



PACIFIC MILLENNIUM PACKAGING GROUP CORPORATION

國際濟豐包裝集團

股份代號: 1820

2020 Interim Results





Review of 1H2020 Interim Results

1H2020 Industry Overview

- Global economic downturn
- COVID-19 outbreak worldwide
- Sino-US trade war
- Rapid development of e-commerce brings increased demand
- Growth of domestic demand for certain necessities

Results Highlights

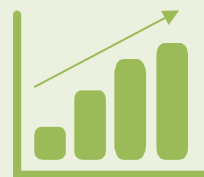
Total Revenue
approximately
RMB882.8
million



Gross Profit



21.4%



approximately RMB29.5 million

Gross Profit Margin

19.1%

increase of
approximately 1.1 percent point



Profit
approximately
RMB168.4 million



**Basic earnings per
share RMB 0.10**



The Shandong plant is
expected to be completed
in September 2020, and
the Foshan plant is
expected to start in
October 2020





Corrugated Packaging Products – Main Source of Revenue

- Corrugated packaging products are still the major revenue contributor, accounting for approximately 91.7% of the Group's total revenue

Corrugated packaging products

Corrugated boxes



Corrugated pallets



Corrugated display stands



Heavy duty packaging products

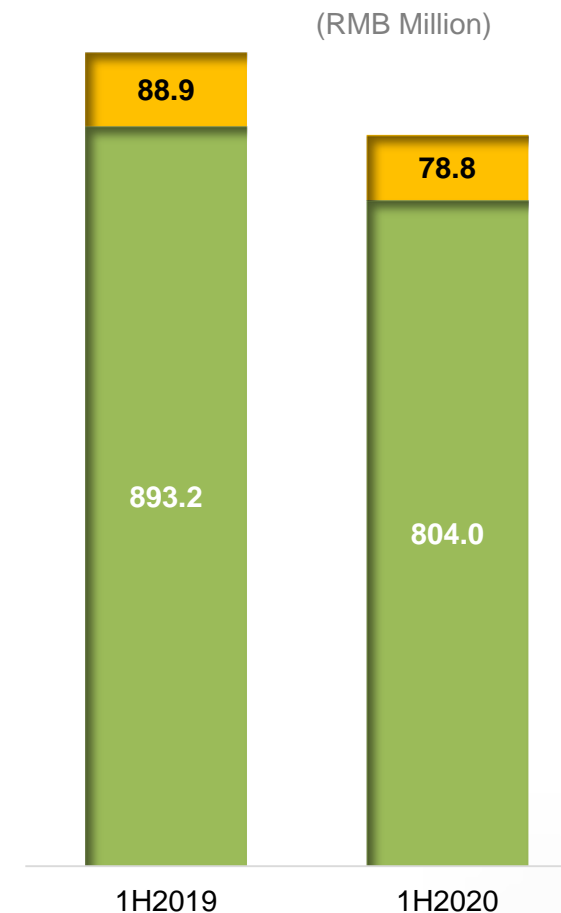


Corrugated sheet boards

Corrugated sheet boards



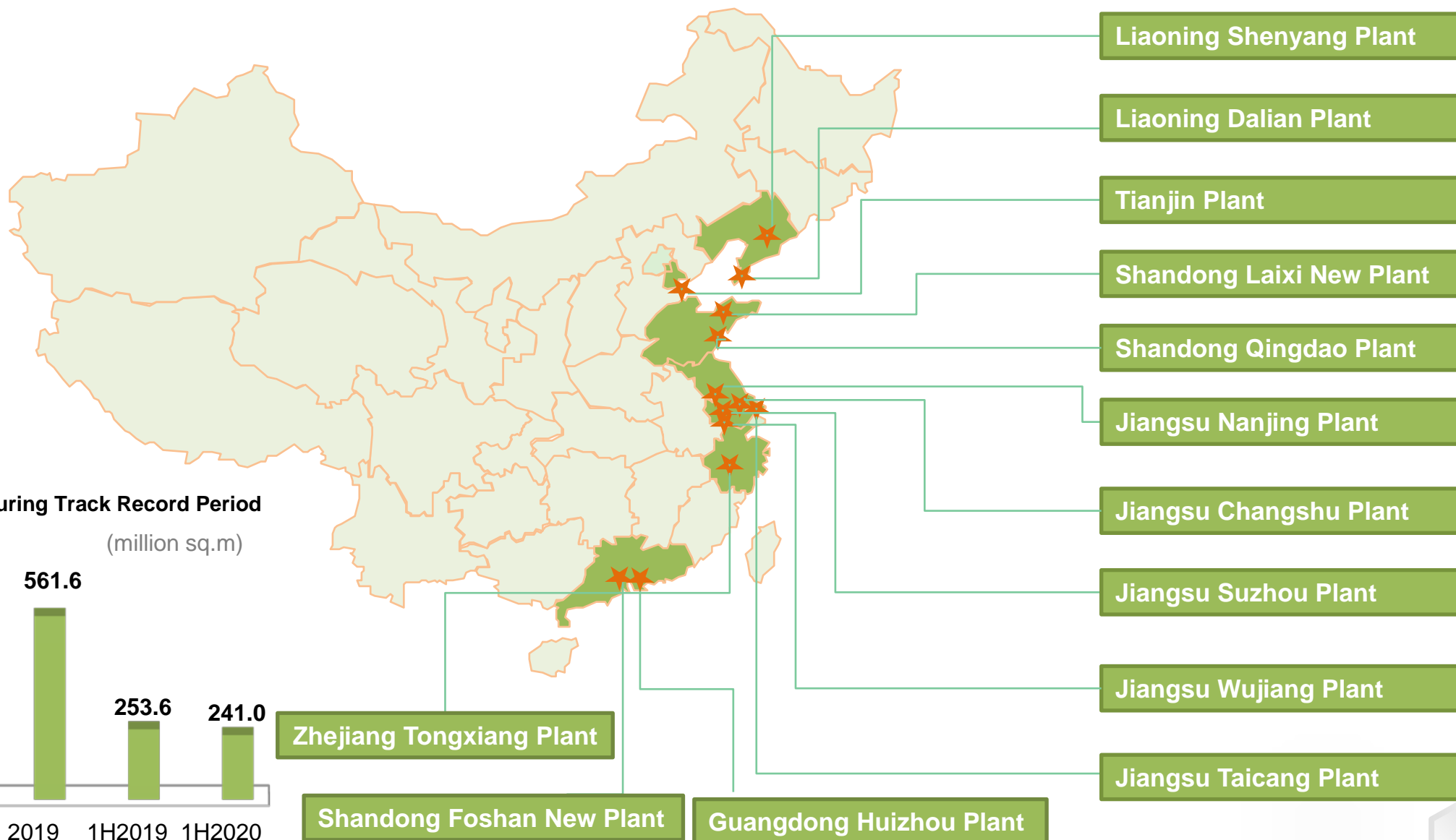
- Corrugated sheet boards
- Corrugated packaging products



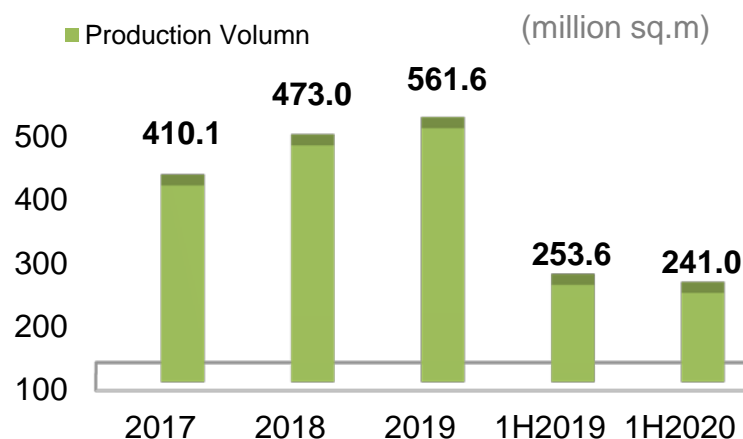


Extensive Geographic coverage of Production Plants

All of the Production plants Continued to Record Growth



Actual production volume during Track Record Period



1

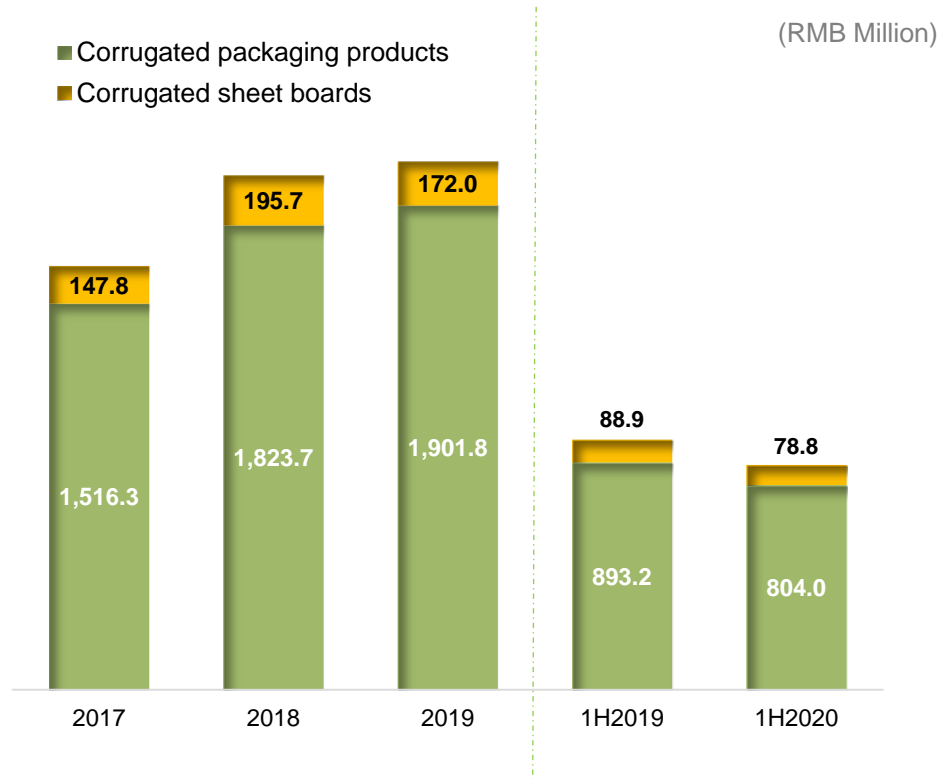
Financial Review



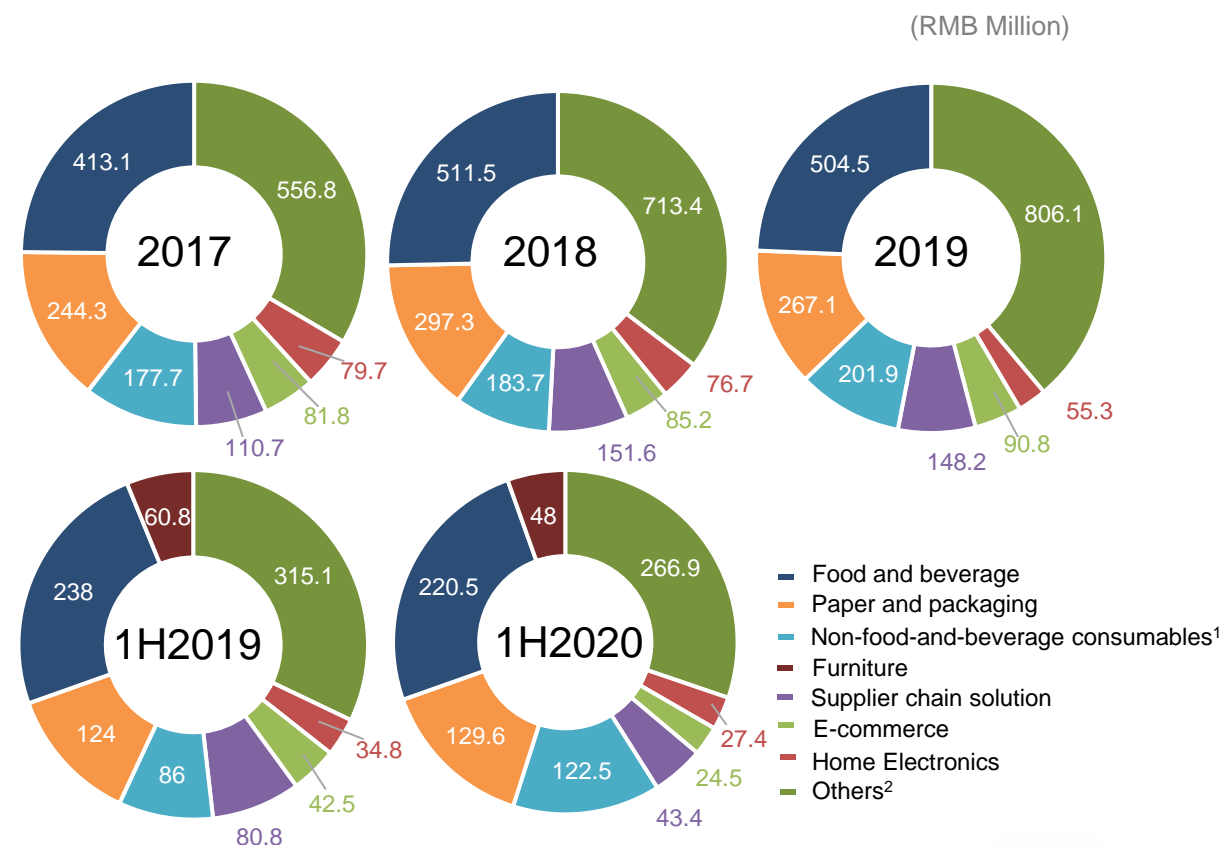


Sustainable Growth of Revenue and Profitability

Revenue by products



Revenue by customers' industry

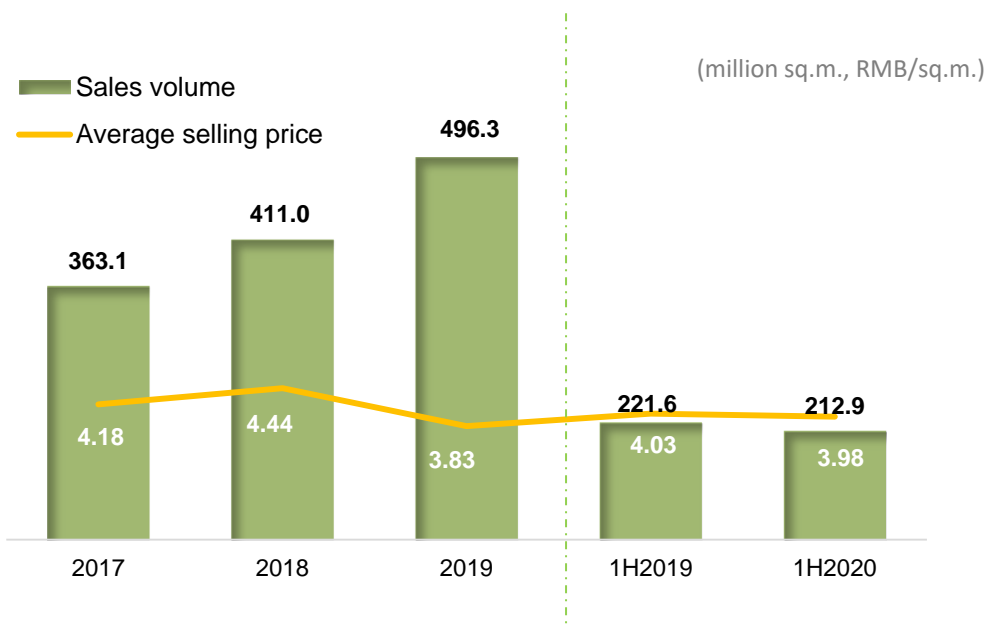


Note: 1. Non-food-and-beverage-consumables include, but not limited to, daily household products such as shampoo, detergent, skin care products
2. Others include computer and electronic device such as mobile phones, cameras, textile, machinery, medical products, etc.

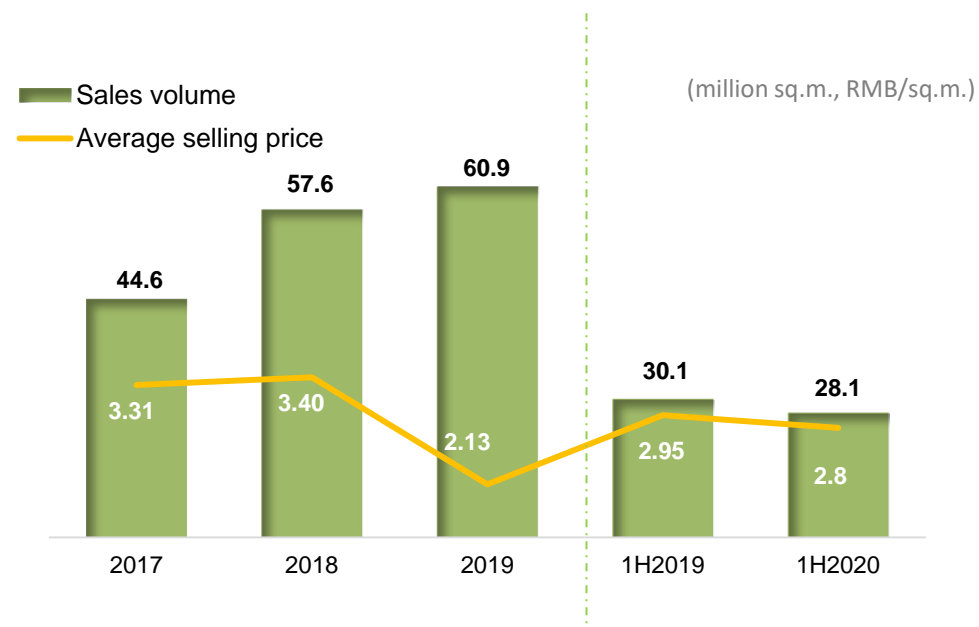


Sustainable Growth of Revenue and Profitability (Cont')

Sales volume and average selling price of corrugated packaging products



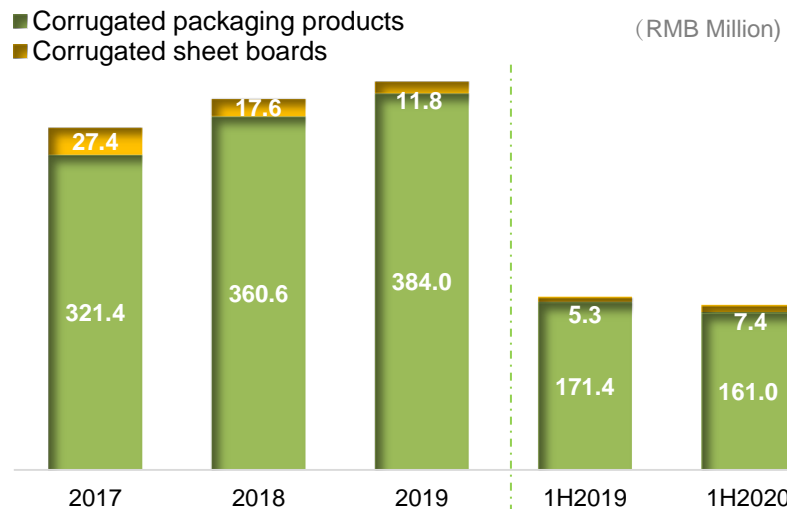
Sales volume and average selling price of corrugated sheet boards



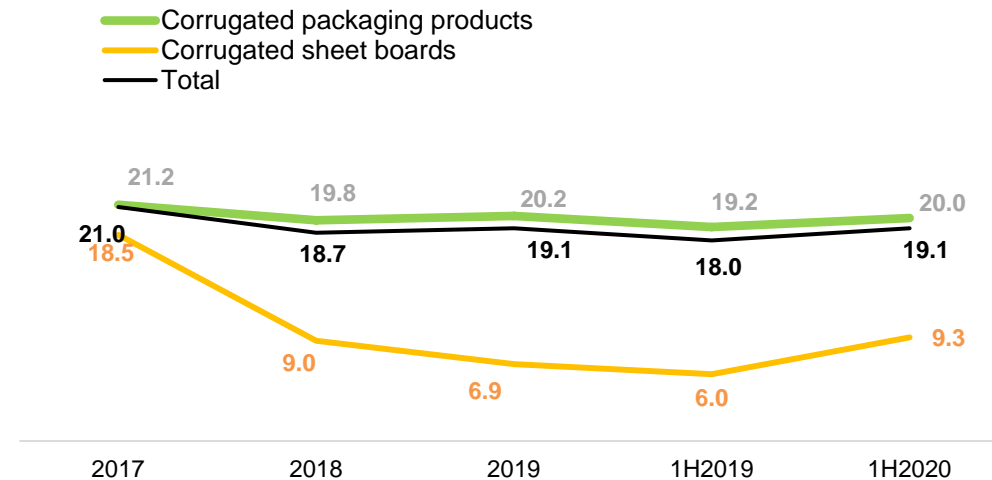


Sustainable Growth of Revenue and Profitability (Cont')

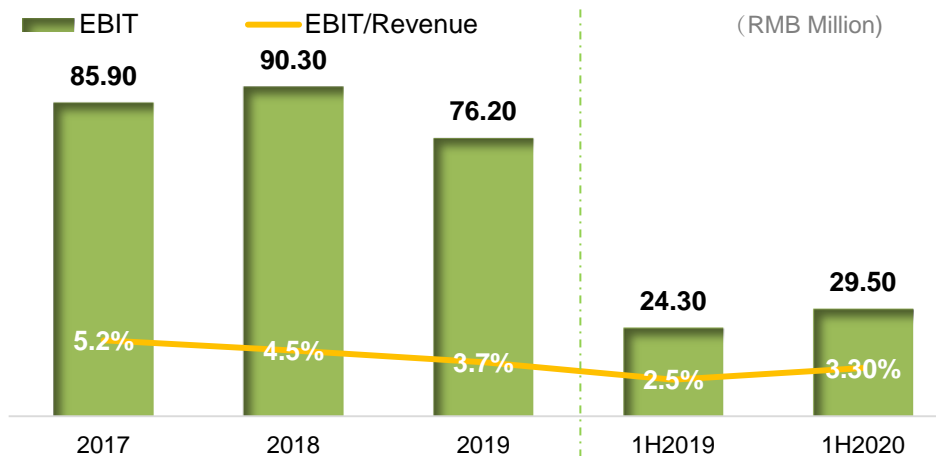
Gross profit by products



Gross profit margin by products



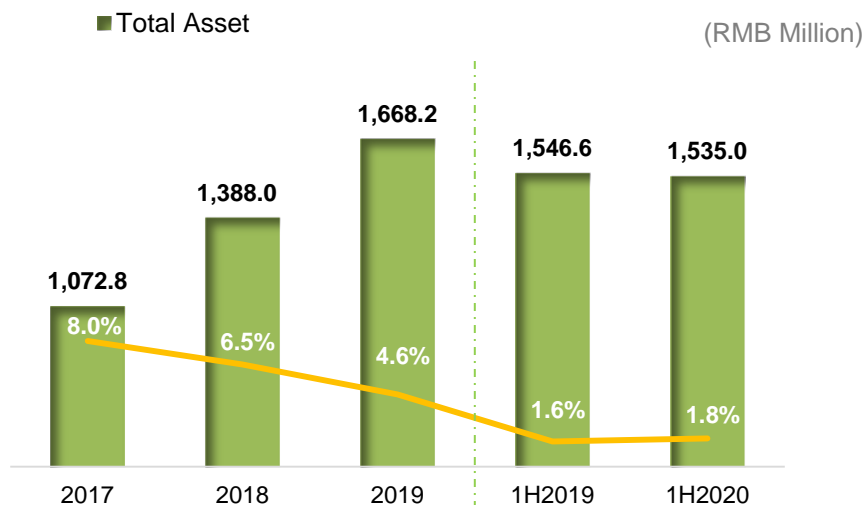
Net profit and net profit margin



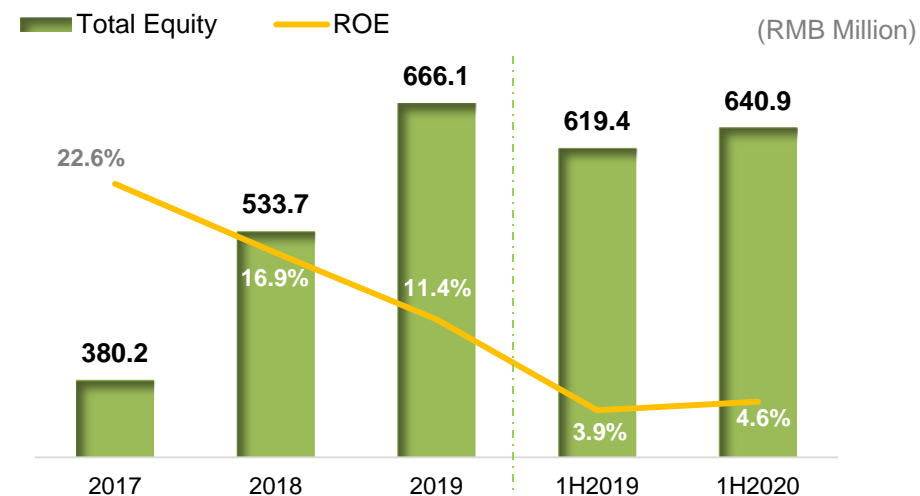


Improving Capital Structure and Financial Position

Total asset and ROA



Total equity and ROE



Financial Ratios (%)

	2017	2018	2019	1H2019	1H2020
Current ratio	1.01	1.28	1.24	1.28	1.26
Quick ratio	0.84	1.14	1.05	1.09	1.10
Gearing ratio	0.99	0.75	0.91	0.82	0.81
Debt to equity ratio	0.76	0.07	0.45	0.45	0.43
Interest coverage ratio	7.91	5.42	4.38	2.96	3.90

2

Future Development





Take Appropriate Steps to Cope with the Changing Demand of the Market



Consolidate market position, capitalize on the growth of domestic demand amid the pandemic and beyond



Continue to expand the network of production plants in Shandong and Guangdong, seize the future growth potential and momentum of local market

Change the use of proceeds and deploy financial resources more efficiently, in the best interest of the Group



Integrate the Group's regional operating advantage to provide all-round services with higher value for customers





Expand Network of Production Plants and Service Radius Coverage to Further Enhance Geographical Coverage and Market Penetration

Expand production capacity strategically and service radius

Existing production plants

11

No. of plants

725

Million sq.m.

Production
capacity



Location	Status of expansion/ Expected time of completion	Expected date of commencement of production	Sources of capital
Shandong, Laixi	Under construction / September 2020	2020 Q4	Global Offering
Guangdong, Foshan	Location confirmed / July 2021	2021 Q3	Global Offering

Strict site selection for new plants



- Business potential in the relevant coastal regions



- Whether they are complementary to existing production plants/markets



- Geographical distance from target customers (i.e. within 150km radius from their production bases)



- Estimated orders from existing customers in the region



- Building /leasing contracts with at least 15 years leasing term



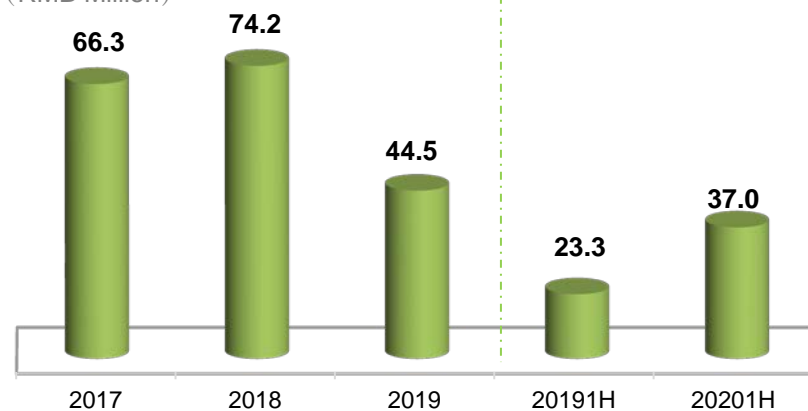
Grasp the Industry Needs: Upgrade Production Facilities and Purchase New Machinery and Equipment to Further Enhance Production Efficiency

Advanced production equipment and preventive maintenance system improve the efficiency and profitability

- Major machinery and equipment are purchased in the PRC, Japan, Taiwan and Germany
- 63 maintenance personnel and technicians responsible for routine inspections and maintenance of production machinery and equipment to maintain their optimum performance

Capital expenditure on upgrading and purchasing machinery and equipment during Track Record Period

(RMB Million)



1800 mm corrugator
1 unit

2200 mm corrugators
9 units

2500 mm corrugators
1 unit



Flexographic printers
48 units



Auto folder gluers
17 units



Auto platen die-cutters
13 units



Grasp the Industry Needs: Upgrade Production Facilities and Purchase New Machinery and Equipment to Further Enhance Production Efficiency(Cont')

Enhance the level of automation by upgrading production facilities and purchasing new machinery and equipment



Flexo folder gluer in-line systems

- Integrate the printing, folding and gluing production processes of corrugated packaging products



Conveyor systems

- Connecting between different stages of production process for transportation of semi-finished and finished products



Others

- Robotic arms and automated pallet folders



Expected increase in production capacities

**20
Million
sq.m./per
year**

Total costs for upgrade and purchase of machinery and equipment

**17.5
Million
RMB**





Deepen Strategic Cooperation with Key Customers



