

中寶新材集團有限公司

CHINA TREASURES NEW MATERIALS GROUP LTD.

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2439

2024

INTERIM REPORT



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Zhang Yuqiu (*Chair*)
Mr. Shan Yuzhu (*Chief Executive Director*)
Mr. Li Xiquan
Mr. Li Peng

Independent Non-Executive Directors

Mr. Ng Tat Fung
Dr. Sun Shulin
Dr. Lai King Yin

AUDIT COMMITTEE

Mr. Ng Tat Fung (*Chairman*)
Dr. Lai King Yin
Dr. Sun Shulin

REMUNERATION COMMITTEE

Dr. Sun Shulin (*Chairman*)
Mr. Shan Yuzhu
Dr. Lai King Yin

NOMINATION COMMITTEE

Dr. Lai King Yin (*Chairman*)
Mr. Li Xiquan
Dr. Sun Shulin

ESG COMMITTEE

Dr. Sun Shulin (*Chairman*)
Mr. Shan Yuzhu
Mr. Li Xiquan
Dr. Lai King Yin

AUTHORISED REPRESENTATIVES

Mr. Shan Yuzhu
Ms. Wong Po Lam, *HKICPA*
(*Appointed on 1 July 2024*)
Mr. Yeung Kwong Wai, *HKICPA, AICPA, CFA*
(*Resigned on 1 July 2024*)

COMPANY SECRETARY

Ms. Wong Po Lam, *HKICPA*
(*Appointed on 1 July 2024*)
Mr. Yeung Kwong Wai, *HKICPA, AICPA, CFA*
(*Resigned on 1 July 2024*)

INDEPENDENT AUDITOR

Forvis Mazars CPA Limited
(*formerly known as Mazars CPA Limited*)
Certified Public Accountants
Registered Public Interest Entity Auditor
42nd Floor, Central Plaza
18 Harbour Road
Wan Chai
Hong Kong

REGISTERED OFFICE

89 Nexus Way
Camana Bay
Grand Cayman
KY1-9009
Cayman Islands

PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN THE PRC

No. 3, Jing'Er Road
Kalun Industrial South Region
Jiutai Economics Development Zone
Changchun City
Jilin Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1910, 19/F., C C Wu Building
302-308 Hennessy Road
Wan Chai
Hong Kong

CORPORATE INFORMATION (CONTINUED)

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ogier Global (Cayman) Limited
89 Nexus Way
Camana Bay
Grand Cayman
KY1-9009
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

LEGAL ADVISER

As to Cayman Islands laws:

Ogier
11th Floor
Central Tower
28 Queen's Road Central
Hong Kong

COMPLIANCE ADVISER

Soochow Securities International Capital Limited
Level 17, Three Pacific Place
1 Queen's Road East
Hong Kong

PRINCIPAL BANKS

Changchun Nangan Huimin Village Bank Co., Ltd
Industrial Bank Co., Ltd Changchun Branch
Bank of Communications Co., Ltd Jilin Province Branch
China Everbright Bank Co., Ltd Changchun Branch

STOCK CODE

2439

WEBSITE

www.jl-ks.cn

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group was established in March 2014 primarily engaging in the development and manufacturing of non-biodegradable automobile plastic parts. In response to the PRC Government's environmental protection policies and regulations relating to restriction and prohibition of the use of non-biodegradable plastics and controlled plastic pollution (the **"Policies and Regulations"**), we, since 2015, had gradually diversified our business into the development and manufacturing of biodegradable plastic products while maintaining the operation for non-biodegradable automobile plastic parts which accounted for approximately 6.7% and approximately 4.1% of the Group's total revenue during the six months ended 30 June 2024 (the **"Period"**) and the six months ended 30 June 2023 (the **"Preceding Period"**), respectively.

We made notable achievement in strengthening our brand equity and shareholders' base by listing (the **"Listing"**) of the Company's shares (the **"Shares"**) on The Main Board of the Stock Exchange of Hong Kong (the **"Stock Exchange"**) on 31 March 2023 (the **"Listing Date"**). This strategic move placed us in a strong position in pursuing our mission to further expand the Group's operations in terms of productivity, innovative technologies and sustainability. We had successfully raised the net proceeds of approximately HK\$155.4 million, which were partly utilised during the Period to actualise our strategic imperatives with details as disclosed in this report.

As such, the Group is principally engaged in developing and manufacture of biodegradable plastic products in the Northeast China with its main production base located in Changchun, Jilin province, the PRC. In order to cope with the anticipated growing demand of biodegradable plastic products in the Southeast China, the Group established two production bases in Dongguan, Guangdong province, the PRC and Anji, Zhejiang province, the PRC in 2023, to expand our business into Southeast China. Both Dongguan factory and Anji factory were financed by internal resources of the Company. The new Dongguan factory – Phase 1 has operated in full scale during the Period. On the other hand, the Group considered that the Anji factory still has not met the Group's requirements for stable production after the Group leased the Anji factory in 2023 and ordered relevant machineries.

Our biodegradable products mainly comprise (i) biodegradable produce bag rolls; (ii) biodegradable shopping bags; and (iii) biodegradable stretch wraps. During the Period, all our biodegradable products were sold to customers in the PRC, mainly in the Northeast China, which accounted for approximately 79.9% (*The Preceding Period: approximately 81.0%*) of the Group's total revenue, whilst the sales to other cities in the PRC accounted for the remaining approximately 20.1% (*The Preceding Period: approximately 19.0%*).

We had contributed the discussion and formulation of the national standard for biodegradable plastic shopping bags, namely, "GB/T 38082-2019", which was issued by The State Administration for Market Regulation of the PRC and The Standardization Administration of the PRC in October 2019. The "GB/T 38082-2019" has remained as the sole and only national standard in the PRC for biodegradable plastic shopping bags since then. In view of our expertise in the industry and the recognition earned from the PRC Government, we have possessed the competitive strength in the areas of production capabilities, technology level and quality control, which positioned us as the market leader in this policy-driven market.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

During the Period, we continued to devote resources to further strengthen our production capacity and deepen our cooperation with major research organizations, including the research and development (“**R&D**”) of biodegradable plastic products through collaboration with The Changchun Institute of Applied Chemistry Chinese Academy of Science (“**CIAC**”), a third-party research institute, in which we owned the rights to the R&D results. The Group also joined as members of those plastic production related industry associations in the PRC, including the Degradable Plastics Committee of China Plastic Processing Industry Association and The Changchun Die & Mold Industry Association so as to embrace the changing market trends and bring new growth momentum to the Group’s business development.

Prospects

The development of the biodegradable plastic products market in the PRC is driven by the Policies and Regulations. Since 2021, the PRC Government has gradually imposed the Policies and Regulations in different provinces. During the Period, the PRC Government further imposed the Policies and Regulations in Henan province, which shopping malls, supermarkets, pharmacies, bookstores and other places across Henan province have been prohibited the use of non-biodegradable plastics. In align with the prohibition on use of non-biodegradable plastic products in more provinces in China, the market demand on our biodegradable plastic products has been increased.

Undoubtedly, the PRC Government is committed to uphold a clean and green environment and will continue to strongly support environmental protection industries relating to development and manufacturing of environmental products. It has been clearly stated that the prohibition on the use of non-degradable plastic bags will be expanded to the various marketplaces by the end of 2025. In recent years, the PRC Government has successively issued a series of policies to support the development of biodegradable materials, such as the “Opinions on Further Strengthening the Control of Plastic Pollution (關於進一步加強塑料污染治理的意見)” and “Catalogue of Plastic Products Prohibited or Restricted From Production, Sale and Use (Draft for comments) (禁止、限制生產、銷售和使用的塑料製品目錄(徵求意見稿)”, which clearly stipulate and promote the application of biodegradable materials.

In view of (i) the increase in demand of biodegradable plastic products in compliance with the Policies and Regulations; (ii) a number of favorable policies and initiatives promulgated by the PRC Government; and (iii) the fundamental change to the dining and consumption habits of the local residents in the PRC from eating out to preparing meals at home and/or ordering takeaway which, contributed to the increase of sale of perishable food and fruits, and thus, in turn, stimulated the use of biodegradable shopping bags and biodegradable produce bag rolls, we have confidence that against this backdrop, the prospects for biodegradable plastic products business are optimistic and our Group is well positioned to navigate the business opportunities and challenges ahead.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW

Revenue

For the Period, the Group's revenue recorded an increase of approximately 8.6% to approximately RMB196.9 million, as compared with approximately RMB181.3 million recorded for the Preceding Period. This positive performance was attributed to the continuing demand for biodegradable plastic products, the effectiveness of the Policies and Regulations, and the fundamental change to the dining and consumption habits of the local residents in the PRC from eating out to preparing meals at home and/or ordering takeaway. This led to the increase in sales of the biodegradable plastic products of the Group including biodegradable produce bag rolls and biodegradable shopping bags.

Cost of Sales

During the Period, the Group's cost of sales amounted to approximately RMB118.5 million, representing an increase of approximately 7.4%, as compared with approximately RMB110.3 million for the Preceding Period. This increase was primarily due to the increase in production costs and raw material costs in line with the increased revenue during the Period.

Gross Profit and Gross Profit Margin

During the Period, as a result of increase in revenue, the Group recorded gross profit amounted to approximately RMB78.4 million, versus approximately RMB71.0 million recorded for the Preceding Period, representing an increase of approximately 10.4%, whilst the gross profit margin for the Period was approximately 39.8%, against approximately 39.1% for the Preceding Period.

Other Income

During the Period, the Group's other income amounted to approximately RMB0.9 million, as compared with approximately RMB2.9 million recorded for the Preceding Period, representing a decrease of approximately 69.0%. Such decrease was mainly attributable to (i) the decrease in the government grants, which amounted to approximately RMB0.4 million for the Period, as compared with approximately RMB1.6 million for the Preceding Period. The government grants included various forms of subsidy granted to the Group by the local government authorities in the PRC for compensation of expenses incurred by the Group during the Period and were made as business supports and awarded to the Group on a discretionary basis and one-off in nature; and (ii) the decrease in interest income, which amounted to approximately RMB0.5 million for the Period, as compared with approximately RMB1.3 million for the Preceding Period.

Selling and Distribution Expenses

The Group's selling and distribution expenses for the Period amounted to approximately RMB2.4 million, representing a decrease of approximately 25.0%, as compared with approximately RMB3.2 million recorded for the Preceding Period. Such decrease was mainly due to the decrease in marketing consultation fee from approximately RMB0.7 million for the Preceding Period to nil for the Period, which was one-off in nature.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Administrative and Other Operating Expenses

During the Period, the Group's administrative and other operating expenses decreased to approximately RMB18.7 million from approximately RMB20.2 million recorded for the Preceding Period. Such decrease of approximately 7.4% was mainly due to combination of the following factors: (i) the decrease in depreciation of right-of-use assets by approximately RMB3.5 million, which were mainly derived from the termination of the lease of Huizhou factory during the second half of 2023, partially offset by additions of lease in Dongguan and Anji factories in 2023; (ii) the decrease in legal and professional fees by approximately RMB3.3 million due to cost control of the Group; partially offset by the increase in the R&D expenses by approximately RMB5.7 million mainly incurred for the R&D projects collaborated with CIAC.

Finance Costs

During the Period, the Group's finance costs amounted to approximately RMB1.7 million, as compared with the amount of approximately RMB2.4 million for the Preceding Period, representing a decrease of approximately 29.2%. Such decrease was mainly due to (i) the decrease in interest on bank loans by approximately RMB0.4 million; and (ii) the decrease in interest on lease liabilities by approximately RMB0.3 million for the Period.

Listing Expenses

The Group did not record listing expenses during the Period, versus the amount of approximately RMB2.3 million for the Preceding Period. Such decrease was due to the completion of the Listing on 31 March 2023. These expenses were non-recurring in nature and treated as one-off expenses.

Income Tax Expenses

The Group's income tax expenses increased from approximately RMB7.2 million for the Preceding Period to approximately RMB8.3 million for the Period, representing an increase of approximately 15.3%, which was mainly attributable to the increase of profit before tax as a result of the positive business performance achieved by the Group for the Period.

Profit for the Period

The Group recorded a profit for the Period of approximately RMB48.2 million, as compared the profit for the Preceding Period of approximately RMB38.6 million. The increase in profit by approximately 24.9% for the Period was mainly resulted from (i) the increase in gross profit derived from the increase in revenue for the Period; and (ii) the decrease in listing expenses during the Period.

Property, Plant and Equipment

The property, plant and equipment of the Group slightly decreased to approximately RMB97.4 million as at 30 June 2024, as compared with approximately RMB99.8 million as at 31 December 2023, which was due to depreciation of property, plant and equipment of approximately RMB5.1 million; partially offset by the additions on property, plant and equipment of approximately RMB2.7 million for the Period.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Right-of-Use Assets

The right-of-use assets of the Group slightly decreased to approximately RMB10.2 million as at 30 June 2024, as compared with approximately RMB11.7 million as at 31 December 2023. Such decrease was due to the depreciation of right-of-use assets of approximately RMB2.3 million charged for the Period. The decrease in depreciation expenses was due to combination of early termination of lease in Huizhou factory during the second half of 2023, partially offset by additions of lease in Dongguan and Anji factories in 2023.

Inventories

As at 30 June 2024, the inventories balance of the Group amounted to approximately RMB31.3 million, as compared with the balance of approximately RMB21.2 million as at 31 December 2023. The increase in inventories balance of the Group was due to maintaining higher raw material levels for cost control during procurement.

Trade and Other Receivables

As at 30 June 2024, the trade and other receivables of the Group amounted to approximately RMB112.1 million, as compared with approximately RMB108.7 million recorded as at 31 December 2023. Such increase of approximately 3.1% was mainly attributed by the increase in sales orders of the Group for the Period.

Trade and Other Payables

As at 30 June 2024, the trade and other payables of the Group amounted to approximately RMB63.0 million, as compared with approximately RMB44.5 million as at 31 December 2023. Such increase of approximately 41.6% was mainly attributable to (i) the increase in production costs and maintaining higher raw material levels to cope with the increased sales during the Period; and (ii) the increase in amount due to a director by approximately RMB7.9 million for operating purpose, which is unsecured, interest-free and repayable on demand. The amount was fully settled in August 2024.

Liquidity and Financial Resources and Capital Structure

The Group exercised a high level of prudence through stringent review of liquidity, risk exposure and market conditions and reacted swiftly to identify and mitigate risks.

As at 30 June 2024, the Group had maintained liquidity with cash and cash equivalents of approximately RMB381.7 million, as compared with approximately RMB315.7 million as at 31 December 2023.

As at 30 June 2024, the Group had interest-bearing borrowings of approximately RMB59.4 million, against approximately RMB49.7 million as at 31 December 2023. Details of the profile, currencies, maturity and interest rates of the borrowings are set out in note 13 to the condensed consolidated financial statements in this report.

The Group's gearing ratio as at 30 June 2024 was approximately 14.3%, compared to approximately 13.7% as at 31 December 2023. The gearing ratio equals to total debts divided by total equity, whereby total debts include interest-bearing borrowings and lease liabilities. The gearing ratio was stable among two periods.

During the Period, the Group financed its operations with loan facilities provided by banks and financial institutions and internal cash flows. The Directors considered that the Group maintained adequate liquidity position for its business operations with sufficient buffer for contingencies.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Treasury Policies

The Group implemented prudent treasury policies to maintain strong flexibility and capability to fund its business operations and manage unexpected contingencies. During the Period, the management performed credit assessments and evaluation of financial status of its customers to mitigate the Group's credit risk exposure while closely monitored the Group's liquidity position to ensure availability of sufficient financial resources to meet with the Group's funding requirements and commitments.

Exchange Rate Exposure

The majority of the Group's transactions, assets and liabilities were denominated in RMB. Since the exchange rate risk was not significant, the Group did not commit to any financial instruments to hedge against its foreign exchange exposure during the Period. The Directors and senior management closely monitor the foreign exchange exposure of the Group and will consider appropriate financial derivatives as and when necessary.

Charge on Group Assets

As at 30 June 2024, the Group's interest-bearing borrowings and lease liabilities were secured by charges over the following assets of the Group:

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Buildings	19,798	20,561
Leasehold Land	780	792
Patents	77	82
	20,655	21,435

Contingent Liabilities

As at 30 June 2024 and 2023, the Group had no contingent liabilities.

Commitments

As at 30 June 2024, the Group had capital commitments of approximately RMB3.0 million (*31 December 2023: approximately RMB3.5 million*), details of which are set out in note 17 to the condensed consolidated financial statements in this report.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Significant Investments, Material Acquisitions and Disposals

The Group did not have any significant investments, material acquisitions and disposals of subsidiaries or associated companies or joint ventures during the Period. There was no plan authorised by the Board for other material investments or additions of capital assets as at the date of this report.

Interim Dividend

The Board does not recommend the payment of an interim dividend for the Period (*The Preceding Period: Nil*).

Human Resources

As at 30 June 2024, the Group had a total of 188 employees as compared with 158 employees as at 30 June 2023, all our employees stationed in the PRC. The increase in employees was mainly due to the establishment of two factories in Dongguan and Anji in 2023. Total staff costs (including Directors' emoluments) for the Period amounted to approximately RMB7.1 million, versus approximately RMB6.5 million as recorded for the Preceding Period.

During the Period, the Group remunerated its employees and Directors with reference to the duties, responsibilities, experience and competence of individual employee as well as prevailing market practices. The remuneration policy of the Group is formulated by the remuneration committee and subject to regular review annually, which also applies to Directors. In addition to salaries, discretionary bonuses and other fringe benefits, employees of the Group and all Directors (including independent non-executive Directors) may also be granted share options of the Company pursuant to the terms and conditions of the Company's share option scheme adopted on 9 March 2023 as incentives and rewards for their contribution to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

USE OF PROCEEDS

The Shares were listed on the Stock Exchange on the Listing Date, a total of 190,000,000 offer Shares were allotted and issued and the net proceeds raised therefrom amounted to approximately HK\$155.4 million.

There were no changes in the intended use of net proceeds as disclosed previously in the Prospectus, 2022 and 2023 Annual Report. Up to 30 June 2024, the net proceeds had been utilised as follows:

Intended Use	Adjusted net proceeds <i>HK\$'000</i>	Amount utilised <i>HK\$'000</i>	Amount unutilised <i>HK\$'000</i>	Expected timeline for utilising unutilised net proceeds amount
Expand biodegradable plastic products production lines at the Changchun Production Base	51,743	18,548	33,195	By 2024
Establish the Huizhou Production Base in Southeast China	51,588	–	51,588	By 2025
Strengthen R&D capabilities and upgrade existing R&D equipment of the Group	6,682	–	6,682	By 2025
Finance R&D projects of the Group	33,253	25,336	7,917	By 2024
Strengthen IT system of the Group	4,662	–	4,662	By 2025
General working capital	7,458	7,447	11	By 2024
	155,386	51,331	104,055	

As disclosed in the Prospectus, it was mentioned that the net proceeds would be utilised for establishing new biodegradable production lines at the Changchun Production Base in 2023 and targeted to complete our entire expansion of our Changchun Production Base by the second quarter of 2024. The Company recognised there would be a delay in the use of proceeds from the Listing. The reasons for such delay were decided after considering several factors, including the persistent economic, financial, and geopolitical complexities worldwide, the challenging business environment in the PRC during 2023, and the foreseeable unstable market conditions in 2024. Additionally, minor changes in our Southeast China expansion plan and the establishment of our Anji factory also contributed to the decision. In the fourth quarter of 2023, the Board conducted a strategic review of establishing our new biodegradable production lines at the Changchun Production Base given the aforementioned factors and decided to delay the plan. This decision was made after considering that (i) we have an established position in Northeast China and (ii) a majority of our customers located in the Northeast are recurring customers. Therefore, the Directors consider that carrying out the Southeast China expansion plan should be prioritised in our strategic formulation. Nevertheless, despite the delay, the Company has commenced the trial production for the new production machines and equipment purchased during 2023 in Changchun Production Base. Although the Company has not completed our entire expansion of our Changchun Production Base by the second quarter of 2024, the Company had and would continue the plan to expand our Changchun Production Base.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

As disclosed in the Prospectus, it was mentioned that the net proceeds would be utilised to establish the Huizhou Production Base in Southeast China in 2023. The Company recognised there was a delay in the use of proceeds from the Listing when it decided to deliver equipment and machinery originally ordered for the Huizhou factory site to the Dongguan factory. The reasons for such delay were principally due to (i) an unexpected delay in obtaining approval from Huizhou Development and Reform Bureau (the local branch of the National Development and Reform Commission) regarding the Huizhou factory site, although the Company had ordered the necessary machinery, carried out planning, and submitted the application for the new factory in the first half of 2023. However, as of August 2023, the Group had not obtained all necessary approvals; (ii) during the material period, the Company became aware of an alternative and available factory site in Dongguan, which is (a) nearby to the Huizhou factory (less than 100 kilometres from the original site) and within the same province; (b) with better local government support, which was later evident as the Group was able to obtain all necessary approvals to commence trial production before 31 December 2023; and (iii) lower rental payments per square metre than the Huizhou factory. Hence, the Board conducted a strategic review of the establishment of the Huizhou Production Base in the fourth quarter of 2023 and adjusted our expansion plan by entering into a rental agreement with Dongguan in the second half of 2023, terminating the lease of the factory in Huizhou, and relocating our equipment and machinery to Dongguan to avoid causing a material delay in our Southeast China expansion plan as stated in the Prospectus. As of the date of this report, the Company has not received feedback or approval from Huizhou Development and Reform Bureau and therefore has not obtained all necessary approvals regarding establishing factory site in Huizhou. The Company has utilized internal funds to establish factory in Dongguan without utilizing the net proceeds raised from Listing because the purposes were slightly different from the expansion plan set out in the Prospectus. The Southeast China factory was originally planned to be set up in Huizhou, instead of Dongguan, despite these two cities both being located within Guangdong province. Due to the aforementioned factors, the Company decided to use internal funds for the initial investment (i.e. Phase 1 operation).

Considering the aforementioned, the Company considers it more appropriate to determine the actual allocation of the unutilised proceeds after reviewing the full-year financial situation of 2024 and will publish an announcement to revise the unutilised use of proceeds (where applicable) in accordance with the Listing Rules as appropriate.

As at 30 June 2024, the unutilised net proceeds of approximately HK\$104.1 million were deposited into licensed banks in Hong Kong and PRC, respectively.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2024, the interests and short positions of the Directors and chief executive of the Company in Shares, underlying Shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of Securities and Futures Ordinance of Hong Kong (the "SFO") which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interest or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or under the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(a) Interests in the Shares

Name of Shareholder	Capacity/Nature of interest	Number of Shares held (L) ⁽¹⁾	Approximate percentage of the Company's issued share capital (%)
Ms. Zhang Yuqiu ("Ms. Zhang") ⁽²⁾⁽⁵⁾	Interests in controlled corporation	321,080,700	32.11
Mr. Shan Yuzhu ("Mr. Shan") ⁽³⁾⁽⁵⁾	Interests in controlled corporations	190,822,340	19.08
Mr. Li Xiquan ("Mr. Li") ⁽⁴⁾	Interest in a controlled corporation	11,250,090	1.13

Notes:

- (1) The Letter "L" demonstrates long position.
- (2) Ms. Zhang beneficially owns the entire issued shares of Lvsetianye Technology Holdings Limited ("Lvsetianye Technology"). Lvsetianye Technology is a company incorporated in the British Virgin Islands (the "BVI"), which in turn holds 321,080,700 Shares or approximately 32.11% of the issued share capital of the Company. Therefore, Ms. Zhang is deemed, or taken to be, interested in all the Shares held by Lvsetianye Technology for the purpose of the SFO.
- (3) Mr. Shan beneficially owns the entire issued shares of Lvsesenlin Technology Holdings Limited ("Lvsesenlin Technology"). Lvsesenlin Technology is a company incorporated in the BVI which in turn holds 91,022,880 Shares or approximately 9.10% of the issued share capital of the Company. Daziran Technology Invest Holdings Limited ("Daziran Technology") and China Plastic Environmental Protection Holdings Limited ("CPEP Holdings"), the companies incorporated in the BVI and are wholly owned by Lvsesenlin Technology, in turn holds 92,599,460 Shares or approximately 9.26% and 7,200,000 Shares or approximately 0.72% of the issued share capital of the Company, respectively. Therefore, Mr. Shan is deemed, or taken to be, interested in all the Shares held by Lvsesenlin Technology, Daziran Technology and CPEP Holdings for the purpose of the SFO.
- (4) Mr. Li beneficially owns the entire issued shares of Languang Technology Invest Holdings Limited ("Languang Technology"). Languang Technology is a company incorporated in the BVI which in turn holds 11,250,090 Shares or approximately 1.13% of the issued share capital of the Company. Therefore, Mr. Li is deemed, or taken to be, interested in all the Shares held by Languang Technology for the purpose of the SFO.
- (5) Ms. Zhang and Mr. Shan are wife and husband. They are therefore deemed to be interested in the Shares that the other is interested in under the SFO.

OTHER INFORMATION (CONTINUED)

(b) Long positions in associated corporation

Changchun Guangke Technology Co., Ltd

Name of Director	Capacity/Nature of interest	Approximate percentage of shareholding in Changchun Guangke (%)
Ms. Zhang	Beneficial owner	0.0039
Mr. Shan	Beneficial owner	0.0036
Mr. Li	Beneficial owner	0.0001

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2024, the following persons (other than Directors or the chief executive of the Company) held an interest or a short position in the Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group were as follows:

Name of Shareholder	Capacity/Nature of Interest	Number of Shares held (L) ⁽¹⁾	Approximate percentage of the Company's issued share capital (%)
Ms. Zhang ⁽²⁾⁽⁴⁾	Interest in a controlled corporation	321,080,700	32.11
Mr. Shan ⁽³⁾⁽⁴⁾	Interest in controlled corporations	190,822,340	19.08
Lvsetianye Technology ⁽²⁾	Beneficial owner	321,080,700	32.11
Lvsesenlin Technology ⁽³⁾	Beneficial owner	91,022,880	9.10
	Interest in controlled corporations	99,799,460	9.98
Daziran Technology ⁽³⁾	Beneficial owner	92,599,460	9.26
CPEP Holdings ⁽³⁾	Beneficial owner	7,200,000	0.72

OTHER INFORMATION (CONTINUED)

Notes:

- (1) The Letter “L” demonstrates long position.
- (2) Lvsetianye Technology held approximately 32.11% of the issued share capital of the Company. Lvsetianye Technology is wholly owned by Ms. Zhang. Ms. Zhang is therefore deemed to be interested in the Shares that Lvsetianye Technology is interested in.
- (3) Lvsesenlin Technology, Daziran Technology and CPEP Holdings held approximately 9.10%, 9.26% and 0.72% of the issued share capital of the Company, respectively. Each of Daziran Technology and CPEP Holdings is wholly owned by Lvsesenlin Technology, which is in turn wholly owned by Mr. Shan. Mr. Shan is therefore deemed to be interested in the Shares that each of Lvsesenlin Technology, Daziran Technology and CPEP Holdings is interested in.
- (4) Ms. Zhang and Mr. Shan are wife and husband. They are therefore deemed to be interested in the Shares that the other is interested in under the SFO.

Save as disclosed above, the Directors are not aware of any other person who had beneficial interests or short positions in any Shares or underlying Shares, which will be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group.

DIRECTORS’ RIGHTS TO PURCHASE SHARES OR DEBENTURES

At no time during the Period was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors and chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any body corporate, and none of the Directors and chief executives or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the Period.

SHARE OPTION SCHEME

The Company has adopted the share option scheme (the “**Share Option Scheme**”) on 9 March 2023 (the “**Adoption Date**”) and effective upon the Listing Date for a period of 10 years and will expire on 30 March 2033. The terms of the Share Option Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules. The following is a summary of the principal terms of the Share Option Scheme:

(A) Purpose

The purpose of the Share Option Scheme is to give the Eligible Persons (as defined in the following paragraph) an opportunity to have a personal stake in the Company and help motivate them to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of any manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of the Group, to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

OTHER INFORMATION (CONTINUED)

(B) Participants

In accordance with the terms of the Share Option Scheme, our Board may, at its absolute discretion, offer the grant of options (“**Options**”) to subscribe for such number of Shares to:

- (a) any full-time employee of any member of the Group (“**Employee**”); and
- (b) any director of any member of the Group who does not perform an executive function (the person referred to in paragraphs (a) and (b) above are the “**Eligible Persons**”).

(C) Total Number of Shares Available for Issue

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the Shares in issue as at the Listing Date.

At the date of this report, a total of 100,000,000 Shares, representing 10% of the issued share capital of the Company, are available for issue under the Share Option Scheme.

(D) Maximum Entitlement of Each Participant

The maximum number of Shares issued and to be issued upon exercise of the Options granted to any one Eligible Person (excluding any Options lapsed in accordance with the terms of the Share Option Scheme) in any 12-month period shall not exceed 1% of the Shares in issue from time to time. Where any further grant of Options to such an Eligible Person would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such Eligible Person (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant shall be separately approved by the Shareholders in general meeting with such Eligible Person and his close associates (or his associates if such Eligible Person is a connected person) abstaining from voting. The Company shall send a circular to the Shareholders disclosing the identity of the Eligible Person, the number and terms of the Options to be granted (and Options previously granted in the 12-month period) to such Eligible Person, the purpose of granting options to the Eligible Person and an explanation as to how the terms of the options serve such purpose, and containing the details and information required under the Listing Rules. The number and terms (including the subscription price) of the Options to be granted to such Eligible Person must be fixed before the approval of the Shareholders and the date of the meeting or resolution of the Board proposing such grant shall be taken as the offer date for the purpose of calculating the exercise price of those Options.

(E) Offer and Grant of Options

Subject to the terms of the Share Option Scheme, the Board shall be entitled at any time within 10 years from the Adoption Date to offer the grant of an Option to any Eligible Person as the Board may in its absolute discretion select to subscribe at the subscription price for such number of Shares as the Board may (subject to the terms of the Share Option Scheme) determine (provided the same shall be a board lot for dealing in the Shares on the Stock Exchange or an integral multiple thereof).

OTHER INFORMATION (CONTINUED)

(F) Minimum Vesting Period

All Options granted under the Share Option Scheme will be subject to a vesting period of no less than 12 months from the date of grant except for the specific circumstances set out in the Share Option Scheme.

(G) Subscription Price

The subscription price in respect of any particular Option shall be such price as our Board may in its absolute discretion determine at the time of grant of the relevant Option (and shall be stated in the letter containing the offer of the grant of the Option) but the subscription price shall not be less than whichever is the highest of:

- (a) nominal value of a Share;
- (b) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the offer date, which must be a business day; and
- (c) the average closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the five business Days (as defined in the Listing Rules) immediately preceding the offer date.

For a more details, please refer to section headed "Statutory and General Information – F. Share Option Scheme" in Appendix V to the Prospectus.

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since the Adoption Date and up to the date of this report. As at 1 January 2024 and 30 June 2024, the total number of options available for grant under the Share Option Scheme are 100,000,000 Shares and 100,000,000 Shares, respectively.

There is no service provider sublimit under the Share Option Scheme.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the Period and up to the date of this report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

COMMUNICATION WITH SHAREHOLDERS

The Company's 2024 Annual General Meeting (the "2024 AGM") was held on 28 June 2024. All resolutions at the 2024 AGM were passed by way of a poll and the poll results were posted on the websites of the Stock Exchange and the Company on the same day.

OTHER INFORMATION (CONTINUED)

USE OF PROCEEDS FROM THE LISTING

The Company was successfully listed on the Main Board of the Stock Exchange on the Listing Date with net proceeds received by the Company from the Listing in the amount of approximately HK\$155.4 million after deducting underwriting commissions and all related expenses. For details of use of proceeds from the Listing, please refer to the paragraph headed "Use of Proceeds" in this report.

Since the Listing Date, the Group will gradually utilise the net proceeds in accordance with the intended purposes as stated in the Prospectus. Please refer to the section headed "Future Plans and Use of Proceeds" in the Prospectus for details.

CONNECTED/RELATED PARTIES TRANSACTIONS

The Company had not entered into any connected transaction during the Period, which is required to be disclosed under the Listing Rules. Save for the related party transactions as disclosed in note 16 to the condensed consolidated financial statements, there were no other related party transactions, connected transactions or continuing connected transactions of the Company as defined under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, since the Listing Date and up to the date of this report, the Company has maintained a sufficient public float of not less than 25% of the Company's total number of issued Shares as required under the Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Based on specific enquiry made to the Directors, all of the Directors have confirmed that they had complied with the Model Code during the Period and up to the date of this report.

OTHER INFORMATION (CONTINUED)

COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Period and up to the date of this report, there was no material breach of or non-compliance with the applicable of relevant laws and regulations by the Group.

During the Period and up to the date of this report, there was no non-compliance of Rules 3.10(1), 3.10(2) and 3.21 of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise, and independent non-executive directors representing at least one-third of the Board. In addition, the audit committee must comprise a minimum of three members, at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the Period, the Company has complied with the code provisions set out in the Corporate Governance Code (“**CG Code**”) contained in Appendix C1 of the Listing Rules.

The Company will continue to regularly review and monitor its corporate governance practices to align with the latest corporate governance developments.

SIGNIFICANT EVENTS AFTER THE PERIOD

No significant event affecting the Group has occurred since the end of the Period and up to the date of this report.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the CG Code. As at the date of this report, the members of the Audit Committee are Mr. Ng Tat Fung, Dr. Lai King Yin and Dr. Sun Shulin, all of whom are independent non-executive Directors. Mr. Ng Tat Fung is the chairman of the Audit Committee. The Group’s unaudited condensed consolidated financial statements and the interim report for the six months ended 30 June 2023 have been reviewed by the Audit Committee. Based on this review and discussions with the management, the Audit Committee was satisfied that the Group’s unaudited condensed consolidated financial statements were prepared in accordance with the applicable accounting standards.

On behalf of the Board

Zhang Yuqiu

Chair and Executive Director

Changchun, Jilin, the PRC, 30 August 2024

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	4	196,868	181,309
Cost of sales		(118,480)	(110,339)
Gross profit		78,388	70,970
Other income	5	920	2,910
Selling and distribution expenses		(2,377)	(3,210)
Administrative and other operating expenses		(18,717)	(20,202)
Finance costs	6	(1,745)	(2,395)
Listing expenses	6	–	(2,289)
Profit before tax	6	56,469	45,784
Income tax expenses	7	(8,261)	(7,202)
Profit for the period		48,208	38,582
Other comprehensive income (loss):			
<i>Item that will not be reclassified to profit or loss</i>			
Translation of the Company's financial statements into presentation currency		979	8,231
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences on consolidation		(1,031)	(607)
Total other comprehensive (loss) income		(52)	7,624
Total comprehensive income for the period		48,156	46,206
Profit for the period attributable to:			
Owners of the Company		47,834	38,175
Non-controlling interests		374	407
		48,208	38,582

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Total comprehensive income for the period attributable to:			
Owners of the Company		47,782	45,799
Non-controlling interests		374	407
		48,156	46,206
		RMB cents	<i>RMB cents</i>
Earnings per share attributable to owners of the Company:			
Basic and diluted	8	4.78	4.21

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	<i>Notes</i>	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	10	97,429	99,772
Right-of-use assets		10,175	11,655
Intangible assets		77	82
Deposits paid for acquisition of property, plant and equipment	17	1,103	823
Deferred tax assets		127	147
		108,911	112,479
Current assets			
Inventories		31,324	21,187
Trade and other receivables	11	112,140	108,683
Cash and cash equivalents		381,714	315,696
		525,178	445,566
Current liabilities			
Trade and other payables	12	63,024	44,533
Interest-bearing borrowings	13	59,441	40,158
Lease liabilities	14	3,802	3,280
Deferred income		489	489
Income tax payables		1,210	1,379
		127,966	89,839
Net current assets		397,212	355,727
Total assets less current liabilities		506,123	468,206
Non-current liabilities			
Lease liabilities	14	7,738	8,231
Interest-bearing borrowings	13	–	9,500
Deferred income		2,105	2,351
		9,843	20,082
NET ASSETS		496,280	448,124

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 June 2024

	<i>Notes</i>	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Capital and reserves			
Share capital	15	8,800	8,800
Reserves		484,304	436,522
Equity attributable to owners of the Company		493,104	445,322
Non-controlling interests		3,176	2,802
TOTAL EQUITY		496,280	448,124

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Share capital RMB'000	Reserves					Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
		Share premium RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Translation reserve RMB'000	Accumulated profits RMB'000			
At 1 January 2023 (audited)	8	-	107,710	25,378	(297)	63,040	195,839	2,165	198,004
Profit for the period	-	-	-	-	-	38,175	38,175	407	38,582
Other comprehensive income (loss):									
<i>Item that will not be reclassified to profit or loss</i>									
Translation of the Company's financial statements into presentation currency	-	-	-	-	8,231	-	8,231	-	8,231
<i>Item that may be reclassified subsequently to profit or loss</i>									
Exchange difference on consolidation	-	-	-	-	(607)	-	(607)	-	(607)
Total other comprehensive income	-	-	-	-	7,624	-	7,624	-	7,624
Total comprehensive income for the period	-	-	-	-	7,624	38,175	45,799	407	46,206
Transactions with owners:									
<i>Contributions and distributions</i>									
Issue of shares pursuant to the Capitalisation Issue (Note 15(b))	7,119	(7,119)	-	-	-	-	-	-	-
Issue of shares pursuant to the Global Offering (Note 15(c))	1,673	173,887	-	-	-	-	175,560	-	175,560
Transaction costs attributable to issue of shares (Note 15(c))	-	(16,363)	-	-	-	-	(16,363)	-	(16,363)
Appropriation to statutory reserve	-	-	-	4,530	-	(4,530)	-	-	-
Total transactions with owners	8,792	150,405	-	4,530	-	(4,530)	159,197	-	159,197
At 30 June 2023 (unaudited)	8,800	150,405	107,710	29,908	7,327	96,685	400,835	2,572	403,407

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2024

	Share capital RMB'000	Reserves					Accumulated profits RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
		Share premium RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Translation reserve RMB'000					
At 1 January 2024 (audited)	8,800	150,405	107,710	34,464	6,019	137,924	445,322	2,802	448,124	
Profit for the period	-	-	-	-	-	47,834	47,834	374	48,208	
Other comprehensive income (loss): <i>Item that will not be reclassified to profit or loss</i>										
Translation of the Company's financial statements into presentation currency <i>Item that may be reclassified subsequently to profit or loss</i>	-	-	-	-	979	-	979	-	979	
Exchange difference on consolidation	-	-	-	-	(1,031)	-	(1,031)	-	(1,031)	
Total other comprehensive loss	-	-	-	-	(52)	-	(52)	-	(52)	
Total comprehensive income for the period	-	-	-	-	(52)	47,834	47,782	374	48,156	
Transactions with owners: <i>Contributions and distributions</i>										
Appropriation to statutory reserve	-	-	-	5,700	-	(5,700)	-	-	-	
Total transactions with owners	-	-	-	5,700	-	(5,700)	-	-	-	
At 30 June 2024 (unaudited)	8,800	150,405	107,710	40,164	5,967	180,058	493,104	3,176	496,280	

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Net cash from operating activities	61,216	47,994
INVESTING ACTIVITIES		
Interest received	525	1,265
Proceeds from disposal of property, plant and equipment	–	61
Deposits paid for acquisition of property, plant and equipment	(708)	(13,955)
Payment for purchase of property, plant and equipment	(2,282)	(2,263)
Net cash used in investing activities	(2,465)	(14,892)
FINANCING ACTIVITIES		
Inception of interest-bearing borrowings	45,000	10,172
Repayment of interest-bearing borrowings	(35,250)	(7,606)
Repayment to Pre-IPO Investors	–	(10,003)
Proceeds from issue of shares	–	175,560
Payment for transaction costs attributable to issue of shares	–	(16,363)
Repayment of lease liabilities	(771)	(920)
Interest paid	(1,745)	(2,395)
Net cash from financing activities	7,234	148,445
Net increase in cash and cash equivalents	65,985	181,547
Cash and cash equivalents at the beginning of the reporting period	315,696	99,230
Effect on exchange rate changes	33	–
Cash and cash equivalents at the end of the reporting period	381,714	280,777
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	381,714	162,591
Non-pledged time deposits with original maturity of 3 months or less when acquired	–	118,186
	381,714	280,777

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. CORPORATE INFORMATION AND BASIS OF PREPARATION

China Treasures New Materials Group Ltd. (the “**Company**”, together with its subsidiaries are collectively referred to as the “**Group**”) was incorporated in the Cayman Islands as an exempted company with limited liability on 21 January 2022, and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 31 March 2023 (the “**Listing**”). The address of the Company’s registered office is 89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands. The Company’s principal place of business is situated at Room 1910, 19/F., C C Wu Building, 302-308 Hennessy Road, Wan Chai, Hong Kong and the Group’s headquarter is situated at No. 3, Jing’Er Road, Kalun Industrial South Region, Jiutai Economics Development Zone, Changchun City, Jilin Province, the People’s Republic of China (the “**PRC**”).

The Company is an investment holding company and the Group is principally engaged in development and manufacture of biodegradable plastic products and non-biodegradable automobile plastic parts in the PRC.

At the date of this report, in the opinion of the directors of the Company, the ultimate controlling parties are Ms. Zhang Yuqiu and Mr. Shan Yuzhu.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements of the Group for the six months ended 30 June 2024 (the “**Interim Financial Statements**”) have been prepared in accordance with IAS 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (the “**IASB**”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

The Interim Financial Statements have been prepared on the historical costs basis and presented in Renminbi (“**RMB**”) and rounded to the nearest thousands (“**RMB’000**”), unless otherwise indicated.

The accounting policies and methods of computation applied in the preparation of the Interim Financial Statements are consistent with those applied in preparing the 2023 Financial Statements except for the adoption of the new/revised IFRS Accounting Standards described below which are effective for current period.

Adoption of new/revised IFRS Accounting Standards

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRS Accounting Standards issued by the IASB which are effective for the current period.

Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to HK Interpretation 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback

The adoption of the new/revised IFRS Accounting Standards in the current period has no material impact on the Group’s financial position and performance for the current and prior periods and/or on the disclosures set out in the Interim Financial Statements.

At the date of authorisation of the Interim Financial Statements, the Group has not early adopted the new/revised IFRS Accounting Standards that have been issued but are not yet effective. The directors of the Company do not anticipate that the adoption of the new/revised IFRS Accounting Standards in future periods will have any material impact on the Group’s consolidated financial statements.

3. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being identified as the chief operating decision makers (“**CODM**”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered. No operating segments identified by the CODM have been aggregated in arriving at the reportable operating segments of the Group.

Specifically, the Group’s reportable and operating segments are as follows:

- 1) development and manufacture of biodegradable plastic products; and
- 2) development and manufacture of non-biodegradable automobile plastic parts.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

3. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

Segment revenue represents revenue derived from development and manufacture of biodegradable plastic products and non-biodegradable automobile plastic parts.

Segment results represent the gross profit reported by each segment without allocation of other income, selling and distribution expenses, administrative and other operating expenses, finance costs, listing expenses and income tax expenses. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

The segment information provided to the CODM of the Group for the reportable operating segments for the reporting period is as follows:

	Development and manufacture of biodegradable plastic products <i>RMB'000</i>	Development and manufacture of non- biodegradable automobile plastic parts <i>RMB'000</i>	Total <i>RMB'000</i>
Six months ended 30 June 2024 (Unaudited)			
Segment revenue	183,776	13,092	196,868
Segment cost of sales	(110,761)	(7,719)	(118,480)
Segment results	73,015	5,373	78,388
Other income			920
Selling and distribution expenses			(2,377)
Administrative and other operating expenses			(18,717)
Finance costs			(1,745)
Profit before tax			56,469
Income tax expenses			(8,261)
Profit for the period			48,208
<i>Other information</i>			
Amortisation of intangible assets	5	–	5
Depreciation (<i>Note</i>)			
– Property, plant and equipment	1,113	1,542	2,655
– Right-of-use assets	35	–	35
Provision for loss allowances on trade receivables, net	39	3	42

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

3. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

	Development and manufacture of biodegradable plastic products <i>RMB'000</i>	Development and manufacture of non- biodegradable automobile plastic parts <i>RMB'000</i>	Total <i>RMB'000</i>
Six months ended 30 June 2023 (Unaudited)			
Segment revenue	173,922	7,387	181,309
Segment cost of sales	(105,919)	(4,420)	(110,339)
Segment results	68,003	2,967	70,970
Other income			2,910
Selling and distribution expenses			(3,210)
Administrative and other operating expenses			(20,202)
Finance costs			(2,395)
Listing expenses			(2,289)
Profit before tax			45,784
Income tax expenses			(7,202)
Profit for the period			38,582
<i>Other information</i>			
Amortisation of intangible assets	5	–	5
Depreciation (Note)			
– Property, plant and equipment	577	384	961
– Right-of-use assets	35	–	35
Provision for loss allowances on trade receivables, net	114	12	126

Note: Unallocated depreciation of property, plant and equipment of approximately RMB2,398,000 (six months ended 30 June 2023: RMB2,425,000) and right-of-use assets of approximately RMB2,245,000 (six months ended 30 June 2023: RMB5,733,000) were not included in other information for the period ended 30 June 2024.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

3. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	Development and manufacture of biodegradable plastic products <i>RMB'000</i>	Development and manufacture of non-biodegradable automobile plastic parts <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
At 30 June 2024 (Unaudited)				
Assets				
Reportable segment assets	148,305	37,704	448,080	634,089
Liabilities				
Reportable segment liabilities	45,656	2,380	89,773	137,809
Other information				
Capital expenditures	2,052	128	1,330	3,510
At 31 December 2023 (Audited)				
Assets				
Reportable segment assets	125,965	37,539	394,541	558,045
Liabilities				
Reportable segment liabilities	36,305	345	73,271	109,921
Other information				
Capital expenditures	7,996	25,545	20,127	53,668

For the purposes of monitoring segment performance and allocating resources between segments:

- segment assets include deposits for acquisition of property, plant and equipment, inventories, trade receivables, certain property, plant and equipment, right-of-use assets, intangible assets and other receivables. Other assets are not allocated to operating segments as these assets are managed on a corporate basis; and
- segment liabilities include trade payables, lease liabilities and certain other payables. Other liabilities are not allocated to operating segments as these liabilities are managed on a corporate basis.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

3. SEGMENT INFORMATION (CONTINUED)

Geographical information

The Company is an investment holding company and the principal place of the Group's operation is in the PRC. All of the Group's revenue from external customers during the six months ended 30 June 2024 and 2023 was derived from the PRC and almost all of the Group's assets and liabilities are located in the PRC.

Information about major customers

Details of the customers (including entities under common control) individually accounting for 10% or more of total revenue of the Group during the reporting period are as follows:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Development and manufacture of biodegradable plastic products		
Customer A	28,171	N/A ^{Note}

Note: The individual customer contributed less than 10% of the total revenue of the Group for the six months ended 30 June 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

4. REVENUE

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue from contracts with customers within IFRS 15		
<i>At a point in time</i>		
Development and manufacture of biodegradable plastic products	183,776	173,922
Development and manufacture of non-biodegradable automobile plastic parts	13,092	7,387
	196,868	181,309

5. OTHER INCOME

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Interest income	525	1,265
Government grants (<i>Note</i>)	395	1,645
	920	2,910

Note: Government grants represent various forms of subsidy granted to the Group by the local government authorities in the PRC for compensation of expenses incurred by the Group. These grants are generally made for business supports and awarded to the Group on a discretionary basis. The Group received these government grants in respect of its investments in the PRC. During the six months ended 30 June 2024, there were assets related grants of approximately RMB245,000 (*six months ended 30 June 2023: RMB245,000*).

There are no unfulfilled conditions or contingencies relating to these grants.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

6. PROFIT BEFORE TAX

Profit before tax is arrived at after charging:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Finance costs		
Interest on bank loans	1,492	1,878
Interest on lease liabilities	253	517
	1,745	2,395
Staff costs (including directors' emoluments)		
Salaries, discretionary bonus, allowances and other benefits in kind	5,752	5,211
Contributions to defined contribution plans	1,344	1,260
	7,096	6,471
Other items		
Cost of inventories (Note i)	117,331	108,816
Amortisation of intangible assets (charged to "administrative and other operating expenses")	5	5
Depreciation of property, plant and equipment (charged to "cost of sales", "selling and distribution expenses" and "administrative and other operating expenses", as appropriate)	5,053	3,386
Depreciation of right-of-use assets (charged to "cost of sales" and "administrative and other operating expenses", as appropriate)	2,280	5,768
Listing expenses	–	2,289
Loss on disposal of property, plant and equipment	–	307
Research and development expenses (charged to "cost of sales" and "administrative and other operating expenses", as appropriate) (Note ii)	12,107	6,389
Expenses recognised under short-term leases	90	57
Provision for loss allowance of trade receivables, net	42	126

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

6. PROFIT BEFORE TAX (CONTINUED)

Notes:

- (i) Cost of inventories included the following items which were included in the respective amounts as disclosed above.

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Staff costs	4,585	4,105
Depreciation on:		
– Property, plant and equipment	4,246	2,757
– Right-of-use assets	1,121	1,121
	9,952	7,983

- (ii) Research and development expenses included the following items which were included in the respective amounts as disclosed above.

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Staff costs	578	438
Depreciation on property, plant and equipment	185	221
	763	659

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

7. TAXATION

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Current tax		
PRC enterprise income tax ("PRC EIT")	8,241	7,202
Deferred tax		
Changes in temporary differences	20	–
Total income tax expenses for the period	8,261	7,202

The group entities established in the Cayman Islands and the BVI are exempted from corporate income tax therein.

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

The Group's entities established in the PRC are subject to the PRC EIT at a statutory rate of 25% except for Jilin Province Kaishun New Material Co., Ltd* (吉林省開順新材料有限公司) ("Jilin Kaishun") which was recognised as High and New Technology Enterprise ("HNTE") and is entitled to a preferential tax rate of 15% during the six months ended 30 June 2024 and 2023. The entitlement of this tax benefit is subject to renewal by respective tax bureau in the PRC every three years. The latest approval for Jilin Kaishun enjoying this tax benefit was obtained in September 2021 for the three years ending 31 December 2024.

* English name for identification purpose only.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

8. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Profit: Profit attributable to owners of the Company used for the purpose of basic earnings per share	47,834	38,175
Number of shares: Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	1,000,000,000	906,574,586

There were no dilutive potential ordinary shares during the six months ended 30 June 2024 and 2023, and therefore, diluted earnings per share is the same as the basic earnings per share.

9. DIVIDENDS

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

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group incurred expenditures on property, plant and equipment with total cost of approximately RMB2,710,000 (*six months ended 30 June 2023: RMB2,599,000*). During the six months ended 30 June 2024, the Group disposed of property, plant and equipment with net carrying value of Nil (*six months ended 30 June 2023: RMB368,000*).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

11. TRADE AND OTHER RECEIVABLES

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Trade receivables		
From third parties	109,962	101,546
Less: Loss allowances	(550)	(508)
	109,412	101,038
Other receivables		
Prepayments	408	2,473
Other deposits and receivables	876	1,871
Value-added tax and other tax recoverable	1,444	3,301
	2,728	7,645
	112,140	108,683

The ageing of trade receivables, net of loss allowances, based on invoice date at the end of each reporting period is as follows:

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Within 30 days	37,043	34,946
31 to 60 days	37,894	34,903
61 to 90 days	34,475	31,189
	109,412	101,038

The Group normally grants credit terms up to 90 days from the date of issuance of invoices.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

At the end of each reporting period, the ageing analysis of the trade receivables, net of loss allowances, by due date is as follows:

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Not yet due	109,412	101,038

The Group normally grants credit terms up to 90 days from the date of issuance of invoices.

12. TRADE AND OTHER PAYABLES

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Trade payables		
To third parties	47,969	36,650
Other payables		
Salary payables	1,571	1,426
Value-added tax and other tax payables	1,858	35
Amount due to a director (<i>Note i</i>)	8,229	353
Accruals and other payables (<i>Note ii</i>)	3,397	6,069
	15,055	7,883
	63,024	44,533

Notes:

- (i) The amount due is unsecured, interest-free and repayable on demand. It was fully settled in August 2024.
- (ii) The amount at 30 June 2024 included provision for legal and professional fees of approximately RMB958,000 (*31 December 2023: RMB2,027,000*).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

12. TRADE AND OTHER PAYABLES (CONTINUED)

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

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Within 30 days	23,063	17,601
31 to 60 days	24,897	19,049
61 to 90 days	3	–
Over 90 days	6	–
	47,969	36,650

The trade payables are unsecured, interest-free and with normal credit terms up to 60 days.

13. INTEREST-BEARING BORROWINGS

At the end of the reporting period, details of the interest-bearing borrowings are as follows:

	<i>Notes</i>	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Secured borrowings	(a)		
– Entrusted loan		–	16,000
– Other loan		54,750	29,000
		54,750	45,000
Unsecured borrowings	(b)		
– Other loan		4,691	4,658
		59,441	49,658

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

13. INTEREST-BEARING BORROWINGS (CONTINUED)

At the end of each reporting period, details of the interest-bearing borrowings of the Group are as follows:

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Current portion	59,441	40,158
Non-current portion	–	9,500
	59,441	49,658
Carrying amounts of the above borrowings are repayable:		
Within one year		
– Entrusted loan	–	16,000
– Other loan	59,441	24,158
	59,441	40,158
More than one year, but not exceeding two years		
– Other loan	–	9,500
	59,441	49,658
Less: amounts shown under current liabilities	(59,441)	(40,158)
Amounts shown under non-current liabilities	–	9,500

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

13. INTEREST-BEARING BORROWINGS (CONTINUED)

Notes:

- (a) At 30 June 2024, the secured borrowings carry weighted average effective interest rate of approximately 5.92% (31 December 2023: 6.39%) per annum.
- (b) The unsecured borrowings as at 30 June 2024 carry effective interest rate of 12% (31 December 2023: 12%) per annum.
- (c) At 30 June 2024, the secured borrowings are secured by:
 - (i) patents held by Jilin Kaishun with net carrying amount of approximately RMB77,000 (31 December 2023: RMB82,000);
 - (ii) a leasehold land of the Group with aggregate net carrying amount of approximately RMB780,000 (31 December 2023: RMB792,000); and
 - (iii) buildings of the Group with aggregate net carrying amount of approximately RMB19,798,000 (31 December 2023: RMB20,561,000).

In addition, the secured borrowings at 30 June 2024 and 31 December 2023 are guaranteed by non-wholly owned subsidiaries, 儀徵市聚鑫源生物科技有限公司 Yizheng City Juxinyuan Biotechnology Co., Ltd.* and 長春廣科科技有限公司 Changchun Guangke Technology Co., Ltd.*; and the Company.

- (d) All facilities obtained from banks and other financial institutions are subject to the fulfilment of covenants, as is commonly found in lending arrangements with financial institutions. If the Group was to breach the covenants, the drawn down facilities would become repayable on demand. At 30 June 2024 and 31 December 2023, none of the covenants relating to drawn down facilities had been breached.

* The English names of these entities represent the best effort made by the directors of the Company to translate the Chinese names as their names have not been registered officially in English.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

14. LEASE LIABILITIES

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Lease liabilities		
Current portion	3,802	3,280
Non-current portion	7,738	8,231
	11,540	11,511

Commitments and present value of lease liabilities:

	At 30 June 2024	
	Lease payment RMB'000 (Unaudited)	Present value of lease payments RMB'000 (Unaudited)
Amount payable:		
Within one year	4,181	3,802
In the second to fifth years inclusive	8,262	7,738
	12,443	11,540
Less: future finance charges	(903)	-
Total lease liabilities	11,540	11,540

	At 31 December 2023	
	Lease payment RMB'000 (Audited)	Present value of lease payments RMB'000 (Audited)
Amount payable:		
Within one year	3,720	3,280
In the second to fifth years inclusive	8,863	8,231
	12,583	11,511
Less: future finance charges	(1,072)	-
Total lease liabilities	11,511	11,511

The total cash outflows for leases for the six months ended 30 June 2024 were approximately RMB1.0 million (six months ended 30 June 2023: RMB1.5 million).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

15. SHARE CAPITAL

	<i>Notes</i>	Number of shares	Amount HK\$'000	
Ordinary share of HK\$0.01 each				
Authorised:				
At 1 January 2023 (audited)		38,000,000	380	
Increase	(a)	9,962,000,000	99,620	
At 31 December 2023 (audited) and 30 June 2024 (unaudited)		10,000,000,000	100,000	
Issued and fully paid:				
At 1 January 2023 (audited)		1,000,000	10	8
Issue of shares pursuant to the Capitalisation Issue	(b)	809,000,000	8,090	7,119
Issue of shares pursuant to the Global Offering	(c)	190,000,000	1,900	1,673
At 31 December 2023 (audited) and 30 June 2024 (unaudited)		1,000,000,000	10,000	8,800

Notes:

- (a) Pursuant to the resolution in writing of the Company's shareholders passed on 9 March 2023, inter-alia, the authorised share capital of the Company was increased from 38,000,000 to 10,000,000,000 by the creation of an additional 9,962,000,000 shares of HK\$0.01 each.
- (b) Pursuant to the resolution in writing of the Company's shareholders passed on 9 March 2023, subject to the share premium account of the Company being credited as a result of the Global Offering of the Company's shares, the directors of the Company were authorised to allot and issue a total of 809,000,000 shares of HK\$0.01 each to the then shareholders, credited as fully paid at par by way of capitalisation of the sum of HK\$8,090,000 standing to the credit of the share premium account of the Company (the "Capitalisation Issue") and the shares allotted and issued pursuant to this resolution shall carry the same rights as all shares in issue (save for the right to participate in the Capitalisation Issue). The Capitalisation Issue was completed on 31 March 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

15. SHARE CAPITAL (CONTINUED)

Notes: (Continued)

- (c) On 31 March 2023, 250,000,000 ordinary shares with par value of HK\$0.01 of the Company were offered to sell at a price of HK\$1.05 per share by way of share offer (the “**Global Offering**”). Under the Global Offering, 190,000,000 new shares were issued and 60,000,000 sale shares (the “**Sale Shares**”) were offered by a selling shareholder, Lvsesenlin Technology Holdings Limited (the “**Selling Shareholder**”) which is directly owned by Mr. Shan Yuzhu.

The net proceeds of HK\$59,220,000 were received by the Selling Shareholder from the sale of Sale Shares (after deduction of the proportionate share of underwriting commissions of HK\$3,780,000 borne by the Selling Shareholder in relation to the Global Offering). The Company would not receive any of the proceeds from sale of Sale Shares.

Also, the gross proceeds from the sale of 190,000,000 new shares amounted to HK\$199,500,000 (equivalent to approximately RMB175,560,000). The expenses directly attributable to the issue of 190,000,000 new shares in relation to the Global Offering of approximately RMB16,363,000 have been recognised in the share premium account of the Company.

16. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in the Interim Financial Statements, during the six months ended 30 June 2024 and 2023, further information of the related party transaction is set out below.

Remuneration for key management personnel (including directors of the Company) of the Group:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Salaries, allowances, discretionary bonus, and other benefits in kind	770	401
Contributions to defined contribution plans	119	102
	889	503

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

17. COMMITMENTS

(a) Capital expenditure commitments

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Contracted but not provided net of deposits paid for acquisition of property, plant and equipment	3,031	3,503

(b) Commitments under leases

The Group as lessee

At 30 June 2024, the Group was committed to approximately RMB44,000 (31 December 2023: RMB110,000) for short-term leases.