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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

FINANCIAL HIGHLIGHT

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Revenue	**1,305,122**	1,137,332
Gross Profit Margin	**12.87%**	9.09%
EBITDA	**122,308**	89,094
Profit and total comprehensive income for the period attributable to the owners of the Company	**24,158**	2,325
Return on equity attributable to the owners of the Company for the period	**2.10%**	0.21%
Basic earnings per share — RMB cents	**4.83**	0.46

The board (the "**Board**") of directors (the "**Director(s)**") of Zhengye International Holdings Company Limited (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2026 (the "**Reporting Period**") together with the comparative figures for the corresponding period in 2025 as set out below:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

		Six months ended 30 June	
		2026	2025
	Notes	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Revenue	*4*	**1,305,122**	1,137,332
Cost of sales		**(1,137,156)**	(1,033,911)
Gross profit		**167,966**	103,421
Other income	*5*	**45,918**	42,804
Impairment losses (recognised) reversed under expected credit loss model, net		**(256)**	368
Other gains and losses	*6*	**1,357**	7,806
Distribution and selling expenses		**(46,134)**	(33,835)
Administrative expenses		**(69,667)**	(57,940)
Finance costs	*7*	**(23,421)**	(21,187)
Other expenses		**(394)**	(1,529)
Research and development costs		**(45,185)**	(36,116)
Profit before tax	*8*	**30,184**	3,792
Income tax expense	*9*	**(1,201)**	(1,691)
Profit and total comprehensive income for the period		**28,983**	2,101
Profit (loss) and total comprehensive income (expense) for the period attributable to:			
Owners of the Company		**24,158**	2,325
Non-controlling interests		**4,825**	(224)
		28,983	2,101
Earnings per share			
Basic *(RMB cents)*	*11*	**4.83**	0.46

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

	Notes	30 June 2026 RMB'000 (unaudited)	31 December 2025 RMB'000 (audited)
Non-current Assets			
Property, plant and equipment		**1,495,596**	1,480,852
Right-of-use assets		**108,316**	106,272
Investment properties		**177,541**	173,817
Intangible assets		**13,212**	15,953
Deferred tax assets		**8,812**	8,812
Deposits for acquisition of property, plant and equipment		**8,865**	19,377
		1,812,342	1,805,083
Current Assets			
Inventories		**197,264**	213,423
Trade and other receivables	*12*	**1,001,277**	834,767
Contract assets		**13,764**	15,208
Pledged/time deposits		**116,236**	99,950
Bank balances and cash		**192,726**	188,441
		1,521,267	1,351,789
Current Liabilities			
Trade and other payables	*13*	**332,436**	296,734
Tax liabilities		**3,822**	4,991
Bank and other borrowings		**1,134,348**	1,023,692
Lease liabilities		**3,449**	3,864
Contract liabilities		**9,337**	9,166
Amounts due to directors		**306**	473
		1,483,698	1,338,920
Net Current Assets		**37,569**	12,869
Total Assets Less Current Liabilities		**1,849,911**	1,817,952

	30 June 2026 RMB'000 (unaudited)	31 December 2025 RMB'000 (audited)
Capital and Reserves		
Share capital	**41,655**	41,655
Share premium and reserves	**1,107,441**	1,083,283
Equity attributable to owners of the Company	**1,149,096**	1,124,938
Non-controlling interests	**290,447**	285,622
Total Equity	**1,439,543**	1,410,560
Non-current Liabilities		
Deferred tax liabilities	**5,664**	4,276
Bank and other borrowings	**362,912**	362,436
Lease liabilities	**12,641**	13,104
Deferred income	**29,151**	27,576
	410,368	407,392
	1,849,911	1,817,952

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

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 interim 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 condensed 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. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (HKAS 34) Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Except as described below, the accounting policies and method of computations used in the condensed consolidated financial statements for the six months ended 30 June 2026 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2025.

In the current interim period, the Group has applied the following amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2026 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. 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.

Segment revenue and results

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

Six months ended 30 June 2026 (unaudited)

	Packaging paper *RMB'000*	**Paper-based packaging** *RMB'000*	**Total** *RMB'000*
REVENUE			
External sales	**946,620**	**358,502**	**1,305,122**
Inter-segment sales	**2,811**	**—**	**2,811**
Segment revenue	**949,431**	**358,502**	**1,307,933**
Eliminations			**(2,811)**
Group revenue			**1,305,122**
Segment profit (loss)	**43,473**	**(8,119)**	**35,354**
Unallocated other income			**834**
Unallocated corporate expenses			**(8,723)**
Unallocated other gains and losses			**2,719**
Profit before tax			**30,184**

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	**42,010**	**19,259**	**61,269**
Depreciation on right-of-use assets	**2,248**	**1,344**	**3,592**
Amortisation of intangible assets	**2,445**	**296**	**2,741**
Total depreciation and amortisation	**46,703**	**20,899**	**67,602**
Less: Amount capitalised in inventories	**(25,754)**	**—**	**(25,754)**
	20,949	**20,899**	**41,848**
Impairment losses recognised on trade and other receivables	**236**	**20**	**256**

Six months ended 30 June 2025 (unaudited)

	Packaging paper *RMB'000*	Paper-based packaging *RMB'000*	Total *RMB'000*
REVENUE			
External sales	815,784	321,548	1,137,332
Inter-segment sales	2,131	—	2,131
Segment revenue	817,915	321,548	1,139,463
Eliminations			(2,131)
Group revenue			1,137,332
Segment profit (loss)	2,840	(1,467)	1,373
Unallocated other income			244
Unallocated corporate expenses			(6,191)
Unallocated other gains			8,366
Profit before tax			3,792

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	37,432	17,963	55,395
Depreciation on right-of-use assets	5,145	1,280	6,425
Amortisation of intangible assets	2,207	—	2,207
Total depreciation and amortisation	44,784	19,243	64,027
Less: Amount capitalised in inventories	(26,447)	—	(26,447)
Less: Amount capitalised in intangible assets	(148)	—	(148)
	18,189	19,243	37,432
Impairment losses (reversed) recognised on trade and other receivables	(642)	274	(368)

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.

Information about products

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

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Corrugated medium paper AA grade	**853,217**	696,450
Corrugated medium paper C grade	**12**	—
Craft paper	**93,391**	119,334
Craft box	**249,039**	214,718
Honeycomb paper	**42,474**	43,747
Color printing box	**41,113**	51,519
Color box packaging	**25,876**	11,564
	1,305,122	1,137,332

Geographical information

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

Information about major customers

For the six months ended 30 June 2026 and 2025, no customer contributed over 10% of the total revenue of the Group for the respective reporting period.

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.

5. OTHER INCOME

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest income	**1,956**	1,311
Management fee income	**53**	45
Net income from sales of scrap materials	**4,249**	4,123
Government grants related to income *(note)*	**34,620**	30,224
Government grants amortised from deferred income	**2,166**	1,877
Sundry income	**2,874**	5,224
	45,918	42,804

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.

6. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Exchange gain (loss), net	**406**	(428)
Loss on disposal of property, plant and equipment, net	**(1,768)**	(220)
Gain on disposal of investment properties, net *(note)*	**2,719**	8,454
	1,357	7,806

Note: During the six months ended 30 June 2026, the Group entered into certain agreements to dispose investment properties to independent third party purchasers. The aggregate amount of cash consideration of RMB22,224,000 (six months ended 30 June 2025: RMB20,010,000), including relevant value-added tax of RMB1,835,000 (six months ended 30 June 2025: RMB1,652,000), has been received. The remaining cash consideration of RMB15,525,000 (six months ended 30 June 2025: nil), including remaining value-added tax of RMB1,282,000 (six months ended 30 June 2025: nil), would be settled on or before 30 June 2031 (six months ended 30 June 2025: nil). The disposal transaction has been completed and resulted in a net gain of RMB2,719,000 (six months ended 30 June 2025: RMB8,454,000) in the profit or loss.

7. FINANCE COSTS

	Six months ended 30 June 2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest on:		
Bank and other borrowings	**24,444**	20,618
Lease liabilities	**433**	569
Total borrowing costs	**24,877**	21,187
Less: amounts capitalised in the cost of investment properties	**(1,456)**	—
	23,421	21,187

8. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	Six months ended 30 June 2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Depreciation of property, plant and equipment	**61,269**	55,395
Depreciation of right-of-use assets	**3,592**	6,425
Depreciation of investment properties	**1,101**	88
Amortisation of intangible assets	**2,741**	2,207
Total depreciation and amortisation	**68,703**	64,115
Less: Amount capitalised in inventories	**(25,754)**	(26,447)
Less: Amount capitalised in intangible assets	**—**	(148)
	42,949	37,520
Cost of inventories recognised as an expense (including write-down of inventories amounting to RMB336,000 (six months ended 30 June 2025: RMB53,000))	**1,046,914**	957,901
Total staff costs (including directors' and chief executive's emoluments)	**150,513**	150,025
Less: Amount capitalised in inventories	**(31,064)**	(31,329)
Less: Amount capitalised in intangible assets	**—**	(144)
	119,449	118,552

9. INCOME TAX EXPENSE

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
PRC Enterprise Income Tax:		
Current tax	**168**	321
Land appreciation tax ("**LAT**")	**412**	—
	580	321
Withholding tax	**827**	275
Deferred tax	**(206)**	1,095
	1,201	1,691

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

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 30 June 2026, 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% (30 June 2025: 5%).

10. DIVIDENDS

The Board does not recommend an interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: nil).

11. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Earnings		
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share	**24,158**	2,325
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share	**500,000,000**	500,000,000

No diluted earnings per share for both six months ended 30 June 2026 and 2025 were presented as there were no potential ordinary shares in issue for both six months ended 30 June 2026 and 2025.

12. TRADE AND OTHER RECEIVABLES

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade receivables not backed by bills	**545,894**	485,214
Less: allowance for credit losses	**(3,311)**	(3,425)
	542,583	481,789
Trade receivables backed by other bills	**125,857**	140,380
Less: allowance for credit losses	**(138)**	(107)
	125,719	140,273
Total trade receivables not backed by bank bills	**671,751**	625,594
Less: allowance for credit losses	**(3,449)**	(3,532)
	668,302	622,062
Trade receivables backed by bank bills	**237,176**	161,026
Less: allowance for credit losses	**(570)**	(410)
	236,606	160,616
Total trade receivables	**904,908**	782,678
Advances to suppliers	**34,431**	3,308
Prepayments	**4,718**	4,713
Other receivables	**57,618**	44,286
Less: allowance for credit losses	**(398)**	(218)
	96,369	52,089
Total trade and other receivables	**1,001,277**	834,767

As at 1 January 2025, trade receivables from contracts with customers amounted to RMB629,478,000.

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:

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(unaudited)	(audited)
0 to 60 days	**354,193**	312,897
61 to 90 days	**58,778**	33,716
91 to 180 days	**98,638**	46,054
Over 180 days	**30,974**	89,122
	542,583	481,789

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

13. TRADE AND OTHER PAYABLES

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade payables	**171,574**	136,117
Other tax payables *(note a)*	**58,864**	50,410
Accrued construction costs	**15,741**	26,430
Payroll and welfare payables	**27,167**	31,046
Advances receipts from disposal of investment properties *(note b)*	**27,158**	19,296
Others	**31,932**	33,435
	332,436	296,734

Note a: Included in other tax payables is provision for value-added tax amounting to RMB22,494,000 (31 December 2025: RMB45,295,000).

Note b: Included in advance receipts from disposal of investment properties as at 30 June 2026 is amount due to Zhongshan Xiongdi Supply Chain Company Limited ("**Zhongshan Xiongdi**") amounting to RMB8,807,000 (31 December 2025: RMB8,807,000) and amount due to Zhongshan Taizi Supply Chain Co., Ltd. ("**Zhongshan Taizi**") amounting to RMB1,660,000 (31 December 2025: nil). Zhongshan Xiongdi is 60% owned by Mr. Hu Jianpeng, an executive Director and chief executive officer of the Company. Zhongshan Taizi is wholly-owned by Ms. Chen Wei, an executive director and chief financial 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:

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(unaudited)	(audited)
0 to 60 days	**115,387**	99,812
61 to 90 days	**16,527**	8,515
91 to 180 days	**21,586**	14,244
Over 180 days	**18,074**	13,546
	171,574	136,117

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.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the provision of ancillary paper-based packaging products to renowned domestic and overseas manufacturers of household appliances, food products, consumer electronics and cosmetics. The Group also provides customers with professional design, printing and other competitive customer services, with a view to delivering integrated packaging solutions. In addition, the Group has actively extended its operations downstream along the industrial value chain by using recycled waste paper as raw materials to manufacture corrugated medium paper, craft paper and other paper products, which are used as production materials for the Group's paper-based packaging products and are also sold to external customers.

We are committed to becoming one of the world's leading environmentally friendly packaging enterprises.

Our products mainly include craft box, color printing box, honeycomb paper products, exquisite color box packaging, corrugated medium paper and craft paper.

The Group currently has 12 wholly-owned subsidiaries and 4 non-wholly owned subsidiaries across different regions of China, which engage in related business operations and provide high-quality services to customers.

The Group has accumulated extensive experience in various segments of the paper-based packaging market, including packaging for household appliances and fast-moving consumer goods. It has earned the trust of a number of renowned domestic and overseas brand customers. In particular, the household appliance packaging business has established stable cooperative relationships of over a decade with a portfolio of customers. The Group's exquisite color box packaging business primarily serves customers in the cosmetics and daily chemicals sectors. The Group has been actively expanding its color box packaging business with a view to identifying new sources of business growth. The Group's packaging production bases are equipped with advanced automated production lines, stable and efficient printing machines and ancillary equipment, supported by a rational and efficient production layout. The Group is currently devoting substantial efforts to the development of intelligent factories and is committed to providing customers with outstanding services by leveraging its advanced technologies, high-quality products and high standards of management, thereby promoting the Group's sustainable development in the paper-based packaging industry.

The Group's low-grammage and high-strength corrugated medium paper and craft paper products have been well received by customers in their respective market segments, underpinned by stable product quality and innovative service models. The Group's packaging paper business fully leverages its technological expertise in the industry, proactively responds to customers' needs and continuously enhances the market competitiveness of its products through ongoing research, development and innovation. At the same time, the Group strives to achieve customer satisfaction by offering products with competitive cost-effectiveness.

Macro Environment

During the first half of 2026, the global economy was subject to significant shocks, with the conflict in Iran resulting in a substantial increase in energy prices. Although the global economy demonstrated a certain degree of resilience amid a highly uncertain environment, growth momentum continued to weaken, and the global economic recovery once again entered a period of subdued growth. China's economic performance in the first quarter of 2026 exceeded expectations, principally driven by three key growth engines, namely increased investment in public infrastructure, growth in high-technology manufacturing and higher exports. Although economic growth moderated in the second quarter, the underlying fundamentals of the overall economy remained unchanged. Nevertheless, the current economic recovery continued to rely primarily on certain industries with comparative advantages. Business conditions among small enterprises, employment-related indicators and the supply and demand conditions of certain traditional industries remained under a certain degree of pressure.

Packaging Paper Business

In the first half of 2026, domestic corrugated paper market prices generally trended upwards from late April, principally driven by the combined effects of tightening waste paper supply on the raw material side and continued growth in exports on the demand side. During the Reporting Period, the Group's packaging paper business recorded revenue of approximately RMB946,620,000, representing an increase of approximately 16.04% as compared with the corresponding period of last year. Meanwhile, the Group completed the phased transformation of certain production lines in the packaging paper segment in the first half of 2026, which contributed to the optimisation of various production costs. The gross profit margin of the packaging paper business increased by approximately 5.42 percentage points year-on-year to approximately 12.01% for the Reporting Period.

Paper-based Packaging Business

During the Reporting Period, benefiting from the continued recovery in the domestic economy since the end of last year, the overall order volume of the Group's paper-based packaging business increased. However, as a result of adjustments to the product mix, the average selling price of its products decreased as compared with the corresponding period of last year. During the Reporting Period, the Group's paper-based packaging business recorded revenue of approximately RMB358,502,000, representing an increase of approximately 11.49% as compared with the corresponding period of last year. Revenue generated from craft boxes, honeycomb paper products, color printing boxes and exquisite color box packaging amounted to approximately RMB249,039,000, RMB42,474,000, RMB41,113,000 and RMB25,876,000, respectively (six months ended 30 June 2025: RMB214,718,000, RMB43,747,000, RMB51,519,000 and RMB11,564,000, respectively). However, the price of base paper, being the raw material, increased by approximately 2.84% as compared with the corresponding period of last year. The gross profit margin of the paper-based packaging business decreased slightly by approximately 0.30 percentage point year-on-year to approximately 15.14% during the Reporting Period.

PROSPECT

Looking ahead to the second half of 2026, the global economy will continue to face multiple challenges, including moderating growth, trade fragmentation and long-term development constraints. The external environment is expected to remain highly uncertain and unpredictable. China will continue to promote the in-depth integration of digital technologies with the real economy and pursue reasonable economic growth while maintaining security and controllability, optimising its economic structure and facilitating the transformation of growth drivers.

As global markets accelerate their transition towards sustainable packaging and the e-commerce industry continues to expand, the paper and paperboard packaging market is expected to grow further. The integrated strengths of China's paper-based packaging industry chain are also expected to become increasingly prominent in the global market.

The Group will actively capitalise on industry development opportunities and deepen the transformation of its businesses, with a focus on environmentally friendly innovation, technology-enabled development and the recycling and efficient utilisation of resources. In the second half of 2026, the Group will continue to leverage digital technologies to optimise its production processes, promote the upgrading of production automation and intelligent manufacturing, and further strengthen lean management. The Group's packaging paper segment will endeavour to strengthen the security of its raw material supply, maintain a differentiated product portfolio and ensure the stable quality of its low-grammage products, with a view to sustaining its competitive advantages in the market. The Group's paper-based packaging segment will continue to advance its business transformation and increase the proportion of higher-margin orders, with a view to further improving the segment's profitability. In response to pressures arising from the external operating environment and market competition, the Group will further strengthen internal controls and enhance its systems and procedures while consolidating its core businesses. It will continue to improve its risk resilience and maintain stable operations through a prudent capital structure. The Group will remain focused on the development of its core packaging paper and paper-based packaging businesses, strengthen product research, development and innovation, and continue to consolidate its competitive advantages in the market, thereby laying a solid foundation for maintaining stable profitability.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2026, the Group's revenue was approximately RMB1,305,122,000 (six months ended 30 June 2025: RMB1,137,332,000), increased by approximately 14.75% as compared to the corresponding period last year, due to the increase in revenue of the packaging paper segment by approximately 16.04%.

Cost of sales

The Group's cost of sales increased year-on-year by approximately 9.99% to approximately RMB1,137,156,000 for the six months ended 30 June 2026. This was mainly driven by the increase in revenue of the packaging paper segment by approximately 16.04%.

Gross profit

For the six months ended 30 June 2026, the Group's gross profit was approximately RMB167,966,000, representing an increase of approximately 62.41% from approximately RMB103,421,000 for the six months ended 30 June 2025. Increase in gross profit was mainly due to the increase in the average selling price of products of the packaging paper segment during the period, coupled with lower production costs following the completion of phased transformation to certain production lines, which resulted in a substantial year-on-year increase of approximately RMB59,930,000 in the gross profit of the packaging paper segment.

The gross profit margin increased from approximately 9.09% for the six months ended 30 June 2025 to approximately 12.87% for the six months ended 30 June 2026, primarily due to the substantial increase of approximately 5.42 percentage points in the gross profit margin of the packaging paper segment.

Other income, other gains and losses

For the six months ended 30 June 2026, other income, other gains and losses of the Group mainly included interest income of approximately RMB1,956,000 (six months ended 30 June 2025: RMB1,311,000), government grants of approximately RMB36,786,000 (six months ended 30 June 2025: RMB32,101,000), gain on disposals of investment properties, net of approximately RMB2,719,000 (six months ended 30 June 2025: RMB8,454,000) and exchange gain, net of approximately RMB406,000 (six months ended 30 June 2025: exchange losses, net of RMB428,000).

Distribution and selling expenses

The distribution and selling expenses of the Group increased year-on-year by approximately 36.35% to approximately RMB46,134,000 for the six months ended 30 June 2026. During the Reporting Period, the distribution and selling expenses mainly included salaries of salesmen, transportation costs and business promotion expenses.

Administrative expenses

Administrative expenses of the Group increased year-on-year by approximately 20.24% to approximately RMB69,667,000 for the six months ended 30 June 2026. The administrative expenses mainly included salaries of management, staff welfare, rent, surtaxes and depreciation.

Finance costs

Finance costs of the Group increased year-on-year by approximately 10.54% to approximately RMB23,421,000 for the six months ended 30 June 2026, mainly due to the increase in the Group's bank and other borrowings during the Reporting Period.

Research and development costs

Research and development expenses of the Group increased year-on-year by approximately 25.11% to approximately RMB45,185,000 (approximately 3.46% of revenue) for the six months ended 30 June 2026.

Net profit for the period and profit attributable to the owners of the Company

The Group recorded a net profit and total comprehensive income of approximately RMB28,983,000 for the six months ended 30 June 2026 (six months ended 30 June 2025: RMB2,101,000), representing a year-on-year increase of approximately RMB26,882,000. For the six months ended 30 June 2026, the Group's profit attributable to the owner of the Company amounted to approximately RMB24,158,000 (six months ended 30 June 2025: RMB2,325,000), representing a year-on-year increase of approximately RMB21,833,000.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the six months ended 30 June 2026, the Group's main sources of funding were cash generated from operating activities and bank and other borrowings.

	30 June 2026 *RMB'000* **(unaudited)**	31 December 2025 *RMB'000* (audited)
Net assets	**1,439,543**	1,410,560
Bank balances and cash	**192,726**	188,441
Total borrowing	**1,497,260**	1,386,128
Equity attributable to the owners of the Company	**1,149,096**	1,124,938
Current ratios	**1.03**	1.01
Net gearing ratio*	**103.41%**	97.58%

* The net gearing ratio is calculated as net borrowings divided by equity attributable to the owners of the Company, in which the net borrowings are calculated as total bank and other borrowings less pledged deposits and bank balances and cash.

Cash Flow

The net cash inflow from operating activities for the six months ended 30 June 2026 was approximately RMB11,698,000, compared to the net cash inflow of approximately RMB3,666,000 for the six months ended 30 June 2025.

The net cash outflow from investing activities for the six months ended 30 June 2026 was approximately RMB30,734,000, mainly including the capital expenditure paid for the acquisition and construction of long-term assets of the Company.

The net cash inflow from financing activities for the six months ended 30 June 2026 was approximately RMB23,321,000, mainly including the income from borrowing obtained in the course of business activities of the Company and expenditures for repayment of borrowings.

For the six months ended 30 June 2026, the Group had a net cash inflow of approximately RMB4,285,000 (six months ended 30 June 2025: net cash inflow of RMB10,849,000).

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 financing arrangement of the supplier 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 de-recognition of receivables, it will be presented in cash inflow from financing activities in the consolidated statement of cash flows.

For the six months ended 30 June 2026, the net cash from operating activities would have been increased by approximately RMB186,372,000 (six months ended 30 June 2025: RMB177,197,000) and the net cash from financing activities would have been decreased by approximately RMB186,372,000 (six months ended 30 June 2025: RMB177,197,000), if the Group has not applied the accounting policies.

Borrowings

As at 30 June 2026, the Group's bank and other borrowings balance amounted to approximately RMB1,497,260,000 (31 December 2025: RMB1,386,128,000). The increase was mainly attributable to the increase in the Group's trade receivables not backed by bank bills, as well as the additional funding needs arising from the phased transformation of certain production lines in the packaging paper segment.

Pledge of Assets

As at 30 June 2026, the Group pledged certain assets with carrying value of approximately RMB649,152,000 (31 December 2025: RMB609,927,000) as collateral for the Group's borrowings.

Gearing Ratio

As at 30 June 2026, the gross gearing ratio was approximately 44.91% (31 December 2025: 43.91%), 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 103.41% (31 December 2025: 97.58%), 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.

Foreign Exchange Risk

The Group mainly operates in the People's Republic of China (the "**PRC**") and the majority of its asset income and cash balances are denominated in RMB, except for some bank borrowings and deposits denominated in Hong Kong dollars. The Directors believe that exchange rate fluctuations do not have a material impact on the results of the Company. 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 EXPENDITURES

For the six months ended 30 June 2026, the Group's capital expenditure was approximately RMB95,958,000, details as follows:

	RMB'000	*Percentage of capital expenditure*
Paper product division	84,133	87.68%
Packaging division	11,825	12.32%
Total	95,958	100.00%

CAPITAL COMMITMENTS

As at 30 June 2026, the Group's capital commitments (including the contracted and authorised capital commitments) were approximately RMB58,535,000 (31 December 2025: RMB73,349,000). All the capital commitments were related to purchase of property, plant and equipment and investment properties.

CONTINGENT LIABILITIES

As at 30 June 2026, 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, nor was there any plan authorised by the Group for other material investments or additions of capital assets during the Reporting Period and up to the date of this announcement.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 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 Listing Rules as its own code of conduct regarding securities transactions by the Directors. Upon specific enquiry conducted by the Company, each of the Directors confirmed that he/she had complied with the required standards as set out in the Model Code throughout the Reporting Period.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company 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 six months ended 30 June 2026.

Hu Zheng has been appointed to act as the chief executive officer of the Company (the "**CEO**") with effect from 1 July 2026. As Mr. Hu Zheng serve as both the Chairman and the CEO, such practice deviates from Code Provision C.2.1. The Board believes that vesting the roles of both the Chairman and the CEO in the same person can facilitate the execution of the Group's business strategies and boost effectiveness of its operation. Therefore, the Board considers that the deviation from the Code Provision C.2.1 is appropriate in such circumstance. In addition, under the supervision of the Board which is comprised of five executive Directors, one non-executive Director and three independent non-executive Directors, the Board is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and the shareholders of the Company. The Board will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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) during the Reporting Period. As at 30 June 2026, the Company did not hold any of treasury shares.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, subsequent to the end of the Reporting Period and up to the date of this announcement, the Group has the following significant events:

(i) Mr. Hu Jianpeng, has resigned as the CEO with effect from 1 July 2026. Mr. Hu Jianpeng continues to serve as an executive Director; and

(ii) Mr. Hu Zheng, the Chairman and the executive Director, has been appointed as the CEO with effect from 1 July 2026.

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 condensed consolidated financial statements of the Group for the six months ended 30 June 2026 have not been audited, but have been reviewed by the Audit Committee.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.zhengye-cn.com). The Company's interim report for the six months ended 30 June 2026 will be uploaded on the aforesaid websites 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 period 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, 28 August 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.