



PACIFIC MILLENNIUM PACKAGING GROUP CORPORATION

國際濟豐包裝集團

(Incorporated in the Cayman Islands with limited liability)

Stock code : 1820

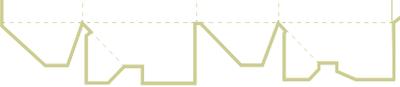
# Interim Report 2022





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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Director

Mr. Cheng Hsien-Chun (*Chairman*)

#### Non-executive Directors

Mr. Chow Tien-Li

Mr. Philip Tan

#### 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

Mr. Philip Tan

### 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

## **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  
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

## **STOCK CODE**

1820

## **COMPANY'S WEBSITE**

<http://www.pmpgc.com>



## 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 2022 (the “**Period**”) together with comparative figures for the corresponding period in 2021 (the “**Corresponding Period**”):

- Revenue amounting to approximately RMB1,062.5 million was recorded for the Period (Corresponding Period: approximately RMB1,116.7 million), representing a decrease of approximately 4.9% as compared with the Corresponding Period.
- The net profit attributable to owners of the Company for the Period was approximately RMB8.9 million (Corresponding Period: approximately RMB23.3 million), representing a decrease of approximately 61.9% 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 of the Company (the “**Share(s)**”) to the shareholders of the Company (the “**Shareholders**”) whose names appear on the register of members of the Company on 28 October 2022 has been resolved by the Board in its meeting held on 30 August 2022. 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 2022.

## **BUSINESS REVIEW**

In the first half of 2022, affected by the continuous international conflict between Russia and Ukraine and the high inflation in Europe and the United States, as well as the repeated COVID-19 pandemic within the local areas, Mainland China faced multiple tests in terms of economy, which caused a shift of the supply chain in the industries of textile and clothing, footwear, electronic products, auto parts and machinery and equipment; their respective daily productions and transportations were adversely affected, which resulted in overall economic decline.

Due to the increase in uncertainties, upstream and downstream enterprises have slowed down their expansion and investment, which caused reduction of their orders and weakened consumers' confidence. The sluggish market exerted additional pressure on the development of manufacturers. As such, the production and profit of the paper packaging industry in the first half of 2022 had a severe challenge.

During the Period, as the Group's customers are mainly from industries of food and beverage, essential livelihood commodities and daily necessities, the Group's business had been less affected. For the Period, there was only a slight decrease in the Group's production; but a greater drop in the Group's profit was seen as a result of the launch of a production plant in Foshan.

## **FINANCIAL REVIEW**

For the Period, the Company recorded revenue of approximately RMB1,062.5 million, representing a decrease of approximately RMB54.2 million or approximately 4.9% as compared with approximately RMB1,116.7 million for the Corresponding Period. Consolidated gross profit margin for the Period was approximately 15.1%, representing a decrease of approximately 0.8% as compared with approximately 15.9% for Corresponding Period. Gross profit for the Period was approximately RMB160.9 million, representing a decrease of approximately 9.7% as compared with approximately RMB178.1 million for the Corresponding Period. Basic earnings per Share for the Period amounted to RMB0.03, representing a decrease of 62.5% as compared with RMB0.08 for the Corresponding Period.

Having considered that the second half of each year is traditionally a peak season and that the COVID-19 pandemic would be subsided in the second half of 2022, the Directors maintain a cautiously optimistic view as to the market recovery and the results of the Group in the second half of 2022. 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 RMB1,062.5 million, representing a decrease of approximately RMB54.2 million or approximately 4.9% as compared with that for the Corresponding Period.

### Sales of corrugated packaging products

During the Period, revenue from sales of corrugated packaging products was approximately RMB959.0 million, representing a decrease of approximately 5.3% as compared with approximately RMB1,012.7 million during the Corresponding Period, and accounted for approximately 90.3% 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 decreased in sales volume.

### Sales of corrugated sheet boards

During the Period, revenue from sales of corrugated sheet boards was approximately RMB103.5 million, representing a slight decrease of approximately 0.4% as compared with approximately RMB104.0 million during the Corresponding Period, and accounted for approximately 9.7% of the Group's total revenue for the Period. The decrease in sales of corrugated sheet boards was mainly attributable to the slight decrease in the average unit price.

## COST OF SALES

For the Period, cost of sales of the Group was approximately RMB901.6 million, representing a decrease of approximately 3.9% as compared with approximately RMB938.6 million for the Corresponding Period, mainly attributable to the decrease in sales volume.



## GROSS PROFIT

Gross profit of the Group was approximately RMB160.9 million during the Period, representing a decrease of approximately 9.7% as compared with approximately RMB178.1 million for the Corresponding Period, of which gross profit from sales of corrugated packaging products decreased by approximately 9.1% to RMB151.7 million, while gross profit from sales of corrugated sheet boards decreased by approximately 18.7% to approximately RMB9.1 million. Gross profit margins of the Group for the Corresponding Period and the Period reached 15.9% and 15.1%, respectively, of which gross profit margins of sales of corrugated packaging products for the Corresponding Period and the Period were 16.5% and 15.8%, respectively, while gross profit margins of sales of corrugated sheet boards for the Corresponding Period and the Period were 10.8% and 8.8%, respectively. The decrease of gross profit margin in the Period as compared to the Corresponding Period was mainly attributable to (i) the launch of a production plant in Foshan; and (ii) the decreased in sale volume of the existing production plants.

## SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses decreased by approximately 5.1% from approximately RMB59.4 million for the Corresponding Period to approximately RMB56.3 million for the Period. The decrease was mainly due to the decrease in the freight charge.

## ADMINISTRATIVE EXPENSES

For the Period, the Group's administrative expenses were approximately RMB80.3 million, representing an increase of approximately 3.6% as compared with approximately RMB77.5 million for the Corresponding Period. The increase was mainly due to the launch of a production plant in Foshan.

## 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 7.6% from approximately RMB12.9 million for the Corresponding Period to approximately RMB13.9 million for the Period. The increase was primarily due to (i) the increase in borrowings; and (ii) the increase in value of the right-of-use assets of a production plant in Foshan.



## **INCOME TAX EXPENSE**

Income tax expense decreased by approximately 44.3% from approximately RMB9.5 million for the Corresponding Period to approximately RMB5.3 million for the Period, primarily due to the decrease in the Group's profit before income 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 37.5% for the Period and 29.0% for the Corresponding Period.

## **PROFIT FOR THE PERIOD AND NET PROFIT MARGIN**

The Group's profit decreased by approximately 61.9% from approximately RMB23.3 million for the Corresponding Period to approximately RMB8.9 million for the Period. The Group's net profit margin decreased from 2.1% for the Correspondence Period to 0.8% for the Period.

## **PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY**

During the Period, profit attributable to equity holders of the Company was approximately RMB8.9 million, representing a decrease of approximately 61.9% or approximately RMB14.4 million as compared with approximately RMB23.3 million for the Corresponding Period.

## **LIQUIDITY AND CAPITAL RESOURCES**

### **Working Capital**

As at 30 June 2022, cash and cash equivalents of the Group amounted to approximately RMB118.4 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.



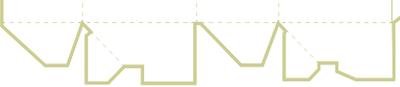
## Cash Flows

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 and other 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	
	2022 RMB million (unaudited)	2021 RMB million (unaudited)
Net cash generated from operating activities	<b>161.0</b>	7.1
Net cash used in investing activities	<b>(44.3)</b>	(73.8)
Net cash (used in)/generated from financing activities	<b>(57.2)</b>	23.2
Cash and cash equivalents at beginning of the period	<b>58.8</b>	95.5
Effect of exchange rate changes on cash and cash equivalents	<b>0.1</b>	0.7
Cash and cash equivalents at end of the period	<b>118.4</b>	52.7

### Net cash generated from operating activities

During the Period, our net cash generated from operating activities was approximately RMB161.0 million, which comprised cash generated from operations of approximately RMB166.1 million, offset by income tax of approximately RMB5.1 million. Net cash generated from operating activities increased by approximately RMB153.9 million as compared with the net cash generated from operating activities of approximately RMB7.1 million for the Corresponding Period, mainly due to (i) the collection of receivables; and (ii) the decrease in inventories of raw paper and finished products.



## Net cash used in investing activities

During the Period, the Group's net cash used in investing activities was approximately RMB44.3 million, representing an increase of approximately RMB29.5 million as compared with net cash used in investing activities of approximately RMB73.8 million for the Corresponding Period. The net cash used in investing activities was mainly attributable to the equipment purchase in current plants and the new plants in Chuzhou and Dalian.

## Net cash (used in)/generated from financing activities

During the Period, the Group's net cash used in financing activities was approximately RMB57.2 million, representing a decrease of approximately RMB80.4 million as compared with the net cash generated from financing activities of RMB23.2 million for the Corresponding Period. The net cash generated from financing activities was mainly attributable to repayment of sales and leaseback arrangement.

## 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 2022, 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 of Hong Kong Limited (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 28 October 2022 has been resolved by the Board in its meeting held on 30 August 2022. 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 2022.



## 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 Tuesday, 25 October 2022 to Friday, 28 October 2022 (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 Monday, 24 October 2022.

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

As at 30 June 2022, 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")	Interest of a controlled corporation	15,578,800 <sup>(1)</sup> (Long Position)	5.18%
Chow Tien-Li	Beneficial owner	2,254,000 (Long Position)	0.75%
Tan Philip	Beneficial owner	1,545,000 (Long Position)	0.51%



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 2022.

Save as disclosed above, as at 30 June 2022, 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 2022, 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>(5)</sup></b>
Pacific Millennium Holdings Corporation (“ <b>PMHC</b> ”)	Beneficial owner	190,194,200 <sup>(1)</sup> (Long Position)	63.26%
Golden Ford Investments Limited (“ <b>Golden Ford</b> ”)	Interest of a controlled corporation	192,424,200 <sup>(2) &amp; (3)</sup> (Long Position)	64.00%
Lead Forward	Beneficial owner	15,578,800 <sup>(4)</sup> (Long Position)	5.18%



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) Such interest includes 2,230,000 Shares beneficially held by Pacific Millennium Investment Corporation ("**PMIC**") and 190,194,200 Shares beneficially held by PMHC. As each of PMIC and PMHC is, directly or indirectly, wholly-owned by Golden Ford, Golden Ford is deemed to be interested in all the interest held by PMIC and PMHC under the SFO.
- (3) 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.
- (4) 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.
- (5) The approximate percentage was calculated based on 300,632,000 Shares in issue as at 30 June 2022.

Save as disclosed above, as at 30 June 2022, 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 for the Period.

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 enhance 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 five directors, namely Mr. Kiang Tien Sik David (chairman), Mr. Chow Tien-Li, Mr. Wang Jisheng, Dr. Su Morley Chung Wu and Mr. Philip Tan. 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, 30 August 2022



## REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS



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永安中心25樓

**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 18 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 2022 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, 30 August 2022



## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Six months ended 30 June	
		2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Revenue	4	1,062,501	1,116,667
Cost of sales		(901,629)	(938,598)
Gross profit		160,872	178,069
Other income and other gains and losses, net	5	4,084	5,178
Selling and distribution expenses		(56,345)	(59,397)
Administrative expenses		(80,300)	(77,480)
Impairment loss on trade receivables, net		(211)	(619)
Finance costs	6	(13,927)	(12,947)
Profit before income tax	7	14,173	32,804
Income tax expense	8	(5,292)	(9,509)
<b>Profit for the period</b>		<b>8,881</b>	23,295
<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		(4,867)	(369)
<b>Total comprehensive income for the period</b>		<b>4,014</b>	22,926
<b>Earnings per Share (RMB)</b>	9	<b>3 cents</b>	8 cents

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2022 RMB'000 (unaudited)	As at 31 December 2021 RMB'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	10	710,372	695,730
Prepayments for purchase of property, plant and equipment		37,792	13,343
Deferred tax assets		15,104	12,752
		<b>763,268</b>	721,825
<b>Current assets</b>			
Inventories		148,157	164,781
Trade receivables, bills receivables, other receivables, deposits and prepayments	11	604,261	683,690
Pledged deposits	19	18,250	13,250
Bank balances and cash		118,377	58,799
		<b>889,045</b>	920,520
<b>Current liabilities</b>			
Trade and other payables	12	334,558	342,190
Contract liabilities		5,991	3,744
Dividend payable	20	20,564	—
Bank and other borrowings	13	330,000	347,616
Loans from immediate holding company	14	69,450	61,489
Tax payable		9,527	7,029
Lease liabilities	15	33,359	20,566
		<b>803,449</b>	782,634
<b>Net current assets</b>		<b>85,596</b>	137,886
<b>Total assets less current liabilities</b>		<b>848,864</b>	859,711



	Notes	<b>As at 30 June 2022 RMB'000 (unaudited)</b>	As at 31 December 2021 RMB'000 (audited)
<b>Non-current liabilities</b>			
Bank and other borrowings	13	—	11,791
Lease liabilities	15	<b>234,010</b>	217,525
		<b>234,010</b>	229,316
<b>Net assets</b>			
		<b>614,854</b>	630,395
<b>Equity</b>			
Share capital	16	<b>2,442</b>	2,442
Reserves		<b>612,412</b>	627,953
<b>Total equity</b>			
		<b>614,854</b>	630,395

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 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	—	—	—	(4,867)	—	—	(4,867)
<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
<b>Balance at 1 January 2021</b>	2,442	398,312	16,844	(5,959)	114,867	121,361	647,867
Profit for the period	—	—	—	—	—	23,295	23,295
Other comprehensive income for the period:							
Exchange differences on translation of the Company's financial statements into its presentation currency	—	—	—	(369)	—	—	(369)
<b>Total comprehensive income for the period</b>	—	—	—	(369)	—	23,295	22,926
Dividend declared (Note 20)	—	—	—	—	—	(40,612)	(40,612)
<b>At 30 June 2021 (unaudited)</b>	2,442	398,312	16,844	(6,328)	114,867	104,044	630,181

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	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
<b>Cash flows from operating activities</b>		
<b>Net cash generated from operating activities</b>	<b>160,980</b>	7,086
<b>Investing activities</b>		
Purchase of property, plant and equipment	<b>(5,951)</b>	(21,298)
Proceeds from disposal of property, plant and equipment	<b>3,488</b>	3,157
Prepayments made for purchase of property, plant and equipment	<b>(37,792)</b>	(54,212)
Increase in pledged deposits	<b>(5,000)</b>	(2,000)
Interest received	<b>956</b>	533
<b>Net cash used in investing activities</b>	<b>(44,299)</b>	(73,820)
<b>Financing activities</b>		
Interest paid on bank loans	<b>(6,747)</b>	(5,717)
Repayment of interest element of lease liabilities	<b>(6,261)</b>	(4,850)
Interest paid on sale and leaseback arrangements	<b>(817)</b>	(2,381)
Interest paid on loans from immediate holding company	<b>(996)</b>	—
Increase in loan from immediate holding company	<b>4,599</b>	—
Repayment of capital element of lease liabilities	<b>(8,497)</b>	(1,574)
Repayment of obligations under operating leases	<b>(9,048)</b>	(8,363)
Proceeds from bank and other borrowings	<b>55,858</b>	72,688
Repayment of bank and other borrowings	<b>(85,265)</b>	(26,611)
<b>Net cash (used in)/generated from financing activities</b>	<b>(57,174)</b>	23,192
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>59,507</b>	(43,542)
<b>Cash and cash equivalents at beginning of the period</b>	<b>58,799</b>	95,530
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>71</b>	719
<b>Cash and cash equivalents at end of the period</b>	<b>118,377</b>	52,707
<b>Analysis of cash and cash equivalents:</b>		
Bank balances and cash	<b>118,377</b>	52,707

# 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.

## 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 Main Board Listing 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 30 August 2022.

These condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

For the current period, the Group has applied all the new and revised International Financial Reporting Standards (“**IFRSs**”) as well as amendments to and interpretation of IFRSs that are relevant to its operations and effective for the financial periods beginning on or after 1 January 2022. These applications do not have a material impact on the condensed consolidated interim financial statements of the Group.



## 2. BASIS OF PREPARATION (Continued)

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 2021 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 2021 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 2021 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	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Corrugated packaging products	958,961	1,012,716
Corrugated sheet boards	103,540	103,951
	<b>1,062,501</b>	1,116,667

#### 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	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
<b>Revenue by industry</b>		
Food and beverage	270,379	273,850
Paper and packaging	154,948	164,178
Non-food-and-beverage-consumables (Note (i))	159,737	158,156
Supplier chain solution	46,439	55,020
E-commerce	14,583	16,966
Home electronics	15,257	40,441
Others (Note (ii))	401,158	408,056
	<b>1,062,501</b>	1,116,667



## 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 home furniture, computer and electronic device such as mobile phones, cameras, textile, machinery, medical products, 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 2021.

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

	Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Sales of other materials and consumables	1,088	513
Rental income	—	1,164
Interest income	956	533
Government subsidies (Note)	1,829	2,706
Sundry income	282	345
Loss on disposal of property, plant and equipment	(71)	(83)
	<b>4,084</b>	<b>5,178</b>

Note: The amount includes subsidies for payroll support of RMB541,000 (six months ended 30 June 2021: RMB1,111,000) received 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	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Interest on lease liabilities	6,261	4,850
Less: amounts capitalised in property, plant and equipment	(894)	(1)
	<b>5,367</b>	<b>4,849</b>
Interest on bank loans	6,747	5,717
Interest on sale and leaseback arrangements	817	2,381
Interest on loans from immediate holding company	996	—
	<b>13,927</b>	<b>12,947</b>

## 7. PROFIT BEFORE INCOME TAX

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

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
Cost of inventories sold (Note (i))	<b>901,629</b>	938,598
Depreciation of property, plant and equipment (Note (ii))	<b>47,444</b>	42,318
Auditors' remuneration	<b>1,182</b>	1,211
Freight charges	<b>37,824</b>	40,428
Short-term lease expense	<b>1,470</b>	1,594
Impairment loss on inventories	<b>2,249</b>	2,007
Reversal of impairment loss on inventories	<b>(1,620)</b>	(1,333)
Impairment loss on trade receivables	<b>534</b>	732
Reversal of impairment loss on trade receivables	<b>(323)</b>	(113)
Impairment loss on trade receivables, net	<b>211</b>	619
Exchange gain, net	<b>(883)</b>	(841)
Employee benefits expenses (including directors' remuneration):		
— Wages, salaries and benefits	<b>104,393</b>	100,090
— Retirement benefit costs	<b>13,769</b>	12,432

Notes:

- (i) Cost of inventories sold for the period includes RMB664,299,000, RMB48,069,000, RMB18,568,000, RMB59,714,000 and RMB37,300,000 (six months ended 30 June 2021: RMB705,970,000, RMB50,072,000, RMB19,613,000, RMB56,390,000 and RMB33,433,000), 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 RMB12,514,000 (six months ended 30 June 2021: RMB11,401,000).

## 8. INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current tax		
— Provision for PRC enterprise income tax for the period	7,644	10,547
Deferred tax		
— Origination and reversal of temporary differences	(2,352)	(1,038)
Income tax expense	5,292	9,509

The charge for PRC enterprise income tax is calculated at the statutory rate of 25% (six months ended 30 June 2021: 25%) on the estimated assessable profits of the Group for the period determined in accordance with relevant enterprise income tax rules and regulations, except for certain subsidiaries of the Company which are tax exempted or taxed at preferential rates of 7.5%, 12.5% or 15% (six months ended 30 June 2021: 7.5%, 12.5% or 15%).

## 9. EARNINGS PER SHARE

The basic earnings per share of the Company (the “Share(s)”) 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	
	2022 (unaudited)	2021 (unaudited)
Profit for the period (RMB'000)	8,881	23,295
Weighted average number of ordinary Shares in issue (in thousand)	300,632	300,632
Basic earnings per Share (RMB)	3 cents	8 cents

No diluted earnings per Share was presented as there were no potential ordinary Shares outstanding during the period and the corresponding period in 2021.

## 10. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired items of property, plant and equipment with cost of RMB66,343,000 including right-of-use assets (six months ended 30 June 2021: RMB65,315,000). Items of property, plant and equipment with net book value of RMB4,275,000 were disposed of during the period (six months ended 30 June 2021: RMB3,780,000), resulting in a loss on disposal of RMB71,000 (six months ended 30 June 2021: RMB83,000 loss). Included in the net book value of property, plant and equipment are assets pledged to secure credit facilities provided to the Group:

Assets pledged	Credit facilities provided	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Buildings	Bills payables and banking facilities	45,049	47,823
Plant and equipment	Sale and leaseback arrangements	—	69,085
Right-of-use assets	Lease arrangements	9,400	9,542
		54,449	126,450

## 11. TRADE RECEIVABLES, BILLS RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<b>30 June 2022 RMB'000 (unaudited)</b>	31 December 2021 RMB'000 (audited)
Trade receivables	<b>546,543</b>	632,233
Bills receivables	<b>24,701</b>	12,832
Less: allowance for impairment loss	<b>(7,343)</b>	(7,132)
	<b>563,901</b>	637,933
Other receivables	<b>2,270</b>	15,973
Deposits	<b>21,781</b>	20,605
Prepayments	<b>16,309</b>	9,179
	<b>604,261</b>	683,690

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 2022 RMB'000 (unaudited)</b>	31 December 2021 RMB'000 (audited)
Within 1 month	<b>315,597</b>	322,452
Over 1 month but within 3 months	<b>180,532</b>	267,008
Over 3 months but within 1 year	<b>67,772</b>	48,473
	<b>563,901</b>	637,933

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

## 12. TRADE AND OTHER PAYABLES

	<b>30 June 2022 RMB'000 (unaudited)</b>	31 December 2021 RMB'000 (audited)
Trade payable	<b>198,835</b>	212,804
Bills payables	<b>56,250</b>	56,250
Accruals and other payables	<b>79,473</b>	73,136
	<b>334,558</b>	342,190

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 2022 RMB'000 (unaudited)</b>	31 December 2021 RMB'000 (audited)
Within 1 month	<b>150,594</b>	182,955
Over 1 month but within 3 months	<b>78,155</b>	59,068
Over 3 months but within 1 year	<b>26,336</b>	27,031
	<b>255,085</b>	269,054

### 13. BANK AND OTHER BORROWINGS

	Notes	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Bank loans, secured	(a)	330,000	330,000
Other borrowings, secured	(b)	—	29,407
		<b>330,000</b>	359,407
Categorised as:			
Current liabilities		330,000	347,616
Non-current liabilities		—	11,791
		<b>330,000</b>	359,407

Notes:

- (a) During the period, the average effective interest rates of the Group's bank loans ranged from 3.85% to 3.90% per annum (six months ended 30 June 2021: 3.85% to 3.90% per annum).
- (b) As at 31 December 2021, other borrowings represented seven sale and leaseback arrangements for plant and equipment entered into with Chongqing Stone Tan Financial Leasing Limited, a related company over which one of the controlling shareholders of the Company has significant influence. The transactions were classified as secured loan financing instead of disposal of the underlying assets as the transfer 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 RMB69,085,000 as at 31 December 2021. All the sale and leaseback arrangements have been terminated during the Period.

### 14. LOANS FROM IMMEDIATE HOLDING COMPANY

As at 30 June 2022, the Group obtained loans with total principal amount of HK\$79,300,000 (2021: HK\$74,500,000) from its immediate holding company, Pacific Millennium Holdings Limited, and the loans carry interest at One-Month Hong Kong Interbank Offered Rate plus 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 2022		31 December 2021	
	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	33,359	47,294	20,566	31,925
Later than 1 year and not later than 2 years	35,155	46,831	16,891	27,476
Later than 2 years and not later than 5 years	65,145	89,463	56,523	82,083
Over 5 years	133,710	157,141	144,111	171,095
	<b>267,369</b>	<b>340,729</b>	238,091	312,579
Less: total future interest expenses		<b>(73,360)</b>		(74,488)
Present value of lease liabilities		<b>267,369</b>		238,091

The balance included lease liabilities of RMB45,765,000 (2021: RMB12,493,000) 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 2021, 1 January 2022 and 30 June 2022	600,000,000	6,000		
<b>Issued and fully paid</b>				
	<b>Number</b>	<b>HK\$'000</b>	<b>RMB'000</b>	
At 31 December 2021, 1 January 2022 and 30 June 2022	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	
			2022 RMB'000 (unaudited)	2021 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))	996	—
Pacific Millennium Investment Corporation	The entity is a subsidiary of one of the controlling shareholders of the Company	Rental income (Note (i))	—	1,164

## 17. RELATED PARTY TRANSACTIONS (Continued)

Name of related parties	Related party relationship	Type of transaction	Transaction amount	
			Six months ended 30 June	
			2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
北京羊阿吉餐飲有限公司	The entity is owned by the spouse of a director of the Company	Administrative and entertainment charges (Note (i))	—	182
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))	2,123	142
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))	690	142
Suzhou Pacific Millennium Asia Corp. Communications Inc. Limited* 蘇州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))	—	97
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))	911	140
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 (Note (ii))	817	2,381
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))	526	281

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

## 17. RELATED PARTY TRANSACTIONS (Continued)

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 leasing arrangements as at 30 June 2022 and 31 December 2021 are set out in Notes 13 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.

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

Amount due from a related company, Pacific Millennium Investment Corporation, resulting from rental income as set out in Note (i) above, is unsecured, interest free and repayable on demand.

The emoluments of key management personnel during the period were as follows:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
Short-term benefits	<b>2,151</b>	2,117
Post-employment benefits	<b>79</b>	79
	<b>2,230</b>	2,196

## 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 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
Commitment for the acquisition of property, plant and equipment	<b>18,612</b>	1,060

## 19. PLEDGE OF ASSETS

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

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Property, plant and equipment (Note 10)	<b>54,449</b>	126,450
Pledged deposits	<b>18,250</b>	13,250
	<b>72,699</b>	139,700

## 20. DIVIDEND

Final dividend in relation to the fiscal year 2021 of HK\$0.08 per Share totalling RMB19,555,000 was approved by the shareholders of the company in the annual general meeting held on 28 June 2022 (2021: final dividend of HK\$0.16 per Share totalling RMB40,612,000 for 2020). The final dividend was reflected as dividend payable in the condensed consolidated statement of financial position.

## 21. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 30 June 2022 and 31 December 2021 are categorised as follows:

	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
<b>Financial assets</b>		
Financial assets at amortised cost		
Trade receivables, bills receivables, other receivables and deposits	<b>586,603</b>	659,563
Pledged deposits	<b>18,250</b>	13,250
Bank balances and cash	<b>118,377</b>	58,799
	<b>723,230</b>	731,612
<b>Financial liabilities</b>		
Financial liabilities at amortised cost		
Trade and other payables	<b>309,615</b>	328,191
Dividend payable	<b>20,564</b>	—
Loans from immediate holding company	<b>69,450</b>	61,489
Bank and other borrowings	<b>330,000</b>	359,407
Lease liabilities	<b>267,369</b>	238,091
	<b>996,998</b>	987,178

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



## **21. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (Continued)**

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 2022 and 31 December 2021 were assessed to be insignificant. The carrying values of the non-current portion of bank and other borrowings also approximate their fair values as at 30 June 2022 and 31 December 2021.

## **22. EVENT AFTER THE REPORTING DATE**

There was no significant event which took place after 30 June 2022.