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PACIFIC MILLENNIUM PACKAGING GROUP CORPORATION

國際濟豐包裝集團

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1820)

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO NEW FRAMEWORK AGREEMENT

INTRODUCTION

Reference is made to the announcements of the Company dated 24 January 2022, 7 March 2022 and the circular of the Company dated 8 March 2022 regarding continuing connected transactions in relation to new framework agreement. On 24 January 2022, the Company and Chongqing Stone Tan entered into the Expired Framework Agreement for a term commencing on 24 January 2022 and ending on 31 December 2024.

The Board would like to announce that on 23 January 2025 (after trading hours), the Company entered into the New Framework Agreement with Chongqing Stone Tan, pursuant to which Chongqing Stone Tan agreed to continue providing machinery and equipment lease service to the Group for the purchase of various machinery and equipment for the Group's business with the New Annual Caps for a term commencing on 1 February 2025 and ending on 31 December 2027 (both days inclusive).

IMPLICATIONS UNDER LISTING RULES

As at the date of this announcement, Chongqing Stone Tan is indirectly wholly-owned by Stone Tan China which in turn is indirectly owned as to, in aggregate, approximately 61.0% by PMGHC. As PMGHC is owned as to 80% by Golden Ford, a controlling shareholder of the Company, Chongqing Stone Tan is an associate of Golden Ford and thus a connected person of the Company. Accordingly, the transactions contemplated under the New Framework Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules.

As one or more of the applicable Percentage Ratios (other than the profits ratio) in respect of the maximum amount of the New Annual Caps is more than 0.1% but less than 5%, the transactions contemplated under the New Framework Agreement are subject to the announcement, reporting and annual review requirements but are exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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PRINCIPAL TERMS OF THE NEW FRAMEWORK AGREEMENT

Date: 23 January 2025 (after trading hours)

Parties: (i) The Company; and
(ii) Chongqing Stone Tan

Term: commencing on 1 February 2025 and ending on 31 December 2027 (both days inclusive)

Subject Matter

Under the New Framework Agreement, Chongqing Stone Tan shall provide machinery and equipment lease service to the Group for the purchase of various machinery and equipment for our business. The Group and Chongqing Stone Tan shall enter into specific agreement in respect of each transaction contemplated under the New Framework Agreement in accordance with the principal terms under the New Framework Agreement.

The material terms between the Expired Framework Agreement and the New Framework Agreement are basically identical to each other.

Pricing Policy

While the total lease amount shall be the sum equivalent to the purchase price of the machinery and equipment purchased by the Group from independent third parties, the interest rate payable by the Group to Chongqing Stone Tan for the machinery and equipment lease transactions contemplated under the New Framework Agreement 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.

In this respect, a nominated personnel shall obtain quotation from at least one other independent comparable leasing companies on a half-year basis to ensure that the interest rate offered by Chongqing Stone Tan to the Group is equal to or not less favourable than that offered by other independent comparable leasing companies. If the Group is aware that a lower interest rate (the “**Lower IR**”) could be obtained from other independent comparable leasing company, the nominated personnel shall report to the senior management of the Company.

Conditions Precedent

The New Framework Agreement is conditional upon:

- (i) all guarantees, representations and warranties given by the Company and Chongqing Stone Tan under the New Framework Agreement remaining valid, true and correct in all material respects; and
- (ii) (if necessary) all authorities' authorisations, approvals, consents, waivers and permits which are necessary or relevant to give effect to the New Framework Agreement and the Continuing Connected Transactions having been granted, received or obtained and not revoked.

Condition precedent (i) may be waived by the Company or Chongqing Stone Tan (as the case may be).

HISTORICAL TRANSACTION AMOUNTS, LAPSED ANNUAL CAPS AND NEW ANNUAL CAPS

The following sets forth the historical transaction amounts and the Lapsed Annual Caps:

	Historical amount for the year ended 31 December 2022 <i>RMB (million)</i> <i>(approximately)</i>	Historical amount for the year ended 31 December 2023 <i>RMB (million)</i> <i>(approximately)</i>	Historical amount up to the date of this announcement <i>RMB (million)</i> <i>(approximately)</i>	Lapsed Annual Cap for the year ended 31 December 2022 <i>RMB (million)</i> <i>(approximately)</i>	Lapsed Annual Cap for the year ended 31 December 2023 <i>RMB (million)</i> <i>(approximately)</i>	Lapsed Annual Cap for the year ended 31 December 2024 <i>RMB (million)</i> <i>(approximately)</i>
Lease Transactions under the New Framework Agreement	139.2	81.1	91.9	140.0	82.0	94.0

Note: The historical amounts are calculated based on the aggregate value of the right-of-use assets as at the commencement date of each of the finance lease transactions relating to the machinery and equipment purchased during the corresponding year.

The following sets forth the New Annual Caps for the finance lease transactions contemplated under the New Framework Agreement:

	New Annual Cap for the year ending 31 December 2025 <i>RMB (million)</i>	New Annual Cap for the year ending 31 December 2026 <i>RMB (million)</i>	New Annual Cap for the year ending 31 December 2027 <i>RMB (million)</i>
Finance lease transactions under the New Framework Agreement	81.0 (equivalent to approximately HK\$86.7)	81.0 (equivalent to approximately HK\$86.7)	81.0 (equivalent to approximately HK\$86.7)

Basis of the New Annual Caps

The New Annual Caps were determined based on the total value of right-of-use assets relating to the finance lease transactions contemplated under the New Framework Agreement for the corresponding year by reference to the estimated demand of the Group for the lease services to be provided by Chongqing Stone Tan to (i) replace the Group's obsolete machinery and equipment and purchase additional machinery and equipment for the Group's existing production plants; and (ii) purchase new machinery and equipment for the Group's new production plants, such as the new production plant located at Chongqing.

The Company is committed to improving the efficiency of its production plants and the quality of its products so as to cope with the Group's business development and enable the Group to maintain its high quality of products. It is expected that the machinery and equipment to be purchased through finance lease for such production plants include corrugators, inline flexographic folder gluer, flexographic printers, and automated logistic system.

The repayment of the outstanding balance and the payment of the annual interest plus handling fee under the New Framework Agreement will be funded by internal resources of the Group.

INTERNAL CONTROL PROCEDURES

In addition to the annual review on the transactions contemplated under the New Framework Agreement by the auditor of the Company under Rule 14A.56 of the Listing Rules, to ensure that the transactions contemplated under the New Framework Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its Shareholders as a whole, the Company's senior management will supervise and monitor the transactions contemplated under the New Framework Agreement and will ensure that the total value of the right-of-use assets will not exceed the New Annual Caps.

REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW FRAMEWORK AGREEMENT

As the Expired Framework Agreement has expired on 31 December 2024 and the Group requires the finance lease service to be provided by Chongqing Stone Tan after the expiry date in order to cope with the Group's business development and enable the Group to maintain its high quality of products, it is the interest of the Company to renew the Expired Framework Agreement by entering into the New Framework Agreement.

As confirmed by the Company, none of the Directors have a material interest in the New Framework Agreement. The Directors consider that it is beneficial for the Group to continue engaging in the machinery and equipment lease transactions with Chongqing Stone Tan by entering into the New Framework Agreement having regard to the nature of the services to be provided by Chongqing Stone Tan and the established excellent work relationships with Chongqing Stone Tan.

The Directors (excluding the members of the Independent Board Committee who will form their opinion after considering the advice from the Independent Financial Adviser in respect of the New Framework Agreement) consider the terms of the New Framework Agreement and the Continuing Connected Transactions (including the New Annual Caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF PARTIES TO THE NEW FRAMEWORK AGREEMENT

The Company

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

Chongqing Stone Tan

Chongqing Stone Tan is a company incorporated in the PRC with limited liability whose principal business is provision of finance lease service. Chongqing Stone Tan is indirectly wholly-owned by Stone Tan China Holding Corporation (“**Stone Tan China**”). Stone Tan China is owned as to, in aggregate, approximately 61% by PMGHC and ultimately owned as to approximately 39% by not less than 10 shareholders (the “**39% Shareholders**”).

Among the 39% Shareholders, two of them each holds approximately 16% interest in Stone Tan China, while the others each holds less than 5% interest in Stone Tan China. The Company confirms that each of the 39% Shareholders is independent of and not connected with the Company and its connected persons.

PMGHC is owned as to 80% by Golden Ford, a Controlling Shareholder, and ultimately owned as to 20% by Mr. Tan, who has no beneficial shareholding interest in the Company but is able to exercise or control the exercise of 30% or more voting rights in the Company.

Golden Ford is ultimately owned as to 60% by TCC Entrepreneur Trust and 40% by TCC Education Trust. Each of the trusts is a discretionary trust established by the father of Mr. Tan for the benefit of the grandchildren of Mr. Tan’s father and their respective children and such other persons as declared by the relevant trustee from time to time.

IMPLICATIONS UNDER LISTING RULES

As at the date of this announcement, Chongqing Stone Tan is indirectly wholly-owned by Stone Tan China which in turn is indirectly owned as to, in aggregate, approximately 61.0% by PMGHC. As PMGHC is owned as to 80% by Golden Ford, a controlling shareholder of the Company, Chongqing Stone Tan is an associate of Golden Ford and thus a connected person of the Company. Accordingly, the transactions contemplated under the New Framework Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules.

As one or more of the applicable Percentage Ratios (other than the profits ratio) in respect of the maximum amount of the New Annual Caps is more than 0.1% but less than 5%, the transactions contemplated under the New Framework Agreement are subject to the announcement, reporting and annual review requirements but are exempt from the circular (including independent financial advice) and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	Board of Directors
“Chongqing Stone Tan”	Chongqing Stone Tan Financial Leasing Company Limited (重慶談石融資租賃有限公司), a company incorporated under the laws of the PRC with limited liability, a connected person of the Company
“Company”	Pacific Millennium Packaging Group Corporation (國際濟豐包裝集團), a company incorporated in the Cayman Islands with limited liability and whose issued Shares are listed and traded on the Main Board of the Stock Exchange (stock code: 1820)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
“Continuing Connected Transactions”	the transactions contemplated under the New Framework Agreement, i.e. the machinery and equipment lease service to be provided by Chongqing Stone Tan to the Group
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
"Director(s)"	director(s) of the Company
“Expired Framework Agreement”	the framework agreement dated 24 January 2022 entered into between the Company and Chongqing Stone Tan in respect of the machinery and equipment finance lease service
“Golden Ford”	Golden Ford Investments Limited, a company incorporated under the laws of the Independent State of Samoa with limited liability on 3 July 2002 and a Controlling Shareholder of the Company
“Group”	the Company and its subsidiaries
“HK\$”	the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Lapsed Annual Cap(s)”	the lapsed annual cap(s) for the three financial years ended 31 December 2024 for the lease transactions under the Expired Framework Agreement

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Tan”	Mr. Tan Li-pin (談理平), who has no beneficial interest in the Company but is able to, through PMHC, exercise or control the exercise of 30% or more voting rights in the Company
“New Annual Cap(s)”	the annual cap(s) for the Continuing Connected Transactions for the three financial years ending 31 December 2027
“New Framework Agreement”	the new framework agreement dated 23 January 2025 entered into between the Company and Chongqing Stone Tan in respect of the machinery and equipment finance lease service
“Percentage Ratios”	the percentage ratio(s) as defined under Rule 14.07 of the Listing Rules applied for determining the classification of notifiable transactions under the Listing Rules
“PMGHC”	Pacific Millennium Global Holdings Corporation, an associate of Golden Ford
“PMHC”	Pacific Millennium Holdings Corporation, a company incorporated in the British Virgin Islands and is directly interested in 201,094,200 Shares, representing approximately 66.89% of the issued share capital of the Company
“PRC”	the People’s Republic of China, but for the purposes of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	ordinary shares of nominal value of HK\$0.01 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“VAT” value added tax imposed by the PRC Government

“%” per cent

By Order of the Board
Pacific Millennium Packaging Group Corporation
Cheng Hsien-Chun
Chairman

Hong Kong, 23 January 2025

As at the date of this announcement, the executive Directors are Mr. Cheng Hsien-Chun and Mr. Philip Tan; and the independent non-executive Directors are Mr. Wang Jisheng, Mr. Kiang Tien Sik David, Dr. Su Morley Chung Wu and Ms. Zhu Ying.

For illustrative purpose of this announcement and unless otherwise specified, conversion of RMB into HK\$ is based on the exchange rate of RMB1.00 = HK\$1.07