Pacific Millennium

# PACIFIC MILLENNIUM PACKAGING GROUP CORPORATION

# 國際濟豐包裝集團

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1820)**

## ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

### RESULTS HIGHLIGHTS

- Revenue amounting to approximately RMB1,036.7 million was recorded for the Period (Corresponding Period: approximately RMB993.9 million), representing an increase of approximately 4.3% as compared with the Corresponding Period.
- Net loss attributable to owners of the Company for the Period was approximately RMB14.6 million (Corresponding Period: a net loss of approximately RMB24.5 million), representing a decrease in net loss of approximately 40.3% as compared with the Corresponding Period.
- The Board has resolved not to declare any interim dividend for the Period.

The board (the "**Board**") of director(s) (the "**Director(s)**") of Pacific Millennium Packaging Group Corporation (the "**Company**", together with its subsidiaries, the "**Group**") hereby announces the unaudited condensed consolidated results of the Group for the six months ended 30 June 2026 (the "**Period**"), together with comparative figures for the corresponding period in 2025 (the "**Corresponding Period**"), as follows:

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | | Six months ended 30 June | |
|---|---|---|---|
| | | **2026** | 2025 |
| | | ***RMB'000*** | *RMB'000* |
| | *Notes* | **(unaudited)** | (unaudited) |
| Revenue | *4* | **1,036,699** | 993,903 |
| Cost of sales | | **(892,465)** | (862,141) |
| Gross profit | | **144,234** | 131,762 |
| Other income and other gains and losses, net | | **1,229** | 1,799 |
| Selling and distribution expenses | | **(68,665)** | (68,052) |
| Administrative expenses | | **(71,837)** | (72,444) |
| Impairment loss on trade receivables, net | | **(725)** | (656) |
| Finance costs | | **(21,799)** | (22,870) |
| Loss before income tax | *5* | **(17,563)** | (30,461) |
| Income tax credit | *6* | **2,960** | 6,003 |
| **Loss for the period** | | **(14,603)** | (24,458) |
| **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 | | **(226)** | (19) |
| **Item that may be reclassified subsequently to profit or loss:** | | | |
| Exchange differences on translation of foreign operations | | **4,918** | 681 |
| **Total comprehensive income for the period** | | **(9,911)** | (23,796) |
| **Loss per Share (RMB) — basic** | *7* | **(5 cents)** | (8 cents) |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Notes | As at 30 June 2026 RMB'000 (unaudited) | As at 31 December 2025 RMB'000 (audited) |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | | **745,033** | 789,841 |
| Prepayments for purchase of property, plant and equipment | | **10,839** | 7,864 |
| Deferred tax assets | | **47,177** | 40,863 |
| | | **803,049** | 838,568 |
| **Current assets** | | | |
| Inventories | | **291,763** | 145,201 |
| Trade and other receivables | *8* | **664,606** | 619,394 |
| Pledged deposits | *11* | **16,050** | 13,250 |
| Bank balances and cash | | **85,614** | 99,857 |
| | | **1,058,033** | 877,702 |
| **Current liabilities** | | | |
| Trade and other payables | *9* | **325,816** | 269,516 |
| Contract liabilities | | **3,101** | 3,032 |
| Dividend payable | | **20,885** | — |
| Bank and other borrowings | *10* | **527,538** | 417,516 |
| Tax payable | | **1,943** | 954 |
| Lease liabilities | | **34,811** | 40,370 |
| | | **914,094** | 731,388 |
| **Net current assets** | | **143,939** | 146,314 |
| **Total assets less current liabilities** | | **946,988** | 984,882 |
| **Non-current liabilities** | | | |
| Bank and other borrowings | *10* | **61,201** | 66,801 |
| Lease liabilities | | **297,764** | 310,229 |
| Loans from immediate holding company | | **145,872** | 137,738 |
| | | **504,837** | 514,768 |
| **Net assets** | | **442,151** | 470,114 |
| **Equity** | | | |
| Share capital | | **2,442** | 2,442 |
| Reserves | | **439,709** | 467,672 |
| **Total equity** | | **442,151** | 470,114 |

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

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

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

## 2. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 ("**IAS 34**"), issued by the International Accounting Standards Board ("**IASB**") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). These condensed consolidated interim financial statements were authorised for issue on 25 August 2026.

These condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2025 annual financial statements. The Group has not early adopted any new or amended IFRS Accounting Standards that has been issued but is not yet effective.

For the Period, the Group has applied all the new or amended IFRS Accounting Standards that are relevant to its operations and effective for the financial periods beginning on or after 1 January 2026. These applications do not have a material impact on the condensed consolidated interim financial statements of the Group.

These condensed consolidated interim financial statements are presented in Renminbi ("**RMB**"), unless otherwise stated. These condensed consolidated interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2025 annual financial statements. These condensed consolidated interim financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Accounting Standards and should be read in conjunction with the 2025 annual financial statements.

These condensed consolidated interim financial statements are unaudited, but have been reviewed by BDO Limited in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Hong Kong Institute of Certified Public Accountants.

## 3. USE OF JUDGEMENTS AND ESTIMATES

The preparation of these condensed consolidated interim financial statements in compliance with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2025 annual financial statements.

## 4. REVENUE AND SEGMENT REPORTING

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

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (unaudited) |
| Corrugated packaging products | **959,786** | 905,823 |
| Corrugated sheet boards | **76,913** | 88,080 |
| | **1,036,699** | 993,903 |

**Disaggregation of revenue**

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

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (unaudited) |
| **Revenue by industry** | | |
| Food and beverage | **332,823** | 283,882 |
| Paper and packaging | **125,623** | 125,394 |
| Non-food-and-beverage-consumables *(Note (i))* | **183,568** | 176,962 |
| Home furniture | **31,484** | 42,831 |
| Medical products | **70,056** | 59,899 |
| Supplier chain solution | **14,927** | 19,339 |
| E-commerce | **13,105** | 11,228 |
| Home electronics | **18,765** | 24,736 |
| Chemical products | **46,243** | 40,470 |
| Mechanical manufacturing | **38,948** | 40,620 |
| Computer and electronic product manufacturing | **31,904** | 28,846 |
| Textiles | **27,703** | 29,032 |
| Others *(Note (ii))* | **101,550** | 110,664 |
| | **1,036,699** | 993,903 |

*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.

**Segment Reporting**

The executive Directors have been identified as the chief operating decision-makers ("**CODM**") of the Group who review the Group's internal reporting in order to assess performance of the Group on a regular basis and allocate resources.

**(a)** ***Reportable segments***

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

**(b)** ***Geographical information***

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

**(c)** ***Information about major customers***

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

## 5. LOSS BEFORE INCOME TAX

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

| | **Six months ended 30 June** | |
|---|---|---|
| | **2026** | 2025 |
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (unaudited) |
| Cost of inventories sold *(Note (i))* | **892,465** | 862,141 |
| Depreciation of property, plant and equipment *(Note (ii))* | **59,373** | 59,926 |
| Auditors' remuneration | **202** | 213 |
| Freight charges | **42,702** | 43,104 |
| Short-term lease expense | **1,045** | 1,164 |
| Impairment loss on inventories | **1,840** | 1,639 |
| Reversal of impairment loss on inventories | **(1,796)** | (1,526) |
| Impairment loss on trade receivables | **3,157** | 1,886 |
| Reversal of impairment loss on trade receivables | **(2,432)** | (1,230) |
| | **725** | 656 |
| Exchange gain, net | **(1,786)** | (1,662) |
| Employee benefits expenses (including directors' remuneration): | | |
| — Wages, salaries and benefits | **113,702** | 110,991 |
| — Retirement benefit costs *(Note (iii))* | **15,867** | 15,547 |

*Notes:*

(i) Cost of inventories sold for the Period includes RMB568,287,000, RMB95,954,000, RMB22,174,000, RMB76,438,000 and RMB46,917,000 (Corresponding Period: RMB579,441,000, RMB51,800,000, RMB26,023,000, RMB73,519,000 and RMB47,278,000), relating to costs of raw materials consumed, costs of accessories, outsourced production costs, employee benefits expenses and depreciation of property, plant and equipment respectively. The amounts disclosed of employee benefits expenses and depreciation of property, plant and equipment included in cost of inventories sold are also included in the respective total amounts disclosed separately above.

(ii) Depreciation of property, plant and equipment for the Period includes depreciation of right-of-use assets amounted to RMB17,100,000 (Corresponding Period: RMB15,988,000) and depreciation of plant and equipment held under finance leases amounted to RMB1,530,000 (Corresponding Period: RMB1,530,000).

(iii) For the Period, there were neither contributions forfeited by the Group nor had there been any utilisation of such forfeited contributions to reduce future contributions (Corresponding Period: Nil). As at 30 June 2026, 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 (Corresponding Period: Nil).

## 6. INCOME TAX CREDIT

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

| | **Six months ended 30 June** | |
|---|---|---|
| | **2026** | 2025 |
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (unaudited) |
| Current tax | | |
| — Provision for PRC enterprise income tax for the period | **3,354** | 1,767 |
| Deferred tax | | |
| — Origination and reversal of temporary differences | **(6,314)** | (7,770) |
| Income tax credit | **(2,960)** | (6,003) |

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

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

## 7. LOSS PER SHARE

The basic loss per share of the Company (the "**Share(s)**") is calculated based on the loss for the Period and the weighted average number of ordinary shares during the Period as follows.

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | **(unaudited)** | (unaudited) |
| Loss for the period (RMB'000) | **(14,603)** | (24,458) |
| Weighted average number of ordinary shares in issue (in thousand) | **300,632** | 300,632 |
| Basic loss per share (RMB) | **(5 cents)** | (8 cents) |

No diluted earnings per share was presented as there were no potential ordinary shares outstanding during the Period and the Corresponding Period.

## 8. TRADE AND OTHER RECEIVABLES

| | **30 June** | 31 December |
|---|---|---|
| | **2026** | 2025 |
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (audited) |
| Trade receivables | **562,318** | 559,607 |
| Less: allowance for impairment loss | **(4,719)** | (4,083) |
| | **557,599** | 555,524 |
| Bills receivables | **10,428** | 8,047 |
| | **568,027** | 563,571 |
| Other receivables | **23,447** | 18,304 |
| Deposits | **26,427** | 25,340 |
| Prepayments | **46,705** | 12,179 |
| | **664,606** | 619,394 |

As at the end of each reporting period, all bills receivables were due for settlement within 180 days and not past due.

The ageing analysis of trade and bills receivables (net of impairment loss) as at the end of each reporting period, based on invoice dates, is as follows:

| | **30 June 2026** | 31 December 2025 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (audited) |
| Within 1 month | **264,812** | 264,687 |
| Over 1 month but within 3 months | **223,262** | 226,063 |
| Over 3 months but within 1 year | **79,953** | 72,821 |
| | **568,027** | 563,571 |

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

The basis used by the Group in assessing of the expected credit losses for trade receivables is the same as 31 December 2025.

## 9. TRADE AND OTHER PAYABLES

| | **30 June 2026** | 31 December 2025 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (audited) |
| Trade payables | **205,180** | 140,736 |
| Bills payables | **56,250** | 56,250 |
| Accruals and other payables | **64,386** | 72,530 |
| | **325,816** | 269,516 |

As at 30 June 2026, the Group's bank deposits of RMB16,050,000 (31 December 2025: RMB13,250,000) were pledged to secure certain bills payables (Note 11).

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

The ageing analysis of trade and bills payables, based on the invoice dates, as at the end of each reporting period is as follows:

| | **30 June 2026** | 31 December 2025 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (audited) |
| Within 1 month | **172,921** | 118,867 |
| Over 1 month but within 3 months | **60,336** | 62,951 |
| Over 3 months but within 1 year | **28,173** | 15,168 |
| | **261,430** | 196,986 |

## 10. BANK AND OTHER BORROWINGS

| | Notes | **30 June 2026** *RMB'000* **(unaudited)** | 31 December 2025 *RMB'000* (audited) |
|---|---|---|---|
| Bank loans, secured | *(a)* | **380,884** | 314,766 |
| Liabilities under supplier finance arrangements | *(b)* | **50,000** | 60,000 |
| Other borrowings, secured | *(c)* | **157,855** | 109,551 |
| | | **588,739** | 484,317 |
| Categorised as: | | | |
| Current liabilities | | **527,538** | 417,516 |
| Non-current liabilities | | **61,201** | 66,801 |
| | | **588,739** | 484,317 |

*Notes:*

(a) During the Period, the average effective interest rates of the Group's bank loans ranged from 2.05% to 4.50% per annum (Corresponding Period: 2.24% to 3.75% per annum).

Properties with net carrying amount of RMB23,162,000 (31 December 2025: RMB25,631,000) were pledged for the Group's banking facilities in connection with the bank loans.

As at 30 June 2026, right-of-use assets of leasehold land with net carrying amount of RMB8,266,000 (31 December 2025: RMB8,407,000) were pledged by the Group to secure certain bank loans (Note 11).

As at 30 June 2026, the Group's bank deposits of RMB16,050,000 (31 December 2025: RMB13,250,000) were pledged and a corporate guarantee was executed by a PRC subsidiary to secure certain bank loans (Note 11).

As at 30 June 2026, all bank loans were scheduled to be repaid within one year (31 December 2025: same).

(b) During the Period, the Group entered into certain new supplier finance arrangements. During the Period, there were non-cash transfers from trade payables to liabilities under supplier finance arrangements of RMB50,000,000 (31 December 2025: RMB95,000,000). There had been no change on the terms and conditions of the arrangement 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.

| | Six months ended 30 June 2026 | Year ended 31 December 2025 |
|---|---|---|
| **Range of payment due dates** | | |
| Liabilities under supplier finance arrangements | **365 days after invoice date** | 365 days after invoice date |
| Comparable trade payables that are not part of supplier finance arrangements | **30 to 45 days after invoice date** | 30 to 45 days after invoice date |
| **Carrying amounts of liabilities under supplier finance arrangement** | | |
| Liabilities under supplier finance arrangements | **RMB50,000,000** | RMB60,000,000 |

(c) As at 30 June 2026, other borrowings represented 16 sale and leaseback arrangements (31 December 2025: nine) for plant and equipment entered into with Chongqing Stone Tan Financial Leasing Limited ("**Chongqing Stone Tan**"), a related company over which one of the controlling shareholders of the Company has significant influence. As at 30 June 2026, the 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 RMB166,424,000 as at 30 June 2026 (31 December 2025: RMB110,809,000) (Note11).

## 11. PLEDGE OF ASSETS

As at the end of each reporting period, the Group pledged the following assets to secure its bills payables, 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:

| | **30 June 2026** *RMB'000* **(unaudited)** | 31 December 2025 *RMB'000* (audited) |
|---|---|---|
| Property, plant and equipment *(Note 10)* | **189,586** | 136,440 |
| Right-of-use assets of leasehold land *(Note 10)* | **8,266** | 8,407 |
| Pledged deposits *(Notes 9 & 10)* | **16,050** | 13,250 |
| | **213,902** | 158,097 |

## 12. DIVIDEND

No interim dividend had been declared by the Company for the Period and the Corresponding Period. Nonetheless, a special dividend of HK$0.08 per share totalling RMB20,920,000 was approved by the Board in its meeting held on 23 June 2026. The special dividend of RMB20,885,000 after exchange realignment of RMB35,000 was recognised as dividend payable in the condensed consolidated statement of financial position as at 30 June 2026.

The Board has resolved not to declare any final dividend in respect of the year ended 31 December 2025.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

In the first half of 2026, China's economy exhibited a pattern of "steady progress amid structural divergence". External demand remained resilient, with exports sustaining growth, while domestic demand stayed generally weak. Household consumption and private investment remained in a recovery phase, and traditional manufacturing came under notable pressure. Volatility in upstream raw material prices, combined with insufficient end-market demand, subjected midstream manufacturing sectors such as paper packaging to the dual pressures of cost pass-through and market contraction. Compounded by industry overcapacity and intensifying competition, the Group faced considerable operational challenges during the Period, with its results under pressure.

Although the macroeconomy is currently undergoing a transition between old and new growth drivers, and the pace of demand-side recovery in the traditional packaging industry remains relatively slow, the long-term outlook remains broad. On one hand, as major projects and policies under the opening year of the "15th Five-Year Plan" are progressively implemented, and new quality productive forces accelerate their development, high-tech manufacturing and consumption upgrading will continue to generate new demand for packaging. On the other hand, the deepening of green, low-carbon transition and circular economy policies is opening up long-term growth opportunities for paper packaging to substitute plastic packaging. As domestic demand potential is gradually unleashed and industry consolidation accelerates, the Group, leveraging its customer base and manufacturing capabilities built up over many years, is well positioned to be among the first to benefit from the industry's recovery cycle and achieve a stabilization and rebound in its operating results.

In December 2025, our first plant in the western region of China, namely Chongqing Plant commenced operations, laying a solid foundation for the Group's expansion in western region of China. During the Period, our production plant in Chongqing operated smoothly, reached a production capacity of approximately 23.5 million square meters. As at 30 June 2026, the Group had 16 production plants with a total production capacity of approximately 1,000.7 million square meters.

During the Period, the Group's operating strategy shifted towards increasing the proportion of sales volume from quality customers to improve revenue and gross profit margin. Revenue growth was primarily attributable to higher average selling prices, with sales volume broadly stable.

### FINANCIAL REVIEW

For the Period, the Company recorded revenue of approximately RMB1,036.7 million, representing an increase of approximately RMB42.8 million or approximately 4.3% as compared with approximately RMB993.9 million for the Corresponding Period. Consolidated gross profit margin for the Period was approximately 13.9%, representing an increase of approximately 0.6 percent point as compared with approximately 13.3% for the Corresponding Period. Gross profit for the Period was approximately

RMB144.2 million, representing an increase of approximately 9.5% as compared with approximately RMB131.8 million for the Corresponding Period. Basic loss per Share for the Period was RMB0.05, while basic loss per Share of RMB0.08 was recorded for the Corresponding Period.

Given that the Group's operating strategy shifted towards increasing the proportion of sales volume from quality customers to improve revenue and gross profit margin during the Period, gross profit margin improved to approximately 13.9% from 13.3%, based on an improved product mix and disciplined cost control. With selling, general and administrative expenses held broadly stable, Earnings Before Interest, Taxes returned to profitability from a loss during the Period, as compared with the Corresponding Period. Although the Group remained loss-making at the net level, the net loss narrowed significantly year-on-year, alongside improvement in EBITDA and cash return.

Having considered that the second half of each year is traditionally a peak season, the Directors maintain a cautiously optimistic view as to the results of the Group in the second half of 2026. The management of the Group will continue monitoring the market condition and take appropriate steps to cope with the changing demand of the market.

## REVENUE

During the Period, the Group recorded an increase in revenue in sales of corrugated packaging products and a decrease in revenue in corrugated sheet boards. For the Period, the Group recorded revenue of approximately RMB1,036.7 million, representing an increase of approximately RMB42.8 million or approximately 4.3% as compared with that for the Corresponding Period.

### Sales of corrugated packaging products

For the Period, revenue from sales of corrugated packaging products was approximately RMB959.8 million, representing an increase of approximately 6.0% as compared with approximately RMB905.8 million for the Corresponding Period, and accounted for approximately 92.6% of the Group's total revenue for the Period. The increase in revenue from sales of corrugated packaging products was mainly attributable to the increase in sales volume and unit price.

### Sales of corrugated sheet boards

For the Period, revenue from sales of corrugated sheet boards was approximately RMB76.9 million, representing a decrease of approximately 12.7% as compared with approximately RMB88.1 million for the Corresponding Period, and accounted for approximately 7.4% of the Group's total revenue for the Period. The decrease in sales of corrugated sheet boards was mainly attributable to the decrease in sales volume.

## COST OF SALES

For the Period, cost of sales of the Group was approximately RMB892.5 million, representing an increase of approximately 3.5% as compared with approximately RMB862.1 million for the Corresponding Period, mainly attributable to the increase in raw paper price.

## GROSS PROFIT

Gross profit of the Group was approximately RMB144.2 million for the Period, representing an increase of approximately 9.5% as compared with approximately RMB131.8 million for the Corresponding Period, of which gross profit from sales of corrugated packaging products increased by approximately 10.1% to RMB141.0 million, while gross profit from sales of corrugated sheet boards decreased by approximately 11.5% to approximately RMB3.2 million. Gross profit margins of the Group for the Corresponding Period and the Period were 13.3% and 13.9% respectively, of which gross profit margins of sales of corrugated packaging products for the Corresponding Period and the Period were 14.1% and 14.7% respectively, while gross profit margins of sales of corrugated sheet boards for the Corresponding Period and the Period were 4.1% and 4.2% respectively. The increase in gross profit margin for the Period was mainly attributable to the rate of increase in unit price is greater than the rate of increase in unit cost of raw paper.

## SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses increased by approximately 0.9% from approximately RMB68.1 million for the Corresponding Period to approximately RMB68.7 million for the Period. The increase was mainly due to the increase in selling expenses of our new plant in Chongqing.

## ADMINISTRATIVE EXPENSES

For the Period, the Group's administrative expenses were approximately RMB71.8 million, representing a decrease of approximately 0.8% as compared with approximately RMB72.4 million for the Corresponding Period. The decrease was mainly due to the enhanced measures of cost control.

## FINANCE COSTS

Finance costs comprise interest on finance leases net of capitalised amounts, interest on bank loans and interest on sale and leaseback arrangements. Finance costs decreased by approximately 4.7% from approximately RMB22.9 million for the Corresponding Period to approximately RMB21.8 million for the Period. The decrease was primarily due to the decrease in bank loans.

## LOSS FOR THE PERIOD

For the Period, the Group recorded a loss of RMB14.6 million, and a net loss of approximately RMB24.5 million was recorded for the Corresponding Period. The decrease in loss was primarily due to (i) the rate of increase in unit price is greater than the rate of increase in unit cost of raw paper; and (ii) the reduction of finance costs.

## LIQUIDITY AND CAPITAL RESOURCES

### Working Capital

As at 30 June 2026, cash and cash equivalents of the Group amounted to approximately RMB85.6 million mainly comprised the cash generated from the Group's operating activities during the Period and accumulated cash and bank balances at the beginning of the Period.

### Cash Flows

Cash inflows of the Group were principally generated from cash inflow from operating activities, namely sales of corrugated packaging products and corrugated sheet boards in the PRC, while cash outflow was principally used in financing activities, namely repayments of bank borrowings. The Company's primary cash expenditures were used to purchase property, plant and equipment and to make prepayment for the purchase of property, plant and equipment. The following table sets out the Group's cash flows from operating activities, investing activities and financing activities for the Corresponding Period and the Period:

| | **For the six months ended 30 June** | |
|---|---|---|
| | **2026** | 2025 |
| | ***RMB million*** | *RMB million* |
| | **(unaudited)** | (unaudited) |
| Net cash (used in)/generated from operating activities | **(20.2)** | 162.4 |
| Net cash used in investing activities | **(20.0)** | (18.7) |
| Net cash generated from/(used in) financing activities | **26.2** | (122.5) |
| Cash and cash equivalents at beginning of the period | **99.9** | 99.4 |
| Effect of exchange rate changes on cash and cash equivalents | **(0.2)** | (0.02) |
| Cash and cash equivalents at end of the period | **85.6** | 120.6 |

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

During the Period, the Group's net cash used in operating activities was approximately RMB20.2 million, representing a decrease of approximately RMB182.6 million as compared with the net cash generated from operating activities of RMB162.4 million for the Corresponding Period. The net cash used in operating activities was mainly due to the increase in inventory level.

### Net cash used in investing activities

During the Period, the Group's net cash used in investing activities increased by approximately RMB1.3 million from approximately RMB18.7 million for the Corresponding Period to approximately RMB20.0 million for the Period. Net cash used in investing activities was primarily due to the equipment purchase.

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

During the Period, the Group's net cash generated from financing activities was approximately RMB26.2 million, representing an increase of approximately RMB148.7 million as compared with the net cash used in financing activities of RMB122.5 million for the Corresponding Period. The net cash generated from financing activities was mainly attributable to the increase in bank financing.

## MAJOR ACQUISITIONS AND DISPOSALS

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

## PLEDGE OF ASSETS

Details of the pledged assets of the Group are set out in note 11 to the condensed consolidated interim financial statements in this announcement.

## CONTINGENT LIABILITIES

As at 30 June 2026, the Group did not have any significant contingent liabilities.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Period, the Company did not redeem any of its Shares listed on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such Shares.

## INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the Period (Corresponding Period: Nil).

## IMPORTANT EVENTS AFTER THE PERIOD

After the Period and up to the date of this announcement, no important events have occurred.

## 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**") as set forth in Appendix C1 to the Listing Rules, the Company had no material deviation from the CG Code since the Shares were listed on the Main Board of the Stock Exchange on 21 December 2018.

Under code provision C.2.1 of the CG Code, the responsibilities between the chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Cheng Hsien-Chun ("**Mr. Cheng**"), an executive Director performs similar function to that of a chief executive officer, and he also performs as the chairman of the Board. As Mr. Cheng has considerable experience in the corrugated packaging industry and has been assuming day-to-day responsibilities of managing and leading the Group since 1995, the Board believes that Mr. Cheng, being 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 in the best interest of the Group.

The Board considers that the deviation from provision C.2.1 of the CG Code is appropriate in such circumstances. Notwithstanding the above, the Board is of the view that this management structure is effective for the Group's operations, and sufficient checks and balances are in place.

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

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 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 during the Period and up to the date of this announcement.

### Constitutional Documents

On 15 May 2026, the Board resolved to make certain amendments to the Articles of Association of the Company ("**Articles**") in order to, among other things, (i) facilitate electronic communication; (ii) facilitate electronic and hybrid general meetings; (iii) facilitate electronic payment; (iv) expressly allow the Company to hold Shares it repurchases or acquires as treasury shares; (v) make necessary and consequential updates to align with applicable laws of the Cayman Islands and the Listing Rules. A special resolution for the adoption of the new Articles ("**New Articles**") was passed by the Shareholders at the annual general meeting of the Company held on 23 June 2026. The New Articles is available on the respective websites of the Stock Exchange and the Company.

## REVIEW OF INTERIM RESULTS

The audit committee of the Board (the "**Audit Committee**") has reviewed the accounting principles and practices adopted by the Group and has also reviewed and confirmed the Group's unaudited financial results for the Period and discussed auditing, internal control, risk management systems and financial reporting matters of the Group. The Audit Committee comprises three Directors, namely Mr. Kiang Tien Sik David (chairman), Mr. Wang Jisheng and Dr. Su Morley Chung Wu. None of them is employed by or otherwise affiliated with the former or current independent auditor of the Company. In addition, BDO Limited, the independent auditor of the Company, has reviewed the condensed consolidated interim financial statements for the Period in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

## PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the websites of the Stock Exchange and the Company, and the interim report of the Group for the Period containing all the information required by the Listing Rules will be dispatched to the Shareholders 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 August 2026

*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.*