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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)

**(1) ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025
(2) ADOPTION OF REVISED DIVIDEND POLICY**

ANNUAL RESULTS HIGHLIGHTS

	2025	2024	2025 VS
	<i>RMB'000</i>	<i>RMB'000</i>	2024
Revenue	2,092,214	2,132,395	(1.9%)
Gross Profit	276,111	324,104	(14.8%)
Loss for the Year	(44,147)	(19,374)	(127.9%)
Loss per share (RMB) — basic and diluted	(15) cents	(6) cents	(150.0%)

FINAL DIVIDEND

The Board has resolved not to declare any final dividend for the Year.

ADOPTION OF REVISED DIVIDEND POLICY

On 24 March 2026, the Board resolved to revise its existing dividend policy and adopted the Revised Dividend Policy with effect from 24 March 2026.

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 2025 (the “**Year**”) together with the comparative figures for the year ended 31 December 2024 (the “**Year 2024**”) as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Notes</i>	2025 RMB’000	2024 RMB’000
Revenue	5	2,092,214	2,132,395
Cost of sales		<u>(1,816,103)</u>	<u>(1,808,291)</u>
Gross profit		276,111	324,104
Other income and other gains and losses, net		5,967	7,226
Selling and distribution expenses		(142,216)	(144,606)
Administrative expenses		(150,496)	(166,969)
Impairment loss on trade receivables, net		(604)	(419)
Finance costs		<u>(42,121)</u>	<u>(38,432)</u>
Loss before income tax	6	(53,359)	(19,096)
Income tax credit/(expense)	7	<u>9,212</u>	<u>(278)</u>
Loss for the Year		(44,147)	(19,374)
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		(139)	27
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		<u>4,140</u>	<u>(1,070)</u>
Total comprehensive income for the Year		<u><u>(40,146)</u></u>	<u><u>(20,417)</u></u>
Loss per share (RMB) — basic and diluted	8	<u><u>(15 cents)</u></u>	<u><u>(6 cents)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		789,841	866,502
Prepayments for purchase of property, plant and equipment		7,864	627
Deferred tax assets		<u>40,863</u>	<u>27,734</u>
		<u>838,568</u>	<u>894,863</u>
Current assets			
Inventories		145,201	172,810
Trade and other receivables	9	619,394	673,888
Pledged deposits	10	13,250	11,250
Bank balances and cash		<u>99,857</u>	<u>99,402</u>
		<u>877,702</u>	<u>957,350</u>
Current liabilities			
Trade and other payables	11	269,516	321,783
Contract liabilities		3,032	3,255
Bank and other borrowings	12	417,516	396,767
Loans from immediate holding company		—	140,222
Tax payable		954	2,942
Lease liabilities	13	<u>40,370</u>	<u>45,038</u>
		<u>731,388</u>	<u>910,007</u>
Net current assets		<u>146,314</u>	<u>47,343</u>
Total assets less current liabilities		<u>984,882</u>	<u>942,206</u>
Non-current liabilities			
Bank and other borrowings	12	66,801	43,886
Lease liabilities	13	310,229	372,257
Loans from immediate holding company		<u>137,738</u>	<u>—</u>
		<u>514,768</u>	<u>416,143</u>
Net assets		<u>470,114</u>	<u>526,063</u>
Equity			
Share capital		2,442	2,442
Reserves		<u>467,672</u>	<u>523,621</u>
Total equity		<u>470,114</u>	<u>526,063</u>

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 IFRS ACCOUNTING STANDARDS

(a) Adoption of amended IFRS Accounting Standards — effective on 1 January 2025

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 21 and IFRS 1	Lack of Exchangeability
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On 15 August 2023, the IASB issued Lack of Exchangeability which amended IAS 21 The Effects of Changes in Foreign Exchange Rates (the Amendments). 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.

As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries for translation into the Group’s presentation currency were, exchangeable, the amendments did not have any impact on the Group’s 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.

(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 and 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 IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ¹
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ¹
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	Annual Improvements to IFRS Accounting Standards — Volume 11 ¹
IFRS 18	Presentation and Disclosure in Financial Statements ²
IFRS 19	Subsidiaries without Public Accountability: Disclosures ²
Amendments to IAS 21	Translation to a Hyperinflation and Presentation Currency ²

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual periods beginning on or after 1 January 2027

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

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.

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 is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

IFRS 19 — Subsidiaries without Public Accountability: Disclosures

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

As the Company is a listed company, it is not eligible to elect to apply IFRS 19. Some of the Company's subsidiaries are considering the application of IFRS 19 in their specified financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the IASB and Interpretations (Collectively IFRS Accounting Standards) 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 (2024: same) 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 2024.

5. REVENUE

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

	2025 <i>RMB’000</i>	2024 <i>RMB’000</i>
Corrugated packaging products	1,903,145	1,918,428
Corrugated sheet boards	<u>189,069</u>	<u>213,967</u>
	<u><u>2,092,214</u></u>	<u><u>2,132,395</u></u>

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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue by industry		
Food and beverage	621,672	596,608
Non-food-and-beverage-consumables (<i>Note (i)</i>)	387,169	332,669
Paper and packaging	263,226	298,293
Medical products	125,653	124,309
Chemical products	90,366	86,437
Home furniture	87,705	114,494
Mechanical manufacturing	80,655	85,158
Computer and electronic product manufacturing	64,242	66,957
Textiles	56,755	65,961
Home electronics	44,045	44,245
Supplier chain solution	32,214	49,110
E-commerce	25,489	30,544
Others (<i>Note (ii)</i>)	<u>213,023</u>	<u>237,610</u>
	<u><u>2,092,214</u></u>	<u><u>2,132,395</u></u>

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 BEFORE INCOME TAX

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cost of inventories sold (<i>Note (i)</i>)	1,816,103	1,808,291
Depreciation of property, plant and equipment (<i>Note (ii)</i>)	118,584	108,039
Auditor's remuneration:		
— audit services	1,260	1,277
— non-audit services	30	30
Freight charges	91,020	91,171
Short-term lease expenses	2,041	1,700
Impairment loss on inventories	1,933	1,721
Reversal of impairment loss on inventories	(1,790)	(1,799)
Impairment loss on trade receivables	1,936	2,273
Reversal of impairment loss on trade receivables	(1,332)	(1,854)
Exchange loss, net	178	1,976
Employee benefits expenses (including directors' remuneration):		
— Wages, salaries and benefits	226,081	230,212
— Retirement benefit costs (<i>Note (iii)</i>)	<u>31,602</u>	<u>32,043</u>

Notes:

- (i) Cost of inventories sold for the Year mainly included RMB1,235,896,000, RMB108,092,000, RMB51,999,000, RMB150,264,000, and RMB93,382,000 (Year 2024: RMB1,241,923,000, RMB109,296,000, RMB51,413,000, RMB142,632,000 and RMB84,947,000), 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 RMB31,658,000 (Year 2024: RMB30,175,000) and depreciation of plant and equipment held under finance leases amounts to RMB3,060,000 (Year 2024: RMB4,045,000).
- (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 2024: Nil). As at 31 December 2025, 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 2024: Nil).

7. INCOME TAX EXPENSE

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

	2025 RMB'000	2024 RMB'000
Current tax		
— Provision for PRC enterprise income tax for the Year	<u>3,917</u>	<u>9,471</u>
	3,917	9,471
Deferred tax	<u>(13,129)</u>	<u>(9,193)</u>
	(9,212)	278
Income tax (credit)/expense	<u>(9,212)</u>	<u>278</u>

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 2024.

Provision for PRC enterprise income tax is based on the statutory rate of 25% (Year 2024: 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 2024.

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 AND DILUTED LOSS PER SHARE

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

	2025	2024
Loss for the Year (RMB'000)	<u>(44,147)</u>	<u>(19,374)</u>
Weighted average number of ordinary shares in issue (in thousand)	<u>300,632</u>	<u>300,632</u>
Basic and diluted loss per share (RMB)	<u>(15 cents)</u>	<u>(6 cents)</u>

The calculation of basic earnings per share is based on the loss attributable to equity shareholders of the Company for the Year in the sum of RMB44,147,000 (Year 2024: RMB19,374,000) and weighted average number of ordinary shares of 300,632,000 in issue during the Year (Year 2024: 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 2024.

9. TRADE AND OTHER RECEIVABLES

	2025	2024
	RMB'000	RMB'000
Trade receivables	559,607	606,517
Less: allowance for impairment losses	(4,083)	(4,044)
	555,524	602,473
Bills receivables	8,047	18,182
	563,571	620,655
Other receivables	18,304	9,664
Deposits	25,340	24,360
Prepayments	12,179	19,209
	619,394	673,888

As at 31 December 2025 and 2024, 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 2025 and 2024, based on invoice dates, is as follows:

	2025	2024
	RMB'000	RMB'000
Within 1 month	264,687	297,188
Over 1 month but within 3 months	226,063	255,056
Over 3 months but within 1 year	72,821	68,411
	563,571	620,655

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

10. PLEDGE OF ASSETS

As at 31 December 2025 and 2024, 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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Property, plant and equipment	136,440	96,220
Right-of-use assets of leasehold land	8,407	8,691
Pledged deposits	<u>13,250</u>	<u>11,250</u>
	<u><u>158,097</u></u>	<u><u>116,161</u></u>

11. TRADE AND OTHER PAYABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade payables	140,736	191,106
Bills payables	56,250	56,250
Accruals and other payables	<u>72,530</u>	<u>74,427</u>
	<u><u>269,516</u></u>	<u><u>321,783</u></u>

As at 31 December 2025, the Group's bank deposits of RMB13,250,000 (31 December 2024: 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 2025 and 2024 is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 1 month	118,867	173,461
Over 1 month but within 3 months	62,951	63,165
Over 3 months but within 1 year	<u>15,168</u>	<u>10,730</u>
	<u><u>196,986</u></u>	<u><u>247,356</u></u>

12. BANK AND OTHER BORROWINGS

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Bank loans, secured	<i>(a)</i>	314,766	328,505
Liabilities under supplier finance arrangements	<i>(b)</i>	60,000	45,000
Other borrowings, secured	<i>(c)</i>	<u>109,551</u>	<u>67,148</u>
		<u>484,317</u>	<u>440,653</u>
Categorised as:			
— Current liabilities		417,516	396,767
— Non-current liabilities		<u>66,801</u>	<u>43,886</u>
		<u>484,317</u>	<u>440,653</u>

Notes:

- (a) During the Year, the average effective interest rates of the Group's bank loans ranged from 2.50% to 5.03% per annum (Year 2024: 2.65% to 3.75% per annum).

Properties with net carrying amounts of RMB25,631,000 (Year 2024: RMB31,176,000) 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 RMB8,407,000 (Year 2024: RMB8,691,000) were pledged to secure certain bank loans.

As at 31 December 2025 and 2024, all bank loans were scheduled to be repaid within one year.

- (b) During the Year, the Group entered into certain new supplier finance arrangements, and there were non-cash transfers from trade payables to liabilities under supplier finance arrangements of RMB95,000,000 (2024: RMB45,000,000). There had been no change on the terms and conditions of the arrangement with 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.

	2025	2024
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 amount of liabilities under supplier finance arrangement		
Liabilities under supplier finance arrangements	RMB60,000,000	RMB45,000,000

- (c) As at 31 December 2025, other borrowings represented nine (2024: five) 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 2025 and 2024, 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 RMB110,809,000 as at 31 December 2025 (2024: RMB65,044,000).

13. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at 31 December 2025 and 2024:

	2025		2024	
	Present value <i>RMB'000</i>	Minimum lease payments <i>RMB'000</i>	Present value <i>RMB'000</i>	Minimum lease payments <i>RMB'000</i>
Not later than 1 year	40,370	56,717	45,038	65,634
Later than 1 year and not later than 2 years	30,011	44,537	61,394	78,686
Later than 2 years and not later than 5 years	94,969	129,340	93,126	131,883
Over 5 years	<u>185,249</u>	<u>218,192</u>	<u>217,737</u>	<u>259,162</u>
	<u>350,599</u>	<u>448,786</u>	<u>417,295</u>	535,365
Less: total future interest expenses		<u>(98,187)</u>		<u>(118,070)</u>
Present value of lease liabilities		<u>350,599</u>		<u>417,295</u>

Notes:

- (i) The balance included lease liabilities of RMB10,495,000 (2024: RMB50,659,000) 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 2025, the net carrying amounts of Group's plant and equipment held under finance leases were RMB27,293,000 (2024: RMB79,592,000).

14. DIVIDENDS

RMB'000

Year ended 31 December 2024

- Final dividend of HK\$0.08 per share for 2023
- Special dividend of HK\$0.08 per share

21,812

21,952

43,764

No final dividend has been declared by the Company during the year ended 31 December 2025.

The Board of directors had resolved not to declare any final dividend for the year ended 31 December 2024. Nonetheless, the Board declared a special dividend of HK\$0.08 per share totalling RMB22,207,000 was approved on 25 March 2025 and was paid on 18 August 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

During the Year, against the backdrop of a complex and evolving external environment and profound internal structural adjustments, China's economy maintained overall stable operation and achieved its expected growth targets. However, at the macroeconomic level, a notable “strong supply, weak demand” characteristic emerged, meaning that industrial production and new growth drivers demonstrated strong resilience, while traditional investment and mass consumption demand remained relatively weak. This structural imbalance exerted dual pressures on the manufacturing industries, including the paper packaging industry. On the one hand, insufficient demand from certain downstream industries constrained market expansion. On the other hand, the prices of major raw materials rose sharply during the Year due to a temporary supply-demand imbalance, significantly increasing production costs. In the context of intense industry competition and limited price pass-through capability, cost pressures could not be swiftly transferred to end customers, hindering the Company's earnings recovery. This vividly illustrates the profound impact of a macroeconomic environment characterized by both cyclical fluctuations and structural challenges on corporate operations.

In the face of short-term challenges, new growth engines represented by advanced manufacturing and modern services industries are rapidly emerging, and the consumer market continues to upgrade towards higher quality and diversification, opening up more potential and valuable development directions for the paper packaging industry. These developments open up more promising and value-driven directions for the paper packaging industry.

The Group is focused on optimizing its customer and product mix, enhancing operational efficiency, and strengthening cost control to improve its resilience against risks. Leveraging China's comprehensive industrial system and vast market depth, and as the economy's endogenous drivers are gradually being cultivated, the Company, through continuous adaptive adjustments, is well-positioned to seize future recovery opportunities and steadily enhance its operational performance.

BUSINESS REVIEW

The year 2025 was an extremely challenging one for the Group. While business volume reached a record high, it was also the year in which we recorded the heaviest losses to date. In the highly competitive corrugated paper packaging market, profitability came under tremendous pressure. Despite this, we remained committed to healthy and sustainable development and continued to expand our footprint. In December 2025, our first plant in the western region of China, namely Chongqing commenced operations, laying a solid foundation for the Group's expansion in western region of China.

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 existing areas in China, and improving its market coverage.

FINANCIAL REVIEW

For the Year, the Company recorded revenue of approximately RMB2,092.2 million, representing a decrease of approximately RMB40.2 million or approximately 1.9% as compared with approximately RMB2,132.4 million for the Year 2024. Consolidated gross profit margin was approximately 13.2%, representing a decrease of approximately 2.0% as compared with approximately 15.2% for the Year 2024. Gross profit for the Year was approximately RMB276.1 million, representing a decrease of approximately 14.8% as compared with approximately RMB324.1 million for the Year 2024. Basic loss per share for the Year amounted to RMB0.15, while basic loss per Share of RMB0.06 was recorded for the Year 2024.

Revenue

During the Year, the Group recorded a decrease in revenue of both the corrugated sheet boards and corrugated packaging products. For the Year, the Group recorded revenue of approximately RMB2,092.2 million, representing a decrease of approximately RMB40.2 million or approximately 1.9% as compared with that for the Year 2024.

Sales of corrugated packaging products

During the Year, revenue from sales of corrugated packaging products was approximately RMB1,903 million, representing a decrease of approximately 0.8% as compared with approximately RMB1,918.4 million for the Year 2024, and accounted for approximately 91.0% of the Group's total revenue for the Year. The decrease in the sales of corrugated packaging products was mainly attributable to the decrease in unit price.

Sales of corrugated sheet boards

During the Year, revenue from sales of corrugated sheet boards was approximately RMB189.1 million, representing a decrease of approximately 11.6% as compared with approximately RMB214.0 million for the Year 2024 and accounted for approximately 9.0% of the Group's total revenue for the Year. The decrease in sales of corrugated sheet boards was mainly attributable to the decrease in both sales volume and unit price.

Cost of Sales

For the Year, cost of sales of the Group was approximately RMB1,816.1 million, representing an increase of approximately 0.4% as compared with approximately RMB1,808.3 million for the Year 2024, which was mainly attributable to the increase in raw paper price.

Gross Profit

Gross profit of the Group during the Year was approximately RMB276.1 million, representing a decrease of approximately 14.8% as compared with approximately RMB324.1 million for the Year 2024, of which gross profit from sales of corrugated packaging products decreased by approximately 13.3% to RMB269.1 million, while gross profit from sales of corrugated sheet boards decreased by approximately 49.3% to RMB7.0 million. Gross profit margins of the Group for the Year and the Year 2024 reached 13.2% and 15.2%, respectively, of which gross profit margins of sales of corrugated packaging products for the Year and the Year 2024 were 14.1% and 16.2%, respectively, while gross profit margins of sales of corrugated sheet boards were 3.7% and 6.4%, respectively. The decrease in gross profit margin for the Year as compared to the Year 2024 was mainly attributable to the fact that the rate of decline in unit price and the increase in raw paper price.

Selling and Distribution Expenses

Sales and distribution expenses decreased by approximately 1.7% from approximately RMB144.6 million for the Year 2024 to approximately RMB142.2 million for the Year. The decrease was mainly attributable to the Group's enhanced measures of cost control.

Administrative Expenses

For the Year, the Group's administrative expenses were approximately RMB150.5 million, representing a decrease of approximately 9.9% as compared with approximately RMB167.0 million for the Year 2024. The decrease was mainly due to the Group's enhanced measures of cost control.

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 9.6% from approximately RMB38.4 million for the Year 2024 to approximately RMB42.1 million for the Year. The increase was primarily due to the increase in bank loan interests.

Income Tax

As a result of the increase in loss from RMB19.4 million for the Year 2024 to RMB44.1 million for the Year, the Group recorded an income tax credit of approximately RMB9.2 million for the Year.

Loss for the Year

The Group records a loss of approximately RMB44.1 million for the Year, while a loss of approximately RMB19.4 million was recorded for the Year 2024, primarily due to the drop in sales unit price, and the increase in raw paper price.

Liquidity and Capital Resources

Working Capital

As at 31 December 2025, cash and cash equivalents of the Group amounted to approximately RMB99.9 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 2024:

	As at 31 December	
	2025	2024
	<i>RMB million</i>	<i>RMB million</i>
	(approximately)	(approximately)
Net cash generated from operating activities	226.9	28.2
Net cash used in investing activities	(53.6)	(65.0)
Net cash used in financing activities	(172.7)	(9.1)
Cash and cash equivalents at the beginning of the Year	99.4	145.3
Effect of exchange rate changes on cash and cash equivalents	(0.14)	0.03
Cash and cash equivalents at the end of the Year	99.9	99.4

Net cash generated from operating activities

During the Year, the Group's net cash generated from operating activities was approximately RMB226.9 million, which comprised cash generated from operations of approximately RMB232.8 million, offset by income tax paid of approximately RMB5.9 million. Net cash generated from operating activities increased by approximately RMB198.7 million or approximately 704.6% as compared with the net cash generated from operating activities of approximately RMB28.2 million for the Year 2024. The increase in net cash generated from operating activities was mainly due to the decrease in inventory, trade receivables and other receivables.

Net cash used in investing activities

During the Year, the Group's net cash used in investing activities was approximately RMB53.6 million, while net cash of approximately RMB65.0 million was used in investing activities for the Year 2024. 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 RMB172.7 million, while net cash of approximately RMB9.1 million was used in financing activities for the Year 2024. 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 2025, the Group had no material contingent liabilities.

Human Resources

As at 31 December 2025, the Group had 1,972 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, given the global economic downturn and the increasing pressure arising from the highly competitive corrugated paper packaging market, it is necessary for the Group to adjust its strategic plan so as to cope with the change in the industry. For the purpose of expanding the Group's market coverage, the Group plans to establish new production plants in the existing operation areas, rather than in central and western regions of China as disclosed in the Annual Report for the Year 2024. These new production plants will still 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 continue improving profitability through technological upgrades and process optimization. On the one hand, we will continue investing in intelligent retrofits for aging equipment to boost operational efficiency, reduce energy consumption, and cut maintenance costs. On the other hand, we will continue conducting in-depth market demand analysis to optimize product portfolios, increasing the production share of high-value-added products. In addition, we will further 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. The Board considers that 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 Wednesday, 17 June 2026 to Tuesday, 23 June 2026, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the forthcoming annual general meeting of the Company (the “AGM”) to be held on Tuesday, 23 June 2026. 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 Tuesday, 16 June 2026. The record date for determining the entitlements of the Shareholders to attend and vote at the forthcoming AGM is Tuesday, 23 June 2026.

IMPORTANT EVENT AFTER THE REPORTING PERIOD

There was no important event which took place after 31 December 2025.

FINAL DIVIDEND

The Board has resolved not to declare any final dividend for the Year.

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.

ADOPTION OF REVISED DIVIDEND POLICY

The below is made pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board announces that it has approved and adopted a revised dividend policy (the “**Revised Dividend Policy**”), which takes effect from 24 March 2026.

According to the Revised Dividend Policy, dividends may be declared and paid out of the profits and/or reserves of the Company lawfully available for distribution including share premium account (as the case may be) provided there are distributable profits or the Company is able to pay its debts when they fall due in its ordinary course of business immediately following the relevant dividend payment and without affecting the operations of the Group, the Company may consider to declaring and pay dividends to the Shareholders.

In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, including but not limited to: (i) the general financial condition of the Group; (ii) working capital and debt level of the Group; (iii) future cash requirements and availability for business operations, business strategies and future development needs; (iv) forecasted operations and earnings; (v) retained earnings and distributable reserves of the Group; (vi) any restrictions on payment of dividends that may be imposed by the Group's lenders; (vii) the general market conditions; (viii) the interests of the Shareholders; and (ix) any other factors that the Board deems appropriate at the relevant time. The payment of the dividend by the Company is also subject to any restrictions under the Companies Act of the Cayman Islands and its Articles of Association.

Any dividend unclaimed shall be forfeited and shall revert to the Company in accordance with the Articles of Association. The Company does not have any pre-determined dividend payout ratio. There is no assurance that dividends will be declared or paid in any particular amount for any year or period. The Revised Dividend Policy shall in no way constitute a legally binding commitment by the Company that any dividend will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time.

The Board will review the Revised Dividend Policy from time to time and reserves its right in its sole and absolute discretion to update, amend, modify and/or cancel the Revised Dividend Policy. There can be no assurance that dividends will be paid in any particular amount for any given period.

The Revised Dividend Policy will be published on the Company's website for public information. A summary of the Revised Dividend Policy will be disclosed in the annual report of the Company for the Year.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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, 24 March 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.