

DATED 24th JANUARY 2022

Pacific Millennium Packaging Group Corporation
(國際濟豐包裝集團)

and

Chongqing Stone Tan Financial Leasing Company Limited
(重慶談石融資租賃有限公司)

MACHINERY AND EQUIPMENT LEASE FRAMEWORK AGREEMENT



THIS AGREEMENT is dated the 24th day of January, 2022

BETWEEN

1. **Pacific Millennium Packaging Group Corporation** (國際濟豐包裝集團), a company incorporated under the laws of Cayman Islands, whose registered office is situate at Harbour Place, 2nd Floor, 103 South Church Street, P.O. Box 472, George Town, Grand Cayman KY1-1106 Cayman Islands (the “**PMPGC**” together with its subsidiaries the “**Group**”); and
2. **Chongqing Stone Tan Financial Leasing Company Limited** (重慶談石融資租賃有限公司), a company incorporated in the People’s Republic of China (“**Chongqing Stone Tan**”)

RECITALS

- A. PMPGC, a company incorporated in the Cayman Islands and whose shares (the “**Shares**”) are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), is owned as to approximately 63.03% by Pacific Millennium Holdings Corporation, a company incorporated in the British Virgin Islands, which in turn is wholly-owned by Golden Ford Investments Limited (“**Golden Ford**”), a company incorporated in Samoa.
- B. The Group is principally engaging in the provision of corrugated packaging solutions in the People’s Republic of China.
- C. On 29 December 2020, the Group entered into a machinery and equipment lease framework agreement (the “**Framework Agreement**”) with Chongqing Stone Tan to govern and manage the machinery and equipment lease transactions between the Group and Chongqing Stone Tan (collectively the “**Lease Transactions**”) for a term of 3 years commencing on 1 January 2021.
- D. For the better management of the Lease Transactions between the Group and Chongqing Stone Tan and in view that the Group is required to purchase more machinery and equipment to cope with its growing business through finance and/or operating lease, PMPGC and Chongqing Stone Tan agrees to terminate the Framework Agreement and enter into this Agreement.

THE PARTIES AGREE as follows :

1. **MACHINERY AND EQUIPMENT LEASE**

- 1.1 Subject to the conditions precedent set out in Clause 4 below, Chongqing Stone Tan agrees to terminate the Framework Agreement and enter into this Agreement for the Lease Transactions between the Group and Chongqing Stone Tan.
- 1.2 Subject to the annual caps determined by PMPGC (the “**Annual Caps**”), the parties hereto agree that, at the request of the Group, Chongqing Stone Tan shall (i) purchase

such machinery and equipment from such supplier as from time to time specified by the Group and lease such machinery and equipment to the Group; and/or (ii) purchase such machinery and equipment in the possession of the Group and leaseback to the Group such machinery and equipment.

- 1.3 The Group and Chongqing Stone Tan shall enter into specific agreement in respect of each transaction contemplated under this Agreement and shall be performed separately by specific member of the Group and Chongqing Stone Tan under the relevant specific agreement (the “**Specific Agreement**”), on terms to be mutually agreed and in accordance with the principal terms under this Agreement.
- 1.4 PMPGC and Chongqing Stone Tan agree that the continuing provision of the machinery and equipment lease by Chongqing Stone Tan to any member of the Group in accordance with the terms of this Agreement from time to time (the “**Continuing Connected Transactions**”) shall be conducted on normal commercial terms or better, in particular:
- (a) the terms of the Continuing Connected Transactions must be fair and reasonable and in the interest of the shareholders of PMPGC as a whole;
 - (b) the Continuing Connected Transactions shall be on terms no less favourable to the Group than the terms offered by independent third parties or offered to independent third parties by Chongqing Stone Tan;
 - (c) the Continuing Connected Transactions shall be in the ordinary and usual course of business of the Group and conducted after arm’s length negotiations; and
 - (d) the Continuing Connected Transactions shall not exceed the Annual Caps without re-complying with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) with regard to continuing connected transactions.
- 1.5 Nothing in this Agreement (including the existence of the Annual Caps) shall be construed to impose any obligation on PMPGC or any member of the Group to seek and/or accept services from Chongqing Stone Tan. The Lease Transactions to be entered into shall be entirely discretionary on the part of the relevant parties and by mutual agreement only. The Group may procure the machinery and equipment lease or similar services from other third parties.

2. LEASE PAYMENT

- 2.1 The lease payment payable by the Group to Chongqing Stone Tan shall comprise payment on principal amount (i.e. purchase price of machinery and equipment procured from third party) and interest charged thereon. The interest rate charged on the principal amount (the “**Lease Payment Rate**”) shall be determined pursuant to Clause 2.2 below.

- 2.2 The Lease Payment Rate payable by the Group to Chongqing Stone Tan in respect of the Lease Transactions contemplated hereunder shall be determined with reference to (i) the benchmark lending rates published by People's Bank of China from time to time for the same period; (ii) the prevailing market interest rate for comparable lease transactions in the PRC; and (iii) various other factors including but not limited to loan to value ratio, amount of down payment and value of collateral etc., and in any event the Lease Payment Rate offered by Chongqing Stone Tan to the Group shall be no less favourable than that offered to (a) the Group by other independent comparable leasing companies; and (b) other independent third parties by Chongqing Stone Tan for comparable lease service.

3. TERM

The term of this Agreement shall take effect on the date of this Agreement and ending on 31 December 2024 (both days inclusive) (the "Term"). Without prejudice to Clause 7 below, either party may terminate this Agreement at any time by giving not less than three months' prior written notice to the other party.

4. CONDITIONS PRECEDENT

This Agreement shall be conditional upon:

- (i) all guarantees, representations and warranties given by PMPGC and Chongqing Stone Tan under this Agreement remaining valid, true and correct in all material respects;
- (ii) the independent shareholders of PMPGC having approved the this Agreement and the transactions contemplated hereunder by way of poll at the extraordinary general meeting of PMPGC to be convened in compliance with the Listing Rules; and
- (iii) (if necessary) all authorities' authorisations, approvals, consents, waivers and permits which are necessary or relevant to give effect to the this Agreement and the Continuing Connected Transactions having been granted, received or obtained and not revoked.

Save for condition precedent (i) which can be waived by PMPGC or Chongqing Stone Tan (as the case maybe), none of the conditions precedent can be waived by PMPGC or Chongqing Stone Tan.

5. IRREVOCABLE UNDERTAKING OF CHONGQING STONE TAN

Chongqing Stone Tan undertakes that, so long as the Shares are listed and traded on the Stock Exchange, Chongqing Stone Tan shall provide and procure their subsidiaries and associates (if applicable) to provide such information and accounts as relate to the Continuing Connected Transactions to the auditors, independent non-executive directors, independent financial adviser(s) and/or other professional advisers to



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PMPGC as may be reasonably requested by PMPGC so as to comply with the Listing Rules and applicable laws and regulations, and provided that the provision of such information shall not be prohibited or restricted by any applicable laws, regulations or listing rules to which Chongqing Stone Tan may be subject.

6. RELATIONSHIP BETWEEN THE PARTIES

6.1 For the avoidance of doubt, the parties hereto confirm that each of them shall not, unless otherwise expressly provided in this Agreement or authorised by the relevant party, be an agent of or in partnership with each other.

7. TERMINATION

7.1 This Agreement shall be terminated immediately :-

- (a) on notice given by either party at any time following any material breach by any of the other parties of its obligations hereunder; or
- (b) if there be any change of control in PMPGC or any of its subsidiaries or Chongqing Stone Tan; or
- (c) on the expiry of the Term unless otherwise renewed by the parties hereto.

7.2 Upon the termination of this Agreement whether under Clause 7.1 above or otherwise, all obligations of each party shall cease and terminate and no party shall have any claim against the other parties in respect of any matter arising out of or in connection with this Agreement except for any antecedent breach of any obligations under this Agreement or any breach under this Clause.

8. CONFIDENTIALITY

None of the parties may, either before or after the termination of this Agreement, disclose to any person any information designated as confidential by a party, relating to the party or to the affairs of such party, of which any of the parties is in possession or control during the term of this Agreement save that such disclosure is required by law or any regulatory authorities or the Stock Exchange. Each party must use all reasonable endeavours to prevent disclosure of any such confidential information.

9. NOTICES

All notices, demands or other communications required or permitted to be given or made hereunder shall be in writing and delivered personally or sent by prepaid registered post or by email or telefax transmission addressed to the intended recipient thereof at its address set out above (or to such other address as any party may from time to time notify the others in writing). Any such notice, demand or communication shall be deemed to have been duly served two days after posting.

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10. MISCELLANEOUS

- 10.1 This Agreement constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes any previous expression of intent, undertaking or agreement with respect to this transaction.
- 10.2 This Agreement may not be amended, nor will any provision of this Agreement be considered modified or waived, nor will any breach of this Agreement (whether or not previously waived) be considered waived unless such amendment, modification or waiver is in writing and signed by all parties hereto and, if required, approved by the independent shareholders of PMPGC.
- 10.3 No failure on the part of any party to exercise, and no delay on its part in exercising, any right or remedy under this Agreement will operate as a waiver of such right or remedy, nor will any single or partial exercise of any right or remedy preclude any other or further exercise of such right or remedy, or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.
- 10.4 The illegality, invalidity or unenforceability of any provision of this Agreement under the law of any jurisdiction will not affect its legality, validity or enforceability under the law of any other jurisdiction nor the legality, validity or enforceability or any other provision of this Agreement.
- 10.5 None of the parties may assign its rights under this Agreement without the prior written consent of the other parties.
- 10.6 Each party undertakes to the other to execute or procure to be executed all such documents and to do or procure to be done all such other acts and things as may be reasonable and necessary to give both parties the full benefit of this Agreement.

11. GOVERNING LAW AND JURISDICTION

- 11.1 This Agreement is governed by and will be construed in accordance with the laws of Hong Kong and the parties submit to the non-exclusive jurisdiction of the courts of Hong Kong and all courts of appeal from such courts.



IN WITNESS WHEREOF this Agreement has been executed the day and year first above written.

SIGNED by *CHENA HSIEN-CHUN*)
)
for and on behalf of)
Pacific Millennium Packaging Group Corporation)
in the presence of:-)



SIGNED by *James Chih-Cheng Huang*)
)
for and on behalf of)
Chongqing Stone Tan Financial Leasing)
Company Limited)
in the presence of:-)

