



C&D Newin Paper & Pulp Corporation Limited

(Incorporated in Bermuda with limited liability)

(Stock Code : 0731)

2025 INTERIM REPORT

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BOARD OF DIRECTORS

Executive Directors

Mr. Huang Tiansheng (*Chief Executive Officer*)
Mr. Lin Ruqing

Non-executive Directors

Mr. Zhang Xiaohui (*Chairman of the Board*)
Mr. Choi Wai Hong, Clifford

Independent non-executive Directors

Mr. Zhao Lin (resigned as independent non-executive director of the Company with effect on 31 May 2025)
Mr. Wong Yiu Kit, Ernest
Ms. Hong Ting (resigned as independent non-executive director of the Company with effect on 28 February 2025)
Ms. Chan Siu Mat (appointed as independent non-executive director of the Company with effect on 28 February 2025)
Mr. Chen Wenshui (appointed as independent non-executive director of the Company with effect on 31 May 2025)

AUDIT COMMITTEE

Mr. Wong Yiu Kit, Ernest (*Chairman*)
Mr. Choi Wai Hong, Clifford
Ms. Hong Ting (resigned with effect on 28 February 2025)
Ms. Chan Siu Mat (appointed with effect on 28 February 2025)

REMUNERATION COMMITTEE

Mr. Zhao Lin (resigned with effect on 31 May 2025)
Mr. Chen Wenshui (*Chairman*) (appointed with effect on 31 May 2025)
Mr. Zhang Xiaohui
Ms. Hong Ting (resigned with effect on 28 February 2025)
Ms. Chan Siu Mat (appointed with effect on 28 February 2025)

NOMINATION COMMITTEE

Mr. Zhao Lin (resigned with effect on 31 May 2025)
Mr. Chen Wenshui (*Chairman*) (appointed with effect on 31 May 2025)
Mr. Zhang Xiaohui
Ms. Hong Ting (resigned with effect on 28 February 2025)
Ms. Chan Siu Mat (appointed with effect on 28 February 2025)

JOINT COMPANY SECRETARIES

Dr. Wong Chi Ho, Raymond
Ms. Li Jing

AUTHORISED REPRESENTATIVES

Mr. Zhang Xiaohui
Dr. Wong Chi Ho, Raymond

REGISTERED OFFICE

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31 Victoria Street, Hamilton HM10,
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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No. 168–200, Connaught Road Central,
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Global Corporate Services
(Bermuda) Limited
Canon's Court, 22 Victoria Street,
PO Box HM 1179, Hamilton HM EX,
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
Room 2103B, 21/F, 148 Electric Road
North Point, Hong Kong

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited
Industrial and Commercial Bank of China,
Xuecheng District Sub-branch
China Everbright Bank Co., Ltd, Xiamen branch

COMPANY WEBSITE

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LEGAL ADVISERS

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Seyfarth Shaw
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15 Queen's Road Central, Hong Kong

STOCK CODE

731

BUSINESS REVIEW

In the first half of 2025, the international trade environment remained complex and volatile, while domestic market demand continued to face multiple challenges in its recovery. The packaging paper industry underwent a phase of supply-demand adjustment, with overall market pressure persisting. Faced with such market conditions, the Company proactively responded to external changes. In terms of market expansion, it consistently explored new growth opportunities, actively responded to customer needs across different sectors, and strengthened client loyalty by refining its service system and enhancing value-added services. On the internal operations front, the Company focused on cost reduction and efficiency improvement, advancing technological upgrades in production lines. By optimizing energy consumption and production processes, it tapped into potential efficiencies to strengthen market competitiveness, while steadily mitigating losses amid market fluctuations.

Prospects

Looking forward, the PRC is continuing to launch a series of policies to stabilize the economy and promote reforms, focusing on expanding domestic demand, fostering new momentum of economic growth, and promoting the optimization and upgrading of the industrial structure. At the same time, some local paper industry associations have recently put forward the “anti-involution” related initiatives, and it is expected that the superposition of the above policy guidance and industry-initiated initiatives will work together to provide the overall development of the packaging paper industry a relatively stable external environment, which can help to alleviate the industry’s stage of operating pressure. Based on the current market reality, industry dynamics and the Company’s operational foundation, the Company will adhere to the direction of steady development, focusing on the efficient utilization of existing production capacity, steadily promoting technological upgrading and equipment optimization, and prioritizing the improvement of key aspects such as the improvement of production efficiency and the assurance of product quality and stability, so as to build up a solid foundation for the Company’s development.

The controlling Shareholder of the Company operates across the pulp and paper industry supply chain. Leveraging on its resource support, as well as our own accumulated industry expertise and team experience in the pulp and paper sector, we will undertake a comprehensive strategic adjustment and actively explore new business growth opportunities. We aim to capitalize on the ongoing realignment of China’s pulp and paper industry chain by expanding relevant trading business centered around our core business and related high-potential industries. Additionally, we will identify and develop new revenue and profit growth opportunities as the market opportunities arise, steadily strengthening and scaling our operations to secure corporate growth and create value to the Shareholders.

FINANCIAL PERFORMANCE

Revenue

The revenue of the Group decreased from approximately HK\$664.6 million for the six months ended 30 June 2024 to approximately HK\$640.0 million for the six months ended 30 June 2025. The decrease in the revenue of the Group was mainly due to the decrease in the unit selling price of paper products amid the complicated and volatile international trading environment, the sluggish recovery of the consumer market and the overall pricing pressure faced by packaging paper market.

Loss for the period

For the six months ended 30 June 2025, the Company recorded a loss of approximately HK\$41.2 million, representing an increase in loss of approximately HK\$7.4 million in comparison to that of the previous period in 2024. This was mainly attributable to (i) the slightly decrease in the revenue of the Group in the current period as the result of the decrease in the unit selling price of paper products of the Group in the current period amid the complicated and volatile international trading environment, the sluggish recovery of the consumer market and the overall pricing pressure faced by packaging paper market; and (ii) the decrease in the government subsidy by the amount of approximately HK\$6.3 million as compared to the previous period in 2024 in relation to the special deduction for Value-added Tax ("VAT") for the Company's PRC subsidiary, Universal Pulp & Paper (Shandong) Co., Ltd.* (遠通紙業(山東)有限公司) ("UPPSD").

Liquidity and financial resources

As at 30 June 2025, the Group had bank and cash balances of approximately HK\$17.0 million with a net gearing ratio of approximately 79.8%. Net gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings) less bank and cash balances. Total capital refers to total equity plus net debt.

As at 30 June 2025, the current ratio (current assets divided by current liabilities) was approximately 0.32 times (31 December 2024: approximately 0.59 times).

Pledge of assets

Certain land and buildings of the Company's subsidiaries, with a total carrying value of approximately HK\$56.3 million as at 30 June 2025 (31 December 2024: approximately HK\$79.0 million) were pledged to banks as securities for bank loans of approximately HK\$54.5 million (equivalent to RMB49.72 million) (31 December 2024: approximately HK\$106.0 million (equivalent to RMB100.0 million)).

Contingent liabilities

As at 30 June 2025, the Group did not have any material contingent liabilities (31 December 2024: nil).

Material acquisitions and disposals of subsidiaries, associates and joint ventures and future plans for material investments or capital assets

The Group had no material acquisitions and disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2025 and there is no plan for material investments or capital assets as at the date of this report.

Foreign exchange risk

The Group's transaction currencies are principally denominated in Renminbi and Hong Kong dollars. The Group currently does not have a foreign currency hedging policy. However, the management is closely monitoring foreign exchange exposure and the Group will hedge foreign currency exposure when considered necessary.

Employees, staff costs and training

As at 30 June 2025, the Group had a total of 727 employees excluding Directors (30 June 2024: 765 employees). For the six months ended 30 June 2025, the Group incurred staff costs (excluding Directors' remuneration) of approximately HK\$38.0 million, representing a decrease of approximately 4.8% as compared with approximately HK\$39.9 million for the six months ended 30 June 2024. The decrease was mainly attributable to the decrease in the one-off termination benefits of approximately HK\$0.8 million and decrease in salaries of approximately HK\$0.8 million during the period.

The remuneration payable to our employees may include salaries and bonuses. Their salaries are determined with reference to, among other things, their respective position, qualification and experience. Their bonuses are generally determined with reference to, among other things, their respective position, term of service and performance. The remuneration package provided to our employees are reviewed on a regular basis from time to time. Training for various levels of staff is also undertaken depending on the needs and actual circumstances of the Group.

INTERIM DIVIDEND

The Board has resolved not to recommend an interim dividend for the six months ended 30 June 2025.

CHANGE IN INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

The changes in the information of the Directors and the senior management which are required to be disclosed pursuant to Rule 13.51B(1) of the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) are as follows:

Mr. Choi Wai Hong, Clifford, being a non-executive Director, has been appointed as an independent non-executive director of Aidigong Maternal & Child Health Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 286), in March 2025 and he resigned in April 2025. Mr. Choi has also been appointed as an independent non-executive director of Greatview Aseptic Packaging Company Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 468) and Huscoke Holdings Limited a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 704), in March 2025 and June 2025, respectively. In February 2025, Mr. Choi resigned as non-executive director of Xinming China Holdings Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 2699).

Mr. Wong Yiu Kit, Ernest, being an independent non-executive Director, has resigned as independent non-executive director of Aidigong Maternal & Child Health Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 286) in March 2025.

Ms. Chan Siu Mat, being an independent non-executive Director, has been appointed as an independent non-executive director of Neo Telemedia Limited, a company whose shares are listed on the GEM of the Stock Exchange (stock code: 8167) in April 2025 and then resigned as an independent non-executive director with effect from July 2025.

Save as disclosed above, there is no change in the information of the Directors and the senior management required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Directors’ and Chief Executives’ Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2025, so far as is known to any Director or chief executive of the Company, none of the Directors or the chief executives 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 any of its associated corporations (within the meaning of Part XV of the SFO) which was 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 they were taken or deemed to have taken under such provisions of the SFO), or which were required to be recorded in the register to be kept by the Company under section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2025, so far as the Directors are aware, the following persons (other than 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 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:

Interests in Shares and underlying Shares of the Company

Name of Shareholder	Capacity/ Nature of interest	Total number of Shares/underlying Shares held ^(Note 1)	Approximate percentage of shareholding interest in the Company (%) ^(Note 1)
NCD Investment Holding Limited ("NCD") ^(Note 2)	Beneficial owner	990,220,583 (L)	70.00
Glenfor Investment Holding Limited ("Glenfor") ^(Note 2)	Interest of controlled corporation	990,220,583 (L)	70.00
Hong Kong Paper Sources Co. Limited ("HK Paper Sources") ^(Note 2)	Interest of controlled corporation	990,220,583 (L)	70.00
廈門建發漿紙集團有限公司 (Xiamen C&D Paper and Pulp Group Co., Ltd*) ("Xiamen C&D Paper") ^(Note 2)	Interest of controlled corporation	990,220,583 (L)	70.00
廈門建發股份有限公司 ^(Note 2)	Interest of controlled corporation	990,220,583 (L)	70.00
廈門建發集團有限公司 ^(Note 2)	Interest of controlled corporation	990,220,583 (L)	70.00
廈門市人民政府國有資產監督 管理委員會 ^(Note 2)	Interest of controlled corporation	990,220,583 (L)	70.00
Quinselle Holdings Limited ^(Note 3)	Beneficial owner	73,059,817 (L)	5.16
Lee Seng Jin ^(Note 3)	Beneficial owner	12,845,969 (L)	6.08
	Interest of controlled corporation	73,059,817 (L)	
	Interest of spouse	114,511 (L)	
Sham Yee Lan Peggy ^(Note 3)	Beneficial owner	114,511 (L)	6.08
	Interest of spouse	85,905,786 (L)	

Notes:

- I. As at 30 June 2025, the Company had issued 1,414,600,832 Shares in total. The letter "L" denotes the person's long position in the Shares.

2. The Company issued 990,220,583 Shares to NCD on 26 January 2022. NCD is directly and indirectly wholly-owned by HK Paper Sources.

Glenfor is direct wholly-owned by HK Paper Sources, which is in turn direct wholly-owned by Xiamen C&D Paper. Xiamen C&D Paper is direct wholly-owned by 廈門建發股份有限公司 (Xiamen C&D Inc.*), the shares of which are listed on Shanghai Stock Exchange (stock code: 600153.SH). 廈門建發集團有限公司 (Xiamen C&D Group Co., Ltd.*), being a controlling shareholder of Xiamen C&D Inc., is direct wholly-owned by 廈門市人民政府國有資產監督管理委員會 (Xiamen Municipal People's Government State-owned Assets Supervision and Administration Commission*).

As at the Latest Practicable Date, (i) Mr. Huang Tiansheng, being the executive Director and chief executive officer of the Company, is a director of NCD and Glenfor and the general manager of the paper business of Xiamen C&D Paper; and (ii) Mr. Zhang Xiaohui, being a non-executive Director, is the general manager and director of Xiamen C&D Paper and a director of NCD, Glenfor and HK Paper Sources.

3. As at 30 June 2025, 73,059,817 Shares were held by Quinselle Holdings Limited which was wholly-owned by Mr. Lee Seng Jin (being the former executive Director, chairman and chief executive officer of the Company). Mr. Lee Seng Jin was therefore deemed under the SFO to be interested in such Shares held by Quinselle Holdings Limited.

Both Mr. Lee Seng Jin and Ms. Sham Yee Lan Peggy (being the former executive Director and deputy chief executive officer of the Company) were also deemed to be interested in the Shares held by each other due to their spousal relationship.

Save as disclosed above, as at 30 June 2025, the Company had not been notified by any other persons (other than a Director 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 under Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register required to be kept by the Company pursuant to section 336 of the SFO.

SHARE OPTION SCHEME

At the special general meeting of the Company held on 18 September 2015, the Shareholders approved the adoption of a share option scheme (the "Share Option Scheme") which complies with the requirements under Chapter 17 of the Listing Rules.

No option has been granted, exercised, cancelled or lapsed since the date of adoption of the Share Option Scheme. There are therefore no outstanding options at the beginning and at the end of the six months ended 30 June 2024.

The principal terms and conditions of the Share Option Scheme are set out below.

i. Purpose

The purpose of the Share Option Scheme is to provide incentives to Participants (as defined below) to contribute to the Group and to enable the Group to recruit high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds any equity interest (the "Invested Entity").

ii. **Participants**

All directors and employees of the Group and suppliers, consultants, advisors, agents, customers, service providers, contractors, any member of or any holder of any securities issued by any member of the Group or any Invested Entity.

iii. **Maximum number of shares**

The number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme(s) of the Company must not exceed 10% in the nominal amount of the issued share capital of the Company as at the date of adoption of the Share Option Scheme. The total number of options available for grant under the Share Option Scheme as at the 1 January 2025 and 30 June 2025 were both 114,107,582 shares, representing 10% of the total number of shares in issue (1,141,075,827 shares) as at the date of adoption of the Share Option Scheme on 18 September 2015. The total number of shares available for issue under the Share Option Scheme is 114,107,582 shares which represents approximately 8.07% of the total number of shares (excluding treasury shares) (1,414,600,832 shares) in issue as at the date of this report.

iv. **Maximum entitlement of each Participant**

The maximum number of shares issued and to be issued upon exercise of the options granted to any one Participant (including both exercised and unexercised options) in any 12-month period shall not exceed one percent of the Shares in issue as at the date of grant.

v. **Time of exercise of option**

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during the period to be notified by the Board to each grantee of the option at the date of grant provided that such period shall not exceed a period of ten years from the date of grant but subject to the provisions for early termination of the option as contained in the terms of the Share Option Scheme.

vi. **The eligible person shall pay HK\$1.00 to the Company in consideration of the grant of an option upon acceptance of the grant of option.**

vii. Exercise price

The option price per share payable on the exercise of an option is determined by the Board and shall not be less than the highest of (i) the closing price of the shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share on the date of grant.

viii. Remaining life of the Share Option Scheme

The Share Option Scheme will remain in force until 17 September 2025.

AUDIT COMMITTEE

The Audit Committee of the Company (the "Committee") was set up to review and provide supervision of the Group's financial reporting process and internal controls. The Committee has reviewed the Group's unaudited interim report for the six months ended 30 June 2025, including the accounting principles and practices adopted by the Group, before it was tabled for the Board's approval.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as its own code of conduct regarding the Directors' dealings in the Company's securities. Specific enquiries have been made to all Directors and all Directors have confirmed that they have complied with the Model Code throughout the six months ended 30 June 2025.

CORPORATE GOVERNANCE CODE

The Company has adopted the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Listing Rules as its own code of corporate governance. The Company has complied with all applicable code provisions of the CG Code during the six months ended 30 June 2025.

EVENTS AFTER THE REPORTING PERIOD

On 22 August 2025, the Group (as borrower) entered into a loan agreement with Xiamen C&D Paper together with its subsidiaries (as lenders) to provide additional loan facility to approximately HK\$548,400,000 (equivalent to RMB500,000,000) for a period up to 22 August 2027. The maturity date of each drawdown is 18-month after the drawn down date of the relevant borrowings.

Save as disclosed above, the Group has no significant events occurred from 1 July 2025 to the date of this report which require additional disclosures.

BOARD OF DIRECTORS

As at the date of this report, the Board comprises two executive Directors, namely Mr. HUANG Tiansheng and Mr. LIN Ruqing; two non-executive Directors, namely Mr. ZHANG Xiaohui and Mr. CHOI Wai Hong, Clifford; and three independent non-executive Directors, namely Mr. WONG Yiu Kit, Ernest, Ms. Chan Siu Mat and Mr. Chen Wenshui.

By order of the Board
C&D Newin Paper & Pulp Corporation Limited
Mr. HUANG Tiansheng
Executive Director

Hong Kong, 27 August 2025

* For identification purpose only

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

The Board hereby announces the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2025 as follows.

		Unaudited Six months ended 30 June 2025 HK\$'000	Unaudited Six months ended 30 June 2024 HK\$'000 (re-presented)
	Note		
Revenue	4	639,997	664,584
Cost of sales		(622,166)	(643,834)
Taxes and surcharges		(7,562)	(7,586)
Selling expenses		(9,301)	(5,794)
Administrative expenses		(23,740)	(32,208)
Research and development expenses		(21,482)	(18,431)
Reversal of impairment losses/(impairment losses) of financial assets, net		3	(414)
Other gains and income/(loss), net	5	15,402	21,207
Loss from operations		(28,849)	(22,476)
Finance costs		(12,564)	(11,518)
Loss before tax		(41,413)	(33,994)
Income tax credit	6	252	182
Loss for the period	7	(41,161)	(33,812)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

		Unaudited Six months ended 30 June 2025 HK\$'000	Unaudited Six months ended 30 June 2024 HK\$'000
	Note		
Loss for the period		(41,161)	(33,812)
Other comprehensive income, net of tax:			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		5,902	(3,913)
Total comprehensive income for the period attributable to owners of the Company		(35,259)	(37,725)
Loss per share	9		
Basic		HK(2.9) cents	HK(2.4) cents
Diluted		HK(2.9) cents	HK(2.4) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		Unaudited 30 June 2025 HK\$'000	Audited 31 December 2024 HK\$'000
	Note		
Non-current assets			
Property, plant and equipment	10	676,537	667,442
Right-of-use assets	11	174,127	171,825
Other intangible assets		84	97
		850,748	839,364
Current assets			
Inventories		228,799	181,119
Accounts and other receivables and prepayments	12	22,761	30,584
Amounts due from fellow subsidiaries	15	368	—
Amounts due from an intermediate holding company	15	—	2
Bank and cash balances		17,019	42,668
		268,947	254,373
Total assets		1,119,695	1,093,737
Current liabilities			
Accounts and other payables	13	212,962	208,714
Contract liabilities		4,908	1,898
Amounts due to fellow subsidiaries	15	4,093	30,725
Amount due to an intermediate holding company	15	59,611	—
Amounts due to immediate holding company	15	179	179
Borrowings	14	570,029	190,818
Tax payables		608	498
		852,390	432,832
Net current liabilities		(583,443)	(178,459)
Total assets less current liabilities		267,305	660,905

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		Unaudited 30 June 2025 HK\$'000	Audited 31 December 2024 HK\$'000
	Note		
Non-current liabilities			
Borrowings	14	87,744	446,302
Deferred tax liabilities		17,185	16,968
		104,929	463,270
NET ASSETS		162,376	197,635
Equity			
Share capital	16	70,730	70,730
Reserves		91,646	126,905
TOTAL EQUITY		162,376	197,635

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Attributable to owners of the Company						
	Share capital HK\$'000	Share premium HK\$'000	Contribution surplus HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2024 (audited)	70,730	104,016	161,262	108,403	(37,180)	(227,788)	179,443
Total comprehensive income for the period (unaudited)	—	—	—	—	(3,913)	(33,812)	(37,725)
At 30 June 2024 (unaudited)	70,730	104,016	161,262	108,403	(41,093)	(261,600)	141,718
At 1 January 2025 (audited)	70,730	104,016	161,262	108,403	(43,583)	(203,193)	197,635
Total comprehensive income for the period (unaudited)	—	—	—	—	5,902	(41,161)	(35,259)
At 30 June 2025 (unaudited)	70,730	104,016	161,262	108,403	(37,681)	(244,354)	162,376

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Unaudited Six months ended 30 June 2025 HK\$'000	Unaudited Six months ended 30 June 2024 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash (used in)/generated from operating activities	(462)	3,908
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(9,362)	(1,952)
Interest received	102	129
Net cash used in investing activities	(9,260)	(1,823)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings raised	85,888	140,315
Repayment of loans	(87,263)	(129,802)
Increase in amount due to intermediate holding company	—	192
Decrease in amounts due to a fellow subsidiary	(2,789)	—
Interest paid	(12,564)	(11,518)
Net cash used in financing activities	(16,728)	(813)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(26,450)	1,272
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	42,668	27,412
EFFECT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	801	(595)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	17,019	28,089
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	17,019	28,089

I. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2024. The accounting policies (including the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the consolidated financial statements for the year ended 31 December 2024 except for the adoption of new and revised standards as set out in note 2.

Comparative Figures

Certain comparative expenses figures presented in the condensed consolidated statement of profit or loss have been re-presented to conform to the current year’s presentation. The new classification is considered to provide a more appropriate presentation of the expenses of the Group by functions and is also in line with the classification of the parent company of the Group which is listed on the Shanghai Stock Exchange.

Going Concern

As at 30 June 2025, the Group’s current liabilities exceeded its current assets by approximately HK\$583,443,000. The Group’s cash and cash equivalents amounted to approximately HK\$17,019,000, while the current portion of the bank and other borrowings amounted to approximately HK\$570,029,000, and the amounts due to fellow subsidiaries, an intermediate holding company and immediate holding company in aggregate amounted to approximately HK\$63,883,000. The Group incurred a net operating cash outflow of approximately HK\$462,000 for the six months ended 30 June 2025. These events and conditions indicate the existence of material uncertainties which may cast significant doubt about the Group’s ability to continue as a going concern and to realise its assets and discharge its liabilities in the normal course of business.

I. BASIS OF PREPARATION (CONTINUED)

Going Concern (Continued)

Nevertheless, the Directors had adopted the going concern basis in the preparation of these consolidated financial statements on the grounds that the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the next twelve months from 1 July 2025, based on the measures including but not limited to the following:

- the Group will continue to pay close attention to its operations and make good use of its resources with an aim to attain positive and sustainable cash flow from operations;
- as at 30 June 2025, the Group has drawn down other borrowings of approximately HK\$603,240,000 (equivalent to RMB550,000,000) from Xiamen C&D Paper, the intermediate parent of the Company, and has available unutilised loan facilities of approximately HK\$175,488,000 (equivalent to RMB160,000,000). The maturity date is 18-month after the drawn down date of the relevant borrowings. Subsequent to the reporting period, the Group has further drawn down approximately HK\$93,228,000 (equivalent to RMB85,000,000) of the unutilised facilities. The Directors are of the opinion that the Group will be able to utilise the undrawn loan facilities if needed;
- Subsequent to the reporting period, the bank borrowings of approximately HK\$54,533,000 (equivalent to RMB49,720,000) were fully repaid by the Group;
- During the reporting period, Xiamen C&D Paper has provided an undertaking to offer continuing financial support to UPPSD, the principal operating subsidiary of the Company. This support includes: (i) facilitating UPPSD to obtain sufficient loans from banks in Mainland China; (ii) extending the repayment period for the loans of RMB550,000,000; and (iii) providing additional loans as required, until the UPPSD is able to meet its financial obligations in the normal course of business, thereby supporting the Group as a going concern; and
- Subsequent to reporting period, the Group (as borrower) entered into a loan agreement on 22 August 2025 with Xiamen C&D Paper together with its subsidiaries (as lenders) to provide additional loan facility of approximately HK\$548,400,000 (equivalent to RMB500,000,000) for a period up to 22 August 2027. The maturity date of each drawdown is 18-month after the drawn down date of the relevant borrowings. The Directors are of the opinion that the Group will be able to utilise the additional loan facilities to support its business operation with the new borrowings drawn down if needed.

I. BASIS OF PREPARATION (CONTINUED)

Going Concern (Continued)

In view of the above, the Directors are confident that there will be sufficient financial resources available to the Group to enable it to continue as a going concern and hence have prepared these condensed consolidated financial statements on a going concern basis. Should the Group be unable to continue as going concern, adjustments would have to be made to write down the carrying value of the assets to their recoverable amounts, to provide for any further liabilities which might arise and to classify non-current assets and liabilities as current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in these condensed consolidated financial statements.

Basis of consolidation

The unaudited condensed consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

I. BASIS OF PREPARATION (CONTINUED)

Basis of consolidation (Continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2025. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The accounting policies applied in these unaudited condensed consolidated financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2024. A number of new or amended standards are effective from 1 January 2025 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing the Group's condensed consolidated financial statements.

The adoption of the new and revised standards are not expected to have any significant impact on this condensed consolidated financial information.

3. SEGMENT INFORMATION

The chief operating decision-makers have been identified as the executive directors of the Company. The executive directors review the Group's financial information mainly from business nature and geographical perspectives. From a perspective on business nature, the Group has a single reportable segment, namely paper manufacturing and selling segment, for the six months ended 30 June 2025. From a geographical perspective, management mainly assesses the performance of operations in the PRC.

For the six months ended 30 June 2025, the Group has carried on a single business which is manufacturing and selling of paper products. Accordingly, there is only one single reportable segment of the Group which is regularly reviewed by the executive Directors.

Information about major customers

Revenues from customer contributing over 10% of the total revenue of the Group during the periods are as follows:

	Six months ended 30 June 2025 HK\$'000 (Unaudited)	Six months ended 30 June 2024 HK\$'000 (Unaudited)
Customer A	80,742	*
Customer B	66,343	*

* The corresponding revenue did not contribute over 10% of the total revenue of the Group for the respective period.

4. REVENUE

Disaggregation of revenue from contracts with customers by major products or service line for the period is as follows:

	Six months ended 30 June 2025 HK\$'000 (Unaudited)	Six months ended 30 June 2024 HK\$'000 (Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Sale of goods	639,997	664,584
Timing of revenue recognition		
Products transferred at a point in time	639,997	664,584

5. OTHER GAINS AND INCOME/(LOSS), NET

	Six months ended 30 June 2025 HK\$'000 (Unaudited)	Six months ended 30 June 2024 HK\$'000 (Unaudited)
Interest income	102	129
Losses on disposal of property, plant and equipment, net	(345)	(1,125)
Government subsidy (note)	15,086	20,273
Others	559	1,930
	15,402	21,207

Note:

It mainly represents the VAT tax and related other tax refunded from the tax authority in the PRC of approximately HK\$11,980,000 (equivalent to approximately RMB11,159,000) (2024: approximately HK\$10,867,000 (equivalent to approximately RMB10,046,000)), as the Group manufactures the products by using recycled materials which entitled 50% reduction of VAT tax and related other tax; it also includes a special deduction for VAT of approximately HK\$3,106,000 (equivalent to RMB2,893,000) (2024: approximately HK\$9,406,000 (equivalent to approximately RMB8,696,000)), as the Company's PRC subsidiary (UPPSD), being an advanced manufacturing enterprise, is eligible to reduce its VAT payable amount by an additional 5% of the deductible input VAT for the six months ended 30 June 2025.

6. INCOME TAX CREDIT

Income tax relating to continuing operations has been recognised in profit or loss as following:

	Six months ended 30 June 2025 HK\$'000 (Unaudited)	Six months ended 30 June 2024 HK\$'000 (Unaudited)
Current tax		
Hong Kong profits tax	(110)	(188)
Over-provision in prior years	—	5
	(110)	(183)
Deferred tax	362	365
	252	182

For the six months ended 30 June 2025 and 30 June 2024, under the two-tiered Profits Tax rate regime, the first HK\$2 million of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. The profits of the group entities not qualifying for the two-tiered Profit Tax rate regime will continue to be taxed at a rate of 16.5%.

The Company's PRC subsidiaries are subject to the PRC Enterprise Income Tax at rate of 25% except as follows. UPPSD was entitled to the preferential tax rate of 15% with an effective period of three years starting from 2023 to 2026, being accredited as a High and New Technology Enterprise ("HNTE") according to the PRC Corporate Income Tax Law and its relevant regulations on 29 November 2023. The Directors are in opinion that UPPSD continuously fulfilled the requirements of HNTE according to relevant rules and regulations, and therefore the tax rate used to recognise deferred tax assets and liabilities as at 30 June 2025 was 15% (2024: 15%).

Pursuant to the rules and regulations of Bermuda, the Group is not subject to any income tax in Bermuda.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

7. LOSS FOR THE PERIOD

The Group's loss for the period is stated at after crediting/(charging) the following:

	Six months ended 30 June 2025 HK\$'000 (Unaudited)	Six months ended 30 June 2024 HK\$'000 (Unaudited)
Reversal of impairment losses/(impairment loss) of financial assets, net	3	(414)

8. DIVIDENDS

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2025 and 30 June 2024.

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the following:

	Six months ended 30 June 2025 HK\$'000 (Unaudited)	Six months ended 30 June 2024 HK\$'000 (Unaudited)
Loss		
Loss for the purpose of calculating basic and diluted loss per share	(41,161)	(33,812)

9. LOSS PER SHARE (CONTINUED)

	Six months ended 30 June 2025 '000	Six months ended 30 June 2024 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	1,414,601	1,414,601

Basic and diluted loss per share is calculated by dividing the loss attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2025 and 30 June 2024.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group purchased property, plant and equipment of approximately HK\$9,362,000 (30 June 2024: HK\$1,952,000).

As at 30 June 2025, the carrying amount of property, plant and equipment pledged as security for the Group's bank loans amounted to approximately HK\$2,974,000.

11. RIGHT-OF-USE ASSETS

During the six months ended 30 June 2025, the Group did not enter into any new lease agreement (30 June 2024: Nil).

As at 30 June 2025, the carrying amount of land use rights and leasehold land pledged as security for the Group's bank loans amounted to approximately HK\$53,321,000.

12. ACCOUNTS AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Accounts and bills receivable, net of provision	14,886	23,121
Other receivables, deposits and prepayments	7,875	7,463
	22,761	30,584

The ageing analysis of accounts and bills receivable, based on the invoice date, and net of allowance, is as follows:

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Current to 90 days	13,213	22,453
91–180 days	834	71
181–365 days	839	597
	14,886	23,121

13. ACCOUNTS AND OTHER PAYABLES

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Accounts payable	132,981	122,999
Accruals and other payables	19,945	30,238
Debt restructuring (note)	60,036	55,477
	212,962	208,714
Analysed as:		
Current liabilities	212,962	208,714
Non-current liabilities	—	—
	212,962	208,714

Note: According to the UPPSD's bankruptcy reorganisation plan approved by the People's Court of Xuecheng District, Zaozhuang City, Shandong Province, the People's Republic of China ("UPPSD Bankruptcy Reorganisation Plan"), for each creditor's unsecured claims with principal amount exceeding RMB200,000, settlement will be completed within four (4) years in five (5) instalments of 20% every year. The first instalment payment shall be made to repay creditor's unsecured claim of principal amount below RMB200,000 (inclusive) and 20% of the principal amount in excess of RMB200,000. The four subsequent instalments of 20% of the principal amount in excess of RMB200,000 shall be paid on or before the first, second, third and fourth anniversary date of the first instalment payment. Remaining debts shall not bear any interest for the period of settlement in instalments. Details of the UPPSD Bankruptcy Reorganisation Plan have been set out in the circular of the Company dated 31 December 2021.

The ageing analysis of accounts payable, based on invoice date, is as follows:

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
0 to 90 days	130,412	121,243
Over 90 days	2,569	1,756
	132,981	122,999

14. BORROWINGS

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Bank loans	54,533	106,010
Other borrowings	603,240	531,110
	657,773	637,120

The analysis of the repayment schedule of borrowings is as follows:

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Within one year and on demand	570,029	190,818
More than one year, but not exceeding two years	87,744	446,302
	657,773	637,120

The carrying amounts of the Group's borrowings are denominated in RMB.

The interest rates per annum were as follows:

	30 June 2025	31 December 2024
Bank loans	3.90%	4.25%
Other borrowings	3.48%	3.72%

14. BORROWINGS (CONTINUED)

Bank loans of approximately HK\$54,533,000 (equivalent to RMB49,720,000) are arranged at fixed interest rates of 3.90% per annum which is secured by a charge over certain land and buildings of the Company's subsidiaries, with a total carrying value of approximately HK\$56,295,000 and expose the Group to fair value interest rate risk.

Other borrowings of approximately HK\$603,240,000 (equivalent to RMB550,000,000) are arranged at fixed interest of 3.48% per annum.

15. AMOUNTS DUE FROM/(TO) FELLOW SUBSIDIARIES/IMMEDIATE HOLDING COMPANY/INTERMEDIATE HOLDING COMPANY

As at 30 June 2025 and 31 December 2024, except other payables of approximately HK\$2,850,000 (equivalent to approximately RMB2,589,000) (2024: approximately HK\$2,755,000 (equivalent to approximately RMB2,598,000)) which are repayable in one installment in 2025, the remaining amounts due to fellow subsidiaries/intermediate holding company represent the contract liabilities which are expected to be recognised as income within one year. The amounts due to immediate holding company are unsecured, interest-free and have no fixed repayment terms. The amounts due from fellow subsidiaries/intermediate holding company are unsecured, interest-free and repayable on demand.

	Accounts receivable HK\$'000	Contract liabilities HK\$'000	Other payables HK\$'000	Total HK\$'000
As at 30 June 2025 (unaudited)				
Amounts due from/(to) fellow subsidiaries				
Current assets/(liabilities)	368	(1,243)	(2,850)	(3,725)
Amount due to the intermediate holding company				
Current liabilities	—	(59,611)	—	(59,611)
Amounts due to immediate holding company				
Current liabilities	—	—	(179)	(179)
	368	(60,854)	(3,029)	(63,515)

15. AMOUNTS DUE FROM/(TO) FELLOW SUBSIDIARIES/IMMEDIATE HOLDING COMPANY/INTERMEDIATE HOLDING COMPANY (CONTINUED)

	Other receivables HK\$'000	Contract liabilities HK\$'000	Other payables HK\$'000	Total HK\$'000
As at 31 December 2024 (audited)				
Amounts due to fellow subsidiaries				
Current liabilities	—	(27,970)	(2,755)	(30,725)
Amount due from the intermediate holding company				
Current assets	2	—	—	2
Amounts due to immediate holding company				
Current liabilities	—	—	(179)	(179)
	2	(27,970)	(2,934)	(30,902)

16. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.05 each		
At 31 December 2024 (audited) and 30 June 2025 (unaudited)	2,000,000,000	100,000
Convertible non-voting preference shares of HK\$0.10 each		
At 31 December 2024 (audited) and 30 June 2025 (unaudited)	143,086,013	14,309
At 31 December 2024 (audited) and 30 June 2025 (unaudited)	2,143,086,013	114,309
Issued and fully paid:		
Ordinary shares of HK\$0.05 each		
At 31 December 2024 (audited) and 30 June 2025 (unaudited)	1,414,600,832	70,730
Convertible non-voting preference shares of HK\$0.10 each		
At 31 December 2024 (audited) and 30 June 2025 (unaudited)	—	—
At 31 December 2024 (audited) and 30 June 2025 (unaudited)	1,414,600,832	70,730

17. RELATED PARTY TRANSACTIONS

- (a) The remuneration of directors and other members of key management during the period:

	Six months ended 30 June 2025 HK\$'000 (Unaudited)	Six months ended 30 June 2024 HK\$'000 (Unaudited)
Basic salaries and allowances	237	247
Retirement benefit scheme contribution	—	—
	237	247

- (b) In addition to those related party transactions and balances disclosed elsewhere in the condensed consolidated financial statements, the Group had the following transaction with its related party during the period:

	Six months ended 30 June 2025 HK\$'000 (Unaudited)	Six months ended 30 June 2024 HK\$'000 (Unaudited)
Purchase of raw materials from fellow subsidiaries	28,041	18,302
Purchase of raw materials from a related party	—	451
Sales of finished goods to an intermediate holding company	80,742	950
Sales of finished goods to fellow subsidiaries	197,778	258,461
Finance cost to an intermediate holding company	10,410	1,043
Finance cost to a fellow subsidiary	—	8,351

18. EVENTS AFTER THE REPORTING PERIOD

On 22 August 2025, the Group (as borrower) entered into a loan agreement with Xiamen C&D Paper together with its subsidiaries (as lenders) to provide additional loan facility to approximately HK\$548,400,000 (equivalent to RMB500,000,000) for a period up to 22 August 2027. The maturity date of each drawdown is 18-month after the drawn down date of the relevant borrowings.

Save as disclosed above, the Group has no significant events occurred from 1 July 2025 to the date of this report which require additional disclosures.