMB12,514,000).
- (iii) For the six months ended 30 June 2023, 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 2022: Nil). As at 30 June 2023, 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 2022: Nil).



## 8. INCOME TAX EXPENSE

The amount of income tax expense in the condensed consolidated statement of comprehensive income represents:

	<b>Six months ended 30 June</b>	
	<b>2023</b> <b>RMB'000</b> <b>(unaudited)</b>	2022 RMB'000 (unaudited)
Current tax		
— Provision for PRC enterprise income tax for the period	<b>6,755</b>	7,644
— Withholding tax on dividend	<b>1,607</b>	—
	<b>8,362</b>	7,644
Deferred tax		
— Origination and reversal of temporary differences	<b>(2,828)</b>	(2,352)
Income tax expense	<b>5,534</b>	5,292

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 2023 and 2022.

Provision for PRC enterprise income tax is based on the statutory rate of 25% (six months ended 30 June 2022: 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 2023 and 2022.

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. EARNINGS PER SHARE

The basic earnings per share is calculated based on the profit for the periods and the weighted average number of ordinary Shares during the periods as follows.

	Six months ended 30 June	
	2023 (unaudited)	2022 (unaudited)
Profit for the period (RMB'000)	3,725	8,881
Weighted average number of ordinary Shares in issue (in thousand)	300,632	300,632
Basic earnings per Share (RMB)	1 cents	3 cents

No diluted earnings per Share was presented as there were no potential ordinary Shares outstanding for the six months ended 30 June 2023 and 2022.

## 10. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired items of property, plant and equipment with cost of RMB15,788,000 including right-of-use assets (six months ended 30 June 2022: RMB66,343,000). Items of property, plant and equipment with net book value of RMB2,131,000 were disposed of during the period (six months ended 30 June 2022: RMB4,275,000), resulting in a gain on disposal of RMB23,000 (six months ended 30 June 2022: loss on disposal of RMB71,000). Included in the net book value of property, plant and equipment are assets pledged to secure bank facilities provided to the Group:

Assets pledged	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Buildings (Notes 12 & 13)	39,500	42,274
Right-of-use assets of leasehold land (Note 13)	9,116	9,258
	48,616	51,532





## 11. TRADE AND OTHER RECEIVABLES

	<b>30 June 2023 RMB'000 (unaudited)</b>	31 December 2022 RMB'000 (audited)
Trade receivables	<b>505,316</b>	576,224
Bills receivables	<b>20,585</b>	24,767
Less: allowance for impairment loss	<b>(8,476)</b>	(5,879)
	<b>517,425</b>	595,112
Other receivables	<b>2,590</b>	6,549
Deposits	<b>19,590</b>	21,382
Prepayments	<b>14,468</b>	12,599
	<b>554,073</b>	635,642

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:

	<b>30 June 2023 RMB'000 (unaudited)</b>	31 December 2022 RMB'000 (audited)
Within 1 month	<b>295,666</b>	271,340
Over 1 month but within 3 months	<b>167,073</b>	258,848
Over 3 months but within 1 year	<b>54,686</b>	64,924
	<b>517,425</b>	595,112

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

The basis used by the Group in assessing of the expected credit losses for trade receivables is the same as 31 December 2022.



## 12. TRADE AND OTHER PAYABLES

	<b>30 June 2023 RMB'000 (unaudited)</b>	31 December 2022 RMB'000 (audited)
Trade payable	<b>185,361</b>	187,549
Bills payables	<b>52,230</b>	56,250
Accruals and other payables	<b>62,556</b>	87,352
	<b>300,147</b>	331,151

As at 30 June 2023, the Group's bank deposits of RMB10,446,000 (31 December 2022: RMB11,250,000) and buildings with net carrying amount of RMB Nil (31 December 2022: RMB42,274,000) 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:

	<b>30 June 2023 RMB'000 (unaudited)</b>	31 December 2022 RMB'000 (audited)
Within 1 month	<b>134,271</b>	130,547
Over 1 month but within 3 months	<b>74,464</b>	79,685
Over 3 months but within 1 year	<b>28,856</b>	33,567
	<b>237,591</b>	243,799



### 13. BANK BORROWINGS

	<b>30 June 2023 RMB'000 (unaudited)</b>	31 December 2022 RMB'000 (audited)
Bank loans, secured (Notes)	<b>346,832</b>	348,340
Categorised as:		
Current liabilities	<b>346,832</b>	348,340

Notes:

During the period, the average effective interest rates of the Group's bank loans ranged from 3.52% to 3.90% per annum (six months ended 30 June 2022: 3.85% to 3.90% per annum).

As at 30 June 2023, the Group's buildings with net carrying amount of RMB39,500,000 (31 December 2022: RMB42,274,000) were pledged to secure certain bank loans (Note 19).

As at 30 June 2023, right-of-use assets of leasehold land with net carry amount of RMB9,116,000 (31 December 2022: RMB9,258,000) were pledged by the Group to secure certain bank loans (Note 19).

As at 30 June 2023, the Group's bank deposits of RMB9,600,000 (31 December 2022: RMB9,600,000) were pledged to secure certain bank loans (Note 19).

As at 30 June 2023, all bank loans were scheduled to be repaid within one year (31 December 2022: same).

### 14. LOANS FROM IMMEDIATE HOLDING COMPANY

As at 30 June 2023, the Group obtained loans with principal amount of HK\$37,500,000 (31 December 2022: HK\$75,500,000) 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 3% per annum (31 December 2022: 2.6% to 3% per annum). All loans are denominated in Hong Kong Dollars (HK\$), unsecured and are repayable within one year from date of drawdown.

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 2023		31 December 2022	
	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	33,040	47,814	29,970	45,606
Later than 1 year and not later than 2 years	28,900	41,524	33,084	46,657
Later than 2 years and not later than 5 years	73,065	103,217	70,722	102,788
Over 5 years	166,827	197,699	181,390	216,875
	<b>301,832</b>	<b>390,254</b>	315,166	411,926
Less: total future interest expenses		<b>(88,422)</b>		(96,760)
Present value of lease liabilities		<b>301,832</b>		315,166

The balance included lease liabilities of RMB21,641,000 (31 December 2022: RMB24,024,000) owing to Chongqing Stone Tan Financial Leasing Limited, 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				
<b>Authorised</b>				
At 31 December 2022, 1 January 2023 and 30 June 2023	600,000,000	6,000		
<b>Issued and fully paid</b>				
	Number	HK\$'000	RMB'000	
At 31 December 2022, 1 January 2023 and 30 June 2023	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 significant transactions with related companies:

Name of related parties	Related party relationship	Type of transaction	Transaction amount Six months ended 30 June	
			2023 RMB'000 (unaudited)	2022 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))	768	996
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	—



## 17. RELATED PARTY TRANSACTIONS (Continued)

Name of related parties	Related party relationship	Type of transaction	Transaction amount	
			Six months ended 30 June	
			2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
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	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))	730	690
Chongqing Stone Tan Financial Leasing Limited* 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))	1,058	911
Chongqing Stone Tan Financial Leasing Limited* 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	—	817
Chongqing Stone Tan Financial Leasing Limited* 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))	32	526

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



## 17. RELATED PARTY DISCLOSURES (Continued)

Notes:

- (i) The transactions were determined with reference to the terms mutually agreed between the Group and the respective counterparty.
- (ii) Details of leasing arrangements as at 30 June 2023 and 31 December 2022 are set out in Note 15 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.

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:

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
Short-term benefits	<b>2,230</b>	2,151
Post-employment benefits	<b>85</b>	79
	<b>2,315</b>	2,230



## 18. CAPITAL COMMITMENTS

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

	<b>At 30 June 2023 RMB'000 (unaudited)</b>	At 31 December 2022 RMB'000 (audited)
Commitment for the acquisition of property, plant and equipment	<b>1,941</b>	1,115

## 19. PLEDGE OF ASSETS

As at the end of each reporting period, the Group pledged the following assets to secure its bills payables and bank loans. The carrying amounts of these assets are analysed as follows:

	<b>30 June 2023 RMB'000 (unaudited)</b>	31 December 2022 RMB'000 (audited)
Property, plant and equipment (Notes 10 & 13)	<b>39,500</b>	42,274
Right-of-use assets of leasehold land (Notes 10 & 13)	<b>9,116</b>	9,258
Pledged deposits (Notes 12 & 13)	<b>20,046</b>	20,850
	<b>68,662</b>	72,382





## 20. DIVIDEND

Final dividend in relation to the fiscal year 2022 amounted to HK\$0.08 per share totalling RMB21,063,000 was approved by the shareholders in the annual general meeting held on 21 June 2023 (2022: final dividend of HK\$0.08 per share totalling RMB19,555,000 for 2021). The unpaid final dividend of RMB22,175,000 (31 December 2022: Nil) was recognised as dividend payable in the condensed consolidated statement of financial position as at 30 June 2023.

## 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 borrowings) included above approximate their fair values due to their short term nature.

The fair values of the non-current portion of bank 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 borrowings as at 30 June 2023 and 31 December 2022 were assessed to be insignificant. The carrying value of the non-current portion of bank borrowings also approximate their fair values as at 31 December 2022.

## 22. EVENT AFTER THE REPORTING DATE

There was no significant event which took place after 30 June 2023.