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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)

CHANGE IN USE OF PROCEEDS

Reference is made to the prospectus of Pacific Millennium Packaging Group Corporation (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 10 December 2018 in relation to the Global Offering (the “**Prospectus**”). Unless otherwise defined herein or the context otherwise requires, capitalized terms used in this announcement shall have the same meanings as those defined in the Prospectus.

The Board announces that, after considering the Group’s existing business environment as a result of global outbreak of the COVID-19, it has resolved to change the use of proceeds from the Listing.

CHANGE IN USE OF PROCEEDS

The net proceeds of the Group raised from the Global Offering was approximately HK\$262.5 million (the “**Net Proceeds**”). As disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus, the Company intended to use the Net Proceeds as follows:

- (i) expansion of production plants network;
- (ii) upgrading production facilities and purchasing new machinery and equipment; and
- (iii) general working capital.

As at 30 June 2020, the Company had utilized approximately HK\$107.6 million, accounting for approximately 40.97% of the Net Proceeds. The unutilized proceeds in the sum of HK\$154.9 million were mainly to be used for expansion of production plants network, namely establishing production plants in Shandong province (the “**Shandong Plant**”) and Foshan city (the “**Foshan Plant**”, together with the Shandong Plant, the “**New Plants**”). Given the construction area of the New Plants is not as large as originally planned, it is expected that a sum of approximately HK\$55 million (the “**Surplus**”) would be conserved. As such, the Board has resolved to reallocate the Surplus for repayment of certain bank loans with a view to saving financing costs of the Group.

REASONS FOR AND THE BENEFITS OF THE CHANGE IN USE OF PROCEEDS

As disclosed in the 2019 Annual Report of the Company, given that the Group was unable to identify a suitable site in Haiyan city and that the business opportunity and growth potential in Foshan city was better than Zhongshan city after further assessment of the Board, the Company has decided to establish the New Plants in Shandong province and Foshan city instead. As at the date of this announcement, the location of the relevant New Plants has been identified and confirmed. As the construction area of the New Plants is not as large as in Haiyan city and Zhongshan city, the construction costs for the New Plants is expected to be reduced and the Surplus would be conserved. As such, the Board considers that it is in the interest of the Company to reallocate the Surplus. As resolved by the Board, with a view to saving financing costs, the Surplus will be used for settlement of certain bank loans. It is expected by the Company that financing costs will be reduced after the repayment of certain bank loans.

In view of the above, the Board considers that the above change in use of proceeds from the Global Offering allows the Company to deploy its financial resources more efficiently and therefore, are in the best interest of the Company and the Shareholders as a whole and it will not have any material adverse effect on the existing business and operations of the Group.

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

Hong Kong, 23 July 2020

As at the date of this announcement, the executive director of the Company is Mr. Cheng Hsien-Chun; the non-executive directors of the Company are Mr. Chow Tien-Li and Mr. Philip Tan; and the independent non-executive directors of the Company are Mr. Wang Jisheng, Mr. Kiang Tien Sik David and Dr. Su Morley Chung Wu.