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 Report 2024

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Cheng Hsien-Chun *(Chairman)*
Mr. Philip Tan

Non-executive Director

Mr. Chow Tien-Li (resigned with effect from 18 June 2024)

Independent Non-executive Directors

Mr. Wang Jisheng
Mr. Kiang Tien Sik David
Dr. Su Morley Chung Wu
Ms. Zhu Ying (appointed with effect from 21 October 2024)

AUDIT COMMITTEE

Mr. Kiang Tien Sik David *(Chairman)*
Mr. Chow Tien-Li (ceased with effect from 18 June 2024)
Dr. Su Morley Chung Wu
Mr. Wang Jisheng

REMUNERATION COMMITTEE

Mr. Wang Jisheng *(Chairman)*
Mr. Cheng Hsien-Chun
Dr. Su Morley Chung Wu

NOMINATION COMMITTEE

Mr. Cheng Hsien-Chun *(Chairman)*
Mr. Wang Jisheng
Mr. Kiang Tien Sik David

ENVIRONMENT COMMITTEE

Dr. Su Morley Chung Wu *(Chairman)*
Mr. Cheng Hsien-Chun
Mr. Kiang Tien Sik David

COMPANY SECRETARY

Ms. Fu Chanyi

AUDITOR

BDO Limited
Certified Public Accountants and
Registered Public Interest Entity Auditor
25th Floor, Wing On Centre
111 Connaught Road Central
Central, Hong Kong

PRINCIPAL BANKER

Shanghai Pudong Development Bank Co., Ltd.
Jiading Sub-branch
No. 199, Bole Road
Shanghai, PRC

REGISTERED OFFICE

P.O. Box 472, 2nd Floor
Harbour Place
103 South Church Street
George Town
Grand Cayman KY1-1106
Cayman Islands

HEADQUARTERS AND HEAD OFFICE

A303, 3rd Floor
Block 2
No. 398 Tian Lin Road
Shanghai, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 2104, 21st Floor, Tower 2
Lippo Centre, 89 Queensway
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

International Corporation Services Ltd.
P.O. Box 472, 2nd Floor
Harbour Place
103 South Church Street
George Town
Grand Cayman KY1-1106
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17th Floor, Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

STOCK CODE

1820

COMPANY'S WEBSITE

http://www.pmpgc.com

Chairman's Statement

Dear Shareholders:

On behalf of the board of directors (the "**Board**" and the "**Director(s)**" respectively) of Pacific Millennium Packaging Group Corporation (the "**Company**" and together with its subsidiaries, the "**Group**"), I am pleased to present the annual report of the Group for the year ended 31 December 2024 (the "**Year**").

BUSINESS OVERVIEW

In 2024, China's economy faced structural challenges amid efforts to optimize and upgrade its economic framework. While high-tech industries surged, driving economic growth, weak real estate and infrastructure investments, coupled with sluggish domestic consumption, hindered momentum. However, environmental policies, including plastic restrictions, spurred rapid growth in China's paper packaging industry, which was generally driven by e-commerce expansion. Notwithstanding the rapid growth in the paper packaging industry, market oversupply and fierce competition led to a continuous decline in product unit prices.

Nonetheless, we achieved remarkable results in developing new customers, with sales volume reaching a new high and operating income increasing slightly. As at 31 December 2024, the Group had 15 production plants with a total production capacity of approximately 977 million square meters.

For the Year, while the Group's revenue increased by approximately 130 million, its profit decreased by approximately RMB17 million from approximately RMB341.4 million to approximately RMB324.1 million, mainly attributable to the decline in product unit price. Despite the results, for the purpose of rewarding the shareholders of the Company (the "**Shareholders**") for their unwavering support to the Group, the Board has resolved to propose a special dividend of HK$0.08 per share of the Company payable to the Shareholders whose names appear on the register of members of the Company on 7 July 2025.

OUTLOOK

Moving forward, we aim to enhance profitability through equipment upgrades, and market expansion in central/western China, while maintaining focus on corrugated packaging innovation and service improvements. With a view to improving our profitability, we will continue focusing on corrugated paper packaging manufacturing, sales improvement, equipment upgrades and services enhancement and strictly control its costs. 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.

Chairman's Statement

APPRECIATION

I must take this opportunity to thank all of the Shareholders of the Company and all investors, customers, suppliers and partners of the Group for their continuing support. I must also extend my appreciation to our management team and fellow staff members for their devoted commitment and contributions during the Year.

Mr. CHENG Hsien-Chun
Chairman

25 March 2025

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.

Management Discussion and Analysis

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 **RMB million** **(approximately)**	2023 RMB million (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.

Management Discussion and Analysis

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 19 to this report.

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.

Biographies of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Cheng Hsien-Chun (鄭顯俊), aged 70, is our executive Director and the chairman of the Board appointed on 29 January 2018. He was appointed as a Director on 20 July 2017 and re-designated as our executive Director and the chairman of our Board on 29 January 2018. He is in charge of the overall management, strategic planning and development of the Group. He first joined the Group in 1994 as a senior management of Shanghai Pacific Millennium Packaging & Paper Industries Co., Ltd.* (上海濟豐包裝紙業有限公司) ("**SHBP**"), an indirect wholly-owned subsidiary of the Company, and was appointed as the general manager and chairman of SHBP in 1995. He is also a director of all subsidiaries and the general manager of certain subsidiaries of the Company.

Mr. Cheng is currently the sole shareholder and director of Lead Forward Limited (領前有限公司) ("**Lead Forward**"). Lead Forward holds 5.24% interest in the Company as at the date of this report. Mr. Cheng is also a member of the remuneration committee and environment committee and the chairman of the nomination committee of the Board. Mr. Cheng possesses over 30 years of experience in the corrugated packaging industry. He obtained a bachelor of law majoring in economic from the College of Chinese Culture (中國文化學院) (currently known as Chinese Culture University (中國文化大學)), Taiwan in June 1978.

Mr. Philip Tan (談大成) aged 43, is our executive Director. He has been re-designated from a non-executive Director to an executive Director with effect from 1 November 2022 and has served as a director of PMPG(HK), an indirect wholly-owned subsidiary of the Company, since November 2020. Mr. Tan holds a master of business administration from University of Nebraska, the United States of America ("**US**") and the degree of bachelor of science from School of Business, Babson College, US. Mr. Tan is a son of Mr. Tan Richard Lipin who is the sole director of PMHC and a controlling shareholder of the Company ("**Controlling Shareholder(s)**").

Prior to joining the Company, Mr. Tan worked for Nestle Group in US, France and Shanghai, respectively, during the period from 2004 to 2008 and held various positions including global sales development project manager and regional sales manager. He also served various positions including operational manager, project manager, technical manager, general manager and regional operational manager in certain subsidiaries of the Company in the period between 2008 and 2009.

Mr. Tan is an independent non-executive director of Daphne International Holding Limited (whose shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with stock code 210) ("**DIH**"), the chairman of the remuneration committee and a member of each of the audit committee and nomination committee of the board of DIH.

Mr. Tan is currently the finance service product and project director of Stone Tan China Finance and Investment Company Limited (Hong Kong). Besides, he is also a director of the following companies: (i) Chongqing Stone Tan Financial Leasing Company Limited ("**Chongqing Stone Tan**"); (ii) Chongqing Stone Tan Credit Guarantee Company Limited; (iii) Chongqing Stone Tan Small Business Loans Company Limited; and (iv) Shanghai Pacific Millennium Asiacorp Communications Company Limited.

Biographies of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wang Jisheng (王計生), aged 72, is our independent non-executive Director appointed on 30 November 2018. Prior to acting as an independent non-executive Director, Mr. Wang was an independent director of PMPG (HK), an indirect wholly-owned subsidiary of the Company, during the period from January 2013 to January 2018, responsible for providing independent advice to the Group. He was not involved in the day-to-day management of the Group while he was an independent director of PMPG (HK). He completed the Senior Executive Program organised by the Faculty of Business Administration of National University of Singapore in November 2001.

Mr. Wang is an executive director and the general manager of Fu Shou Yuan International Group Limited (福壽園國際集團有限公司) whose shares are listed on the Stock Exchange (stock code: 1448). Mr. Wang has been the managing director of Shanghai FSY Industry Development Co., Ltd. since 1996, and he is also serving as a senior management in various subsidiaries of Fu Shou Yuan International Group Limited. Mr. Wang is a member of the audit committee and the nomination committee, and the chairman of the remuneration committee of the Board.

Mr. Kiang Tien Sik David (江天錫), aged 79, is our independent non-executive Director appointed on 30 November 2018. He obtained a Bachelor of Science in Aeronautics and Astronautics from Massachusetts Institute of Technology, US in June 1969 and a degree of Master in Business Administration from Harvard University, Boston, US in June 1975. Mr. Kiang had extensive experience in the banking and financial industry from his past and current work experience. He is currently an independent director of Bank of China Travel Service Co., Ltd. Jiaozuo (焦作中旅銀行股份有限公司), a director of Thai Jiang Jin Properties (Shanghai) Co. Ltd. (泰江金置業(上海)有限公司) and a director of East West Bank (China) Limited (華美銀行(中國)有限公司).

Mr. Kiang had also held various senior management positions in different banks. He was appointed as the chief executive, China/Macau of Standard Chartered Bank, a group company of Standard Chartered PLC, a company listed in the London Stock Exchange and the Stock Exchange, in 1993, the chief executive of Bangkok Bank Public Company Limited, Hong Kong Branch, a company listed on The Stock Exchange of Thailand, in 1996 and the managing director and chief executive of N M Rothschild & Sons (Hong Kong) Limited in 1998 and was the chief executive of Da Tang Xi Shi International Group Limited* (大唐西市國際集團有限公司). Through his experience in the senior management positions held in different banks and financial institutions, Mr. Kiang has experience in internal controls and reviewing and analysing audited financial statements of public companies.

Mr. Kiang is a member of the nomination committee and the environment committee, and the chairman of the audit committee of the Company.

Dr. Su Morley Chung Wu (蘇崇武), aged 70, is our independent non-executive Director appointed on 30 November 2018. During the period from March 1994 to January 1995, Dr. Su served as the general manager and a director of SHBP. Dr. Su obtained a Ph.D. in education from East China Normal University (華東師範大學), the PRC, in January 2007 and a Master degree of business administration in December 1983 from the University of Chicago, US. He was a certified public accountant of the Illinois State of US during the period from September 1984 to September 1988. Dr. Su is currently the chairman of Creative Manger Ventures (上海馬槽投資管理有限公司) and the general manager of Shanghai Care Corner Counseling Center (關懷心理諮詢有限公司—上海分公司). He also held various senior management position with different companies under Golden Ford Investments Limited or its affiliates including the vice president and corporate strategy director of Pacific Millennium Investment Corporation from 2006 to 2012 and a director of International Paper Manufacturing & Distribution Limited (formerly known as Future's Safe Company Limited) from 1987 to 1999. Through his management experience, he was involved in the reviewing and analysing of the financial books of the respective companies for his budget planning and formation of business strategies. Dr. Su is a member of the audit committee and the remuneration committee, and the chairman of the environment committee of the Board.

Ms. Zhu Ying (朱纓), aged 49, is our independent non-executive Director appointed on 21 October 2024. She obtained a degree of Master of Arts in Communication Studies from The University of North Carolina at Chapel Hill, the United States of America, in 2001 and a bachelor's degree in the profession of internation finance from Renmin University of China (中國人民大學) in 1997.

Prior to joining the Company, Ms. Zhu was (i) a tutor and senior consultant of Development Dimensions International, Inc. during the period between 2012 and 2024 and (ii) the Human Resources Director of Aon Hewitt for the Greater China and Asia Pacific regions during the period from 2007 to 2011 and a consultant of Aon Hewitt during the period from 2001 to 2008. She possesses extensive experience in corporate human resources management.

SENIOR MANAGEMENT

Mr. Liu Mingming (劉鳴鳴), aged 55, is our corporate human resources & administration director appointed on 1 January 2021 and also the supervisor of all subsidiaries of the Company in the PRC. He joined the Group in 1998 , and he mainly engaged in software development and IT project research & development management. He was our management information systems (MIS) director from 2012 to 2023, responsible for the management of our information technology and enterprise resource planning system. Mr. Liu graduated from Shanghai Jiaotong University with a bachelor degree in Applied Physics. Prior to joining the Group, he had worked for Yangtze Computer Group from 1994 to 1997.

Mr. Lan Tsung Hsien (藍宗賢), aged 70, is our corporate technical director appointed on 29 January 2018 and was the supervisor of all subsidiaries of the Company in the PRC. Mr. Lan is also our project director and central scheduling director appointed on 1 January 2021. He joined the Group in 1996 as the production manager of certain production plants of the Group. He graduated from the National Cheng Kung University (國立成功大學), Taiwan majoring in Mechanical Engineering in June 1977. As the corporate technical director, Mr. Lan is responsible for the Group's equipment and facilities management, including supervising the installation project of equipment in new production plans and conducting maintenance and safety check of the current equipment.

Report of the Directors

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the Year.

GLOBAL OFFERING

The Company was incorporated in the Cayman Islands on 31 July 2014 as an exempted company with limited liability under the Companies Act of the Cayman Islands (the "**Companies Act**"). The shares of the Company (the "**Shares**") were listed on the Stock Exchange on 21 December 2018 by way of global offering (the "**Listing**").

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the Group is principally engaged in the manufacturing and sale of (i) corrugated packaging products including corrugated boxes, pallets, display stands, heavy duty packaging and specialised packaging products; and (ii) corrugated sheet boards in the PRC.

BUSINESS REVIEW

The business review as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) including a fair view of the Group's business and a discussion of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the Year and an indication of likely future development in the Group's business are set out in "Chairman's Statement" on page 3, "Management Discussion and Analysis" on pages 5 to 9 and Note 33 to the consolidated financial statements on pages 85 to 92. These discussions form part of this Report of the Directors.

RESULTS

The results of the Group for the Year are set out in the consolidated statement of comprehensive income on page 38 of this annual report.

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 the condensed consolidated annual financial statements for the Year. 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 special 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.

THE DIVIDEND POLICY

The declaration, form, frequency and amount of any dividend payout of the Company must be in accordance with relevant laws, rules and regulations and subject to the Third Amended Articles of Association of the Company (the "**Articles**"). Provided there are distributable profits and without affecting the operations of the Group, the Company may consider to declare 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, included 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) any restrictions on payment of dividends that may be imposed by the Group's lenders; (v) the general market conditions; and (vi) any other factors that the Board deems appropriate. The payment of the dividend by the Company is also subject to any restrictions under the Companies Act and the Articles.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the Group's operating results, assets and liabilities for the past five financial years is set out on page 98 of this annual report. This summary does not form part of the audited consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the top five customers in aggregate and the single largest customer accounted for approximately 11.89% and 3.40%, respectively, of the Group's total sales. During the Year, the top five suppliers in aggregate and the single largest supplier of the Group accounted for approximately 56.14% and 28.78%, respectively, of the Group's total purchases. None of our Directors or any of their respective associates or, so far as our Directors were aware, any Shareholder who owned 5% or more of our issued share capital as at 31 December 2024, had any interest in any of our five largest customers or suppliers.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Year are set out in Note 15 to the consolidated financial statements.

Report of the Directors

SHARE CAPITAL

Details of movements in the share capital of the Company during the Year are set out in Note 26 to the consolidated financial statements.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to Shareholders by reason of their holding of the Company's securities.

RESERVES

Details of movements in the reserves of the Company and the Group during the Year are set out in Note 27 to the consolidated financial statements and in the consolidated statement of changes in equity on pages 41 to 42 respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company's reserves available for distribution, calculated in accordance with the provisions of the Companies Act, amounted to approximately RMB412.6 million.

DIRECTORS

The Directors during the Year and up to the date of this report were:

Executive Directors:

Mr. Cheng Hsien-Chun *(Chairman)*
Mr. Philip Tan

Non-executive Director:

Mr. Chow Tien-Li (resigned with effect from 18 June 2024)

Independent non-executive Directors:

Mr. Wang Jisheng
Mr. Kiang Tien Sik David
Dr. Su Morley Chung Wu
Ms. Zhu Ying (appointed with effect from 21 October 2024)

In accordance with Article 16.2 of the Articles, the Board shall have power from time to time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office until the first annual general meeting of the Company (the "**AGM**") after his appointment and shall then be eligible for election at the AGM. The Company's forthcoming circular for the AGM to be held on Tuesday, 17 June 2025 (the "**2025 AGM**") will contain the detailed information of the Directors standing for re-election.

Report of the Directors

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Group are set out on pages 10 to 12 of this annual report.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") from each of the independent non-executive Directors and the Company considers such Directors to be independent during the Year.

DIRECTOR'S SERVICE AGREEMENT AND LETTER OF APPOINTMENT

None of the Directors has a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

CONTROLLING SHAREHOLDER'S INTEREST IN CONTRACTS

Save as disclosed in Notes 23, 24, 25 and 28 to the consolidated financial statements and other parts of this annual report, there was no contract of significance to which the Company or its holding company or any of its subsidiaries was a party and in which any controlling shareholder of the Company (the "**Controlling Shareholder(s)**") had a material interest subsisted at the end of the Year or at any time during the Year.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE AND COMPETING BUSINESS

No transactions, arrangements and contracts of significance (as defined in Appendix D2 to the Listing Rules) to which the Company or any of its subsidiaries was a party and in which a Director, an entity connected with a Director (other than a member of the Group) had a material interest, whether directly or indirectly, subsisting at any time during the Year and up to the date of this report.

As at 31 December 2024, none of the Directors or the Controlling Shareholders is interested in any businesses apart from our business which competes or is likely to compete with our business, either directly or indirectly or would otherwise require disclosure under Rule 8.10 of the Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the related party transactions are set out in Note 28 to the consolidated financial statements. In the opinion of the Directors, the related party transactions were carried out in the normal course of business and in terms negotiated between the Group and the respective related parties.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

EMOLUMENT POLICY

The Board has established a remuneration committee (the "**Remuneration Committee**") with its written terms of reference in compliance with the Corporate Governance Code ("**CG Code**") set out in Appendix C1 to the Listing Rules. The primary duties of the Remuneration Committee are mainly to make recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group, review performance based remuneration and ensure none of the Directors determine their own remuneration, having regard to the Group's operating results, individual performance, duties and competence of the Directors and senior management of the Group and comparable market practices.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and five highest paid individuals are set out in Notes 11 and 12 to the consolidated financial statements respectively.

During the Year, one director waived emoluments of RMB42,000 (2023:nil).

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

During the Year, there was no change in information of the Directors which is required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or (ii) which were required, pursuant to section 352 of the SFO, to be entered into the register maintained by the Company, or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 of the Listing Rules were as follows:

Name of Director	Nature of interest	Number of Shares held (Note 1)	Percentage of shareholdings
Mr. Cheng Hsien-Chun ("**Mr. Cheng**")	Interest in controlled corporation (Note 2)	15,748,800 (L)	5.24%
	Beneficial Owner	300,000 (L)	0.10%
Mr. Tan Philip	Beneficial Owner	1,675,000 (L)	0.56%
Mr. Kiang Tien Sik David	Beneficial Owner	30,000 (L)	0.01%
Dr. Su Morley Chung Wu	Beneficial Owner	30,000 (L)	0.01%

Notes:

1. The letter "L" denotes the long position in the Shares.

2. The 15,748,800 Shares are held by Lead Forward. As Lead Forward is wholly-owned by Mr. Cheng, the chairman and executive Director, he is deemed, or taken, to be interested in all the Shares held by Lead Forward under the SFO.

Save as disclosed above, as at 31 December 2024, none of the Directors and the chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register of the Company required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Year were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2024, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Substantial Shareholder	Capacity/Nature of interest	Number of Shares held (Note 1)	Percentage of shareholdings
Pacific Millennium Holdings Corporation ("**PMHC**")	Beneficial Owner	201,833,200 (L)	67.14%
Golden Ford Investments Limited ("**Golden Ford**") (Note 2)	Interest in controlled corporation	204,063,200 (L)	67.88%
Elite Age International Limited ("**Elite Age**") (Note 3)	Interest in controlled corporation	204,063,200 (L)	67.88%
Star Concord Worldwide Limited ("**Star Concord**") (Note 3)	Trustee	204,063,200 (L)	67.88%
Ample Bright Management Limited ("**Ample Bright**") (Note 4)	Interest in controlled corporation	204,063,200 (L)	67.88%
Fortune China Resources Limited ("**Fortune China**") (Note 4)	Trustee	204,063,200 (L)	67.88%
Tsai Wen Hao ("**Mr. Tsai**") (Note 5)	Interest in Trustee	204,063,200 (L)	67.88%
Tan Richard Lipin ("**Mr. Tan**") (Note 5)	Interest in Trustee	204,063,200 (L)	67.88%
Lead Forward (Note 6)	Beneficial Owner	15,748,800 (L)	5.24%

Notes:

1. The letter "L" denotes the entity/person's long position in the Shares.
2. As the entire issued share capital of PMHC is held by Golden Ford, Golden Ford is deemed to be interested in all the Shares held by PMHC under the SFO.
3. As 60% of the entire issued share capital of Golden Ford is held by Elite Age and Elite Age is wholly-owned by Star Concord, each of Elite Age and Star Concord is deemed to be interested in all the Shares held by Golden Ford under the SFO. Star Concord is the trustee of the TCC Entrepreneur Trust.
4. As 40% of the entire issued share capital of Golden Ford is held by Ample Bright and Ample Bright is wholly-owned by Fortune China, each of Ample Bright and Fortune China is deemed to be interested in all the Shares held by Golden Ford under the SFO. Fortune China is the trustee of the TCC Education Trust.
5. As Mr. Tsai is the sole shareholder of Star Concord and Mr. Tan is the sole shareholder of Fortune China, each of Mr. Tsai and Mr. Tan is deemed to be interested in all the Shares held by PMHC.
6. As Lead Forward is wholly-owned by Mr. Cheng, he is deemed to be interested in all the Shares held by Lead Forward under the SFO.

Save as disclosed above, as at 31 December 2024, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to section 336 of the SFO, to be entered in the register of the Company referred to therein.

EQUITY-LINKED AGREEMENTS

No equity-linked agreement that would or might result in the Company issuing shares, or that requiring the Company to enter into an agreement that would or might result in the Company issuing shares, was entered into by the Company during the Year or subsisted at the end of 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.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the Companies Act, which would oblige the Company to offer new Shares on a pro rata basis to the existing Shareholders.

NON-COMPETITION UNDERTAKING

Each of the Controlling Shareholders executed a deed of non-competition (the "**Deed of Non-competition**") on 30 November 2018, pursuant to which each of the Controlling Shareholders irrevocably and unconditionally undertook to and covenanted with the Company that he/it shall not, and shall procure that his/its associates shall not:

(a) directly or indirectly (other than through the Group), either on his/its own account, in conjunction with, on behalf of, or through any person, firm or company, among other things, in any form carry on, participate or be interested, engaged in or otherwise be involved in, acquire or hold shares or interests in (in each case whether as a shareholder, director, partner, agent, employee or otherwise and whether for profit, reward or otherwise) or assist or support a third party to engage in or participate in any business directly or indirectly in competition with, or likely to be in competition with, the current and potential business engaged or to be engaged by the Group (the "**Restricted Business**");

(b) solicit or procure any of the suppliers and/or the customers of the Group from time to time to terminate their business relationships or otherwise reduce the amount of business with the Group;

(c) solicit or procure any of the directors, senior management or other employees of the Group from time to time to resign or otherwise cease providing services to the Group; and/or

(d) unless with the prior written consent of the Company, disclose any confidential information of the Group to any other third parties, including but not limited to, customers list and supplier list.

The non-competition undertaking given by the Controlling Shareholders under the Deed of Non-competition does not apply to:

(a) the holding of Shares or other securities issued by the Company or any member of the Group;

(b) the holding of shares or other securities in any company which has an involvement in the Restricted Business, provided that such shares or securities are listed on a recognised stock exchange and the aggregate interest of our Controlling Shareholders and their respective associates do not amount to more than 5% of the relevant legal or beneficial interests in the share capital of the company in question; or

(c) the involvement or participation of the Controlling Shareholders in a Restricted Business has first been offered or made available to the Company and the Group in accordance with the Deed of Non-competition and the Group, after review and approval by the independent non-executive Directors, has declined such opportunity to be involved in or to participate in the Restricted Business subject to any conditions the independent non-executive Directors may require to be imposed.

In addition, each of the Controlling Shareholders irrevocably and unconditionally undertakes and covenants that if he/it and or any of his/its associates (other than the Group) is offered or become aware of any business opportunity relating to any of the products and/or services of the Group or the Restricted Business (the "**Business Opportunity**"), whether directly or indirectly, he/it shall:

(a) not later than a date ("**Notification Date**"), being seven business days after becoming aware of the Business Opportunity, promptly notify the Company in writing of the Business Opportunity and provide such information as is reasonably required by the Company as soon as practicable in order to enable it to come to an informed assessment of the Business Opportunity; offer new Shares on a pro rata basis to the existing Shareholders;

(b) use its/his best endeavours to procure that the Business Opportunity is offered to the Company to the exclusion of the Controlling Shareholders on terms no less favourable than the terms on which the Business Opportunity is offered to him/it and/or his/its associates (other than the Group); and

(c) only be free to take the Business Opportunity, and may either on his/its own account or in conjunction with or on-behalf of any person, firm or company, directly or indirectly be interested or engaged in or acquire or hold any rights or otherwise be involved in (in each case whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) on the earliest of the date on which (i) the Company has confirmed in writing it will not take up the Business Opportunity; or (ii) one month from the Notification Date has expired and the Company has failed to enter into agreement with the prospective contracting party in respect of the Business Opportunity; or (iii) the prospective contracting party has confirmed to the Company or the relevant Controlling Shareholder to the effect that it will not enter into agreement with the Company in respect of the Business Opportunity.

Pursuant to the Deed of Non-competition, the independent non-executive Directors are responsible for reviewing, at least on an annual basis, the compliance with the undertakings in the Deed of Non-competition and such decisions on matters as reviewed by the independent non-executive Directors relating to the compliance and enforcement of the undertakings will be disclosed either in annual reports, or by way of announcements. Each of the Controlling Shareholders has confirmed in writing to the Company of their compliance with the Deed of Non-competition for disclosure in this annual report during the Year. During the Year, the independent non-executive Directors have also reviewed the implementation of the Deed of Non-competition and confirmed that each of the Controlling Shareholders has fully abided by the Deed of Non-competition without any breach of the Deed of Non-competition.

CONTINUING CONNECTED TRANSACTIONS

On 24 January 2022, for the better management of the lease transactions between the Group and Chongqing Stone Tan Financial Leasing Company Limited ("**Chongqing Stone Tan**") and in view that the Group is required to purchase more machinery and equipment through finance and/or operating lease to cope with its growing business, the Company and Chongqing Stone Tan entered into a new framework agreement (the "**Framework Agreement**") for a term of 3 years, which expired on 31 December 2024.

Set out below are the annual caps in respect of the machinery and equipment lease transactions under the Framework Agreement:

Period	**Annual Caps (value of right-of-use assets expected to be purchased)**
For the year ended 31 December 2022	RMB140.0 million
For the year ended 31 December 2023	RMB82.0 million
For the year ending 31 December 2024	RMB94.0 million

As one or more of the applicable percentage ratios (other than profits ratio) in respect of the maximum amount of the annual caps under the Framework Agreement is more than 5% and exceeds HK$10 million, the transactions contemplated under the Framework Agreement are subject to the announcement, reporting, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Framework Agreement was approved by independent Shareholders on 29 March 2022.

For the Year, the aggregate value of right-of-use assets acquired by the Group under the Framework Agreement was approximately RMB91.9 million.

For details of the Framework Agreement, please refer to the circular of the Company dated 8 March 2022.

On 23 January 2025, the Company and Chongqing Stone Tan entered into a new framework agreement given the expiry of the Framework Agreement. Please refer to the section headed "SIGNIFICANT EVENT AFTER THE YEAR" for details.

CONFIRMATIONS FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS AND AUDITOR OF THE COMPANY

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors have reviewed the continuing connected transactions for the Year and confirmed that the transactions have been entered into:

(i) in the ordinary and usual course of the business of the Group;

(ii) on normal commercial terms; and

(iii) in accordance with the Framework Agreement on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

The auditor of the Company has issued their unqualified report containing their findings and confirmed that nothing has come to its attention that causes them to believe: (a) the continuing connected transactions have not been approved by the Company's Board of Directors; (b) the continuing connected transactions were not, in all material respects, in accordance with the relevant agreements governing such transactions; and (c) the continuing connected transactions have exceeded the annual caps in accordance with Rule 14A.56 of the Listing Rules.

A copy of the auditor's report has been provided to the Company.

The Directors confirm that, save as disclosed above, none of the related party transactions set out in Note 28 to the consolidated financial statements constituted connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules that is required to be disclosed. Save as disclosed above, the Group had not entered into any connected transactions or continuing connected transactions which are required to be disclosed in this report pursuant to the Listing Rules during the Year.

CHARITABLE DONATIONS

During the Year, the Group made no charitable donations.

SIGNIFICANT EVENT AFTER THE YEAR

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 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.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles, each Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted. The Company has arranged appropriate insurance cover for the Directors for their liabilities arising out of corporate activities.

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.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of Shareholders and to enhance corporate value and accountability. Save as disclosed in the Corporate Governance Report on page 25 of this annual report, the Company had complied with all applicable code provisions as in force during the Year under the CG Code as set out in Appendix C1 to the Listing Rules. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 25 to 33 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the knowledge of the Directors, at least 25% of the Company's total issued share capital, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, are held by the public at all times as of the date of this report.

AUDITOR

BDO Limited, Certified Public Accountants, which was appointed as the auditor of the Company since the Listing, has acted as the auditor of the Company for the Year.

BDO Limited, Certified Public Accountants, shall retire in the 2025 AGM and, being eligible, will offer themselves for re-appointment. A resolution for the re-appointment of BDO Limited, Certified Public Accountants, as the auditor of the Company will be proposed at the 2025 AGM.

On behalf of the Board
Mr. Cheng Hsien Chun
Chairman

PRC, 25 March 2025

Corporate Governance Report

The Board is pleased to present this corporate governance report in the annual report of the Company for the Year.

CORPORATE GOVERNANCE PRACTICE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of Shareholders and to enhance corporate value and accountability. Except for deviation from code provision C.2.1 of the CG Code during the Year, the Company had complied with all applicable code provisions as in force during the Year under the CG Code as set forth in Appendix C1 to the Listing Rules for 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, an executive Director, has been performing 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 the 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 Board considers that the deviation from code 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.

THE BOARD

Board Composition

The Board is committed to providing effective and responsible leadership for the Company. The Directors, individually and collectively, must act in good faith in the best interests of the Company and its Shareholders. The Board has established four Board committees, being the Audit Committee, the Remuneration Committee, the nomination committee (the "**Nomination Committee**"), and the environment committee (the "**Environment Committee**") (each a "**Board Committee**" and collectively the "**Board Committees**"), to oversee different areas of the Company's affairs. As of the date of this annual report, the composition of the Board is as follows:

Executive Directors:	Mr. Cheng Hsien-Chun *(Chairman)*
	Mr. Philip Tan
Independent Non-executive Directors:	Mr. Wang Jisheng
	Mr. Kiang Tien Sik David
	Dr. Su Morley Chung Wu
	Ms. Zhu Ying (appointed with effect from 21 October 2024)

The biographical details of the Directors are set out in the "Biographies of Directors and Senior Management" on pages 10 to 12 in this annual report. A list of the Directors identifying their role and function and whether they are independent non-executive Directors is available on the Company's website.

Our executive Director has entered into a service agreement with the Company. Each of our non-executive Directors (including independent non-executive Directors) has signed an appointment letter or a service agreement with the Company.

Under the Articles, the Board shall have power from time to time appoint a Director either to fill a casual vacancy or as an addition to the Board. Any such new Director shall hold office until the first annual general meeting of the Company after his/her appointment and shall then be eligible for re-election at the same meeting. All non-executive Directors (including independent non-executive Directors) are appointed for a specific term of two years or three years and all directors (including independent non-executive Directors) are subject to retirement by rotation at least once every three years and are subject to re-election in accordance with the Articles.

There is no financial, business or other material/relevant relationships among members of the Board.

All Directors, including the non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The non-executive Directors are invited to serve on the Audit Committee and the independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee, the Nomination Committee and the Environment Committee (as the case maybe).

As regards the CG Code provision requiring Directors to disclose the number and nature of offices held in public companies or organisations and other significant commitments as well as their identity and the time involved to the issuer, all the Directors have agreed to disclose their commitments to the Company in a timely manner.

Responsibilities

The functions and duties of the Board include but are not limited to convening Shareholders' general meetings and reporting the Board's work at the Shareholders' general meetings; implementing the resolutions passed at the Shareholders' general meetings; determining the Group's business plans and investment plans; preparing annual budget proposals and final accounts proposals; preparing plans for profit distribution and recovery of losses; preparing plans for the increase or decrease in registered capital; and exercising other power, functions and duties as conferred by the Articles.

The Board is also responsible for developing, reviewing and monitoring the policies and practices on corporate governance and legal and regulatory compliance of the Company, and the training and continuous professional development of Directors and senior management of the Group. The Board also reviews the disclosures in the Corporate Governance Report to ensure compliance.

Induction and Continuous Training and Professional Development

All Directors are aware of their responsibilities to the Shareholders and have exercised their duties with reasonable care, skill and diligence, in pursuit of the development of the Company. Every newly appointed Director receives an induction to ensure that he has a proper understanding of the business and operations of the Company and that he is fully aware of his duties and responsibilities as a director under applicable rules and requirements.

In December 2024, the Company, together with its Hong Kong legal advisers, organized training sessions for the Directors explaining the key amendments to Listing Rules in 2024 (mainly Share Scheme and Paperless Listing Regime) to ensure compliance and enhance their awareness of good corporate governance practices.

Besides, on 8 July 2024, Ms. Zhu Ying, being an independent non-executive Director appointed with effect from 21 October 2024, obtained legal advice relating to director's duties and responsibilities under applicable laws and regulations from a law firm qualified to advise on Hong Kong law pursuant to Rule 3.09D of the Listing Rules, and had confirmed that she understood her obligations as a Director.

The list below summarises the training received by the Directors for the Year:

	Types of training	
Name of Directors	**Attending in-house training organised by professional organizations**	**Reading materials updating on new rules and regulations**
Mr. Cheng Hsien-Chun	✓	✓
Mr. Philip Tan	✓	✓
Mr. Chow Tien-Li (resigned with effect from 18 June 2024)	✗	✗
Mr. Wang Jisheng	✓	✓
Mr. Kiang Tien Sik David	✓	✓
Dr. Su Morley Chung Wu	✓	✓
Ms. Zhu Ying (appointed with effect from 21 October 2024)	✓	✓

Independence of Independent Non-Executive Directors

The role of the independent non-executive Directors is to provide independent and objective opinions to the Board, giving adequate control and balances for the Company to protect the overall interests of the Shareholders and the Company.

In compliance with Rules 3.10(1) and 3.10A of the Listing Rules, the Company has appointed three independent non-executive Directors, representing more than one-third of the Board. One of the independent non-executive Directors has the appropriate professional qualifications in accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules.

Each independent non-executive director has submitted annual confirmation of his independence to the Company pursuant to Rule 3.13 of the Listing Rules. Based on the contents of such confirmations, the Company considers that all of the independent non-executive Directors are independent.

Board Committees

The Board is supported by a number of committees, including the Audit Committee, Nomination Committee, Remuneration Committee and Environment Committee. Each Board Committee has its defined and written terms of reference approved by the Board covering its duties, powers and functions. Their terms of reference of the Audit Committee, Nomination Committee, the Remuneration Committee and Environment Committee are respectively available on the Company's website.

All Board Committees are provided with sufficient resources to discharge their duties, including access to management or professional advice if considered necessary.

Audit Committee

The Company established the Audit Committee with written terms of reference in compliance with code provision C.3 of the CG Code as set out in Appendix C1 to the Listing Rules. The primary duties of the Audit Committees are to provide the Directors with an independent review on the effectiveness of the financial reporting process, corporate governance measures, internal control and risk management system of the Group, to oversee the audit process and to perform other duties and responsibilities as assigned by the Directors.

At present, the Audit Committee comprises 3 members, namely Mr. Kiang Tien Sik David (Chairman), Dr. Su Morley Chung Wu and Mr. Wang Jisheng, being independent non-executive Directors.

Pursuant to the meeting of the Audit Committee on 26 March 2024, the Audit Committee has reviewed, among other things, the consolidated financial statements of the Company for the Year, including the accounting principles and practices adopted by the Company, report prepared by the external auditor covering major findings in the course of the audit, the risk management and internal control systems and the overall effectiveness of the Group's internal audit function and the adequacy of resources, qualifications and experience of the staff and the accounting and financial reporting matters, and selection and appointment of the external auditor.

Remuneration Committee

The Company has established the Remuneration Committee with written terms of reference in compliance with code provision E. of the CG Code as set out in Appendix C1 to the Listing Rules. The primary functions of the Remuneration Committee are to make recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group and review performance based remuneration and ensure none of the Directors determine their own remuneration. At present, the Remuneration Committee comprises Mr. Wang Jisheng (Chairman), Mr. Cheng and Dr. Su Morley Chung Wu. Pursuant to the meeting of the Remuneration Committee on 17 December 2024, the Remuneration Committee has reviewed the remuneration policy and structure relating to the Directors and senior management of the Company.

Remuneration of Directors and Senior Management

The Company has established a formal and transparent procedure for formulating policies on the remuneration of the Directors and senior management of the Group. Details of the remuneration of each of the Directors for the Year are set out in Note 11 to the consolidated financial statements.

During the Year, one Remuneration Committee meeting was held on 17 December 2024 for considering and recommending to the Board the remuneration and other benefits paid by the Company to the Directors and senior management of the Group. All members of the Remuneration Committee attended the meeting in person. The biographies of the senior management of the Company are disclosed in the section headed "Biographical Details of Directors and Senior Management" in this annual report. The remuneration of the senior management of the Company (other than Directors) by band for the Year is as follows:

Remuneration band (HK$)	**Number of individuals**
0–1,000,000	1
1,000,001–1,500,000	2

Nomination Committee

The Company has established the Nomination Committee with written terms of reference in compliance with the CG Code as set out in Appendix C1 to the Listing Rules. The primary duties of the Nomination Committee are mainly to at least annually review the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations to the Board on any proposed changes to the Board to complement the Company's corporate strategy, to identify individuals suitably qualified to become members of the Board and select or make recommendations to the Board on the selection of individual(s) nominated for directorship(s), to assess the independence of the independent non-executive Directors, and to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors. As at the date of this report, the Nomination Committee comprises Mr. Cheng (Chairman), Mr. Wang Jisheng and Mr. Kiang Tien Sik David.

Besides, it is also the duty of the Nomination Committee to review the board diversity policy (the "**Board Diversity Policy**"), which sets out the objective and approach to achieve and maintain diversity on the Board. The Company will ensure that the members of the Board have the appropriate balance of skills, experience and diversity of perspectives that are required to support the Group's business strategy. Pursuant to the Board Diversity Policy, the Company seeks to achieve board diversity through consideration of various factors such as professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service. Our Nomination Committee is delegated to be responsible for compliance with relevant code governing board diversity under the CG Code and will review the Board Diversity Policy from time to time to ensure its continued effectiveness.

When the Company is required to re-design the Board's composition, the Company will ensure that all Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The Board currently comprises one female Director and five male Directors. The Board is of the view that the existing gender diversity in respect of the Board is sufficient, and that the Board Diversity Policy and the nomination policy of the Company can ensure that there will be a pipeline of potential successors to the Board which continues the existing gender diversity in the Board.

During the Year, the Nomination Committee held one (1) meeting on 17 December 2024 for, among other matters, reviewing the structure, size and composition of the Board, assessing the independence of independent non-executive Directors and making recommendation to the Board on the appointment or re-appointment of Directors.

In terms of workforce of the Group, as at 31 December 2024, the Group has 1,884 full-time employees. employees (including the Board and senior management). Among which, there were 1,321 male employees and 563 female employees. Based on the job nature of different positions, the Board is of the view that the Company has basically achieved a certain degree of balanced diversity. Nevertheless, the Company aims to further enhance its diversity in workforce by introducing more staff with different sex and age (subject to job nature) and expects to perform a further review of its diversity in workforce by the end of 2024.

Environment Committee

The Company has established the Environment Committee mainly responsible for ensuring all the Group's production plants comply with laws, rules and regulations in the aspect of environment. As at the date of this report, the Environment Committee comprises Dr. Su Morley Chung Wu (Chairman), Mr. Kiang Tien Sik David and Mr. Cheng.

During the Year, the Environment Committee held one (1) meeting on 24 March 2024 for reviewing the implementation of environment related matters.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

The Board developed, reviewed and monitored the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management of the Company, and the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

Corporate Governance Report

Attendance Record of Directors

The attendance record of each of the current Directors at the Board and Board Committee meetings and the general meetings of the Company held during the Year is set out in the table below. The Directors did not authorize any alternate Director to attend Board or Board Committee meetings.

Name of Directors	Audit Committee	Remuneration Committee	Nomination Committee	Environment Committee	Board	Annual General Meeting
	Attendance/Number of Meetings					
Mr. Cheng Hsien-Chun	—	1/1	1/1	1/1	4/4	1/1
Mr. Chow Tien-Li (Note)	0/1	—	—	—	0/1	—
Mr. Philip Tan	2/2	—	—	—	4/4	1/1
Mr. Wang Jisheng	2/2	1/1	1/1	—	4/4	1/1
Mr. Kiang Tien Sik David	2/2	—	1/1	1/1	4/4	1/1
Dr. Su Morley Chung Wu	2/2	1/1	—	1/1	4/4	1/1
Ms. Zhu Ying (appointed with effect from 21 October 2024)	—	—	—	—	0/1	—

Note: Due to some family engagement of paramount importance, Mr. Chow Tien-Li was unable to attend the meetings held during the Year. Mr. Chow has resigned from being a non-executive Director with effect from 18 June 2024.

Board Meetings

Pursuant to the CG Code, meetings of the Board shall be held regularly at least four times each year and shall be convened by the chairman of the Board. If a Director is unable to attend a Board meeting, he may appoint another Director by a written power of attorney to attend on his behalf. Such a power of attorney shall specify the scope of authorization. Directors attending Board meetings on behalf of other Directors shall exercise their power as Directors within their scope of authorization. If a Director fails to attend a Board meeting and does not appoint an attorney to attend, the Director is deemed to have waived his rights to vote at that meeting. Each Director shall have one vote. Questions arising at any meetings of the Board shall be determined by a majority of votes. Where the numbers of votes cast for and against a resolution are equal, the chairman shall have the right to cast an additional vote.

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.

COMPANY SECRETARY

Ms. Fu Chanyi ("**Ms. Fu**") is the Company Secretary of the Company. According to Rule 3.29 of the Listing Rules, an issuer's company secretary must take no less than 15 hours of relevant professional training in each financial year. For the Year, Ms. Fu had taken no less than 15 hours of relevant professional training.

All Directors have access to the advices and services of Ms. Fu on corporate governance and board procedures.

FINANCIAL REPORTING AND INTERNAL CONTROL

Financial reporting

The Board acknowledges its responsibility to prepare the Company's consolidated financial statements which give a true and fair view of the Group's state of affairs, results and cash flows for the year and in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board, and the disclosure requirements of the Hong Kong Companies Ordinance. The Company has selected appropriate accounting policies and has applied them consistently based on prudent and reasonable judgments and estimates. The Board considers that the Company has adequate resources to continue in business for the foreseeable future and is not aware of any material uncertainties relating to events or conditions that may affect the business of the Company or cast doubts on its ability to continue as going concern.

The responsibilities of BDO Limited, the Company's external auditor, with respect to financial reporting are set out in the "Corporate Governance Report" on pages 25 to 33 of this annual report.

Internal controls and risk management

The Board has put in place a set of internal control and risk management system to address various operational, financial, legal and market risks identified in relation to the Group's operations, including but not limited to procurement and sales management, inventory management, research and development management, credit risk, liquidity risk, foreign exchange risk, human resources risk management, and various other financial and operational control and monitoring procedures. The risk management system and policies set forth procedures to identify, categorize, analyze and mitigate various risks and the relevant reporting hierarchy of risks identified in the Group's operations. The Board has the general power to manage the Group's operations and is responsible for the risk management and internal control systems and reviewing their effectiveness. After due consideration, the Directors are of the view that the Group's current risk management and internal control systems are adequate and effective.

The management of the Group has established a set of comprehensive structure, standards and procedures in areas of operational, financial, legal and market risks for safeguarding assets against unauthorized use or disposition; for maintaining proper accounting records and a sound cash management system; and for ensuring the reliability of financial information to achieve a satisfactory level of assurance against the likelihood of the occurrence of fraud and errors. The Board reviews the risk management and internal controls annually.

The Group's internal audit department plays a major role in monitoring the internal governance of the Group. The major tasks of the internal audit department are reviewing the financial condition and internal control of the Group and conducting comprehensive audits of all branches and subsidiaries of the Company on a regular basis. The assessment report was reviewed by the Audit Committee and the Board. The Board has conducted a review of, and is satisfied with the effectiveness of the risk management and internal control systems and the internal audit function for the Year.

The Group acknowledges its responsibilities under the SFO and the Listing Rules and the overriding principle that inside information should be announced immediately when it is the subject of a decision. The Group will ensure that inside information will be disclosed to the public through public announcements and its website as soon as reasonably practicable pursuant to the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong in June 2012. Besides, all inside information will be kept strictly confidential before disclosing to the public and only the relevant persons such as Directors, company secretary and professional advisors will have access to such information.

The Directors will continue to review the risk management, internal control system and internal audit function as and when required.

External Auditor

BDO Limited ("**BDO**"), Certified Public Accountants, has been appointed as the external auditor of the Company, The Audit Committee has been notified of the nature and the service charges of non-audit services performed by BDO and considered that such services have no adverse effect on the independence of the external auditor.

For the Year, the remuneration paid or payable to BDO in respect of annual audit services provided to the Company and non-audit services provided in respect of reviewing the condensed consolidated interim financial statements amounted to approximately RMB1,095,000 and RMB182,000, respectively. The remuneration paid or payable to BDO's affiliated company for non-audit services provided in respect of preparation of tax computations amounted to approximately RMB30,000.

There was no disagreement between the Board and the Audit Committee on the selection and appointment of the external auditor during the Year.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board.

An annual general meeting shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting ("**EGM**").

Convening an EGM and Putting Forward Proposals at General Meetings

EGM may be convened by Directors on requisition of one or more Shareholders holding, at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company. Such requisition shall be made in writing to the Board or the company secretary of the Company by mail to the principal place of business in Hong Kong or the registered office of the Company, to require an EGM to be called by the Directors for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within twenty one days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company by mail to the principal place of business in Hong Kong or the registered office of the Company.

INVESTOR RELATIONS

The Company has established a range of communication channels between itself and its Shareholders, investors and other stakeholders. These include the general meetings, the annual and interim reports, notices, announcements and circulars and the Company's website at http://www.pmpgc.com.

CONSTITUTIONAL DOCUMENTS

During the Year, there was no change in the constitutional documents of the Company.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Environmental, Social and Governance Report ("**ESG Report**") of the Group will be issued separately from this report and will be available only on the websites of the Stock Exchange and the Company. As usual, no printed form of ESG Report will be despatched to the Shareholders.

Independent Auditor's Report

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TO THE SHAREHOLDERS OF PACIFIC MILLENNIUM PACKAGING GROUP CORPORATION
(incorporated in the Cayman Island with limited liability)

OPINION

We have audited the consolidated financial statements of Pacific Millennium Packaging Group Corporation (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages 38 to 97, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IFRS Accounting Standards**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

IMPAIRMENT LOSS ON TRADE RECEIVABLES

Refer to Notes 4(d)(ii), 5(i), 18 and 33(a) to the consolidated financial statements.

As at 31 December 2024, the Group's trade receivables (net of impairment loss of RMB4,044,000) was amounted to RMB602,473,000. Impairment loss on trade receivables is based on management's estimate of the lifetime expected credit losses to be incurred, which is estimated by taking into account the credit loss experience, ageing of trade receivables, customers' repayment history and customers' financial position and an assessment of both the current and forecast general economic conditions, all of which involve a significant degree of management judgement.

We identified the impairment loss on trade receivables as a key audit matter due to the significance of trade receivable balances to the consolidated statement of financial position and significant judgements involved by management in the assessment of impairment loss.

Our response:

During our audit, we conducted the following audit procedures, amongst others, to address this key audit matter:

— obtaining an understanding of the model adopted by management in estimating lifetime expected credit losses which oversee credit control, debt collection and estimation of lifetime expected credit losses;

— testing the accuracy of ageing analysis of trade receivables, on a sample basis, to the related sales invoices and goods delivery documents; and

— assessing the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information and examining the actual losses recorded during the current financial year and assessing whether there was an indication of management bias when recognising loss allowances.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

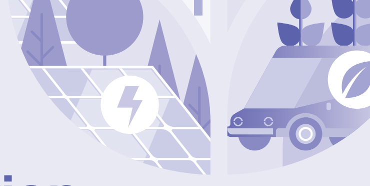
BDO Limited
Certified Public Accountants
Fong Wai Yee Wendy
Practising Certificate Number: P06821

Hong Kong, 25 March 2025

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	7	**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	8	**7,226**	10,091
Selling and distribution expenses		**(144,606)**	(127,764)
Administrative expenses		**(166,969)**	(154,175)
Impairment loss on trade receivables, net	10	**(419)**	(2,509)
Finance costs	9	**(38,432)**	(30,206)
(Loss)/profit before income tax	10	**(19,096)**	36,855
Income tax expense	13	**(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	14	**(6 cents)**	7 cents



Consolidated Statement of Financial Position

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	15	**866,502**	753,928
Prepayments for purchase of property, plant and equipment		**627**	14,643
Deferred tax assets	16	**27,734**	18,541
		894,863	787,112
Current assets			
Inventories	17	**172,810**	130,374
Trade and other receivables	18	**673,888**	587,789
Pledged deposits	19	**11,250**	11,250
Bank balances and cash	20	**99,402**	145,302
		957,350	874,715
Current liabilities			
Trade and other payables	21	**321,783**	322,372
Contract liabilities	22	**3,255**	3,110
Bank and other borrowings	23	**396,767**	307,608
Loans from immediate holding company	24	**140,222**	82,382
Tax payable		**2,942**	3,652
Lease liabilities	25	**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	23	**43,886**	27,969
Lease liabilities	25	**372,257**	292,960
		416,143	320,929
Net assets		**526,063**	585,382

Consolidated Statement of Financial Position

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Equity			
Share capital	26	**2,442**	2,442
Reserves	27	**523,621**	582,940
Total equity		**526,063**	585,382

On behalf of the board of directors

Mr. Cheng Hsien-Chun
Director

Mr. Kiang Tien Sik David
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Share capital RMB'000 (Note 26)	Share premium RMB'000 (Note 27)	Merger reserve RMB'000 (Note (a))	Translation reserve RMB'000 (Note (b))	Surplus reserve RMB'000 (Note (c))	Other reserve RMB'000 (Note (d))	Retained profits/ (accumulated losses) RMB'000	Total RMB'000
At 1 January 2023	2,442	398,312	16,844	(16,414)	131,043	–	70,319	602,546
Profit for the year	–	–	–	–	–	–	22,414	22,414
Other comprehensive income for the year:								
Exchange differences on translation of the Company's financial statements into its presentation currency	–	–	–	103	–	–	–	103
Exchange differences on translation of foreign operations	–	–	–	(203)	–	–	–	(203)
Total comprehensive income for the year	–	–	–	(100)	–	–	22,414	22,314
Dividends paid (Note 31)	–	–	–	–	–	–	(43,087)	(43,087)
Transfer to surplus reserve	–	–	–	–	5,906	–	(5,906)	–
Shareholder's contribution arising from waiver of loan interest (Note 24)	–	–	–	–	–	3,609	–	3,609
At 31 December 2023	2,442	398,312	16,844	(16,514)	136,949	3,609	43,740	585,382
At 1 January 2024	**2,442**	**398,312**	**16,844**	**(16,514)**	**136,949**	**3,609**	**43,740**	**585,382**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(19,374)**	**(19,374)**
Other comprehensive income for the year:								
Exchange differences on translation of the Company's financial statements into its presentation currency	**–**	**–**	**–**	**27**	**–**	**–**	**–**	**27**
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**(1,070)**	**–**	**–**	**–**	**(1,070)**
Total comprehensive income for the year	**–**	**–**	**–**	**(1,043)**	**–**	**–**	**(19,374)**	**(20,417)**
Dividends paid (Note 31)	**–**	**–**	**–**	**–**	**–**	**–**	**(43,764)**	**(43,764)**
Transfer to surplus reserve	**–**	**–**	**–**	**–**	**2,371**	**–**	**(2,371)**	**–**
Shareholder's contribution arising from waiver of loan interest (Note 24)	**–**	**–**	**–**	**–**	**–**	**4,862**	**–**	**4,862**
At 31 December 2024	**2,442**	**398,312**	**16,844**	**(17,557)**	**139,320**	**8,471**	**(21,769)**	**526,063**

Consolidated Statement of Changes in Equity
For the year ended 31 December 2024

Notes:

(a) Merger reserve

Merger reserve represented the difference between the investment costs in subsidiaries and the aggregate amount of issued share capital of subsidiaries acquired pursuant to the group reorganisation in 2014.

(b) Translation reserve

This reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations and the translation of the Company's financial statements into its presentation currency. This reserve is dealt with in accordance with the accounting policy in Note 4(i) to the consolidated financial statements.

(c) Surplus reserve

In accordance with the relevant laws and regulations of the People's Republic of China (the "**PRC**"), each subsidiary incorporated in the PRC is required to provide for PRC surplus reserve, by way of transferring 10% of the profit after income tax to a surplus reserve until such reserve reaches 50% of the registered capital of each of the PRC subsidiary. Subject to certain restrictions set out in the Company Law of the PRC, part of the surplus reserve may be converted to increase paid-up capital/issued capital of the PRC subsidiary, provided that the remaining balance after capitalisation is not less than 25% of the registered capital.

(d) Other reserve

This reserve represents the shareholder's contribution to the Group.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
Operating activities		
(Loss)/profit before income tax	**(19,096)**	36,855
Adjustments for:		
Depreciation of property, plant and equipment	**108,039**	107,359
Finance costs	**38,432**	30,206
Interest income	**(1,053)**	(1,882)
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)
Gain on disposal of property, plant and equipment	**(350)**	(199)
Operating cash flows before working capital changes	**126,313**	174,151
Increase in inventories	**(42,358)**	(18,193)
(Increase)/decrease in trade and other receivables	**(85,601)**	45,259
Decrease/(increase) in trade and other payables	**39,882**	(7,649)
Increase in contract liabilities	**145**	281
Cash generated from operations	**38,381**	193,849
Income tax paid	**(10,181)**	(26,259)
Net cash generated from operating activities	**28,200**	167,590
Investing activities		
Purchase of property, plant and equipment	**(68,823)**	(22,001)
Proceeds from disposal of property, plant and equipment	**3,416**	2,827
Prepayments made for purchase of property, plant and equipment	**(627)**	(14,643)
Decrease in pledged deposits	**—**	9,600
Interest received	**1,053**	1,882
Net cash used in investing activities	**(64,981)**	(22,335)

Consolidated Statement of Cash Flows
For the year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
Financing activities (Note 30(b))		
Dividends paid	**(43,764)**	(43,087)
Interest paid on bank loans	**(10,556)**	(12,169)
Repayment of interest element of lease liabilities	**(17,092)**	(16,715)
Interest paid on sale and leaseback arrangements	**(5,922)**	(274)
Interest paid on loans from immediate holding company	**—**	(1,128)
Proceeds from loans from immediate holding company	**93,259**	48,871
Repayment of loans from immediate holding company	**(37,380)**	(32,734)
Repayment of capital element of lease liabilities	**(47,767)**	(28,826)
Proceeds from bank and other borrowings	**431,411**	403,616
Repayment of bank and other borrowings	**(371,335)**	(416,379)
Net cash used in financing activities	**(9,146)**	(98,825)
Net (decrease)/increase in cash and cash equivalents	**(45,927)**	46,430
Cash and cash equivalents at beginning of the year	**145,302**	98,769
Effect of exchange rate changes on cash and cash equivalents	**27**	103
Cash and cash equivalents at end of the year	**99,402**	145,302
Analysis of cash and cash equivalents:		
Bank balances and cash	**99,402**	145,302

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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 Act 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. Particulars of the Company's subsidiaries are set out in Note 34 to the consolidated financial statements.

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 of the Company consider Mr. Tan Richard Lipin to be the ultimate controlling shareholder.

The shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 21 December 2018.

2. ADOPTION OF 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.

2. ADOPTION OF IFRS ACCOUNTING STANDARDS (Continued)

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

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

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.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments do not have any impact on these consolidated financial statements.

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 supplier finance arrangements, and recognised as "liabilities under supplier finance arrangements" included in bank and other borrowings. Please refer to Note 23 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.

Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on these consolidated financial statements.

2. ADOPTION OF IFRS ACCOUNTING STANDARDS (Continued)

(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 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.

2. ADOPTION OF IFRS ACCOUNTING STANDARDS (Continued)

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

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.

2. ADOPTION OF IFRS ACCOUNTING STANDARDS (Continued)

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

IFRS 18 — Presentation and Disclosure in Financial Statements (Continued)

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 IFRS Accounting Standards, International Accounting Standards and Interpretations (collectively IFRS Accounting Standards) issued by 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. The summary of accounting policies applied in the preparation of consolidated financial statements are set out in Note 4 below.

(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. ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

4. ACCOUNTING POLICIES (Continued)

(b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Buildings	20 years
Leasehold improvement	10–15 years
Plant and machinery	10 years
Furniture and fixtures	3–5 years
Motor vehicles	5 years

Construction in progress is stated at cost less accumulated impairment losses. Cost comprises direct costs of construction as well as borrowing costs capitalised during the periods of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to the appropriate class of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The depreciation method used for right-of-use assets is the same as that used for property, plant and equipment. Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. The depreciation rates of the different classes of right-of-use assets are as follows:

Leasehold land	over the lease term period or 2%
Other leased properties	over the lease term period

(c) Leasing

The Group as a lessee

All leases are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases for which at the commencement date have a lease term of 12 months or less and do not obtain purchase option and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and short-term leases. The lease payments associated with those leases have been expensed on a straight-line basis over the lease term.

4. ACCOUNTING POLICIES (Continued)

(c) Leasing (Continued)

The Group as a lessee (Continued)

Right-of-use asset

The right-of-use asset is recognised at cost, which comprises: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right to use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. Right-of-use assets are classified as property, plant and equipment in the consolidated statement of financial position.

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined which is generally the case of the Group, the Group uses the lessee's incremental borrowing rate.

The following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable: (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

(d) Financial instruments

(i) Financial assets

Classification

The Group classifies its financial assets in one measurement category which are measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

Measurement

On initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

4. ACCOUNTING POLICIES (Continued)

(d) Financial instruments (Continued)

(i) Financial assets (Continued)

Measurement (Continued)

The Group subsequently measures the financial assets at amortised cost if the following conditions are met:

— the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

— the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

Derecognition

The Group derecognises a financial asset, if the part being considered for derecognition meets one of the following conditions: (i) the contractual rights to receive the cash flows from the financial asset expire; or (ii) the contractual rights to receive the cash flows of the financial asset have been transferred, the Group transfers substantially all the risks and rewards of ownership of the financial asset; or (iii) the Group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to the eventual recipient in an agreement that meets all the conditions of derecognition of transfer of cash flows ("**pass through**" requirements) and transfers substantially all the risks and rewards of ownership of the financial asset.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

— the carrying amount of the financial asset transferred; and

— the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognised directly in equity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability.

4. ACCOUNTING POLICIES (Continued)

(d) Financial instruments (Continued)

(ii) Impairment loss on financial assets

The Group has these types of financial assets subject to IFRS 9's expected credit loss ("**ECL**") model:

— Trade receivables

— Financial assets included in other receivables and deposits, bills receivables, pledged deposits and bank balance and cash

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires lifetime ECLs to be recognised from initial recognition of the receivables.

Impairment on other financial assets is measured as either 12-month ECLs or lifetime ECLs, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, impairment is measured as lifetime ECLs. These balances were considered to be of low credit risk and impairment provision recognised, if any, during the year was limited to 12-month ECLs. The 12-month ECLs of these balances during the year is close to zero.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due unless the Group has reasonable and supportable information that a more lagging default criteria is more appropriate.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

— when there is a breach of financial covenants by the counterparty; or

— information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

4. ACCOUNTING POLICIES (Continued)

(d) Financial instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

Credit-impaired financial assets

At each reporting date, the Group assesses on a forward-looking basis whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

— significant financial difficulty of the borrower or issuer;

— breach of contract such as a default or past due event;

— it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the consolidated statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. All of the Group's financial liabilities are financial liabilities at amortised cost which are initially measured at fair value, net of directly attributable costs incurred and are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

4. ACCOUNTING POLICIES (Continued)

(e) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs to completion and estimated costs necessary to make the sales.

(f) Revenue recognition

The Group principally derives revenue from sales of goods (corrugated packaging products and corrugated sheet board).

Revenue is measured based on the consideration to which the entity expects to be received or receivable, and represents amounts receivable for goods sold, stated net of discounts, returns and value-added taxes. The Group recognises revenue when the specific criteria have been met as described below.

For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, which is generally the case of the Group, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(i) Sales of goods

Revenue from sales of goods is recognised when control of the goods has transferred, being when the products are accepted by the customers. The customers have full discretion over the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products.

The only performance obligation of the contracts with customers is the sales of goods and this performance obligation is satisfied at a point in time. The credit period for customers is generally 30 days to 120 days from the invoice date.

There is no warranty clause in the contracts with customers.

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

(g) Government subsidies

Subsidies from government are recognised at their fair value where there is a reasonable assurance that the subsidies will be received and the Group will comply with all attached conditions.

Under these circumstances, the subsidies are recognised as income or matched with the associated costs which the subsidies are intended to compensate.

4. ACCOUNTING POLICIES (Continued)

(h) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax for the Group is calculated on temporary differences under liability method.

(i) Foreign currency

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the "**functional currency**") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. RMB) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as translation reserve (attributed to non-controlling interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as translation reserve.

(j) Employee benefits

(i) Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services. Short term employee benefits are recognised in the year when the employees render the related services.

4. ACCOUNTING POLICIES (Continued)

(j) Employee benefits (Continued)

(ii) Defined contribution retirement plans

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

Pursuant to the relevant laws and regulations of the PRC, the Company's subsidiaries in the PRC have joined defined contribution schemes for the employees, such as basic pension scheme, housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes contributions to the above mentioned schemes at the applicable rates based on the amounts stipulated by the government organisation. The contributions are charged to the income statement on an accrual basis.

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(k) Impairment of non-financial assets

At the end of each reporting period, the Group/Company reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment (including right-of-use assets); and
- investments in subsidiaries.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Value in use is based on the estimated future cash flows expected to be derived from the asset or cash generating unit, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

(l) Borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Impairment of financial assets measured at amortised cost

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history existing conditions as well as forward-looking estimates at the end of each reporting period.

(ii) Recognition of deferred tax asset for carried-forward tax losses

The deferred tax assets include an amount of RMB26,229,000 which related to carried-forward tax losses of the PRC subsidiaries. These subsidiaries have incurred the losses during the year. The Group has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the business plans and the operation cycles. The subsidiaries are expected to generate taxable income from 2026 onwards. The losses can be carried forward for 5 years.

6. SEGMENT REPORTING

The executive director of the Company 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 years ended 31 December 2024 and 2023.

7. REVENUE

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

	2024 RMB'000	2023 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 RMB'000	2023 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.

8. OTHER INCOME AND OTHER GAINS AND LOSSES, NET

	2024 RMB'000	2023 RMB'000
Sales of other materials and consumables	**876**	3,545
Interest income	**1,053**	1,882
Government subsidies (Note)	**4,574**	4,198
Sundry income,net	**373**	267
Gain on disposal of property, plant and equipment	**350**	199
	7,226	10,091

Note:

The amounts mainly included subsidies for payroll support of RMB720,000 (2023: RMB425,000) and subsidies for sustainable business development of RMB2,976,000 (2023: subsidies for environmentally friendly development of RMB3,269,000) during the year. There were no conditions attached to these subsidies by the relevant PRC local government.

9. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest on lease liabilities	**17,092**	16,635
Interest on bank loans	**10,556**	12,169
Interest on sale and leaseback arrangements	**5,922**	274
Interest on loans from immediate holding company	**4,862**	1,128
	38,432	30,206

10. (LOSS)/PROFIT BEFORE INCOME TAX

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

	2024 RMB'000	2023 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 ended 31 December 2024 mainly included RMB1,241,923,000, RMB109,296,000, RMB51,413,000, RMB142,632,000 and RMB84,947,000 (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 ended 31 December 2024 included depreciation of right-of-use assets amounted to RMB30,175,000 (2023: RMB29,593,000) and depreciation of plant and equipment held under finance leases amount to RMB4,045,000 (2023: RMB3,391,000).

(iii) For the year ended 31 December 2024, there were neither contributions forfeited by the Group nor had there been any utilisation of such forfeited contributions to reduce future contributions (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 (2023: Nil).

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Details of emoluments of directors of the Company during the year are as follows:

Year ended 31 December 2024

	Fees RMB'000	Salaries and other benefits RMB'000	Discretionary and retirement bonus RMB'000	Contributions to retirement benefits scheme RMB'000	Total RMB'000
Executive directors					
Cheng Hsien-Chun	—	2,090	—	16	2,106
Philip Tan	668	—	—	—	668
Non-executive director					
Chow Tien-Li (Note (i))	109	—	—	—	109
Independent non-executive directors					
Wang Jisheng	219	—	—	—	219
Kiang Tien Sik	219	—	—	—	219
Su Morley Chung Wu	219	—	—	—	219
Zhu Ying (Note (ii))	—	—	—	—	—
	1,434	2,090	—	16	3,540

Year ended 31 December 2023

	Fees RMB'000	Salaries and other benefits RMB'000	Discretionary and retirement bonus RMB'000	Contributions to retirement benefits scheme RMB'000	Total RMB'000
Executive directors					
Cheng Hsien-Chun	—	2,252	—	16	2,268
Philip Tan	692	—	—	—	692
Non-executive director					
Chow Tien-Li	216	—	—	—	216
Independent non-executive directors					
Wang Jisheng	216	—	—	—	216
Kiang Tien Sik	216	—	—	—	216
Su Morley Chung Wu	216	—	—	—	216
	1,556	2,252	—	16	3,824

Notes:

(i) Mr. Chow Tien-Li was resigned as a non-executive director with effect from 18 June 2024.

(ii) Ms. Zhu Ying was appointed as an independent non-executive director with effect from 21 October 2024.

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

The executive director's emoluments shown above were mainly for his services in connection with the management of the affairs of the Company and the Group. The non-executive directors' emoluments shown above were mainly for their services as directors of the Company or its subsidiaries. The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

During the Year, one director waived emoluments of RMB42,000 (2023: Nil).

12. FIVE HIGHEST PAID INDIVIDUALS

Of the five individuals with the highest emoluments in the Group, one (2023: one) was a director of the Company and the remaining four (2023: four) were individuals who are neither a director nor chief executive of the Company. The emoluments of the five highest paid individuals during the year were as follows:

	2024 RMB'000	2023 RMB'000
Salaries and other benefits	**6,077**	6,379
Retirement benefits scheme contributions and housing fund	**426**	371
	6,503	6,750

During the year, no emoluments were paid or payable by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2023: Nil).

The emoluments of each of the above highest paid individuals were within the following bands:

	Number of Individuals	
	2024	2023
Nil to HK$1,000,000	**—**	—
HK$1,000,001 to HK$1,500,000	**4**	4
HK$1,500,001 or above	**1**	1
	5	5

13. INCOME TAX EXPENSE

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

	2024 RMB'000	2023 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 (Note 16)	**(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 years ended 31 December 2024 and 2023.

Provision for PRC enterprise income tax is based on the statutory rate of 25% (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 years ended 31 December 2024 and 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.

13. INCOME TAX EXPENSE (Continued)

(b) The income tax expense for the year can be reconciled to the (loss)/profit before income tax per the consolidated statement of comprehensive income as follows:

	2024 RMB'000	2023 RMB'000
(Loss)/profit before income tax	**(19,096)**	36,855
Tax on profit before income tax, calculated at PRC enterprise income tax rate of 25%	**(4,774)**	9,214
Effect of different tax rate of a subsidiary operating in Hong Kong	**1,064**	711
Tax effect of expenses not deductible for tax purposes	**4,056**	2,706
Tax effect of income not taxable for tax purposes	**(413)**	(96)
Tax effect of tax losses not recognised	**345**	299
Tax effect of withholding tax on dividends	**—**	1,607
Income tax expense	**278**	14,441

14. 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 of RMB(19,374,000) (2023: RMB22,414,000) and weighted average number of ordinary shares of 300,632,000 in issue during the year (2023: 300,632,000 ordinary shares).

No diluted earnings per share is presented as the Group has no potential ordinary shares for the years ended 31 December 2024 and 2023.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvement RMB'000	Plant and machinery RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Right-of-use assets RMB'000	Total RMB'000
Cost:								
At 1 January 2023	127,423	104,488	704,699	56,580	1,316	3,485	356,763	1,354,754
Additions	—	777	19,477	4,885	90	1,093	44,656	70,978
Disposals	—	—	(8,340)	(1,713)	(61)	—	—	(10,114)
Modification of leases	—	—	—	—	—	—	(1,651)	(1,651)
Transfer from construction in progress	—	—	3,454	32	—	(3,486)	—	—
Exchange adjustment	—	—	—	1	—	—	14	15
At 31 December 2023 and 1 January 2024	127,423	105,265	719,290	59,785	1,345	1,092	399,782	1,413,982
Additions	—	29,302	104,521	13,322	—	617	79,068	226,830
Disposals	—	—	(9,679)	(3,223)	—	—	—	(12,902)
Modification of lease	—	—	—	—	—	—	(3,158)	(3,158)
Written off	—	—	—	—	—	—	(6,426)	(6,426)
Transfer from construction in progress	—	—	1,025	68	—	(1,093)	—	—
Exchange adjustment	—	—	—	1	—	—	11	12
At 31 December 2024	127,423	134,567	815,157	69,953	1,345	616	469,277	1,618,338
Accumulated depreciation:								
At 1 January 2023	85,149	31,727	334,978	37,527	675	—	70,119	560,175
Charge for the year	5,549	6,832	59,071	6,130	184	—	29,593	107,359
Eliminated on disposals	—	—	(5,884)	(1,595)	(7)	—	—	(7,486)
Exchange adjustment	—	—	—	1	—	—	5	6
At 31 December 2023 and 1 January 2024	90,698	38,559	388,165	42,063	852	—	99,717	660,054
Charge for the year	5,549	7,213	58,315	6,656	131	—	30,175	108,039
Eliminated on disposals	—	—	(6,774)	(3,062)	—	—	—	(9,836)
Eliminated on written off	—	—	—	—	—	—	(6,426)	(6,426)
Exchange adjustment	—	—	—	1	—	—	4	5
At 31 December 2024	96,247	45,772	439,706	45,658	983	—	123,470	751,836
Net carrying amount:								
At 31 December 2024	31,176	88,795	375,451	24,295	362	616	345,807	866,502
At 31 December 2023	36,725	66,706	331,125	17,722	493	1,092	300,065	753,928

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Right-of-use assets

The analysis of the net carrying amount of right-of-use assets by class of underlying asset is as follows:

	Note	2024 RMB'000	2023 RMB'000
Ownership interests in leasehold land held for own use, carried at amortised cost, with remaining lease term of:	(i)		
— Between 10 and 50 years		**8,691**	8,974
Other properties leased for own use	(ii)	**337,116**	291,091
		345,807	300,065

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2024 RMB'000	2023 RMB'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Ownership interests in leasehold land held for own use	**284**	284
Other properties leased for own use	**29,891**	29,309
	30,175	29,593
Interest on lease liabilities (Note 9)	**17,092**	16,635
Expense relating to short-term leases (Note 10)	**1,700**	1,147

During the year, gross carrying amount of additions to right-of-use assets and lease modification of right-of-use assets of the leases were RMB79,068,000 (2023: RMB44,656,000) and RMB3,158,000 (2023: RMB1,651,000) respectively.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Notes 30(b) and 25 respectively.

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Right-of-use assets (Continued)

(i) Ownership interests in leasehold land held for own use

The Group holds several industrial buildings for its business, where its manufacturing facilities are primarily located. The Group is the registered owner of these property interests, including the whole or part of undivided share in the underlying land. Lump sum payments were made upfront to acquire these property interests from their previous registered owners, and there are no ongoing payments to be made under the term of land lease, other than payments based on rateable values set by the relevant government authorities. These payments vary from time to time and are payable to the relevant government authorities. As at 31 December 2024 and 2023, the Group's leasehold land, upon which the Group's buildings classified as property, plant and equipment are situated, are held for own use and situated in the PRC. The leasehold land has been pledged to secure the banking facilities granted to the Group as at 31 December 2024 and 2023 (Note 19).

(ii) Other properties leased for own use

The Group has obtained the right to use other properties as its factory plant and office premises through lease arrangements. The leases typically run for an initial period of 2 to 15 years (2023: 2 to 15 years). Leases of other properties leased for own use comprise only fixed payments over the lease terms.

(b) As at 31 December 2024 and 2023, the Group's buildings were situated in the PRC and were used by the Group for its operations.

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

(d) As at 31 December 2024, the Group's buildings with net carrying amount of RMB31,176,000 (2023: RMB36,725,000) were pledged to secure the banking facilities granted to the Group (Note 19).

(e) As at 31 December 2024, the net carrying amount of the Group's plant and equipment pledged under sales and leaseback arrangements (Notes 19 and 23(b)) were RMB65,044,000 (2023: RMB41,237,000).

16. DEFERRED TAX ASSETS

Details of the deferred tax assets recognised in the consolidated statement of financial position and movements during the year are as follows:

	Impairment and provision RMB'000	Tax losses RMB'000	Total RMB'000
At 1 January 2023	2,163	13,806	15,969
(Charged)/credited to profit or loss	(370)	2,942	2,572
At 31 December 2023 and 1 January 2024	**1,793**	**16,748**	**18,541**
(Charged)/credited to profit or loss	**(288)**	**9,481**	**9,193**
At 31 December 2024	**1,505**	**26,229**	**27,734**

As at 31 December 2024, the Group had unused tax losses of approximately RMB128,665,000 (2023: RMB89,368,000) available for offset against future profits.

As at 31 December 2024, deferred tax asset has been recognised in respect of such tax losses of approximately RMB104,915,000 (2023: RMB66,995,000) while no deferred tax asset has been recognised in respect of the remaining tax losses of approximately RMB23,750,000 (2023: RMB22,373,000) due to unpredictability of future profits streams.

The unused tax losses will be available within five years for offsetting against future taxable profits of the companies in which the losses arose.

As at 31 December 2024, no deferred tax liabilities had been provided for retained profits (2023: RMB3,025,000). The Group expected that these profits would be retained by the PRC subsidiaries and/or reinvested in these subsidiaries by the Group in the foreseeable future. In accordance with Caishui [2018] No.102 (Circular 102) as detailed in Note 13 to the consolidated financial statements, there is no tax consequence on the dividends distributed by the PRC subsidiaries if such dividends will be reinvested in the PRC subsidiaries.

17. INVENTORIES

	2024 RMB'000	2023 RMB'000
Raw materials	**138,668**	95,941
Work in progress	**3,013**	2,927
Finished goods	**16,574**	16,959
Consumables	**14,555**	14,547
	172,810	130,374

As at 31 December 2024, accumulated impairment loss on inventories amounted to RMB1,997,000 (2023: RMB2,075,000).

During the 31 December 2024, the Group recognised in profit or loss the impairment loss on inventories of RMB1,721,000 (2023: RMB1,937,000), and reversed impairment loss on inventories of RMB1,799,000 (2023: RMB2,635,000) as the Group subsequently sold these inventories above their carrying amounts.

18. TRADE AND OTHER RECEIVABLES

	2024 RMB'000	2023 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 were due for settlement within 180 days and not past due.

18. TRADE AND OTHER RECEIVABLES (Continued)

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 RMB'000	2023 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. The Group recognised impairment loss based on the accounting policy stated in Note 4(d)(ii) to the consolidated financial statements. Further details of the Group's credit policy and credit risk arising from trade and bills receivable, financial assets included in other receivables and deposits are set out in Note 33(a) to the consolidated financial statements.

19. 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 RMB'000	2023 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

20. BANK BALANCES AND CASH

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

At the end of reporting period, bank balance and cash of the Group denominated in RMB amount to RMB96,680,000 (2023: RMB144,210,000). RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

21. TRADE AND OTHER PAYABLES

	2024 RMB'000	2023 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 (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 RMB'000	2023 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

22. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities which will be expected to be recognised within one year:

	2024 RMB'000	2023 RMB'000
Sales of goods	**3,255**	3,110

It represented amounts received from customers in advance in relation to sales of corrugated packaging products and corrugated sheet board. Revenue is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer. Payment in advance is normally required for new customers. When the customer made payment in advance of the delivery of products, the transaction price received at that point by the Group is recognised as contract liability until the goods have been delivered to the customer.

The Group has applied the practical expedient in paragraph 121 of IFRS 15 to its customer contracts such that the Group does not disclose information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts that have an original expected duration of one year or less.

There were no contract assets as at 31 December 2024 and 2023 recognised in the consolidated statements of financial position.

The following table shows the revenue recognised during the year related to carried-forward contract liabilities:

	2024 RMB'000	2023 RMB'000
Revenue recognised for the year that was included in the contract liabilities balance at the beginning of the year		
Sales of goods	**3,110**	2,829

23. BANK AND OTHER BORROWINGS

	Notes	2024 RMB'000	2023 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 (2023: 3.00% to 3.90% per annum).

Properties with net carrying amount of RMB31,176,000 (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 (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 suppliers 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 ("**Chongqing Stone Tan**"), a related company over which one of the controlling shareholders of the Company has significant influence. As at 31 December 2024, 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 RMB65,044,000 as at 31 December 2024 (2023: RMB41,237,000).

23. BANK AND OTHER BORROWINGS (Continued)

Notes: (Continued)

(c) (Continued)
As at 31 December 2024, future lease payments are due to the buyer-lessor as follows:

	Minimum lease payments RMB'000	Interest RMB'000	Present value RMB'000
Not later than 1 year	**27,761**	**4,499**	**23,262**
Later than 1 year and not later than 2 years	**45,734**	**1,848**	**43,886**
	73,495	**6,347**	**67,148**

As at 31 December 2023, future lease payments are due to the buyer-lessor as follows:

	Minimum lease payments RMB'000	Interest RMB'000	Present value RMB'000
Not later than 1 year	15,760	2,744	13,016
Later than 1 year and not later than 2 years	15,760	1,689	14,071
Later than 2 years and not later than 5 years	14,447	549	13,898
	45,967	4,982	40,985

24. LOANS FROM IMMEDIATE HOLDING COMPANY

As at 31 December 2024, the Group obtained loans with total principal amount of HK$151,450,000 (2023: HK$90,800,000) from its immediate holding company, Pacific Millennium Holdings Limited, and the loans carry interest at One-Month Hong Kong Interbank Offered Rate plus 2.6% per annum. All loans are denominated in Hong Kong Dollars (HK$), unsecured and are repayable within one year.

On 31 December 2024, immediate holding company granted a deed of waiver to the Group discharging the obligation to repay the outstanding interest expenses of RMB4,862,000 (2023: RMB3,609,000).

As at 31 December 2024 and 2023, the loans from immediate holding company qualified as fully exempt connected transactions under Chapter 14A.90 of the Listing Rules.

25. 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 RMB'000	Minimum lease payments RMB'000	Present value RMB'000	Minimum lease payments 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

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

Set out below are the movement during the year

	2024 RMB'000	2023 RMB'000
As at 1 January	**329,352**	315,166
Interest	**17,092**	16,715
Lease payment	**(64,859)**	(45,541)
Additions	**138,860**	44,656
Modification of the leases	**(3,158)**	(1,651)
Exchange realignment	**8**	7
As at 31 December	**417,295**	329,352
Less: Current portion	**(45,038)**	(36,392)
Non-current portion	**372,257**	292,960

26. SHARE CAPITAL

Authorised and issued share capital

	Number of ordinary shares	Par value	
		HK$'000	
Ordinary shares of par value of HK$0.01 each			
Authorised			
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	600,000,000	6,000	
	Number	HK$'000	RMB'000
Issued and fully paid			
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	300,632,000	3,006	2,442

27. RESERVES

The Group

The amount of the Group's reserves and movements during the year are presented in the consolidated statement of changes in equity on pages 41 to 42.

The Company

	Share premium RMB'000	Translation reserve RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2023	398,312	20,781	10,224	429,317
Profit for the year	—	—	44,973	44,973
Other comprehensive income for the year:				
Exchange differences on translation of the Company's financial statements into its presentation currency	—	4,482	—	4,482
Total comprehensive income for the year	—	4,482	44,973	49,455
Dividends (Note 31)	—	—	(43,087)	(43,087)
At 31 December 2023 and 1 January 2024	**398,312**	**25,263**	**12,110**	**435,685**
Profit for the year	**—**	**—**	**45,893**	**45,893**
Other comprehensive income for the year:				
Exchange differences on translation of the Company's financial statements into its presentation currency	**—**	**3,982**	**—**	**3,982**
Total comprehensive income for the year	**—**	**3,982**	**45,893**	**49,875**
Dividends (Note 31)	**—**	**—**	**(43,764)**	**(43,764)**
At 31 December 2024	**398,312**	**29,245**	**14,239**	**441,796**

28. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in the consolidated financial statements, the Group entered into the following transactions with related parties:

			Transaction amount	
Name of related parties	**Related party relationship**	**Type of transaction**	**2024 RMB'000**	2023 RMB'000
Pacific Millennium Holdings Corporation	Immediate holding company	Use of trademarks (Note (iii))	**–**	–
Pacific Millennium Holdings Corporation	Immediate holding company	Interest expenses on loans (Note (i))	**4,862**	1,128
Shanghai Asia Corp. Communications Inc. Limited* 上海寰亞信息技術有限公司	The entity is a subsidiary of one of the controlling shareholders of the Company	Administrative and support charges (Note (i))	**283**	283
Shanghai Pacific Millennium Asia Corp. Communications Inc. Limited* 上海濟豐寰亞信息技術有限公司	The entity is wholly-owned by a member of the key management personnel of the Group	Domain hosting and support charges (Note (i))	**717**	730
Shanghai Asia Corp. Communications Inc. Limited* 上海寰亞信息技術有限公司	The entity is a subsidiary of one of the controlling shareholders of the Company	Domain hosting and support charges (Note (i))	**1,981**	1,980
Chongqing Stone Tan* 重慶談石融資租賃有限公司	One of the controlling shareholders of the Company has significant influence over the entity	Interest expenses on lease liabilities (Note (ii))	**4,428**	1,907
Chongqing Stone Tan* 重慶談石融資租賃有限公司	One of the controlling shareholders of the Company has significant influence over the entity	Interest expenses on sale and leaseback arrangements (Note (ii))	**5,922**	274
Chongqing Stone Tan* 重慶談石融資租賃有限公司	One of the controlling shareholders of the Company has significant influence over the entity	Handling fee in relation to leases (Note (ii))	**725**	689
Shanghai Pacific Millennium Asia Corp. Communications Inc. Limited* 上海濟豐寰亞信息技術有限公司	The entity is wholly-owned by a member of the key management personnel of the Group	System development and maintenance service charges	**–**	105
Shanghai Pacific Millennium Asia Corp. Communications Inc. Limited* 上海濟豐寰亞信息技術有限公司	The entity is wholly-owned by a member of the key management personnel of the Group	Domain hosting and support	**61**	72

28. RELATED PARTY TRANSACTIONS (Continued)

Name of related parties	Related party relationship	Type of transaction	Transaction amount 2024 RMB'000	Transaction amount 2023 RMB'000
Shanghai Vendure New Energy Technology Co., Ltd* 上海沃潔新能源科技有限公司	One of the controlling shareholders of the Company has significant influence over the entity	Consultant service fee	–	226
Tianjin Vendure New Energy Technology Co., Ltd* 天津沃潔新能源有限公司	One of the controlling shareholders of the Company has significant influence over the entity	Electricity fee	313	446
Suzhou Vendure New Energy Technology Co., Ltd* 蘇州沃潔新能源科技有限公司	One of the controlling shareholders of the Company has significant influence over the entity	Electricity fee	791	—
Nanjing Vendure New Energy Technology Co., Ltd* 南京沃潔新能源科技有限公司	One of the controlling shareholders of the Company has significant influence over the entity	Electricity fee	352	—

* The English name is for identification only. The official names of the companies are in Chinese.

Notes:

(i) The transactions were determined with reference to the terms mutually agreed between the Group and the respective counterparty.

(ii) Details of sale and leaseback and lease arrangements as at 31 December 2024 and 2023 are set out in Notes 23(c) and 25 respectively to the consolidated financial statements.

(iii) The immediate holding company at nil consideration granted to the Group a non-exclusive licence to use the trademarks in relation to the business of paper and packaging.

The transactions as set out in Note (i) above qualified as fully exempt connected transactions. The sale and leaseback and lease arrangements as set out in Note (ii) above were non-exempt continuing connected transactions. Further details are set out in the section headed "Continuing Connected Transactions" in the Report of Directors. The free use of trademarks owned by the immediate holding company as set out in Note (iii) above qualified as fully exempt continuing connected transaction.

Details of the loans from immediate holding company are set out in Note 24 to the consolidated financial statements.

28. RELATED PARTY TRANSACTIONS (Continued)

During the year ended 31 December 2023, the Group entered into contracts for the acquisition of plant and machinery of RMB30,420,000 under finance lease arrangements with Chongqing Stone Tan. As at 31 December 2023, the said plant and machinery was not yet delivered to the Group. As such, the Group recorded the total finance lease payment up to 31 December 2023 of RMB1,896,000 as prepayments for purchase of property, plant and equipment in the consolidated statement of financial position as at 31 December 2023. The remaining outstanding balances were included in capital commitments in Note 29 to the consolidated financial statements. Such plant and machinery was received and in use during the year ended 31 December 2024.

The emoluments of key management personnel, comprising the directors of the Company and certain senior management personnel of the Group, during the year were as follows:

	2024 RMB'000	2023 RMB'000
Short-term benefits	**4,217**	6,379
Retirement benefits scheme contributions and housing fund	**177**	371
	4,394	6,750

29. CAPITAL COMMITMENTS

The followings are the details of capital expenditure contracted for but not provided for in the consolidated financial statements.

	2024 RMB'000	2023 RMB'000
Commitment for the acquisition of property, plant and equipment	**1,259**	50,345

30. NOTES SUPPORTING THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

(i) During the year ended 31 December 2024, the Group entered into lease arrangements for right-of-use assets of properties leased for own use with a total capital value of inception of RMB138,860,000 (2023: RMB44,656,000) (Notes 15 and 25).

(ii) For the year ended 31 December 2024, there were non-cash transfers from trade payables to "liabilities under supplier finance arrangements" included in bank and other borrowings of RMB45,000,000 (2023: Nil).

30. NOTES SUPPORTING THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Bank and other borrowings (Note 23) RMB'000	Lease liabilities (Note 25) RMB'000	Loans from immediate holding company (Note 24) RMB'000	Total RMB'000
At 1 January 2024	335,577	329,352	82,382	747,311
Changes from financing cash flows:				
Interest paid on bank loans	(10,556)	–	–	(10,556)
Interest paid on sale and leaseback arrangements	(5,922)	–	–	(5,922)
Repayment of interest element of lease liabilities	–	(17,092)	–	(17,092)
Repayment of capital element of lease liabilities	–	(47,767)	–	(47,767)
Proceeds from loan from immediate holding company	–	–	93,259	93,259
Repayment of loan from immediate holding company	–	–	(37,380)	(37,380)
Proceeds from bank loans	431,411	–	–	431,411
Repayment of bank loans	(357,792)	–	–	(357,792)
Repayment under sale and leaseback arrangements	(13,543)	–	–	(13,543)
Total changes from financing cash flows	43,598	(64,859)	55,879	34,618
Exchange adjustments	–	8	1,961	1,969
Other changes:				
Interest expenses	10,556	–	4,862	15,418
Liabilities under supplier finance arrangements transferred from trade payables	45,000	–	–	45,000
New leases	–	138,860	–	138,860
Finance charges on sale and leaseback arrangements	5,922	–	–	5,922
Finance charges on lease liabilities	–	17,092	–	17,092
Modification of the leases	–	(3,158)	–	(3,158)
Waiver of loan interest	–	–	(4,862)	(4,862)
Total other changes	61,478	152,794	–	214,272
At 31 December 2024	440,653	417,295	140,222	998,170

30. NOTES SUPPORTING THE CONSOLIDATED STATEMENT OF CASH FLOW (Continued)

(b) Reconciliation of liabilities arising from financing activities (Continued)

	Bank and other borrowings (Note 23) RMB'000	Lease liabilities (Note 25) RMB'000	Loans from immediate holding company (Note 24) RMB'000	Total RMB'000
At 1 January 2023	348,340	315,166	69,771	733,277
Changes from financing cash flows:				
Interest paid on bank loans	(12,169)	—	—	(12,169)
Interest paid on sale and leaseback arrangements	(274)	—	—	(274)
Interest paid on loans from immediate holding company	—	—	(1,128)	(1,128)
Repayment of interest element of lease liabilities	—	(16,715)	—	(16,715)
Repayment of capital element of lease liabilities	—	(28,826)	—	(28,826)
Proceeds from loan from immediate holding company	—	—	48,871	48,871
Repayment of loan from immediate holding company	—	—	(32,734)	(32,734)
Proceeds from bank loans	403,616	—	—	403,616
Repayment of bank loans	(415,339)	—	—	(415,339)
Repayment under sale and leaseback arrangements	(1,040)	—	—	(1,040)
Total changes from financing cash flows	(25,206)	(45,541)	15,009	(55,738)
Exchange adjustments	—	7	83	90
Other changes:				
Interest expenses	12,169	—	1,128	13,297
Capitalised borrowing costs	—	80	—	80
New leases	—	44,656	—	44,656
Finance charges on sale and leaseback arrangements	274	—	—	274
Finance charges on lease liabilities	—	16,635	—	16,635
Modification of the leases	—	(1,651)	—	(1,651)
Waiver of loan interest	—	—	(3,609)	(3,609)
Total other changes	12,443	59,720	(2,481)	69,682
At 31 December 2023	335,577	329,352	82,382	747,311

31. 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 of directors has 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 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 ended 31 December 2023 amounted to HK$0.08 per share was approved by the shareholders in the annual general meeting of the Company held on 18 June 2024 (2023: final dividend of HK$0.08 per share for the year ended 31 December 2022). The final dividend in respect of the year ended 31 December 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.

32. CAPITAL RISK MANAGEMENT

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders' returns that might be possible with higher levels of indebtedness (including bank and other borrowings, loans from immediate holding company and lease liabilities) and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The net debt-to-equity percentage at the end of each reporting period was as follows:

	2024 **RMB'000**	2023 RMB'000
Indebtedness	**998,170**	747,311
Less: Bank and cash balances (including pledged deposits)	**(110,652)**	(156,552)
Net indebtedness	**887,518**	590,759
Total equity	**526,063**	585,382
Net debt-to-equity percentage	**169%**	101%

33. FINANCIAL RISK MANAGEMENT

The Group's major financial instruments include trade receivables, bills receivable and other receivables, bank balances and cash, pledged deposits, trade and other payables, bank and other borrowings, lease liabilities and loans from immediate holding company. Details of the financial instruments are disclosed in respective notes. The risks associated with certain of these financial instruments include credit risk, liquidity risk, interest rate risk and currency risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

These risks are limited by the Group's financial management policies and practices described below.

(a) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of merely dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults.

At the end of each reporting period, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statements of financial position after deducting any impairment allowance.

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

The credit risk on bank balances, pledged deposits and bills receivables is low as the counterparties are reputable financial institutions.

In order to minimise credit risk in respect of trade receivables and other receivables, the management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations of its customers' financial position and condition are performed on each and every major customer periodically. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Group does not obtain collateral from customers.

In respect of trade receivables, the Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk. As at each of the reporting date, the Group has no concentration of credit risk. 19% (2023: 16%) of the trade receivables were due from the five largest customers of the Group, all of which have long term business relationships with the Group. The directors of the Company believe that the credit risk of trade receivables is not significant.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2024 and 2023:

As at 31 December 2024

	Weighted average lifetime ECLs rate	Gross carrying amount RMB'000	Lifetime ECLs RMB'000	Net carrying amount RMB'000
Collective assessment				
Not past due	0.19%	567,463	(1,069)	566,394
Past due				
1–90 days	0.23%	35,100	(81)	35,019
91–180 days	0.77%	875	(7)	868
181–270 days	18.15%	225	(41)	184
Over 270 days	91.29%	89	(81)	8
		603,752	(1,279)	602,473
Individual assessment	100%	2,765	(2,765)	–
Total		606,517	(4,044)	602,473

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

As at 31 December 2023

	Weighted average lifetime ECLs rate	Gross carrying amount RMB'000	Lifetime ECLs RMB'000	Net carrying amount RMB'000
Collective assessment				
Not past due	0.21%	503,024	(1,079)	501,945
Past due				
1–90 days	0.25%	27,251	(68)	27,183
91–180 days	3.84%	1,044	(40)	1,004
181–270 days	42.18%	296	(125)	171
		531,615	(1,312)	530,303
Individual assessment	99.89%	3,810	(3,806)	4
Total		535,425	(5,118)	530,307

There is no material change in the ECLs rates for trade receivables aged past due between 91–180 days as at 31 December 2024 and 2023 mainly due to no significant change in the gross carrying amount of trade receivables based on which the ECLs rates are determined. The ECLs rates also incorporate forward-looking information with reference to general macroeconomic conditions that may affect the ability of the debtors to settle receivables.

The following table reconciles the movement in allowance for impairment loss of trade receivables which are not credit-impaired during the year:

	2024 RMB'000	2023 RMB'000
At beginning of year	**5,118**	5,879
Impairment loss recognised	**2,273**	2,737
Reversal of impairment loss previously recognised	**(1,854)**	(227)
Written off	**(1,493)**	(3,271)
At end of year	**4,044**	5,118

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

For other receivables and deposits, the directors of the Company have taken into account the historical default experience and forward-looking information available without undue cost or effort at reporting date. The directors of the Company believe that there is no significant increase in credit risk of these amounts since initial recognition and risk of default is insignificant. For the years ended 31 December 2024 and 2023, the Group assessed the ECLs for deposits and other receivables were insignificant and thus no loss allowance was recognised.

(b) Liquidity risk

Each company within the Group is responsible for its own cash management, including the raising of loans to cover expected cash demands, subject to approval by the directors of the Company when proposed borrowings exceed certain predetermined authorised levels. The Group's policy is to regularly monitor its current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

A portion of the Group's trade payables form part of its supplier finance arrangement with selected suppliers. Refer to Note 23(b) for further details about the Group's supplier finance arrangement. Although the supplier finance arrangement results in concentrating a portion of the Group's trade payables with the participating bank, the Group does not view the arrangement as creating material concentration of liquidity risk as the total amount of trade payables forming part of the supplier finance arrangement represents a limited portion of total trade payables.

33. FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk (Continued)

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities as at the end of each reporting period, which are based on undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the reporting date) and the earliest date the Group can be required to pay.

	Carrying amount RMB'000	Total contractual undiscounted cash flows RMB'000	On demand or within 1 year RMB'000	More than 1 year but less than 5 years RMB'000	More than 5 years RMB'000
As at 31 December 2024					
Trade and other payables	**315,092**	**315,092**	**315,092**	**–**	**–**
Bank and other borrowings	**440,653**	**456,648**	**410,914**	**45,734**	**–**
Loans from immediate holding company	**140,222**	**145,495**	**145,495**	**–**	**–**
Lease liabilities	**417,295**	**535,365**	**65,634**	**210,569**	**259,162**
	1,313,262	**1,452,600**	**937,135**	**256,303**	**259,162**
As at 31 December 2023					
Trade and other payables	313,711	313,711	313,711	–	–
Bank and other borrowings	335,577	346,801	316,594	30,207	–
Loans from immediate holding company	82,382	85,879	85,879	–	–
Lease liabilities	329,352	428,451	51,998	151,128	225,325
	1,061,022	1,174,842	768,182	181,335	225,325

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Interest rate risk

Cash flow interest rate risk is the risk that the cash flows of the financial instruments will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of the financial instruments will fluctuate because of changes in market interest rates.

The following table details the interest rate profile of the Group's borrowings at the end of each reporting period.

	2024 Effective interest rate	2024 RMB'000	2023 Effective interest rate	2023 RMB'000
Fixed rate borrowings:				
Bank loans, secured	**3.42%**	**373,505**	3.74%	294,592
Other borrowings, secured	**8.51%**	**67,148**	7.82%	40,985
Lease liabilities	**8.61%**	**417,295**	9.64%	329,352
		857,948		664,929
Floating rate borrowings:				
Loans from immediate holding company	**3.26%–7.56%**	**140,222**	3.26%–8.03%	82,382
		998,170		747,311

Details of the Group's borrowings are disclosed in Notes 23, 24 and 25 to the consolidated financial statements.

Sensitivity analysis on interest rate risk on loans from immediate holding company

The following table illustrates the approximate change in the Group's (loss)/profit for the year and (accumulated losses)/retained profits in response to reasonably possible changes in interest rates at 31 December 2024 with all other variables held constant:

	2024 RMB'000	2023 RMB'000
Increase by 1%	**(1,171)**	(688)
Decrease by 1%	**1,171**	688

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for loans from immediate holding company in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date.

33. FINANCIAL RISK MANAGEMENT (Continued)

(d) Currency risk

The Group is exposed to foreign currency risk primarily through transactions that are denominated in currencies other than the functional currency of each of the Group's entities. The currencies relevant to this risk are primarily US$ and HK$.

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which it relates.

	2024 RMB'000	2023 RMB'000
Assets or liabilities denominated in HK$		
Bank balances and cash	**1,464**	382
Trade and other receivables	**12**	—
Trade and other payables	**(6)**	(6)
Loan from immediate holding company	**(140,222)**	(82,382)
Lease liabilities	**(640)**	(213)
	(139,392)	(82,219)
Assets or liabilities denominated in US$		
Bank balances and cash	**1,258**	711
Trade and other receivables	**490**	412
Trade and other payables	**(1,641)**	(2,006)
	107	(883)
Overall net exposure	**(139,285)**	(83,102)

33. FINANCIAL RISK MANAGEMENT (Continued)

(d) Currency risk (Continued)

The following table indicates the approximate change in the Group's profit for the year ended 31 December 2024 and 2023 and retained profits in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of each reporting period.

	2024		2023	
	Increase/ (decrease) in foreign exchange rates	Effect on profit for the year and retained profits RMB'000	Increase/ (decrease) in foreign exchange rates	Effect on profit for the year and retained profits RMB'000
HK$	**5%**	**6,970**	5%	4,111
	(5%)	**(6,970)**	(5%)	(4,111)
US$	**5%**	**5**	5%	44
	(5%)	**(5)**	(5%)	(44)

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of each reporting period and had been applied to each of the group entities; exposure to currency risk for both derivative and non-derivative financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the relevant period until the next annual reporting date.

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34. PARTICULARS OF SUBSIDIARIES

As at each reporting date, the Company has direct and indirect interests in the following subsidiaries, all of which are private limited liability companies:

Name of subsidiary	Date and place of incorporation	Authorised/ registered capital	Proportion of effective equity interest held by the Group 2024	2023	Principal activities, place of operation
Pacific Millennium Packaging Holdings Limited(1)(4) 國際濟豐包裝控股有限公司	12 August 2014, the British Virgin Islands	US$1	**100%**	100%	Investment holding, Hong Kong
Pacific Millennium Paper Group Limited(1)(4) 國際濟豐紙業集團有限公司	21 November 2001, Hong Kong	US$24,695,524	**100%**	100%	Investment holding, Hong Kong
上海濟豐包裝紙業有限公司 Shanghai Pacific Millennium Packaging & Paper Industries Co., Ltd. ("**SHBP**")(2)(3)(5)	29 March 1994, the PRC	RMB246,000,000	**100%**	100%	Sale of packaging materials, the PRC
青島濟豐包裝紙業有限公司 Qingdao Pacific Millennium Packaging & Paper Industries Co., Ltd.(2)(6)	21 March 1996, the PRC	US$3,000,000	**100%**	100%	Manufacture and sale of packaging materials, the PRC
蘇州濟豐包裝紙業有限公司 Suzhou Pacific Millennium Packaging & Paper Industries Co., Ltd.(2)(6)	23 September 2002, the PRC	US$4,250,000	**100%**	100%	Manufacture and sale of packaging materials, the PRC
蕪湖濟豐包裝紙業有限公司 Wuhu Pacific Millennium Packaging & Paper Industries Co., Ltd.(2)(6)	14 December 2005, the PRC	US$1,260,000	**100%**	100%	Manufacture and sale of packaging materials, the PRC
浙江濟豐包裝紙業有限公司 ZheJiang Pacific Millennium Packaging & Paper Industries Co., Ltd.(2)(6)	6 January 2006, the PRC	US$5,560,000	**100%**	100%	Manufacture and sale of packaging materials, the PRC
南京濟豐包裝紙業有限公司 Nanjing Pacific Millennium Packaging & Paper Industries Co., Ltd.(2)(6)	14 January 2006, the PRC	US$5,000,000	**100%**	100%	Manufacture and sale of packaging materials, the PRC
濟豐包裝(上海)有限公司 Pacific Millennium Packaging Corporation(2)(6)	10 October 2008, the PRC	US$500,000	**100%**	100%	Sale of packaging materials, the PRC
大連濟豐包裝紙業有限公司 Dalian Pacific Millennium Packaging & Paper Industries Co., Ltd.(2)(6)	15 November 2007, the PRC	US$3,000,000	**100%**	100%	Manufacture and sale of packaging materials, the PRC
天津濟豐包裝紙業有限公司 Tianjin Pacific Millennium Packaging & Paper Industries Co., Ltd.(2)(6)	14 February 2007, the PRC	US6,000,000	**100%**	100%	Manufacture and sale of packaging materials, the PRC

34. PARTICULARS OF SUBSIDIARIES (Continued)

Name of subsidiary	Date and place of incorporation	Authorised/ registered capital	Proportion of effective equity interest held by the Group 2024	2023	Principal activities, place of operation
瀋陽濟豐包裝紙業有限公司 Shenyang Pacific Millennium Packaging & Paper Industries Co., Ltd.[(2)(6)]	5 September 2013, the PRC	US$5,000,000	**100%**	100%	Manufacture and sale of packaging materials, the PRC
江蘇濟豐包裝紙業有限公司 Jiangsu Pacific Millennium Packaging & Paper Industries Co., Ltd.[(2)(6)]	6 July 2015, the PRC	US$10,000,000	**100%**	100%	Manufacture and sale of packaging materials, the PRC
常熟濟豐包裝紙業有限公司 Changshu Pacific Millennium Packaging & Paper Industries Co., Ltd.[(2)(6)]	17 November 2015, the PRC	US$8,000,000	**100%**	100%	Manufacture and sale of packaging materials, the PRC
廣東濟豐包裝紙業有限公司 Guangdong Pacific Millennium Packaging & Paper Industries Co., Ltd.[(2)(6)]	20 December 2016, the PRC	US$8,000,000	**100%**	100%	Manufacture and sale of packaging materials, the PRC
太倉濟豐包裝紙業有限公司 Taicang Pacific Millennium Packaging & Paper Industries Co., Ltd. ("**TCBP**")[(2)(6)]	23 August 2017, the PRC	US$15,000,000	**100%**	100%	Manufacture and sale of packaging materials, the PRC
山東濟豐包裝有限公司 Shandong Pacific Millennium Packaging Industries Co., Ltd.[(2)(6)]	15 July 2019, the PRC	US$12,500,000	**100%**	100%	Manufacture and sale of packaging materials, the PRC
佛山濟豐包裝科技有限公司 Foshan Pacific Millennium Packaging & Technology Co., Ltd.[(2)(6)]	10 November 2020, the PRC	US$8,000,000	**100%**	100%	Manufacture and sale of packaging materials, the PRC
安徽濟豐包裝科技有限公司 Anhui Pacific Millennium Packaging & Technology Co., Ltd. ("**AHBP**")[(2)(6)]	27 May 2021, the PRC	US$11,000,000	**100%**	100%	Manufacture and sale of packaging materials, the PRC
湖州濟豐包裝科技有限公司 Huzhou Pacific Millennium Packaging & Technology Co., Ltd. ("**HZBP**")[(2)(3)(6)]	12 July 2023, the PRC	US$8,500,000	**100%**	100%	Manufacture and sale of packaging materials, the PRC
湖北濟豐包裝有限公司 Hubei Pacific Millennium Packaging & Industries Co., Ltd. ("**HBBP**")[(2)(3)(6)]	16 October 2023, the PRC	US$8,000,000	**100%**	100%	Manufacture and sale of packaging materials, the PRC
重慶濟豐包裝有限公司 Chongqing Pacific Millennium Packaging & Industries Co., Ltd. ("**CQBP**")[(2)(3)(6)]	26 December 2024, the PRC	US$8,000,000	**100%**	—	Manufacture and sale of packaging materials, the PRC

(1) The Chinese name is for identification only. The official name of the company is in English.

(2) The English name is for identification only. The official name of the company is in Chinese.

(3) The authorised/registered capital of the respective subsidiaries listed above were fully paid as at 31 December 2024 except for the registered capital of SHBP, HZBP, HBBP and CQBP which have paid up capital of RMB245,886,135, RMB15,226,766, RMB28,553,035 and nil respectively.

(4) The legal entity is private limited company.

(5) The legal entity is wholly-foreign owned enterprise.

(6) The legal entity is sino-foreign joint venture.

35. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 31 December 2024 and 2023 are categorised as follows:

	2024 RMB'000	2023 RMB'000
Financial assets		
Financial assets at amortised cost		
Trade receivables, bills receivables, other receivables and deposits	**645,638**	569,715
Pledged deposits	**11,250**	11,250
Bank balances and cash	**99,402**	145,302
	756,290	726,267
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables	**315,092**	313,711
Loans from immediate holding company	**140,222**	82,382
Bank and other borrowings	**440,653**	335,577
Lease liabilities	**417,295**	329,352
	1,313,262	1,061,022

The carrying amounts of the financial assets included above approximate their fair values due to their short term nature.

The carrying values of the financial liabilities (including current portion of bank and other borrowings) included above approximate their fair values due to their short term nature.

The fair values of the non-current portion of bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for borrowings with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for bank and other borrowings as at 31 December 2023 and 2022 were assessed to be insignificant. The carrying values of the non-current portion of bank and other borrowings also approximate their fair values as at 31 December 2024 and 2023.

36. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	2024 RMB'000	2023 RMB'000
Non-current asset			
Investments in subsidiaries		**168,626**	168,626
Current assets			
Amounts due from subsidiaries		**274,485**	269,092
Bank balances and cash		**1,122**	415
Prepayments		**11**	—
		275,618	269,507
Current liabilities			
Other payables		**6**	6
Net current assets		**275,612**	269,501
Total assets less current liabilities		**444,238**	438,127
Equity			
Share capital	26	**2,442**	2,442
Reserves	27	**441,796**	435,685
Total equity		**444,238**	438,127

Mr. Cheng Hsien-Chun
Director

Mr. Kiang Tien Sik David
Director

37. EVENT AFTER THE REPORTING PERIOD

There was no significant event which took place after 31 December 2024.

38. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the directors on 25 March 2025.

Five-Year Financial Summary

	For the year ended 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Results					
Revenue	**2,132,395**	2,002,406	2,178,409	2,400,426	2,041,606
(Loss)/profit before income tax	**(19,096)**	36,855	40,442	62,330	113,219
Income tax expense	**(278)**	(14,441)	(17,621)	(18,701)	(34,800)
(Loss)/profit for the year	**(19,374)**	22,414	22,821	43,629	78,419

	As at 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets and liabilities					
Total assets	**1,852,213**	1,661,827	1,682,699	1,642,345	1,487,370
Total liabilities	**(1,326,150)**	(1,076,445)	(1,080,153)	(1,011,950)	(839,503)
Net assets	**526,063**	585,382	602,546	630,395	647,867

Note: The summary above does not form part of the audited consolidated financial statements.

The above financial information is a summary of the consolidated results and liabilities of the Group, prepared for the last five years, as extracted from the audited consolidated financial statement of the Group.