



**Pacific  
Millennium**

PACIFIC MILLENNIUM PACKAGING GROUP CORPORATION

國際濟豐包裝集團

Stock Code: 1820

**2019** Annual  
Results

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# Review of 2019 Annual Results

## 2019 Industry Overview

- Continuing global economic downturn and the effect of the Sino-US trade war
- Irregular and small-scale enterprises had been compelled to close down or eliminated
- Rapid development of e-commerce
- Growth in domestic demand on food and beverage and basic necessities

### Results Highlights

#### Total Revenue

↑ **2.7%**



approximately RMB2,073.9 million

#### Gross Profit

↑ **4.7%**



approximately RMB395.8 million

#### Gross Profit Margin

**19.1%**

increase of

**approximately 0.4 percent point**



**Profit  
approximately  
RMB76.2  
million**



**Basic earnings  
per share  
RMB 0.25**



Commenced construction of a new production plant in Shandong province and started to identify locations in Foshan to set up new production plant during the year, to broaden geographical coverage and market penetration



# 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



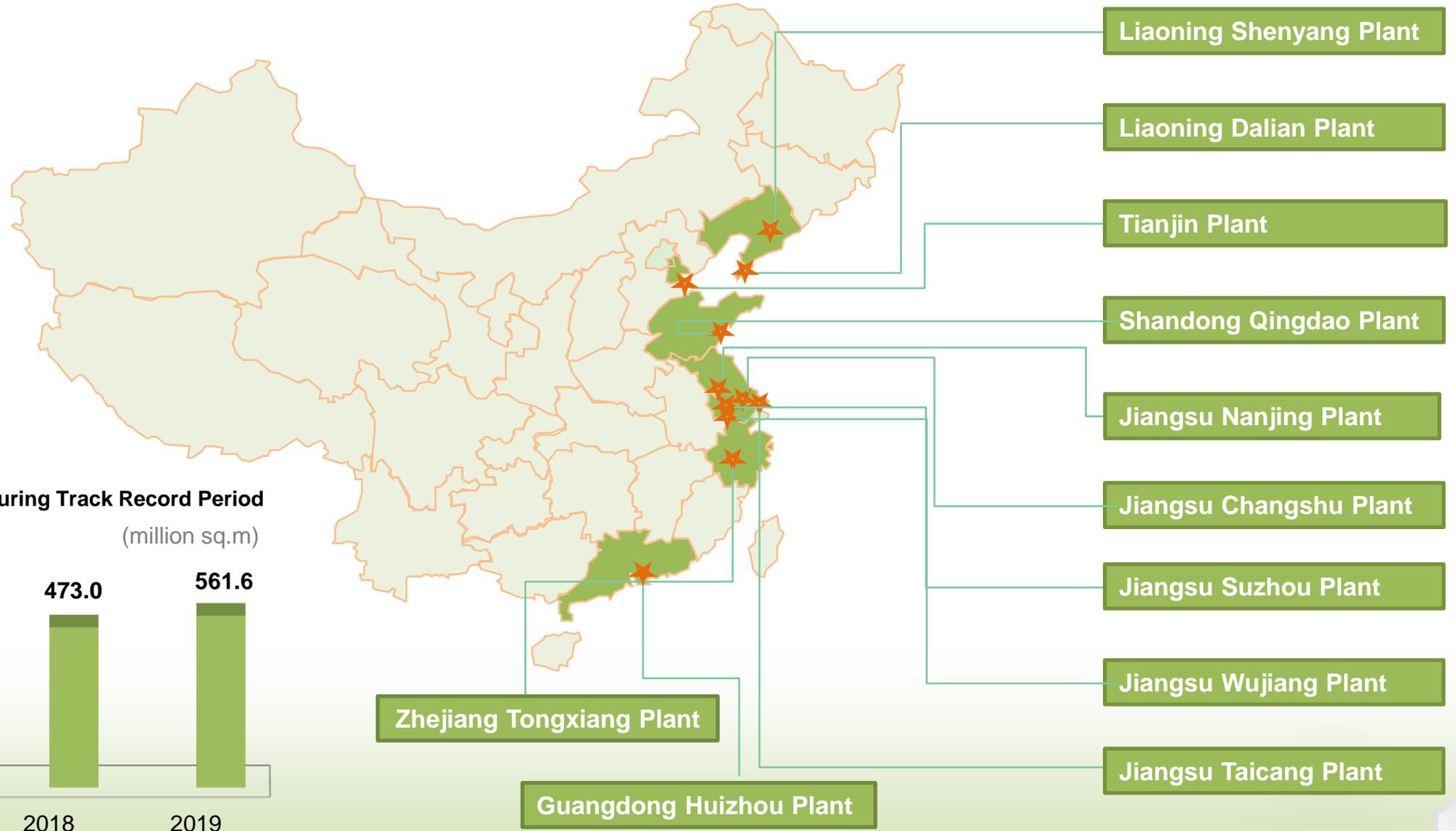
- Corrugated sheet boards
- Corrugated packaging products

(RMB Million)

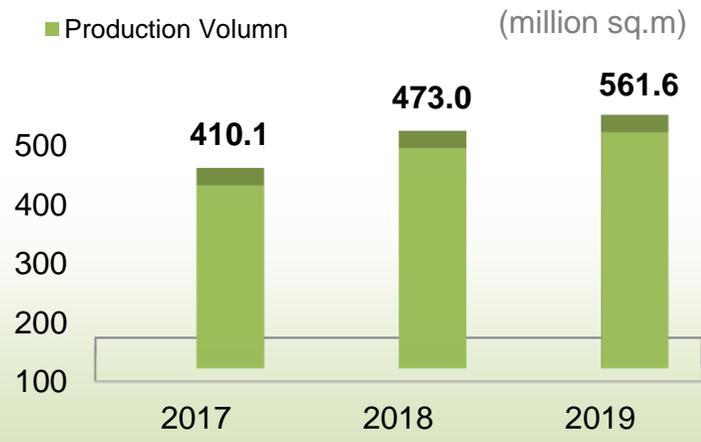


# Extensive Geographic coverage of Production Plants

## All of the Production plants Continued to Record Growth



Actual production volume during Track Record Period



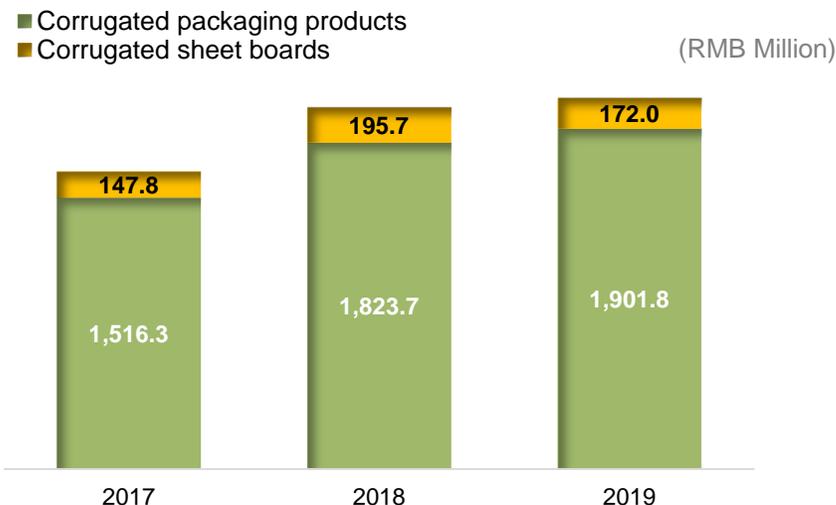


# Financial Review

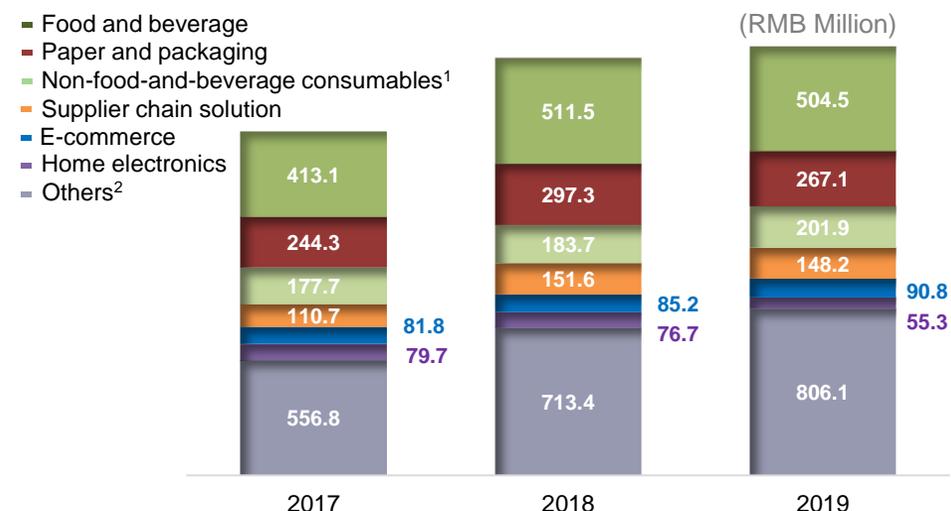
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# Sustainable Growth of Revenue and Profitability

## Revenue by products



## Revenue by customers' industry



## Sales volume and average selling price of corrugated packaging products



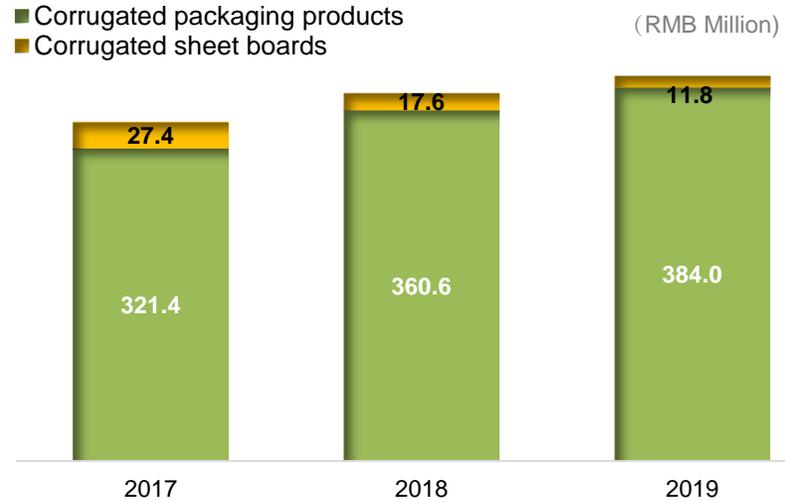
## Sales volume and average selling price of corrugated sheet boards



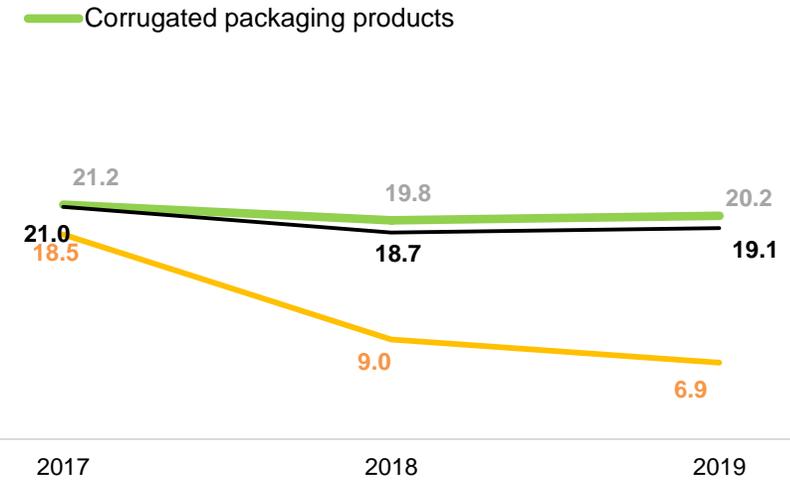
Note: 1. Non-food-and-beverage-consumables include, but not limited to, daily household products such as shampoo, detergent, skin care products  
 2. Others include home furniture, computer and electronic device such as mobile phones, cameras, textile, machinery, medical products, etc.

# Sustainable Growth of Revenue and Profitability (Cont')

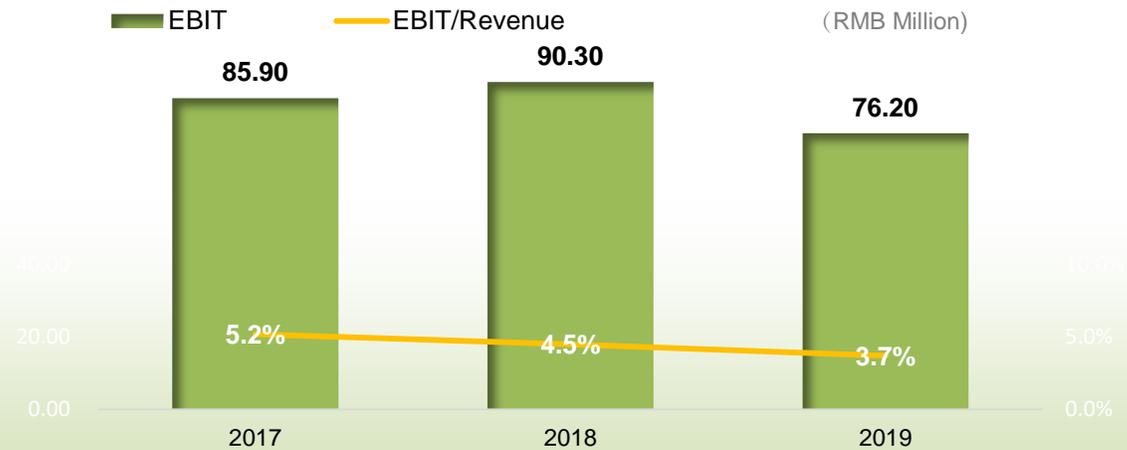
## Gross profit by products



## Gross profit margin by products

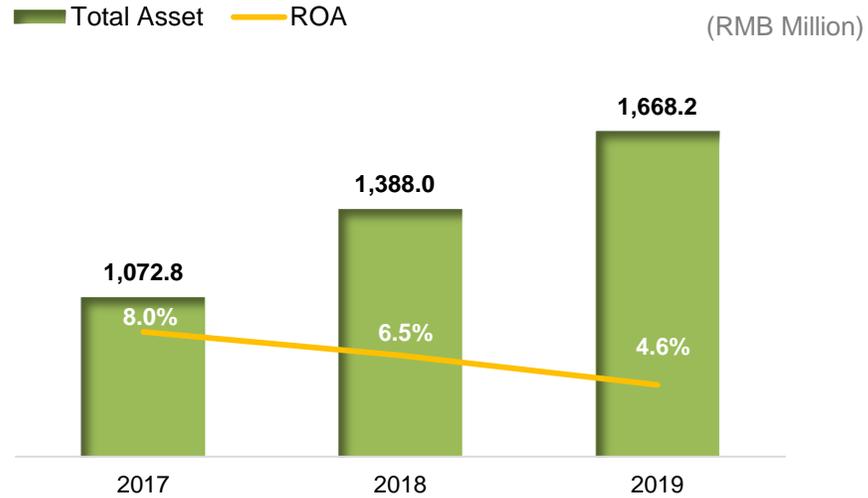


## Net profit and net profit margin

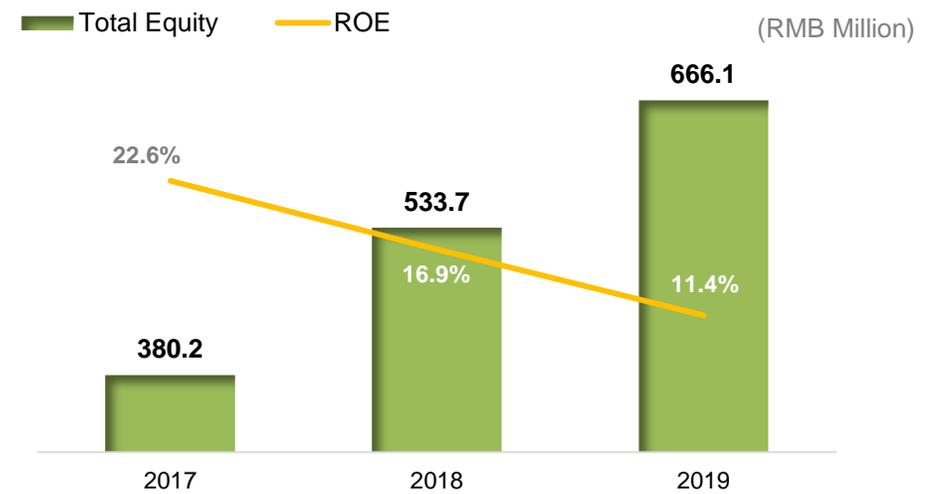


# Improving Capital Structure and Financial Position

## Total asset and ROA



## Total equity and ROE



## Financial Ratios (%)

	2017	2018	2019
Current ratio	1.01	1.28	1.24
Quick ratio	0.84	1.14	1.05
Gearing ratio	0.99	0.75	0.91
Debt to equity ratio	0.76	0.07	0.45
Interest coverage ratio	7.91	5.42	4.38



# Future Development

# Actively Respond to the Pandemic Outbreak

## Seize the Development Opportunity

All production plants resumed production and restored normal operation by mid-February

Production machinery of all paper mills resumed normal operation in mid-March. Supply of raw paper has become stable

Inventory of the Company's finished products was close to normal level by end of March

E-commerce logistics industry recorded growth, owing to the expanding "home economy". Demand for anti-epidemic related products continued to increase. Consequently, the Company's business volume was back to normal in March

# 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



Location	Status of expansion/ Expected time of completion	Expected date of commencement of production	Sources of capital
Guangdong, Foshan	Selecting suitable site / 2021 Q1	2021 Q2	Global Offering
Shandong	Under construction / 2020 Q2	2020 Q3	Global Offering
Zhejiang, Haiyan	Selecting suitable site	/	Own Capital

## 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

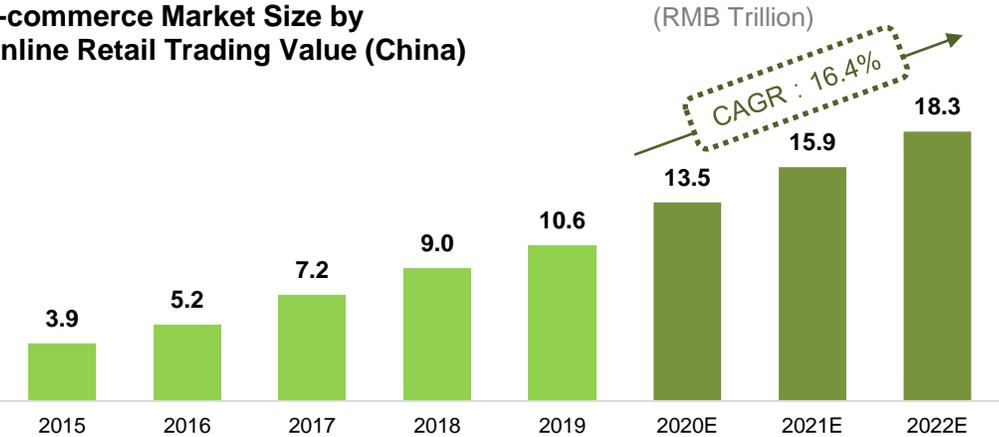


- Building /leasing contracts with at least 15 years leasing term

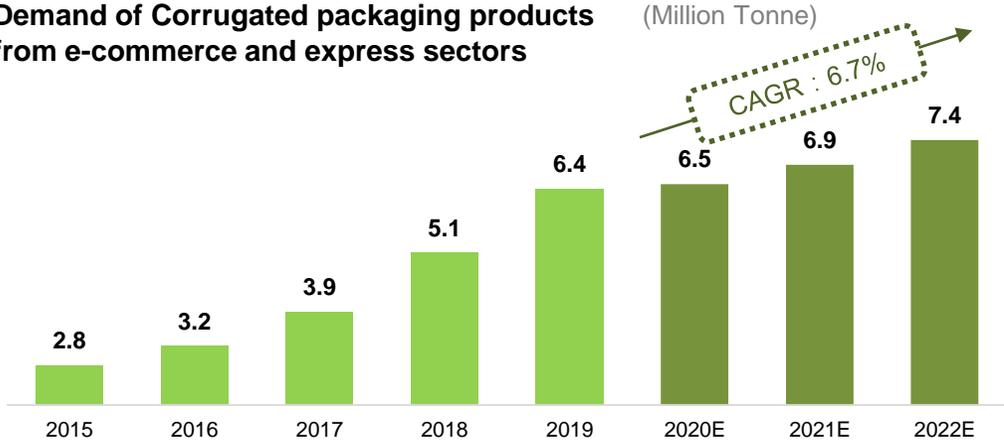
# Grasp the Industry Needs: Continue to focus on Developing e-commerce, Express Delivery and Logistic Service Customer Base

Rapid growth of e-commerce and express sectors has led to increasing demand for corrugated boxes

E-commerce Market Size by Online Retail Trading Value (China)



Demand of Corrugated packaging products from e-commerce and express sectors



Keep abreast of customer’s demand, focus on developing e-commerce, express delivery and logistic service customer base



- Established a designated sales team
- Continue to expand the production capacity and geographical coverage of production plants



# 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**

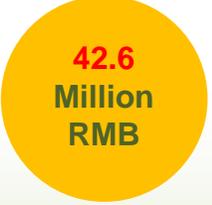
- Robotic arms and automated pallet folders



Expected increase in production capacities



Total costs for upgrade and purchase of machinery and equipment



# Deepen Strategic Cooperation with Key Customers





**Thank you**