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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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

FINANCIAL HIGHLIGHTS

	For the year ended 31 December	
	2025 RMB'000	2024 RMB'000
Revenue	2,516,436	2,435,830
Gross Profit Margin	10.79%	12.06%
EBITDA	200,231	203,168
Profit and Total Comprehensive Income for the Year Attributable to the Owners of the Company	14,510	36,392
Return on Equity Attributable to the Owners of the Company	1.29%	3.25%
Earnings per Share (Basic) — RMB	0.03	0.07
Recommended Final Dividend — HKD per Share*	1.12 cents	2.20 cents

* The Board had resolved to recommend the payment of a final dividend of RMB1.00 cents (equivalent to HKD1.12 cents) per Share for the year ended 31 December 2025 (2024: a final dividend of RMB2.00 cents per Share).

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Director(s)**”) of Zhengye International Holdings Company Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (together, the “**Group**”) for the year ended 31 December 2025 (the “**Year**”) together with the comparative figures for the corresponding year ended 31 December 2024 (the “**Year 2024**”) as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	NOTES	2025 RMB'000	2024 RMB'000
Revenue	3	2,516,436	2,435,830
Cost of sales		<u>(2,244,965)</u>	<u>(2,141,951)</u>
Gross profit		271,471	293,879
Other income	4	90,410	83,407
Impairment losses reversed (recognised) under expected credit loss model, net		1,134	(961)
Other gains and losses	5	15,740	9,862
Distribution and selling expenses		(85,221)	(88,381)
Administrative expenses		(138,204)	(133,183)
Finance costs	6	(46,316)	(44,302)
Other expenses		(2,005)	(564)
Research and development costs		<u>(82,369)</u>	<u>(86,688)</u>
Profit before tax	7	24,640	33,069
Income tax (expense) credit	8	<u>(6,894)</u>	<u>8,235</u>
Profit and total comprehensive income for the year		<u>17,746</u>	<u>41,304</u>
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		14,510	36,392
Non-controlling interests		<u>3,236</u>	<u>4,912</u>
		<u>17,746</u>	<u>41,304</u>
Earnings per share			
Basic (RMB)	10	<u>0.03</u>	<u>0.07</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	<i>NOTES</i>	2025 RMB'000	2024 RMB'000
Non-current Assets			
Property, plant and equipment		1,480,852	1,427,194
Right of use assets		106,272	117,012
Investment properties		173,817	115,138
Intangible assets		15,953	10,995
Deferred tax assets		8,812	12,601
Deposits for acquisition of property, plant and equipment		19,377	43,387
		<u>1,805,083</u>	<u>1,726,327</u>
Current Assets			
Inventories		213,423	200,510
Trade and other receivables	<i>11</i>	834,767	686,735
Contract assets		15,208	10,581
Pledged/time deposits		99,950	64,428
Bank balances and cash		188,441	187,379
		<u>1,351,789</u>	<u>1,149,633</u>
Current Liabilities			
Trade and other payables	<i>12</i>	296,734	362,337
Tax liabilities		4,991	2,378
Bank and other borrowings		1,023,692	591,788
Lease liabilities		3,864	9,252
Contract liabilities		9,166	4,956
Amounts due to directors		473	448
		<u>1,338,920</u>	<u>971,159</u>
Net Current Assets		<u>12,869</u>	<u>178,474</u>
Total Assets Less Current Liabilities		<u>1,817,952</u>	<u>1,904,801</u>

	<i>NOTES</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Capital and Reserves			
Share capital	<i>13</i>	41,655	41,655
Share premium and reserves		<u>1,083,283</u>	<u>1,078,773</u>
Equity attributable to owners of the Company		1,124,938	1,120,428
Non-controlling interests		<u>285,622</u>	<u>286,514</u>
Total Equity		<u>1,410,560</u>	<u>1,406,942</u>
Non-current Liabilities			
Deferred tax liabilities		4,276	4,712
Bank and other borrowings		362,436	446,896
Lease liabilities		13,104	16,634
Deferred income		<u>27,576</u>	<u>29,617</u>
		<u>407,392</u>	<u>497,859</u>
		<u>1,817,952</u>	<u>1,904,801</u>

NOTES:

1. GENERAL INFORMATION

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The Company acts as an investment holding company. Mr. Hu Zheng, Mr. Hu Hancheng, Mr. Hu Hanchao and Ms. Hu Jianwen, who collectively own 75% of the Company’s shares in aggregate and act in concert, are regarded as the controlling shareholders of the Company.

The principal activities of its subsidiaries are mainly engaged in manufacture and sale of paper, paperboard and paper-based packaging products. The Company and its subsidiaries are hereinafter collectively referred to as the “**Group**”.

The consolidated financial statements are presented in Renminbi (“**RMB**”), the currency of the primary economic environment in which the Company and its principal subsidiaries operate.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to an HKFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability
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The application of the amendments to an HKFRS Accounting Standard in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency ³
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11 ²
HKFRS 18	Presentation and Disclosure in Financial Statements ³

- ¹ Effective for annual periods beginning on or after a date to be determined
- ² Effective for annual periods beginning on or after 1 January 2026
- ³ Effective for annual periods beginning on or after 1 January 2027

Except for the new HKFRS 18 mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (the title of which will be changed to *Basis of Preparation of Financial Statements* upon effective of HKFRS 18) and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

3. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the manufacturing and sales of packaging paper and paper-based packaging products.

The Group is organised into business units based on their products, based on which information is prepared and reported to the Group's chief operating decision maker (i.e. the executive directors of the Company) for the purposes of resource allocation and assessment of performance. The Group's reportable segments under HKFRS 8 *Operating Segments* are identified as two main operations:

1. Packaging paper: this segment produces and sells corrugated medium paper and craft paper.
2. Paper-based packaging: this segment produces and sells craft box, color printing box, honeycomb paper products and color box packaging.

(a) **Segment revenue and results**

The following is an analysis of the Group's revenue and results by reportable and operating segment:

For the year ended 31 December 2025

	Packaging paper RMB'000	Paper-based packaging RMB'000	Total RMB'000
REVENUE			
External sales	1,904,976	611,460	2,516,436
Inter-segment sales	<u>5,528</u>	<u>—</u>	<u>5,528</u>
Segment revenue	<u>1,910,504</u>	<u>611,460</u>	2,521,964
Eliminations			<u>(5,528)</u>
Group revenue			<u>2,516,436</u>
Segment profit (loss)	<u>37,427</u>	<u>(16,088)</u>	21,339
Unallocated other income			583
Unallocated corporate expenses			(12,649)
Unallocated other gains			<u>15,367</u>
Profit before tax			<u>24,640</u>

Other segment information included in the measurement of segment results:

	Packaging paper RMB'000	Paper-based packaging RMB'000	Total RMB'000
Depreciation on property, plant and equipment	83,306	33,135	116,441
Depreciation on right-of-use assets	6,191	2,518	8,709
Amortisation of intangible assets	<u>4,126</u>	<u>—</u>	<u>4,126</u>
Total depreciation and amortisation	93,623	35,653	129,276
Less: Amount capitalised in inventories	(52,840)	—	(52,840)
Less: Amount capitalised in intangible assets	<u>(148)</u>	<u>(422)</u>	<u>(570)</u>
	40,635	35,231	75,866
Impairment losses (reversed) recognised on trade and other receivables	<u>(2,174)</u>	<u>1,040</u>	<u>(1,134)</u>

For the year ended 31 December 2024

	Packaging paper RMB'000	Paper-based packaging RMB'000	Total RMB'000
REVENUE			
External sales	1,740,985	694,845	2,435,830
Inter-segment sales	<u>12,216</u>	<u>—</u>	<u>12,216</u>
Segment revenue	<u>1,753,201</u>	<u>694,845</u>	2,448,046
Eliminations			<u>(12,216)</u>
Group revenue			<u>2,435,830</u>
Segment profit	<u>27,914</u>	<u>8,428</u>	36,342
Unallocated other income			878
Unallocated corporate expenses			(16,986)
Unallocated other gains			<u>12,835</u>
Profit before tax			<u>33,069</u>

Other segment information included in the measurement of segment results:

	Packaging paper <i>RMB'000</i>	Paper-based packaging <i>RMB'000</i>	Total <i>RMB'000</i>
Depreciation on property, plant and equipment	80,340	32,851	113,191
Depreciation on right-of-use assets	6,351	2,722	9,073
Amortisation of intangible assets	<u>3,618</u>	<u>—</u>	<u>3,618</u>
Total depreciation and amortisation	90,309	35,573	125,882
Less: Amount capitalised in inventories	(53,220)	—	(53,220)
Less: Amount capitalised in intangible assets	<u>(85)</u>	<u>—</u>	<u>(85)</u>
	37,004	35,573	72,577
Impairment losses recognised on trade and other receivables	<u>954</u>	<u>7</u>	<u>961</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represented the profit earned by/loss from each segment without allocation of corporate income and expenses.

(b) Information about products

The following is an analysis of the Group's revenue from its major products:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Corrugated medium paper AA grade	1,633,732	1,619,343
Corrugated medium paper C grade	25	174
Craft paper	271,219	121,468
Craft box	413,891	439,159
Honeycomb paper	74,214	81,093
Color printing box	86,763	139,765
Color box packaging	<u>36,592</u>	<u>34,828</u>
	<u>2,516,436</u>	<u>2,435,830</u>

(c) Geographical information

The Group's operations and customers are all located in the PRC.

(d) Information about major customers

For the years ended 31 December 2025 and 2024, no customer contributed over 10% of the total revenue of the Group for the respective year.

(e) **Segment assets and liabilities**

Information of the reporting and operating segments of the Group reported to the chief operating decision maker for the purposes of resource allocation and performance assessment does not include any assets and liabilities. Accordingly, no segment assets and liabilities are presented.

4. OTHER INCOME

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income	3,120	2,858
Management fee income	86	109
Net income from sales of scrap materials	9,931	8,184
Government grants related to income (<i>note</i>)	71,897	67,233
Government grants amortised from deferred income	3,848	3,764
Sundry income	1,528	1,259
	<hr/>	<hr/>
Total	90,410	83,407
	<hr/> <hr/>	<hr/> <hr/>

Note: Government grants received and receivable by the Group's PRC subsidiaries as financial incentives for operation. No conditions are attached to these financial incentives.

5. OTHER GAINS AND LOSSES

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Exchange loss, net	(409)	(446)
Gain (loss) on disposals of property, plant and equipment, net	782	(2,527)
Gain on disposals of investment properties, net (<i>note</i>)	15,367	12,835
	<hr/>	<hr/>
	15,740	9,862
	<hr/> <hr/>	<hr/> <hr/>

Note: During the year ended 31 December 2025, the Group entered into certain agreements to dispose investment properties to independent third party purchasers. The aggregate amount of cash consideration of RMB40,821,000 (2024: RMB18,977,000), including relevant value-added tax of RMB3,371,000 (2024: RMB1,567,000), has been received. The remaining cash consideration of RMB995,000 (2024: RMB2,978,000), including remaining value-added tax of RMB82,000 (2024: RMB246,000), would be settled on or before 31 December 2026 (2024: 30 June 2025). The disposal transaction has been completed and resulted in a net gain of RMB15,367,000 (2024: RMB12,835,000) in the profit or loss.

6. FINANCE COSTS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest on:		
Bank and other borrowings	46,674	42,780
Lease liabilities	1,167	1,519
Amounts due to directors	—	433
	<u>47,841</u>	<u>44,732</u>
Total borrowing costs		
	47,841	44,732
Less: amounts capitalised in the cost of investment properties	<u>(1,525)</u>	<u>(430)</u>
	<u><u>46,316</u></u>	<u><u>44,302</u></u>

7. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Depreciation of property, plant and equipment	116,441	113,191
Depreciation of right-of-use assets	8,709	9,073
Depreciation of investment properties	569	—
Amortisation of intangible assets	<u>4,126</u>	<u>3,618</u>
Total depreciation and amortisation	129,845	125,882
Less: Amount capitalised in inventories	(52,840)	(53,220)
Less: Amount capitalised in intangible assets	<u>(570)</u>	<u>(85)</u>
	<u>76,435</u>	<u>72,577</u>
Auditor's remuneration	1,800	1,800
Cost of inventories recognised as an expense (including write-down of inventories amounting to RMB129,000 (2024: RMB1,995,000))	2,090,725	1,954,529
Staff costs		
— directors' and chief executive's emoluments	6,238	6,549
— salaries and other benefits costs for staff other than directors and chief executive	265,717	274,341
— retirement benefits schemes contributions for staff other than directors and chief executive	<u>30,976</u>	<u>27,779</u>
Total staff costs	302,931	308,669
Less: Amount capitalised in inventories	(61,839)	(55,700)
Less: Amount capitalised in intangible assets	<u>(2,602)</u>	<u>(122)</u>
	<u><u>238,490</u></u>	<u><u>252,847</u></u>

8. INCOME TAX EXPENSES (CREDIT)

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
PRC Enterprise Income Tax:		
Current tax	2,173	1,897
Overprovision in prior years	(9)	(2)
Land appreciation tax (“LAT”)	<u>827</u>	<u>302</u>
	2,991	2,197
Withholding tax	550	1,400
Deferred tax	<u>3,353</u>	<u>(11,832)</u>
	<u><u>6,894</u></u>	<u><u>(8,235)</u></u>

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits for both years.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years. Certain PRC subsidiaries approved as advanced-technology enterprises or enterprises applicable to EIT policies for large-scale development in the Western Region by the relevant government authorities are subject to a preferential tax rate of 15%. As at 31 December 2025, certain PRC subsidiaries with taxable profits not exceeding RMB3 million, approved as “small and low-profit enterprises” by the relevant government authorities are subject to a preferential effective tax rate of 5% (2024: 5%).

9. DIVIDEND

Dividend for ordinary shareholders of the Company recognised as distribution during the year:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
2024 Final — RMB2.00 cent (2024: 2023 Final — RMB1.00 cent) per share	<u><u>10,000</u></u>	<u><u>5,000</u></u>

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2025 of RMB1.00 cents (2024: final dividend in respect of the year ended 31 December 2024 of RMB2.00 cents) per ordinary share, in an aggregate amount of RMB5,000,000 (2024: RMB10,000,000), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

10. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Earnings		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	<u>14,510</u>	<u>36,392</u>
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share	<u>500,000,000</u>	<u>500,000,000</u>

No diluted earnings per share for both 2025 and 2024 were presented as there were no potential ordinary shares in issue for both 2025 and 2024.

11. TRADE AND OTHER RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables not backed by bills	485,214	429,975
Less: allowance for credit losses	<u>(3,425)</u>	<u>(4,705)</u>
	<u>481,789</u>	<u>425,270</u>
Trade receivables backed by other bills	140,380	18,012
Less: allowance for credit losses	<u>(107)</u>	<u>(10)</u>
	<u>140,273</u>	<u>18,002</u>
Total trade receivables not backed by bank bills	625,594	447,987
Less: allowance for credit losses	<u>(3,532)</u>	<u>(4,715)</u>
	<u>622,062</u>	<u>443,272</u>
Trade receivables backed by bank bills	161,026	186,503
Less: allowance for credit losses	<u>(410)</u>	<u>(297)</u>
	<u>160,616</u>	<u>186,206</u>
Total trade receivables	<u>782,678</u>	<u>629,478</u>
Advances to suppliers	3,308	13,532
Prepayments	4,713	4,301
Other receivables	44,286	39,706
Less: allowance for credit losses	<u>(218)</u>	<u>(282)</u>
	<u>52,089</u>	<u>57,257</u>
Total trade and other receivables	<u>834,767</u>	<u>686,735</u>

As at 1 January 2024, trade receivables from contracts with customers amounted to RMB781,035,000.

The following is an aged analysis of trade receivables not backed by bills presented based on dates of delivery of goods at the end of the reporting period:

	2025	2024
	RMB'000	RMB'000
0–60 days	312,897	331,760
61–90 days	33,716	28,802
91–180 days	46,054	45,593
Over 180 days	89,122	19,115
	<u>481,789</u>	<u>425,270</u>

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer.

Details of impairment assessment of trade and other receivables for the year ended 31 December 2025 will be disclosed in the consolidated financial statements of the Group.

12. TRADE AND OTHER PAYABLES

	2025	2024
	RMB'000	RMB'000
Trade payables	136,117	202,306
Bills payables — secured	—	9,334
Other tax payables (<i>note a</i>)	50,410	47,640
Accrued construction costs	26,430	25,088
Payroll and welfare payables	31,046	32,518
Advances receipts from disposal of investment properties (<i>note b</i>)	19,296	—
Others	33,435	45,451
	<u>296,734</u>	<u>362,337</u>

Note a: Included in other tax payables is provision for value-added tax amounting to RMB45,295,000 (2024: RMB44,519,000).

Note b: Included in advances received from disposal of investment properties is amounts due to Zhongshan Xiongdi Supply Chain Company Limited (“**Zhongshan Xiongdi**”) amounting to RMB8,807,000 (2024: Nil). Zhongshan Xiongdi is 60% owned by Mr. Hu Jianpeng, an executive Director and chief executive officer of the Company.

The following is an aged analysis of trade payables presented based on the dates of receipt of goods at the end of the reporting period:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
0–60 days	99,812	106,565
61–90 days	8,515	18,493
91–180 days	14,244	33,311
Over 180 days	13,546	43,937
	<u>136,117</u>	<u>202,306</u>

The credit period on purchase of materials is 30 to 120 days. The Group has financial risk management policies in place to monitor the settlement.

13. SHARE CAPITAL

	Number of shares	Nominal value <i>HKD</i>
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1 January 2024, 31 December 2024, and 31 December 2025	<u>1,000,000,000</u>	<u>100,000,000</u>
Issued and fully paid:		
At 1 January 2024, 31 December 2024, and 31 December 2025	<u>500,000,000</u>	<u>50,000,000</u>
		<i>RMB'000</i>
Presented as at 31 December 2024 and 2025		<u>41,655</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2025, global tariff frictions re-emerged, geopolitical tensions escalated, and persistent uncertainty surrounding trade policies, coupled with heightened financial market volatility, continued to weigh on the global economy. At a critical juncture marking the conclusion of the 14th Five-Year Plan and the commencement of the 15th Five-Year Plan, China's economy faced ongoing challenges including the transformation of the real estate sector, constrained fiscal capacity among local governments, and intensified "inward competition" across certain industries. The PRC government made coordinated efforts to mitigate risks in key areas while leveraging fiscal and monetary policy tools in tandem. Policy measures aimed at supporting household income, stimulating consumption, and expanding investment were progressively strengthened. Consequently, China's economy maintained an overall trajectory of recovery and improvement, though its foundations still required further consolidation. Nonetheless, the long-term fundamentals underpinning sustained growth remained intact.

Throughout 2025, the corrugated paper market was shaped by the combined influence of supply and demand dynamics, macroeconomic conditions and evolving cost structures. Prices followed a three-stage trajectory characterised by an initial decline, subsequent rebound and eventual retreat, culminating in a moderate overall recovery for the Year. In early 2025, newly commissioned production capacity in the corrugated paper market was continuously released, and domestic paper mills resumed normal operations, keeping supply at elevated levels. However, reciprocal tariff measures imposed by the United States adversely affected China's manufacturing products exports, while the downstream packaging paper market entered its seasonal off-peak period. As a result, corrugated paper inventories accumulated steadily, intensifying market imbalances and driving prices rapidly downward until they reached historical lows in early July 2025. Entering the third quarter, market conditions reversed. The supply of waste paper, being the raw material, tightened and prices continued to rise. Coupled with the introduction of domestic "anti-involution" policies and stronger seasonal demand, corrugated paper prices entered an upward cycle. However, towards the end of the Year, market conditions shifted again. Following a brief period at elevated levels, corrugated paper prices retreated, while the structural imbalance between supply and demand in the industry remained unchanged.

In 2025, the paper-based packaging market remained characterised by oversupply and intense competition amid a sluggish global economic recovery and a still-weak rebound in domestic manufacturing demand. As demand for paper-based packaging in industries such as household appliances and furniture stayed at a low level and was further affected by uncertainty in tariff policies after May 2025, the Group recorded a decrease in paper-based packaging business orders from existing household appliance customers, accompanied by a decline in selling prices. The Group responded proactively by stepping up the development of new customers and expanding new business in the paper-based packaging segment.

Packaging Paper Segment

The Group's packaging paper products primarily comprise corrugated medium paper and craft paper. The Group produces high-strength corrugated medium paper ranging from 42 g/cm² to 140 g/cm², and craft paper ranging from 70 g/cm² to 140 g/cm². Apart from a portion used internally as raw materials for the Group's paper-based packaging production, the majority of these products are sold to cardboard manufacturers and carton packaging companies located in the Pearl River Delta region of Guangdong Province. The Group's packaging paper customers are mainly distributed across Guangdong, Jiangxi, Fujian and Chaoshan region. The Group's packaging paper segment serves approximately 400 customers in total.

Despite significant price volatility in paper products arising from macroeconomic conditions and supply-demand imbalances, the Group's packaging paper business remained committed to enhancing market competitiveness through innovative low-grammage, high-strength corrugated medium paper products in 2025. Concurrently, the Group continued to improve paper machine production efficiency to reduce manufacturing costs while actively managing energy expenses. These initiatives enabled the Group's packaging paper segment to address industry transformation challenges and opportunities with more cost-competitive offerings. As a result, the Group's packaging paper business achieved stable revenue growth during the Year and maintained profitability amid a challenging market environment.

For the year ended 31 December 2025, the Group's packaging paper business recorded revenue of approximately RMB1,904,976,000, representing an increase of approximately RMB163,991,000 or 9.42% as compared with approximately RMB1,740,985,000 for the corresponding period last year. The gross profit margin of the packaging paper business increased from approximately 8.67% for the Year 2024 to approximately 9.00% for the Year, with the gross profit increasing by approximately RMB20,660,000 compared to Year 2024. The Group's packaging paper business achieved steady growth in 2025.

Paper-based Packaging Segment

The Group's paper-based packaging products include craft box, color printing box, honeycomb paper products and exquisite color box packaging. These products will continue to serve major home appliance companies, large manufacturing enterprises in the food sector, fast-moving consumer goods, high-end manufacturing enterprises in sectors such as high-tech electronic products and daily chemical and cosmetic products. The Group remains committed to ensuring high-quality product supply and excellent after-sales service, aiming to enhance customer trust, gain the favor of multiple brand customers and maintain long-term stable cooperation.

In 2025, the Group's paper-based packaging business experienced a challenging year, affected by overcapacity and uncertainties in trade policies. The expansion of new packaging business lines also led to additional equipment investments and increased depreciation expenses. Although the cost of base paper, being the primary raw material for the paper-based packaging business, decreased during the Year, the gross profit margin of the paper-based packaging business decreased from approximately 20.58% for the Year 2024 to approximately 16.35% for the Year, representing a decline of

approximately 4.23%. The gross profit of the paper-based packaging business decreased by approximately RMB43,068,000 year-on-year, and the segment recorded a loss for the first time in 2025. Towards the end of 2025, with the arrival of the traditional peak season for paper-based packaging business, product selling prices started to rebound. The Group's paper-based packaging business was expected to gradually stabilise, reverse the downward trend, and return to profitability.

The Group's paper-based packaging business recorded revenue of approximately RMB611,460,000 for the Year, representing a decrease of approximately 12.00% from approximately RMB694,845,000 for the Year 2024. Revenue from craft box, color printing box, honeycomb paper products and exquisite color box packaging amounted to approximately RMB413,891,000, RMB86,763,000, RMB74,214,000 and RMB36,592,000 respectively (2024: RMB439,159,000, RMB139,765,000, RMB81,093,000 and RMB34,828,000 respectively). The decrease was mainly due to the decline in orders from existing household appliance customers and the decrease in selling prices.

PROSPECTS

Looking ahead to 2026, uncertainty is expected to remain the defining characteristic of the global economy, which will likely continue to experience subdued growth amid major-power rivalry and associated geopolitical conflicts, elevated debt levels and technological transformation. These factors are, however, anticipated to catalyse a structural rebalancing of global supply-demand dynamics, industry configurations and resource allocation, thereby laying the foundation for a new phase of global economic expansion.

China's economy is anticipated to navigate a landscape of concurrent opportunities and challenges in 2026. Principal opportunities arise from the forward-looking strategic framework of the 15th Five-Year Plan and policy measures primed for timely deployment, while enduring headwinds-such as a prospective deceleration in exports and the propagation of risks from the real estate sector-persist. Within this intricate environment, China's economy is expected to advance methodically by buttressing its competitive advantages in traditional industries and market scale, while proactively nurturing novel growth engines via technological innovation and domestic demand expansion. This strategic orientation will engender the intelligent, green and integrated upgrading of industries, thereby underpinning higher-quality and more sustainable development.

Recent "anti-involution" policy directives are anticipated to expedite structural adjustments across the packaging paper industry, constituting a pivotal pillar in the rebalancing of supply and demand dynamics. Capacity expansion within China's packaging paper sector has substantially concluded by 2025, with future enterprise growth expected to moderate significantly. Amid prevailing intense market competition and pronounced product homogenisation, surmounting these challenges will require a strategic pivot towards high-end, differentiated production capacity. The industry is projected to attain supply-demand equilibrium principally through price volatility and the mechanism of enterprise survival of the fittest. The year 2026 is poised to represent a critical inflection point in this rebalancing process, with paper product prices anticipated to emerge progressively from their current depressed levels.

For 2026, the Group will maintain its steadfast commitment to its core packaging paper and paper-based packaging businesses, guided by a long-term strategic perspective. Through value innovation and business model reconfiguration, the Group will embark upon a transformative phase of development. Strategic initiatives encompassing cost control, structural optimisation and intelligent transformation will enable the Group to harness opportunities and address challenges during China's paper-based packaging industry's pivotal transition from scale-driven expansion to quality-led advancement, thereby establishing a robust foundation for the Group's enduring long-term growth.

FINANCIAL REVIEW

For the year ended 31 December 2025, the revenue of the Group was approximately RMB2,516,436,000 (2024: RMB2,435,830,000), representing an increase of approximately 3.31% as compared to the corresponding period last year, due to the sales revenue from packaging paper segment increased by approximately 9.42%.

The Group's gross profit margin in 2025 was approximately 10.79% (2024: 12.06%), representing a decrease of approximately 1.27% as compared to the corresponding period last year. This was mainly attributable to a significant year-on-year decline of approximately 4.23% in the gross profit margin of the Group's paper-based packaging segment.

For the year ended 31 December 2025, profit attributable to the owners of the Company was approximately RMB14,510,000.

Cost of sales

The Group's cost of sales increased from approximately RMB2,141,951,000 for the Year 2024 to approximately RMB2,244,965,000 for the Year, representing an increase of approximately 4.81%.

Packaging paper

The cost of sales of packaging paper for the year ended 31 December 2025 was approximately RMB1,733,454,000 (2024: RMB1,590,123,000), representing an increase of approximately 9.01%. This was mainly driven by an increase of approximately 9.42% in revenue from packaging paper segment for the Year.

Paper-based packaging

The cost of sales of paper-based packaging for the year ended 31 December 2025 were approximately RMB511,511,000 (2024: RMB551,828,000), representing a decrease of approximately 7.31%.

Gross profit and gross profit margin

The gross profit for the Year was approximately RMB271,471,000, representing a decrease of approximately 7.62% from approximately RMB293,879,000 for the Year 2024. The gross profit margin decreased from approximately 12.06% for the Year 2024 to approximately 10.79% for the Year, primarily due to a significant year-on-year decline of approximately 4.23% in the gross profit margin of the Group's paper-based packaging segment.

Packaging paper

For the Year, the gross profit from packaging paper business was approximately RMB171,522,000 (2024: RMB150,862,000), representing an increase of approximately 13.69%. The gross profit margin for the Year was approximately 9.00% (2024: 8.67%), increased by approximately 0.33%.

Paper-based packaging

For the Year, the gross profit from paper-based packaging business was approximately RMB99,949,000 (2024: RMB143,017,000), representing a decrease of approximately 30.11%. The gross profit margin for the Year was approximately 16.35% (2024: 20.58%), decreased by approximately 4.23%.

Other income, other gains and losses

Other income, other gains and losses of the Group mainly included interest income of approximately RMB3,120,000 (2024: RMB2,858,000), government grants of approximately RMB75,745,000 (2024: RMB70,997,000), gain on disposals of investment properties, net of approximately RMB15,367,000 (2024: RMB12,835,000) and net amount of exchange losses of approximately RMB409,000 (2024: RMB446,000).

Distribution and selling expenses

The distribution and selling expenses of the Group decreased by approximately 3.58% to approximately RMB85,221,000 for the Year from approximately RMB88,381,000 for the Year 2024. During the Year, the distribution and selling expenses mainly included salaries of salesmen, transportation costs and business promotion expenses.

Administrative expenses

Administrative expenses of the Group increased by approximately 3.77% to approximately RMB138,204,000 for the Year from approximately RMB133,183,000 for the Year 2024. The administrative expenses mainly included salaries of management, staff welfare, rent, surtaxes and depreciation.

Finance costs

Finance costs of the Group increased by approximately 4.55% to approximately RMB46,316,000 for the Year from approximately RMB44,302,000 for the Year 2024, mainly due to the increase in the Group's bank and other borrowings during the Year.

Research and development expenses

Research and development expenses of the Group decreased by approximately 4.98% to approximately RMB82,369,000 (approximately 3.27% of revenue) for the Year from approximately RMB86,688,000 (approximately 3.56% of revenue) for the Year 2024.

Net profit and total comprehensive income for the Year

The Group recorded a net profit and total comprehensive income of approximately RMB17,746,000 for the Year as compared to that of approximately RMB41,304,000 for the Year 2024. The decrease was mainly attributable to a substantial year-on-year decline of approximately RMB43,068,000 in the gross profit of the Group's paper-based packaging business. Although the packaging paper segment recorded a year-on-year increase in gross profit of approximately RMB20,660,000, the Group's overall gross profit decreased by approximately RMB22,408,000.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Cash Flow

For the year ended 31 December 2025, the net cash outflow from operating activities amounted to approximately RMB205,930,000, while in 2024, net cash outflow of approximately RMB417,901,000 was recorded. For the year ended 31 December 2025, the net cash outflow used for investing activities amounted to approximately RMB198,626,000, mainly including capital expenditures paid for the acquisition and construction of long-term assets of the enterprise.

For the year ended 31 December 2025, the net cash inflow from financing activities amounted to approximately RMB405,618,000, mainly including the income from borrowing obtained in the course of business activities of the enterprise and expenditures for repayment of borrowings. For the year ended 31 December 2025, the net cash inflow of the Group amounted to approximately RMB1,062,000 (2024: net cash outflow of RMB66,536,000).

The IFRS Interpretation Committee (IFRIC) meeting in December 2020 has made an agenda decision on the impact of the application of financial reporting standard in cash flows. It clarified how to present the liabilities for the payment of goods or services received and the settlement-related cash flow generated by the supplier financing arrangement under the consolidated statement of financial position and the consolidated statement of cash flows. The direct settlement of trade-related payables by the relevant financier constitutes a non-cash transaction. Subsequent settlement between the entity and the financier shall be regarded as repayment of borrowings and reported under the financing activities item in the consolidated statement of cash flows. The agenda decision also includes content that in the

context of supplier financing arrangements, the accounting policies related to the presentation of the consolidated statement of cash flows have been reassessed. When the bills discount arrangement does not meet the conditions for derecognition of receivables, it will be presented in cash inflow from financing activities in the consolidated statement of cash flows.

For the year ended 31 December 2025, the net cash from operating activities would have been increased by approximately RMB312,886,000 (2024: RMB473,712,000) and the net cash from financing activities would have been decreased by approximately RMB312,886,000 (2024: RMB473,712,000), if the Group has not applied the accounting policies.

Inventories

As at 31 December 2025, the inventories of the Group increased by approximately 6.44% to approximately RMB213,423,000 as compared to the inventories balance of approximately RMB200,510,000 as at 31 December 2024. During the Year, the inventory turnover day was approximately 33 days (2024: 34 days), remaining at a normal level.

Trade receivables not backed by bills

As at 31 December 2025, the trade receivables not backed by bills amounted to approximately RMB481,789,000 (2024: RMB425,270,000). The Group grants credit terms of 30 to 180 days to paper-based packaging customers and 30 to 45 days to packaging paper customers. The trade receivables turnover days was approximately 65 days (2024: 55 days).

Trade receivables backed by bills

As at 31 December 2025, the trade receivables backed by bills amounted to approximately RMB300,889,000 (2024: RMB204,208,000).

Trade payables

As at 31 December 2025, the trade payables amounted to approximately RMB136,117,000 (2024: RMB202,306,000). Most suppliers grant the Group credit terms ranging from 30 to 120 days. The trade payables turnover days was approximately 27 days (2024: 39 days).

Borrowings

As at 31 December 2025, the Group's bank and other borrowings balance amounted to approximately RMB1,386,128,000 (2024: RMB1,038,684,000). The increase was mainly attributable to the increase in the Group's trade receivables not backed by bank bills, as well as additional funding demand arising from the purchase of equipment for the expansion of new paper-based packaging business.

Gearing ratio

As at 31 December 2025, the gross gearing ratio was approximately 43.91% (2024: 36.12%), which was calculated on the basis of the total amount of bank and other borrowings as a percentage of the total assets. The net gearing ratio was approximately 97.58% (2024: 70.23%), which was calculated on the basis of the amount of bank and other borrowings less pledged/time deposits and cash and bank balances as a percentage of the shareholders' equity.

Pledge of assets

As at 31 December 2025, the Group pledged certain assets with carrying value of approximately RMB609,927,000 (2024: RMB599,729,000) as collateral for the Group's borrowings.

FOREIGN CURRENCY EXPOSURE

The Group collects most of its revenue and incurs most of the expenditures in RMB. Although the Group undertakes certain transactions denominated in foreign currencies, mainly the currency of United States and the currency of Hong Kong, the exposures to exchange rate fluctuations is minimal. The Group currently does not have a foreign currency hedging policy. The Board, however, will monitor foreign exchange rate closely and consider entering into foreign currency hedging arrangement should the need arise.

CAPITAL COMMITMENTS

As at 31 December 2025, the Group's capital commitments (including the contracted and authorised capital commitments) were approximately RMB73,349,000 (2024: RMB176,628,000). All the capital commitments were related to purchase of property, plant and equipment and investment properties.

CONTINGENT LIABILITIES

As at 31 December 2025, the Group had no significant contingent liabilities or litigation or arbitration of material importance.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, there were no other significant investments held, no material acquisitions or disposals of subsidiaries and associates during the Year, nor was there any plan authorised by the Group for other material investments or additions of capital assets during the year ended 31 December 2025 and up to the date of this announcement.

DIVIDENDS

The Board has recommended, subject to the approval of the Shareholders at the annual general meeting of the Company (the “**AGM**”), the payment of a final dividend of RMB1.00 cents (equivalent to HKD1.12 cents) per Share for the year ended 31 December 2025 (2024: a final dividend of RMB2.00 cent per Share) to those Shareholders whose names appear on the register of members of the Company on Thursday, 2 July 2026. The recommended final dividend, if approved at the AGM, will be paid in Hong Kong dollars. The RMB to Hong Kong dollar exchange rate for the final dividend calculated using the opening indicative counter buying telegraphic transfer rate for off-shore RMB of The Hong Kong Association of Banks announced on 27 March 2026. The final dividend is expected to be paid on or around Monday, 13 July 2026.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) as its own code of conduct regarding securities transactions by the Directors. Upon specific enquiry conducted by the Company, each of the existing Directors confirmed that he/she had complied with the required standards as set out in the Model Code throughout the Year.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company had adopted and applied the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Listing Rules and, to the best knowledge of the Directors, the Company has complied with all applicable code provisions (the “**Code Provision(s)**”) under the CG Code for the year ended 31 December 2025.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities (including sale of treasury shares). As at 31 December 2025, the Company did not hold any treasury share.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, there are no significant events affecting the Group after the year ended 31 December 2025 and up to the date of this announcement.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this announcement, there is sufficient public float of at least 25% of the Company’s issued shares as required under the Listing Rules.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu 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 Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

AUDIT COMMITTEE

The Company has established the audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the applicable Listing Rules and the CG Code. As at the date of this announcement, the Audit Committee comprises three members, namely Mr. Chung Kwok Mo John, Mr. Au Yeung Po Fung and Mr. Liew Fui Kiang. The chairman of the audit committee is Mr. Chung Kwok Mo John, who possesses appropriate professional qualifications.

The Audit Committee has reviewed and discussed the annual results for the year ended 31 December 2025.

ANNUAL GENERAL MEETING

The AGM will be held on Friday, 12 June 2026. A notice convening the AGM will be published in accordance with the requirements of the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend, speak and vote at the AGM, the register of members of the Company will be closed from Tuesday, 9 June 2026 to Friday, 12 June 2026 (both days inclusive), during which period, no transfer of shares will be registered. In order to qualify to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Level 17 Shops 1712–1716, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 8 June 2026. The record date for determining the identity of the Shareholders who are entitled to attend and vote at the forthcoming AGM is Friday, 12 June 2026.

For determining the entitlement of the recommended final dividend, the register of members of the Company will be closed from Monday, 29 June 2026 to Thursday, 2 July 2026 (both days inclusive). During the period, no transfer of shares will be registered. In order to qualify to the recommended final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Level 17 Shops 1712–1716, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 26 June 2026. The record date for determining the entitlement to the final dividend is Thursday, 2 July 2026. The final dividend will be paid to shareholders on or around Monday, 13 July 2026.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.zhengye-cn.com>). The annual report for the Year will be published in due course.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our appreciation to the management team and staff of the Group for their contribution during the Year and give our sincere gratitude to all our shareholders and business partners for their continuous support.

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

Hong Kong, 27 March 2026

As at the date of this announcement, the Board comprised Mr. Hu Zheng, Mr. Hu Hancheng (Mr. Hu Jianjun as his alternate), Mr. Hu Hanchao (Mr. Tan Xijian as his alternate), Mr. Hu Jianpeng and Ms. Chen Wei as executive Directors, Ms. Hu Jianwen as non-executive Director, and Mr. Au Yeung Po Fung, Mr. Chung Kwok Mo John and Mr. Liew Fui Kiang as independent non-executive Directors.

This announcement is prepared in both English and Chinese. In the event of inconsistency, the English text of the announcement shall prevail over the Chinese text.