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**玖龍紙業(控股)有限公司\***

**NINE DRAGONS PAPER (HOLDINGS) LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 2689)**

**ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED 30 JUNE 2025**

**FINANCIAL HIGHLIGHTS**

- The Group's sales volume increased by 9.6% to approximately 21.5 million tones.
- Revenue increased by approximately 6.3% to RMB63,240.5 million.
- Gross profit increased by approximately 26.9% to RMB7,245.1 million.
- Net profit increased by approximately 177.3% to RMB2,201.7 million.
- Profit attributable to equity holders of the Company increased by approximately 135.4% to RMB1,767.1 million.
- Basic earnings per share increased by approximately 137.5% to RMB0.38.

## FINANCIAL RESULTS

The board of directors (“Board”) of Nine Dragons Paper (Holdings) Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group” or “ND Paper”) for the year ended 30 June 2025 (“FY2025”), together with the comparative figures for the last financial year (“FY2024”) as follows.

### CONSOLIDATED INCOME STATEMENT

		For the year ended 30 June	
		2025	2024
	Note	RMB'000	RMB'000
<b>Revenue</b>	4	<b>63,240,539</b>	59,496,365
Cost of goods sold	5	<u>(55,995,396)</u>	<u>(53,784,893)</u>
<b>Gross profit</b>		<b>7,245,143</b>	5,711,472
Other income, other expenses and other gains — net	6	<b>1,562,527</b>	1,551,383
Exchange gains/(losses) on operating activities — net		<b>37,748</b>	(46,710)
Selling and marketing costs	5	<b>(2,634,968)</b>	(2,338,521)
Administrative expenses	5	<b>(2,256,108)</b>	(2,150,149)
Net impairment losses on financial assets		<u><b>(17,723)</b></u>	<u>(82,412)</u>
<b>Operating profit</b>		<b>3,936,619</b>	2,645,063
Finance costs — net		<b>(1,551,144)</b>	(1,433,584)
— Finance income	7	<b>136,444</b>	135,181
— Finance costs	7	<b>(1,687,588)</b>	(1,568,765)
Exchange gains on financing activities — net		<b>113,926</b>	19,231
Share of results of associates and a joint venture — net		<u><b>(14,825)</b></u>	<u>7,663</u>
<b>Profit before income tax</b>		<b>2,484,576</b>	1,238,373
Income tax expense	8	<u><b>(282,911)</b></u>	<u>(444,483)</u>
<b>Profit for the year</b>		<u><b>2,201,665</b></u>	<u>793,890</u>
<b>Profit attributable to:</b>			
— Equity holders of the Company		<b>1,767,106</b>	750,677
— Holders of perpetual capital securities		<b>400,395</b>	21,669
— Non-controlling interests		<u><b>34,164</b></u>	<u>21,544</u>
		<u><b>2,201,665</b></u>	<u>793,890</u>
<b>Basic earnings per share for profit attributable to equity holders of the Company during the year (expressed in RMB per share)</b>	9	<u><b>0.38</b></u>	<u>0.16</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 30 June	
	2025	2024
	RMB'000	RMB'000
<b>Profit for the year</b>	<b>2,201,665</b>	<b>793,890</b>
<b>Other comprehensive income/(loss)</b> <i>(items that may be reclassified subsequently to profit or loss)</i>		
— Currency translation differences	<u>325,857</u>	<u>(270,495)</u>
<b>Total comprehensive income for the year</b>	<b><u>2,527,522</u></b>	<b><u>523,395</u></b>
<b>Attributable to:</b>		
— Equity holders of the Company	<b>2,090,946</b>	513,810
— Holders of perpetual capital securities	<b>400,395</b>	21,669
— Non-controlling interests	<u>36,181</u>	<u>(12,084)</u>
	<b><u>2,527,522</u></b>	<b><u>523,395</u></b>

## CONSOLIDATED BALANCE SHEET

	<i>Note</i>	<b>30 June 2025</b> <i>RMB'000</i>	30 June 2024 <i>RMB'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	107,414,324	95,462,861
Right-of-use assets	11	5,258,558	5,352,769
Intangible assets		276,340	286,810
Investments in associates and a joint venture		163,800	196,269
Other receivables and prepayments		906,664	562,865
Deferred income tax assets		203,294	197,113
		<u>114,222,980</u>	<u>102,058,687</u>
<b>Current assets</b>			
Inventories	12	10,449,991	10,169,308
Trade receivables	13	3,226,669	3,534,280
Bills receivables	13	2,553,477	4,948,012
Tax recoverable		20,314	39,077
Other receivables and prepayments		7,025,477	6,805,813
Financial assets at fair value through profit or loss		54,717	86,248
Restricted cash		268,231	132,346
Short-term bank deposits		11,280	37,050
Cash and cash equivalents		11,205,035	10,560,669
		<u>34,815,191</u>	<u>36,312,803</u>
<b>Total assets</b>		<u><b>149,038,171</b></u>	<u><b>138,371,490</b></u>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	14	480,531	480,531
Share premium	14	1,084,720	1,084,720
Other reserves		7,492,487	6,815,423
Retained earnings		38,198,904	36,785,022
Equity attributable to equity holders of the Company		47,256,642	45,165,696
Perpetual capital securities	15	2,846,329	2,846,329
Non-controlling interests		508,633	472,452
<b>Total equity</b>		<u><b>50,611,604</b></u>	<u><b>48,484,477</b></u>

# **CONSOLIDATED BALANCE SHEET (CONTINUED)**

	<i>Note</i>	<b>30 June 2025</b> <i>RMB'000</i>	30 June 2024 <i>RMB'000</i>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	16	<b>59,552,525</b>	52,326,732
Lease liabilities		<b>1,651,857</b>	1,751,420
Other payables		<b>182,066</b>	100,652
Deferred income tax liabilities		<b>4,571,354</b>	4,499,231
		<b>65,957,802</b>	58,678,035
<b>Current liabilities</b>			
Borrowings	16	<b>15,865,914</b>	14,852,349
Trade payables	17	<b>3,400,770</b>	4,745,359
Bills payables	17	<b>7,181,496</b>	6,520,710
Other payables		<b>5,152,554</b>	4,330,009
Contract liabilities		<b>651,749</b>	632,551
Lease liabilities		<b>105,788</b>	94,932
Current income tax liabilities		<b>110,494</b>	33,068
		<b>32,468,765</b>	31,208,978
<b>Total liabilities</b>		<b>98,426,567</b>	89,887,013
<b>Total equity and liabilities</b>		<b>149,038,171</b>	138,371,490

## 1. GENERAL INFORMATION

The Group is principally engaged in the manufacture and sales of packaging paper, printing and writing paper, high value specialty paper products and pulp.

The Company was incorporated in Bermuda on 17 August 2005 under the Companies Act 1981 as an exempt company with limited liability. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in Renminbi thousand, unless otherwise stated. These consolidated financial statements have been approved for issue by the Board on 24 September 2025.

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and applicable disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

## 2. ACCOUNTING POLICIES

### 2.2 New standards, amendments and interpretations to standards

#### *(a) Amendments to standards adopted by the Group*

The following amendments to standards are relevant and mandatory for the Group's financial year beginning on 1 July 2024:

HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current
HKAS 1 (Amendments)	Non-current Liabilities with Covenants
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease liability in sale and leaseback

The adoption of the above amendments to standards and interpretations does not have any significant impact to the results and financial position of the Group.

**(b) New standards, amendments and interpretations to standards relevant to the Group have been issued but are not effective**

The following new standards, amendments and interpretations to standards have been issued but are not mandatory for annual period beginning after 1 July 2024 and have not been early adopted:

Amendments to HKAS 21	Lack of Exchangeability <sup>1</sup>
Amendments to HKFRS 9 and HKFRS 7	Amendments to the classification and measurement of financial instruments, Contracts Referencing Nature-dependent Electricity <sup>2</sup>
Annual Improvements to HKFRS Accounting Standards	Volume 11 <sup>2</sup>
HKFRS 18	Presentation and Disclosure in Financial Statements <sup>3</sup>
HKFRS 19	Subsidiaries without Public Accountability: Disclosures <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture <sup>4</sup>

<sup>1</sup> Effective for the Group for annual periods beginning on or after 1 July 2025

<sup>2</sup> Effective for the Group for annual periods beginning on or after 1 July 2026

<sup>3</sup> Effective for the Group for annual periods beginning on or after 1 July 2027

<sup>4</sup> Effective date to be determined

The Group will apply the above new standards, amendments and interpretations to standards when they become effective.

HKFRS 18 will replace HKAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

The Group is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. The Group anticipates that the application of the above new standards and amendments to standards will have no material impact on the results and financial positions of the Group except for certain reclassification.

### **3. SEGMENT INFORMATION**

Management has determined the operating segments based on the reports reviewed by the executive directors of the Company and used to allocate resources and assess performance.

The Group is principally engaged in the manufacture and sales of packaging paper, printing and writing paper, high value specialty paper products and pulp. The executive directors of the Company review the operating results of the Group's businesses as one segment to make decisions about resources to be allocated and assess performance. Therefore, the directors of the Company regard that there is only one segment which is used to make strategic decisions and assess performance, accordingly, no segment information is presented. The analysis of the Group's revenue by major products is disclosed in Note 20.

The Group is domiciled in the PRC. The revenue from external customers attributable to the PRC for the year ended 30 June 2025 is RMB56,704,067,000 (2024: RMB52,419,649,000), and the total of its revenue from external customers from other countries is RMB6,536,472,000 (2024: RMB7,076,716,000).

As at 30 June 2025, other than deferred income tax assets and other receivables, the total of non-current assets located in the PRC was RMB98,277,087,000 (30 June 2024: RMB88,008,440,000), and the total of these non-current assets located in other countries was RMB14,835,935,000 (30 June 2024: RMB13,853,134,000).

#### 4. REVENUE

	For the year ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Sales of packaging paper	56,899,733	54,609,046
Sales of printing and writing paper	5,407,685	4,133,707
Sales of high value specialty paper products	672,906	641,833
Sales of pulp	260,215	111,779
	<u>63,240,539</u>	<u>59,496,365</u>
<b>Timing of revenue recognition</b>		
At a point in time	<u>63,240,539</u>	<u>59,496,365</u>

The Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue during the years ended 30 June 2025 and 2024.

#### 5. EXPENSE BY NATURE

Expenses included in cost of good sold, selling and marketing costs and administrative expenses are analysed as follows:

	For the year ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials and consumables used	50,091,867	48,463,322
Changes in finished goods	(289,067)	(258,155)
Employee benefit expenses	4,198,814	4,013,449
Depreciation charges of property, plant and equipment ( <i>Note 10</i> )	3,588,625	3,304,563
Net reversal of provision for inventory impairment	(16,507)	(233,309)
Depreciation charges of right-of-use assets ( <i>Note 10</i> )	164,508	141,129
Less: amount capitalised in property, plant and equipment	(18,182)	(30,615)
Less: amount charged to other expenses	(63,184)	(39,335)
	<u>83,142</u>	<u>71,179</u>



## 6. OTHER INCOME, OTHER EXPENSES AND OTHER GAINS — NET

	For the year ended 30 June	
	2025	2024
	RMB'000	RMB'000
Other income		
— VAT refund ( <i>Note (a)</i> )	1,438,690	1,320,014
— income from leases	183,800	111,687
— income from other sales and services	86,146	81,824
— subsidy income	184,404	93,706
Other expenses		
— cost of leases	(143,337)	(92,484)
— cost of other sales and services	(76,332)	(70,694)
Other (losses)/gains — net		
— losses on disposal of property, plant and equipment	(62,692)	(20,520)
— Others	(48,152)	127,850
	<u>1,562,527</u>	<u>1,551,383</u>

- (a) Effective from 1 July 2015, pursuant to the preferential VAT policies collectively issued by the Ministry of Finance and the PRC State Administration of Taxation, the Group's VAT paid in relation to the production and sales of paper products using recycled paper as raw materials is eligible for a refund of 50%.

## 7. FINANCE INCOME AND FINANCE COSTS

	For the year ended 30 June	
	2025	2024
	RMB'000	RMB'000
Finance income:		
Interest income from bank deposits	<u>136,444</u>	<u>135,181</u>
Finance costs:		
Interest expenses	(2,262,171)	(2,250,894)
Amortisation of transaction costs	(71,224)	(66,092)
Less: amounts capitalised on property, plant and equipment	<u>645,807</u>	<u>748,221</u>
	<u>(1,687,588)</u>	<u>(1,568,765)</u>

## 8. INCOME TAX EXPENSE

	For the year ended 30 June	
	2025	2024
	RMB'000	RMB'000
Current income tax		
— PRC corporate income tax and withholding income tax (Notes (a) and (b))	192,076	151,613
— Malaysia income tax (Note (c))	21	5,612
— Socialist Republic of Vietnam (“Vietnam”) income tax (Note (d))	24,844	10,441
	<u>216,941</u>	<u>167,666</u>
Deferred income tax		
— PRC corporate income tax and withholding income tax	58,469	255,311
— Malaysia income tax	(131)	17,270
— Vietnam income tax	7,632	4,236
	<u>65,970</u>	<u>276,817</u>
	<u><u>282,911</u></u>	<u><u>444,483</u></u>

### (a) PRC corporate income tax

The Group’s subsidiaries in Chinese mainland are subject to corporate income tax at the rate of 25% except that certain of these subsidiaries are entitled to preferential rate of 15% for the Group’s financial year ended 30 June 2025 as those subsidiaries fulfil the requirements of High and New Technology Enterprise (“HNTE”) according to relevant rules and regulations (2024: 15%). The HNTE designation should be reassessed every three years according to relevant rules and regulations.

In accordance with the announcement on extending the enterprise income tax policy for the western region development (《關於延續西部大開發企業所得稅政策的公告》(財政部稅務總局國家發展改革委公告2020年第23號)), from 1 January 2021 to 31 December 2030, enterprises which located in the western region that fall under the encouraged industries are subject to a 15% enterprise income tax rate. In accordance with the Circular of the People’s Government of Guangxi Zhuang Autonomous Region on extending and revising certain policies for promoting the opening-up and development of the Guangxi Beibu Gulf Economic Zone (《廣西壯族自治區人民政府關於延續和修訂促進廣西北部灣經濟區開放開發若干政策規定的通知》(桂政發[2014]5號)), qualified newly set up enterprises are exempt from the local shared portion, which is 40% of the enterprise income tax calculated based on the 15% enterprise income tax rate. Therefore, Nine Dragons Paper Industries (Beihai) Co., Ltd. is qualified for such incentive tax arrangement and entitled to the corporate income tax rate of 9%.

In accordance with the Circular of the Ministry of Finance and the State Administration of Taxation on Issues Concerning Implementing the Enterprise Income Tax Incentive Catalogue for Comprehensive Utilization of Resources Cai Shui [2008] No. 47 (《財政部、國家稅務總局關於執行資源綜合利用企業所得稅優惠目錄有關問題的通知》財稅[2008]47號), and the Enterprise Income Tax Incentive Catalogue for Comprehensive Utilization of Resources (2021) (《資源綜合利用企業所得稅優惠目錄(2021年版)》) issued by the Circular of the Ministry of Finance, the State Administration of Taxation, National Development and Reform Commission and Ministry of Ecology and Environment on 16 December 2021, an enterprise, which uses the raw materials under the catalogue to produce recycled resource products under the catalogue and the products meet the national or industrial standards, is entitled to incentive tax arrangement such that only 90% of the sales revenue of the products is subject to the calculation of the taxable income. The Group's sales of recycled products qualify for the incentive tax arrangement and therefore 10% of the Group's revenue from sales of recycled products has been deducted from the taxable income of the Group in the calculation of CIT from 1 January 2021 onwards.

**(b) PRC withholding income tax**

PRC withholding income tax of 10% shall be levied on the dividends declared by the companies established in the Chinese mainland to their foreign investors out of their profits earned after 1 January 2008. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the mainland China and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%. The applicable withholding income tax rate of the intermediate holding company of the Company's mainland China subsidiaries for the year ended 30 June 2025 was 5% (2024: 5%).

**(c) Malaysia income tax**

The Group's subsidiaries in Malaysia are subject to corporate income tax at the rate of 24% for the year ended 30 June 2025 in respect of operations in Malaysia (2024: 24%).

**(d) Vietnam income tax**

The Group's subsidiaries in Vietnam are subject to corporate income tax at the rates of 20% for the year ended 30 June 2025 in respect of operations in Vietnam (2024: 10% or 20% for different operation phases).

**(e) USA income tax**

USA income tax has not been provided as the Group did not have any assessable profits for the years ended 30 June 2025 and 2024.

**(f) Hong Kong profits tax**

Hong Kong profits tax has not been provided as the Group did not have any assessable profits for the years ended 30 June 2025 and 2024.

## 9. EARNINGS PER SHARE

### — Basic

	For the year ended 30 June	
	2025	2024
Profit attributable to equity holders of the Company ( <i>RMB'000</i> )	<u>1,767,106</u>	<u>750,677</u>
Weighted average number of ordinary shares in issue ( <i>shares in thousands</i> )	<u>4,692,221</u>	<u>4,692,221</u>
Basic earnings per share ( <i>RMB per share</i> )	<u>0.38</u>	<u>0.16</u>

### — Diluted

Diluted earnings per share is the same as basic earnings per share as there were no potential diluted ordinary shares outstanding during the years ended 30 June 2025 and 2024.

## 10. DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 30 June 2025 (2024: nil).

## 11. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

	Property, plant and equipment <i>RMB'000</i>	Right-of-use assets <i>RMB'000</i>
<b>Year ended 30 June 2025</b>		
Opening net book amount	95,462,861	5,352,769
Additions	15,024,190	51,823
Disposals	(99,721)	—
Depreciation/amortisation ( <i>Note 5</i> )	(3,588,625)	(164,508)
Exchange differences	<u>615,619</u>	<u>18,474</u>
Closing net book amount	<u>107,414,324</u>	<u>5,258,558</u>
<b>Year ended 30 June 2024</b>		
Opening net book amount	86,557,207	3,019,260
Additions	12,604,446	2,460,283
Disposals	(52,829)	—
Depreciation/amortisation ( <i>Note 5</i> )	(3,304,563)	(141,129)
Exchange differences	<u>(341,400)</u>	<u>14,355</u>
Closing net book amount	<u>95,462,861</u>	<u>5,352,769</u>

## 12. INVENTORIES

	30 June 2025 RMB'000	30 June 2024 RMB'000
Raw materials	6,296,340	6,321,231
Finished goods	4,172,612	3,883,545
Inventories — gross	10,468,952	10,204,776
Provision for impairment	(18,961)	(35,468)
Inventories — net	10,449,991	10,169,308

The cost of inventories recognised as expenses and included in cost of goods sold amounted to RMB56,011,903,000 for the year ended 30 June 2025 (2024: RMB54,018,202,000).

Write-downs of inventories to net realisable value amounted to RMB18,961,000 for the year ended 30 June 2025 (2024: RMB35,468,000). These were recognised as an expense during the year ended 30 June 2025 and included in cost of goods sold.

## 13. TRADE AND BILLS RECEIVABLES

	30 June 2025 RMB'000	30 June 2024 RMB'000
Trade receivables ( <i>Note (a)</i> )	3,277,833	3,565,687
less: allowance for impairment	(51,164)	(31,407)
	3,226,669	3,534,280
Bills receivables ( <i>Note (b)</i> )	2,558,206	4,957,444
less: allowance for impairment	(4,729)	(9,432)
	2,553,477	4,948,012

(a) As at 30 June 2025, the ageing analysis of trade receivables based on invoice date is as follows:

	30 June 2025 RMB'000	30 June 2024 RMB'000
0–60 days	3,089,700	3,546,976
Over 60 days	188,133	18,711
	3,277,833	3,565,687

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers, which are widely dispersed.

The Group's credit sales to customers are mainly entered into on credit terms of not more than 60 days.

- (b) Bills receivables as at 30 June 2025 and 2024 mainly represent bank acceptance note with maturity period of 30 to 180 days.

#### 14. SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares	Nominal value of ordinary shares <i>HK\$'000</i>	Equivalent nominal value of ordinary shares <i>RMB'000</i>	Share premium <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Issued and fully paid</b>					
Balance as at 30 June 2023, 30 June 2024 and 30 June 2025	4,692,220,811	469,222	480,531	1,084,720	1,565,251

#### 15. PERPETUAL CAPITAL SECURITIES

	For the year ended 30 June	
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Balance as at 1 July	2,846,329	—
Issuance	—	2,824,660
Profit attributable to holders of perpetual capital securities	400,395	21,669
Distribution to holders of perpetual capital securities	(400,395)	—
Balance as at 30 June	2,846,329	2,846,329

In June 2024, the Company issued US\$400,000,000 (equivalent to approximately RMB2,845,400,000) senior perpetual capital securities listed on the Singapore Exchange Securities Trading Limited with the aggregate net proceeds after transaction cost of US\$397,084,000 (equivalent to approximately RMB2,824,660,000).

Distribution is payable semi-annually in arrears based on a distribution rate as defined in the subscription agreements. The annual distribution rate is about 14% for the year ended 30 June 2025 (2024: 14%).

During the year ended 30 June 2025, the Company made distribution amounting to US\$56,000,000 (equivalent to RMB400,395,000) to the holders of perpetual capital securities.

There is no maturity of the securities and the payments of distribution can be deferred at the discretion of the Company, and there is no limit as to the number of times of deferral of distribution. When the Company elects to declare dividends to their respective ordinary shareholders, the Company shall make distribution to the holders of perpetual capital securities at the distribution rate as defined in the subscription agreements.

## 16. BORROWINGS

	30 June 2025 RMB'000	30 June 2024 RMB'000
Current		
— Bank borrowings (Note (a))	14,191,582	14,852,349
— Outstanding balance of discounted commercial acceptance bills with recourse	1,674,332	—
	<u>15,865,914</u>	<u>14,852,349</u>
Non-current		
— Bank borrowings (Note (a))	59,502,416	52,276,846
— Borrowing from other non-banking financial institutions	50,109	49,886
	<u>59,552,525</u>	<u>52,326,732</u>
	<u>75,418,439</u>	<u>67,179,081</u>

(a) As at 30 June 2025 and 2024, the bank borrowings and borrowings from other non-bank financial institutions of the Group were unsecured borrowings.

The Group's borrowings were repayable as follows:

	30 June 2025 RMB'000	30 June 2024 RMB'000
Within 1 year (including 1 year)	15,865,914	14,852,349
Between 1 and 2 years (including 2 years)	25,257,211	30,198,046
Between 2 and 5 years (including 5 years)	28,831,919	16,911,781
Over 5 years	5,463,395	5,216,905
	<u>75,418,439</u>	<u>67,179,081</u>

## 17. TRADE AND BILLS PAYABLES

	30 June 2025 RMB'000	30 June 2024 RMB'000
Trade payables (Note (a))	3,400,770	4,745,359
Bills payables (Note (b))	7,181,496	6,520,710
	<u>10,582,266</u>	<u>11,266,069</u>

(a) The ageing analysis of trade payables based on invoice date as at 30 June 2024 is as follows:

	30 June 2025 RMB'000	30 June 2024 RMB'000
0–90 days (including 90 days)	2,957,729	4,261,319
Over 90 days	443,041	484,040
	<u>3,400,770</u>	<u>4,745,359</u>

Trade payables are settled in accordance with agreed terms with suppliers.

(b) Bills payables are mainly with maturity period of 90 to 180 days as at 30 June 2025 and 2024.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Review of Operations

During the year under review, the international economy and trade order accelerated its restructuring. China's economy faced sustained pressure with sluggish growth amid dual challenges of internal structural adjustments and deteriorating external conditions. Consumer confidence remained subdued. Compounded by sharply volatile costs of raw materials and selling prices of products amid more intense competition, the profitability of the paper making industry was posed with multiple stresses.

In view of the severe and complex business environment, the Group adhered to the philosophy of “expanding with quality, leading with efficiency” to proactively cope with various challenges. The Group gave full rein to its core advantages of integrated pulp and paper production, closely tracked market changes and optimized its operation strategies in a timely manner, delivering a highly resilient and impressive annual result. With excellent and stable quality and diversifying product portfolio, the sales volume of the Group increased by 9.6% year-on-year to a new record high of 21.5 million tonnes, which contributed to its year-on-year increase of 6.3% in revenue to RMB63,240.5 million during the year.

With unwavering strategic focus, the Group solidly advanced its integrated pulp and paper production to achieve comprehensive upgrades from raw materials to products. By establishing a system of self-sufficiency in raw materials, the Group has not only efficiently hedged against price volatility risks associated with external purchase of wood pulp, but also laid a solid foundation for its products to evolve toward high-end and differentiated supply, thereby ensuring the stability and growth of the Group's profitability. Additionally, the Group continuously refined its lean operations and management, empowered leadership in technological innovation, and actively adopted cutting-edge technologies to achieve digital transformation. This enhanced management and decision-making efficiency, introducing new momentum into the development of the Group. During the year, the Group delivered outstanding performance in profitability, with the gross profit significantly increased by 26.9% year-on-year to approximately RMB7,245.1 million, while net profit after tax also soared by 177.3% year-on-year to approximately RMB2,201.7 against headwinds, and net profit per tonne of paper surged to approximately RMB102.5, outperforming the industry. Meanwhile, by consistently prioritizing both development and safety, the Group continued to optimize its risk management system and kept working capital, cash flow and exchange rate fluctuation risks to minimum levels, solidly securing the high-quality sustainable development of the Group.



During the year, the Group's capacity expansion projects for high-end paper production and raw materials in Beihai, Guangxi Zhuang Autonomous Region and Jingzhou, Hubei Province have started production successfully, which further expanded the Group's market coverage. As of 30 June 2025, the Group's total design production capacity for fibre raw materials amounted to approximately 7.5 million tpa (wood pulp of 4.7 million tonnes, recycled pulp of 0.7 million tonnes and wood fibre of 2.1 million tonnes), and the total design production capacity for paper amounted to approximately 23.5 million tpa, while the total annual design production capacity for downstream packaging plants amounted to approximately 2.9 billion sq.m.

In Q3 of 2025, the design production capacity of 1.2 million tpa for bleached folding boxboard and the design production capacity of 0.7 million tpa for wood pulp have commenced production in Jingzhou, Hubei Province, and the design production capacity of approximately 0.4 million tpa for printing and writing paper has commenced production in Beihai, Guangxi Zhuang Autonomous Region.

### **Major Capital Expenditure and Expansion Plan**

The Group is investing in an annual design production capacity of approximately 3.4 million tonnes of wood pulp, as well as an annual design production capacity of 2.5 million tonnes of bleached folding boxboard and printing and writing paper in Beihai, Guangxi Zhuang Autonomous Region, Jingzhou, Hubei Province, Chongqing and Tianjin. Upon completion of the above projects, the Group's total annual design production capacity for fibre raw materials will reach approximately 10.2 million tonnes (wood pulp of 7.4 million tonnes, recycled pulp of 0.7 million tonnes and wood fibre of 2.1 million tonnes), and the total annual design production capacity for paper will reach approximately 25.4 million tonnes. The vertical integration of the raw material supply chain of wood pulp not only enables the Group to effectively control its costs and enhance its quality, but also fuels the performance upgrade and drives brand premiums of high-end paper classes, thereby consolidating the Group's sustainable core competitiveness in the long run.

The details of our latest plans for major capital expenditure and capacity expansion projects are as follows:

**Major capital expenditure and capacity expansion project — wood pulp**

	<b>Production capacity (million tpa)</b>	<b>Completion time (expected)</b>
Jingzhou, Hubei Province	(Chemical pulp) 0.65	June 2025 (completed)
	(Bleached chemi-thermo mechanical pulp) 0.70	August 2025 (completed)
Chongqing	(Chemical pulp) 0.70	Q4 of 2026 (expected)
Tianjin	(Chemical pulp) 0.50	Q4 of 2026 (expected)
Beihai, Guangxi Zhuang Autonomous Region	(Chemical pulp) 0.80	Q1 of 2027 (expected)
<b>Total</b>	<b>3.35</b>	

**Capital expenditure and capacity expansion project — paper production**

	<b>Production capacity (million tpa)</b>	<b>Completion time (expected)</b>
Jingzhou, Hubei Province	(Printing and writing paper) 0.25	February 2025 (completed)
	(Printing and writing paper) 0.35	April 2025 (completed)
	(Bleached folding boxboard) 1.20	August 2025 (completed)
Beihai, Guangxi Zhuang Autonomous Region	(Printing and writing paper) 0.35	July 2025 (completed)
	(Printing and writing paper) 0.35	Q4 of 2025 (expected)
<b>Total</b>	<b>2.50</b>	

## **FINANCIAL REVIEW**

### **Revenue**

The Group achieved a revenue of approximately RMB63,240.5 million for FY2025, representing an increase of approximately 6.3% as compared with FY2024. The major contributor of the Group's revenue was still its packaging paper business, including linerboard, high performance corrugating medium, coated duplex board and bleached folding boxboard, which accounted for approximately 90.0% of the revenue, with the remaining revenue of approximately 10.0% generated from its printing and writing paper, high value specialty paper and pulp products.

The Group's revenue for FY2025 increased by approximately 6.3% as compared with FY2024, resulting from the net effect of the increase in sales volume of approximately 9.6% and the decrease in average selling price of approximately 3.0%.

The Group's annual design production capacity in packaging paperboard, printing and writing paper, high value specialty paper and pulp products as at 30 June 2025 was approximately 28.9 million tpa in aggregation, comprising approximately 14.0 million tpa of linerboard, approximately 5.7 million tpa of high value specialty paper and pulp products, approximately 3.7 million tpa of high performance corrugating medium, approximately 2.0 million tpa of coated duplex board, approximately 1.8 million tpa of bleached folding boxboard approximately 1.7 million tpa of printing and writing paper. The four US mills capacity was approximately 1.3 million tpa, including approximately 0.9 million tpa of coated one-side, coated freesheet and coated groundwood grade for printing and writing paper and specialty paper products; and approximately 0.4 million tpa of recycled pulp and wood pulp.

The Group's sales volume reached approximately 21.5 million tonnes in FY2025, increased by approximately 9.6% as compared with 19.6 million tonnes in FY2024. The increase in sales volume was driven by approximately 1.9 million tonnes increase in China business.

The sales volume of linerboard, bleached folding boxboard and high performance corrugating medium for FY2025 increased by approximately 10.2%, 74.1% and 1.6% respectively while coated duplex board for FY2025 decreased by approximately 5.0% as compared with those in FY2024.

The majority of the Group's revenue continued to be realised from the China market, in particular from the linerboard, high performance corrugating medium, coated duplex board and bleached folding boxboard sectors. For FY2025, revenue related to China consumption represented 88.7% of the Group's total revenue, while the remaining revenue of 11.3% represented sales recorded in other countries outside China.

For FY2025, revenue from the Group's top five customers in aggregate accounted for approximately 6.7% (FY2024: 6.4%) of the Group's total revenue, with that to the single largest customer accounted for approximately 2.4% (FY2024: 2.7%).

### **Gross profit and Gross profit margin**

The gross profit for FY2025 was approximately RMB7,245.1 million, an increase of RMB1,533.6 million or 26.9% as compared with RMB5,711.5 million in FY2024. The gross profit margin increased from 9.6% in FY2024 to approximately 11.5% in FY2025 mainly due to the decrease in the cost of raw materials being more significant and faster than the decrease in the selling price of the products.

## **Selling and marketing costs**

Selling and marketing costs increased by approximately 12.7% from RMB2,338.5 million in FY2024 to approximately RMB2,635.0 million in FY2025 which was mainly contributed by more geographical areas covered and cost incurred to promote sales and marketing to support new paper machines and pulp lines launched in Jingzhou of Hubei Province and Beihai of Guangxi Zhuang Autonomous Region. The total amount of selling and marketing costs as a percentage of the Group's revenue slightly increased from 3.9% in FY2024 to approximately 4.2% in FY2025.

## **Administrative expenses**

Administrative expenses increased by approximately 4.9% from RMB2,150.1 million in FY2024 to approximately RMB2,256.1 million in FY2025 which was mainly contributed by additional management and administrative costs incurred to support the capacity expansion projects in Jingzhou of Hubei Province and Beihai of Guangxi Zhuang Autonomous Region. As a percentage of Group's revenue, the administrative expenses remained approximately 3.6% in FY2024 and FY2025.

## **Operating profit**

The operating profit for FY2025 was approximately RMB3,936.6 million, representing an increase of approximately RMB1,291.6 million or 48.8% over FY2024. The increase in operating profit for FY2025 was mainly due to the increase in gross profit of the Group.

## **Finance costs — net**

The net finance costs increased by approximately RMB117.5 million, or 8.2% from RMB1,433.6 million in FY2024 to approximately RMB1,551.1 million in FY2025. The increase in finance cost was mainly contributed by the increase in total borrowing from RMB67,179.1 million as at 30 June 2024 to approximately RMB75,418.4 million as at 30 June 2025 to support the capacity expansion projects in Jingzhou of Hubei Province and Beihai of Guangxi Zhuang Autonomous Region which contributed new production capacity for wood pulp and paper products during FY2025.

## **Income tax expense**

Income tax expense for the FY2025 amounted to approximately RMB282.9 million, decreased by approximately 37.1% or RMB164.8 million as compared with FY2024.

The significant drop in the effective tax rate this year compared to last year was primarily due to that subsidiaries with relatively low actual income tax rate contributed substantially more to the Group's profit before tax this year, and several overseas subsidiaries that have been loss-making significantly reduced their losses during the year and thereby increased the Group's taxable income.

In accordance with the announcement on extending the enterprise income tax policy for the western region development (《關於延續西部大開發企業所得稅政策的公告》(財政部稅務總局國家發展改革委公告2020年第23號)), from 1 January 2021 to 31 December 2030, enterprises which located in the western region that fall under the encouraged industries are subject to a 15% enterprise income tax rate. In accordance with the Circular of the People's Government of Guangxi Zhuang Autonomous Region on extending and revising certain policies for promoting the opening-up and development of the Guangxi Beibu Gulf Economic Zone (《廣西壯族自治區人民政府關於延續和修訂促進廣西北部灣經濟區開放開發若干政策規定的通知》(桂政發[2014]5號)), qualified newly set up enterprises are exempt from the local shared portion, which is 40% of the enterprise income tax calculated based on the 15% enterprise income tax rate. Therefore, Nine Dragons Paper Industries (Beihai) Co., Ltd. is qualified for such incentive tax arrangement and entitled to the corporate income tax rate of 9%.

In accordance with the Circular of the Ministry of Finance and the State Administration of Taxation on Issues Concerning Implementing the Enterprise Income Tax Incentive Catalogue for Comprehensive Utilization of Resources Cai Shui [2008] No. 47 (《財政部、國家稅務總局關於執行資源綜合利用企業所得稅優惠目錄有關問題的通知》財稅[2008]47號), and the Enterprise Income Tax Incentive Catalogue for Comprehensive Utilization of Resources (2021) (《資源綜合利用企業所得稅優惠目錄(2021年版)》) issued by the Circular of the Ministry of Finance, the State Administration of Taxation, National Development and Reform Commission and Ministry of Ecology and Environment on 16 December 2021, an enterprise, which uses the raw materials under the catalogue to produce recycled resource products under the catalogue and the products meet the national or industrial standards, is entitled to incentive tax arrangement such that only 90% of the sales revenue of the products is subject to the calculation of the taxable income. The Group's sales of recycled products qualify for the incentive tax arrangement and therefore 10% of the Group's revenue from sales of recycled products was deducted from the taxable income of the Group in the calculation of CIT from 1 January 2021 onwards.

### **Net profit**

Profit after tax increased from RMB793.9 million in FY2024 to approximately RMB2,201.7 million in FY2025, representing an increase of RMB1,407.8 million or 177.3%.

### **Profit attributable to equity holders of the Company**

The profit attributable to equity holders of the Company increased from RMB750.7 million in FY2024 to approximately RMB1,767.1 million in FY2025, representing an increase of RMB1,016.4 million or 135.4%, mainly attributable to the increase in revenue and in gross profit margin.

## **Working capital**

The level of inventory as at 30 June 2025 increased by 2.8% to approximately RMB10,450.0 million from RMB10,169.3 million as at 30 June 2024. Inventories mainly comprise of raw materials (mainly recovered paper, wood chip, coal and spare parts) of approximately RMB6,290.1 million and finished goods of approximately RMB4,160.0 million.

In FY2025, raw material (excluding spare parts) turnover days increased to approximately 32 days as compared to 31 days for FY2024 while the finished goods turnover days increased to approximately 26 days as compared to 25 days for FY2024.

Trade receivables as at 30 June 2025 were approximately RMB3,226.7 million, decreased by 8.7% from RMB3,534.3 million as at 30 June 2024. The turnover days of trade receivables were approximately 20 days for FY2024 and FY2025.

Trade payables were approximately RMB3,400.8 million as at 30 June 2025, decreased by 28.3% from RMB4,745.4 million in FY2024. The turnover days of trade payables were approximately 27 days for FY2024 and FY2025.

## **Liquidity and financial resources**

The working capital and long-term funding required by the Group in FY2025 primarily comes from its operating cash flows and bank borrowings, while the Group's financial resources are used in its capital expenditures, operating activities and repayment of borrowings.

In terms of available financial resources as at 30 June 2025, the Group had bank and cash balances, short-term bank deposits and restricted cash amounted to approximately RMB11,484.5 million and total undrawn bank facilities of approximately RMB44,094.1 million.

As at 30 June 2025, the shareholders' funds were approximately RMB50,611.6 million, an increase of RMB2,127.1 million or 4.4% from that as at 30 June 2024.

## **Debts Management**

The Group's outstanding borrowings increased by approximately RMB8,239.3 million from RMB67,179.1 million as at 30 June 2024 to RMB75,418.4 million as at 30 June 2025 to support the capacity expansion plan of the Group. As at 30 June 2025, the short-term and long-term borrowings amounted to approximately RMB15,865.9 million and RMB59,552.5 million respectively, accounting for 21.0% and 79.0% of the total borrowings respectively.



## **Treasury policies**

The Group has established a treasury policy with the objective of achieving better control of treasury operations and lowering cost of funds. Therefore, funding for all its operations and foreign exchange exposure have been centrally reviewed and monitored at the Group level. To manage the Group's exposure to fluctuations in foreign currency exchange rates and interest rates on specific transactions, foreign currency borrowings, currency structured instruments and other appropriate financial instruments will be used to hedge material exposure.

It is the policy of the Group not to enter into any derivative products for speculative activities.

The treasury policies followed by the Group aim to:

### ***(a) Minimise interest risk***

This is accomplished by loan re-financing and negotiation. The Board will continue to closely monitor the Group's loan portfolio and compare the loan margin spread under its existing agreements against the current borrowing interest rates under different currencies and new offers from banks.

### ***(b) Minimise currency risk***

In view of the current volatile currency market, the Board closely monitors the Group's foreign currency borrowings and will consider arranging for monetary and interest rate hedge at appropriate time to mitigate the corresponding risk. As at 30 June 2025, total foreign currency borrowings amounted to the equivalent of approximately RMB845.0 million and loans denominated in RMB amounted to approximately RMB74,573.4 million, representing 1.1% and 98.9% of the Group's borrowings respectively.

## **Cost of borrowing**

The effective interest rates of long-term borrowings and short-term borrowings both were stable at approximately 2.9% and 2.7% per annum as at 30 June 2025 and 3.2% and 3.1% per annum as at 30 June 2024 respectively. The gross interest and finance charges (including interest capitalised and amortisation of financial instrument but before interest income and exchange gains or losses on financing activities) increased to approximately RMB2,333.4 million in FY2025 from RMB2,317.0 million in FY2024.

## **Future Outlook**

Looking ahead to FY2026, we will encounter both opportunities and challenges. With the continual introduction of a series of more positive policies by the Chinese government to expand domestic demand and promote consumption, the demand in the packaging paper industry will be supported. Nonetheless, the escalating tensions in international relations, the sluggish recovery of economy and consumption, and the continuous release of new capacity will affect market demand and supply. However, we firmly believe that the environmental trend of “replacing plastic with paper” and the optimization of the supply side driven by “anti-involution” campaign will improve the supply and demand pattern in the paper manufacturing industry. Meanwhile, the Group is determined to deepen its strategy of pulp and paper integration, which will further enhance its cost control capabilities, solidify its core competitive advantages in the long term, and serve as a core ballast and growth engine for the Group’s future profitability.

The Group will exercise stringent control over production costs, deepen lean management and increase the proportion of high value-added products, maintaining sustainable supply of exemplary quality paper that embodies the characteristics of Nine Dragons Paper. At the same time, the Group will continue to optimize the balance between production and sales, and utilize technology to enhance both quality and efficiency while adhering to prudent financial strategies and strengthening green and compliant operations so as to achieve high-quality and sustainable development.

## **Human Resources Practices**

The Group aims to attract, retain and develop high-calibre individuals who are committed to attaining our objectives and achieving our corporate culture and core values. The total number of full-time staff of the Group as at 30 June 2025 was 27,453 (2024: 25,410). The Group’s human resources practices are aligned with our corporate objectives in order to maximize shareholder value and achieve sustainable growth.

## **DIVIDEND**

The Company did not distribute an interim dividend for the six months ended 31 December 2024 (six months ended 31 December 2023: Nil) to the shareholders.

The Board did not recommend the payment of final dividend for the year ended 30 June 2025 (FY2024: Nil).

## **ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS**

The 2025 AGM will be held on or before 31 December 2025. A notice convening the 2025 AGM and the book closure of register of members, for the purpose of ascertaining shareholders’ entitlement to attend the 2025 AGM, will be published and despatched in the manner as required by the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) in due course.



## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for FY2025.

## **AUDIT COMMITTEE REVIEW**

The audit committee, which comprises four independent non-executive directors, has reviewed with Company's management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters of the Group for the year.

The consolidated financial statements of the Group for FY2025 have been reviewed by the audit committee.

## **SCOPE OF WORK OF PRICEWATERHOUSECOOPERS**

The figures in respect of the announcement of the Group's results for the year ended 30 June 2025 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the results announcement.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company strives to attain and maintain high standards of corporate governance best suited to the needs and interests of the Group as it believes that effective corporate governance practices are fundamental to safeguarding interests of shareholders and other stakeholders and enhancing shareholder value.

During FY2025, the Group has complied with all the code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Specific enquiries have been made to all directors, who have confirmed that, during FY2025, they were in compliance with provisions of the Model Code.

## APPRECIATION

In addition to my gratitude to our management and staff, I would like to express my sincere appreciation to governments of various levels for providing a business-friendly environment that has allowed us to prosper and positively influence the lives of our employees while contributing to the success of our industry. We would also like to thank our shareholders, investors, bankers, customers and business partners for their support and look forward to sharing our continued success.

By Order of the Board  
**Nine Dragons Paper (Holdings) Limited**  
**Cheung Yan**  
*Chairlady*

Hong Kong, 24 September 2025

*As at the date of this announcement, the Board of the Company comprises six Executive Directors, being Ms. Cheung Yan, Mr. Liu Ming Chung, Mr. Zhang Cheng Fei, Mr. Ken Liu, Mr. Zhang Lianpeng and Ms. Zhang Lianru; and four Independent Non-Executive Directors, being Mr. Lam Yiu Kin, Ms. Chan Man Ki, Maggie, Dr. Li Huiqun and Dr. Cao Zhenlei.*

\* *For identification purposes only*