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## **ZHENGYE INTERNATIONAL HOLDINGS COMPANY LIMITED**

**正業國際控股有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 3363)**

### **PROFIT ALERT**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the inside information provisions under Part XIVA of the SFO.

The Board wishes to inform Shareholders and potential investors that, based on the preliminary review of the management accounts of the Group, the Group's loss attributable to equity holders of the Company for the Period is expected to record approximately RMB15 million to RMB20 million, as compared to the profit attributable to equity holders of the Company of RMB41.94 million for the Corresponding Period Last Year. The loss attributable to equity holders of the Company was mainly due to (i) the continuous decrease in the product price in the paper and paper-based products industry as a result of the effect brought by the slowdown in global economy and the continuous weakening of consumer sentiment in domestic market and consumption demand. During the first half of 2023, the sales revenue of the Group decreased significantly by over 25% as compared with the Corresponding Period Last Year; (ii) the significant decrease in the price of the Group's paper manufacturing products as a result of the effect brought by the serious imbalance between supply and demand while the decrease in the price of waste paper as raw materials failing to offset the decrease in the price of finished products. Moreover, the gross profit margin of the Group's paper manufacturing business decreased significantly by over 5% year-on-year due to high energy costs. The paper manufacturing sector recorded an operating loss for the first time.

In the second half of the year, the Group will adjust the paper manufacturing product structure and increase the development of products with high added value. Meanwhile, it will comprehensively carry out actions such as reducing staff, cutting costs and increasing efficiency. In order to reduce energy costs, it will increase the steam supply of biomass boilers to improve the impact of market environment on enterprises.

**Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

This announcement is made by Zhengye International Holdings Company Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (“**SFO**”) (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary review of the management accounts of the Group, the Group’s loss attributable to equity holders of the Company for the six months ended 30 June 2023 (the “**Period**”) is expected to record approximately RMB15 million to RMB20 million, as compared to the profit attributable to equity holders of the Company of RMB41.94 million for the six months ended 30 June 2022 (the “**Corresponding Period Last Year**”). The loss attributable to equity holders of the Company was mainly due to (i) the continuous decrease in the product price in the paper and paper-based products industry as a result of the effect brought by the slowdown in global economy and the continuous weakening of consumer sentiment in domestic market and consumption demand. During the first half of 2023, the sales revenue of the Group decreased significantly by over 25% as compared with the Corresponding Period Last Year; (ii) the significant decrease in the price of the Group’s paper manufacturing products as a result of the effect brought by the serious imbalance between supply and demand while the decrease in the price of waste paper as raw materials failing to offset the decrease in the price of finished products. Moreover, the gross profit margin of the Group’s paper manufacturing business decreased significantly by over 5% year-on-year due to high energy costs. The paper manufacturing sector recorded an operating loss for the first time.

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The Company is in the course of preparing its unaudited interim results for the Period. The information in this announcement is based on a preliminary assessment of the currently available information from the unaudited management accounts of the Group, which have not been audited or reviewed by the Company’s auditor or its audit committee, and will be subject to change and finalisation. Shareholders and potential investors are advised to refer to the Group’s interim results announcement for the Period which is expected to be published before the end of August 2023.

**Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

By order of the Board  
**Zhengye International Holdings Company Limited**  
**Hu Zheng**  
*Chairman*

Hong Kong, 9 August 2023

*As at the date of this announcement, the Board comprised Mr. Hu Zheng, Mr. Hu Hancheng (Mr. Hu Jianjun as his alternate) and Mr. Hu Hanchao (Mr. Tan Xijian as his alternate) and Mr. Hu Jianpeng as executive directors; Ms. Hu Jianwen as non-executive director and Mr. Chung Kwok Mo John, Mr. Liew Fui Kiang and Mr. Shin Yick Fabian as independent non-executive directors.*