PACIFIC MILLENNIUM PACKAGING GROUP CORPORATION
國際濟豐包裝集團

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1820)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

ANNUAL RESULTS HIGHLIGHTS

	2024	2023	2024 VS
	RMB'000	*RMB'000*	2023
Revenue	**2,132,395**	2,002,406	6.5%
Gross Profit	**324,104**	341,418	–5.1%
(Loss)/profit for the Year	**(19,374)**	22,414	(186.4%)
(Loss)/earnings per share (RMB) — basic	**(6) cents**	7 cents	(185.7%)

FINAL DIVIDEND AND SPECIAL DIVIDEND

The Board has resolved not to declare any final dividend for the Year. Nonetheless, the Board declared a special dividend of HK$0.08 per Share to Shareholders whose names appear on the register of members of the Company on 7 July 2025 in its meeting held on 25 March 2025. The special dividend is not reflected as dividend payables in these condensed consolidated annual financial statements. It is expected that the special dividend will be paid on or around 18 July 2025.

The board (the "**Board**") of directors (the "**Directors**" and each a "**Director**") of Pacific Millennium Packaging Group Corporation (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2024 (the "**Year**") together with the comparative figures for the year ended 31 December 2023 (the "**Year 2023**") as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	2024 RMB'000	2023 RMB'000
Revenue	5	**2,132,395**	2,002,406
Cost of sales		**(1,808,291)**	(1,660,988)
Gross profit		**324,104**	341,418
Other income and other gains and losses, net		**7,226**	10,091
Selling and distribution expenses		**(144,606)**	(127,764)
Administrative expenses		**(166,969)**	(154,175)
Impairment loss on trade receivables, net		**(419)**	(2,509)
Finance costs		**(38,432)**	(30,206)
(Loss)/profit before income tax	6	**(19,096)**	36,855
Income tax expense	7	**(278)**	(14,441)
(Loss)/profit for the Year		**(19,374)**	22,414
Item that will not be reclassified subsequently to profit or loss:			
Exchange differences on translation of the Company's financial statements into its presentation currency		**27**	103
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(1,070)**	(203)
Total comprehensive income for the Year		**(20,417)**	22,314
(Loss)/earnings per share (RMB) — basic	8	**(6) cents**	7 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment		**866,502**	753,928
Prepayments for purchase of property, plant and equipment		**627**	14,643
Deferred tax assets		**27,734**	18,541
		894,863	787,112
Current assets			
Inventories		**172,810**	130,374
Trade and other receivables	*9*	**673,888**	587,789
Pledged deposits	*10*	**11,250**	11,250
Bank balances and cash		**99,402**	145,302
		957,350	874,715
Current liabilities			
Trade and other payables	*11*	**321,783**	322,372
Contract liabilities		**3,255**	3,110
Bank and other borrowings	*12*	**396,767**	307,608
Loans from immediate holding company		**140,222**	82,382
Tax payable		**2,942**	3,652
Lease liabilities	*13*	**45,038**	36,392
		910,007	755,516
Net current assets		**47,343**	119,199
Total assets less current liabilities		**942,206**	906,311
Non-current liabilities			
Bank and other borrowings	*12*	**43,886**	27,969
Lease liabilities	*13*	**372,257**	292,960
		416,143	320,929
Net assets		**526,063**	585,382
Equity			
Share capital		**2,442**	2,442
Reserves		**523,621**	582,940
Total equity		**526,063**	585,382

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 31 July 2014 as an exempted company with limited liability under the Companies Law (2013 revision) of the Cayman Islands. The registered office of the Company is at P.O. Box 472, 2nd Floor, Harbour Place, 103 South Church Street, George Town, Grand Cayman KY1-1106, Cayman Islands and the principal place of business of the Company in Hong Kong is Suite 2104, 21st Floor, Tower 2, Lippo Centre, 89 Queensway, Hong Kong.

The Company is an investment holding company. The Group, comprising the Company and its subsidiaries, is principally engaged in manufacture and sale of packaging materials.

The immediate holding company of the Company is Pacific Millennium Holdings Corporation which is incorporated in the British Virgin Islands. The ultimate holding company of the Company is Golden Ford Investments Limited which is incorporated in the Independent State of Samoa. The Directors consider Mr. Tan Richard Lipin to be the ultimate controlling shareholder of the Company.

The shares of the Company were listed on the Main Board of the Stock Exchange on 21 December 2018.

2. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS ACCOUNTING STANDARDS")

(a) Adoption of amended IFRS Accounting Standards — effective on 1 January 2024

The International Accounting Standards Board (the "**IASB**") has issued a number of amended IFRS Accounting Standards that are first effective for the current accounting period of the Group:

Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback

These amendments to various IFRS Accounting Standards are mandatorily effective for reporting periods beginning on or after 1 January 2024. None of these amendments to IFRS Accounting Standards has a material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements. The Group has not early applied any new or amendments to IFRS Accounting Standards that is not yet effective for the current accounting period.

Amendments to IAS 1 — Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants

The IASB issued amendments to IAS 1 in January 2020 Classification of Liabilities as Current or Non-current and subsequently, in October 2022 Non-current Liabilities with Covenants.

The amendments clarify the following:

- An entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period.

- If an entity's right to defer settlement of a liability is subject to covenants, such covenants affect whether that right exists at the end of the reporting period only if the entity is required to comply with the covenant on or before the end of the reporting period.

- The classification of a liability as current or non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement.

- In case of a liability that can be settled, at the option of the counterparty, by the transfer of the entity's own equity instruments, such settlement terms do not affect the classification of the liability as current or non-current only if the option is classified as an equity instrument.

These amendments have no effect on the measurement of any items in the consolidated financial statements of the Group.

Amendments to IAS 7 and IFRS 7 — Supplier Finance Arrangements

On 25 May 2023, the IASB issued Supplier Finance Arrangements, which amended IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures.

The amendments require entities to provide certain specific disclosures (qualitative and quantitative) related to supplier finance arrangements. The amendments also provide guidance on characteristics of supplier finance arrangements.

During the year ended 31 December 2024, the Group entered into a supplier finance arrangement, and recognised as "liabilities under supplier finance arrangement" included in bank and other borrowings. Please refer to Note 12 for the details.

Amendments to IFRS 16 — Lease Liability in a Sale and Leaseback

On 22 September 2022, the IASB issued amendments to IFRS 16 Lease Liability in a Sale and Leaseback. Prior to this amendments, IFRS 16 did not contain specific measurement requirements for lease liabilities that may contain variable lease payments arising in a sale and leaseback transaction. In applying the subsequent measurement requirements of lease liabilities to a sale and leaseback transaction, the amendments require a seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

These amendments had no effect on the consolidated financial statements of the Group because there was no any sale and leaseback transactions where the lease payments include variable payments.

(b) New and amended IFRS Accounting Standards that have been issued but are not yet effective

The following new and amended IFRS Accounting Standards that have been issued, but are not yet effective have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to IAS 21 and IFRS 1	Lack of Exchangeability[1]
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	Annual Improvements to IFRS Accounting Standards — Volume 11[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
IFRS 18	Presentation and Disclosure in Financial Statements[3]
IFRS 19	Subsidiaries without Public Accountability: Disclosures[3]

[1] Effective for annual periods beginning on or after 1 January 2025
[2] Effective for annual periods beginning on or after 1 January 2026
[3] Effective for annual periods beginning on or after 1 January 2027
[4] No mandatory effective date yet determined but available for adoption

The Group is currently assessing the effect of these new accounting standards and amendments.

Amendments to IAS 21 — Lack of Exchangeability

The IASB issued Lack of Exchangeability which amended IAS 21 The Effects of Changes in Foreign Exchange Rates (the Amendments). The amendments arose as a result of a submission received by the IFRS Interpretations Committee (the Committee) about the determination of the exchange rate when there is a long-term lack of exchangeability. IAS 21, prior to the amendments, did not include explicit requirements for the determination of the exchange rate when a currency is not exchangeable into another currency, which led to diversity in practice.

The amendments introduce requirements to assess when a currency is exchangeable into another currency and when it is not. The amendments require an entity to estimate the spot exchange rate when it concludes that a currency is not exchangeable into another currency.

The Group expected that the adoption of these amendments will not to have any significant impact on these consolidated financial statements.

Amendments to IFRS 9 and IFRS 7 — Contracts Referencing Nature-dependent Electricity

The amendments include clarifying the application of the 'own-use' requirements; permitting hedge accounting if these contracts are used as hedging instruments; and adding new disclosure requirements to enable investors to understand the effect of these contracts on Company's financial performance and cash flows.

The Group expected the adoption of these amendments will not have any significant impact on its operations or consolidated financial statements.

Amendments to IFRS 9 and IFRS 7 — Amendments to the Classification and Measurement of Financial Instruments

On 30 May 2024, the IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;

- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest criterion;

- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and

- update the disclosures for equity instruments designated at fair value through other comprehensive income.

The Group expected the adoption of these amendments will not have any significant impact on its operations or consolidated financial statements.

Amendments to IFRS 10 and IAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

Since the Group has no investment on associate or joint venture, the amendments did not have any impact on these consolidated financial statements.

IFRS 18 — Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements, which was issued by the IASB in April 2024 supersedes IAS 1 and will result in major consequential amendments to IFRS Accounting Standards including IAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though IFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

The Group expected the adoption of these amendments will not have any significant impact on these consolidated financial statements.

IFRS 19 — Subsidiaries without Public Accountability: Disclosures

Issued in May 2024, IFRS 19 allows for certain eligible subsidiaries of parent entities that report under IFRS Accounting Standards to apply reduced disclosure requirements.

The Group does not expect to be eligible to apply IFRS 19, therefore the adoption of these amendments will not have any impact on these consolidated financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards, International Accounting Standards and Interpretations (Collectively IFRS Accounting Standards) as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis.

(c) Functional and presentation currency

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company's subsidiaries incorporated in the People's Republic of China (the "**PRC**") from which over 90% of the Group's revenue and operating profit were generated. The functional currency of the Company is United States dollars ("**US$**").

4. SEGMENT REPORTING

The executive Director during the Year has been identified as the chief operating decision-maker ("**CODM**") of the Group who reviews the Group's internal reporting in order to assess performance of the Group on a regular basis and allocate resources.

(a) Reportable segments

The Group is principally engaged in manufacture and sale of packaging materials. The CODM assesses the performance of the business based on a measure of operating results and considers the business as a single operating segment. Information reported to the CODM for the purposes of resources allocation and performance assessment focuses on the operating results of the Group as a whole as the Group's resources are integrated. Accordingly, the Group has identified one operating segment which is manufacture and sale of packaging materials.

(b) Geographical information

Since over 90% of the Group's revenue and operating profit (2023: all) were generated from the manufacture and sale of packaging materials in the PRC and over 90% of the Group's identifiable non-current assets were located in the PRC, no geographical segment information is presented in accordance with IFRS 8 Operating Segments.

(c) Information about major customers

None of the Group's sales to a single customer amounted to 10% or more of the Group's revenue during the Year and Year 2023.

5. REVENUE

Revenue represents the net invoiced value of goods sold by the Group during the Year, net of value-added tax.

	2024	2023
	RMB'000	*RMB'000*
Corrugated packaging products	**1,918,428**	1,812,728
Corrugated sheet boards	**213,967**	189,678
	2,132,395	2,002,406

Disaggregation of revenue

The following table sets out a breakdown of the Group's revenue, all of which is recognised at a point in time, categorised by the industries of the end products, in which the Group's products were applied, during the Year:

	2024	2023
	RMB'000	*RMB'000*
Revenue by industry		
Food and beverage	**596,608**	598,829
Paper and packaging	**298,293**	254,043
Non-food-and-beverage-consumables *(Note (i))*	**332,669**	310,199
Supplier chain solution	**49,110**	42,887
E-commerce	**30,544**	27,104
Home electronics	**44,245**	34,301
Home furniture	**114,494**	112,634
Medical products	**124,309**	117,275
Chemical products	**86,437**	78,424
Mechanical manufacturing	**85,158**	70,151
Computer and electronic product manufacturing	**66,957**	63,713
Textiles	**65,961**	63,390
Others *(Note (ii))*	**237,610**	229,456
	2,132,395	2,002,406

Notes:

(i) Non-food-and-beverage-consumables include, but not limited to, daily household products such as shampoo, detergent, skin care products.

(ii) Others include logistics, architecture, automobile, etc.

The Group has applied the practical expedient under IFRS 15 so that transaction price allocated to unsatisfied performance obligations under contracts is not disclosed as such contracts have an original expected duration of one year or less.

6. (LOSS)/PROFIT BEFORE INCOME TAX

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

	2024	2023
	RMB'000	*RMB'000*
Cost of inventories sold *(Note (i))*	**1,808,291**	1,660,988
Depreciation of property, plant and equipment *(Note (ii))*	**108,039**	107,359
Auditor's remuneration:		
— audit services	**1,277**	1,243
— non-audit services	**30**	119
Freight charges	**91,171**	78,174
Short-term lease expenses	**1,700**	1,147
Impairment loss on inventories	**1,721**	1,937
Reversal of impairment loss on inventories	**(1,799)**	(2,635)
Impairment loss on trade receivables	**2,273**	2,737
Reversal of impairment loss on trade receivables	**(1,854)**	(227)
Exchange loss, net	**1,976**	608
Employee benefits expenses (including directors' remuneration):		
— Wages, salaries and benefits	**230,212**	215,262
— Retirement benefit costs *(Note (iii))*	**32,043**	28,369

Notes:

(i) Cost of inventories sold for the Year mainly included RMB1,241,923,000, RMB109,296,000, RMB51,413,000, RMB142,632,000 and RMB84,947,000 (Year 2023: RMB1,141,206,000, RMB102,138,000, RMB39,762,000, RMB132,230,000 and RMB85,362,000), relating to costs of raw materials consumed, costs of accessories, outsourced production costs, employee benefits expenses and depreciation of property, plant and equipment respectively. The amounts disclosed of employee benefits expenses and depreciation of property, plant and equipment included in cost of inventories sold are also included in the respective total amounts disclosed separately above.

(ii) Depreciation of property, plant and equipment for the Year includes depreciation of right-of-use assets amounted to RMB30,175,000 (Year 2023: RMB29,593,000) and depreciation of plant and equipment held under finance leases amounts to RMB4,045,000 (Year 2023: RMB3,391,000).

(iii) For the Year, there were neither contributions forfeited by the Group nor had there been any utilisation of such forfeited contributions to reduce future contributions (Year 2023: Nil). As at 31 December 2024, there were no forfeited contributions which were available for utilisation by the Group to reduce the existing level of contributions to the government defined contribution retirement benefit scheme (Year 2023: Nil).

7. INCOME TAX EXPENSE

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

	2024	2023
	RMB'000	*RMB'000*
Current tax		
— Provision for PRC enterprise income tax for the Year	**9,471**	15,406
— Withholding tax on dividends	**—**	1,607
	9,471	17,013
Deferred tax	**(9,193)**	(2,572)
Income tax expense	**278**	14,441

No provision of Hong Kong profits tax has been made as the Group has no assessable profits arising in Hong Kong for the Year and the Year 2023.

Provision for PRC enterprise income tax is based on the statutory rate of 25% (Year 2023: 25%) of the assessable profits of the Group as determined in accordance with the relevant income tax rules and regulations of the PRC for the Year and Year 2023.

According to applicable tax regulations prevailing in the PRC, dividends distributed by a company incorporated in the PRC to foreign investors with respect to profits derived after 1 January 2008 are generally subject to a 10% withholding tax. Under the double taxation arrangement between the PRC and Hong Kong, the relevant withholding tax rate applicable to the Group is reduced from 10% to 5% subject to the fulfilment of certain conditions. On 28 September 2018, China's Ministry of Finance, State Administration of Taxation and National Development and Reform Commission and Ministry of Commerce jointly issued Caishui [2018] No. 102 (Circular 102) to expand the scope of withholding tax deferral treatment on direct reinvestment to all non-prohibited foreign investments. Under the new policy, there is no withholding tax on dividend distributed by a PRC subsidiary if such dividend is reinvested in foreign investments that are not prohibited for foreign investors.

8. BASIC (LOSS)/EARNINGS PER SHARE

The basic earnings per share is calculated based on the (loss)/profit for the Year and the weighted average number of ordinary shares during the Year as follows:

	2024	2023
(Loss)/profit for the Year (RMB'000)	**(19,374)**	22,414
Weighted average number of ordinary shares in issue (in thousand)	**300,632**	300,632
Basic (loss)/earnings per share (RMB)	**(6) cents**	7 cents

The calculation of basic earnings per share is based on the (loss)/profit attributable to equity shareholders of the Company for the Year in the sum of RMB(19,374,000) (Year 2023: RMB22,414,000) and weighted average number of ordinary shares of 300,632,000 in issue during the Year (Year 2023: 300,632,000 ordinary shares).

No diluted earnings per share is presented as the Group has no potential ordinary shares for the Year and Year 2023.

9. TRADE AND OTHER RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**606,517**	535,425
Less: allowance for impairment losses	**(4,044)**	(5,118)
	602,473	530,307
Bills receivables	**18,182**	17,128
	620,655	547,435
Other receivables	**9,664**	1,907
Deposits	**24,360**	21,083
Prepayments	**19,209**	17,364
	673,888	587,789

As at 31 December 2024 and 2023, all bills receivables are due for settlement within 180 days and were not past due.

The ageing analysis of trade and bills receivables (net of impairment losses) as at 31 December 2024 and 2023, based on invoice dates, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 1 month	**297,188**	257,698
Over 1 month but within 3 months	**255,056**	229,695
Over 3 months but within 1 year	**68,411**	60,042
	620,655	547,435

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

10. PLEDGE OF ASSETS

As at 31 December 2024 and 2023, the Group pledged the following assets to secure bills payable, banking facilities granted to the Group and sale and leaseback arrangements with a related company. The carrying amounts of these assets are analysed as follows:

	2024	2023
	RMB'000	*RMB'000*
Property, plant and equipment	**96,220**	77,962
Right-of-use assets of leasehold land	**8,691**	8,974
Pledged deposits	**11,250**	11,250
	116,161	98,186

11. TRADE AND OTHER PAYABLES

	2024	2023
	RMB'000	*RMB'000*
Trade payables	**191,106**	202,234
Bills payables	**56,250**	56,250
Accruals and other payables	**74,427**	63,888
	321,783	322,372

As at 31 December 2024, the Group's bank deposits of RMB11,250,000 (31 December 2023: RMB11,250,000) were pledged to secure certain bills payables.

All trade and other payables are due to be settled within twelve months.

The ageing analysis of trade and bills payables, based on the invoice dates, as at 31 December 2024 and 2023 is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 1 month	**173,461**	154,724
Over 1 month but within 3 months	**63,165**	76,231
Over 3 months but within 1 year	**10,730**	27,529
	247,356	258,484

12. BANK AND OTHER BORROWINGS

	Notes	**2024**	2023
		RMB'000	*RMB'000*
Bank loans, secured	*(a)*	**328,505**	294,592
Liabilities under supplier finance arrangements	*(b)*	**45,000**	—
Other borrowings, secured	*(c)*	**67,148**	40,985
		440,653	335,577
Categorised as:			
— Current liabilities		**396,767**	307,608
— Non-current liabilities		**43,886**	27,969
		440,653	335,577

Notes:

(a) During the Year, the average effective interest rates of the Group's bank loans ranged from 2.65% to 3.75% per annum (Year 2023: 3.00% to 3.90% per annum).

Properties with net carrying amounts of RMB31,176,000 (Year 2023: RMB36,725,000) were pledged for the Group's banking facilities in connection with the bank loans.

Right-of-use assets of leasehold land with carry amounts of RMB8,691,000 (Year 2023: RMB8,974,000) were pledged to secure certain bank loans.

As at 31 December 2024 and 2023, all bank loans were scheduled to be repaid within one year.

(b) During the Year, the Group entered into certain new supplier finance arrangements. The terms and conditions of the arrangement are unchanged from these suppliers, other than:

— the due date has been extended to 365 days after the invoice date from the original 30 to 45 days, and

— acquired payables are no longer able to offset against credit notes received from the suppliers.

	2024
Range of payment due dates	
Liabilities under supplier finance arrangements	365 days after invoice date
Comparable trade payables that are not part of supplier finance arrangements	30 to 45 days after invoice date
Carrying amount of liabilities under supplier finance arrangement	
Liabilities under supplier finance arrangements	RMB45,000,000

(c) As at 31 December 2024, other borrowings represented five (2023: three) sale and leaseback arrangements for plant and equipment entered into with Chongqing Stone Tan Financial Leasing Limited, a related company over which one of the controlling shareholders of the Company has significant influence. As at 31 December 2024 and 2023, these transactions were classified as secured loan financing instead of disposal of the underlying assets as the transfers of the plant and equipment to the buyer-lessor do not satisfy the requirements to be accounted for as a sale of the assets. The carrying amounts of the corresponding plant and equipment pledged under the sale and leaseback arrangements were RMB65,044,000 as at 31 December 2024 (2023: RMB41,237,000).

13. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at 31 December 2024 and 2023:

	2024		2023	
	Present value	**Minimum lease payments**	Present value	Minimum lease payments
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Not later than 1 year	**45,038**	**65,634**	36,392	51,998
Later than 1 year and not later than 2 years	**61,394**	**78,686**	24,349	38,119
Later than 2 years and not later than 5 years	**93,126**	**131,883**	79,169	113,009
Over 5 years	**217,737**	**259,162**	189,442	225,325
	417,295	**535,365**	329,352	428,451
Less: total future interest expenses		**(118,070)**		(99,099)
Present value of lease liabilities		**417,295**		329,352

Notes:

(i) The balance included lease liabilities of RMB50,659,000 (2023: RMB13,116,000) owing to Chongqing Stone Tan Financial Leasing Limited, a related party over which one of the controlling shareholders of the Company has significant influence.

(ii) As at 31 December 2024, the net carrying amounts of Group's plant and equipment held under finance leases were RMB79,592,000 (2023: RMB31,456,000).

14. DIVIDENDS

	RMB'000
Year ended 31 December 2024	
— Final dividend of HK$0.08 per share for 2023	21,812
— Special dividend of HK$0.08 per share	21,952
	43,764
Year ended 31 December 2023	
— Final dividend of HK$0.08 per share for 2022	21,064
— Special dividend of HK$0.08 per share	22,023
	43,087

The Board has resolved not to declare any final dividend for the Year. Nonetheless, the Board declared a special dividend of HK$0.08 per Share to Shareholders whose names appear on the register of members of the Company on 7 July 2025 in its meeting held on 25 March 2025. The special dividend is not reflected as dividend payables in these condensed consolidated annual financial statements. It is expected that the special dividend will be paid on or around 18 July 2025. The special dividend of HK$0.08 per share proposed after the end of the reporting period has not been recognised as a liability in the consolidated statement of financial position.

Final dividend in respect of the Year 2023 of HK$0.08 per share was approved by the Shareholders in the annual general meeting of the Company held on 18 June 2024 (Year 2023: final dividend of HK$0.08 per share for the year ended 31 December 2022). The final dividend in respect of the Year 2023 of HK$0.08 per share of RMB21,812,000 (after exchange realignment) was paid on 19 July 2024.

The special dividend of HK$0.08 per share of RMB21,952,000 (after exchange realignment) was declared on 26 August 2024 and was paid on 16 December 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

In 2024, China's economy encountered multiple challenges in the course of optimization and upgrade of economic structure. High-tech industries showed a trend of rapid development, which became a highlight of economic growth. However, real estate and infrastructure investments performed weakly, and traditional momentum was insufficient, which dragged down economic growth. At the same time, domestic consumption continued to be sluggish, and domestic demand was seriously insufficient, becoming a key factor limiting economic growth. This year, the overall foreign trade in Mainland performed well, which partially offset the weak domestic demand. However, the risk of escalation of the Sino-US trade war may bring greater uncertainty to export.

Although the recovery of exports and non-domestic demand has supported the relative stability of total demand to a certain extent, weak domestic demand has still exerted great pressure on economic growth. The price level continued to run at a low level, and both Consumer Price Index (CPI) and Producer Price Index (PPI) were sluggish, showing that the potential deflationary pressure cannot be ignored. In addition, although industrial production remained strong, service industry production dropped significantly, showing an imbalance in the economic structure.

Under the continuing attention to environmental protection, the "plastic restriction order" and even "plastic ban order" implemented in various places of the PRC have effectively promoted the popularization of environmental awareness and driven the vigorous development of the paper packaging industry. In 2024, with the policy promotion and the widespread recognition of environmental protection concepts by all sectors of society, the demand for paper packaging market has increased significantly, and technological innovation and green environmental protection have become the two key engines driving the industry's continued progress. In 2024, PRC's express delivery business, in terms of volume, reached 174.5 billion pieces, representing a year-on-year increase of 21%. With the stabilization and recovery of the domestic economy and the rapid development of e-commerce, the demand for paper packaging industry will continue to grow. However, the domestic packaging market continues to be oversupplied and the industry competition is fierce, resulting in a continuous decline in product sales unit prices.

BUSINESS REVIEW

As a leading enterprise in the paper packaging industry, the Group always adheres to healthy development and keeps improving. During the Year, the Group achieved remarkable results in developing new customers, with sales volume reaching a new high and operating income increasing slightly. Our first production plant in Hubei officially commenced production in 2024, providing services to customers in central and western China, which created a new chapter of the Group's development. At the same time, a new production plant in Huzhou, Zhejiang, was put into trial operation in the second half of 2024, which expended the Group's layout in the Zhejiang market. As at 31 December 2024, the Group had 15 production plants with a total production capacity of approximately 977 million square meters.

However, affected by the continuous decline in the unit price of corrugated packaging products, the Group achieved an increase in volume but not in profit, coupled with the initial losses of the two new production plants, which inevitably affected the Group's performance and profit margin for the Year.

The Group will continue focusing on corrugated paper packaging manufacturing, sales improvement, equipment upgrades and services enhancement, and strictly control its costs with a view to increasing profits. At the same time, the Group will continue deepening its presence in the Chinese market, further strengthening its market layout in central and western China, and improving its market coverage.

FINANCIAL REVIEW

For the Year, the Company recorded revenue of approximately RMB2,132.4 million, representing an increase of approximately RMB130.0 million or approximately 6.5% as compared with approximately RMB2,002.4 million for the Year 2023. Consolidated gross profit margin was approximately 15.2%, representing a decrease of approximately 1.9% as compared with approximately 17.1% for the Year 2023. Gross profit for the Year was approximately RMB324.1 million, representing a decrease of approximately 5.1% as compared with approximately RMB341.4 million for the Year 2023. Basic loss per share for the Year amounted to RMB0.06, while basic earnings per Share of RMB0.07 was recorded for the Year 2023.

Revenue

During the Year, the Group recorded an increase in revenue of both the corrugated sheet boards and corrugated packaging products. For the Year, the Group recorded revenue of approximately RMB2,132.4 million, representing an increase of approximately RMB130.0 million or approximately 6.5% as compared with that for the Year 2023.

Sales of corrugated packaging products

During the Year, revenue from sales of corrugated packaging products was approximately RMB1,918.4 million, representing an increase of approximately 5.8% as compared with approximately RMB1,812.7 million for the Year 2023, and accounted for approximately 90.0% of the Group's total revenue for the Year. The increase in the sales of corrugated packaging products was mainly attributable to the increase in sales volumes.

Sales of corrugated sheet boards

During the Year, revenue from sales of corrugated sheet boards was approximately RMB214.0 million, representing an increase of approximately 12.8% as compared with approximately RMB189.7 million for the Year 2023 and accounted for approximately 10.0% of the Group's total revenue for the Year. The increase in sales of corrugated sheet boards was mainly attributable to the increase in sales volume.

Cost of Sales

For the Year, cost of sales of the Group was approximately RMB1,808.3 million, representing an increase of approximately 8.9% as compared with approximately RMB1,661.0 million for the Year 2023, which was mainly attributable to the increase in sales volume.

Gross Profit

Gross profit of the Group during the Year was approximately RMB324.1 million, representing a decrease of approximately 5.1% as compared with approximately RMB341.4 million for the Year 2023, of which gross profit from sales of corrugated packaging products decreased by approximately 4.6% to RMB310.3 million, while gross profit from sales of corrugated sheet boards decreased by approximately 14.0% to RMB13.8 million. Gross profit margins of the Group for the Year and the Year 2023 reached 15.2% and 17.1%, respectively, of which gross profit margins of sales of corrugated packaging products for the Year and the Year 2023 were 16.2% and 18.0%, respectively, while gross profit margins of sales of corrugated sheet boards were 6.4% and 8.4%, respectively. The increase in gross profit margin for the Year as compared to the Year 2023 was mainly attributable to the fact that the rate of decline in unit price was greater than the rate of decline in the unit cost of raw paper, coupled with the initial losses of the two new production plants.

Selling and Distribution Expenses

Sales and distribution expenses increased by approximately 13.2% from approximately RMB127.8 million for the Year 2023 to approximately RMB144.6 million for the Year. The increase was mainly due to the increase in sales volume.

Administrative Expenses

For the Year, the Group's administrative expenses were approximately RMB167.0 million, representing an increase of approximately 8.3% as compared with approximately RMB154.2 million for the Year 2023. The increase was mainly due to the launch of new plants in Wuhan and Huzhou as well as new internet platform.

Finance Costs

Finance costs comprise interest on finance leases, interest on bank loans and interest on sale and leaseback arrangements. Finance costs increased by approximately 27.2% from approximately RMB30.2 million for the Year 2023 to approximately RMB38.4 million for the Year. The increase was primarily due to the increase in financial leasing.

Income Tax Expense

Income tax expense decreased by approximately 98.1% from approximately RMB14.4 million for the Year 2023 to approximately RMB0.3 million for the Year, primarily due to the decrease in the Group's profit before income tax.

Loss for the Year

The Group turned to a loss of approximately RMB19.4 million for the Year, compared to a profit of approximately RMB22.4 million for the Year 2023, primarily due to the drop in sales unit price, and investment in new plants and projects.

Liquidity and Capital Resources

Working Capital

As at 31 December 2024, cash and cash equivalents of the Group amounted to approximately RMB99.4 million.

Cash Flow

Cash inflows of the Group were principally generated from proceeds from operating activities, namely (i) sales of corrugated packaging products and corrugated sheet boards in the PRC; and (ii) financial leasing and bank and other borrowings.

The Group's primary cash expenditures were used to purchase property, plant and equipment and to repay bank and other borrowings. The following table sets out the Group's cash flows from operating activities, investing activities and financing activities for the Year and the Year 2023:

	As at 31 December	
	2024	2023
	RMB million	*RMB million*
	(approximately)	(approximately)
Net cash generated from operating activities	**28.2**	167.6
Net cash used in investing activities	**(65.0)**	(22.3)
Net cash used in financing activities	**(9.1)**	(98.8)
Cash and cash equivalents at the beginning of the Year	**145.3**	98.8
Effect of exchange rate changes on cash and cash equivalents	**0.03**	0.1
Cash and cash equivalents at the end of the Year	**99.4**	145.3

Net cash generated from operating activities

During the Year, the Group's net cash generated from operating activities was approximately RMB28.2 million, which comprised cash generated from operations of approximately RMB38.4 million, offset by income tax paid of approximately RMB10.2 million. Net cash generated from operating activities decreased by approximately RMB139.4 million or approximately 83.2% as compared with the net cash generated from operating activities of approximately RMB167.6 million for the Year 2023. The decrease in net cash generated from operating activities was mainly due to (i) the decrease in profit; and (ii) the increase in receivables.

Net cash used in investing activities

During the Year, the Group's net cash used in investing activities was approximately RMB65.0 million, while net cash of approximately RMB22.3 million was used in investing activities for the Year 2023. Net cash used in investing activities was primarily due to the equipment purchase for new production plants.

Net cash used in financing activities

During the Year, the Group's net cash used in financing activities was approximately RMB9.1 million, while net cash of approximately RMB98.8 million was used in financing activities for the Year 2023. The net cash used in financing activities was mainly attributable to (i) the repayment of certain principal amount and interest under finance leases; (ii) the repayment of certain bank loans and interest; and (iii) the dividend payment.

Major Acquisitions and Disposals

During the Year, the Group had no major acquisition and disposal.

Pledge of Assets

Details of the pledged assets of the Group were set out in Note 10 to this announcement.

Contingent Liabilities

As at 31 December 2024, the Group had no material contingent liabilities.

Human Resources

As at 31 December 2024, the Group had 1,884 full-time employees. The Group has implemented a number of initiatives to enhance the productivity of its employees. The Group conducts periodic performance reviews of most of the Group's employees, and their compensation is tied to their performance. Further, the Group's compensation structure is designed to incentivise its employees to perform well by linking a portion of their compensation to their performance and the overall performance of the Group. The performance-based portion depends on the employee's job function and seniority.

Future Plan

Looking ahead, the Company will fully implement its three-year development plan for the "Six Provinces and One City" in central and western China. In order to expand the Group's market coverage, we plan to establish seven new productions plants in the next three years, aiming to deeply root our presence across the Chinese market. These seven new production plants will rigorously embody our operational philosophy: "Future-oriented: Enabling smarter plant operations with lower costs and simplified management". In the course of setting up new production plants, we will introduce advanced intelligent production equipment and management systems. This includes deploying automated production lines to reduce manual intervention, optimizing production process through intelligent scheduling systems to lower operational costs, and enhancing production efficiency and product quality. Big data analytics will enable precise control over production process, while intelligent management software will streamline administrative workflows, ensuring efficient operations across all facilities.

For existing production plants, we will improve profitability through technological upgrades and process optimization. On the one hand, we will invest in intelligent retrofits for aging equipment to boost operational efficiency, reduce energy consumption, and cut maintenance costs. On the other hand, we will conduct in-depth market demand analysis to optimize product portfolios, increasing the production share of high-value-added products. In addition, we will expand sales channels and strengthen marketing efforts to increase product market share. These initiatives aim to enhance the profitability of our existing production plants and deliver greater returns to the Shareholders. Both the strategic placement of new production plants and the modernization of existing ones represent critical steps for improving our presence in the market, aligning with industry-wide intelligent transformation trends, and strengthening comprehensive competitiveness. These efforts will lay a solid foundation for the Group's sustained and stable growth.

CLOSURE OF THE REGISTER OF MEMBERS FOR THE ENTITLEMENT OF ATTENDING AND VOTING AT THE ANNUAL GENERAL MEETING OF THE COMPANY

The register of members of the Company will be closed from Thursday, 12 June 2025 to Tuesday, 17 June 2025, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the forthcoming AGM to be held on Tuesday, 17 June 2025. All transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Wednesday, 11 June 2025.

IMPORTANT EVENT AFTER THE REPORTING PERIOD

Continuing Connected Transactions

On 23 January 2025, in order to cope with the Group's business development and enable the Group to maintain its high quality of products, the Company and Chongqing Stone Tan Financial Leasing Company Limited (重慶談石融資租賃有限公司) ("**Chongqing Stone Tan**") entered into a new framework agreement, 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 for a term commencing on 1 February 2025 and ending on 31 December 2027. The new annual caps for the lease transactions under the new framework agreement for each of the three years ending 31 December 2027 is RMB81.0 million (equivalent to approximately HK$86.7 million). 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.

Save as disclosed above, there was no important event which took place after 31 December 2024.

FINAL DIVIDEND AND SPECIAL DIVIDEND

The Board has resolved not to declare any final dividend for the Year. Nonetheless, the Board declared a special dividend of HK$0.08 per Share to Shareholders whose names appear on the register of members of the Company on 7 July 2025 in its meeting held on 25 March 2025. The special dividend is not reflected as dividend payables in these condensed consolidated annual financial statements. It is expected that the special dividend will be paid on or around 18 July 2025.

CLOSURE OF THE REGISTER OF MEMBERS FOR THE ENTITLEMENT OF SPECIAL DIVIDEND

In order to determine the identity of the Shareholders who are entitled to the final dividend, the register of members of the Company will be closed from Thursday, 3 July 2025 to Monday, 7 July 2025 (both dates inclusive), during which period no transfer of shares will be effected. The special dividend will be paid in Hong Kong dollars. In order to qualify for the special dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Wednesday, 2 July 2025.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. Except for deviation from provision C.2.1 of the Corporate Governance Code (the "**CG Code**") the Company had complied with all the code provisions set out in the Corporate Governance Code as set forth in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") throughout the Year.

Under code provision C.2.1 of the CG Code as set out in Appendix C1 to the Listing Rules, the responsibilities between the chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Cheng Hsien-Chun ("**Mr. Cheng**"), an executive Director, has been performing similar function to that of a chief executive officer and has been performing as the chairman of the Board. As Mr. Cheng has considerable experience in the corrugated packaging industry and has been assuming day-to-day responsibilities of managing and leading the Group since 1995, the Board believes that Mr. Cheng, being an executive Director and the chairman of the Board, has the benefit of ensuring consistent leadership within the Group and enabling more effective and efficient overall strategic planning of the Group which is the best interest of the Group.

The Company will continue reviewing and enhancing its corporate governance practices to ensure compliance with the CG Code.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") is comprised of three Directors, namely Mr. Kiang Tien Sik David (chairman), Mr. Wang Jisheng and Dr. Su Morley Chung Wu. The primary duties of the audit committee are to make recommendations to the Board on the appointment and removal of external auditor, review and supervise the financial reporting process and internal control procedures of the Company. The Audit Committee had reviewed the audited annual results of the Group for the Year.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all the Directors, each of the Directors has confirmed that he has complied with the required standards as set out in the Model Code for the Year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the Year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange and the Company, and the Annual Report of the Group for the Year containing all the information required by the Listing Rules will be dispatched to the Shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 25 March 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.