玖龍紙業(控股)有限公司*

NINE DRAGONS PAPER (HOLDINGS) LIMITED

*(Incorporated in Bermuda with limited liability)*

Stock Code: 2689

# NO ENVIRONMENTAL MANAGEMENT
# NO PAPER MAKING

Annual Report 2025/2026



* For identification purposes only

# CONTENTS


Corporate Information 2
Financial Highlights 3
Main Products 4
Chairlady's Report 8

**MANAGEMENT DISCUSSION AND ANALYSIS**

Business Analysis 12
Financial Review 15
The Group in the Last Five Years 20

**CORPORATE GOVERNANCE REPORT**

Environmental, Social and Governance Report 22
Investor Relations 95
Corporate Governance 97
Remuneration Committee 114
Audit Committee 117
Internal Control and Risk Management 119

**PROFILE OF DIRECTORS AND SENIOR MANAGEMENT**

Directors and Senior Management 123

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

Directors' Report 129
Independent Auditor's Report 139
Consolidated Balance Sheet 146
Consolidated Income Statement 148
Consolidated Statement of Comprehensive Income 149
Consolidated Statement of Changes in Equity 150
Consolidated Statement of Cash Flows 152
Notes to the Consolidated Financial Statements 153

**STAKEHOLDERS INFORMATION**

Other Information 221
Definition 223




## THE NINE DRAGONS CULTURE

Respect and care for our people; innovate and refine our management; champion technology leadership; uphold a century-old legacy and embrace the spirit of striving.


Contents printed on Land Dragon 100% Recycled Fiber Offset Paper

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Ms. Cheung Yan *JP (Chairlady)*
Mr. Liu Ming Chung *(Deputy Chairman and Chief Executive Officer)*
Mr. Zhang Cheng Fei *(Deputy Chairman and Deputy Chief Executive Officer)*
Mr. Ken Liu *(Deputy Chairman and Vice President)*
Mr. Zhang Lianpeng *(Vice President)*

### Independent Non-Executive Directors

Ms. Chan Man Ki, Maggie *MH, JP*
Dr. Li Huiqun
Dr. Cao Zhenlei
Mr. Sun Po Yuen *JP*

## EXECUTIVE COMMITTEE

Ms. Cheung Yan *JP (Chairlady)*
Mr. Liu Ming Chung
Mr. Zhang Cheng Fei
Mr. Ken Liu

## AUDIT COMMITTEE

Mr. Sun Po Yuen *JP (Chairman)*
Ms. Chan Man Ki, Maggie *MH, JP*
Dr. Li Huiqun
Dr. Cao Zhenlei

## REMUNERATION COMMITTEE

Ms. Chan Man Ki, Maggie *MH, JP (Chairlady)*
Dr. Li Huiqun
Mr. Sun Po Yuen *JP*
Mr. Liu Ming Chung
Mr. Zhang Cheng Fei

## NOMINATION COMMITTEE

Ms. Cheung Yan *JP (Chairlady)*
Ms. Chan Man Ki, Maggie *MH, JP*
Dr. Li Huiqun
Mr. Sun Po Yuen *JP*
Mr. Zhang Cheng Fei

## CORPORATE GOVERNANCE COMMITTEE

Dr. Li Huiqun *(Chairlady)*
Ms. Chan Man Ki, Maggie *MH, JP*
Mr. Sun Po Yuen *JP*
Ms. Cheung Yan *JP*
Mr. Zhang Cheng Fei

## AUTHORISED REPRESENTATIVES

Mr. Zhang Cheng Fei
Ms. Cheng Wai Chu, Judy *ACG, HKACG*

## COMPANY SECRETARY

Ms. Cheng Wai Chu, Judy *ACG, HKACG*

## REGISTERED OFFICE

Richmond House 12 Par-la-Ville Road
Hamilton HM 08 Bermuda

## HONG KONG OFFICE

Unit 1, 22/F., One Harbour Square
181 Hoi Bun Road, Kwun Tong
Kowloon, Hong Kong
Tel: (852) 3929 3800
Fax: (852) 3929 3890

## AUDITOR

PricewaterhouseCoopers
Certified Public Accountants and
Registered Public Interest Entity Auditor

## LEGAL ADVISERS

Conyers Dill & Pearman (Bermuda)
Sidley Austin (Hong Kong)
Zhong Lun Law Firm (PRC)

## PRINCIPAL BANKERS

Bank of Communications
Bank of China
The Export-Import Bank of China
Agricultural Bank of China
Industrial and Commercial Bank of China
China Merchants Bank
China Construction Bank
China Minsheng Bank
Postal Savings Bank of China

# FINANCIAL HIGHLIGHTS

| For the year ended 30 June | 2026 | 2025 | Change |
|---|---|---|---|
| **Operating results (RMB million)** | | | |
| Revenue | **75,000.5** | 63,240.5 | ↑ 18.6% |
| Gross profit | **10,924.8** | 7,245.1 | ↑ 50.8% |
| Operating profit | **6,580.6** | 3,936.6 | ↑ 67.2% |
| Profit before income tax | **4,825.2** | 2,484.6 | ↑ 94.2% |
| Profit attributable to Company's equity holders | **3,580.6** | 1,767.1 | ↑ 102.6% |
| **Financial position (RMB million)** | | | |
| Total assets | **157,472.4** | 149,038.2 | ↑ 5.7% |
| Total equity | **50,958.8** | 50,611.6 | ↑ 0.7% |
| **Per share data (RMB cents)** | | | |
| Earnings per share — basic | **76.3** | 37.7 | ↑ 102.4% |
| Earnings per share — diluted | **76.3** | 37.7 | ↑ 102.4% |
| **Other data (RMB million)** | | | |
| Capital expenditures | **11,217.0** | 14,831.5 | ↓ 24.4% |
| **Key ratio** | | | |
| Gross profit margin (%) | **14.6** | 11.5 | +3.1 pts |
| Total liabilities/total asset ratio (%) | **67.6** | 66.0 | +1.6 pts |

## REVENUE

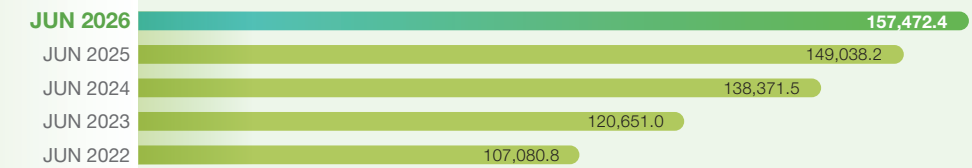
RMB million




18.6%
FY26 vs FY25

## TOTAL ASSETS

RMB million




5.7%
FY26 vs FY25

## TOTAL EQUITY

RMB million




0.7%
FY26 vs FY25

# MAIN PRODUCTS

## 01 KRAFTLINERBOARD

### 1) Kraftlinerboard

Kraftlinerboard is unbleached linerboard manufactured from unbleached wood pulp and recovered paper. The Group classifies different classes of products into Nine Dragons, Sea Dragon, Land Dragon and River Dragon so as to cater to the different needs of the customers.

### 2) Testlinerboard

Testlinerboard is made of 100% recovered paper. It meets certain customers' requirements for lower cost and environmentally friendly purposes. The Group classifies different classes of products into Nine Dragons recycled papers, Sea Dragon recycled papers, Land Dragon recycled papers and River Dragon recycled papers so as to cater to the different needs of the customers.

### 3) White Top Linerboard

White top linerboard is a three-ply sheet of which the surface layer is bleached, and caters to customers that require a white surface for appearance or superior printability. The Group classifies different classes of products into Nine Dragons and Sea Dragon so as to cater to the different needs of the customers.

### 4) Coated Linerboard

Coated linerboard is a four-ply sheet of which the surface layer is coated on bleached wood pulp. It possesses the characteristics of high performance (as that of kraftlinerboard) and high printability (as that of coated duplex board), which can replace the traditional coated duplex board. The Group classifies different classes of products into Nine Dragons and Land Dragon so as to cater to the different needs of the customers.

## 02 BLEACHED FOLDING BOXBOARD

Bleached folding boxboard is a one-side or both-side coated paper that has been calendered and finished with the surface and bottom layers of raw paper in bleached kraft pulp and the middle layer in mechanical wood pulp. Given its superior printability, it is mainly used in packaging for food, pharmaceuticals, daily necessities, electronic products, cosmetics, hang tags, carrying bags and toys, and cards, etc. The Group offers various types of products, such as Nine Dragons Brand (Full-Weight), Sea Dragon Brand (Ultra-High Bulk), bleached folding boxboard used in daily necessities, ECO-Dragon Brand food-grade bleached folding boxboard, Nine Dragons Brand coated papers and playing cards so as to cater to the different needs of the customers. Among these, the Ultra-High Bulk products featuring the thickness of ultra-high bulk paper can ensure sound stiffness for high performance in box moulding with more light-weighted packaging design. Food-grade bleached folding boxboard, which is made of high-quality all-wood pulp fibre and free of optical brightening agent, can be used in the production of various high-end paper cups and food packaging.

Nine Dragons Brand coated papers and playing cards are manufactured using 100% wood pulp, offering excellent surface smoothness and interlayer bonding force for exquisite double-sided printing needs. With high print saturation, the products are widely used in hang tags, desk calendars, high-end promotional brochures, game cards and playing cards.



# MAIN PRODUCTS

## 03 HIGH PERFORMANCE CORRUGATING MEDIUM

Compared to standard corrugating medium, high performance corrugating medium, which undergoes surface sizing, achieves superior strength and physical properties for the same basis weight, which reduces packaging weight, bulk and the amount of material used, allowing customers to save on shipping costs. The Group offers high performance corrugating medium ranging from 45–185g/$m^2$, of which light weight high performance corrugating medium of 45, 55, 60 and 70g/$m^2$ are at a superior position in the industry. High performance corrugating medium satisfies the needs of the customers for different classes and weights. The Group classifies different classes of products into Nine Dragons, Sea Dragon and Land Dragon so as to cater to the different needs of the customers.

## 04 COATED DUPLEX BOARD

Coated duplex board can be produced in basis weights ranging from 190–500g/$m^2$. Coated duplex board is a type of boxboard with a glossy coated surface on one side for superior printability. This product is typically used as packaging material for small boxes that require high quality printability, such as consumer electronic products, cosmetics or other consumer merchandise. It can also be used in combination with high performance corrugating medium and linerboard for the outer layer of corrugated board. The Group classifies different classes of products into Nine Dragons, Sea Dragon, Land Dragon, River Dragon and River Dragon Grade B so as to cater to the different needs of the customers.

## 05 PRINTING AND WRITING PAPER

### 1) Uncoated Woodfree Paper

Uncoated woodfree paper is suitable for printing books, teaching materials, magazines, notebooks and colour pictures. This product has passed FSCTM certification. The Group classifies different classes of products into Nine Dragons, Sea Dragon and Land Dragon, featuring products under high white and natural white full grammage series in two main categories, namely 100% wood pulp and recycled fiber, so as to cater to the different needs of the customers.

### 2) Office Paper

Office paper is suitable for colour printing and copying, colour inkjet and digital printing, high-speed black and white printing and copying for office uses. The surface of this product is processed with special technologies, minimizing the wear of office equipment. It has passed FSCTM certification. The recycled fiber multifunction office paper under the Sea Dragon brand is made of recovered paper and is more environmentally friendly.

## 06 PREMIUM INDUSTRIAL PAPER

The Group provides premium thermal base paper, thermal paper, high-white/natural-white kraft paper, release base paper, glassine paper, and sublimation transfer paper. Based on product functions, these are suitable for various industrial uses, including packaging, logistics and express delivery labels, supermarkets, garment printing, and adhesive tapes.



## 07 PRODUCTS OFFERED BY U.S. MILLS

### 1) Containerboard

As a leader in containerboard production, the Group offers recycled and virgin papers for a variety of packaging applications.

### 2) Kraft Paper

For excellent runnability and a clean printing surface, the Group offers a durable kraft paper, sourced from virgin fibers, for all tough packaging needs and sturdy, designed bags. Recycled kraft paper with uniform appearance and strength is also available.

### 3) Printing and Specialty Papers

Inventive and adaptable with dependable quality and reliability, the Group's printing and specialty papers provide a product option for any project.

### 4) Pulp

The Group is an established producer of Northern bleached hardwood kraft pulp (NBHK) and recycled pulp products throughout the eastern and northeastern U.S. All of our pulp grades are widely recognized for their consistency and functional properties.

### 5) Packaging Products

Integrated with paper supply from Biron Division, the full line box plant operates a high-speed corrugator and converting equipment to provide quality corrugated products to a wide variety of customers in the Midwest United States.

## 08 PACKAGING PRODUCTS

### 1) High Performance Corrugated Cardboard Products

Equipped with multiple advanced Germany's BHS and Italy's Fosber Pro/line corrugators, our high performance corrugated cardboard is 100% made by the Group's containerboard products. The Group produces Type A, C, B and E corrugated cardboard and double to quintuple wall cardboard. Being highly tenacious and impact resistant, the products are suitable for producing high-end carton boxes and lining boards. The Group can also design and produce corrugated cardboard with special functionalities such as waterproof, moisture proof, and anti-counterfeiting according to customers' needs.

### 2) High Performance Carton Box Products

The Group produces carton boxes with 1–7 colour water based printing. The products offer high resistance to compression and impact, and clear printing effect. All raw materials meet the latest environmental requirements and are suitable for the packaging of food, electronic appliances, industrial products and logistics purposes, etc. With advanced high-speed printing presses and processing equipment including fully automated flatbed die-cutting, combination stitcher/gluer machines, the Group is able to meet the diverse needs of customers.

### 3) Environmentally-friendly Kraft Paper Bag Products

The Group has advanced and intelligent high-speed flexographic printing machines and fully automatic bag-making and forming equipment for various types of bags, as well as slitting, rope-making, rewinding and other processing equipment, to provide customers with a full range of environmentally friendly kraft paper bag products. These products are environmentally friendly, practical and aesthetically pleasing, and are used in the external packaging for daily consumer products and delivery of consumer products. They are also suitable for various consumer fields such as footwear and apparel, beauty and cosmetics, supermarkets, tea drinks and medicine, and thereby can meet customers' needs for personalised and diversified products.

### 4) Exquisite Color Printing Products

The Group has a number of Koenig & Bauer 164 large-format printing presses directly imported from Germany. Equipped with Kodak CTP plates, high-speed slitting lines of raw paper and a complete set of post-press converting equipment such as holographic transfer and silkscreen printing with cold stamping, the Group can offer customers with colored packaging boxes, gift boxes, high-end carrying bags, exquisite brochures, instruction manuals, labels, hang tags and other products, thereby meeting customers' needs in all aspects, such as design, printing, production and after-sales service.

### 5) Diverse Laminated Paper Products

The Group offers single-sided laminated and sandwich-structured paper of 50–450g/$m^2$, a product made from degradable substrates. With excellent waterproof and oil-proof functions, and high heat resistance and tear resistance, the products are widely used in food packaging, industrial protection, medical supplies, printing substrates, etc. Leveraging its strong research and development and manufacturing capabilities, as well as professional testing, quick response, after-sales guarantee and other supporting services, the Group is able to meet the needs of customers for personalized, customized and diversified products.



# CHAIRLADY'S REPORT



## Record Sales Volume Drives Robust Profit Doubling

### *30 Years of Development: Evolving from a Capacity Leader to a Profitability Leader*

Cheung Yan Chairlady

During FY2026, the global economy remained subdued due to the reforming of trade rules, geopolitical tensions, and high energy price volatility. China's economy showed strong resilience, supported by the government's targeted and effective policy measures, with exports notably maintaining relatively rapid growth. The paper making industry, having weathered multiple challenges such as stricter environmental protection regulations, cost fluctuations, and increased competition, gradually bottomed out following adjustments, with a noticeable structural divergence in the recovery of industry profitability.

### Steady enhancement of development quality to advance towards profitability leader

Amid elevated external uncertainties and uneven industry recovery, the Group adhered to the principle of seeking progress while maintaining stability, balancing development scale with operational quality to achieve simultaneous growth in sales volume, prices, and profitability. This further strengthened its operational resilience and leading position in the industry, marking a clear shift from being a leader in production capacity to becoming a leader in profitability.

During the Year, the sales volume of the Group amounted to 24.5 million tonnes, representing an increase of 14.0% as compared with the corresponding period last year, setting a new record high for the fourth consecutive year. The average selling price rose against the headwinds, increasing by 4.0% as compared with the corresponding period last year. Driven by both volume and price growth, the revenue amounted to RMB75.0 billion, representing a year-on-year increase of 18.6%, gross profit amounted to RMB10.92 billion, a substantial year-on-year increase of 50.8%, net profit stood at RMB4.05 billion, a significant year-on-year increase of 83.8%, while net profit attributable to equity holders of the Company was approximately RMB3.58 billion, representing a substantial increase of 102.6% as compared with the corresponding period last year. The Group's profit growth rate far exceeded its revenue growth, demonstrating its successful conversion of scale advantage into a profitability advantage, with continuous optimization of profit quality.

## Integrated forestry-pulp-paper strategy to establish long-term competitive advantages

Since its establishment 30 years ago, the Group has consistently maintained a forward-thinking approach to the paper making industry. Its integrated forestry-pulp-paper strategy is a long-term strategic plan designed to align with future industry development trends. Ensuring a stable supply of raw materials is fundamental to the steady operation of paper enterprises, and serves as the core support enabling the Group to navigate industry cycles and achieve sustainable growth. Since this strategy was proposed, the Group has continuously expanded its wood pulp operations. By creating a self-sufficient and controllable wood pulp supply system, the Group has maintained operational initiative amid a complex and volatile market environment, converting raw material independence into product competitiveness. This layout not only guarantees consistent quality for the research, development, and production of high-end products, but also strengthens the Group's resilience to risks and profit elasticity during industry fluctuations, laying a solid foundation for building an enduring enterprise.

**In terms of raw materials,** an annual design capacity of 700,000 tonne of wood pulp at the Hubei base was put into operation as scheduled during the Year, increasing the Group's current annual design capacity of wood pulp to over 5.4 million tonnes. Looking ahead, the Group will continue to expand its high-end raw material capacity at its bases in Tianjin, Chongqing, Dongguan, Beihai, and Taicang. Upon the commencement of operation of all new projects in full scale, it is expected that the Group's total annual design capacity for wood pulp will exceed 8.5 million tpa. By that time, the Group's wood pulp production capacity will be fully established across core regions including South China, Central China, East China, North China, Southwest China, and Northeast China. This will provide the Group with a stable supply of high-quality raw materials, laying a long-term foundation for unlocking its profitability.

**In terms of products,** an annual design capacity of 1.2 million tonne of bleached folding boxboard at the Hubei base and an annual design capacity of 700,000 tonne of printing and writing paper project at the Beihai base were successfully put into operation as scheduled during the Year. Meanwhile, capitalizing on its advantage of self-supplied raw materials, the Group adopted a two-pronged strategy of "upgrading containerboard and achieving breakthroughs in fine paper". For containerboard, the Group firmly optimized its product mix, further increasing the sales proportion of high-end kraftliner products, which continuously boosted their profit contribution. Regarding fine paper, the Group concentrated its best resources to overcome key technical bottlenecks, successfully developing a series of differentiated and high-value-added products to complete its product transformation and further enhance the market competitiveness of the "Nine Dragons" brand. By vertically integrating its wood pulp raw material supply chain, the Group effectively controlled costs and improved quality, steadily steering its product lineup toward high-end and differentiated segments.

## Lean operations to enhance quality and efficiency and unlocking value of talents and business-finance integration

Amid the challenges posed by the complex changes and uncertainties in the external environment, the Group has continued to strengthen its business foundation by prioritizing high-quality development. While deepening the refined management, the Group has promoted the integration of business and financial management and unlocked talent value, bolstering its risk resistance and resilience of profitability.

**Driven by digitalization and intelligence with lean operations.** The Group continued to deepen its full-chain refined benchmarking system, covering all its processes from raw material procurement, material feeding, operational management to sales services and logistics and distribution. Through collaborations and sharing of best practices among its bases, the Group achieved systematic cost reduction and efficiency enhancement. Simultaneously, the Group fully embraced digitalization, deeply integrating big data and artificial intelligence into business scenarios to enhance production intelligence, management efficiency, and decision-making accuracy, providing solid support for the Group's high-quality development.

**Integration of business and financial management with talent synergy.** The Group thoroughly advanced the integration of business and financial management, promoting the transformation of financial function from being primarily accounting-focused to management- and value-oriented. By embedding financial management into frontline business operations, spanning the entire process of procurement, production, and sales, the Group has driven data-informed operational decisions, achieving continuous optimization of profitability. Meanwhile, the Group adhered to a talent-driven strategy to strengthen the enterprise. On the one hand, focusing on human-machine collaboration, the Group made strenuous efforts in cultivating technically versatile talents who are familiar with production processes and excel in operation and management, ensuring that advanced equipment achieves maximum efficiency. On the other hand, the Group increased incentive efforts by refining assessment and incentive mechanisms, allowing value creators to share in value. The coordinated advancement of business-finance integration and talent incentives is continuously fueling the Group's high-quality development with internal momentum.

Looking ahead, the ongoing rollout of various Chinese government policies aimed at boosting domestic demand, encouraging consumption, and stabilizing foreign trade, along with benefits from "replacing plastic with paper" and "expanding coverage of the Carbon Emissions Trading Market", is expected to further improve the supply-demand balance in the paper making industry. Currently, the Group's wood pulp operations and product mix provide it with relatively favorable conditions for development.

## Stepping into FY2027, our core strategies are as follows:

1. **Achieve and exceed design capacity while maintaining strict cost control.** We will fully guarantee the smooth operation and target capacity achievement of wood pulp projects; closely monitor market dynamics to optimize procurement strategies, thereby optimizing costs for bulk raw materials such as recovered paper, woodchips, and coal to build a solid cost competitive advantage;

2. **Lead through high-end products and broaden sales channels.** We will further increase the proportion of high-end kraftliner, develop high value-added paper varieties, and continuously promote the effective transformation of our product mix toward high-end and differentiated segments. We will also expand domestic and international direct sales channels to raise market influence;

3. **Implement look-through financial management to unlock operational efficiency.** By extending financial management deeper into frontline business operations, we will establish a look-through management system from cost aggregation to profitability analysis. Meanwhile, we will utilize incentive system reforms to maximize human resource efficiency;

4. **Harness digital intelligence to tap operational potential.** Taking into account the characteristics of our business, we will leverage big data and AI to empower end-to-end operational management. Refined control across the entire process on the production side will be achieved, market fluctuations on the market side will be monitored, and business development and liquidity security on the treasury side will be balanced;

5. **Uphold the bottom lines to build a solid foundation.** We will uphold the bottom lines for development in aspects such as safety, fire prevention, environmental protection, and integrity, and fully incorporate them into the scope of our regular management in order to establish a sound, long-term management mechanism.

This year marks the 30th anniversary of Nine Dragons Paper. Our three decades of growth have been inseparable from the long-term trust and firm support of all our shareholders. On behalf of the Board, I would like to express my sincere gratitude to you all! Standing at this new starting point, I will unite and lead our team with strategic determination, move forward with confidence, and strive to repay the support and expectations of our shareholders through solid and steady performance. Thank you.

**Cheung Yan**
*Chairlady*

23 September 2026

# MANAGEMENT DISCUSSION AND ANALYSIS



## MANAGEMENT DISCUSSION AND ANALYSIS

### Review of Operations

During the financial year under review, the global economy remained subdued due to significant changes in trade patterns, ongoing geopolitical tensions, and high energy price volatility. China's economy showed relatively strong resilience, supported by the targeted macroeconomic policies, with exports notably maintaining relatively rapid growth. The paper making industry, having weathered multiple challenges such as stricter environmental protection regulations, cost fluctuations, and increased competition, gradually bottomed out following adjustments, with a noticeable structural divergence in the recovery of industry profitability.

Facing the complex macroeconomic conditions and increasingly diverging industry landscape, the Group adhered to the principle of seeking progress while maintaining stability. By capitalizing on its strengths in cost control and premium product offerings, the Group achieved simultaneous growth in sales volume, prices, and profitability, thereby further strengthening its operational resilience and reinforcing its leading position in the industry. During the year, the sales volume of the Group amounted to approximately 24.5 million tonnes, representing an increase of approximately 14.0% as compared with the corresponding period last year, setting a new record high for the fourth consecutive year. The average selling price rose against the headwinds, increasing by approximately 4.0% as compared with the corresponding period last year. Driven by both volume and price growth, the revenue amounted to approximately RMB75,000.5 million, representing an increase of 18.6% as compared with the corresponding period last year.

At the same time, the profitability of various products in the paper making industry continued to vary. Capitalizing on its advantage of self-supplied raw materials, the Group adopted a two-pronged strategy of "upgrading containerboard and achieving breakthroughs in fine paper". For containerboard, the Group firmly optimized its product mix, further increasing the sales proportion of high-end kraftliner products, which steadily boosted their profit contribution. Regarding fine paper, the Group concentrated its best resources to overcome key technical bottlenecks, successfully developing a series of differentiated and high-value-added products to complete its product transformation and further enhance the market competitiveness of the "Nine Dragons" brand. By vertically integrating its wood pulp raw material supply chain, the Group effectively controlled costs and improved quality, steadily steering its product lineup toward high-end and differentiated segments.

Adhering to high-quality development, the Group continuously refined its lean operations, promoted the integration of business and financial management, and unlocked talent value, leading to a significant increase in profitability. During the year, the Group's gross profit amounted to approximately RMB10,924.8 million, representing an increase of 50.8% as compared with the corresponding period last year. Net profit amounted to approximately RMB4,047.0 million, representing a significant increase of 83.8% as compared with the corresponding period last year, while profit attributable to equity holders of the Company amounted to approximately RMB3,580.6 million, representing a strong increase of 102.6% as compared with the corresponding period last year. The significant improvement in profitability was mainly attributable to the cost advantages strengthened by the vertical integration of the raw material supply chain, as well as the higher average selling prices driven by a greater proportion of high-end products. Notably, the Group's profit growth rate far exceeded its revenue growth, demonstrating its successful conversion of economies of scale into a profitability advantage, with continuous optimization of profit quality. Meanwhile, the Group consistently attached equal importance to development and safety, continuously improving its risk management system, and strengthening budget control and fund management. Through refined management, working capital, cash flow, and exchange rate fluctuation risks were controlled within a reasonable range, solidly securing high-quality sustainable development of the Group.

During the year, the Group's capacity expansion projects, with an annual design capacity of 1.9 million tonnes of high-end paper and 0.7 million tonnes of wood pulp in Beihai, Guangxi Zhuang Autonomous Region and Jingzhou, Hubei Province, successfully commenced production, which further strengthened the Group's raw material advantages and enriched its product portfolio. As of 30 June 2026, the Group's total annual design production capacity for wood pulp amounted to approximately 5.4 million tonnes; the total annual design production capacity for paper amounted to approximately 24.8 million tonnes; and the total annual design production capacity for downstream packaging plants amounted to approximately 2.9 billion sq.m.

## Major Capital Expenditure and Expansion Plan

The Group is investing in an annual design production capacity of approximately 3.8 million tonnes of fibre as well as an annual design production capacity of approximately 3.2 million tonnes of paper in Jingzhou, Hubei Province, Chongqing, Tianjin, Beihai, Guangxi Zhuang Autonomous Region, Dongguan, Guangdong Province and Taicang, Jiangsu Province. Upon completion of the above projects, the Group's total annual design production capacity for wood pulp will exceed 8.5 million tonnes, and the total annual design production capacity for paper will be approximately 26.1 million tonnes. By that time, the Group's wood pulp production capacity will be fully established across core regions including South China, Central China, East China, Southwest China, North China, and Northeast China. This will support the Group's product upgrades and create a supply chain network that is closer to the market and more efficient, laying a long-term foundation for unlocking its profitability efficiently and continuously.

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

| Capital expenditure and capacity expansion project — fibre | | Annual design capacity (million tpa) | Start-up time (expected) |
|---|---|---|---|
| **PRC** | | | |
| Jingzhou, Hubei Province | (Bleached chemi-thermo mechanical pulp) | 0.70 | August 2025 (started up) |
| Chongqing | (Chemical pulp) | 0.70 | September 2026 (started up) |
| Tianjin | (Chemical pulp) | 0.50 | Q4 of 2026 (expected) |
| Beihai, Guangxi Zhuang Autonomous Region | (Chemical pulp) | 0.80 | Q2 of 2027 (expected) |
| Dongguan, Guangdong Province | (Fibre substitute) | 0.50 | Q3 of 2027 (expected) |
| Taicang, Jiangsu Province | (Fibre substitute) | 0.60 | Q2 of 2028 (expected) |
| **Total** | | **3.80** | |

| Capital expenditure and capacity expansion project — paper | | Annual design capacity (million tpa) | Start-up time (expected) |
|---|---|---|---|
| **PRC** | | | |
| Beihai, Guangxi Zhuang Autonomous Region | (Printing and writing paper) | 0.35 | July 2025 (started up) |
| | (Printing and writing paper) | 0.35 | October 2025 (started up) |
| | (Linerboard) | 0.70 | Q2 of 2027 (expected) |
| Jingzhou, Hubei Province | (Bleached folding boxboard) | 1.20 | August 2025 (started up) |
| Dongguan, Guangdong Province | (Linerboard) | 0.62 | Q4 of 2027 (expected) |
| **Total** | | **3.22** | |

## FINANCIAL REVIEW

### Revenue

The Group achieved a revenue of approximately RMB75,000.5 million for FY2026, representing an increase of approximately 18.6% as compared with FY2025. The major contributor of the Group's revenue was still its packaging paper business, including linerboard, high performance corrugating medium, coated duplex board and bleached folding boxboard, which accounted for approximately 88.1% of the revenue, with the remaining revenue of approximately 11.9% generated from its printing and writing paper, high value specialty paper and pulp products.

The Group's revenue for FY2026 increased by approximately 18.6% as compared with FY2025, resulting from the combined effect of the increase in sales volume of approximately 14.0% and the increase in average selling price of approximately 4.0%.

The Group's annual design production capacity in packaging paperboard, printing and writing paper, high value specialty paper and pulp products as at 30 June 2026 was approximately 30.9 million tpa in aggregation, comprising approximately 12.8 million tpa of linerboard, approximately 6.4 million tpa of high value specialty paper and pulp products, approximately 3.7 million tpa of high performance corrugating medium, approximately 3.0 million tpa of bleached folding boxboard, approximately 3.0 million tpa of printing and writing paper and approximately 2.0 million tpa of coated duplex board. The four US mills capacity was approximately 1.3 million tpa, including approximately 0.9 million tpa of coated one-side, coated freesheet and coated groundwood grade for printing and writing paper and specialty paper products; and approximately 0.4 million tpa of recycled pulp and wood pulp products.

The Group's sales volume reached approximately 24.5 million tonnes in FY2026, increased by approximately 14.0% as compared with 21.5 million tonnes in FY2025. The increase in sales volume was driven by approximately 2.6 million tonnes increase in China business.

The sales volume of linerboard, bleached folding boxboard, high performance corrugating medium and coated duplex board for FY2026 increased by approximately 7.0%, 95.1%, 9.0% and 2.5% respectively as compared with those in FY2025.

The majority of the Group's revenue continued to be realised from the China market, in particular from the linerboard, high performance corrugating medium, coated duplex board and bleached folding boxboard sectors. For FY2026, revenue related to China consumption represented 87.9% of the Group's total revenue, while the remaining revenue of 12.1% represented sales recorded in other countries outside China.

For FY2026, revenue from the Group's top five customers in aggregate accounted for approximately 7.7% (FY2025: 6.7%) of the Group's total revenue, with that to the single largest customer accounted for approximately 3.1% (FY2025: 2.4%).

### Gross profit and Gross profit margin

The gross profit for FY2026 was approximately RMB10,924.8 million, an increase of RMB3,679.7 million or 50.8% as compared with RMB7,245.1 million in FY2025. The gross profit margin increased from 11.5% in FY2025 to approximately 14.6% in FY2026 mainly due to the increase in the selling prices of the products being more significantly and faster than the increase in the cost of raw materials of the products.

## Other income, other expenses and other gains — net

Other income, other expenses and other gains decreased by approximately 18.4% from RMB1,600.3 million in FY2025 to approximately RMB1,306.5 million in FY2026 which was mainly attributable to the impairment loss recognized against property, plant and equipment. The property, plant and equipment of certain subsidiaries' production lines under temporary suspension were identified by management as having impairment indicators. Based on the results of management's assessment, an impairment loss of approximately RMB276.6 million was recognized against the carrying amount of those property, plant and equipment with impairment indicators in FY2026 (FY2025: Nil).

## Selling and marketing costs

Selling and marketing costs increased by approximately 23.4% from RMB2,635.0 million in FY2025 to approximately RMB3,252.3 million in FY2026 which was mainly contributed by more geographical areas covered and cost incurred to promote sales and marketing to support new paper machines and pulp lines launched in Jingzhou of Hubei Province and Beihai of Guangxi Zhuang Autonomous Region. The total amount of selling and marketing costs as a percentage of the Group's revenue slightly increased from 4.2% in FY2025 to approximately 4.3% in FY2026.

## Administrative expenses

Administrative expenses increased by approximately 6.0% from RMB2,256.1 million in FY2025 to approximately RMB2,391.3 million in FY2026 which was mainly contributed by additional management and administrative costs incurred to support the capacity expansion projects in Jingzhou of Hubei Province and Beihai of Guangxi Zhuang Autonomous Region. The total amount of administrative expenses as a percentage of the Group's revenue slightly decreased from 3.6% in FY2025 to approximately 3.2% in FY2026.

## Operating profit

The operating profit for FY2026 was approximately RMB6,580.6 million, representing an increase of approximately RMB2,644.0 million or 67.2% over FY2025. The increase in operating profit for FY2026 was mainly due to the increase in gross profit of the Group.

## Finance costs — net

The net finance costs increased by approximately RMB347.8 million, or 24.2% from RMB1,437.2 million in FY2025 to approximately RMB1,785.0 million in FY2026. The increase in finance cost was mainly contributed by net exchange difference on financing activities. The net exchange losses on financing activities amounted to approximately RMB127.9 million in FY2026 as compared to the net exchange gains on financing activities amounted to RMB113.9 million in FY2025.

## Income tax expense

Income tax expense for the FY2026 amounted to approximately RMB778.2 million, increased by approximately 175.1% or RMB495.3 million as compared with FY2025.

The increase in the effective tax rate this year compared to last year was primarily due to that subsidiaries with relatively low actual income tax rate contributed less to the Group's profit before tax this year as more subsidiaries became profitable, and the Group's sales of recycled products qualified for the incentive tax arrangement for Comprehensive Utilization of Resources contributed less to the total sales.

In accordance with the announcement on extending the enterprise income tax policy for the western region development (《關於延續西部大開發企業所得稅政策的公告》(財政部稅務總局國家發展改革委公告2020年第23號)), from 1 January 2021 to 31 December 2030, enterprises which located in the western region that fall under the encouraged industries are subject to a 15% enterprise income tax rate. In accordance with the Circular of the People's Government of Guangxi Zhuang Autonomous Region on extending and revising certain policies for promoting the opening-up and development of the Guangxi Beibu Gulf Economic Zone (《廣西壯族自治區人民政府關於延續和修訂促進廣西北部灣經濟區開放開發若干政策規定的通知》(桂政發[2014]5號)), qualified newly set up enterprises are exempt from the local shared portion, which is 40% of the enterprise income tax calculated based on the 15% enterprise income tax rate. Therefore, Nine Dragons Paper Industries (Beihai) Co., Ltd. is qualified for such incentive tax arrangement and entitled to the corporate income tax rate of 9% for the years ended 30 June 2026 and 2025.

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

## Net profit

Profit after tax increased from approximately RMB2,201.7 million in FY2025 to approximately RMB4,047.0 million in FY2026, representing an increase of RMB1,845.3 million or 83.8%.

## Profit attributable to equity holders of the Company

The profit attributable to equity holders of the Company increased from RMB1,767.1 million in FY2025 to approximately RMB3,580.6 million in FY2026, representing an increase of RMB1,813.5 million or 102.6%, mainly attributable to the increase in revenue and in gross profit margin.

## Working capital

The level of inventory as at 30 June 2026 decreased by 2.9% to approximately RMB10,143.7 million from RMB10,450.0 million as at 30 June 2025. Inventories mainly comprise of raw materials (mainly recovered paper, wood chip, coal and spare parts) of approximately RMB7,128.7 million and finished goods of approximately RMB3,015.0 million.

In FY2026, raw material (excluding spare parts) turnover days decreased to approximately 30 days as compared to 32 days for FY2025 while the finished goods turnover days decreased to approximately 20 days as compared to 26 days for FY2025.

Trade receivables as at 30 June 2026 were approximately RMB4,378.2 million, increased by 35.7% from RMB3,226.7 million as at 30 June 2025. The turnover days of trade receivables were approximately 19 days and 20 days for FY2026 and FY2025 respectively.

Trade payables were approximately RMB4,484.7 million as at 30 June 2026, increased by 31.9% from RMB3,400.8 million in FY2025. The turnover days of trade payables were approximately 22 days and 27 days for FY2026 and FY2025 respectively.

## Liquidity and financial resources

The working capital and long-term funding required by the Group in FY2026 primarily comes from its operating cash flows and borrowings, while the Group's financial resources are used in its capital expenditures, operating activities and repayment of borrowings.

In terms of available financial resources as at 30 June 2026, the Group had bank and cash balances, short-term bank deposits and restricted cash amounted to approximately RMB12,051.0 million and total undrawn bank facilities of approximately RMB62,043.9 million.

As at 30 June 2026, the total equity was approximately RMB50,958.8 million, an increase of RMB347.2 million or 0.7% from that as at 30 June 2025.

On 15 June 2026, the Company issued an irrevocable public announcement to the holders of the perpetual capital securities regarding the exercise of its redemption option. The Company reclassified the perpetual capital securities from equity to borrowings which were initially measured at the fair value of the assumed financial liability on 15 June 2026, amounting to US$405,201,000 (equivalent to RMB2,758,950,000). For details, please refer to Note 15 — PERPETUAL CAPITAL SECURITIES of this announcement.

## Debts Management

The Group's outstanding borrowings increased by approximately RMB5,740.4 million from RMB75,418.4 million as at 30 June 2025 to RMB81,158.8 million as at 30 June 2026 to support the capacity expansion plan of the Group. As at 30 June 2026, the short-term and long-term borrowings amounted to approximately RMB14,506.3 million and RMB66,652.5 million respectively, accounting for 17.9% and 82.1% of the total borrowings respectively.

## Treasury policies

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

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

The treasury policies followed by the Group aim to:

**(a) Minimise interest risk**

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

**(b) Minimise currency risk**

In view of the current volatile currency market, the Board closely monitors the Group's foreign currency borrowings and will consider arranging for monetary and interest rate hedge at appropriate time to mitigate the corresponding risk. As at 30 June 2026, total foreign currency borrowings amounted to the equivalent of approximately RMB3,291.3 million and loans denominated in RMB amounted to approximately RMB77,867.5 million, representing 4.1% and 95.9% of the Group's borrowings respectively.

### Cost of borrowing

The effective interest rates of long-term borrowings and short-term borrowings both were stable at approximately 2.8% and 2.8% per annum as at 30 June 2026 and 2.9% and 2.6% per annum as at 30 June 2025 respectively. The gross interest and finance charges (including interest capitalised and amortisation of financial instrument but before interest income and exchange gains or losses on financing activities) decreased to approximately RMB2,298.4 million in FY2026 from RMB2,333.4 million in FY2025.

## FUTURE OUTLOOK

Looking ahead, we remain cautiously optimistic. The ongoing rollout of various Chinese government policies aimed at boosting domestic demand, encouraging consumption, and stabilizing foreign trade, along with environmental benefits from "replacing plastic with paper" and "expanding coverage of the National Carbon Emissions Trading Market", is expected to further improve the supply-demand balance in the paper making industry. Giving full rein to its advantages in integrated pulp and paper production, the Group will exercise stringent control over production costs, deepen lean management, and focus on transforming its products toward high-end and differentiated segments. It is committed to consistently supplying exemplary quality paper that embodies the characteristics of Nine Dragons Paper. At the same time, the Group will continue to empower talent value, drive digital transformation, optimize production and sales coordination, broaden domestic and overseas sales channels, adhere to prudent financial strategies and reinforce green and compliant operations. These efforts will steadily guide the Group's evolution from being a leader in production capacity to becoming a leader in profitability.

## THE GROUP IN THE LAST FIVE YEARS

*In millions of RMB*

| Consolidated Income Statements | For the year ended 30 June 2026 | 2025 | 2024 | 2023 | 2022 |
|---|---|---|---|---|---|
| Revenue | 75,000.5 | 63,240.5 | 59,496.4 | 56,739.4 | 64,538.1 |
| Cost of goods sold | (64,075.7) | (55,995.4) | (53,784.9) | (55,209.2) | (57,546.2) |
| Gross profit | 10,924.8 | 7,245.1 | 5,711.5 | 1,530.2 | 6,991.9 |
| Other income/expenses and other gains, net | 1,306.5 | 1,600.2 | 1,504.6 | 1,576.0 | 873.2 |
| Selling and marketing costs | (3,252.3) | (2,634.9) | (2,338.5) | (2,124.4) | (1,955.5) |
| Administrative expenses | (2,391.3) | (2,256.1) | (2,150.1) | (2,577.0) | (2,322.5) |
| Net impairment losses on financial assets | (7.1) | (17.7) | (82.4) | — | — |
| Operating profit/(loss) | 6,580.6 | 3,936.6 | 2,645.1 | (1,595.2) | 3,587.1 |
| Finance income | 77.6 | 136.4 | 135.2 | 162.1 | 187.6 |
| Finance costs | (1,862.6) | (1,573.6) | (1,549.6) | (1,261.1) | (518.2) |
| Share of results of associates and a joint venture | 29.6 | (14.8) | 7.7 | (31.8) | 116.5 |
| Profit/(loss) before income tax | 4,825.2 | 2,484.6 | 1,238.4 | (2,726.0) | 3,373.0 |
| Income tax (expense)/credit | 778.2 | (282.9) | (444.5) | 355.2 | (62.5) |
| Profit/(loss) for the year | 4,047.0 | 2,201.7 | 793.9 | (2,370.8) | 3,310.5 |
| Profit/(loss) attributable to: | | | | | |
| — Equity holders of the Company | 3,580.6 | 1,767.1 | 750.7 | (2,383.3) | 3,275.4 |
| — Holders of perpetual capital securities | 375.6 | 400.4 | 21.7 | — | — |
| — Non-controlling interests | 90.8 | 34.2 | 21.5 | 12.5 | 35.1 |

| Information of Cash Flows | For the year ended 30 June 2026 | 2025 | 2024 | 2023 | 2022 |
|---|---|---|---|---|---|
| Net cash generated from/(used in) operating activities | 8,122.1 | 4,985.4 | (794.2) | 6,924.5 | 3,030.5 |
| Net cash used in investing activities | (11,020.6) | (14,720.3) | (12,656.0) | (17,424.0) | (12,321.5) |
| Net cash generated from financing activities | 3,365.3 | 10,357.6 | 13,666.2 | 11,136.5 | 8,920.6 |
| Net increase/(decrease) in cash and cash equivalents | 466.8 | 622.7 | 216.0 | 637.0 | (370.4) |

*In millions of RMB*

| Consolidated Assets, Liabilities and Equity | As at 30 June | | | | |
|---|---|---|---|---|---|
| | 2026 | 2025 | 2024 | 2023 | 2022 |
| **Total assets** | 157,472.4 | 149,038.2 | 138,371.5 | 120,651.0 | 107,080.8 |
| Inventories | 10,143.7 | 10,450.0 | 10,169.3 | 8,855.7 | 12,170.1 |
| Trade and bills receivables | 7,530.7 | 5,780.1 | 8,482.3 | 4,460.1 | 4,951.1 |
| Other receivables and prepayments | 7,643.5 | 7,025.5 | 6,805.8 | 5,556.1 | 5,418.9 |
| Financial assets at fair value through profit or loss | 40.3 | 54.7 | 86.2 | 87.4 | 79.5 |
| Tax recoverable | 23.0 | 20.3 | 39.1 | 32.3 | 237.2 |
| Short-term bank deposits | 119.7 | 11.3 | 37.1 | 32.1 | 42.5 |
| Cash and cash equivalents and restricted cash | 11,931.2 | 11,473.3 | 10,693.0 | 10,430.8 | 9,722.2 |
| **Total current assets** | 37,432.1 | 34,815.2 | 36,312.8 | 29,454.5 | 32,621.5 |
| Property, plant and equipment | 113,578.4 | 107,414.3 | 95,462.9 | 86,557.2 | 70,669.7 |
| Right-of-use assets | 5,128.4 | 5,258.6 | 5,352.8 | 3,019.3 | 2,155.6 |
| Intangible assets | 570.0 | 276.3 | 286.8 | 300.2 | 312.3 |
| Investments in associates and a joint venture | 218.3 | 163.8 | 196.2 | 175.4 | 270.8 |
| Deferred income tax assets | 144.5 | 203.3 | 197.1 | 131.0 | 154.1 |
| Other receivables and prepayments | 400.7 | 906.7 | 562.9 | 1,013.4 | 896.8 |
| **Total non-current assets** | 120,040.3 | 114,223.0 | 102,058.7 | 91,196.5 | 74,459.3 |
| **Total liabilities** | 106,513.6 | 98,426.6 | 89,887.0 | 75,514.6 | 59,575.5 |
| Trade and bills payables | 12,627.7 | 10,582.3 | 11,266.1 | 9,648.3 | 6,667.9 |
| Other payables, lease liabilities and contract liabilities | 6,013.1 | 5,910.1 | 5,057.5 | 4,808.0 | 3,891.0 |
| Current income tax liabilities | 138.6 | 110.5 | 33.1 | 22.2 | 253.3 |
| Borrowings | 14,506.3 | 15,865.9 | 14,852.3 | 13,592.5 | 7,379.3 |
| **Total current liabilities** | 33,285.7 | 32,468.8 | 31,209.0 | 28,071.0 | 18,191.5 |
| Borrowings | 66,652.4 | 59,552.5 | 52,326.7 | 43,180.7 | 36,861.7 |
| Deferred income tax liabilities | 4,877.9 | 4,571.4 | 4,499.2 | 4,157.6 | 4,414.8 |
| Other payables and lease liabilities | 1,697.6 | 1,833.9 | 1,852.1 | 105.3 | 107.5 |
| **Total non-current liabilities** | 73,227.9 | 65,957.8 | 58,678.0 | 47,443.6 | 41,384.0 |
| **Total Equity** | 50,958.8 | 50,611.6 | 48,484.5 | 45,136.4 | 47,505.3 |

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



## REPORTING PRINCIPLES

### Scope

Founded in 1995, the Group is currently the world's largest papermaking group in terms of production capacity and the leading enterprise for fully-integrated pulp and paper production with principal business focusing on the production and sales of various environmentally friendly packaging paper, high-end virgin paper and paper products along its upstream and downstream industry chain, including kraftlinerboard, testlinerboard, white top linerboard, coated linerboard, bleached folding boxboard, high performance corrugating medium, coated duplex board, printing and writing paper, specialty paper and pulp. Adhering to the philosophy of "No Environmental Management, No Paper Making", the Group uses recyclable paper as its major raw materials, actively putting environmental protection, energy conservation and emission reduction into practice.

In determining the scope of disclosure in the Group's Environmental, Social and Governance Report (the "Report") for FY2026, the Board of the Group mainly considered the proportion of production capacity of, and revenue from, each production base of the Group. The Board of the Group believes that the environmental, social and governance ("ESG") matters of the Group in FY2026 are properly reflected in the sustainable development initiatives and performance of the ten bases of the Group in Mainland China (namely Dongguan, Taicang, Chongqing, Tianjin, Quanzhou, Shenyang, Leshan, Hebei, Hubei and Beihai bases) and two overseas bases (Vietnam and Malaysia bases) during the period from 1 July 2025 to 30 June 2026 (the "Year" or "financial year").

Unless otherwise indicated, the Report does not cover the relevant data on the downstream packaging factories in Mainland China because they only contributed to approximately 4% of the Group's revenue for the financial year. In addition, the data of the Group's bases in the United States are not included in the Report because they only accounted for approximately 4% of the Group's overall annual production capacity. The Board will continue to review the importance of such data and consider covering the relevant full-year data in our future reports.

## Reference Guideline

The Group has been disclosing its performance regarding environment, health and safety, human resources, corporate governance, social responsibility and other aspects annually since FY2014. The Report has been prepared primarily in accordance with the Environmental, Social and Governance Reporting Code in Appendix C2 of the Main Board Listing Rules of the Hong Kong Stock Exchange.

## Working Group

The data and information in the Report were derived from the Group's internal documents, records and statistics. The Group's Environmental Protection & Energy Saving Department, Human Resources Department, Information Technology Department, General Management Department, Sales Department, Public Relations Department and Finance Department have formed an inter-departmental working group to be responsible for the collection, compilation and consolidation of the data and information disclosed in the Report.

The Report has been confirmed and approved by the Board.

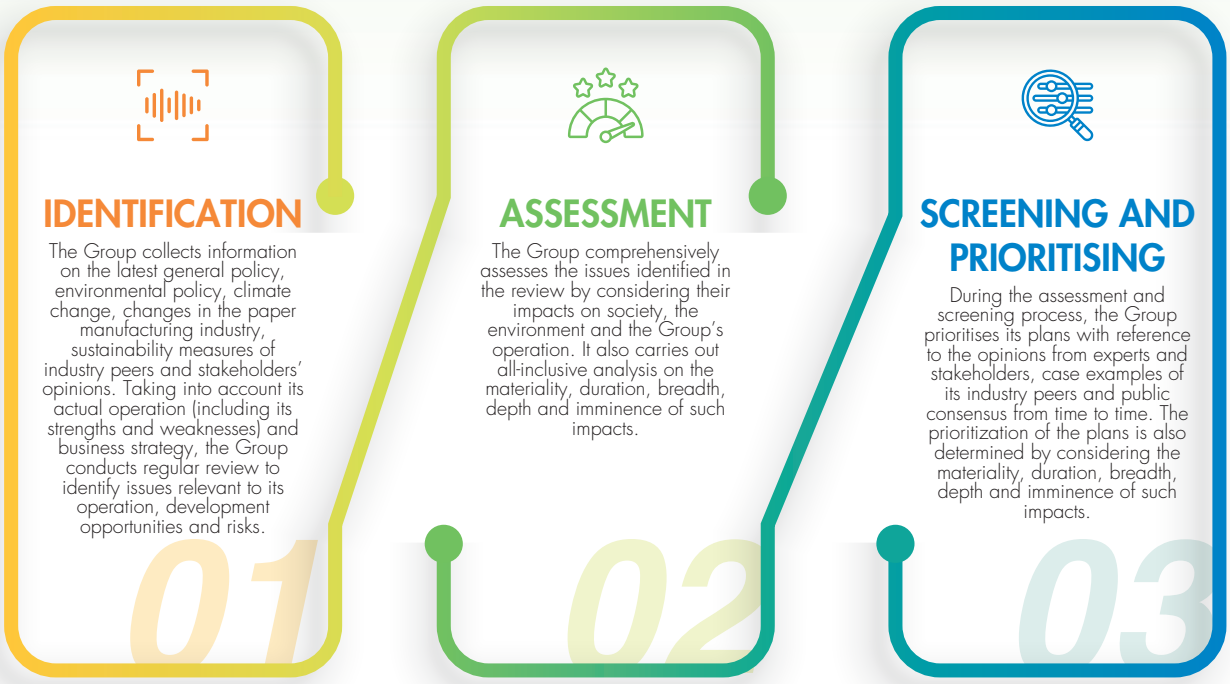
## ESG Management Approach and Strategy of the Board

The Board of the Group and its five Board Committees (Executive Committee, Audit Committee, Remuneration Committee, Nomination Committee and Corporate Governance Committee) regularly monitor and review the Company's overall strategy, risk management, financial position, governance on environmental protection, climate change, social responsibility, corporate governance and the risks and opportunities of other sustainability issues. The Board of the Group receives support from five committees in various aspects regarding the above-mentioned relevant issues.



The Group has implemented policies in relation to environmental protection and climate change, and included environmental risk and climate risk factors in the evaluation list of risk management and control of the Group. The Environmental Protection Department of the Group performs evaluation according to the list on a regular basis and the evaluation results will be submitted to the executive Directors for timely response. The Company provides environmental protection and climate-related training to the Board every year to ensure that the Board is aware of the latest development trends. Meanwhile, the Board may seek professional advice from external experts whenever necessary. The executive Directors of the Group are ultimately accountable for the climate-related issues.

The executive Directors and the supervisors of the Group's bases and functional departments are delegated by the Board to hold special meetings on ESG matters (including climate issues) regularly, so as to identify, assess, screen and prioritise issues that are material to the Group and, in turn, formulate strategies and specific response plans in relevant aspects. The delegated department or working group shall be responsible for the execution of the finalized sustainability plans. The Group has incorporated ESG indicators (including climate risk indicators) into its remuneration policy. ESG performance is linked to the variable compensation component of employees and management. Relevant indicators are subject to monthly review, disclosure, and assessment, with variable compensation amounts determined based on the evaluation results.




The Board regularly oversees ESG-related (including climate-related) risks and opportunities at board meetings every six months. In addition, the persons-in-charge of the Group's major bases and departments hold management meetings with executive Directors at least every two weeks to report on business operations, including the progress on established environmental, social and governance goals. For instance, they report on the energy saving project progress, various gas emission targets, discharge reduction project progress, fire drill arrangements, production safety project progress, recruitment and training progress, and optimize the relevant plans based on actual circumstances. For issues involving significant risks and opportunities, the executive Directors will report to the Board in a timely manner for discussion and, if necessary, set up a dedicated project team for follow-up.

# EXAMPLES OF MATERIAL ISSUES

## Social Issues

- Poverty alleviation in the community
- Poverty alleviation through industry development
- Education-oriented poverty alleviation
- Disaster aid and relief

## Talent and corporate governance

- Staff development, salaries and benefits
- Talent training
- Governance structure and transparency
- Anti-corruption policy
- Equal opportunities and women's rights
- Privacy protection

## Operation management

- Raw material and fuel supply management
- Supply chain management
- Consumer complaint
- Financial risk management

## Safety, security and health

- Product safety and quality
- Production and fire safety
- Occupational health and safety
- Unexpected public health event

## Environmental protection

- Environmentally friendly production
- Waste treatment
- Waste reduction and recycling
- Greenhouse gas and wastewater emission
- Energy efficiency, carbon reduction and utilization of water resources
- Biodiversity
- Climate change

## MAJOR SUSTAINABILITY RISKS AND RESPONSE STRATEGY

| Risk | Analysis/example | Response strategy |
|---|---|---|
| **Shortage of raw material supply** | Since 2021, China has fully implemented the "Waste Import Ban" (禁廢令) to forbid foreign waste imports; and imported recovered paper, a major raw material of the Group, has also been banned from import. Since 2025, China has tightened inspections of imported recycled pulp, which intensifies the risk of raw material shortage in the paper manufacturing industry. | • Fill the gap of imported recovered paper: Leveraging its strong procurement network, the Group has gradually increased the ratio of domestic recovered paper procured and used in the manufacturing process since 2018. Currently, domestic recovered paper accounts for the most substantial portion of the Group's recovered paper procurement. Meanwhile, the Group has been expanding the production capacity of recycled pulp, wood pulp and wood fibre, so as to replenish the reserve of raw materials.<br>• Expand product mix: Capitalizing on the capacity expansion for wood pulp, the Group developed premium products with high entry barriers, such as virgin kraftliner, bleached folding boxboard and printing and writing paper. In addition, in view of the quality of domestic recovered paper, the Group has launched the "River Dragon (江龍牌)" brand for low-end products to diversify revenue sources. |
| **Significant fluctuations in raw material and fuel prices** | Unexpected events and geopolitical instabilities may lead to significant fluctuations in the supply, price and transportation cost of raw materials and fuels, which may affect the production costs. | • The Group has strengthened the deployment of the procurement network for raw materials and built up its production capacity of recycled pulp, wood pulp and wood fibre, hence increasing the self-sufficiency ratio of raw materials to better control the raw material costs.<br>• The Group has entered into contracts for fixed supply or prices during the contract term with suppliers to mitigate the impacts of price volatility caused by unexpected events. |

| Risk | Analysis/example | Response strategy |
|---|---|---|
| **Structural change in product demand** | China has issued the "Plastic Limit Order" (限塑令) to reduce production and sales of plastic packaging for delivery, plastic shopping bags and disposable plastic tableware. Given their affordable price and light weight, paper products are certainly the best alternatives to plastic. The Group will lose market share if it fails to seize this major market opportunity in time. | • The Group has expanded the production capacity for bleached folding boxboard to seize the opportunity arising from the "Plastic Limit Order".<br>• With a focus on strengthening its technology innovation and R&D capability, the Group is enhancing the core technology for new products that are low-carbon and green. |
| **Severe overcapacity in production** | In order to seize market share, papermaking enterprises of varying sizes may build up their production capacity simultaneously, coupled with the import competition, resulting in a short-term production glut in the market which may in turn affect the selling prices of products. | • Subject to the tight supply of recovered paper in the market, solving the problems relating to raw material supply is regarded as the top priority of paper-making enterprises for expansion of their production capacity. The Group is equipped with its own production capacity for alternative raw materials, such as wood pulp, enabling the production of high-end products with less market supply including virgin kraftliner, white top linerboard, bleached folding boxboard and virgin printing and writing paper, thus enjoying stronger market competitiveness.<br>• As the world's largest paper-making group in terms of production capacity and the leading integrated pulp and paper enterprise in China, the Group is benefiting from the economies of scale and stable customer base while ensuring the consistency in product quality, which enable it to retain customers, maintain bargaining power in determining the prices of products and market competitiveness. |

| Risk | Analysis/example | Response strategy |
|---|---|---|
| **Unexpected public health event** | Unexpected public health events (such as the Covid-19 pandemic) can pose considerable risks to the Group's employees, which are its most valuable asset. Furthermore, these events can have a significant impact on the market demand, production and operation. The overall supply chain and economy can also be impeded, hence affecting the product demands. | • The Group has been optimising its emergency and safety management mechanism, which allows it to respond to unexpected public health events rapidly. For example, in response to the outbreak of Covid-19, the Group formed the Covid-19 prevention and control group promptly, established various pandemic prevention mechanisms and safety measures, and offered special training on pandemic prevention knowledge for its staff, as well as organized employees to receive vaccination. As a result, it became one of the fastest manufacturers to resume production in the industry.<br>• The Group will flexibly adjust its product mix in times of economic instability. For example, under the impact of the Covid-19 pandemic, the Group launched a sub-brand of the "River Dragon" brand in order to cater to the market demands. |
| **Operational risk** | Natural disasters such as floods, typhoons, fires and earthquakes can be a threat to the Group's production and the safety of its employees. | • The Group formulates corresponding emergency plans based on the local climate of each of the plants in advance and conducts regular drills for activating the emergency response mechanism in extreme weather conditions. It also makes reasonable adjustments to the production plan to ensure the transportation of raw materials and auxiliary materials as well as the normal operation of facilities, thereby minimising the adverse effect of climate change. Besides, it has purchased work injury insurance for all employees.<br>• In terms of fires, the Group not only requires its staff to maintain strict compliance with the "Fire Safety Management Practices", but also forms its own firefighting team which conducts regular drills to prepare for fire emergencies. |

| Risk | Analysis/example | Response strategy |
|---|---|---|
| **Financial risk** | The Group will expand the production capacity of kraft pulp, recycled pulp and wood fibre as raw materials for production, and expand the capacity of high-end products. The Group's financial risks will increase as a result of its capital expenditure. The intensified global inflation may also lead to the increase in interests of loans. | • While the Group's risk of a rising gearing ratio will increase due to its capital expenditure plan in the short term, the Group has low cash flow risk and a controllable financial risk given its stable customer base and operating revenue base due to the close correlation between the paper manufacturing industry and the inelastic demand in the economy.<br>• With the overwhelming support from major banks, the Group has entered into various bank loans that can fully cover the Group's capital expenditure for production capacity expansion in the future and guarantee the sufficiency of working capital.<br>• Despite the possible increase in the interest of bank loans resulting from high inflation, the Group can enjoy more favourable interest rates by maintaining its good relationship with various banks. |
| | In addition to the operating bases in China, the Group has similar facilities in the U.S., Malaysia and Vietnam. Moreover, it procures some of the raw materials and paper manufacturing equipment from overseas. Hence, it is exposed to certain exchange risks. | • The majority of the Group's operations are located in China and most of the transactions are settled in RMB. As the exchange risk is controllable, the Group does not have a hedge policy.<br>• When deciding the currency of bank loans, the Group strikes a balance between the interest and exchange risk, and adjusts the proportion in a timely manner. The Group's loans are mainly denominated in RMB, with only a few loans denominated in USD, EURO and other foreign currencies. |

| Risk | Analysis/example | Response strategy |
|---|---|---|
| **Tightening of national environmental policy** | China continued to adopt the general principle of green development and established more stringent standards for the paper manufacturing industry in promoting clean production, pollution and emission reduction, as well as technological advancement. | • The Group has obtained the "China Environmental Labelling Products" (中國環境標誌產品) certification and a number of international certifications for standardized management systems, such as the ISO 14001 Environmental Management System.<br>• The Group keeps a close tab on international and domestic environmental policy and maintains higher standards. For example, we took the lead in establishing environmental incinerators in the industry, through which all solid wastes generated during paper production are converted into clean energy without external discharge. It also helps the local governments dispose of a portion of industrial solid wastes, thereby contributing to the development of "zero-waste cities". In addition, two gas-fired units in Dongguan Base have been put into operation, the construction of two gas-fired turbine units in Selangor Base in Malaysia has been completed and one of them has been put into operation, and the construction of a gas-fired unit in Beihai Base has been completed, so as to enhance the application of clean energy. |
| **Climate change** | Extreme weather events become more prevalent every year as a result of climate change. High temperature, chilly conditions, typhoons, drought, flooding and other extreme weather events may affect the operation of supply chains in the paper manufacturing industry (including raw material supply, procurement, power generation, production facilities, and pollution prevention and treatment facilities), while simultaneously bringing chronic impacts such as rising temperatures. | • The Group has implemented policies to address the climate change risks, and adopted the governance structure under a comprehensive approach in respect of the oversight of relevant issues on climate change. It has also actively adopted multiple measures to reduce carbon dioxide emissions and actively respond to climate change. |

## Sustainability Goal and Progress

Taking into full account the national dual carbon strategic goals, and centering on the continuous improvement of internal operations and the enhancement of climate resilience, the Group has formulated the following targets related to sustainability, including climate change. The base year is FY2020, with the applicable period extending to FY2030, and the implementation and applicability of the targets are reviewed by the Board every year.

| FY2020 (base year) | FY2026 (progress) | FY2030 (goal) |
|---|---|---|
| **Total emission target and progress[1]** | | |
| • Greenhouse gas intensity: 9,330 tonnes in $CO_2$ equivalent/ten thousand tonnes of paper | • Greenhouse gas intensity: 8,544 tonnes in $CO_2$ equivalent/ten thousand tonnes of paper | • Greenhouse gas intensity: <9,300 tonnes in $CO_2$ equivalent/ten thousand tonnes of paper |
| • Sulfur dioxide intensity: 0.94 tonnes/ten thousand tonnes of paper | • Sulfur dioxide intensity: 0.82 tonnes/ten thousand tonnes of paper | • Sulfur dioxide intensity: <0.84 tonnes/ten thousand tonnes of paper |
| • Nitrogen oxides intensity: 2.76 tonnes/ten thousand tonnes of paper | • Nitrogen oxides intensity: 3.3 tonnes/ten thousand tonnes of paper | • Nitrogen oxides intensity: <3.4 tonnes/ten thousand tonnes of paper |
| • Dust intensity: 0.16 tonnes/ten thousand tonnes of paper | • Dust intensity: 0.15 tonnes/ten thousand tonnes of paper | • Dust intensity: <0.2 tonnes/ten thousand tonnes of paper |
| • Hazardous wastes intensity: 3.93 tonnes/ten thousand tonnes of paper | • Hazardous wastes intensity: 2.49 tonnes/ten thousand tonnes of paper | • Hazardous wastes intensity: <3.08 tonnes/ten thousand tonnes of paper |

[1] The Group's target and setting method at the current stage are mainly based on prudent evaluation by the Board, focusing on improving internal operations and enhancing climate resilience, and have not yet undergone third-party verification. In the future, consideration will be given to further refining them with reference to industry decarbonisation methodologies and the Science Based Targets initiative, and advancing the external assurance work of relevant metrics at an appropriate time. The Group currently has no plan to use carbon credits to fulfill its carbon emission targets.

| FY2020 (base year) | FY2026 (progress) | FY2030 (goal) |
|---|---|---|
| **Clean and alternative energy** | | |
| • All bases in Mainland China have adopted coal-fired units<br>• Utilization of solid waste as resources, which saved standard coal of 0.37 million tonnes per annum<br>• The methane collection & treatment system can substitute for some coal in power generation and heat supply through incineration, thereby saving standard coal of 0.14 million tonnes per annum | • Part of the photovoltaic power have been utilized and two gas-fired turbine units have been put into operation in Dongguan base, two gas-fired turbine units have been built in Selangor base in Malaysia with one of them being put into operation; and part of the photovoltaic power have been utilized and a gas-fired turbine unit has been built in Beihai base<br>• Utilization of solid waste as resources, which saved standard coal of 0.75 million tonnes<br>• The methane collection & treatment system can substitute for some coal in power generation and heat supply through incineration, thereby saving standard coal of 0.228 million tonnes per annum | • The formation of an operation model with the use of various types of energy (gas-fired turbine units, coal-fired units, overall utilization of solid wastes, photovoltaic power generation and incineration of methane for power generation) simultaneously<br>• Utilization of solid waste as resources, which will save standard coal of over 0.70 million tonnes per annum |

| FY2020 (base year) | FY2026 (progress) | FY2030 (goal) |
|---|---|---|
| **Clean and alternative energy** | | |
| • The rooftop photovoltaic power generation project at Dongguan base has saved standard coal of 2,000 tonnes per annum | • The rooftop photovoltaic power generation projects at Dongguan and Beihai bases have saved standard coal of 8,900 tonnes per annum | • The methane collection & treatment system can substitute for some coal in power generation and heat supply through incineration, thereby saving standard coal of 0.25 million tonnes per annum<br>• The rooftop photovoltaic power generation projects at Dongguan and Beihai bases will save standard coal of over 8,900 tonnes per annum |

| FY2020 (base year) | FY2026 (progress) | FY2030 (goal) |
|---|---|---|
| **Recycling of wastewater** | | |
| • Recycling rate of wastewater was approximately 97.2% | • Recycling rate of wastewater was approximately 97.5% | • Recycling rate of wastewater will be maintained at over 97.5% |

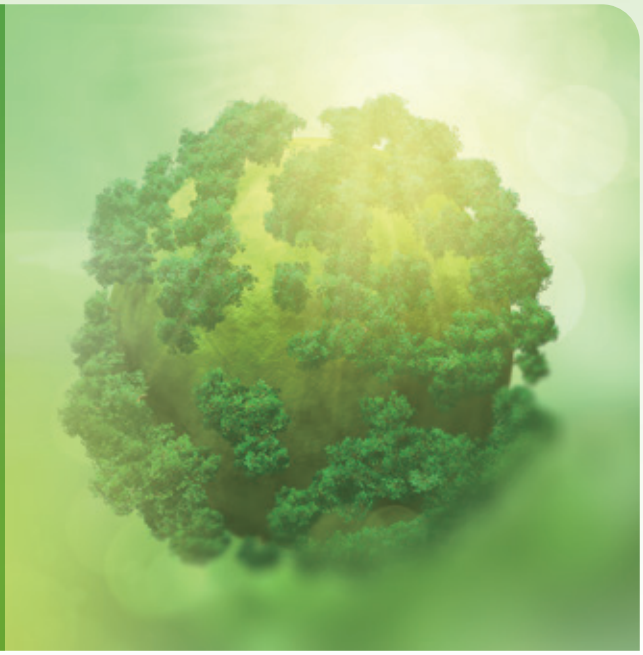
| FY2020 (base year) | FY2026 (progress) | FY2030 (goal) |
|---|---|---|
| **Sustainability of raw materials** | | |
| • Recovered paper recycled amounted to over 14 million tonnes | • Recovered paper recycled amounted to over 16 million tonnes | • Recovered paper recycled will amount to over 16 million tonnes |

| FY2020 (base year) | FY2026 (progress) | FY2030 (goal) |
|---|---|---|
| **Waste recycling** | | |
| • Commissioning qualified companies with operating license to conduct detoxification treatment for hazardous waste | • Commissioning qualified companies with operating license to conduct detoxification treatment for hazardous waste | • Commissioning qualified companies with operating license to conduct detoxification treatment |

| FY2020 (base year) | FY2026 (progress) | FY2030 (goal) |
|---|---|---|
| **Employee safety** | | |
| • 40 incidents of injury or death | • 80 incidents of injury or death | • "Zero" injury or death |

# STAKEHOLDER GROUPS AND ENGAGEMENT

The Group values the engagement of and respects the sustainable relationship with each of its stakeholders including business partners, suppliers, clients, investors, regulators, employees and communities. All stakeholders may express their opinions to the Group through a variety of channels listed below to assist in identifying the existing room for improvement by the Group in environmental, social and governance aspects. The opinions and information provided by all parties will be kept confidential and will not be disclosed to any third party.



## EMPLOYEES

**Engagement Channels**

- "Chairlady Mailbox (董事長信箱)" established in each of the production bases
- The Company's internal specific email box for complaints
- Management biweekly meetings, quarterly meetings, half-yearly meetings and annual meetings, etc.

## PUBLIC

**Engagement Channels**

- General enquiry email

## MEDIA

**Engagement Channels**

- Media enquiry email

## CUSTOMERS

**Engagement Channels**

- Customer visits by customer service team on a regular basis
- Customer satisfaction survey carried out quarterly
- Sales hotline, email and WeChat

## GOVERNMENTS AND REGULATORS

**Engagement Channels**

- Regular communication with the relevant departments of the Company

## INVESTORS AND SHAREHOLDERS

**Engagement Channels**

- Investor enquiry email
- Annual General Meeting and Special General Meeting
- Express their views through Investor Relations Department

## SUPPLIERS AND BUSINESS PARTNERS

**Engagement Channels**

- Service satisfaction survey conducted on a regular basis
- "Complaint Handling Guidelines (投訴處理指引)" attached in the commercial contracts entered into with external parties
- Notice board about the method of complaints placed at the loading and unloading site in respective production bases

# ENVIRONMENT

Actively practising the national concept of ecological civilization of "Clear waters and green mountains are as valuable as mountains of gold and silver", the Group adheres to the corporate philosophy of "No Environmental Management, No Paper Making" and deems environmental protection as the key to maintaining vitality of the enterprise.

The Group advocates the sustainable circular economic model of "Reduce, Reuse and Recycle as Resources". We not only use recovered paper as our major raw materials for paper manufacturing to reduce deforestation significantly, but also continuously step up the efforts in environmental protection by implementing various environmental protection regulations and deploying environmental protection facilities in different production stages so as to ensure our various emission and energy consumption indices outperform national standards.

As the environmental pioneer to establish environmental incinerators in the industry, the Group, on the one hand, converts all solid wastes generated during the process of paper manufacturing into clean energy without external discharge, and, on the other hand, helps disposal some of the industrial solid wastes for the local governments, thereby contributing to the development of "Zero-waste Cities" (無廢城市). In addition to obtaining the ISO14001 certification for environmental management and certification for clean production, our production bases have been rated as "Environmentally Credible Enterprise" (環保誠信企業), "Performance-leading Enterprise" (績效引領企業), "Environmental Management Demonstration Enterprise" (環境管理示範企業), "Green Factory" (綠色工廠), "Environmentally Friendly Enterprise in the PRC's Paper Industry" (中國造紙工業環境友好企業), "Hong Kong — Guangdong Cleaner Production Excellent Partners" (粵港清潔生產優越夥伴), "Waste-free Factory" (無廢工廠), "Key Enterprise With Solid Wastes Utilization and Disposal" (固廢利用處置骨幹企業), "Advanced Enterprise in Environmental Protection" (環境保護先進單位) by local environmental authorities for several years and awarded a corporate winner in the "Energy Conservation and Discharge Reduction Contest for the National Paper-making Industry" (全國造紙行業節能減排達標競賽優勝企業) as well as the titles of "Ecological Environmental Science Education and Popularization Base" (生態環境科普教育基地) and "Green and Eco-Friendly Enterprise in Ho Chi Minh City" (胡志明市綠色環保企業).

## THE GROUP'S ENVIRONMENTAL POLICIES ARE AS FOLLOWS:

- Adopting the environmental management system as indicators in daily operations.
- Improving employees' environmental awareness and providing relevant training on a regular basis.
- Considering environmental factors in procurement policies.
- Encouraging employees, suppliers, customers and other stakeholders to realise environmental protection.
- Formulating environmental measures with higher standards than those required by regulations.
- Setting environmental protection goals relating to energy conservation and emissions so as to achieve sustainable development.

## Allocation of capital expenditure for environmental facilities

During the Year, the Group's capital expenditure on the addition and upgrade of environmental facilities in various bases exceeded RMB540 million. These facilities mainly included the wastewater and waste gas treatment facilities supporting the green pulping project at Chongqing Base, odour control facilities at Dongguan Base, odour control facilities at Taicang Base, a new wastewater IC tower at Leshan Base, a biogas purification project at Shenyang Base, and an upgrading project for solid waste incinerators and lime kiln flue gas emission retrofits at Hubei Base.

## Impact of the production capacity and production volume on emissions and energy consumption

Both production volume and the commissioning work needed for trial production of new paper machines would affect the total emission and total energy consumption of various types of emission. In all, the newly added annual design capacity of paper and wood pulp amounted to 1.2 million tonnes and 0.7 million tonnes during the Year, respectively. Among them, several new production lines commenced production in Beihai Base in Guangxi and Jingzhou Base in Hubei during the Year. In terms of production volume, the paper production volume increased by approximately 2.23 million tonnes or 10.3% year-on-year during the Year, and the total production volume of paper and pulp increased by approximately 3.73 million tonnes or 14.8% year-on-year.

The output of paper for FY2026 increased by approximately 9.21 million tonnes as compared with that of FY2020, representing a compound annual growth rate of 8.5%, and the total output of paper and pulp for FY2026 increased by approximately 13.89 million tonnes as compared with that of FY2020, representing a compound annual growth rate of 11.5%.

## Impact of the "Waste Import Ban" on water consumption and emissions

With the implementation of the "Waste Import Ban" (禁廢令), since 2021, imported recovered paper, the major raw material of the Group, has also been prohibited from import, which has intensified the risk of raw material shortage in the paper manufacturing industry. In order to solve the problem of raw materials, apart from using more domestic recovered paper used in the paper manufacturing process, the Group also beefed up the capacity of kraft pulp, recycled pulp and wood fibre for its own use, so as to replenish the reserve of raw materials. Generally, domestic recovered paper has a higher level of impurity as compared to imported recovered paper, resulting in a higher risk of breaking of paper during the production. Hence, paper manufacturing with the use of domestic recovered paper has also caused an increase in emissions.

Moreover, the water and electricity used as well as emission during the course of production of kraft pulp will also be higher than that of paper manufacturing with the use of recovered paper, and the water and electricity consumption as well as the emission level varied depending on the types of pulp produced. The Group continued its deployment plans of downstream wood pulp and wood fibre. As such, total water consumption and emissions increased accordingly. Nonetheless, the Group's new integrated pulp and paper production base will be equipped with the most up-to-date and most advanced equipment, which will help control emissions to a certain extent. In addition, the operation mode of integrated pulp and paper production will also be able to reuse some of the water resources, which will make greater contribution to pollution abatement and carbon reduction as compared to production bases adopting the operation mode of separating pulp and paper production, hence reducing the intensity of emissions of the Group.

## A1. EMISSIONS

Upholding the principle of green development, energy conservation and emission reduction, the Group monitors its emissions in strict compliance with regulations such as "Environmental Protection Law of the People's Republic of China" (《中華人民共和國環境保護法》), "Air Pollution Prevention and Control Law of the People's Republic of China" (《中華人民共和國大氣污染防治法》), "Emission Standard of Air Pollutants for Thermal Power Plants" (《火電廠大氣污染物排放標準》), "Water Pollution Prevention and Control Law of the People's Republic of China" (《中華人民共和國水污染防治法》), "Discharge Standard of Water Pollutants for Pulp and Paper Industry" (《製漿造紙工業水污染物排放標準》) and "Law on the Prevention and Control of Environmental Pollution By Solid Waste of the People's Republic of China" (《中華人民共和國固體廢物污染環境防治法》). The Group has a well-established emission monitoring and management system, including 24-hour online monitoring, or commissions third party institutions with China Metrology Accreditation (CMA) to regularly collect data for statistical analysis.

### Internationally Leading Gas Treatment Facilities and Enclosed Coal Storage Domes

Each of the production bases of the Group has its own heat and electricity boiler to provide steam and electricity for production lines. Currently, coal serves as its major energy source. The adoption of circulating fluidized bed boilers enables reduction in nitrogen oxide at source. For the treatment of exhaust gas, the Group adopts the state-of-the-art and highly efficient magnesium oxide wet desulfurization process, "two-tier dust removal process (electrostatic + bag filter), low-nitrogen combustion and SCR/SNCR denitrification" processes. Through these processes, we have achieved a desulfurization efficiency ratio of over 95%, a denitrification efficiency ratio of over 85% and a dust removal efficiency ratio of over 99.95%. This reduces the generation and emission of pollutants in the flue gas, ensuring various indicators of flue gas outperforming the relevant national emission standards.

Since 2016, the Group has been gradually upgrading and adding ultra-clean facilities, such as the adoption of the latest wet electrostatic precipitating technology to the boilers in an active approach, so as to further reduce dust emission. Currently, boilers of the Group that have undergone ultra-low emission upgrade in accordance with the requirements of national policies have met the national standard of ultra-low emission (with the emission of $SO_2$ maintaining below 35mg/$m^3$, $NO_x$ below 50mg/$m^3$ and dust below 10mg/$m^3$), thus effectively improving the quality of the environment.

The Group is the pioneer in the industry in constructing fully automatic and enclosed coal storage domes, which can effectively avoid fugitive dust pollution during the loading, transportation and storage of coal, thereby offering better protection for the surroundings and further improvements to the working and living environment of our staff.

## Clean Energy and Emissions

Global warming and greenhouse effect have become urgent issues to be solved around the globe, and the Chinese Central Government has put forward the goal of realising carbon neutrality by 2060. In response to national and local policies, the Group utilized part of the photovoltaic power and introduced gas-fired turbine units in its largest production base nationwide (Dongguan base). The two gas-fired turbine units have been put into operation. The first gas-fired turbine unit and a photovoltaic power generation project have been built in Beihai base, and two gas-fired turbine units have been built with one being put into operation in Selangor base in Malaysia. Looking forward, an operation model that deploys various types of energy simultaneously will be formed, including gas-fired turbine units, coal-fired units, overall utilization of solid wastes, photovoltaic power generation, and incineration of methane for power generation. This will help to gradually lower consumption of coal resources and water resources as well as discharge of pollutants, and reduce the use of coal transport vehicles and chemicals.

In order to enhance its natural gas business capabilities, the Group has established the Gas-fired Operation Department and formed a professional energy operation team and successfully obtained the right of use for infrastructure such as national pipeline network, receiving stations, etc. The Group has also entered into cooperation relationship with major domestic energy companies and overseas suppliers.

Geopolitical situation and national policies will affect the fuel supply, and in turn the fuel price and emissions. The Group aims to not only maintain a cost-effective production, but also ensure that the intensity of greenhouse gas emission meets the standards set by the Ministry of Ecology and Environment. The Group will strive for successive reduction in annual greenhouse gas emissions, even if it has achieved ideal levels in this respect.

During the Year, each emission indicator of the Group outperformed national or regional standards. During the Year, due to the commencement of operation of the pulp line projects in Beihai Base, emissions of $SO_2$, $NO_x$ and dust from the ancillary alkali recovery system led to an increase in $NO_x$ intensity.

| Type of emission | FY2026 | FY2025 | FY2020 | Comparison of FY2026 with FY2025 (%) | Average compound annual rate of change from FY2020 to FY2026 (%) |
|---|---|---|---|---|---|
| Sulfur dioxide ($SO_2$) intensity (tonnes/ten thousand tonnes of paper) | **0.82** | 0.87 | 0.94 | **–5.7%** | –2.3% |
| Nitrogen oxides ($NO_x$) intensity (tonnes/ten thousand tonnes of paper) | **3.3** | 3.19 | 2.76 | **+3.4%** | +3.0% |
| Dust intensity (tonnes/ten thousand tonnes of paper) | **0.15** | 0.17 | 0.16 | **–11.8%** | –1.1% |

## Advanced Wastewater Treatment Facilities

The Group adopts internationally leading production technologies for paper making to control the volume of wastewater generated at source. Each of the production lines is installed with an advanced water recycling system which effectively reduces a large amount of wastewater generated and discharged.

The Group continued to optimize the wastewater treatment facilities installed at each production base, and enhanced the processing capacity of core facilities such as anaerobic IC and aeration tanks, contributing to the stability in the quality indicators of discharged water. In addition, at the end of the wastewater treatment process, we upgraded to adopt a "five-stage water treatment process (physical + IC anaerobic + aerobic + Fenton advanced treatment + sand filtration)", which is more effective in filtering sewage as compared to the "four-stage water treatment process (physical + IC anaerobic + aerobic + Fenton advanced treatment)" used previously.

A large amount of methane produced during the anaerobic biological treatment of wastewater could also be transmitted to the boiler for heat and electricity generation as a clean energy after biological desulfurization.

However, since alternative raw material projects including wood pulp production line have been newly launched in certain production bases during the Year, water consumption inevitably increased and wastewater treatment will be more difficult as compared to papermaking by only using recovered paper. The Group strengthened the operational control of wastewater treatment facilities to improve wastewater treatment efficiency. During the Year, although our various indicators of discharged water still outperformed the national standard of "Discharge Standard of Water Pollutants for Pulp and Paper Industry" (《製漿造紙工業水污染物排放標準》) (GB3544–2008) and the discharge standards of regions where our production bases are located, intensity of chemical oxygen demand (COD), suspended solids (SS), ammonia nitrogen and total nitrogen decreased as compared with last year.

| Discharged water indicators | FY2026 | FY2025 | FY2020 | Comparison of FY2026 with FY2025 (%) | Average compound annual rate of change from FY2020 to FY2026 (%) |
|---|---|---|---|---|---|
| Chemical oxygen demand (COD) (tonnes/ten thousand tonnes of paper) | **3.61** | 3.89 | 3.05 | **–7.2%** | +2.8% |
| Ammonia nitrogen (tonnes/ten thousand tonnes of paper) | **0.1** | 0.11 | 0.10 | **–9.1%** | 0.0% |
| Suspended solids (SS) (tonnes/ten thousand tonnes of paper) | **0.68** | 0.73 | 0.58 | **–6.8%** | +2.7% |
| Total nitrogen (tonnes/ten thousand tonnes of paper) | **0.53** | 0.57 | 0.52 | **–7.0%** | +0.3% |
| Biological oxygen demand (BOD) (mg/L) | **9.52** | 9.69 | 10.53 | **–1.8%** | –1.7% |
| Chromaticity (times) | **10.00** | 10.00 | 9.97 | **0.0%** | +0.1% |
| pH value | **6.4** | 6.50 | 6.71 | **–1.5%** | –0.8% |

## Solid Waste Disposal

The hazardous wastes and non-hazardous wastes generated by the Group shall be in compliance with the "Law on the Prevention and Control of Environmental Pollution By Solid Waste of the People's Republic of China" (《中華人民共和國固體廢物污染環境防治法》). For hazardous wastes, the Group carries out standardized management in strict compliance with the national management requirements in relation to hazardous waste, with measures including identifying hazardous waste in our plant area in accordance with the "Catalogue of Hazardous Wastes" (《危險廢物名錄》), setting up standardized warehouses in plant area for the storage of hazardous waste and commissioning qualified companies with the operating license for disposal of hazardous waste to conduct detoxification treatment.

Since as early as 2003, being the first of its kind, the Group has developed in-house environmentally friendly industrial waste incinerators and sludge drying equipment, to effectively manage its solid wastes. Advanced exhaust gas treatment equipment, SNCR denitrification facilities, semi-dry desulfurization facilities, two-stage bag dust removal facilities and activated carbon adsorption facilities are utilized in incinerators, while emission monitoring units are installed to ensure real-time online monitoring of exhaust gas emission.

In order to enhance our overall utilization rate of solid wastes, we reuse all pulp wastes generated in paper manufacturing in the paper-making workshops and incinerate all waste residues generated in paper manufacturing after selection, which can generate steam and electricity for production. The water content in sludge is less than 40%, which is an achievement from our research and development as well as continuous promotion and application of the overall utilization techniques of paper making, sludge drying and incineration, at the same time successfully incinerating sludge generated from wastewater treatment through the chamber membrane filter press drying process. This does not only reduce secondary pollution, but also turns all dried sludge into renewable fuel, thus saving a large amount of coal and realizing resource utilization and zero discharge of sludge.

We also sell other solid wastes such as waste coal ashes in the power plants and boiler slag to qualified companies which use such wastes as construction materials.

During the Year, both hazardous wastes and non-hazardous wastes discharged by the Group outperformed national or regional standards. The total volume of hazardous wastes registered a year-on-year decrease of 0.8% and the intensity of hazardous wastes reduced by 9.1%; while the total volume of non-hazardous wastes increased by 6.1% and the intensity of non-hazardous wastes decreased by 2.8%, mainly due to the wood pulp production line projects being put into operation in some of the bases during the year, which led to the higher volume of non-hazardous wastes such as white mud, green mud and sawdust generated; however, owing to the Group strengthening management and control and enhancing waste utilization efficiency, the intensity decreased.

Looking ahead, the Group will continue to put efforts from the source to reduce the purchase of raw materials and supporting materials which would produce hazardous wastes.

| Solid wastes | FY2026 | FY2025 | FY2020 | Comparison of FY2026 with FY2025 (%) | Average compound annual rate of change from FY2020 to FY2026 (%) |
|---|---|---|---|---|---|
| **Total volume** | | | | | |
| Hazardous wastes (tonnes) | **5,756** | 5,805 | 5,711 | **–0.8%** | –0.8% |
| Non-hazardous wastes (tonnes) | **5,916,633** | 5,576,319 | 2,781,322 | **+6.1%** | +6.1% |
| **Intensity** | | | | | |
| Hazardous wastes (tonnes/ten thousand tonnes of paper) | **2.49** | 2.74 | 3.93 | **–9.1%** | –9.1% |
| Non-hazardous wastes (tonnes/ten thousand tonnes of paper) | **2,558** | 2,631 | 1,915 | **–2.8%** | –2.8% |

## A2. USE OF RESOURCES

### Forest in the City

"There is no waste on this planet, only misplaced resources". The Group has confirmed its general approach to upholding scientific development, green development and using recovered paper for paper making since its establishment.

Among all raw materials we used in our products, recovered paper accounted for the most substantial portion. With the completion of the large-scale recovered paper recycling in paper manufacturing, we also recycled and reused various wastes generated during our production processes through research and development, technology upgrades as well as equipment enhancement. We have recycled and reused over 16 million tonnes of recovered paper during the financial year, which remained broadly flat compared to last year.

### Energy Conservation

For energy consumption, each production base of the Group has its heat and electricity boiler in place to generate steam and electricity for its production lines with coal as the major energy source. Meanwhile, the Group is committed to employing a series of initiatives to reduce the use of coal and energy consumption.

## Five Major Measures for Reduction of Coal and Energy Consumption

01

### General energy-saving measures

- Formulate plans for research, development and upgrade of energy-saving technologies
- Eliminate equipment with high energy consumption, including replacing less efficient motors with variable frequency motors, upgrading turbine fans, drum pulpers and wind turbines and eliminating certain lightings and refrigerating equipment
- Energy-saving lights are used in the office and lights of different zones are controlled with individual switches. Air-conditioning is constantly set at over 26 degrees Celsius

02

### Utilization of solid waste

- Development of in-house environmentally-friendly industrial waste incinerators since as early as 2003, being the first of its kind
- Utilizing non-hazardous wastes generated from paper production, namely light slag and dehydrated sludge of sewage treatment plants as resources, which significantly reduces waste discharge
- Heat and electricity generated from incineration of solid substances is utilized for paper production
- Standard coal of 0.75 million tonnes was reduced during the Year

03

### Photovoltaic power generation project

- In response to the call of the government, Dongguan base established a rooftop photovoltaic power generation project since 2017, being the first of its kind; Beihai base also established a rooftop photovoltaic power generation project in 2024
- Currently, photovoltaic power plant with an installed capacity of 31.5MW has been completed and put into operation. Standard coal of 8,900 tonnes was reduced during the Year

04

### Methane collection & treatment system

- Continuous technological upgrades since 2008, including the introduction of methane desulfurization devices
- Methane generated from sewage treatment plants is incinerated for electricity and heat supply to substitute for some coal
- Standard coal of 0.228 million tonnes was reduced during the Year

05

### Introduction of gas-fired turbine units

Wood pulp black liquor recovery and utilization

- The Hubei, Beihai, Chongqing, Shenyang, and Dongguan bases constructed wood pulp and wood fibre projects, equipping recovery boilers for the comprehensive utilization of black liquor solids to generate electricity and supply heat, which reduced standard coal of 1.98 million tonnes during the Year
- The two gas-fired turbine units in the Dongguan base have been put into operation, the construction of the first gas-fired turbine unit in the Beihai base has been completed, and the construction of two gas-fired turbine units has been completed with one of them being put into operation in Selangor base in Malaysia. An operation model that deploys various types of energy simultaneously will be formed in the future, including gas-fired turbine units, coal-fired units, overall utilization of solid wastes, photovoltaic power generation, and incineration of methane for power generation. This will help to gradually lower consumption of coal resources

During the Year, each of the Group's energy consumption indices outperformed national or regional standards. On a year-on-year basis, the total consumption of coal, steam and electricity increased by 3.4%, 8.3% and 7.5%, respectively; while the intensity of coal, steam and electricity decreased by 5.4%, 0.8% and 1.5%, respectively. Benefitted from the adoption of a series of effective energy-saving policies such as the natural gas co-generation project, the photovoltaic power generation project, the comprehensive utilization of methane, and the production line energy-saving technical modification projects, the incineration and overall utilization of external solid wastes as well as staggering electricity usage, the overall energy consumption index still remained at a low level.

| Energy | FY2026 | FY2025 | FY2020 | Comparison of FY2026 with FY2025 (%) | Average compound annual rate of change from FY2020 to FY2026 (%) |
|---|---|---|---|---|---|
| **Total consumption** | | | | | |
| Coal (tonnes of standard coal) | **6,453,806** | 6,243,060 | 4,603,849 | **+3.4%** | +5.8% |
| Steam (tonnes) | **34,447,179** | 31,801,661 | 22,389,831 | **+8.3%** | +7.4% |
| Electricity (kWh) | **12,273,584,504** | 11,421,795,119 | 8,226,312,893 | **+7.5%** | +6.9% |
| **Intensity** | | | | | |
| Coal (tonnes of standard coal/ tonnes of paper) | **0.279** | 0.295 | 0.317 | **–5.4%** | –2.1% |
| Steam (tonnes/tonnes of paper) | **1.489** | 1.501 | 1.54 | **–0.8%** | –0.6% |
| Electricity (kWh/tonnes of paper) | **531** | 539 | 567 | **–1.5%** | –1.1% |

## Conservation of Water Resources

### Recycling of rainwater

The Group attaches great importance to water resources and endeavors to reduce water resources consumption in every production stage. We perform regular inspections on water supply facilities to prevent leakage. Water used in the course of production is obtained from rivers in the vicinity of the production bases upon government's approval, which reduces the impact on drinking water resources.

The Group dedicated more effort in recycling rainwater. In view of the characteristics of heavy rainfall during summer of the South China regions, the Group formulated special plans for the establishment of rooftop rainwater collection systems in bases located in regions such as Dongguan, Quanzhou, Hubei and Beihai. Approximately 10,000 $m^3$ of rainwater can be recycled per day when there is sufficient rainfall. The rainwater collected is redirected into paper-making workshops for reuse.

### Maintaining high water recycling rate

Each of the Group's paper-making machines is installed with an advanced water recycling system, through which the reuse of tail-end wastewater has been increased and the processed wastewater was reused at the source of production, hence maintaining a high utilization rate of the water recycling system and recycling rate of wastewater. During the Year, the recycling rate of wastewater is maintained at a high level of 97.5%, and the volume of reclaimed water reaches 34.58 million $m^3$.

- Approximately **10,000 $m^3$** of rainwater can be recycled per day when there is sufficient rainfall

- The volume of reclaimed water reaches **34.58 million $m^3$**

- The recycling rate of wastewater is 97.5% and is targeted to **surpass 97.5%**

The implementation of the "Waste Import Ban" has posed new challenges for the water consumption and emissions of the packaging paper industry (for details, please refer to sub-sections headed "Impact of the production capacity and production volume on emissions and energy consumption" and "Impact of the 'Waste Import Ban' on water consumption and emissions" in the "ENVIRONMENT" section in this report). Due to a 14.8% increase in production volume during the Year, total water consumption during the Year increased by 8.9%, while average water consumption per tonne of paper remained flat.

Looking forward, the Group will continue to enhance the utilization rate of front-end wastewater by carrying out the upgrade of its water-saving facilities, and optimize the operation of wastewater treatment facilities with a view to enhancing the recycling rate of tail-end reclaimed water, thereby reducing the consumption of clean water with this two-pronged approach.

| Water resources | FY2026 | FY2025 | FY2020 | Comparison of FY2026 with FY2025 (%) | Average compound annual rate of change from FY2020 to FY2026 (%) |
|---|---|---|---|---|---|
| Total water consumption (tonnes) | **129,871,761** | 119,309,471 | 82,329,938 | **+8.9%** | +7.9% |
| Average water consumption (tonnes/tonne of paper) | **5.6** | 5.6 | 5.7 | **0.0%** | –0.3% |
| Recycling rate of wastewater (%)* | **97.5** | 97.5 | 97.2 | **0.0%** | +0.1% |

* Estimated value

## Packaging Materials

Paper is the Group's major packaging material. Due to the needs for moisture-proof packaging of certain products or regions, the Group had to use a small amount of plastics packaging. The Group strives to reduce unnecessary usage by properly handling the materials and adopting light-weight packaging.

During the Year, the total volume of major packaging materials increased by 36.9%; while the intensity of major packaging materials increased by 28.1%, which is mainly attributable to the increase in production volume, as well as the commissioning of new fine paper machines at Hubei and Beihai bases. To satisfy customer requirements for product packaging, improve packaging quality, and reduce customer losses, automatic film wrapping machines were added, resulting in an increase in packaging used per unit of product. The Group reduced the use of plastics and paper packaging materials if possible. Even in cases where the use of paper packaging materials is necessary, only lightweight paper will be used as the packaging materials.

| Major packaging materials | FY2026 | FY2025 | FY2020 | Comparison of FY2026 with FY2025 (%) | Average compound annual rate of change from FY2020 to FY2026 (%) |
|---|---|---|---|---|---|
| **Total consumption (tonnes)** | **24,176** | 17,662 | 10,259 | **+36.9%** | +15.4% |
| Paper | **19,832** | 14,086 | 8,319 | **+40.8%** | +15.6% |
| Plastics | **4,344** | 3,577 | 1,940 | **+21.5%** | +14.4% |
| **Intensity (tonnes/ten thousand tonnes of paper)** | **10.45** | 8.16 | 7.35 | **+28.1%** | +6.0% |
| Paper | **8.57** | 6.51 | 5.96 | **+31.7%** | +6.2% |
| Plastics | **1.88** | 1.65 | 1.39 | **+13.8%** | +5.2% |

## A3. ENVIRONMENT AND NATURAL RESOURCES

### Green Products

The Group always encourages technological innovation as well as the research and development of green products. We continuously innovate and upgrade our products and support the research and development of lightweighted and high-performance products, including testlinerboard, light weight high performance corrugating medium, recycled printing and writing paper, recycled corrugating medium, unbleached linerboard, white top linerboard, coated duplex board and coated white top linerboard. This series of environmentally friendly products with strong edge in resource conservation is leading the development of light-weighted paper packaging.

### Awards, Recognition and Certification

**Recognitions for environmental performance**

- "Green Factory" (綠色工廠) rated by the Ministry of Industry and Information Technology of the PRC
- "Environmental Management Demonstration Enterprise" (環境管理示範企業)
- "Energy Efficiency Benchmarking Leader in Guangdong Province" (廣東省能效對標領跑者單位)
- Corporate winner in the "Energy Conservation and Discharge Reduction Contest for the National Papermaking Industry" (全國造紙行業節能減排達標競賽優勝企業)
- "Environmentally Credible Enterprise (Green Label)" (環保誠信綠牌企業), "Performance-leading Enterprise" (績效引領企業), "Green and Eco-Friendly Enterprise in Ho Chi Minh City" (胡志明市綠色環保企業)
- "Hong Kong-Guangdong Cleaner Production Excellent Partners" (粵港清潔生產優越夥伴), "Waste-free Factory" (無廢工廠)," "Key Enterprise With Solid Wastes Utilization and Disposal" (固廢利用處置骨幹企業), "Ecological Environmental Science Education and Popularization Base" (生態環境科普教育基地)

## Certifications

"China Environmental Labelling Product" certification

Various certifications under international standardized management systems, including ISO 9001 certification for quality management systems, ISO 14001 certification for environmental management systems, ISO 45001 certification for occupational health and safety management systems and SA 8000 certification for social responsibility management systems

All bases of the Group were granted relevant certificates by the FSC™, including the ten paper manufacturing bases in Mainland China, the Vietnam base, the Malaysia base and the US base

The Group is actively making great efforts to comply with the EU Deforestation Regulation (《歐盟零毀林法案》) ("EUDR"). To support such effort, the Group has established a cross-functional committee internally to collaborate with suppliers, ensuring all necessary data and documents comply with the EUDR standards. The Group is committed to seamlessly integrate the EUDR compliance into our organization.

Remaining steadfast in its commitment to sustainable forest resource management, the Group will continue its effort in fulfilling the EUDR requirements and meeting customers' expectations by tracing the origins in respect of suppliers, including core information such as logging licenses, forest management certifications and geographical coordinates.

## Impact on Natural Resources and the Environment

The Group mainly produces paper with recovered paper. It is estimated that 1 tonne of recovered paper produces approximately 0.8 tonne of finished product of paper. Therefore, in comparison with paper-making solely with kraft pulp, it can save 3 to 4 cubic meters of wood, approximately 1.2 tonnes of standard coal, 600 kWh of electricity and over 40 tonnes of water. Recovered paper recycled by the Group amounted to over 16 million tonnes during the Year, which significantly reduced logging and consumption of water resources and energy, thereby reducing waste discharge and relieving the burden of the environment.

## How to Solve the Problem of Odor in the Plant Area?

The Group have adopted the advanced anaerobic IC treatment technology in the treatment of wastewater generated from paper production, through which the organic substances in wastewater can be decomposed by anaerobic microorganisms;

We collect the methane generated from the process as clean energy and feed it into boilers for incineration;

Concerning the odor generated from various pools in sewage treatment plants, including inclined screens, acidification pools, thickening pools, aeration tanks, primary sedimentation tanks and sludge drying rooms, we implement covering and sealing and ventilation to the odor source, and carry out biological treatment and alkaline sprinkling cleaning treatment of the odor, or send it to incinerators for incineration.

## How to Deal with the Problem of Noise Emission?

We ensure that the Group's noise emission is in compliance with the national "Emission Standard of Noise for Industrial Enterprises at Boundary" (《工業企業廠界環境噪聲排放標準》) (GB12348–2008);

We have installed acoustic insulation panels and mufflers for equipment that produce heavy noise, and set up noise-insulated control rooms in the workshops at paper manufacturing bases and packaging bases to prevent staff from working under high noise levels for prolonged hours;

Noise protection devices, such as earplugs, are provided and employees are required to wear them during inspection around the workshops;

We also conduct noise monitoring around the plant area on a regular basis, and actively communicate with local residents, so as to minimize the impact on their daily life.

## Advocacy of Transparent Management

To ensure open and transparent environmental information, we have set up an LED display screen at the main entrance of our plant area and displayed key environmental data for the paper manufacturing industry to the public, such as sulphur dioxide and COD, which is monitored in real time by local environmental authorities via intranet.

## Establishment of Environmental Protection Management System

A range of systems including a centralized control system on environmental protection, an operational management ledger, and a ledger for facilities and equipment inspection and maintenance;

The centralized control system on environmental protection incorporates the core environmental protection equipment, process operation parameters and online monitoring data into the environmental protection SMS alarm platform, so as to maintain 24-hour online monitoring of the environmental protection operation condition of all bases of the Group;

The Environmental Protection & Energy Saving Department conducts statistical analysis on data on a monthly basis.

## Biodiversity

Nature is our treasure. Water, air, trees and minerals are necessary and fundamental for economic development and business operation, and also the indispensable and essential resources during the manufacturing process of the paper industry. Biodiversity refers to the variety of species of plants and animals that supports the stable operation of the ecosystem and is inextricably linked to human existence and economic development. Following the adoption and implementation of the Kunming-Montreal Global Biodiversity Framework, China, as one of the world's most biologically diverse countries, took the lead to respond to and launched systematic policy initiatives. In early 2025, China issued the "Implementation Plan for Major Biodiversity Conservation Projects (2025–2030)", outlining seven major projects and 24 initiatives, with an aim to solidify the foundation of biodiversity conservation through engineering approaches and promote high-level biodiversity conservation.

As a responsible enterprise, the Group understands the importance of biodiversity to the health of our planet and the well-being of people. We closely follow new national strategic deployment, striving to achieve a win-win situation for both economic development and ecological conservation. We have established a biodiversity protection policy, based on which we take into account biodiversity during the course of business operation and strive to identify major biodiversity risks by adhering to the philosophy of "avoidance, mitigation, compensation and training", so as to minimize the adverse impacts of our business operation on biodiversity and the ecosystem.

**The Group's biodiversity protection policy is as follows:**

To take into account the impacts of biodiversity at the strategic level of daily operations, including strategies in respect of procurement, production, sales and other aspects;

To identify, evaluate and review the potential risks on biodiversity resulting from the Group's business on a regular basis, and pledge to minimize the risks as far as practicable;

To develop a sustainable industry chain, so as to ensure the reduction of energy consumption and gas emission and hence reduce the impact on biodiversity.

| Philosophy | Example |
|---|---|
| **Avoidance** | • Environmental impact and ecological assessments must be conducted at the early stage of the production base development in an effort to minimize the damage to the farmlands and natural habitats to prevent endangered species from being harmed by production. |
| **Mitigation** | • Formulate plans to mitigate impacts on natural resources including air and water during the production process (e.g. improvement on wastewater treatment and recycling system).<br>• Use renewable resources where possible, for instance, utilizing pulp with environmental certificates as much as possible; developing rooftop photovoltaic power generation projects; introducing more methane desulfurization devices, which incinerate methane generated from sewage for electricity and heat generation in lieu of coal to a certain extent. |
| **Compensation** | • Formulate a general outline plan for greening in each production base and employees' dormitory area. |
| **Training** | • Organize staff training on ecological and environmental protection so as to incorporate biodiversity management into staff's daily work and lives. |

## PART D: CLIMATE-RELATED DISCLOSURES

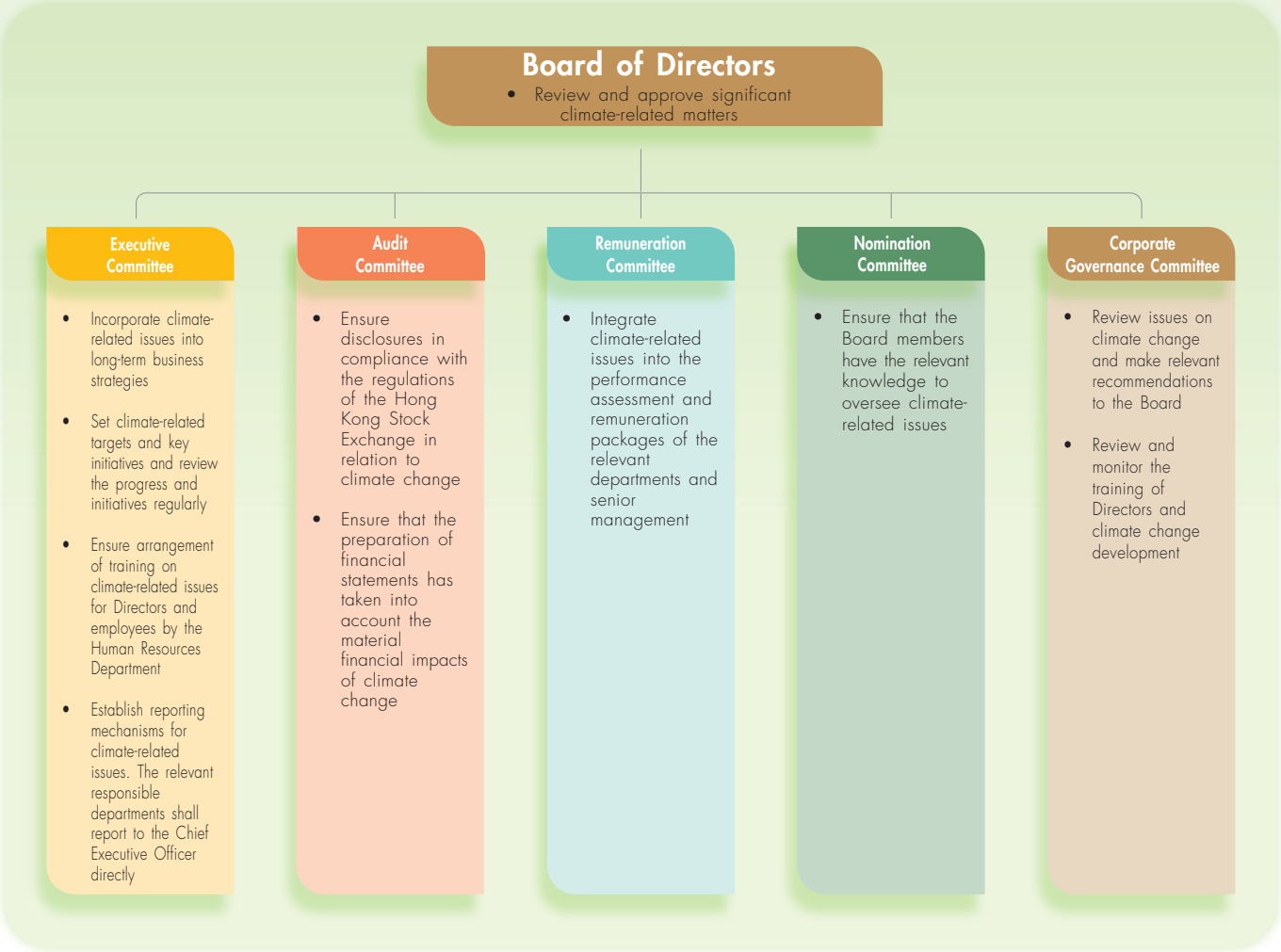
Extreme weather becomes more frequent every year as a result of climate change. Extreme heat, severe cold, typhoons, drought, floods and other extreme weather events may affect the operation of supply chains in the paper industry (including raw material supply, procurement, power generation, production facilities, and pollution prevention and treatment facilities). Therefore, we have established responsive policies, endeavoring to mitigate, adapt to and withstand climate change, while taking countermeasures to reduce its impact on our business.

### Governance

**The Group's policies in relation to climate change are as follows:**

- Actively respond to climate change, and formulate energy conservation and carbon emission reduction targets to reduce greenhouse gas emission;
- Report greenhouse gas emission levels and relevant performance of the Group with reference to national regulations and international standards;
- Take into account climate-related impacts during the course of daily operation, including procurement, production and sales;
- Enhance the understanding of climate change among Directors and employees through regular training and internal communications;
- Perform climate-related risk assessments on a regular basis, analyze the impacts, formulate mitigation measures, and conduct periodic review on performance as well as the effectiveness of our management structure.

In respect of the oversight of relevant issues on climate change, we adopt the governance structure under a comprehensive approach, where the Board assumes the ultimate governance responsibility for climate change, supported in all aspects by five specialized committees under it, to ensure that climate issues are deeply integrated into the Company's strategy and risk management system.



## Strategy

The Group places great importance on how climate risks affect both the industry and the Company. To tackle the challenges posed by climate change and capitalize on the opportunities it presents, the Group actively implements proactive management strategies. Assuming that asset locations remain constant over a period of time, the Group carried out climate scenario analysis[2] during this financial year for ten bases in the PRC, choosing climate scenarios with significant contrasts. Taking into account the vulnerability of plants to acute physical risks, the Group's own carbon reduction goals, and policy directions from national and local governments, the years 2030, 2040, and 2050 were selected as short-, medium-, and long-term timeframes to qualitatively evaluate the potential impacts of climate change on the Group under various scenarios.

### Time horizons

| Time horizons for analysis of climate risks and opportunities | | | | | |
|---|---|---|---|---|---|
| **Short-term** | 2026–2030 | **Medium-term** | 2031–2040 | **Long-term** | 2041–2050 |

### Scenario overview

In scenario construction, we adopt a dual-track strategy to qualitatively assess, under different scenarios, the financial impacts of physical risks and transition risks on the Group's cash flows, financing, and cost of capital, as well as the opportunities brought by climate change, over the short, medium, and long term.

Physical risk assessment: Based on the scenarios of the Shared Socioeconomic Pathways (SSPs) presented in the Sixth Assessment Report Synthesis Report (AR6) of the Intergovernmental Panel on Climate Change (IPCC), we selected two highly differentiated climate scenarios, namely the "low-carbon scenario (SSP1–2.6)" and "high-carbon scenario (SSP5–8.5)", to assess the impacts of frequent extreme weather events and chronic climate pattern changes on the Company's physical assets, economic activities, and supply chain.

Transition risk and opportunity assessment: Addressing rapid shifts in policy and market preferences, we refer to the "Net Zero Emissions Scenario (NZE)" and "Stated Policies Scenario (STEPS)" of the International Energy Agency (IEA) to analyze the challenges and opportunities faced by the Group under different decarbonisation speeds regarding supply chains, policy compliance costs, and market demand restructuring.

2 As at the date of reporting, due to limited access to reliable data and incomplete research methodologies, the Group has not yet been able to disclose quantitative data on the financial impact of climate scenario analysis. The Group will gradually improve its methodology and data collection in the future to progressively enhance the scope and degree of disclosure.

| Risk type | Physical risk | | Transition risk and opportunity | |
|---|---|---|---|---|
| Scenario source | IPCC | | IEA | |
| Climate scenario | SSP1–2.6 | SSP5–8.5 | NZE | STEPS |
| Scenario description | Under strict low-carbon transition policy intervention, global greenhouse gas emissions are substantially reduced, and socio-economic development exhibits sustainable and inclusive growth. Climate change is effectively controlled. | Without low-carbon transition policy intervention, the global economy is highly dependent on fossil fuels, climate change management and control are limited, and the magnitude of global temperature rise may be the highest. | Innovation in clean energy technologies drives the transition of the global energy system towards low carbon, with policy support and market mechanisms synergistically accelerating the replacement of fossil energy. | Governments maintain existing policies; energy demand continues to grow but its growth rate is constrained by energy efficiency improvements and policies; multiple countries reinforce energy security assurance measures to ensure stable energy supply. |
| Projected warming by the end of the century | Below 2°C | Above 4°C | Below 1.5°C | Above 2°C |

## Analysis of climate risk impacts and response measures

| Risk/ Opportunity | Risk description | Business model and value chain impact | Impacted value chain scope | Financial impact | Response measures | Impact degree analysis under different climate scenarios across time horizons | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Short-term | Medium-term | Long-term | Short-term | Medium-term | Long-term |
| Physical risk | | | | | | SSP1–2.6 | | | SSP5–8.5 | | |
| Acute risk | Increase in extreme weather events every year caused by climate change: high temperatures, extreme cold, typhoons, droughts, and floods | • Logistics blockages affecting goods delivery<br>• Reduced supply of papermaking raw materials, such as recovered paper and woodchips<br>• Damage to production facilities, such as power generation unit interruptions, impacting production, increasing maintenance expenses and insurance premiums, and affecting cash flow<br>• Accelerated aging and increased risk of damage to plants and production equipment | Upstream<br>In-house<br>Downstream | Revenue reduction<br>Cost increase<br>Asset impairment | • Leverage the Group's multi-base layout advantage to plan resource allocation under extreme weather in advance, optimize multimodal transport networks, reduce reliance on single routes, and ensure goods delivery under extreme weather conditions<br>• Expand domestic and overseas procurement channels for recovered paper and woodchips, and establish strategic raw material reserves<br>• Conduct weather-resistance assessments and structural reinforcement for plants and production equipment; introduce predictive maintenance technology to mitigate accelerated equipment aging in high-temperature and high-humidity environments<br>• Organize regular emergency training for all employees, focusing on strengthening on-site safe operation procedures under extreme weather conditions to safeguard employee safety and optimize production facilities | Negligible | Low | Low | Low | Medium | High |
| Chronic risk | Progressive changes in weather patterns caused by climate change: gradual temperature rise, precipitation changes, sea level rise, etc. | • Normalization of extreme summer heat increasing heat dissipation pressure in workshops, raising equipment failure rates, increasing employee heatstroke risk, and driving a sharp surge in cooling energy consumption<br>• Water resource scarcity leading to higher intake costs or potential production restriction risks<br>• Long-term climate anomalies affecting timber growth cycles and fiber quality, causing fluctuations in woodchip costs and prices<br>• Sea level rise increasing risks of inventory moisture damage and equipment impairment in coastal areas | Upstream<br>In-house | Cost increase<br>Asset impairment | • Diversify water intake channels, fully upgrade advanced wastewater treatment and reclaimed water reuse systems, significantly increase wastewater recycling rates, and reduce reliance on natural water resources<br>• Implement energy-saving upgrades for key equipment and explore efficient cooling technologies such as evaporative cooling to reduce energy expenditures during extreme high temperatures<br>• Expand woodchip procurement channels and strengthen raw material quality control and substitution<br>• Closely monitor coastal plants and warehouses, and execute risk transfer strategies for threatened assets | Negligible | Negligible | Low | Low | Medium | High |

| Risk/ Opportunity | Risk description | Business model and value chain impact | Impacted value chain scope | Financial impact | Response measures | Impact degree analysis under different climate scenarios across time horizons | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Short-term | Medium-term | Long-term | Short-term | Medium-term | Long-term |
| Transition risk | | | | | | NZE | | | STEPS | | |
| Policy risk | Tightening environmental policies and regulations by governments | • Government restrictions or enhanced regulation on papermaking raw material procurement<br>• Government inclusion of the papermaking industry in China's carbon trading market<br>• Government mandates for the gradual adoption of clean energy<br>• Increased administrative compliance costs to meet environmental and compliance disclosure requirements<br>• Non-compliance events potentially leading to fines, reputational damage to the Group, and reduced sales volume | Upstream<br>In-house<br>Downstream | Cost increase<br>Revenue reduction | • Improve power generation efficiency from black liquor and solid waste recovery and advance clean energy deployments such as photovoltaics, biomass, and natural gas to reduce fossil energy dependence and hedge against carbon quota cost increases<br>• Sustain investment in environmental facility upgrades and energy-saving technical retrofits to ensure all bases surpass national and local standards, while refining carbon emissions data monitoring and accounting systems<br>• Establish policy tracking and early warning mechanisms, closely follow national carbon market and local environmental policy developments, and prepare compliance arrangements in advance for potential carbon quota policies | Medium | Low | Low | Low | Low | Low |
| Market risk | Shifts in customer behavior preferences | • Shift in customer behavior preferences toward eco-friendly packaging, leading to lower sales volume of other products<br>• Higher customer requirements for product carbon footprints and supply chain traceability, resulting in elevated certification costs | Upstream<br>In-house<br>Downstream | Revenue reduction<br>Cost increase | • Launch recycled paper series aligned with eco-friendly concepts<br>• Actively apply for international sustainability-related product certifications such as EUDR and FSC, progressively expanding certified proportions to secure orders from premium customers | Medium | Medium | Low | Low | Low | Low |

| Risk/ Opportunity | Risk description | Business model and value chain impact | Impacted value chain scope | Financial impact | Response measures | Impact degree analysis under different climate scenarios across time horizons | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Short-term | Medium-term | Long-term | Short-term | Medium-term | Long-term |
| Climate opportunity | | | | | | NZE | | | STEPS | | |
| Plastic Limit Order (限塑令) | China has issued the "Plastic Limit Order" (限塑令) to reduce production and sales of plastic packaging for delivery, plastic shopping bags and disposable plastic tableware | Given their affordable price and light weight, paper packaging has become the optimal substitute, and demand for paper products will increase | In-house<br>Downstream | Revenue increase | • The Group has strategically completed the commissioning of multiple production lines for food-grade bleached folding boxboard and high-end commercial bleached folding boxboard. This capacity not only effectively fills the supply gap in the domestic high-end packaging market, but also directly captures the incremental demand for "replacing plastic with paper" from sectors such as express logistics, food delivery, and consumer electronics | Medium | High | High | Low | Medium | Medium |
| Carbon market | China plans to expand the scope of industries covered by the carbon emissions trading market, and papermaking may become one of the next batches of industries to be included | Enterprises with leading carbon emission levels are expected to be in an advantageous position in the carbon trading market | In-house<br>Downstream | Profitability enhancement | • The Group plans to steadfastly advance its pulp-paper integration strategy. With the expansion of multiple wood pulp production lines, the Group can tap the value of black liquor generated during the chemical pulping process, recovering and utilizing it as biofuel to substantially replace fossil fuels<br>• The Group has built a diversified clean energy matrix encompassing natural gas, photovoltaics, and biomass, reducing carbon emission intensity during the production process and paving the way to achieve a win-win outcome of environmental and economic benefits through the trading of surplus carbon allowances | Medium | High | High | Negligible | Medium | Medium |

The Group's bases are spread across a broad geographic area. After evaluation and analysis, it was found that the impact of physical risks varies greatly by region, with the most severely affected areas mainly located in coastal cities. Regarding transition risks and climate opportunities, under all four climate scenarios, and comprehensively considering the importance of raw material self-sufficiency on the Group's business stability and profitability enhancement, the Group's gradual implementation of its pulp-paper integration strategy and expansion into upstream and downstream businesses effectively mitigated potential shocks from policy, supply chain and market fluctuations. In the future, the Group will work further on its integration strategies. This approach would keep overall risk exposure manageable, while creating opportunities to transform low-carbon transition pressures into new growth prospects through industrial restructuring.

During the Year, the Group invested over RMB540 million in capital expenditures to add and upgrade environmental protection facilities across its bases, including the construction of various wastewater and waste gas treatment systems. These funds primarily came from the Group's operating profits and bank loans. With the increasing impact of climate change and improvements in the Group's profitability, planned capital spending on environmental protection is expected to continue rising in the future, further strengthening the Group's resilience to climate change.

## Risk Management

To comprehensively improve the Group's capacity to address climate change-related risks, the Company regularly monitors and reviews its risk management approaches. Climate change risks have been included into the Group's evaluation list of risk management and control, with dedicated due diligence conducted on key climate issues such as water resource management, energy supply, and extreme weather prevention. Additionally, we regularly review and monitor both physical and transition climate risks and conduct climate scenario analysis, continuously optimizing and adjusting strategies and plans based on assessment outcomes. These include measures for emissions reduction, efficient resource use, and supply chain diversification to lessen the impact of climate risks on the business.

Looking ahead, we will continue to enhance employees' awareness and understanding of climate change risks through training and awareness programs, increasing their engagement and sense of responsibility in risk management. We will also establish monitoring and reporting mechanisms to communicate the company's climate-related risk management actions and achievements to stakeholders, thereby driving ongoing improvements in corporate climate governance standards.

**Examples of the actions taken**

**Example (1)**

The Group has managed its daily operational risks in relation to climate change, carbon emissions and energy management through the ISO 14001 Environmental Management System. In response to a wide range of possibilities for extreme weather, the Group will keep abreast of the changes in weather conditions in advance, so that we can activate the emergency response mechanism under extreme weather. We will make reasonable adjustments to the production plan to secure normal transportation of raw materials and finished goods, thereby mitigating the adverse impacts arising from climate change.

**Example (2)**

In response to the risk of rupture of supply chain caused by the extreme weather, the Group has predetermined a list of alternative suppliers in case of emergency, and also avoided procuring raw materials from a single supplier or region to diversify the risks.

**Example (3)**

Located in the Guangdong-Hong Kong-Macao Greater Bay Area, the Dongguan base of the Group is prone to typhoons and rainstorms in summertime. Therefore, we have formulated a well-established emergency plan, in which the Regulatory Commission (監管會) and the security and fire safety management department of the Group will issue alarms for typhoons and rainstorms in advance and the corresponding departments will immediately take responsive measures, including, among others, reserving raw materials and chemical ancillary materials required during the time under extreme weather in advance, inspecting outdoor wastewater and exhaust gas treatment facilities, examining and eliminating potential risks, suspending outdoor climbing, electrical or heavy lifting operations, taking measures to prevent backflow in the plant areas, checking the preparation of flood prevention materials and ensuring the safety of transportation vehicles on the road.

**Example (4)**

The construction of two gas-fired turbine units in Dongguan base, two gas-fired turbine units in Selangor base in Malaysia, one gas-fired turbine unit in Beihai base, photovoltaic power generation projects in Dongguan and Beihai bases, as well as boilers for overall utilization of solid wastes at each production base, and practices including the collection and utilization of methane and utilization of wood pulp black liquor at each pulp production base can effectively reduce the use of coal and carbon emission by a significant extent, making a contribution as part of our proactive response to climate change.

## Metrics and Emissions

Each of the bases of the Group has its own heat and electricity boiler, and direct greenhouse gas emissions primarily arise from coal combustion. Indirect greenhouse gas emissions are mainly generated from purchased electricity and steam.

During the Year, the Group's greenhouse gas emission indicators outperformed national or regional standards. Although total greenhouse gas emissions rose by 5.1% compared to the previous year due to a substantial increase in production volume, the emission intensity dropped by 3.7% year-on-year. At present, the Group has not adopted an internal carbon pricing mechanism but plans to consider its implementation in the future when suitable, taking into account business growth and regulatory demands. This will be supported by appropriate governance and disclosure measures to improve capital allocation efficiency and strengthen climate resilience comprehensively.

| Greenhouse gas emission | FY2026 | FY2025 | FY2020 | Comparison of FY2026 with FY2025 (%) | Average compound annual rate of change from FY2020 to FY2026 (%) |
|---|---|---|---|---|---|
| Total emission (tonnes in $CO_2$ equivalent) | **19,762,482** | 18,796,355 | 13,547,004 | **+5.1%** | +6.5% |
| — Direct (scope 1) emission[3] | **19,181,202** | 18,245,355 | / | **+5.1%** | / |
| — Indirect (scope 2) emission[4] | **581,280** | 551,000 | / | **+5.5%** | / |
| Intensity (tonnes in $CO_2$ equivalent/ten thousand tonnes of paper) | **8,544** | 8,869 | 9,330 | **–3.7%** | –1.5% |
| — Direct (scope 1) emission | **8,293** | 8,609 | / | **–3.7%** | / |
| — Indirect (scope 2) emission | **251** | 260 | / | **–3.5%** | / |

3 Scope 1 carbon emissions represent direct greenhouse gas emissions from sources of major greenhouse gas emissions owned or controlled by the Group. As the power generation facility is included in China's national carbon emissions trading market, the Group calculated the emissions primarily by reference to the Guidelines for Accounting and Reporting Greenhouse Gas Emissions for Enterprises — Power Generation Facilities published by the Ministry of Ecology and Environment of China and Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004).

4 Scope 2 carbon emissions are generated from purchased electricity and steam, calculated by multiplying the quantities of purchased electricity and steam for each region by their corresponding emission factors.

5 As at the date of reporting, due to limited collection of reliable and reasonable value chain carbon data, the Group has not yet defined its value chain scope and has temporarily not disclosed scope 3 greenhouse gas emissions. The Group will gradually build a supplier carbon data collection mechanism in the future to improve climate-related disclosures in stages.



# EMPLOYMENT AND LABOUR PRACTICES

Employees are the cornerstone of the Company's success, and "Respect and care for our staff" is one of the core values of the Group. It would be impossible for the Group to have the sustainable and stable development we enjoy today without the support of its employees. We not only care about our employees' well-being but also their personal and career development.

## B1. EMPLOYMENT

### Recruitment, Remuneration and Benefits

***Fair competition:*** An extensive pool of talents is crucial to the development of the Group, and we recruit industry elites through multiple channels, such as campus recruitment, social recruitment and internal employee recruitment. The Group ensures compliance with regulations and contracts in relation to employment in the jurisdictions where it operates by conducting its recruitment in a fair, open and impartial manner, and providing its employees with competitive remuneration and benefits. For instance, our employee recruitment in Mainland China is in strict compliance with regulations such as the "Labour Law of the People's Republic of China" (《中華人民共和國勞動法》) and the "Labour Contract Law of the People's Republic of China" (《中華人民共和國勞動合同法》). Meanwhile, we have formulated comprehensive internal systems, namely the "Recruitment Management System" (《招聘管理制度》), "Management Appointment System" (《管理人員任用管理制度》), "Training Management System" (《培訓管理制度》) and "Remuneration and Benefits Management System" (《薪酬福利管理制度》), to ensure equality in the workplace, regardless of the employees' gender, age (except for minors), region and ethnicity. Candidates who meet the job requirements will be able to obtain equal and promotion working opportunities and equal pay for equal work regardless of gender. All recruited employees will enter into labour contracts in writing with the Company once they join and report to the Company, which adequately protect the rights of labourers. Through sound management policies and an upright, clean, and positive corporate culture, the Group's employee stability reached an all-time high.

***Remuneration and benefits:*** Upholding the mission of "Taking a leading position in the industry in terms of production output and efficiency, quality management of employees and software management as well as employees' benefits and remuneration", we provide employees with competitive remuneration and benefits among its peers in accordance with the "Remuneration and Benefits Management System" (《薪酬福利管理制度》), and offer full-attendance bonus, professional title allowance, and academic qualification allowance to reward outstanding staff. In addition to contributions to retirement insurance, work injury insurance, medical insurance, maternity insurance, unemployment insurance and housing provident fund as required by the government, we also offer other benefits, including year-end bonus, meal allowance, shift allowance, high temperature allowance, subsidies for working environment, phone bill allowance and business travel allowance.

## Work-Life Balance

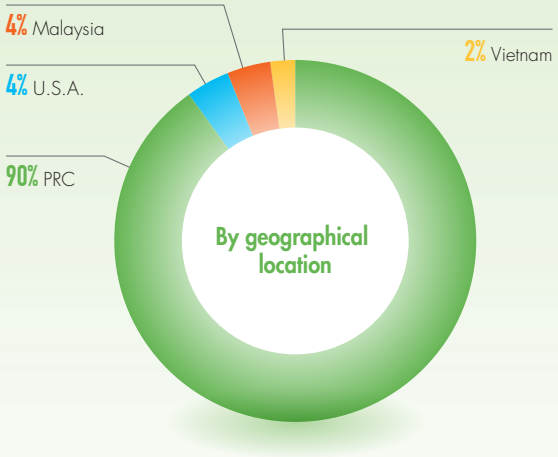
***Working hours and holidays:*** The Group, in strict compliance with laws and regulations, ensures that employees can at least have one day off after six days of work. Pursuant to the "Regulation on Public Holidays for National Annual Festivals and Memorial Days" (《全國年節及紀念日放假辦法》), we arrange days off for employees on national statutory holidays and give overtime pay to those who are unable to take day off in accordance with the regulation. Pursuant to the "Regulation on Paid Annual Leave for Employees" (《職工帶薪年休假條例》), we provide paid annual leave to all employees. Pursuant to the "Special Rules on Labour Protection for Female Employees" (《女職工勞動保護特別規定》), we provide maternity leave and breastfeeding leave to female employees. In accordance with local regulations, parental leave is provided to employees raising children under three years of age; the Group promotes work-life balance, encourages employees to improve work efficiency, and minimizes overtime work as far as possible. During the Year, the average monthly overtime hours of employees were 8.8 hours (FY2025: 9.0 hours).

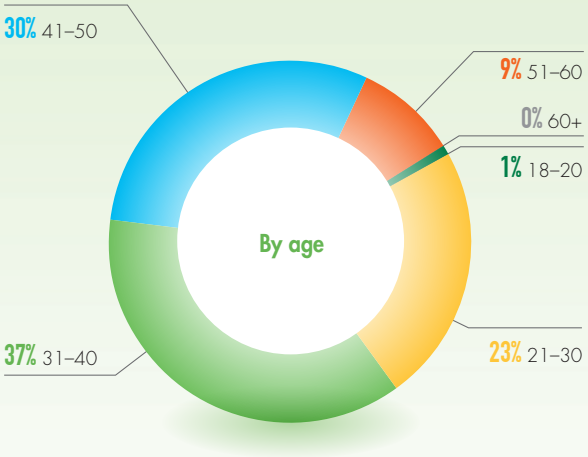
***Entertainment facilities:*** The Group has built its own housing complexes with pleasant environment to provide dormitories to our employees. Besides, with a view to enriching employees' life after work, the Group also provides various living and entertainment facilities, such as gym rooms, swimming pools, basketball courts, football fields and badminton courts. We attach great importance to the quality and nutrition of the meals provided by our staff canteens, for example, the canteen in Dongguan base uses fresh ingredients supplied by our own ecological park. During the hot summer season, our plants in different areas will arrange cooling refreshments for employees.

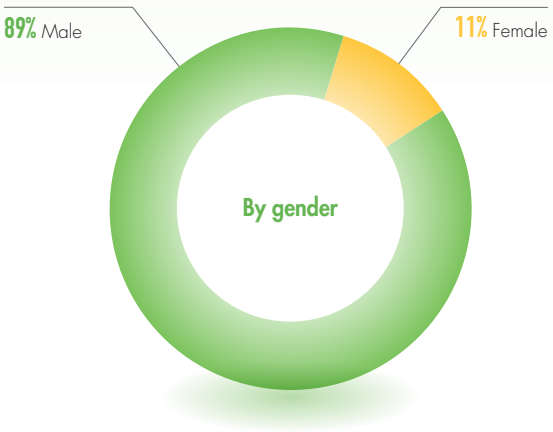
***Leisure and recreation activities:*** With an aim to further foster the sense of belonging and team spirit, the Group has formed various leisure and recreation clubs, including photography club, badminton club, dance club and volunteer club. Diverse recreational and cultural events will also be organised, such as various sports events, Chinese New Year banquets, Lantern Festival Fun Fair and Mid-autumn Festival barbeque gatherings.

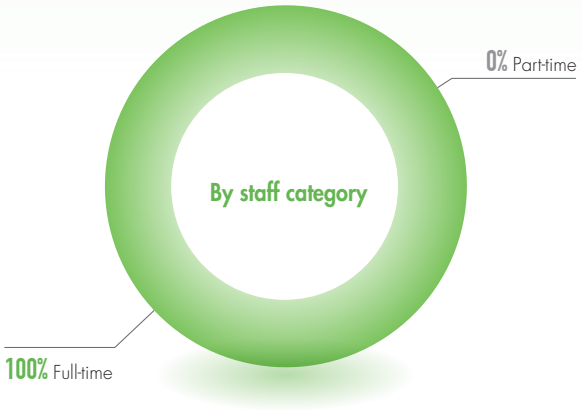
As at 30 June 2026, the Group employed a total of 28,351 full-time staff, 25,471 are from the PRC, 566 from Vietnam, 1,151 from Malaysia and 1,163 from the United States.

## The breakdown of staff



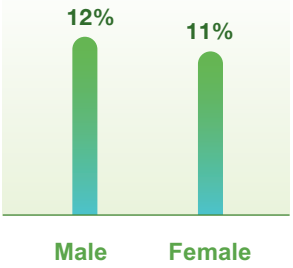



**The staff turnover rate**

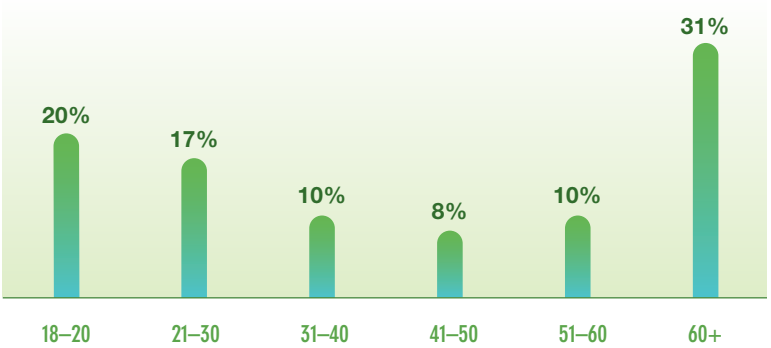
## By geographical location




## By gender




## By age



## B2. HEALTH AND SAFETY

Upholding the principles of "Safety first" (「安全第一」) and "No fire, No injury" (「不傷亡一個人、不著一把火」), the Group strives to minimize the health and safety risks in its production sites and workplaces.

The Group maintains social insurance, including work injury insurance, for all employees pursuant to regulations such as the Law on Prevention and Control of Occupational Diseases of the People's Republic of China (《中華人民共和國職業病防治法》) and the Regulation on Work-related Injury Insurance (《工傷保險條例》). Furthermore, the Group sets up a security and fire safety management department, and strictly implements relevant safety regulations and practices formulated by the Group, including Safety Incidents Reporting Management Practices (《集團安全事故匯報管理規範》), Material Stacking Management Practices (《集團物料堆垛管理規範》), Fire Safety Management Practices (《集團消防安全管理規範》), Plan for Handling of Hazardous Chemical Incidents (《危險化學品事故處置方案》), and Hazardous Waste Stacking Management Practices (《集團危廢物料堆垛管理規範》), amongst others.

During the Year, the Group strengthened the control of hazardous operations and implemented stringent operational approvals and safety measures to ensure the safety of high-risk operations. We also further promoted the standardization of production safety: we optimized our management in terms of the construction of safety management system and regulations, safety management of on-site equipment and facilities, personnel safety code of conduct, safety risk management and control, potential hazard management, safety training and safety culture construction, emergency response management, performance evaluation, etc., and continued to make improvements in order to continuously enhance our safety management level.

The Group provides a broad range of safety protection supplies for all workers, including safety helmets, safety shoes, earplugs, earmuffs, gloves and heat insulation gear, and arranges annual body checks for staff in respect of occupational health. We carry out special inspections on the use of labour protection equipment for on-site operations to urge employees to use personal protection equipment consciously and correctly. We also carry out special inspections on on-site safety protection facilities carefully, improve factory safety signage and set up risk notification boards at various risk points, so as to strengthen visual management for on-site safety, issue a warning with highly recognizable, clear and concise safety tips, and specify safety matters such as management responsible persons and precautionary measures.

Fire safety is a key integral part of corporate management, and is particularly the top priority for the paper manufacturing industry. In addition to requiring strict compliance with the Fire Safety Management Practices by our employees, we have also formed our own firefighting teams. We attach great importance to the physical training and responsiveness of the teams and regular fire drills for handling any fire emergency.

We carry out first aid knowledge training, set up first aid posts and regularly conduct emergency rescue drills. In order to improve employees' capability to deal with emergencies, we organize a number of emergency drills every year. Over 3,289 emergency drills were held during the Year (FY2025: 3,244).

## Regular Anti-epidemic Measures

Learning from the experience against the COVID-19 pandemic, the Group has put in place a regular epidemic prevention mechanism to minimize the risks posed by any epidemic to the Group's operations and the health of its employees.

Epidemic prevention measures include: establishing epidemic prevention teams and setting up dedicated quarantine areas; regularly disinfecting plant areas, office buildings and employees' dormitories; measuring and registering body temperatures of personnel when entering the plant area, office buildings and employees' dormitories during the epidemic with automatic body temperature detection equipment installed at the entrances; distributing face masks and providing hand sanitizers to the staff; giving priority to those staff who are responsible for pandemic prevention and control, and wastepaper inspection when providing safety protection supplies such as protective gear, face masks and protective gloves; requiring employees to abide by alternated shifts and dining time while also dining separately; and conducting specialized training on prevention and control of epidemic for employees.

| | FY2026 | FY2025 | FY2024 |
|---|---|---|---|
| Work-related incidents (cases) | **78** | 70 | 55 |
| Number of work-related fatalities | **2** | 1 | 3 |
| Working days lost due to work injuries (days) | **13,156** | 10,083 | 3,200 |

The Group's work-related incidents in the past three years were basically all minor injuries. The increase in the number of work-related incidents was mainly due to the gradual commencement of operations of the Group's three major bases in the recent three years, and the adoption of new technologies at these new bases has given rise to certain new safety risks. In addition, there has been a relatively substantial increase in the number of new employees. As the new employees have insufficient awareness of on-site hazards and failed to strictly adhere to safety operation requirements, the number of work-related incidents has therefore increased. The number of lost days due to work injuries is related to the severity of the injury and the progress of recovery.

The Group take each incident seriously and strictly complies with the "Four No's Principles (四不放過原則)", performs in-depth investigation and conduct thorough review, and follow up rectification measures for any incidents taken place to avoid similar incidents in the future. In the past three years, the Group continued to support safety works at the new bases, including such works as assisting the bases in carrying out systematic safety training, onsite hazards identification and training programs, establishing and improving the safety management systems and operating procedures as well as conducting training programs and inspecting and managing potential on-site risks, in order to minimize or avoid the occurrence of work-related incidents. During the Year, the Group continued to optimize the "Safety Education and Training Program (安全教育培訓計劃)" generally, carried out different types of safety month activities on a monthly basis and required all employees to participate. In addition to covering group-level and base-level employees, our safety education and training also included organizing special safety education and training programs for special operators and special equipment operators, and encouraging pre-operation safety assemblies — "Finger and Oral Safety Confirmation (手指口述安全確認)" activities to urge employees to develop their pre-operation safety risk analysis and safety confirmation habits.

In addition, we will strengthen the regular inspection and spot checks of the components of machinery, as well as the inspection before every outage maintenance; further improve the safe work practices, safety risks notices and alert facilities; increase the number of safety officers and their inspection patrols; and enhance the training on safety and first aid (including consolidating the employees' safe work skills and awareness, and on-site emergency response capability) to strive to reduce the accident rate to zero.

## B3. DEVELOPMENT AND TRAINING

The Group values each and every employee. Our personnel management places great emphasis on empowering our staff with focus on enhancing staff morale, rendering them with hope, motivation and vigour, and offering the caring and warmth in the big family of Nine Dragons Paper.

### Staff Development

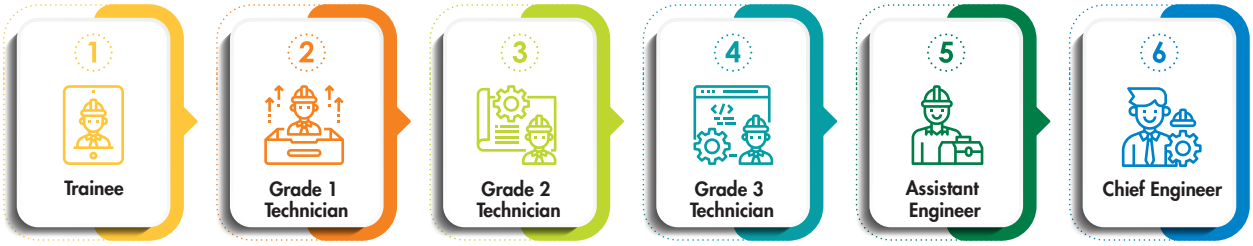
The Group has established a management path and a technical path for employees' selection, encouraging them to take both paths for career development. Employees in positions requiring professional techniques can achieve promotion and development by following the professional technical path. With their positions remaining unchanged, they can realize improvement in their position rank and remuneration package in the enterprise.

Through the implementation of "Professional Title Evaluation System of the Group" and "Training Management System of the Group", the Group provides employees with an open, transparent, and competitive internal talent competition and selection mechanism. Employees obtain professional titles and promotion opportunities through open, fair, and impartial evaluation criteria, including work performance, examinations, and oral defenses. Considering that the development of new projects of the Group will require a large number of professional technical talents in the next few years, the Group will expand the reserve of professional technical talents across bases by increasing quota allocations for professional title evaluations and accelerating the development of professional technical talents. It is believed that this system will play a positive role in the stability, development and growth of professionals.

### Management Path




### Professional Technical Path



## Employee Training

The Group provides an environment for continuous learning for its employees by offering various internal and external trainings, which enable them to acquire the latest industry knowledge and techniques, thereby staying abreast of industry standards and market trends. It also provides related training programs to all employees. Such trainings include special operations training and certification, middle-level executive reserve cultivation, Nine Dragons Class student cultivation, professional skills training, etc.

During the Year, the average training hours per employee of the Group were 18.2 hours.

| Employee training | FY2026 | FY2025 | FY2024 |
|---|---|---|---|
| **Trainings of the Group (hours)** | **479,883** | 479,875 | 457,380 |
| **Average training (hours)** | **18.2** | 18.1 | 18.0 |
| Male employees (hours) | **18.2** | 18.1 | 18.2 |
| Female employees (hours) | **17.7** | 17.6 | 17.8 |
| Senior management (hours) | **9.5** | 9.5 | 8.1 |
| Middle-level management (hours) | **13.9** | 13.7 | 12.2 |
| **External trainings** | | | |
| Join the external trainings (participants) | **4,552** | 4,308 | 4,201 |
| Funding provided by the Group (RMB million) | **8.7** | 8.5 | 8.3 |
| **Internal trainings** | | | |
| Organize internal trainings (sessions) | **10,546** | 11,576 | 10,458 |
| Join the internal trainings (participants) | **248,795** | 246,845 | 243,251 |
| — Senior management (participants) | **286** | 275 | 102 |
| — Middle-level management (participants) | **18,972** | 18,754 | 17,624 |
| **By types of training** | | | |
| Professional skills training (participants) | **77,824** | 75,980 | 75,787 |
| Safety training (participants) | **129,472** | 120,758 | 120,758 |
| Clean and civilized production training (participants) | **6,258** | 6,354 | 6,354 |
| Conceptual guidance and professional ethics training (participants) | **34,628** | 36,800 | 36,800 |
| Anti-corruption trainings (participants) | **13,547** | 8,758 | 8,758 |
| Environmental protection related trainings (participants) | **1,248** | 1,158 | 1,158 |
| Other types of training (participants) | **22,407** | 24,325 | 24,325 |

## B4. LABOUR STANDARDS

The Group strictly complies with relevant laws such as the "Labour Contract Law of the People's Republic of China" (《中華人民共和國勞動合同法》), the "Labour Law of the People's Republic of China" (《中華人民共和國勞動法》), the "Law of the People's Republic of China on the Protection of Minors" (《中華人民共和國未成年人保護法》) and the "Provisions on Prohibition of Child Labour" (《禁止使用童工規定》) and the minimum age requirement as stipulated by laws and regulations of the places in which it operates, and tolerates no child labour and forced labour. The youngest among the existing employees in the Group are over 18.

The Group has also been at the forefront of the industry in fulfilling its social responsibilities. Nine Dragons Paper Industries (Dongguan) Co., Ltd. has taken the lead in introducing SA 8000 Social Responsibility Management System in the industry since 2013, and passed the certification and was awarded the certificate in February 2015.

### What is SA 8000 Social Responsibility Management System?

SA 8000 Social Responsibility Management System is the world's first international standard of ethics, which aims to provide a standard based on the international labour rights norms and the labour laws of the country where standards are adopted, so as to protect and assist all production personnel or persons who provide services within the control and influence of the enterprise, including those employed by the enterprise itself and its suppliers and subcontractors.

SA 8000 certification and audit areas include: child labour, forced labour, discrimination, health and safety, working hours, freedom of association and collective bargaining, compensation and benefits, management systems.

The Group has a staff union in place with members from different departments, who can represent the interests of grass-roots employees. The Company attaches importance to organizing staff union activities and demonstrating its roles so as to put our humanized management concepts into practice.

The Group has also introduced the IKEA IWAY Management System into the Group's management system since 2015. In order to understand and verify the Group's implementation of the IWAY Management System, IKEA regularly delegates a special audit expert group each year to visit the Group's production bases, such as Dongguan, Taicang and Tianjin bases, for on-site audits. IKEA will make recommendations for improvement of our deficiencies when needed. The management of the Group attaches great importance to the audit opinions of IKEA, while communication and exchange are made with each other on a regular basis to continuously improve the Company's management system and institutional norms.

## What are the IWAY Standards?

IWAY, IKEA's code of conduct for suppliers, is prepared based on internationally recognized documents and conventions on human rights, environmental protection and worker safety. IWAY Standards play an important role in the active development of enterprises, which stipulate the minimum requirements in respect of the environment, social impacts and working conditions.

*Detailed IWAY Standards can be downloaded from the IKEA website.*

## The requirements of the IWAY Standards include:

- No child labour and young workers must be encouraged
- No employment under compulsion or for debt settlement
- Right of employees to non-discrimination
- Right of employees to freedom of association
- Basic salary protection and overtime allowance for employees
- Provision of a safe and healthy working environment, prevention of air, land and water pollution, and commitment to reducing energy consumption

During the Year, there was no child labour or forced labour in the Group, and no complaints on human rights issues were received.

## B5. SUPPLY CHAIN MANAGEMENT

The Group has a series of rigorous selection criteria for evaluation of qualified suppliers. A comprehensive evaluation is conducted on suppliers in terms of company qualification (including time of inception, registered capital, shareholders of the company, scope of operation, necessary qualifications and certificates of the industry, etc.), entities of the company, manufacturing capability (including main products and production capacity, production equipment, inventory, etc.), technical competence (including patents, number of technicians, etc.), after-sales service ability, ISO certification (including certification of Quality Management Systems, Environmental Management Systems and Occupational Health and Safety Management Systems, etc.), the capability of quality management and control, price advantage, credit reputation, honour(s) awarded to the company, business relationships among the suppliers, corporate reputation, geographical advantages of the suppliers, etc.

The suppliers are required to provide all information for filing and evaluation in accordance with the Group's requirements. Suppliers evaluated as qualified are recorded into the system as qualified suppliers and those failed are listed as unqualified suppliers. The Group specifically requires the suppliers to provide, among others, "Report to the relevant parties on quality, environment, occupational health and safety and social responsibilities", "Commitment of suppliers on intellectual property rights" and "Questionnaire on social responsibilities of supplier".

We have also encouraged our suppliers to comply with the IWAY Standards since we introduced the IKEA IWAY Management System in 2015. We regularly discuss the Group's implementation of the IKEA IWAY Standards and the challenges we may face in the next stage with the IKEA headquarters annually, and work together to promote continuous progress of the Group in all aspects.

The Group strictly controls the raw materials to meet the requirements for environmental protection. The coal contracts of each base of the Group have specific requirements for sulphur content, which is the environmental performance index in respect of coal. The procurement standards are stricter than various local environmental protection requirements.

The Group identifies whether suppliers are in normal operating condition by tracking their business and enterprise information on a regular basis. Re-evaluation is made for suppliers with abnormal operating condition. Meanwhile, the suppliers will be tracked regularly to identify any breach of fiduciary duties, and suppliers with such acts of breach will be suspended.

As at 30 June 2026, the number of the Group's suppliers for the China bases amounted to 33,254 (FY2025: 25,125), the suppliers for the Vietnam base amounted to 745 (FY2025: 597), and the suppliers for the Malaysia base amounted to 1,151 (FY2025: 992). The increase in the number of suppliers for the China bases was mainly due to the increase of raw material suppliers as the wastepaper supplier was shifted from a centralized one to individual suppliers, and the Group continued to make expansion plan for the production capacity of wood pulp in the financial year, which required procurement of the relevant raw materials.

### The Group's procurement principles are as follows:

- Strictly abide by laws and regulations in the procurement process, and severely punish any form of corruption, fraud, bribery and other misconduct;
- Try best to avoid purchasing raw materials and materials that have a negative impact on the environment and climate change during the procurement process;
- Shop around in the procurement process, only work with suppliers with business integrity and ethics, and encourage suppliers to adopt measures bearing social responsibility.

## B6. PRODUCT RESPONSIBILITY

The packaging paper products of the Group are applicable to various consumer goods. As a socially responsible enterprise, product safety and quality is one of our key commitments to customers.

### Quality Assurance

Quality is the core competitiveness of the manufacturing industry, and an intrinsic support for perpetuating a brand that thrives for a century. All bases of the Group make proactive efforts in facilitating works in relation to ISO 9000 quality management systems, ISO 14000 environmental management systems, FSC™ certification for forest environmental protection systems, EU Deforestation Regulation (EUDR) certification, etc. We add no substances harmful to the environment and human health during the production processes. In addition, we carry out precise management and control through domestically and internationally advanced online monitoring and production and quality management system, i.e. DCS, QCS and other systems, and regularly inspect the substances of papers, which are the concerns of the customers, by authoritative testing organizations such as BV.

### Follow-up on Complaints and Recall of Products

Benefited from its professional customer service team and well-designed customer service workflow, the Group is able to carry out all-direction works, including pre-sale, sale and after-sale works. We highly value customer feedback, and hence actively visit our customers on a regular basis and actively and professionally answer any questions raised by them. Also, we convene analysis meetings periodically and carry out customer satisfaction surveys quarterly, so as to continue to improve the quality of products and level of service to truly satisfy our customers.

For each complaint, the Group designates sales personnel and after-sales service personnel to follow up, conduct onsite handling and provide solutions, so as to reach a consensus between the customers and the Group. The Group promptly responds to all complaints. After verification, complaints within the province, and complaints in remote areas within the province or in other provinces will be handled and closed within 3 working days and 5 working days, respectively. The Group is also committed to achieving a response rate of 100% for all complaints from clients. The Group requires that all vouchers and records in relation to complaints must be filed to ensure there are relevant records and evidences available for inspection or for reference. All complaints are handled in accordance with the relevant regulations, such as the "Product Quality Law of the People's Republic of China" (《中華人民共和國產品質量法》) and the "Law on Protection of the Rights and Interests of Consumers of the People's Republic of China" (《中華人民共和國消費者權益保護法》).

The Group has a comprehensive product traceability management system, under which each product has an unique barcode and label (qualification certificate) that are accurately traceable with SAP, PIMS systems, etc. Furthermore, the Group has a stringent product recall management system in place.

During the Year, the complaint rate, calculated based on the number of complaints received for every 10,000 tonnes of products sold, was 0.019% (FY2025: 0.027%), which was lower as compared to that of last year, mainly involving minor quality issues, while there were no cases of recall of sold or shipped products due to safety and health reasons.

To further achieve higher efficiency at lower costs and enhance customer procurement experience, the Group spearheaded an innovative e-commerce platform to allow clients to directly place orders, check production schedules, track product delivery and logistics, enquire payments, undertake service satisfaction surveys, etc., making the whole ordering and delivery process more transparent to and efficient for clients. At present, the Group took the Chongqing base as a pilot for its e-commerce platform initiative and would consider to gradually expand the programme to cover all bases under the Group in order to realize intelligent sales.




**Nine Dragons Paper e-commerce Platform**

### Safeguarding and Protecting Intellectual Property Rights

The Group has specifically established the Internal Audit Department, contract review personnel and external legal team which have comprehensive study in the relevant practices and legal knowledge involving intellectual property rights. In addition, the Group has various well-established management and regulations and systems. It also makes reference to the local laws and regulations in relation to intellectual property rights in the places of operation when drafting various external documents including purchase and sales contracts, supply agreements and quotations. In order to enhance protection on intellectual property rights of the Group, the related management of the Company receives relevant training on a regular basis.

### Consumer Data Protection and Privacy Policies

The Group develops a stringent information confidential system (e.g. "Internal Information Confidential Management Practices of the Group" (集團內部信息保密管理規範)). For the purpose of ensuring that customer data and privacy are given adequate protection, and as required by the Information Confidential Management Practices, the related responsible persons must keep complete secrecy of all the confidential materials and confidential information, and shall never spread them without authorization. Meanwhile, the responsible persons shall keep confidential of the data and information, and confidential materials and confidential information leak resulting from mismanagement is not allowed. The responsible persons shall not photograph, copy and make private copies of any confidential documents and data without authorization, and shall not discuss the secret matters in public places and refer to any secret matters in private communication. The copies of confidential materials shall be regarded and managed as if they were the original, and the waste pages generated during the process of copying shall be destroyed in a timely manner. The transmission of confidential materials shall be performed by dedicated personnel in compliance with secrecy measures. We shall implement classified management for documents and shall manage and control the limits of authority of the responsible persons to browse and download such documents in accordance with secrecy requirements.

During the Year, the Group had no cases regarding leaks of customer personal information.

## B7. SOUND CORPORATE GOVERNANCE

The Group firmly believes that sound and effective corporate governance, which is a fundamental element in the development of all enterprises, is essential for safeguarding the interests of all stakeholders.

In order to devote its best efforts to maintain the highest level of corporate governance, the Group has adopted a set of comprehensive corporate governance principles, emphasizing the need for an excellent Board, effective internal control and stringent disclosure practices, as well as transparency and accountability to all stakeholders.

The Group has formulated the "Comprehensive Employee Management Standards" (《員工綜合管理規範》) in the corporate employee handbook, which sets out ethical conduct and behavior guidelines for the Group's employees covering integrity, honesty, caring for the environment, emphasis on safety, confidentiality and anti-discrimination. The Group updates such practices from time to time with a view to fostering a corporate culture with high standards of integrity.

## Anti-Corruption

| | |
|---|---|
| **Independent governance structure** | • The Group has established a "Group Audit Regulatory Department" (集團審計監管部) to maintain objectivity and independence in its governance structure and practical work, and prevent corruption and investigate corruption cases.<br>• Regular operating management audits and special audits are conducted by the Group Audit Regulatory Department quarterly for each of the production bases, while the "Regulatory Commission (監管會)" is also set up in each of the production bases to supervise and manage daily work. |
| **Business process standardization** | • The Group adopts SAP and OA (office automation) systems to achieve standardization of all business processes, and makes continuous revision and improvement based on feedback to make corruption least possible and plug corruption loopholes.<br>• The Group Audit Regulatory Department maintains all whistleblowing of corruption and bribery by any employees in confidentiality and conducts relevant investigations. |
| **Training** | • The Group provides anti-corruption education and training for its directors, senior management and staff on a regular basis and incorporates integrity into its corporate culture and ethical conduct.<br>• Anti-corruption education and training are arranged for new employees during orientation.<br>• The legal department provides anti-corruption education and training to relevant employees on a quarterly basis. |

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| **Avoiding conflicts of interest** | • The "Letter of Undertaking of Integrity (廉潔承諾書)" must be signed by all procurement, sales and supervision personnel and employees holding positions related to economic activities in all other departments of the Group and each of its production bases.<br><br>• The Group and each of its production bases will enter into the "Non-improper Commercial Practices Agreement (禁止不正當商業行為協議)" concurrently while entering into commercial contracts with external parties.<br><br>• All the in-service staff of the Group are strictly prohibited from taking part-time jobs or engaging in external businesses which are of the same nature of the Group's activities without permission. Any in-service personnel, whose families (including his/her immediate relatives, spouse and children) establish a company by themselves, are required to file registration with the regulatory department.<br><br>• In the event that the organizations, in which the relatives and friends of the in-service personnel (including his/her immediate relatives, spouse, children, classmates, friends, etc.) work, are doing business with the Group, such personnel shall submit a list of those relatives and friends to the Group and avoid contact with them during the course of business. It is strictly prohibited from divulging any information of the Group to the ex-service personnel. |
| **Communication channel and complaint handling** | • Internally, we collect employees' complaints and suggestions through a designated email box, namely "集團投訴claim_group/NDDG/ndpaper" and "Chairlady Mailbox (董事長信箱)" established in each of the production bases.<br><br>• Externally, we conduct service satisfaction surveys with customers and suppliers on a regular basis by issuing questionnaires to collect their advice, complaints and suggestions.<br><br>• The commercial contracts entered into with external parties are attached with the "Complaint Handling Guidelines (投訴處理指引)" and notice boards specifying the method of complaints are placed at the loading and unloading site in respective production bases.<br><br>• Among all the matters complained about, those related to each production base will be investigated and handled by the Regulatory Commission thereof, and for those with more significant influence or covering a wider range, a special investigation will be conducted and handled by the Group Audit Department. |

During the Year, no concluded litigation in relation to corruption was brought against the Group and its employees.

# COMMUNITY

## B8. COMMUNITY INVESTMENT

Upholding the public welfare concept of "engaging everyone in public welfare", the Group has been proactively performing its social responsibility and participating in national and local economic development, thereby sparing no effort in poverty alleviation in the community. In addition to assistance to the poor and vulnerable groups, we support education and poverty alleviation through industry development in poverty-stricken areas, aiming to boost local economic development and create long-term job opportunities. Besides, we are committed to improving the infrastructures in rural areas and improving the living environment of the villagers.



As the saying goes, giving back to society what is drawn from society. Nine Dragons never forgets its social responsibilities, embedding them into its corporate growth and spreading warmth and hope through concrete actions. During the financial year, the Group contributed approximately RMB34.23 million in cash and materials to various charitable activities, bringing its total donations to more than RMB500 million.

In July 2025, Nine Dragons Paper donated RMB15 million as part of Guangdong Province's "6.30" Rural Revitalization Campaign, and contributed RMB2 million during Dongguan City's "6.30" Rural Revitalization and Dongguan Charity Day events, helping to strengthen and expand poverty alleviation efforts and accelerate comprehensive rural revitalization.

In October 2025, a sudden fire occurred in Hong Kong, attracting widespread attention. Nine Dragons promptly responded and provided immediate assistance. Nine Dragons Paper and the Chairlady's family donated HK$7.7 million to fully support emergency relief and post-disaster reconstruction in the affected area, demonstrating Nine Dragons' compassion and solidarity with those impacted.






# MAJOR COMMUNITY ACTIVITIES PARTICIPATED IN FY2026

## I. SUPPORTING RURAL COMMUNITIES AND ENCOURAGING REVITALIZATION

Actively engaging in the "High-Quality Development Project for Hundreds of Counties, Thousands of Towns, and Tens of Thousands of Villages (百千萬工程)", the Group aided in building rural roads and community service facilities. It backed rural maternal care initiatives, supported farmers' professional cooperatives, donated saplings to promote the "Green and Beautiful Guangdong (綠美廣東)" campaign, and endorsed local cultural activities. These efforts contributed to industrial growth, environmental enhancement, and the preservation of cultural heritage in rural areas.















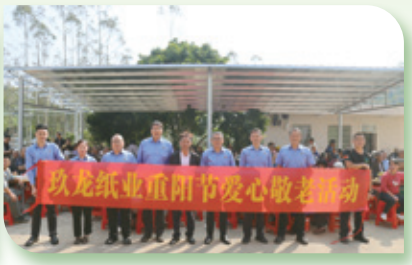


## II. COMMUNITY COLLABORATION, ELDERLY CARE, AND POVERTY RELIEF

The Group reached out to communities by visiting elderly individuals living alone and assisting vulnerable groups. Regular activities included celebrating the Chung Yeung Festival with elderly care, holiday visits to party members and residents facing difficulties, supporting sanitation workers, aiding bereaved and orphaned families, and helping renovate eldercare facilities. These initiatives aimed to foster harmonious and friendly community relationships. Additionally, the Group extended its public welfare efforts internationally, with overseas bases in Vietnam and Malaysia actively fulfilling local corporate social responsibilities.














## III. EDUCATIONAL SUPPORT AND TALENT DEVELOPMENT

The Group consistently invested in educational philanthropy by donating and building facilities such as children's palaces, computer labs, football fields, and reading rooms; providing teaching equipment; and establishing scholarships and teaching awards to support multiple schools' development and help children realize their academic aspirations. The Group has also operated the "Nine Dragons Class" for 22 years. In September 2025, the 21st session began, enrolling 97 students in two majors: pulping and papermaking, and equipment maintenance. In spring 2026, an additional 41 students joined the papermaking class. To date, over 2,000 underprivileged students have been trained through this program. Many graduates have advanced to become key technical staff within the Company. Currently, 1,322 alumni remain employed, with the Company providing over 1,000 job positions. The project has invested more than RMB41.5 million, supporting educational poverty alleviation while cultivating industry technical experts skilled in environmental awareness and advanced papermaking technology for the nation.















## IV. PROVIDING RELIEF, HELPING THOSE IN NEED, AND MAINTAINING WARMTH

The Group fostered a culture of care and continuous goodwill. Its "Caring Lunch" program at the Tianjin Special Education School has been ongoing for nine years, and numerous voluntary blood donation activities were organized within the Group to spread warmth through action.

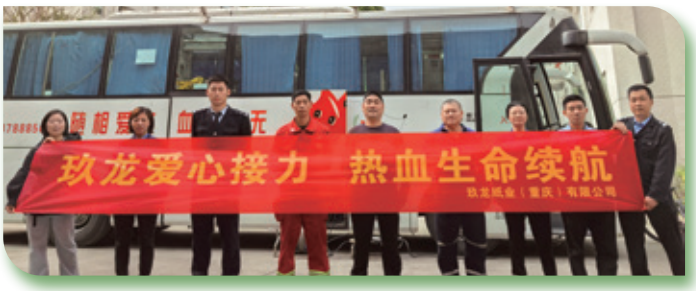















## V. UNITING STRENGTH AND MOVING FORWARD TOGETHER

Nine Dragons upholds its core corporate values of "respecting and caring for our people, innovating and refining our management, championing technology leadership, upholding a century-old legacy and embracing the spirit of striving". With talent as its sail and care as its oar, the Group unites all employees' efforts to advance on the path toward high-quality development. At Nine Dragons, relationships go beyond colleagues working side by side — they resemble family members who care deeply for one another. Routinely conducting colorful festive ceremonies, sports and cultural competitions, birthday wishes, and summer cooling activities throughout the year, making the warmth and strength of "family" the most solid reliance in the heart of every Nine Dragons employee.

















| A. Environmental | Response |
|---|---|
| **Aspect A1: Emissions** | |
| **Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste** | A1. Emissions |
| A1.1 The types of emissions and respective emissions data | |
| A1.3 Total hazardous waste produced and intensity | |
| A1.4 Total non-hazardous waste produced and intensity | |
| A1.5 Emissions targets and steps taken to achieve them | |
| A1.6 How hazardous and non-hazardous wastes are handled, waste reduction targets and steps taken to achieve them | |
| **Aspect A2: Use of Resources** | |
| **Policies on the efficient use of resources, including energy, water and other raw materials** | A2. Use of Resources |
| A2.1 Direct and/or indirect energy consumption by type in total and intensity | |
| A2.2 Water consumption in total and intensity | |
| A2.3 Energy use efficiency targets and steps taken to achieve them | |
| A2.4 Whether there is any issue in sourcing water that is fit for purpose, water efficiency targets and steps taken to achieve them | |
| A2.5 Total packaging material used for finished products with reference to per unit produced | |
| **Aspect A3: The Environment and Natural Resources** | |
| **Policies on minimising the issuer's significant impacts on the environment and natural resources** | A3. Environment and Natural Resources |
| A3.1 Significant impacts of activities on the environment and natural resources and actions taken to manage them | |
| **B. Social** | **Response** |
| **Aspect B1: Employment** | |
| **Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare** | B1. Employment |
| B1.1 Total workforce by gender, employment type (full time or part time), age group and geographical region | |
| B1.2 Employee turnover rate by gender, age group and geographical region | |
| **Aspect B2: Health and Safety** | |
| **Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards** | B2. Health and Safety |
| B2.1 Number of work-related fatalities occurred in each of the past three years including the reporting year | |
| B2.2 Lost days due to work injury | |
| B2.3 Occupational health and safety measures adopted, and how they are implemented and monitored | |
| **Aspect B3: Development and Training** | |
| **Policies on improving employees' knowledge and skills for discharging duties at work and description of training activities** | B3. Development and Training |
| B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management) | |
| B3.2 The average training hours completed per employee by gender and employee category | |

| B. Social | Response |
|---|---|
| **Aspect B4: Labour Standards** | |
| **Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour** | B4. Labour Standards |
| B4.1 Description of measures to review employment practices to avoid child and forced labour | |
| B4.2 Description of steps taken to eliminate such practices when discovered | |
| **Aspect B5: Supply Chain Management** | |
| **Policies on managing environmental and social risks of the supply chain** | B5. Supply Chain Management |
| B5.1 Number of suppliers by geographical region | |
| B5.2 Practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored | |
| B5.3 Practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored | |
| B5.4 Practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored | |
| **Aspect B6: Product Responsibility** | |
| **Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress** | B6. Product Responsibility |
| B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons | |
| B6.2 Number of products and services related complaints received and how they are dealt with | |
| B6.3 Practices relating to observing and protecting intellectual property rights | |
| B6.4 Quality assurance process and recall procedures | |
| B6.5 Consumer data protection and privacy policies, and how they are implemented and monitored | |
| **Aspect B7: Anti-corruption** | |
| **Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering** | B7. Sound Corporate Governance |
| B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases | |
| B7.2 Preventive measures and whistle-blowing procedures, and how they are implemented and monitored | |
| B7.3 Anti-corruption training provided to directors and staff | |
| **Aspect B8: Community Investment** | |
| **Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests** | B8. Community Investment |
| B8.1 Focus areas of contribution | |
| B8.2 Resources contributed to the focus area | |

| Part D: Climate-related Disclosures | | |
|---|---|---|
| **Description** | | **Response** |
| ***(I)*** | ***Governance*** | |
| 19 | | ESG Management Approach and Strategy of the Board<br>Major Sustainability Risks and Response Strategy<br>Part D: Climate-related Disclosures — Governance |
| An issuer shall disclose information about: | | |
| (a) | the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about: | |
| | *Note: The responsibilities of such body(s) or individual(s) should be reflected in the terms of reference, mandates, role descriptions and other related policies applicable to that body(s) or individual(s).* | |
| | (i) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities; | |
| | (ii) how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities; | |
| | (iii) how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities; | |
| | (iv) how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities (see paragraphs 37 to 40), including whether and how related performance metrics are included in remuneration policies (see paragraph 35); and | |
| (b) | management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about: | |
| | (i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and | |
| | (ii) whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions. | |
| *Note:* | *In preparing disclosures to fulfil the requirements in this paragraph 19, an issuer shall avoid unnecessary duplication with disclosures made pursuant to paragraph 13 of this Code. For example, although an issuer shall provide the information required by this paragraph 19, if oversight of ESG-related (including climate-related) risks and opportunities is managed on an integrated basis, the issuer would avoid duplication by providing integrated governance disclosures instead of separate disclosures for each ESG-related risk and opportunity.* | |

| Part D: Climate-related Disclosures | |
|---|---|
| **Description** | **Response** |
| ***(II) Strategy*** | |
| **Climate-related risks and opportunities** | |
| 20<br>An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall:<br>(a) describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term;<br>(b) explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk;<br>(c) specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons — short, medium or long term — the effects of each climate-related risk and opportunity could reasonably be expected to occur; and<br>(d) explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making.<br>*Notes:*<br>*1. In identifying the climate-related risks and opportunities pursuant to paragraph 20, an issuer:*<br>*(a) shall use all reasonable and supportable information that is available to it at the reporting date without undue cost or effort, including information about past events, current conditions and forecasts of future conditions; and*<br>*(b) is encouraged to refer to and consider the applicability of the industry-based disclosure topics defined in IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures.*<br>*2. (a) If an issuer determines that disclosing information about a climate-related opportunity pursuant to any provision under this Part D is commercially sensitive in the limited circumstances set out in this note 2(b) below, the issuer is permitted to omit disclosure of such information.*<br>*(b) An issuer qualifies for the exemption specified in this note 2(a) above if, and only if:*<br>*(i) information about the climate-related opportunity is not already publicly available;*<br>*(ii) disclosure of that information could reasonably be expected to prejudice seriously the economic benefits the issuer would otherwise be able to realise in pursuing the opportunity; and*<br>*(iii) the issuer has determined that it is impossible to disclose that information in a manner — for example, at an aggregated level — that would enable the issuer to meet the objectives of the disclosure requirement without prejudicing seriously the economic benefits the issuer would otherwise be able to realise in pursuing the opportunity.*<br>*(c) If an issuer elects to use the exemption specified in this note 2(a) above, the issuer shall, for each item of information omitted:*<br>*(i) disclose the fact that it has used the exemption; and*<br>*(ii) reassess, at each reporting date, whether the information qualifies for the exemption.* | Part D: Climate-related Disclosures — Strategy |
| **Business model and value chain** | |
| 21<br>An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose:<br>(a) a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; and<br>(b) a description of where in the issuer's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).<br>*Note: An issuer shall use all reasonable and supportable information that is available to the issuer at the reporting date without undue cost or effort to determine the scope of its value chain, including its breadth and composition.* | Part D: Climate-related Disclosures — Strategy |

| Part D: Climate-related Disclosures | |
|---|---|
| **Description** | **Response** |
| **Strategy and decision-making** | |
| 22<br>An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose:<br>(a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about:<br>(i) current and anticipated changes to the issuer's business model, including its resource allocation, to address climate-related risks and opportunities;<br>(ii) current and anticipated adaptation and mitigation efforts (whether direct or indirect);<br>(iii) any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan; and<br>(iv) how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with paragraphs 37 to 40; and<br>(b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a). | Major Sustainability Risks and Response Strategy<br>A1. Emissions<br>Part D: Climate-related Disclosures — Strategy |
| 23<br>An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a). | Major Sustainability Risks and Response Strategy |
| **Financial position, financial performance and cash flows** | |
| ***Current financial effect*** | |
| 24<br>An issuer shall disclose qualitative and quantitative information about:<br>(a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and<br>(b) the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.<br>*Notes:*<br>*1. Issuers should account for climate-related matters in the financial statements in accordance with the requirements under HKFRS, IFRS, CASBE or the alternative overseas financial reporting standard acceptable to the Exchange.*<br>*2. Where the quantitative information disclosed pursuant to paragraph 24 is not expressed as a line item in the financial statements, the issuer shall explain how such information is reflected in its financial statements (e.g. identifying the relevant financial item).* | Part D: Climate-related Disclosures — Strategy<br>The Group has conducted a qualitative analysis of the financial effect caused by climate change. Due to the high level of uncertainty in the measurement methodology for evaluating the effect, quantitative data cannot be provided at present |

| Part D: Climate-related Disclosures | |
|---|---|
| **Description** | **Response** |
| ***Anticipated financial effect*** | |
| 25<br>The issuer shall provide qualitative and quantitative disclosures about:<br>(a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration:<br>(i) its investment and disposal plans; and<br>(ii) its planned sources of funding to implement its strategy; and<br>(b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.<br>*Notes:*<br>*1. In providing quantitative information about current or anticipated financial effects, an issuer may disclose a single amount or a range.*<br>*2. In preparing disclosures about the anticipated financial effects of a climate-related risk or opportunity, an issuer shall:*<br>*(a) use all reasonable and supportable information that is available to the issuer at the reporting date without undue cost or effort; and*<br>*(b) use an approach that is commensurate with the skills, capabilities and resources that are available to the issuer for preparing those disclosures.*<br>*3. An issuer need not provide quantitative information about the current or anticipated financial effects of a climate-related risk or opportunity if the issuer determines that:*<br>*(a) those effects are not separately identifiable; or*<br>*(b) the level of measurement uncertainty involved in estimating those effects is so high that the resulting quantitative information would not be useful.*<br>*4. In addition, an issuer need not provide quantitative information about the anticipated financial effects of a climate-related risk or opportunity if the issuer does not have the skills, capabilities or resources to provide that quantitative information.*<br>*5. If an issuer determines that it need not provide quantitative information about the current or anticipated financial effects of a climate-related risk or opportunity applying the criteria set out in note 3 or 4 above, the issuer shall:*<br>*(a) explain why it has not provided quantitative information;*<br>*(b) provide qualitative information about those financial effects, including identifying line items, totals and subtotals within the related financial statements that are likely to be affected, or have been affected, by that climate-related risk or opportunity; and*<br>*(c) provide quantitative information about the combined financial effects of that climate-related risk or opportunity with other climate-related risks or opportunities and other factors unless the issuer determines that quantitative information about the combined financial effects would not be useful.* | Part D: Climate-related Disclosures – Strategy<br>The Group has conducted a qualitative analysis of the financial effect caused by climate change. Due to the high level of uncertainty in the measurement methodology for evaluating the effect, quantitative data cannot be provided at present |

| Part D: Climate-related Disclosures | |
|---|---|
| **Description** | **Response** |
| **Climate resilience** | |
| 26<br>An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:<br>(a) the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of:<br>(i) the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis;<br>(ii) the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; and<br>(iii) the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term;<br>(b) how and when the climate-related scenario analysis was carried out, including:<br>(i) information about the inputs used, including:<br>(1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios;<br>(2) whether the analysis included a diverse range of climate-related scenarios;<br>(3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks;<br>(4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change;<br>(5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties;<br>(6) time horizons the issuer used in the analysis; and<br>(7) what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis);<br>(i) the key assumptions the issuer made in the analysis; and<br>(ii) the reporting period in which the climate-related scenario analysis was carried out.<br>*Note: An issuer shall determine an approach to climate-related scenario analysis that enables it to consider all reasonable and supportable information that is available to the issuer at the reporting date without undue cost or effort. The determination of the approach shall be informed by the assessments of the issuer's exposure to climate-related risks and opportunities and its available skills, capabilities and resources.* | Part D: Climate-related Disclosures – Strategy<br>The Group has conducted a qualitative climate resilience analysis. Due to limited access to reliable data and incomplete research methodologies, the Group has not yet been able to disclose quantitative data |
| ***(III) Risk Management*** | |
| 27<br>An issuer shall disclose information about:<br>(a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about:<br>(i) the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes);<br>(ii) whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks;<br>(iii) how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria);<br>(iv) whether and how the issuer prioritises climate-related risks relative to other types of risks;<br>(v) how the issuer monitors climate-related risks; and<br>(vi) whether and how the issuer has changed the processes it uses compared with the previous reporting period;<br>(b) the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and<br>(c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.<br>*Note: In preparing disclosures to meet the requirements in this paragraph 27, an issuer shall avoid unnecessary duplication with disclosures made pursuant to paragraphs 13(ii) and 14 (Materiality) of this Code. For example, although an issuer shall provide the information required by this paragraph 27, if oversight of ESG-related (including climate-related) risks and opportunities is managed on an integrated basis, the issuer would avoid duplication by providing integrated risk management disclosures instead of separate disclosures for each ESG-related risk and opportunity.* | ESG Management Approach and Strategy of the Board<br>Part D: Climate-related Disclosures |

| Part D: Climate-related Disclosures | |
|---|---|
| **Description** | **Response** |
| ***(IV) Metrics and Targets*** | |
| **Greenhouse gas emissions** | |
| 28<br>An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tonnes of $CO_2$ equivalent, classified as:<br>(a) Scope 1 greenhouse gas emissions;<br>(b) Scope 2 greenhouse gas emissions; and | Part D: Climate-related Disclosures – Metrics and Emissions |
| (c) Scope 3 greenhouse gas emissions. | Due to limited collection of reliable and reasonable value chain carbon data, the Group has not yet defined its value chain scope or disclosed scope and greenhouse gas emissions |
| 29<br>An issuer shall: :<br>(a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions;<br>(b) disclose the approach it uses to measure its greenhouse gas emissions including:<br>(i) the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions;<br>(ii) the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and<br>(iii) any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes;<br>(c) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and | Part D: Climate-related Disclosures – Metrics and Emissions |
| (d) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).<br>*Notes:*<br>*1 An issuer is required to use all reasonable and supportable information that is available to it at the reporting date without undue cost or effort when the issuer selects the measurement approach, inputs and assumptions it uses in measuring Scope 3 greenhouse gas emissions.*<br>*2. An issuer is permitted to measure its greenhouse gas emissions in accordance with paragraph 28 using information for reporting periods that are different from its own reporting period if that information is obtained from entities in its value chain with reporting periods that are different from the issuer's reporting period, on the condition that:*<br>*(a) the issuer uses the most recent data available from those entities in its value chain without undue cost or effort to measure and disclose its greenhouse gas emissions;*<br>*(b) the length of the reporting periods is the same; and*<br>*(c) the issuer discloses the effects of significant events and changes in circumstances (relevant to its greenhouse gas emissions) that occur between the reporting dates of the entities in its value chain and the date of the issuer's ESG report.*<br>*3. Where an issuer's activities include asset management, commercial banking or insurance, the issuer is encouraged to disclose additional information about the issuer's Category 15 greenhouse gas emissions or those associated with its investments (financed emissions).* | Due to limited collection of reliable and reasonable value chain carbon data, the Group has not yet defined its value chain scope or disclosed scope and greenhouse gas emissions |

| Part D: Climate-related Disclosures | |
|---|---|
| **Description** | **Response** |
| **Climate-related transition risks** | |
| 30<br>An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks. | Part D: Climate-related Disclosures – Strategy<br>The Group has conducted a qualitative climate resilience analysis. Due to limited access to reliable data and incomplete research methodologies, the Group has not yet been able to disclose quantitative data |
| **Climate-related physical risks** | |
| 31<br>An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks. | |
| **Climate-related opportunities** | |
| 32<br>An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.<br>*Note: In preparing disclosures to meet the requirements in paragraphs 30 to 32, an issuer shall use all reasonable and supportable information that is available to the issuer at the reporting date without undue cost or effort.* | |
| **Capital deployment** | |
| 33<br>An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities. | Part D: Climate-related Disclosures – Strategy |
| **Internal carbon prices** | |
| 34<br>An issuer shall disclose:<br>(a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and<br>(b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; or an appropriate negative statement that the issuer does not apply a carbon price in decision-making. | The Group has not yet incorporated internal carbon pricing into the Group's core development strategy |
| **Remuneration** | |
| 35<br>An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv). | ESG Management Approach and Strategy of the Board |
| **Industry-based metrics** | |
| 36<br>An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks. | A2. Use of Resources |
| **Climate-related targets** | |
| 37<br>An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose:<br>(a) the metric used to set the target;<br>(b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives);<br>(c) the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region);<br>(d) the period over which the target applies;<br>(e) the base period from which progress is measured;<br>(f) milestones or interim targets (if any);<br>(g) if the target is quantitative, whether the target is an absolute target or an intensity target; and<br>(h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.<br>*Note: Targets set may or may not be those set out under KPIs A1.5, A1.6, A2.3 and A2.4 of Part C of this Code.* | Major Sustainability Risks and Response Strategy |

| Part D: Climate-related Disclosures | |
|---|---|
| **Description** | **Response** |
| 38<br>An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:<br>(a) whether the target and the methodology for setting the target has been validated by a third party; | The targets and their determination methodologies are primarily based on prudent internal assessment by the Board, with a core focus on improving internal operations and enhancing climate resilience, and have not yet undergone third-party assurance |
| (b) the issuer's processes for reviewing the target;<br>(c) the metrics used to monitor progress towards reaching the target; and<br>(d) any revisions to the target and an explanation for those revisions. | ESG Management Approach and Strategy of the Board |
| 39<br>An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance. | Major Sustainability Risks and Response Strategy |
| 40<br>For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:<br>(a) which greenhouse gases are covered by the target;<br>(b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target;<br>(c) whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target; | |
| (d) whether the target was derived using a sectoral decarbonisation approach; and<br>(e) the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose:<br>(i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits;<br>(ii) which third-party scheme(s) will verify or certify the carbon credits;<br>(iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and<br>(iv) any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset). | A carbon credit offset use plan has not yet formulated, and dedicated research and disclosure will be considered to carry out in the future |
| **Applicability of cross-industry metrics and industry-based metrics** | |
| 41<br>In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of (i) cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36). | A1. Emissions<br>A2. Use of Resources<br>Part D: Climate-related Disclosures – Metrics and Emissions |

# INVESTOR RELATIONS

The Group has maintained a high level of transparency and trusted investor relations since its listing on the Hong Kong Stock Exchange in 2006. We disseminate consistent information to investors regularly to allow them to keep abreast of the Group's business development, operating strategies, and industry updates effectively. Meanwhile, we actively maintain effective two-way communications with shareholders, investors and financial institutions via various means and listen to investors' opinions, making us highly recognized by investors worldwide.

In terms of communication channels, the Group maintains a tri-lingual (English, Traditional Chinese and Simplified Chinese) corporate website where the investor relations page serves as an easy access to regulatory-required announcements, reports, circulars, annual reports, interim reports, press releases and other documents as issued in a timely manner. In addition, the Group actively maintains close communication with the investment community through online and offline channels such as conferences arranged by investment banks, deal/non-deal roadshows, project site visits and conference calls, and sets up an email (ir@ndpaper.com) dedicated to investor relations in order to communicate with investors, allowing investors to gain a more complete understanding and analyze the business and financial situation of the Group.

The major roadshows of the Group during FY2026 were as below:

| Time | Event |
|---|---|
| September 2025 | FY2025 Annual Results — Investor and Analyst Briefing Call |
| September 2025 | Post-results non-deal roadshows |
| February 2026 | FY2026 Interim Results — Investor and Analyst Briefing Call |
| February 2026 | Post-results non-deal roadshows |

All shareholders of the Group are entitled to attend Nine Dragons Paper's Annual General Meetings and Special General Meetings either in person or by proxy. Two-way communications are encouraged in such general meetings, so that shareholders present can have an update about the Group's business in addition to a good understanding of the matters being discussed and resolved, while their questions and opinions are heard by the Board and company's management. The last Annual General Meeting was held at W Hotel in Hong Kong on 11 December 2025. All resolutions proposed at the meeting were passed by shareholders by way of poll.

In January 2026, the Group received the "Excellence in Capital Market Communication Award" for second consecutive time in the 9th China IR Annual Award. In July 2026, the Group ranked Top 10 in the inaugural "Excellence in International Communication Award" co-presented by the Excellence IR and Extel in Asia.






Nine Dragons Paper (2689.HK) is currently a constituent stock of the following indexes.

| | |
|---|---|
| 1 | Hang Seng Composite Index |
| 2 | Hang Seng Composite Industry Index — Materials |
| 3 | Hang Seng Composite MidCap Index |
| 4 | Hang Seng Composite LargeCap & MidCap Index |
| 5 | Hang Seng Composite MidCap & SmallCap Index |
| 6 | Hang Seng Corporate Sustainability Benchmark Index |
| 7 | Hang Seng Stock Connect Hong Kong Index |
| 8 | Hang Seng Stock Connect Hong Kong MidCap & SmallCap Index |
| 9 | Hang Seng Stock Connect Greater Bay Area Composite Index |
| 10 | Hang Seng SCHK Mainland China Companies Index |
| 11 | Hang Seng Large-Mid Cap (Investable) Index |
| 12 | Hang Seng SCHK Materials & Industrials Index |
| 13 | Hang Seng SCHK Materials & Industrials (Investable) Index |

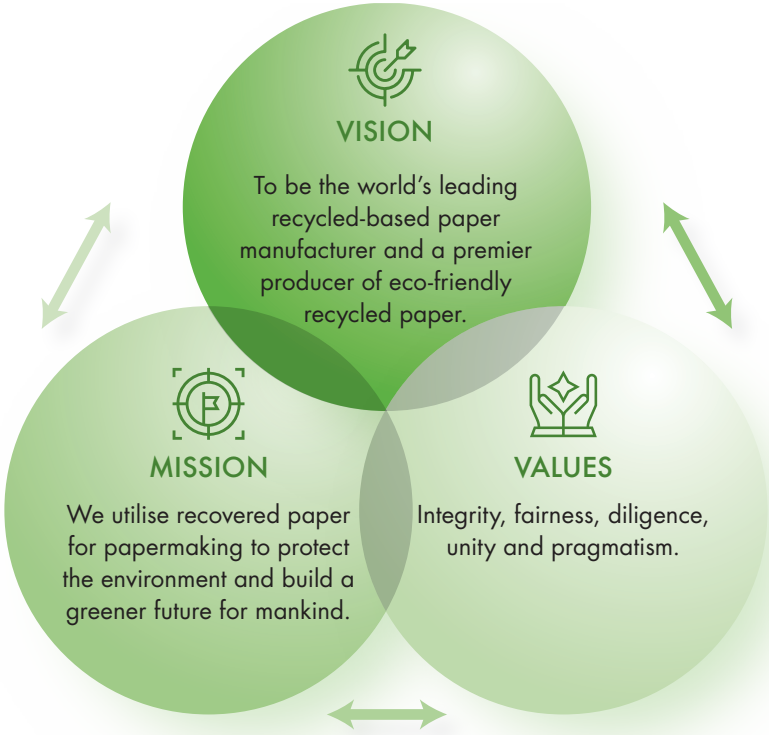
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# CORPORATE GOVERNANCE

The Company strives to attain and maintain the highest standards of corporate governance as it believes that effective corporate governance practices are fundamental to enhancing shareholder value and safeguarding the interests of shareholders and other stakeholders. The Company has accordingly adopted sound corporate governance principles that emphasis a quality Board, effective internal control, stringent disclosure practices and transparency and accountability to all stakeholders. It is, in addition, committed to continuously improving these practices and inculcating an ethical corporate culture.

During FY2026, the Company has complied with the CG Code as set out in Appendix C1 to the Listing Rules.

## CORPORATE CULTURE




- The principal objective of the Company is to deliver enhanced long-term total return for all stakeholders. To this end, the Group targets recurring and sustainable earnings, cash flow and dividend growth while safeguarding its financial strength and stability.

- The Board defines the Group's corporate purpose, core values and business strategy, and ensures these are aligned with its corporate culture. It oversees the implementation and effectiveness of the culture across the Group. All Directors act with integrity, lead by example, and nurture a culture of lawful, ethical and responsible conduct at all levels.

- The Group embeds and reinforces these values through active collaboration, workforce engagement, staff retention and training, rigorous financial reporting, an effective whistleblowing framework, legal compliance, and staff health, safety and wellbeing, underpinned by internal policies and cross-business communication channels.

## COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiries have been made to all Directors, who have confirmed that, during the Year, they were in compliance with provisions of the Model Code.

Senior management who, because of their positions in the Company, are likely to be in possession of unpublished price sensitive/inside information, have been requested to comply with the provisions of the Model Code.

## BOARD

As the date of this Annual Report, the Board comprised nine Directors, including five executive Directors and four INEDs.

| Name of Directors | Date of First Appointment dd/mm/yyyy | Length of Continuous Tenure | Current Period of Appointment dd/mm/yyyy | Date of Last Re-election dd/mm/yyyy |
|---|---|---|---|---|
| **Executive Directors** | | | | |
| Ms. Cheung Yan | 27/09/2005 | 21 years and 1 month | 3-year term expiring on 02/03/2027 | 11/12/2023 |
| Mr. Liu Ming Chung | 27/09/2005 | 21 years and 1 month | 3-year term expiring on 02/03/2027 | 03/12/2024 |
| Mr. Zhang Cheng Fei | 06/02/2006 | 20 years and 8 months | 3-year term expiring on 02/03/2027 | 11/12/2025 |
| Mr. Ken Liu | 15/06/2018 | 8 years and 4 months | 3-year term expiring on 02/03/2027 | 03/12/2024 |
| Mr. Zhang Lianpeng | 01/08/2017 | 9 years and 2 months | 3-year term expiring on 02/03/2027 | 11/12/2025 |
| **Independent Non-Executive Directors** | | | | |
| Ms. Chan Man Ki, Maggie | 06/02/2023 | 3 years and 8 months | 1-year term expiring on 05/02/2027 | 11/12/2025 |
| Dr. Li Huiqun | 06/02/2023 | 3 years and 8 months | 1-year term expiring on 05/02/2027 | 11/12/2023 |
| Dr. Cao Zhenlei | 02/10/2024 | 2 years | 1-year term expiring on 02/03/2027 | 03/12/2024 |
| Mr. Sun Po Yuen | 16/10/2025 | 1 year | 1-year term expiring on 15/10/2027 | 11/12/2025 |

Ms. Cheung Yan is the spouse of Mr. Liu Ming Chung, sister of Mr. Zhang Cheng Fei and the aunt of Mr. Zhang Lianpeng. Mr. Ken Liu is the son of Ms. Cheung Yan and Mr. Liu Ming Chung, nephew of Mr. Zhang Cheng Fei and cousin of Mr. Zhang Lianpeng. Mr. Zhang Lianpeng is the son of Mr. Zhang Cheng Fei, nephew of Ms. Cheung Yan and Mr. Liu Ming Chung and cousin of Mr. Ken Liu. Save as disclosed above, the Board members have no financial, business, family or other material/relevant relationship with each other.

During FY2026, the Company has experienced the following changes in the composition of the Board:

(1) Mr. Lau Chun Shun resigned as an executive director with effect from 22 August 2025.

(2) Ms. Zhang Lianru resigned as an executive director with effect from 30 September 2025.

(3) Mr. Lam Yiu Kin retired as an INED, the chairman of the audit committee and a member of each of the corporate governance committee, nomination committee and remuneration committee of the Board at the 2025 AGM.

(4) Mr. Sun Po Yuen was appointed as an INED with effect from 16 October 2025. He was appointed as the chairman of audit committee and a member of each of the nomination committee, remuneration committee and corporate governance committee of the Board with effect from 11 December 2025.

The Board is responsible for giving guidance to and exercising effective checks on the management. In general, the duties of the Board are:

- formulating the long-term strategies of the Group and supervising their implementation;
- reviewing and approving, if thought fit, the business plans and financial budgets of the Group;
- approving, if thought fit, the annual and interim results of the Group;
- reviewing and supervising the risk management and internal control of the Group;
- ensuring a high standard of corporate governance and compliance; and
- overseeing the performance of the management.

Matters not specifically reserved to the Board and necessary for the daily operations of the Company are delegated to the management under the supervision of the respective Directors and the leadership of the Chief Executive Officer. A Director who considers a need for independent professional advice in order to perform his/her duties as a Director may convene, or request the Company Secretary to convene a meeting of the Board to approve the seeking of independent legal or other professional advice.

All Directors are appointed for a specific term. In accordance with the Company's Bye-laws, at each annual general meeting, all Directors will be subject to retirement by rotation at least once every three years. Retiring Directors are eligible for re-election at the annual general meeting at which he retires. Any Director appointed to fill a casual vacancy shall hold office until the first annual general meeting of the Company after his appointment and be subject to re-election at such meeting. The election of each Director is done through a separate resolution.

The attendance record of each Director at Board Meetings, Board Committee meetings and general meeting for the Year is set out below:

| | Board | Private | Remuneration Committee | Audit Committee | Nomination Committee | Corporate Governance Committee | AGM |
|---|---|---|---|---|---|---|---|
| Number of Meetings | 7 | 1 | 2 | 6 | 1 | 1 | 1 |
| **Executive Directors** | | | | | | | |
| Ms. Cheung Yan (Chairlady) | 7/7 | 1/1 | | | 1/1 | 1/1 | 1/1 |
| Mr. Liu Ming Chung (Deputy Chairman and Chief Executive Officer) | 7/7 | | 2/2 | | | | 1/1 |
| Mr. Zhang Cheng Fei (Deputy Chairman and Deputy Chief Executive Officer) | 7/7 | | 2/2 | | 1/1 | 1/1 | 1/1 |
| Mr. Ken Liu (Deputy Chairman and Vice President) | 5/7 | | | | | | 1/1 |
| Mr. Zhang Lianpeng (Vice President) | 7/7 | | | | | | 1/1 |
| Mr. Lau Chun Shun (Vice President) (Note 2) | 1/1 | | | | | | |
| Ms. Zhang Lianru (Deputy Chief Financial Officer) (Note 3) | 2/2 | | | | | | |
| **Independent Non-Executive Directors** | | | | | | | |
| Ms. Chan Man Ki, Maggie | 7/7 | 1/1 | 2/2 | 6/6 | 1/1 | 1/1 | 1/1 |
| Dr. Li Huiqun | 7/7 | 1/1 | 2/2 | 6/6 | 1/1 | 1/1 | 1/1 |
| Dr. Cao Zhenlei | 6/7 | 1/1 | | 4/6 | | | 1/1 |
| Mr. Sun Po Yuen (Note 4) | 5/5 | | 1/1 | 4/4 | | | 1/1 |
| Mr. Lam Yiu Kin (Note 5) | 2/2 | 1/1 | 1/1 | 2/2 | 1/1 | 1/1 | 0/1 |

Notes:

(1) The Company's external auditor also attended the 2025 AGM.

(2) Mr. Lau Chun Shun resigned as an executive director effective 22 August 2025.

(3) Ms. Zhang Lianru resigned as an executive director effective 30 September 2025.

(4) Mr. Sun Po Yuen was appointed as an INED effective 16 October 2025.

(5) Mr. Lam Yiu Kin retired as an INED at the 2025 AGM.

## CHAIRLADY AND CHIEF EXECUTIVE OFFICER

To avoid concentration of power and control, the position of the Chairlady and the Deputy Chairman cum Chief Executive Officer are segregated and each plays a distinctive role but complementing each other. Ms. Cheung Yan is the Chairlady of the Board and Mr. Liu Ming Chung is the Deputy Chairman cum Chief Executive Officer. The Chairlady is responsible for supervising the functions and performance of the Board, while the Deputy Chairman cum Chief Executive Officer is responsible for the management of the businesses of the Group. Ms. Cheung Yan is the wife of Mr. Liu Ming Chung.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

As at the date of this Annual Report, the composition of the Board, with 4 INEDs out of the 9-member Board, satisfies the requirements of the Listing Rules which provide that every board of Directors of a listed issuer must include at least 3 INEDs and the number of INEDs must represent at least one-third of the Board.

The Company has received, from each of the INEDs, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules, and considers that all INEDs to be independent in accordance with each and every guideline set out in Rule 3.13 of the Listing Rules.

## CONTRIBUTIONS OF INEDS

The Company strives to build an effective Board, whose capability is appropriate for the scale, complexity and strategic positioning of our business. With this in mind, the INEDs are highly regarded incumbents with the following expertise and experience present in one or more of them:

- Significant board, financial and general management experience across a range of sectors and knowledge of corporate governance issues;
- In-depth and up-to-date knowledge of the global markets and economic, political and regulatory development;
- Considerable experience and qualification in financial administration, banking, legal and/or compliance;
- Broad experience in government organisations, public bodies and/or regulatory authorities;
- Leadership role in large-scale companies or organizations;
- Deep knowledge of commercial expertise;
- Alert of corporate social responsibility issues.

All of them have a wealth of experience in diverse fields and possess the requisite upright character, integrity and business insight for the proper discharge of their duties as independent directors. In pursuit of the Group's objectives and business endeavors, by offering independent and constructive advice, they provide valuable contributions and insights to the Board and instill integrity into every aspect of our business which is also aligned to our values. Their considerable pool of knowledge, experience, skills and expertise are crucial to the Board's deliberations. They have given the Board and the committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through active participation.

In addition, the INEDs act as custodian of the policies and practices that define and safeguard the reputation of the Company and are well placed to carry out their role. They have devoted time to satisfying themselves that our corporate governance practices and compliance policies accord with latest requirements. Their drive, enthusiasm and commitment, along with their proven ability to build and lead a strong Board, brings significant value to all stakeholders of the Group.

## BOARD INDEPENDENCE

The Company recognises that Board independence is crucial to good corporate governance. The Company has established effective mechanisms to support Board independence and ensure that the Board receives independent advice and recommendations. The current composition of the Board (including more than one-third of the INEDs) and the members of the Audit Committee are all INEDs, exceeding the independence requirements of the Listing Rules.

The Remuneration Committee, Audit Committee, and Corporate Governance Committee are all chaired by Independent Non-executive Directors. The remuneration of INEDs is reviewed regularly to maintain competitiveness and to be commensurate with their duties and workload. The independence of each INED is assessed annually at the time of their appointment. Directors are required to declare any direct or indirect interest (if any) in proposals or transactions considered at Board meetings and to abstain from voting as appropriate. All Directors (including INEDs) have access to independent professional advice when they deem it necessary. INEDs have consistently demonstrated a strong commitment and the ability to dedicate sufficient time to fulfilling their duties as Directors. The Company has also established formal and informal channels through which INEDs can express their opinions in a public and confidential manner when necessary.

## EVALUATION OF BOARD'S PERFORMANCE

Pursuant to Code Provision B.1.4 of the CG Code, the Company should conduct, at least once every two years, a formal evaluation of the performance of the Board. The Company did not conduct a board performance evaluation during FY2026. In order to ensure the quality of the performance of the Board and full compliance with the relevant requirements, the Company has scheduled to conduct a formal board performance review in FY2027.

## DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for making sure that the financial statements for each financial year are prepared to reflect the true and fair view of the state of affairs, profitability and cash flows of the Group. In preparing the financial statements of the Group for FY2026, the Directors have adopted appropriate and consistent accounting policies and made prudent and reasonable judgements and estimations. The Directors are responsible for maintaining proper accounting records which reflect with reasonable accuracy the state of affairs, operating results, cash flows and equity movements of the Group at any time.

The Directors recognize the responsibility for preparing the consolidated financial statements of the Group. The Directors consider that the Group has adequate resources to continue in business for the foreseeable future and are not aware of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

The statement of reporting responsibilities of the Company's external auditor in connection with the financial statements of the Company is set out in the Independent Auditor's Report on pages 139 to 145.

## EXECUTIVE COMMITTEE

The Board has established the Executive Committee, which is responsible for the management and administration of the business of the Company and any matters which are within the ordinary course of the Company's business under the control and supervision of the Board and in accordance with the provisions of the Bye-laws.

The members of the Executive Committee shall be executive Directors, but the Executive Committee shall not at any time consist of more than four members. No change shall be made to the composition of the Executive Committee except with the approval of all the Directors in writing. The Chairlady of the Board shall be the Chairlady of the Executive Committee.

Currently, the members of the Executive Committee include Ms. Cheung Yan (Chairlady), Mr. Liu Ming Chung, Mr. Zhang Cheng Fei and Mr. Ken Liu.

## REMUNERATION COMMITTEE

The Board has set up a Remuneration Committee with a majority of the members being INEDs. Currently, it comprises three INEDs and two executive Directors, namely, Ms. Chan Man Ki, Maggie (Chairlady), Mr. Sun Po Yuen, Dr. Li Huiqun, Mr. Liu Ming Chung and Mr. Zhang Cheng Fei.

A separate report prepared by the Remuneration Committee which summarized its work performed during FY2026, and also set out details of the share options to the Directors and the employees on pages 114 to 116 of this Annual Report. No Director or any of his/her associates is involved in deciding his/her own remuneration.

## AUDIT COMMITTEE

Currently, the Audit Committee of the Company consists of four INEDs, namely, Mr. Sun Po Yuen (Chairman), Ms. Chan Man Ki, Maggie, Dr. Li Huiqun and Dr. Cao Zhenlei. Mr. Sun is a qualified accountant with extensive experience in financial reporting and controls. Ms. Chan is a solicitor and practicing in Hong Kong. Dr. Li possesses extensive banking, finance and management experience. Dr. Cao is a senior research scientist with extensive experience in research and management in the pulp and paper industry in PRC.

A separate report prepared by the Audit Committee which summarized its work performed during FY2026 is set out on pages 117 to 118 of this Annual Report.

## NOMINATION COMMITTEE

The Nomination Committee currently comprises five members, namely, three INEDs and two Executive Directors, as follows: Ms. Cheung Yan (Chairlady), Ms. Chan Man Ki, Maggie, Dr. Li Huiqun, Mr. Sun Po Yuen and Mr. Zhang Cheng Fei.

The Nomination Committee was established by the Board with written terms of reference in compliance with the CG Code. The full terms of reference are available on ND Paper's website and the website of the Stock Exchange.

During FY2026, the Nomination Committee reported directly to the Board. The work performed by the Nomination Committee was:

- reviewed the policy for the nomination of Directors;
- reviewed the structure, size and composition (including the skills, knowledge, experience and diversity profile) of the Board annually, assisted the Board in maintaining a board skills matrix, and made recommendations on any proposed changes to the Board to implement the Company's corporate strategy;
- identified individuals suitably qualified to become Board members and selected or made recommendations to the Board on the selection of individuals nominated for directorships;
- assessed the independence of Independent Non-executive Directors;
- reviewed the Board diversity policy and made recommendations on any required changes to the Board.

The Nomination Committee meets at least annually and at such other times as it shall require. During FY2026, one Nomination Committee meeting was held with 100% attendance by the committee members.

The Company Secretary acts as the secretary to the Committee. The Committee is provided with sufficient resources enabling it to perform its duties, and it can seek independent professional advice at ND Paper's expense if necessary. The Company Secretary prepared full minutes of the Nomination Committee meetings, and the draft minutes were sent to all Committee members.

The Board's diversity is demonstrated through the mix of executive and independent non-executive directors together with diversified professional and industry backgrounds. Paper-industry specialists provide operational and production insights for our recycled-paper business. Sustainability expertise guides the Group's eco-friendly manufacturing, circular-economy and environmental-related strategies. Legal professionals underpin corporate governance, regulatory compliance and risk oversight. Accounting and finance capabilities strengthen financial statement review, capital allocation, cost optimisation and long-term stakeholder value creation. The combined skills, experience and diverse perspectives of directors reinforce the corporate culture of integrity, lawful conduct and responsible environmental stewardship, aligning fully with the Group's purpose, values and long-term strategy.

During FY2026, the Nomination Committee conducted a formal review of the Board skills matrix and assessed skills gaps against the Group's business strategy and future development. The Board considers that the existing suite of competencies including paper manufacturing, sustainability, legal, accounting and finance is well-aligned with the Group's current operational and strategic requirements. Please refer to "Board Skills Matrix" below for more details.

At the annual meeting of the Nomination Committee, the Nomination Committee, alongside its review of the structure, size, composition (including skills, knowledge, experience and diversity profile) of the Board, reviewed and assessed the time commitment and contribution to the Board by each Director. The assessment considered each Director's ability to discharge their responsibilities, referencing factors such as participation in Board and Board Committee meetings, existing listed company directorships, other significant external time commitments, continuous professional training undertaken and the familiarity with the Company and its business. The Nomination Committee recognised the invaluable advice provided by Board members, drawing from their decades of experiences and deep understanding of commercial trends. The Nomination Committee is satisfied that each Director can discharge their responsibilities effectively.

The Nomination Committee will continue to conduct annual review of the Board's skill profile, taking account of business transformation, evolving regulatory requirements and market dynamics, and will identify and appoint suitable candidates should additional skill sets become necessary in future.

## Board Skill Matrix

As at the date of the Annual Report, the Board comprises nine Directors. The following table provides an overview of the skills and experience of the Board:

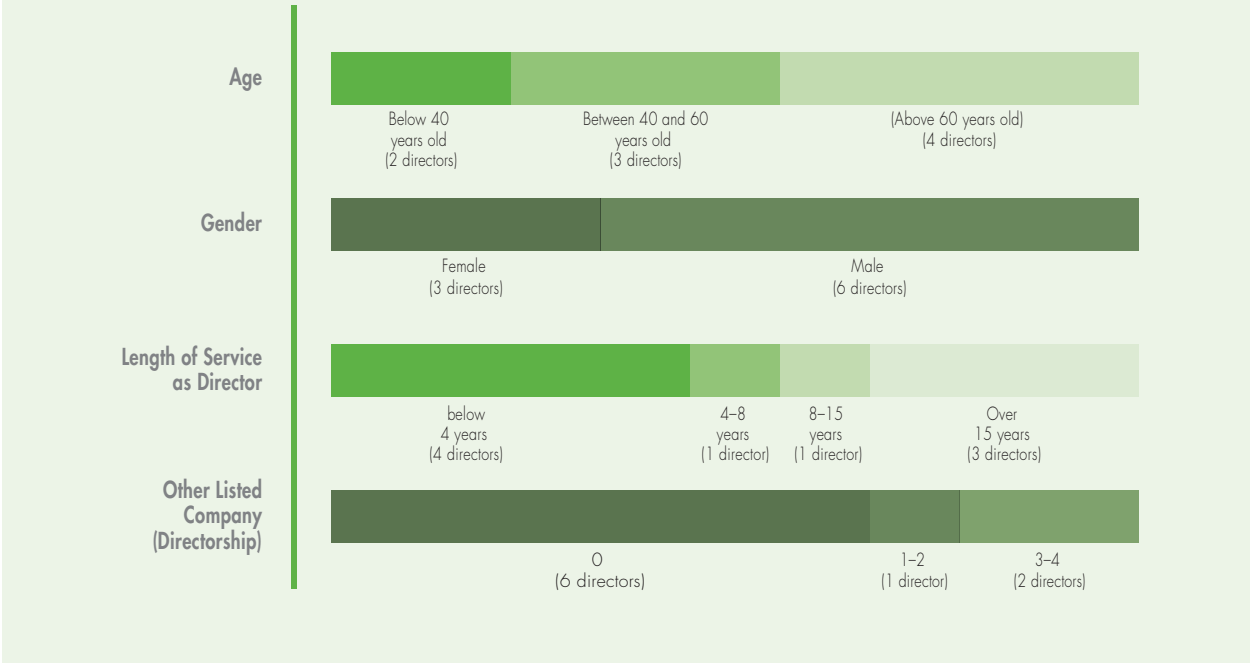
| | Executive leadership & strategy/ directorship or senior executive experience with other listed company(ies) | Industry knowledge and experience | Accounting professionals/ financial management expertise | Legal professionals/ regulatory & compliance/risk management | Chinese mainland exposure | Global market experience |
|---|---|---|---|---|---|---|
| **EDs** | | | | | | |
| Ms. Cheung Yan | • | • | | • | • | • |
| Mr. Liu Ming Chung | • | • | | • | • | • |
| Mr. Zhang Cheng Fei | • | • | | • | • | • |
| Mr. Ken Liu | • | • | | • | • | • |
| Mr. Zhang Lianpeng | • | • | | • | • | • |
| **INEDs** | | | | | | |
| Ms. Chan Man Ki Maggie | • | | | • | • | • |
| Dr. Li Huiqun | • | | • | • | • | |
| Dr. Cao Zhenlei | | • | | • | • | • |
| Mr. Sun Po Yuen | • | | • | • | | |
| Coverage (% of the entire Board) | 89% | 67% | 23% | 100% | 89% | 78% |
| No. of Directors (Full Board of 9) | 8 | 6 | 2 | 9 | 8 | 7 |

Note:

| Category | Description |
|---|---|
| Executive leadership & strategy/directorship or senior executive experience with other listed company(ies) | • Experience in senior leadership roles; and ability to define strategic objectives, constructively question business plans, critically assess strategic opportunities, risks and threats, and develop and implement effective strategies in the context of the strategic objectives of the company's relevant policies and priorities<br>• Directorship or senior executive role(s) in other listed companies |
| Industry knowledge and experience | • Provide insights on the paper industry development, market trends and market dynamics to enhance competitiveness and capitalize strategic opportunities |
| Accounting professionals/financial management expertise | • Accounting or financial management qualifications and/or experience, including but not limited to experience with internal controls and/or in preparing or auditing financial statements, or experience in reviewing or analysing financial statements to assess financial viability and performance, or overseeing budgets or funding arrangements |
| Legal professionals/regulatory & compliance/ risk management | • Legal qualifications, or experience in regulatory policies, legal or regulatory compliance matters<br>• Experience in identifying key risks to the organisation, and monitoring effectiveness of risk management frameworks and practices |
| Chinese mainland exposure | • Knowledge of and experience in Chinese Mainland business or operations, and/or exposure to Chinese Mainland markets and business environments |
| Global market experience | • Provide insights on global economic landscape for exploring potential mergers and acquisitions to expand market presence |

Overall, the Board's existing skills, expertise and qualifications are considered adequate and aligned with the Company's long-term objectives, with ongoing development reinforcing the effectiveness and adaptability of the Board in a dynamic business and regulatory environment.

## BOARD COMPOSITION BREAKDOWN

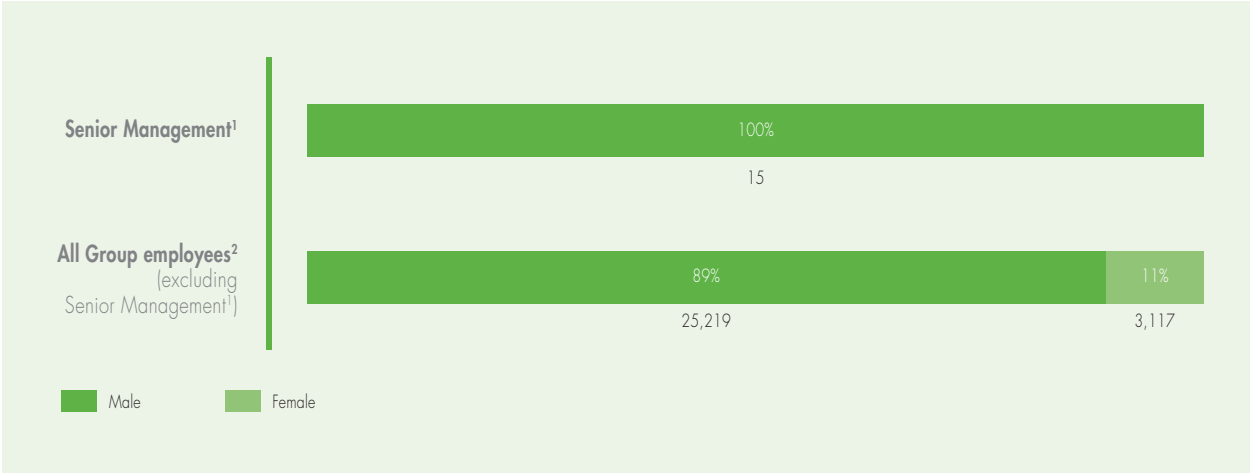



### Gender Diversity

The Company's Board diversity policy was consistently implemented. As at 30 June 2026, the Board comprises nine Directors, three of which are female. Female representation on the Board is approximately 33.33%. The Board has achieved the gender diversity target of at least 25% female Directors, and the Board will continue to maintain gender diversity at Board level. The Board considers that the gender diversity in respect of the Board, taking into account the business model and specific needs of the Group, is satisfactory. The Board targets to maintain at least the current level of female representation, with the goal of achieving gender parity. The Company believes the balance of gender in the Board would bring innovation and different perspectives to the Board; therefore, in considering Board succession, gender diversity is one of the key factors for the Company to select suitable candidates as Directors.

The Group encourages gender diversity in its workplace. To achieve diversity at the staff level, the Group has adopted appropriate recruitment and selection measures to consider a diverse pool of candidates. The Group has also established talent management and training programmes, and provided career development guidance and promotion opportunities, to develop a broad and diverse and experienced workforce.

## GENDER DIVERSITY AT ND WORKFORCE




1 Members of Senior Management as at 30 June 2026

2 Group employees as at 30 June 2026

This low gender ratio primarily reflects the nature of the Company's industrial business operations, which are predominantly industrial in focus and have historically resulted in a comparatively smaller pool of readily available female candidates within the relevant functional roles. The Company remains committed to monitoring gender diversity trends in the talent market and, where appropriate, will continue to strengthen its recruitment outreach and selection processes to enhance future representation across all levels of workforce.

## CORPORATE GOVERNANCE COMMITTEE

Currently, the Corporate Governance Committee comprises three INEDs and two executive Directors, namely Dr. Li Huiqun (Chairlady), Ms. Chan Man Ki, Maggie, Mr. Sun Po Yuen, Ms. Cheung Yan and Mr. Zhang Cheng Fei.

The Corporate Governance Committee was established by the Board with written terms of reference in compliance with the CG Code. The full terms of reference are available on ND Paper's website (http://www.ndpaper.com) and the Stock Exchange's website.

During FY2026, the Corporate Governance Committee reports directly to the Board and the work performed by the Corporate Governance Committee are:

- developed and reviewed the Company's policy and practices on corporate governance and made recommendations to the Board;
- reviewed and monitored the Company's policies and practices in compliance with legal and regulatory requirements;

- developed, reviewed and monitored the code of conduct applicable to employees and Directors;
- reviewed the annual corporate governance report and recommended to the Board for consideration and approval for disclosure;
- reviewed the time required from a Director to perform his responsibilities;
- reviewed the Committee's terms of reference and recommended to the Board on any changes; and
- reviewed and monitored the training and continuous professional development of Directors and senior management.

The Corporate Governance Committee meets at least annually and at such other times as it shall require. The Company Secretary acts as the secretary to the Committee. The Committee is provided with sufficient resources enabling it to perform its duties, and it can seek independent professional advice at ND Paper's expense if necessary.

During the Year, one Corporate Governance Committee meeting was held with full attendance by the committee members. The Company Secretary prepared full minutes of the Corporate Governance Committee meeting, and the draft minute was sent to all committee members.

## RISK CONTROL COMMITTEE

The Risk Control Committee comprises senior and experienced members of management. The primary duties of the Risk Control Committee are strengthening the control environment; assessing relevant risks and carrying out necessary control activities; ensuring seamless information exchange; exercising appropriate supervision to ensure the effectiveness and efficiency of control over activities within and between different departments; identifying risks and analyzing such risks which may impede the achievement of corporate objectives (including such risks associated with constant changes in the regulatory and operating environments); establishing internal control measures for minimizing and eliminating risks; reviewing and reporting to the Board in respect of the effectiveness of internal control.

## INDUCTION AND PROFESSIONAL DEVELOPMENT

Every newly appointed Director receives a comprehensive, formal and tailored induction on the first occasion of his appointment to make sure that he has a proper understanding of the operations and business of the Company and that he is fully aware of his responsibilities in the Company. Mr. Sun Po Yuen, who was appointed to the Board in October 2025, had obtained legal advice from Sidley Austin as required under Rule 3.09D of the Listing Rules on 16 October 2025, and he has confirmed his understanding of the obligations as a director of the Company.

During the Year, the directors were provided with the monthly business updates and other reading materials concerning the latest developments in corporate governance practices and relevant legal and regulatory developments. Further, the Company has forwarded e-training courses launched by the Stock Exchange to the directors to help them to develop and refresh their knowledge and skills so as to ensure that their contribution to the board remains informed and relevant.

## Directors' Training Hours and Topics

| | Attended[1] external training | Attended[2] conference | Self-learning[3] | Total training hours |
|---|---|---|---|---|
| Ms. Cheung Yan | 6<br>ABCDE | 8<br>CDE | 6<br>ABCDE | 20 |
| Mr. Liu Ming Chung | 6<br>ABCDE | 6<br>CDE | 6<br>ABCDE | 18 |
| Mr. Zhang Cheng Fei | 6<br>ABCDE | 6<br>CDE | 6<br>ABCDE | 18 |
| Mr. Ken Liu | 6<br>ABCDE | 5<br>CDE | 6<br>ABCDE | 17 |
| Mr. Zhang Lianpeng | 5<br>ABCDE | 5<br>CDE | 6<br>ABCDE | 16 |
| Ms. Chan Man Ki, Maggie | 10<br>ABCDE | 6<br>ABCD | 6<br>ABCD | 22 |
| Dr. Li Huiqun | 5<br>ABCDE | 10<br>ABCDE | 5<br>ABCDE | 20 |
| Dr. Cao Zhenlei | 8<br>ABCDE | 8<br>ABCDE | 6<br>ABCDE | 22 |
| Mr. Sun Po Yuen (Note 5) | 10<br>ABCDE | 4<br>ABCDE | 6<br>ABCDE | 20 |
| Mr. Lau Chun Shun (Note 6) | 1<br>ABCDE | 1<br>CDE | 1<br>ABCD | 3 |
| Ms. Zhang Lianru (Note 7) | 2<br>ABCDE | 2<br>CDE | 2<br>ABCD | 6 |
| Mr. Lam Yiu Kin (Note 8) | 3<br>ABCDE | 3<br>CDE | 1<br>ABCD | 7 |

Topics

| | | | |
|---|---|---|---|
| A | Board and directors' duties | D | Risk management and internal controls |
| B | Listing Rules and Hong Kong law compliance | E | Industry and business updates |
| C | Corporate governance and ESG | | |

1. Includes attending as participant at expert briefings, workshops and seminars organised by Hong Kong Exchanges and Clearing Limited, The Hong Kong Chartered Governance Institute and Sidley Austin

2. Includes attending as participant at expert briefings, workshops and seminars organised by the industry, business or other external bodies or entities

3. Includes undertaking self-study or research (e.g., reading research reports, periodicals and other self-learning materials)

4. Each of these Directors had participated in continuous professional development as required under Rules 3.09F and 3.09G of the Listing Rules during FY2026.

5. Mr. Sun Po Yuen, appointed as first-time director on 16 October 2025, qualifies for reduced training hours under Rule 3.09H of the Listing Rules by virtue of his prior listed-company directorship experience within the past three years. The Company confirms that he has fulfilled the 12-hour mandatory training obligation within the 18-month period after appointment.

6. Mr. Lau Chun Shun resigned as Director with effect from 22 August 2025. His training information above only covered the period from 1 July 2025 up to 22 August 2025.

7. Ms. Zhang Lianru resigned as Director with effect from 30 September 2025. Her training information above only covered the period from 1 July 2025 up to 30 September 2025.

8. Mr. Lam Yiu Kin retired as Director after the conclusion of the 2025 AGM. His training information above only covered the period from 1 July 2025 up to 11 December 2025.

Directors' training is an ongoing process. All Directors are encouraged to attend relevant training courses at the Company's expenses. They are requested to provide their respective training records to the Company Secretary.

## COMPANY SECRETARY

The Company Secretary supports the Chairlady, Board and Board Committees by ensuring good information flow and that Board policy and procedures are followed. She advises the Board on governance matters and facilitates the induction and professional development of Directors. The Company Secretary is an employee of the Company and is appointed by the Board. Although the Company Secretary reports to the Chairlady and Chief Executive Officer, all Directors may call upon her for advice and assistance at any time in respect to their duties and the effective operation of the Board and Board Committees. The Company Secretary also plays an essential role in the relationship between the Company and its shareholders, including assisting the Board in discharging its obligations to shareholders pursuant to the Listing Rules.

During FY2026, the Company Secretary confirmed that she has complied with all the required qualifications, experience and training requirements of the Listing Rules.

## DIRECTORS' AND OFFICERS' INSURANCE

The Company has arranged appropriate insurance cover in respect of potential legal actions against its Directors and Officers.

## CONSTITUTIONAL DOCUMENTS

There was no change in the Bye-laws during FY2026. If any amendment to the Bye-laws is necessary, according to the relevant law governing the Company, the Company will propose the amendment for shareholders' approval at a general meeting of the Company.

## DIVIDEND POLICY

The Company has adopted a policy with regard to the declaration of dividends on 18 December 2018. Such policy aims to allow shareholders to participate in the Company's profits and for the Company to retain adequate reserves for future growth. The Company intends to return surplus cash to the shareholders through the payment of dividends, which is subject to the Company's capacity to pay from accumulated and future earnings, cash availability and future commitments at the time of declaration of dividend. The Company may also consider declaring special dividends from time-to-time, in addition to the semi-annual dividends. The Company's income and its ability to pay dividends are dependent upon, among other things, the dividends received from the Company's subsidiaries, which, in turn, would depend on such subsidiaries' distributable profits, operating results, financial condition, capital expenditure plans and other factors. The payment of dividend is also subject to any restrictions under the Bermuda law and the Bye-laws.

The Board has complete discretion on whether to pay dividends, subject to the approval of the shareholders of the Company, where applicable. Even if the Board decides to recommend and pay dividends, the form, frequency and amount will depend upon the operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors affecting the Group.

Dividend Policy reflects the Company's view on the financial and cashflow position of the Group prevailing at the time of its adoption. The Board will review the policy from time-to-time and may adopt changes as appropriate at the relevant time.

It is confirmed that all dividend decisions made by the Board were made in accordance with the Dividend Policy of the Company.

## SHAREHOLDERS ENGAGEMENT AND COMMUNICATION WITH SHAREHOLDERS

The Company recognizes the importance of communications with the shareholders of the Company, both individual and institutional as well as potential investors. In February 2012, the Company adopted a Shareholders Communication Policy of the Company which aims to set out the provisions with the objective of ensuring that the shareholders of the Company and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company, in order to enable shareholders of the Company to exercise their rights in an informed manner, and to allow shareholders of the Company and potential investors to engage actively with the Company. A structured tracking system is in place to manage shareholder feedback; all comments and suggestions received through various channels are systematically logged and categorised for review and follow up actions. Where relevant, such feedback is taken into account in the Company's strategy formulation, business operations and risk evaluation processes.

The Board reviewed the policy based on the effectiveness and compliance with prevailing regulatory and other requirements of the Shareholders Communication Policy and considered that the implementation of the policy was effective during the Year.

### Disclosure of information on Company's Website

The Company endeavours to disclose all material information about the Group to all interested parties as widely and as timely as possible. The Company maintains a corporate website at http://www.ndpaper.com where important and updated information about the Group's activities and corporate matters such as annual and interim reports, announcements, business development and operations, corporate governance practices and other information are available for review by shareholders and other stakeholders. When announcements are made through the Stock Exchange, the same information is made available on the ND Paper's website.

### Annual General Meeting

The annual general meeting provides an important opportunity for constructive communication between the Board and the Shareholders. The Chairman and the chairmen of the Board Committees maintained an on-going dialogue with the Shareholders and answered all questions raised by the Shareholders throughout the last annual general meeting held on 11 December 2025.

### Investor Relations

During the Year, the Company strived to improve transparency and communications with shareholders and investors. Meetings and conference calls with investors and analysts were held, in order for the Company to understand their views and to keep them abreast on the latest developments. Inquiries on the Company were also dealt with in an informative and timely manner. At the same time, the Company reached out to the investment community by participating in investment conferences and road shows. In order to maintain high standards of corporate governance, the Company will keep a proactive dialogue with the shareholders and investors. Feedback and suggestions can be addressed to the Company at ir@ndpaper.com.

## Shareholders' enquiries

1. Shareholders should direct their questions about their shareholdings to the Company's Hong Kong branch registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

2. Shareholders and the investment community may at any time make a request for the Company's information to the extent such information is publicly available.

3. Shareholders may make enquiries to the Board in writing to the Company Secretary at the office of the Company at Unit 1, 22/F., One Harbour Square, 181 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong, by email to ir@ndpaper.com or by fax to (852) 3929 3894.

## Procedure for Shareholders

Set out below are procedures by which Shareholders may: (1) convene a special general meeting and (2) put forward proposals at Shareholders' meetings. These procedures are generally governed by the provisions of the Company's Bye-laws and applicable laws, rules and regulations, which prevail over what is stated in this section in case of inconsistencies. Shareholders who have enquiries regarding the below procedures may write to the Company Secretary, whose contact details are set out in paragraph 3 of Shareholders' enquiry above.

### 1. Procedures by which Shareholders may convene a special general meeting

1.1 Shareholders or a group of Shareholders holding not less than one-tenth of the paid-up capital of the Company as at the date of the deposit of the requisition carrying the right of voting at general meetings of the Company may by written requisition deposit at the Company's principal place of business at Unit 1, 22/F., One Harbour Square, 181 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong for the attention of the Board or the Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition.

1.2 The requisition must specify the purposes of the meeting, signed by the requisitionists and may consist of several documents in like form each signed by one or more of those requisitionists.

1.3 The signatures and the requisition will be verified by the Company's share registrars. The Board will proceed to convene a special general meeting for the transaction of any business specified in the requisition within 21 days from the date of deposit of such requisition if it has been validly raised.

1.4 If the Board does not within 21 days from the date of the deposit of a valid requisition, proceed duly to convene such meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date. In addition, such meeting convened by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the Board.

## 2. Procedures for putting forward proposals at a Shareholders' meeting

2.1 The Company holds an annual general meeting ("AGM") every year, and may hold a general meeting known as a special general meeting whenever necessary.

2.2 Shareholder(s) of the Company holding (i) not less than one-twentieth of the total voting rights of all Shareholders having the right to vote at the general meeting; or (ii) not less than 100 Shareholders, can submit a written request stating the resolution intended to be moved at the AGM; or a statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at a particular general meeting.

2.3 The written request/statements must be signed by the Shareholder(s) concern and deposited at the Company's principal place of business at Unit 1, 22/F., One Harbour Square, 181 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong, for the attention of the Board of Directors or the Company Secretary, not less than six (6) weeks before the AGM in the case of a requisition requiring notice of a resolution and not less than one (1) week before the general meeting in the case of any other requisition.

2.4 If the written request is in order, the Company Secretary will ask the Board of Directors of the Company (i) to include the resolution in the agenda for the AGM; or (ii) to circulate the statement for the general meeting, provided that the Shareholder(s) concerned have deposited a sum of money reasonably determined by the Board of Directors sufficient to meet the Company's expenses in serving the notice of the resolution and/or circulating the statement submitted by the Shareholder(s) concerned in accordance with the statutory requirements to all the registered Shareholders. On the contrary, if the requisition is invalid or the Shareholder(s) concerned have failed to deposit sufficient money to meet the Company's expenses for the said purposes, the Shareholder(s) concerned will be advised of this outcome and accordingly, the proposed resolution will not be included in the agenda for the AGM; or the statement will not be circulated for the general meeting.

# REMUNERATION COMMITTEE

The Remuneration Committee was established in March 2006. The functions of the Remuneration Committee include making recommendations to the Board on the remuneration policy and practices and establishing recruitment policies that enable the Company to recruit, retain and motivate high-calibre staff to reinforce the success of the Company and create value for the Shareholders.

In addition, the Remuneration Committee supervises and enforces the 2016 Share Option Scheme of the Company in an effective manner. Currently, the Remuneration Committee consists of Ms. Chan Man Ki, Maggie (Chairlady), Dr. Li Huiqun, Mr. Sun Po Yuen, Mr. Liu Ming Chung and Mr. Zhang Cheng Fei.

The Remuneration Committee has adopted the model that it will review the proposals made by the management on the remuneration of Executive Directors and senior management, and make recommendations to the Board. The Board will have final authority to approve the recommendations made by the Remuneration Committee.

Major responsibilities and functions of the Remuneration Committee are:

- make recommendations to the Board on the Company's policy and structure of all Directors' and senior management's remuneration; and the establishment of a formal and transparent procedure for developing remuneration policy;
- review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- make recommendations to the Board on the remuneration packages of individual Executive Directors and senior management; and
- make recommendations to the Board on the remuneration of INED.

## SUMMARY OF MAJOR WORK DONE IN FY2026

During FY2026, the Remuneration Committee held two meetings. The following is a summary of the major tasks completed by the Remuneration Committee during the Year:

- reviewed the remuneration level for Directors;
- determined the remuneration packages for Directors appointed in FY2026;
- recommended the Board to approve the fee of the Directors and senior management;
- reviewed and approved the remuneration packages and service contracts of Directors;
- reviewed the movement of the share options under the 2016 Share Option Scheme;
- reviewed the bonus payments to the Directors and the Bonus Distribution policy; and
- reviewed the terms of reference of the Remuneration Committee.

## REMUNERATION POLICY

The Company's remuneration package of the executive directors and senior management include: (i) director's fee or monthly salaries; (ii) discretionary year-end bonuses; (iii) share option scheme and (iv) retirement benefits. The basic salaries and discretionary year-end bonuses provide short term incentives and the share option scheme and retirement benefits provide long term incentive bonuses to the directors and senior management team.

When determining and reviewing the remuneration packages, the Company's management will consider and make reference to the Company's performance and profitability, individual's performance, the remuneration benchmark in the industry and the prevailing market conditions. The Chairlady and the Company's management team will communicate their remuneration proposals of the executive directors and the INEDs with the Remuneration Committee annually. Directors do not participate in decisions on their own remuneration.

The remuneration paid to the directors of the Company, by name, for the year ended 30 June 2026 is set out in note 23 to the financial statements. The remuneration paid to the senior management, by band, for the year ended 30 June 2026 is set out below:

### Remuneration of senior management other than directors paid/payable during the year ended 30 June 2026

| Annual Remuneration Bands | Number of Executives |
|---|---|
| RMB8,064,001 to RMB8,512,000 | 1 |
| RMB9,856,001 to RMB10,304,000 | 1 |
| RMB10,304,001 to RMB10,752,000 | 1 |

Discretionary bonuses included in the above table are related to the term of service of senior management (other than directors), which were determined and paid during the year.

## SHARE OPTION SCHEME

### 2016 Share Option Scheme

The Directors has adopted the 2016 Share Option Scheme on 11 December 2015, which has a term of 10 years. The 2016 Share Option Scheme expired on 3 March 2026.

The principal terms of 2016 Share Option Scheme are as follows:

It is a share incentive scheme established to recognise and acknowledge the contributions or potential contributions of the eligible participants to the Group. Pursuant to 2016 Share Option Scheme, the Board may, at its discretion, offer to grant an option to any director, employee, executive, officer or any supplier, customer, consultant, agent and adviser of the Group.

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the 2016 Share Option Scheme to eligible participants in any 12-month period up to the Grant Date shall not exceed 1% of the Shares in issue as at the Grant Date. Any further grant of options in excess of this 1% limit shall be subject to the approval of Shareholders at a general meeting.

The subscription price of a Share in respect of any particular option granted under the 2016 Share Option Scheme shall not be less than the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the Grant Date; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the Grant Date; and (iii) the nominal value of a Share.

The maximum number of shares in respect of which options may be granted under the 2016 Share Option Scheme and any other share option scheme of the Company shall not exceed such number of shares as required under the Listing Rules, being 10% of the Shares in issue as at the adoption date of the 2016 Share Option Scheme, being 466,622,081 shares.

Under the Listing Rules, a listed issuer may seek approval by its shareholders in general meeting for "refreshing" the 10% limit under the scheme. The limit on the number of shares which may be issued in respect of all options and awards to be granted under all of the schemes of the Company under the scheme mandate as "refreshed" must not exceed 10% of the relevant class of shares in issue (excluding treasury shares) as at the date of approval of the refreshed scheme mandate.

The 2016 Share Option Scheme does not specify any minimum period for which an option must be held, nor any performance target which must be achieved before, an option can be exercised. The Board may determine at its absolute discretion such terms and conditions on the offer of an option.

In accordance with the terms of the 2016 Share Option Scheme, an option may be exercised at any time during the relevant option period, which shall be determined by the Board in its absolute discretion and notified to the relevant grantee, provided that such period of time shall not exceed a period of 10 years commencing the date upon which such option is deemed to be granted to and accepted by such grantee in accordance with the 2016 Share Option Scheme. No option may be offered after 3 March 2026, the 10th anniversary of the approval date.

The vesting period of any share options granted under the 2016 Share Option Scheme must not be more than 10 years commencing on the date of grant.

An option offer will be deemed to have been granted and accepted by the grantee when the duplicate offer document constituting acceptance of the option duly signed by the grantee, and a remittance in favour of the Company of HK$1.00 as consideration for the grant thereof is received by the Company within 30 days of the offer date.

As at 1 July 2025 and 30 June 2026, the number of share options available for grant under the 2016 Share Option Scheme was 466,622,081 shares and 0 share, respectively. No service provider sublimit was set under the 2016 Share Option Scheme.

No share options were granted under 2016 Share Option Scheme since its adoption and during FY2026. The number of shares that may be issued in respect of options granted under the 2016 Share Option Scheme during the Year divided by the weighted average number of shares in issue for the Period was therefore not applicable.

As at 30 June 2026 and up to date of this report, there were no outstanding share options under the 2016 Share Option Scheme, no further grants can be made under this expired scheme, and the total number of shares available for issue under the 2016 Share Option Scheme as at the date of this Annual Report is zero.

## DIRECTORS' SERVICES CONTRACTS

None of the Directors who are proposed for re-election at the 2026 AGM has an unexpired service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

## EMOLUMENT DETAILS

Details of the emoluments of the Directors and the senior management are set out in note 23 to the financial statements.

# AUDIT COMMITTEE

## MEMBERS

As at the date of this Annual Report, all the members of the Audit Committee are INEDs, namely, Mr. Sun Po Yuen (Chairman), Ms. Chan Man Ki, Maggie, Dr. Li Huiqun and Dr. Cao Zhenlei.

## TERMS OF REFERENCE

Based on the terms of reference of the Audit Committee, members of the committee shall, among other things, oversee the Group's relationship with its external auditor, monitor the external auditor's independence and objectively, develop and implement policy on the engagement of an external auditor to supply non audit services, review the preliminary results, interim results and annual financial statements, monitor the compliance with statutory requirements and Listing Rules, review the scope, extent and effectiveness of the Group's internal audit functions, review arrangement for concerns about possible improprieties in financial reporting, internal control or other matters, and, where necessary, commission independent investigations by legal advisers or other professionals.

## SUMMARY OF MAJOR WORK DONE IN FY2026

The Audit Committee holds regular meetings and organizes additional meetings if and when necessary. During FY2026, the Committee held six meetings. The following is a summary of the tasks completed by the Audit Committee during FY2026:

- reviewed the financial statements for FY2026 and for the six months ended 31 December 2025 before submission to the Board focusing particularly on:

  (i) any changes in accounting policies and practices;

  (ii) major judgemental areas;

  (iii) significant adjustments resulting from the audit;

  (iv) the going concern assumption;

  (v) compliance with accounting standards; and

  (vi) compliance with the Listing Rules and other disclosure requirements in relation to financial reporting;

- reviewed the external auditor's audit plan, audit's management letter and audit engagement letter;
- considered and approved FY2026 external audit fees;
- reviewed and monitored the external auditor's independence and the non-audit services, especially tax-related services, provided by the external auditor;
- reviewed the connected transactions and continuing connected transactions of the Group;
- reviewed the purchase terms and the fairness of the Group's basis of selecting its suppliers on chemical products and recovered paper, pulp products and woodchips;
- reviewed the terms of reference of Audit Committee and dividend policy of the Group;

- reviewed the exchange rate risk and hedging policy; and
- reviewed the Company's financial reporting system and internal control system.

## REVIEW OF CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The Audit Committee also reviewed the terms and conditions of connected transactions and continuing connected transactions of the Group which took place during FY2026. Details of the connected transactions and continuing connected transactions are disclosed in the Director's Report contained in this Annual Report.

## FINANCIAL REPORTS

The Audit Committee reviewed and considered the reports and statements of the management to ensure that the consolidated financial statements of the Group have been prepared in accordance with the accounting principles generally accepted in Hong Kong and Appendix D2 to the Listing Rules. The Audit Committee also met with the external auditor of the Group, PricewaterhouseCoopers, to consider the scope and results of their independent audit of the consolidated financial statements.

## REVIEW OF INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

The Audit Committee assisted the Board to perform its duties to maintain an effective internal control system for the Group. The Audit Committee reviewed the Group's procedure and workflow for environmental and risk assessment and its initiatives for business risks management and control.

## REVIEW OF THE GROUP'S ACCOUNTING AND FINANCIAL REPORTING FUNCTION

The Audit Committee reviewed the resources, qualifications and experience of the employees of the Group's accounting and financial reporting function, and their training programmes and budget, and was satisfied with their adequacy and effectiveness.

## RE-APPOINTMENT OF EXTERNAL AUDITOR

There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditor during FY2026. The Audit Committee recommended to the Board that, subject to Shareholders' approval at the 2026 AGM, PricewaterhouseCoopers be re-appointed as the Company's external auditor for FY2027.

For FY2026, the external auditor of the Company received approximately RMB12.9 million for audit services and RMB1.97 million for tax and other services.

# INTERNAL CONTROL AND RISK MANAGEMENT

The Board recognizes and acknowledges that certain aspects of risks are inherent in its businesses and operations and the markets in which the Group operates, and undertakes to determine, evaluate and monitor significant risks ongoingly in pursuit of its corporate initiatives and strategic objectives such that sustainable growth and long term shareholder value are achieved. The Board has established and maintained comprehensive risk management and internal control systems to identify and manage the significant risks of its businesses and operations and the external environment.

## RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Risk Management and Internal Control Framework (the "Framework") is a tool specifically designed by the Group for its risk management and internal control purpose. The Framework comprises an organizational control structure which emphasizes segregation of duties that facilitates the identification, assessment, management and report of significant risks. The Framework encompasses a well-defined internal control structure which focuses on monitoring the efficiency and effectiveness of the Group's operations and activities and compliance with applicable laws and regulations.

The risk management and internal control process is embedded in the Group's daily businesses and operations, which involves understanding the context, identifying potential exposures, assessing the likelihood of consequences, determining the risk level, establishing appropriate mitigating measures followed by appropriate reporting.

The Business Unit leaders organize their risk management and internal controls through constant monitoring and discussion with peers, evaluate the overall operational and business environment for material risks, design appropriate control measures to address the potential exposures, escalate and report the significant risks to the Risk Control Committee, and provide assurance. The Functional Unit heads exercise the risk management and internal controls in their daily businesses, operations and decision making processes, escalate and report material risks to the Business Unit heads. On annual basis, the Business Unit leaders submit material risks assessments to the Risk Control Committee for review and consolidation.

| | |
|---|---|
| Phase 1<br>Establish Risk Context<br>↓ | Risk Control Committee establishes risk assessment criteria and risk context for the Group.<br>↓ |
| Phase 2<br>Risk Identification<br>↓ | Departments identify the risks that potentially impact the key processes of their operations.<br>↓ |
| Phase 3<br>Risk Assessment<br>↓ | Departments assess and score the risks identified along with their impact on the business and the likelihood of their occurrence.<br>↓ |
| Phase 4<br>Risk Response<br>↓ | Departments assess effectiveness of existing controls and provide proposals where required.<br>↓ |
| Phase 5<br>Risk Reporting &<br>Monitoring | Departments regularly reports risk management activities to the management and continuously monitors and optimizes risk management and control measures. |

The Group's Internal Audit Department takes the responsibility to review and assess the risk management and internal control system, summarizes and presents to the Audit Committee a Risk Assessment Report, and confirms the adequacy and effectiveness of the Group's risk management and internal control system.

## RISK CONTROL COMMITTEE

At the top of the risk governance structure is the Board Level Control. The Board oversees the running and ensures adequacy and effectiveness of the Framework. The Executive Committee sets up a Risk Control Committee, which comprises senior and experienced members of management, to implement the Framework. The Risk Control Committee supervises the risk management and internal control process, facilitates its implementation with appropriate guidelines and tools, tracks material risks and mitigating activities, and determines significant control failings or weaknesses that have been identified. The Risk Control Committee entrusts the execution of the risk management and internal control process to the Business and Functional Units. Through discussion with the respective Business and Functional Unit leaders on any critical and significant risks and how the risks have been or will be managed, the Risk Control Committee summarizes and compiles a Risk Assessment Report for discussion with the Board.

The major risk factors assessed by the Group are listed as follows:

| Risk factors | Impacts to the Group | Risk Mitigation Measures |
|---|---|---|
| Overall business environment and ESG | • Global and local economies are under pressure.<br>• The international situation is complex.<br>• Structural changes in products demand.<br>• Continued increase in production capacity. | • Providing new products and services to customers.<br>• Close monitoring on inventory management.<br>• Monitoring the market conditions proactively to facilitate the Group's business strategies, as well as new business developments. |
| Major regulatory changes | • Regulatory or policy changes (e.g. increase price of raw material, price cut, tariff reduction, tightening of environmental protection policy, privacy policy, etc.) may directly impact our strategy and business model as well as increase complexity, and may continue to adversely affect the Group's profitability and financial conditions. | • Developing and maintaining relationships with relevant regulatory stakeholders and policy makers proactively, in an effort to minimise potential adverse effects of policy and regulatory decisions.<br>• Establishing clear, transparent and timely communications with our stakeholders (including customers, government and regulators) about our company and corporate strategy, and seeking to understand their views and maintain good relationships. |

| Risk factors | Impacts to the Group | Risk Mitigation Measures |
|---|---|---|
| Cyber & Technology Risk | • Cyber Risk: The risk of operational disruption, financial loss or reputational damage due to cyber incidents (including cyber attacks) resulting from malicious unauthorised access, use, disclosure, disruption, modification, or destruction of data or systems<br>• Technology Risk: The risk of operational impact, financial loss or reputational damage due to technology failures and/or operational inefficiencies in existing technologies and IT processes as well as the threat of new emerging and potentially disruptive technologies | • Regular cyber and technology risk governance reporting by senior management to the Risk Control Committee<br>• Implementation of Group policies in alignment with industry information security standards<br>• Defence-in-depth cyber controls<br>• Risk advice on strategic projects<br>• Low latency, highly resilient IT service design for relevant critical systems including trading systems<br>• Regular system performance monitoring, capacity planning, maintenance, and drills (including disaster recovery)<br>• Regular risk-based testing and audits of key cyber and technology risk controls |
| Weather conditions | • Extreme weathers conditions such as typhoons, flooding, earthquakes.<br>• Business may be adversely disrupted, properties of the Group may be lost or damaged and the well-being of employees may be enlarged. | • Improve building structures and facilities, set up emergency plans.<br>• Set up new bases in areas less vulnerable and frequent to extreme weather conditions. |
| Price fluctuations in raw materials and fuels | • Increase of raw materials and fuels price and/or decrease of supplies by the supplier due to regulatory changes, worldwide transportation issues, extreme weather etc. | • Close monitoring on inventory levels.<br>• Explore new chains of suppliers in PRC and the world.<br>• Set up new pulp lines in bases to supply raw materials to the Group. |
| Exchange rate risk | • The Group is exposed to exchange rate risk due to its investments in overseas bases and payments to its overseas suppliers. | • The Group may adjust the mix of currencies of its borrowings in response to change in market conditions.<br>• Constantly monitoring and optimizing the composition of short term borrowings and long term borrowings. |
| Interest rate risk | • The Group is exposed to interest rate risk through the impact of rate changes on interest from long term borrowings. The Group may be affected by changes in the prevailing interest rates of the global credit market. Any increase in interest rate in connection with the currencies the Group borrows will increase the Group's finance costs and may adversely affect the Group's financial condition and results of operations. | • Performing regular review to achieve a balance between minimising the Group's overall cost of fund and managing large interest rate movements, as well as having regard to the floating/fixed rate mix appropriate to its current business portfolio. |

There were not any significant changes during the Year in (i) the Company's assessment of risks (including ESG risks) and (ii) the risk management and internal control systems.

## ASSESSMENT

The Board has reviewed the report of the Risk Control Committee. In addition, proper whistleblowing arrangement was in place in the Group and across the different business units so that employees can report their concerns, or any misconduct, improper or fraudulent acts committed by other personnel in the Group. All reported whistleblowing concerns were handled and investigated confidentially and independently and followed up by appropriate remedial actions.

During the Year, the Audit Committee reviewed the internal control and risk management framework and received report from the Internal Audit Department and the external auditors. The review covered the scope and quality of management's ongoing monitoring of risks (including ESG risks) and of the internal control systems, the extent and frequency of communication of monitoring results to the board for the purposes of assessing the adequacy and the effectiveness of the Company's risk management and internal control systems, the effectiveness of the Company's processes for financial reporting and Exchange Listing Rule compliance and the adequacy of resources (internal and external) for designing, implementing and monitoring the risk management and internal control systems.

The Board has considered and endorsed the assessment of the effectiveness of risk management and controls systems in the Group, namely that throughout FY2026 there were no areas of concern identified which might materially affect the operational, financial reporting and compliance controls of the Group, and that the existing risk management and internal control systems remained effective and adequate. The resources, qualifications, experience, training programmes and budget of the employees of the Group's accounting and financial reporting and internal audit functions were adequate. The Group has complied with the risk management and internal control code provisions in FY2026.

## PROCEDURES AND INTERNAL CONTROLS FOR THE HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Company complies with the requirements of Part XIVA of the SFO and the Listing Rules. The Company discloses inside information to the public as soon as reasonably practicable after any inside information has come to its knowledge unless the information falls within any of the "Safe Harbours" as provided for in the SFO. Before the information is fully disclosed to the public, the Company ensures the information is kept strictly confidential. If the Company believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Company would immediately disclose the information to the public. The Company is committed to ensure that information contained in announcements are not false or misleading as to a material fact, or false or misleading through the omission of a material fact, to provide for equal, timely and effective access by the public to the inside information disclosed.

For the purpose of handling and disseminating inside information in accordance with the SFO and the Listing Rules, the Company has taken various procedures and measures, including arousing the awareness to preserve confidentiality of inside information with the Company, sending blackout period and securities dealing restrictions notification to the relevant directors and employees regularly, and disseminating information to specified persons on a need-to-know basis.

# DIRECTORS AND SENIOR MANAGEMENT

## PROFILE OF EXECUTIVE DIRECTORS

**Ms. Cheung Yan**, *JP*, 69, has been the chairlady of the Company since 2006. She is a director of several subsidiaries of the Company. She is one of the founders of the Group and is in charge of the Company's overall corporate development and the Group's strategic planning. Ms. Cheung has over 30 years of experience in paper manufacturing and over 40 years of experience in recovered paper recycling and international trade. Ms. Cheung was a member of the National Committee of the Chinese People's Political Consultative Conference. She is currently executive committee member of All-China Federation of Returned Overseas Chinese, honorary president of China Federation of Overseas Chinese Entrepreneurs, vice president of China Paper Association, president of China Paper Industry Chamber of Commerce, honorary life president of the Guangdong Overseas Chinese Enterprises Associations, honorary president of Guangdong Federation of Industry and Commerce, honorary president of World Dongguan Entrepreneurs, chairlady of Hong Kong Federation of Overseas Chinese Associations and chairlady of the Supervisory Board of New Home Association. Ms. Cheung is an honorary citizen of the City of Dongguan, Guangdong Province, China. In 2007, Ms. Cheung was awarded the "Entrepreneur of the Year in China 2007" by Ernst & Young and in 2008, she was accredited as a "Leader Figure" ("領袖人物獎") in "China Cailun Award" ("中華蔡倫獎") by China Paper Industry Chamber of Commerce and was awarded "China Charity Award 2008" ("2008年中華慈善獎") by the Ministry of Civil Affairs of the PRC. In May 2009, Ms. Cheung was awarded "Outstanding Entrepreneur in Pulp and Paper Manufacturing Industry in China" ("全國製漿造紙行業優秀企業家") by China Paper Association. She was awarded "Chinese Chamber of Commerce Contributions Award" ("華商貢獻獎") in the city of Chongqing in January 2010, and the title of "Outstanding Person on Energy Saving and Emission Reduction in China 2009" ("2009中國節能減排功勳人物") by All-China Environment Federation in May 2010, "Outstanding Contribution Award on Poverty Alleviation and Benefiting the Community by a Businessman in the Private Sector in Guangdong Province" ("廣東省非公有制經濟人士扶貧濟困回報社會突出貢獻獎") in July 2010. Ms. Cheung was also awarded "Outstanding Entrepreneur in China" ("全國優秀企業家") by China Enterprise Association in May 2014, "Asian CEO of the Year" ("亞洲最佳CEO獎") by RISI and "Outstanding Contribution Award in Paper Industry in China" ("全國造紙行業傑出貢獻獎") by China Paper Association in June 2014. Ms. Cheung was appointed by the Government of the HKSAR as a Justice of the Peace (JP) in July 2016. She was given the "National Poverty Alleviation Award" ("全國脱貧攻堅獎－奉獻獎") by the State Council of the PRC in 2018. Ms. Cheung was awarded the title of "Senior Economist (Entrepreneur in Technology Field)" ("正高級經濟師(科技型企業家)") by the Guangdong Province Government in January 2020. She was given the dual awards of "Outstanding Contribution to Poverty Alleviation and Other Areas of Charity" and "Outstanding Contribution to Fighting the Coronavirus Pandemic" in the 11th "China Charity Award" ("中華慈善獎") by the Ministry of Civil Affairs of the PRC in September 2021. In May 2025, she was granted an individual award for her outstanding performance in relation to works for promoting the "High-Quality Development Project for Hundreds of Counties, Thousands of Towns and Tens of Thousands of Villages (百縣千鎮萬村高質量發展工程)" by the Guangdong Provincial Government. In April 2014, March 2017 and May 2026, she has been named the"Asian CEO of the Year" ("亞洲最佳CEO大獎") by Fastmarkets (formerly RISI) three times. Ms. Cheung is the wife of Mr. Liu Ming Chung, the sister of Mr. Zhang Cheng Fei, the mother of Mr. Ken Liu and the aunt of Mr. Zhang Lianpeng.

**Mr. Liu Ming Chung**, 64, has been the Deputy Chairman and Chief Executive Officer of the Company since 2006. He is a director of various subsidiaries of the Company. He is one of the founders of the Group and is responsible for the overall corporate management and planning, the development of new manufacturing technologies, the procurement of production equipment and human resources management of the Group. Mr. Liu has over 35 years of experience in international trade and over 27 years of experience in corporate management. Mr. Liu graduated with a bachelor degree in Dental Surgery from the University of Santo Amaro in 1983. Mr. Liu is an honorary citizen of the City of Dongguan, Guangdong Province, China. In 2000, Mr. Liu was appointed as a member of the Ninth Committee of the Chinese People's Political Consultative Conference of Guangzhou of Guangdong Province and a consultant of the Committee for Affairs of Hong Kong, Macao, Taiwan Compatriots and Overseas Chinese. In 2001, Mr. Liu was awarded a member of All-China Youth Federation. Mr. Liu is the husband of Ms. Cheung Yan, the brother-in-law of Mr. Zhang Cheng Fei, the father of Mr. Ken Liu and the uncle of Mr. Zhang Lianpeng.

**Mr. Zhang Cheng Fei**, 58, has been an Executive Director and Deputy Chief Executive Officer of the Company since 2006 and was re-designated as an Executive Director, Deputy Chairman and Deputy Chief Executive Officer of the Company since June 2018. He is a director of various subsidiaries of the Company. He is one of the founders of the Group and is responsible for the overall management of the operations and business of the Group including marketing, finance, procurement, sales and IT departments. Mr. Zhang has over 32 years of experience in procurement, marketing and distribution and was a member of the Third Committee of the Chinese People's Political Consultative Conference of Chongqing. Mr. Zhang is the father of Mr. Zhang Lianpeng, the younger brother of Ms. Cheung Yan, the brother-in-law of Mr. Liu Ming Chung and the uncle of Mr. Ken Liu.

**Mr. Ken Liu**, 34, has been the Executive Director and Deputy Chairman of the Company since 2018. He was appointed as the Vice President of the Company in 2020. He assists the Chairlady on the overall corporate development and strategic planning of the Group. He is also the Chief Executive Officer (North America) of various subsidiaries of the Company in charge of business in North America. He has over 8 years of experience in corporate development, marketing strategy and general management. Mr. Ken Liu graduated cum laude in Government from Harvard University. He was previously a consultant at PricewaterhouseCoopers in U.S. where he advised technology, telecom, and banking companies for approximately two years. Mr. Ken Liu is the son of Ms. Cheung Yan and Mr. Liu Ming Chung, the nephew of Mr. Zhang Cheng Fei and the cousin of Mr. Zhang Lianpeng.

**Mr. Zhang Lianpeng**, 34, joined the Company as a Non-executive Director in 2017 and was re-designated as an Executive Director of the Company in August 2018. He was appointed as Vice President of the Company in 2020. Mr. Zhang is responsible for the management of the Group's sales department and the packaging business. He has over 9 years of experience in procurement, marketing strategy and corporate management. Mr. Zhang graduated from The New York University with a Bachelor of Arts Degree. He previously worked in the U.S. and has experience in administration, project management, accounting and corporate financing. Mr. Zhang is the son of Mr. Zhang Cheng Fei, the nephew of Ms. Cheung Yan and Mr. Liu Ming Chung and the cousin of Mr. Ken Liu.

## PROFILE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

**Ms. Chan Man Ki Maggie**, *MH, JP*, 57, has been appointed as an INED of the Company since February 2023. Ms. Chan obtained her Bachelor degree in Laws and Postgraduate Certificate in Laws from the University of Hong Kong in 1991 and 1992 respectively. She is the founder and managing partner of CMK lawyers, a law firm in Hong Kong, and has over 30 years of experience in providing legal advice and services as a solicitor in Hong Kong. Ms. Chan is also a lawyer in the Guangdong-Hong Kong-Macao Greater Bay Area and her practice institution is Sino-Win Law Firm in Guangdong. Ms. Chan is a China-Appointed Attesting Officer and the founding president of The Small and Medium Law Firms Association of Hong Kong. Furthermore, Ms. Chan is an Arbitrator and Mediator in the Mainland and Hong Kong. Ms. Chan is also a member of Guangdong-Hong Kong-Macao Greater Bay Area Foreign Law Ascertainment Expert.

Ms. Chan has also undertaken various community positions in Hong Kong including being an Ex-officio Member of Election Committee, Chairman of Appeal Tribunal Panel (Building Ordinance), Member of Consultation Group on LawTech Development and Member of Expert Committee on Professional Services for Going Global of the Department of Justice, Hong Kong. She was awarded the Medal of Honor in 2012 and Justice of the Peace in 2015 by the Government of the Hong Kong Special Administrative Region. Ms. Chan was also conferred with Honorary Fellow by City University of Hong Kong in 2013. Ms. Chan was elected as a Hong Kong Deputy to the National People's Congress of The People's Republic of China (the 13th session and the 14th session) in 2017 and 2022 respectively, an executive member of the All-China Women's Federation Executive Committee in 2018, a president of All-China Women's Federation Hong Kong Delegates Association Ltd. in 2021 and a Legislative Council Member of the Hong Kong Special Administrative Region in 2022 and 2026. Ms. Chan is also an independent non-executive director of Beijing Enterprises Holdings Limited (stock code: 392), Wine's Link International Holdings Limited (stock code: 8509) and China State Construction Development Holdings Limited (stock code: 830).

**Dr. Li Huiqun**, 60, has been appointed as an INED of the Company since February 2023. She obtained a bachelor's degree in economics, a master's degree in economics and a doctorate degree in economics from the School of Economics of Wuhan University, Hubei Province, China in 1988, 1991 and 1994, respectively. Dr. Li obtained the title of senior economist. She has extensive experience in the banking and financial markets sector. From April 1994 to October 2015, she served as head of several divisions and on vice-president level positions in the Shenzhen Central Branch of the People's Bank of China, in charge of the Money and Credit Division, the Financial Research Office, the Bullion Management Division, labour union work and management of human resources. From November 2015 to June 2021, she has been the vice president of Shenzhen Rural Commercial Bank in charge of asset management, financial market and interbank business, international business and management of the Qianhai branch. Dr. Li is also an independent non-executive director of Zensun Enterprises Limited (stock code: 185).

**Dr. Cao Zhenlei**, 67, has been appointed as an INED of the Company since October 2024. Dr. Cao is a senior research scientist with more than 30 years of experience in research and management in the pulp and paper industry in China. Dr. Cao currently serves as the director of China National Household Paper Industry Association. Dr. Cao obtained a bachelor's degree from South China University of Technology with a specialization in the pulp and paper industry in 1981, a master's degree in paper making from the Light Industry Institute of Science and Technology in 1984, a Ph.D. in chemical engineering from the University of Saskatchewan in 1993 and an Executive M.B.A. from Peking University's Guanghua School of Management in 2005. Dr. Cao was an independent non-executive director of Vinda International Holdings Limited from August 2022 to August 2024. He also served as president of China Technical Association of Paper Industry and a director of China National Pulp and Paper Research Institute, vice president of Sinolight Corporation, vice chairman of China Paper Association and vice president of China Paper Industry Chamber of Commerce.

**Mr. Sun Po Yuen**, 65, is a Justice of the Peace of the Hong Kong Special Administrative Region. Mr. Sun graduated from the Hong Kong Polytechnic University (formerly known as The Hong Kong Polytechnic) in 1984 with a Professional Diploma in Accountancy. He is currently a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Upon graduation, Mr. Sun joined PricewaterhouseCoopers and served as a partner at PricewaterhouseCoopers in Hong Kong from 1996 to 2021. During his tenure at PricewaterhouseCoopers, Mr. Sun held various leadership positions in different assurance business units, including institutional group for Hong Kong and Macau, entrepreneurial group for Hong Kong and southern China and capital markets services group for Hong Kong and mainland China. From 2017 to 2021, he concurrently served as lead director of both governance boards of PricewaterhouseCoopers China and PricewaterhouseCoopers Asia Pacific and was a member of the global board of PricewaterhouseCoopers. Mr. Sun retired in July 2021. In terms of public service, he served as a director of the Hong Kong Science and Technology Parks Corporation, the Hong Kong Applied Science and Technology Research Institute Company Limited, and the Estate Agents Authority. Mr. Sun has served as a senior advisor to Chartwell Capital Ltd. since August 2021. In October 2022, he was appointed as a non-executive director of FWD Group Limited and re-designated as independent non-executive director since October 2023 until February 2025 when he retired from the directorship. Mr. Sun has served as an independent non-executive director of Bank of Shanghai (Hong Kong) Limited (for which the holding company is listed on the Shanghai Stock Exchange under stock code: 601229), Jolimark Holdings Limited (Hong Kong stock code: 2028), Sinofert Holdings Limited (Hong Kong stock code: 297) and Nameson Holdings Limited (Hong Kong stock code: 1982) respectively.

Mr. Sun served as a member of the Listing Committee of the Stock Exchange from 2009 to 2014 and was appointed as a Justice of the Peace of the Hong Kong Special Administrative Region in 2012. He has been a governance committee member of the Hong Kong Polytechnic University Foundation since 2014. In 2013, he was awarded the Outstanding PolyU Alumni Award by the Hong Kong Polytechnic University, and in 2018, he was conferred a university fellowship by the Hong Kong Polytechnic University.

## PROFILE OF SENIOR MANAGEMENT

**Mr. Geng Guanglin**, 52, has served as the Special Assistant to the Deputy Chairman of Nine Dragons Worldwide (China) Investment Group Co., Ltd. and the General Manager of the production and operation department of the Group since June 2022, responsible for the supervision and management of the pulp and paper production of the Group. Mr. Geng has more than 33 years of production management experience in large paper industry. Before joining the Group, he was the group senior management of Shandong Chenming Paper Holdings Limited and served as the rotating president, executive vice president, general manager of subsidiaries, etc. He graduated from Central Radio and Television University majoring in Business Administration.

**Mr. Zhang Yuanfu**, 63, has been the Group's Chief Financial Officer in charge of financial matters and investor relations since 2008. From 2008 to April 2025, Mr. Zhang also served as an executive director of the Company. Prior to joining the Group, Mr. Zhang served as the chief financial officer, qualified accountant and company secretary of Weichai Power Co., Ltd. for more than 5 years and also worked in a number of Hong Kong listed companies, responsible for accounting and financial management matters. He has more than 40 years of experience in auditing, accounting and corporate finance. Mr. Zhang holds a Bachelor's Degree in Economics. He is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Zhang is an independent non-executive director of Weichai Lovol Intelligent Agricultural Technology Co., Ltd., a company to be listed on the main board of the Stock Exchange.

**Mr. Song Peng**, 41, joined Nine Dragons Paper Industries (Dongguan) Co., Ltd. in 2008. In June 2025, he was appointed as the General Manager of Nine Dragons Paper Industries (Dongguan) Co., Ltd. He has 18 years of experience in papermaking production and technical management, and holds a Bachelor's Degree in Papermaking from Shaanxi University of Science and Technology.

**Mr. Yin Xianwen**, 58, joined the Group in 2002 and has served as the General Manager of Nine Dragons Paper Industries (Taicang) Co., Ltd. since 2025. Mr. Yin has over 34 years of experience in management in paper manufacturing industry. Prior to joining the Group, he worked for Shandong Huazhong Paper Manufacturing Co., Ltd. He graduated from East China Normal University majoring in Electronic Science and Technology and is an engineer in automatic control.

**Mr. Yao Jifei**, 59, joined the Group in 2015. He has served as the General Manager of Nine Dragons Paper Industries (Tianjin) Co., Ltd. since 2025. Mr. Yao has over 31 years of paper manufacturing and management experience. He graduated from Tianjin University of Science and Technology.

**Mr. Li Xin**, 39, joined the Group in 2010 and has served as the General Manager of Nine Dragons Paper Industries (Chongqing) Co., Ltd. since January 2024. Mr. Li is in charge of the overall management and operation of the Chongqing base. He has worked for the Group for over 16 years and accumulated extensive experience in paper industry management and operation. He graduated from Wuhan Engineering College with a professional certificate in Mechanical Design Manufacturing and its Automation and holds a Bachelor's Degree.

**Mr. Zhou Guowei**, 58, has served as the General Manager of Nine Dragons Paper Industries (Hebei) Co., Ltd. in charge of supervision and management since June 2023. He served as the Deputy General Manager of Nine Dragons Paper Industries (Tianjin) Co., Ltd. from 2007 to 2023. He served as the Chief Engineer of Nine Dragons Paper Industries (Dongguan) Co., Ltd. from 2002 to 2007, responsible for the research and development and manufacturing of the kraftlinerboards production lines. Before joining the Group in August 1996, he worked as a DCS (Distributed Control System) engineer of Shandong First Paper Yantai Paper Co., Ltd. for four years. Mr. Zhou has approximately 33 years of experience in pulp and paper manufacturing industry in China. He graduated from the Tianjin Institute of Light Industry with a Bachelor's Degree in pulp and paper manufacturing.

**Mr. Dong Junfeng**, 46, joined the Group in August 2006 and has served as the General Manager of Nine Dragons Paper Industries (Quanzhou) Co., Ltd. since January 2025. Mr. Dong has worked for the Group for over 20 years, responsible for the overall operation and management of the Quanzhou base. Mr. Dong has extensive equipment management experience. Mr. Dong graduated from China University of Geosciences with a Bachelor's Degree in Business Administration through distance learning.

**Mr. Ye Jian**, 51, joined the Group in 2003 and has served as the General Manager of Nine Dragons Pulp and Paper (Leshan) Co., Ltd. in charge of operations and management since July 2014. He has 31 years of experience in production, technology and management in the paper manufacturing industry. Prior to joining the Group, he worked in Ningbo Zhonghua Paper Industry Co., Ltd. He graduated from Quzhou College of Technology, Zhejiang Province.

**Mr. Zhang Xin**, 42, joined the Group in 2009 and has been the General Manager of Nine Dragons Paper Industries (Shenyang) Co., Ltd. since 2025. He has worked for the Group for over 18 years and accumulated extensive experience in papermaking technology and production management. He graduated from Northeast Electric Power University and received his Bachelor's Degree in pulp and paper manufacturing in 2008.

**Mr. Zhang Zhu**, 45, joined the Group in 2002 and has been the General Manager of Nine Dragons Paper Industries (Hubei) Co., Ltd. since June 2022, responsible for the overall operation and management of the Hubei base. He has worked for the Group for over 24 years with extensive experience in the papermaking technology and production management. He graduated from Nanjing Forestry University and received his Bachelor's Degree in pulp and paper manufacturing.

**Mr. Zhang Yian**, 52, joined the Group in June 2001. He has served as the General Manager of Nine Dragons Paper Industries (Beihai) Co., Ltd. since 2025 and has worked for the Group for over 25 years. Prior to joining the Group, Mr. Zhang worked for Hunan Taoyuan Textile Printing and Dyeing Company for over six years and was responsible for equipment management. He graduated from Hunan Province Changde College (currently renamed Hunan University of Arts and Science) and holds a professional certificate in Industrial Economy Management issued by Hunan University.

**Mr. Li Yuming**, 41, joined the Group in 2009 and has served as the General Manager of the Vietnam base of Nine Dragons Group, responsible for the overall operation and management of the Vietnam base since January 2024. He has worked for the Group for over 17 years and accumulated extensive experience in paper industry management and production operations. He graduated from Northeast Electric Power University majoring in pulp and paper manufacturing, electrical engineering and automation and received his Bachelor's Degree in pulp and paper manufacturing.

**Mr. Xin Gang**, 52, joined the Group in 1998 and has served as the General Manager of the Selangor base in Malaysia of Nine Dragons Group, responsible for supervision and management since April 2024. Mr. Xin has over 30 years of experience in production, technology and management in the paper manufacturing industry. He graduated from Shandong Institute of Light Industry with a Bachelor's Degree in pulp and paper manufacturing in 1996.

**Mr. Cai Heqiang**, 52, serves as the Group's General Manager of the Sales Department in charge of sales management and operation of the Group. He joined the Group in 1997 upon graduation from university. He successively served in positions including the Deputy General Manager of the Sales Department, the General Manager of bases, and the Group's General Manager of packaging. He possesses extensive marketing, operation and management experience. He graduated from Guangdong University of Finance & Economics with a Bachelor's Degree in Economics.

# DIRECTORS' REPORT

The Directors are pleased to present the audited consolidated financial statements of ND Holdings for FY2026.

## PRINCIPAL BUSINESSES

The Group is engaged in the production and sale of a broad variety of quality packaging paper products, printing and writing paper (uncoated woodfree paper and office paper), specialty paper and pulp. The packaging paper products mainly cover linerboard (kraft liner board, testliner board, white top linerboard and coated linerboard), bleached folding boxboard, high performance corrugating medium and coated duplex board.

## BUSINESS REVIEW AND PERFORMANCE

A fair review of the business of the Company and a discussion and analysis of the Group's performance during the year, the material factors underlying its results and financial position and material attributable factors of the development and likely future developments of the Group's business, are provided throughout this Annual Report, particularly in the following separate sections:

(a) Review of the Company's business — "Management's Discussion and Analysis";

(b) The Company's risk management framework — "Internal Controls and Risk Management";

(c) The Company's financial risk management — "Note 3 to the Consolidated Financial Statements";

(d) Future development in the Company's business — "Chairlady's Report";

(e) Analysis using financial key performance indicators — "Financial Highlights" and "Management's Discussion and Analysis";

(f) Discussion on the Company's environmental policies and performance — "Environmental, Social and Governance Report";

(g) Discussion on the Company's compliance with the relevant laws and regulations — "Corporate Governance", "Independent Auditor's Report" and "Directors' Report"; and

(h) An account of the Company's key relationships with its employees, customers and suppliers and others — "Environmental, Social and Governance Report" and "Directors' Report".

The above sections form part of the Directors' Report.

## RESULTS AND APPROPRIATIONS

The results of the Group for FY2026 are set out in the accompanying financial statements on page 148.

The Company did not distribute an interim dividend for the six months ended 31 December 2025 (six months ended 31 December 2024: Nil) to shareholders.

The Board has resolved to declare a final dividend of RMB10.0 cents (equivalent to approximately HK11.6 cents) per share for the year ended 30 June 2026 (2025: Nil) to the shareholders subject to the shareholders' approval.

## FINANCIAL SUMMARY

A summary of the consolidated results and of the assets and liabilities of the Group for the last five financial years is set out on pages 20 to 21.

## SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 30 June 2026 are set out in note 9 to the financial statements.

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

Details of the movements in the property, plant and equipment and right-of-use assets of the Group during the Year are set out in notes 6 and 7 to the financial statements.

## BORROWINGS

Details of the borrowings of the Group are set out in note 17 to the financial statements.

## SHARE CAPITAL

Details of the movements in the share capital of the Company during the Year are set out in note 14 to the financial statements.

## RESERVES

Details of the change in reserves of the Group and the Company during the Year are set out in notes 15 and 31 to the financial statements.

## DISTRIBUTABLE RESERVES

As at 30 June 2026, the Company's reserves available for cash distribution and/or distribution in specie, representing the retained earnings, amounted to approximately RMB1,784,387,000. In addition, the Company's share premium account and contributed surplus of approximately RMB1,084,720,000 and RMB2,873,446,000, respectively, as at 30 June 2026 may be distributed to shareholders in certain circumstance prescribed by Section 54 of the Companies Act 1981 of Bermuda.

## MAJOR CUSTOMERS AND SUPPLIERS

During the Year, less than 30% of the Group's turnover and less than 30% of the Group's purchases were attributable to the Group's five largest customers and five largest suppliers respectively.

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of Directors and Senior Management are set out in the Directors and Senior Management as at the date of this Annual Report.

## MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business were entered into or existed during the Year.

## DIRECTORS

The Directors who held office during the Year and up to the date of this Annual Report are:

### Executive Directors

Ms. Cheung Yan
Mr. Liu Ming Chung
Mr. Zhang Cheng Fei
Mr. Ken Liu
Mr. Zhang Lianpeng
Mr. Lau Chun Shun (resigned on 22 August 2025)
Ms. Zhang Lianru (resigned on 30 September 2025)

### INEDs

Ms. Chan Man Ki, Maggie
Dr. Li Huiqun
Dr. Cao Zhenlei
Mr. Sun Po Yuen (appointed on 16 October 2025)
Mr. Lam Yiu Kin (retired on 11 December 2025)

(1) Mr. Lau Chun Shun resigned as an executive Director on 22 August 2025.

(2) Ms. Zhang Lianru resigned as an executive Director and Deputy Chief Financial Officer on 30 September 2025.

(3) Mr. Sun Po Yuen was appointed as an INED with effect from 16 October 2025.

(4) Mr. Lam Yiu Kin retired as an INED at the 2025 AGM.

Pursuant to Bye-law 84 of the Company and the Corporate Governance Code under the Listing Rules, Ms. Cheung Yan, Dr. Li Huiqun and Dr. Cao Zhenlei will retire at the 2026 AGM. Ms. Cheung Yan, Dr. Li Huiqun and Dr. Cao Zhenlei, being eligible, will offer themselves for re-election at the 2026 AGM.

No director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

As at 30 June 2026, the Directors and chief executive of the Company had the following interests and short positions in the Shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

### The Company

#### (A) Interests in the Company

The table below sets out the aggregate long positions in the Shares and underlying shares of the Directors and the chief executive of the Company as at 30 June 2026.

*Shares*

| Name of Directors | Long Position/ Short Position | Personal Interests | Family Interests | Corporate Interests (Note 1) | Total | Approximate percentage of shareholdings |
|---|---|---|---|---|---|---|
| Ms. Cheung Yan | Long Position | 90,097,758 | 31,594,184 | 2,992,120,000 | 3,113,811,942 | 66.36% |
| Mr. Liu Ming Chung | Long Position | 31,594,184 | 90,097,758 | 2,992,120,000 | 3,113,811,942 | 66.36% |
| Mr. Zhang Cheng Fei | Long Position | 34,399,821 | – | – | 34,399,821 | 0.73% |
| Mr. Ken Liu | Long Position | 1,382,000 | – | 2,992,120,000 | 2,993,502,000 | 63.80% |

*Senior Perpetual Capital Securities of the Company ("Securities")*

| Name of Director | Capacity | Currency of Securities | Type of Securities | Principal Amount held | Approximate % held in Securities |
|---|---|---|---|---|---|
| Ms. Cheung Yan | Beneficial Owner | US$ | Securities | USD270,400,000 | 67.60% |
| | Spouse Interest | US$ | Securities | USD27,800,000 | 6.95% |
| Mr. Liu Ming Chung | Beneficial Owner | US$ | Securities | USD27,800,000 | 6.95% |
| | Spouse Interest | US$ | Securities | USD270,400,000 | 67.60% |
| Mr. Zhang Cheng Fei | Beneficial Owner | US$ | Securities | USD27,000,000 | 6.75% |

Note: In June 2024, the Company issued US$400,000,000 14.0% (equivalent to RMB2,845,400,000) Securities listed on the Singapore Exchange Securities Trading Limited. There is no maturity of the securities and the payments of distribution can be deferred at the discretion of the Company, and there is no limit as to the number of times of deferral of distribution. When the Company elects to declare dividends to their respective ordinary shareholders, the Company shall make distribution to the holders of perpetual capital securities at the distribution rate as defined in the subscription agreements.

In August 2026, the Securities have been redeemed, canceled and delisted from the Singapore Exchange Securities Trading Limited.

**(B) Interests in Associated Corporation — Best Result**

| Name of Directors | Long Position/ Short Position | Capacity | No. of issued ordinary shares held in Best Result | Approximate percentage of shareholding |
|---|---|---|---|---|
| Ms. Cheung Yan | Long Position | Settlor of The Cheung Family Trust | 37,073 | 37.073% |
| | Long Position | Interest of spouse | 37,053 | 37.053% |
| Mr. Liu Ming Chung | Long Position | Settlor of The Liu Family Trust | 37,053 | 37.053% |
| | Long Position | Interest of spouse | 37,073 | 37.073% |
| Mr. Zhang Cheng Fei | Long Position | Settlor and beneficiary of The Zhang Family Trust and The Golden Nest Trust | 25,874 | 25.874% |
| Mr. Ken Liu | Long Position | Beneficiary of trusts (Note 4) | 90,000 | 90.000% |
| Mr. Zhang Lianpeng | Long Position | Beneficiary of trusts (Note 5) | 25,874 | 25.874% |

Notes:

(1) Best Result directly held 2,992,120,000 Shares in the Company. The issued share capital of Best Result is held (i) as to approximately 37.073% by YC 2013 Company Limited which was held by Zedra Jersey Trust Corporation Limited as the trustee of The Cheung Family Trust, (ii) as to approximately 37.053% by Goldnew Limited which was held by Zedra Jersey Trust Corporation Limited as the trustee of The Liu Family Trust, (iii) as to approximately 10.000% by Acorn Crest Limited which was held by Zedra Jersey Trust Corporation Limited as the trustee of The Zhang Family Trust, and (iv) as to approximately 15.874% by Winsea Investments Limited which was held by Zedra Jersey Trust Corporation Limited as the trustee of The Golden Nest Trust.

(2) The Zhang Family Trust is an irrevocable trust. The Cheung Family Trust, The Liu Family Trust and The Golden Nest Trust are revocable discretionary trusts.

(3) Ms. Cheung Yan and Mr. Liu Ming Chung are the settlors of The Cheung Family Trust and The Liu Family Trust respectively. Ms. Cheung Yan is the spouse of Mr. Liu Ming Chung. Ms. Cheung Yan and Mr. Liu Ming Chung are each deemed to be interested in the Shares held by Best Result pursuant to Part XV of the SFO.

(4) Mr. Ken Liu is a beneficiary of The Cheung Family Trust, The Liu Family Trust and The Golden Nest Trust. He is therefore deemed to be interested in the Shares held by Best Result pursuant to Part XV of the SFO.

(5) Mr. Zhang Lianpeng is the beneficiary of The Zhang Family Trust and The Golden Nest Trust.

Save as disclosed above, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any associated corporation (within the meaning of Part XV of SFO) as at 30 June 2026, as recorded in the register required to be kept under 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the Year was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debts securities (including debentures) of, the Company or any other body corporate.

## INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

To the knowledge of the Company, as at 30 June 2026, the following persons, other than a Director or chief executive of the Company, had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

| Name of Shareholder | Long Position/ Short Position | Capacity | No. of issued ordinary shares held in Best Result | Approximate percentage of shareholding |
|---|---|---|---|---|
| Best Result (Note) | Long Position | Beneficial Owner | 2,992,120,000 | 63.77% |
| YC 2013 Company Limited | Long Position | Interest of controlled corporation | 2,992,120,000 | 63.77% |
| Goldnew Limited | Long Position | Interest of controlled corporation | 2,992,120,000 | 63.77% |
| Zedra Jersey Trust Corporation Limited | Long Position | Trustee of The Cheung Family Trust and The Liu Family Trust | 2,992,120,000 | 63.77% |

Note: Best Result directly held 2,992,120,000 Shares in the Company. The issued share capital of Best Result is held (i) as to approximately 37.073% by YC 2013 Company Limited which was held by Zedra Jersey Trust Corporation Limited as the trustee of The Cheung Family Trust; (ii) as to approximately 37.053% by Goldnew Limited which was held by Zedra Jersey Trust Corporation Limited as the trustee of The Liu Family Trust, (iii) as to approximately 10.000% by Acorn Crest Limited which was held by Zedra Jersey Trust Corporation Limited as the trustee of The Zhang Family Trust, and (iv) as to approximately 15.874% by Winsea Investments Limited which was held by Zedra Jersey Trust Corporation Limited as the trustee of The Golden Nest Trust.

Save as disclosed above, as at 30 June 2026, as far as the Company is aware of, there was no other person who had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

## DIRECTORS' INTERESTS IN CONTRACTS

Details of the connected transactions and related party transactions are set out in the Continuing Connected Transactions and note 30 the consolidated accounts of this Annual Report.

Save for the above, there was no contract of significance connected to the business of the Group (within the meaning of the Listing Rules), to which the Company, its subsidiaries, or its holding company or any of its fellow subsidiaries was a party and in which any director of the Company had a direct or indirect material interest, subsisting at the end of the Year or at any time during the Year.

## DONATIONS

The Group's charitable and other donations during the Year amounted to approximately RMB34,230,000 (2025: RMB17,101,000).

## CONTINUING DISCLOSURE REQUIREMENT UNDER RULE 13.21 OF THE LISTING RULES

In accordance with the disclosure requirements of Rule 13.21 of the Listing Rules, the following disclosure is included in respect of the Company's loan agreement, which contains covenants requiring performance obligations of the controlling shareholder of the Company as at 30 June 2026.

In December 2023, ND Paper Malaysia (Selangor) Sdn. Bhd. as borrower, the Company as guarantor and certain banks as lenders entered into a Facility Agreement for a facility of RMB2,630 million for a term of 3 years. Under the terms of the facility agreement, if Ms. Cheung Yan and her family members (including but not limited to Mr. Liu Ming Chung, Mr. Zhang Cheng Fei, Mr. Ken Liu, Mr. Lau Chun Shun and Mr. Zhang Lianpeng), in aggregate, ceases to legally and beneficially own (directly or indirectly) and control at least 51% of the issued and fully paid share capital of the Company or ceases to have a management control over the Company, the facility will become immediately due and repayable.

In June 2026, the Company as borrower and certain banks as lenders entered into a facility agreement of RMB2,000 million for a term of three years. Under the terms of the Facility Agreement, if Ms. Cheung Yan and her family members (including but not limited to Mr. Liu Ming Chung, Mr. Zhang Cheng Fei, Mr. Ken Liu and Mr. Zhang Lianpeng), in aggregate, ceases to beneficially own (directly or indirectly) and control at least 51% of the issued and fully paid share capital of the Company or ceases to have a management control over the Company, the Facility will become immediately due and repayable.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including any sale or transfer of treasury shares as defined in the Listing Rules) for FY2026. As at 30 June 2026, the Company did not hold any treasury shares (as defined in the Listing Rules).

## RELATED PARTY TRANSACTIONS

During FY2026, the Group entered into certain transactions with "related parties" as defined under the applicable accounting standards. Related party transactions are disclosed in note 30 to the financial statements.

Some of these transactions also constituted continuing connected transactions under the Listing Rules as summarised below.

## CONTINUING CONNECTED TRANSACTIONS

During FY2026 and in the normal course of business, the Company and its subsidiaries had various commercial transactions with certain connected persons. These transactions are considered to be continuing connected transactions for the Company under the Listing Rules. The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules in respect of the following continuing connected transactions.

## EXEMPT CONTINUING CONNECTED TRANSACTIONS

During the Year, the Group engaged in the following exempt continuing connected transactions with the connected persons, particulars of which were previously disclosed on the announcement dated 25 May 2023 and are required under the Listing Rules to be disclosed in this Annual Report.

### (1) Packaging Paper Supply Agreement

Dongguan Longteng is a company wholly-owned by Mr. Zhang Cheng Ming and his family members. Mr. Zhang Cheng Ming is a brother of Mr. Zhang Cheng Fei and Ms. Cheung Yan, the uncle of Mr. Ken Liu and Mr. Zhang Lianpeng. On 25 May 2023, Dongguan Longteng and the Company entered into a supply agreement (the "Packaging Paper Supply Agreement"), pursuant to which the Company agreed to supply packaging paper to Dongguan Longteng from 1 July 2023 to 30 June 2026.

During FY2026, the actual amount of transactions under the Packaging Paper Supply Agreement was RMB489 million and was within the annual cap of RMB800 million.

### (2) Chemicals Purchase Agreement

Cheng Ming Group (H.K.) Limited ("Cheng Ming Group") is a company wholly-owned by Mr. Zhang Cheng Ming and his family members. On 25 May 2023, Cheng Ming Group and the Company entered into a purchase agreement (the "Chemicals Purchase Agreement"), pursuant to which the Group agreed to purchase chemicals from Cheng Ming Group for the Group's production requirements from 1 July 2023 to 30 June 2026.

During FY2026, the actual amount of transactions under the Chemicals Purchase Agreement was RMB921 million and was within the annual cap of RMB1,000 million.

## NON-EXEMPT CONTINUING CONNECTED TRANSACTION

During the Year, the Group engaged in the following non-exempt continuing connected transactions with the connected persons, particulars of which were previously disclosed on the announcement dated 25 May 2023 and the circular of the Company dated 21 June 2023 and are required under the Listing Rules to be disclosed in this Annual Report of the Company.

### Recovered Paper, Recycled Pulp and Woodchips Agreement

ACN is indirectly wholly owned by Ms. Cheung Yan and Mr. Liu Ming Chung. Tianjin ACN and Hainan ACN both are 70% indirectly owned by Ms. Cheung Yan, Mr. Liu Ming Chung, Mr. Zhang Cheng Fei, Mr. Lau Chun Shun, Mr. Zhang Lianpeng and Ms. Zhang Lianru and indirectly owned as to 30% by the Company.

ACN is a company established in California, the United States, and is the leading exporter of recovered paper, recycled pulp and woodchips in the United States, Europe and Asia. ACN has a strong and long term relationship and connection with recycled pulp and woodchips major exporter worldwide. Tianjin ACN is a company established in the PRC and is principally engaged in the business of sourcing of recovered paper, recycled pulp and woodchips in the PRC. Hainan ACN is a company established in the PRC and is principally engaged in the business of sourcing of recovered paper, recycled pulp and woodchips in the PRC.

On 25 May 2023, the Company, ACN, Tianjin ACN and Hainan ACN entered into a recovered paper, recycled pulp and woodchips agreement (the "Recovered Paper, Recycled Pulp and Woodchips Agreement"), pursuant to which the Company agreed to purchase recovered paper, recycled pulp and woodchips from ACN and/or Tianjin ACN and/or Hainan ACN or their respective subsidiaries from 1 July 2023 to 30 June 2026. The Recovered Paper, Recycled Pulp and Woodchips Agreement was approved by the independent shareholders at the special general meeting held on 21 July 2023.

During FY2026, the actual amount of transactions under Recovered Paper, Recycled Pulp and Woodchips Agreement was RMB4,572 million and was within the annual cap of RMB60,000 million.

Save as disclosed above, there were no other non-exempted connected transaction or non-exempted continuing connected transaction discloseable under the Listing Rules during FY2026 and up to the date of this report.

## ANNUAL REVIEW OF CONTINUING CONNECTED TRANSACTIONS

The continuing connected transactions mentioned above have been reviewed by the Board, including the INEDs. The INEDs have confirmed that the transactions have been entered into:

(a) in the ordinary and usual course of the business of the Group;

(b) either on normal commercial terms or, if there are not sufficient comparable terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties;

(c) in accordance with the relevant agreements governing such transactions; and

(d) on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditor of the Company was engaged to report on the above continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor of the Company has issued an unqualified letter containing the findings and conclusions in respect of the continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the applicable laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

## EQUITY-LINKED AGREEMENTS

No equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the Year or subsisted at the end of the Year.

## PERMITTED INDEMNITY PROVISION

Pursuant to the Bye-laws, every director shall be indemnified and held harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he/she shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of his/her duty, or supposed duty, in his/her respective offices or trusts.

The Company has appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Group.

## PUBLIC FLOAT

Based on the information which is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed amount of public float during the Year and up to the date of this report as required under the Listing Rules.

## SUBSEQUENT EVENTS

Apart from the redemption of perpetual capital securities and the proposed final dividend as disclosed in Note 16 and Note 27 to the consolidated financial statements respectively, no significant events occurred after the end of the reporting period and up to the date of this report.

## AUDITOR

The Group's financial statements for FY2026 have been audited by PricewaterhouseCoopers who retires and, being eligible, offers itself for re-appointment. A resolution to re-appoint PricewaterhouseCoopers and to authorize the Directors to fix its remuneration will be proposed at the 2026 AGM.

On behalf of the Board

**Cheung Yan**
*Chairlady*

Hong Kong, 23 September 2026

# INDEPENDENT AUDITOR'S REPORT

pwc 羅兵咸永道

**Independent Auditor's Report**
**To the Shareholders of Nine Dragons Paper (Holdings) Limited**
*(incorporated in Bermuda with limited liability)*

## OPINION

### What we have audited

The consolidated financial statements of Nine Dragons Paper (Holdings) Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 146 to 220, comprise:

- the consolidated balance sheet as at 30 June 2026;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

### Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2026, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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*T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*

**Independent Auditor's Report** *(continued)*
**To the Shareholders of Nine Dragons Paper (Holdings) Limited**
*(incorporated in Bermuda with limited liability)*

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Revenue recognition on sales of goods
- Impairment assessment of property, plant and equipment with impairment indicators

| Key Audit Matters | How our audit addressed the Key Audit Matters |
|---|---|
| Revenue recognition on sales of goods<br><br>Refer to Note 20 to the consolidated financial statements.<br><br>For the year ended 30 June 2026, the Group recognised revenue from sales of goods of approximately RMB75,000,463,000. Revenue is recognised at the point in time when the control of the goods is transferred to the customer, which generally coincides with delivery and acceptance of the goods sold.<br><br>We focused on this area due to the large volume of sales transactions and the large number of customers involved, which required us to invest significant time and resources during the audit. | We have performed the following audit procedures to address the revenue recognition on sales of goods:<br><br>• understood, evaluated and validated key controls in relation to the Group's revenue recognition on sales of goods, including the information technology general controls and automated application controls of the related systems, and key manual controls covering the end-to-end process from sales contracts and orders to recording of sales transactions and cash collection;<br>• examined the key terms and conditions of sales contracts and orders entered into between the Group and the customers, on a sample basis, and assessed the appropriateness of the Group's revenue recognition policies with reference to the requirements of the applicable accounting standards and our understanding of the Group's business;<br>• tested sales transactions, on a sample basis, by examining relevant supporting documents such as sales contracts and orders, invoices and goods delivery notes acknowledged by the customers;<br>• circulated confirmations, on a sample basis, to selected customers to confirm the balances of trade receivables as at the balance sheet date;<br>• tested the cut-off of sales transactions that took place before and after the balance sheet date, on a sample basis, by examining the goods delivery notes acknowledged by the customers to assess whether revenue was recognised in the appropriate reporting period; and<br>• performed site visits to selected distributor customers to corroborate the genuineness of sales transactions and the commercial substance of the distributors' operations.<br><br>Based on the procedures performed, we found that the Group's revenue recognition on sales of goods was supported by the audit evidence we obtained. |

**Independent Auditor's Report** *(continued)*
**To the Shareholders of Nine Dragons Paper (Holdings) Limited**
*(incorporated in Bermuda with limited liability)*

## KEY AUDIT MATTERS *(continued)*

| Key Audit Matters | How our audit addressed the Key Audit Matters |
|---|---|

Impairment assessment of property, plant and equipment with impairment indicators

Refer to Note 4(a) — critical accounting estimates and judgments and Note 6 — property, plant and equipment to the consolidated financial statements.

As at 30 June 2026, the carrying amount of the Group's property, plant and equipment ("PPE") identified with impairment indicators was approximately RMB1,002,224,000, which accounted for approximately 0.9% of the total carrying amount of the Group's PPE. Management performed impairment assessment on the PPE with impairment indicators at the level of cash generating units ("CGUs") to which the PPE were attributable. Based on the results of management's assessment, approximately RMB276,550,000 of impairment loss was recognised against the carrying amount of the PPE with impairment indicators in the current year.

The Group engaged an external valuer to assist them in carrying out the impairment assessment on the PPE with impairment indicators. Management determined the recoverable amount of the PPE with impairment indicators based on the higher of their fair value less costs of disposal and value-in-use, which was calculated using the discounted cash flows based on five-year financial projections plus a terminal value related to cash flows beyond the projection period extrapolated at an estimated termination growth rate. The impairment assessment involves significant judgments and estimates, which are subject to high degree of estimation uncertainty. The inherent risk in relation to the impairment assessment on the PPE with impairment indicators is considered relatively higher due to the uncertainty of significant assumptions used.

We focused on this area due to the significant estimations and judgments involved in determining the recoverable amount of the PPE with impairment indicators.

We have performed the following audit procedures to address the impairment assessment of PPE:

- understood, evaluated and validated the management's key controls over the impairment assessment of the PPE with impairment indicators, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias;
- evaluated the appropriateness of management's identification of PPE with impairment indicators and the CGUs for the purpose of impairment assessment, by reference to the Group's accounting policies and our understanding of the Group's business;
- assessed the competency, capabilities and objectivity of the external valuer engaged by the Group;
- obtained the valuation report of impairment assessment on the PPE with impairment indicators, and assessed the appropriateness of the valuation method adopted by management with the involvement of our internal valuation experts;
- performed retrospective review by comparing the prior year's cash flow forecasts with the current year's actual results to assess whether there were any indicators of potential management bias in the key assumptions adopted in the prior year's cash flow forecasts;

**Independent Auditor's Report** *(continued)*
**To the Shareholders of Nine Dragons Paper (Holdings) Limited**
*(incorporated in Bermuda with limited liability)*

## KEY AUDIT MATTERS *(continued)*

| Key Audit Matters | How our audit addressed the Key Audit Matters |
|---|---|
| | • challenged and assessed the reasonableness of the key assumptions adopted in the cash flow forecasts, taking into consideration the historical performance, the budgets and plans approved by management, the industry forecasts and market data based on our independent research;<br><br>• evaluated the reasonableness of discount rates applied in the calculation with the involvement of our internal valuation experts through reviewing the relevant parameters and calculations and performing independent cross-checking analysis; and<br><br>• evaluated management' s sensitivity analysis performed over the key assumptions adopted in the impairment assessment to assess the potential implications of changes in assumptions within a reasonable range on the results of the impairment assessment.<br><br>Based on the procedures performed, we found that the significant estimations and judgments involved in the impairment assessment of the PPE with impairment indicators were supported by the audit evidence we obtained. |

**Independent Auditor's Report** *(continued)*
**To the Shareholders of Nine Dragons Paper (Holdings) Limited**
*(incorporated in Bermuda with limited liability)*

## OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

**Independent Auditor's Report** *(continued)*
**To the Shareholders of Nine Dragons Paper (Holdings) Limited**
*(incorporated in Bermuda with limited liability)*

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

**Independent Auditor's Report** *(continued)*
**To the Shareholders of Nine Dragons Paper (Holdings) Limited**
*(incorporated in Bermuda with limited liability)*

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Pong Fei Ho (practising certificate number: P05268).

**PricewaterhouseCoopers**
*Certified Public Accountants*

Hong Kong, 23 September 2026

# CONSOLIDATED BALANCE SHEET

| | Note | As at 30 June 2026 RMB'000 | As at 30 June 2025 RMB'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 6 | **113,578,428** | 107,414,324 |
| Right-of-use assets | 7 | **5,128,330** | 5,258,558 |
| Intangible assets | 8 | **570,025** | 276,340 |
| Investments in associates and a joint venture | 10 | **218,304** | 163,800 |
| Other receivables and prepayments | 12 | **400,708** | 906,664 |
| Deferred income tax assets | 18 | **144,494** | 203,294 |
| **Total non-current assets** | | **120,040,289** | 114,222,980 |
| **Current assets** | | | |
| Inventories | 11 | **10,143,655** | 10,449,991 |
| Trade receivables | 12 | **4,378,164** | 3,226,669 |
| Bills receivables | 12 | **3,152,560** | 2,553,477 |
| Income tax recoverable | | **22,958** | 20,314 |
| Other receivables and prepayments | 12 | **7,643,553** | 7,025,477 |
| Financial assets at fair value through profit or loss | | **40,257** | 54,717 |
| Restricted cash | 13 | **283,353** | 268,231 |
| Short-term bank deposits | 13 | **119,681** | 11,280 |
| Cash and cash equivalents | 13 | **11,647,931** | 11,205,035 |
| **Total current assets** | | **37,432,112** | 34,815,191 |
| **Total assets** | | **157,472,401** | 149,038,171 |
| **EQUITY** | | | |
| **Capital and reserves** | | | |
| Share capital | 14 | **480,531** | 480,531 |
| Share premium | 14 | **1,084,720** | 1,084,720 |
| Other reserves | 15 | **7,348,917** | 7,492,487 |
| Retained earnings | | **41,475,752** | 38,198,904 |
| Equity attributable to equity holders of the Company | | **50,389,920** | 47,256,642 |
| Perpetual capital securities | 16 | **–** | 2,846,329 |
| Non-controlling interests | | **568,867** | 508,633 |
| **Total equity** | | **50,958,787** | 50,611,604 |

| | Note | As at 30 June 2026 RMB'000 | As at 30 June 2025 RMB'000 |
|---|---|---|---|
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Borrowings | 17 | **66,652,437** | 59,552,525 |
| Lease liabilities | | **1,499,896** | 1,651,857 |
| Other payables | 19 | **197,672** | 182,066 |
| Deferred income tax liabilities | 18 | **4,877,921** | 4,571,354 |
| **Total non-current liabilities** | | **73,227,926** | 65,957,802 |
| **Current liabilities** | | | |
| Borrowings | 17 | **14,506,345** | 15,865,914 |
| Trade payables | 19 | **4,484,727** | 3,400,770 |
| Bills payables | 19 | **8,143,000** | 7,181,496 |
| Other payables | 19 | **4,943,144** | 5,152,554 |
| Contract liabilities | 20(b) | **958,319** | 651,749 |
| Lease liabilities | | **111,570** | 105,788 |
| Current income tax liabilities | | **138,583** | 110,494 |
| **Total current liabilities** | | **33,285,688** | 32,468,765 |
| **Total liabilities** | | **106,513,614** | 98,426,567 |
| **Total equity and liabilities** | | **157,472,401** | 149,038,171 |

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 146 to 220 were approved by the Board of Directors of the Company on 23 September 2026 and were signed on its behalf.

**Ms. Cheung Yan**
*Chairlady*

**Mr. Liu Ming Chung**
*Deputy Chairman and Chief Executive Officer*

# CONSOLIDATED INCOME STATEMENT

| | Note | For the year ended 30 June 2026 RMB'000 | 2025 RMB'000 |
|---|---|---|---|
| Revenue | 20 | **75,000,463** | 63,240,539 |
| Cost of goods sold | 22 | **(64,075,695)** | (55,995,396) |
| **Gross profit** | | **10,924,768** | 7,245,143 |
| Other income, other expenses and other gains — net | 21 | **1,306,519** | 1,600,275 |
| Selling and marketing costs | 22 | **(3,252,255)** | (2,634,968) |
| Administrative expenses | 22 | **(2,391,320)** | (2,256,108) |
| Net impairment losses on financial assets | | **(7,069)** | (17,723) |
| **Operating profit** | | **6,580,643** | 3,936,619 |
| Finance costs — net | | **(1,785,020)** | (1,437,218) |
| — Finance income | 24 | **77,569** | 136,444 |
| — Finance costs | 24 | **(1,862,589)** | (1,573,662) |
| Share of results of associates and a joint venture — net | 10 | **29,582** | (14,825) |
| **Profit before income tax** | | **4,825,205** | 2,484,576 |
| Income tax expense | 25 | **(778,207)** | (282,911) |
| **Profit for the year** | | **4,046,998** | 2,201,665 |
| **Profit attributable to:** | | | |
| — Equity holders of the Company | | **3,580,551** | 1,767,106 |
| — Holders of perpetual capital securities | | **375,622** | 400,395 |
| — Non-controlling interests | | **90,825** | 34,164 |
| | | **4,046,998** | 2,201,665 |
| **Basic earnings per share for profit attributable to equity holders of the Company during the year** *(expressed in RMB per share)* | 26 | **0.76** | 0.38 |
| **Diluted earnings per share for profit attributable to equity holders of the Company during the year** *(expressed in RMB per share)* | 26 | **0.76** | 0.38 |

The above consolidated income statement should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | For the year ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | **RMB'000** | RMB'000 |
| **Profit for the year** | **4,046,998** | 2,201,665 |
| **Other comprehensive (loss)/income** | | |
| *Items that may be reclassified subsequently to profit or loss* | | |
| — currency translation differences | **(547,602)** | 325,857 |
| **Total comprehensive income for the year** | **3,499,396** | 2,527,522 |
| **Total comprehensive income for the year attributable to:** | | |
| — Equity holders of the Company | **3,063,540** | 2,090,946 |
| — Holders of perpetual capital securities | **375,622** | 400,395 |
| — Non-controlling interests | **60,234** | 36,181 |
| | **3,499,396** | 2,527,522 |

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Attributable to equity holders of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Share capital RMB'000 (Note 14) | Share premium RMB'000 (Note 14) | Other reserves RMB'000 (Note 15) | Retained earnings RMB'000 | Total RMB'000 | Perpetual capital securities RMB'000 (Note 16) | Non-controlling interests RMB'000 | Total equity RMB'000 |
| **Balance at 1 July 2024** | 480,531 | 1,084,720 | 6,815,423 | 36,785,022 | 45,165,696 | 2,846,329 | 472,452 | 48,484,477 |
| **Comprehensive income** | | | | | | | | |
| Profit for the year | – | – | – | 1,767,106 | 1,767,106 | 400,395 | 34,164 | 2,201,665 |
| **Other comprehensive income** | | | | | | | | |
| Currency translation differences | – | – | 323,840 | – | 323,840 | – | 2,017 | 325,857 |
| **Total comprehensive income** | – | – | 323,840 | 1,767,106 | 2,090,946 | 400,395 | 36,181 | 2,527,522 |
| **Transactions with owners** | | | | | | | | |
| Distribution to holders of perpetual capital securities | – | – | – | – | – | (400,395) | – | (400,395) |
| Appropriation to statutory reserve and enterprise expansion fund | – | – | 353,224 | (353,224) | – | – | – | – |
| **Balance at 30 June 2025** | 480,531 | 1,084,720 | 7,492,487 | 38,198,904 | 47,256,642 | 2,846,329 | 508,633 | 50,611,604 |

| | Attributable to equity holders of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Share capital RMB'000 (Note 14) | Share premium RMB'000 (Note 14) | Other reserves RMB'000 (Note 15) | Retained earnings RMB'000 | Total RMB'000 | Perpetual capital securities RMB'000 (Note 16) | Non-controlling interests RMB'000 | Total equity RMB'000 |
| **Balance at 1 July 2025** | 480,531 | 1,084,720 | 7,492,487 | 38,198,904 | 47,256,642 | 2,846,329 | 508,633 | 50,611,604 |
| **Comprehensive income** | | | | | | | | |
| Profit for the year | – | – | – | 3,580,551 | 3,580,551 | 375,622 | 90,825 | 4,046,998 |
| **Other comprehensive loss** | | | | | | | | |
| Currency translation differences | – | – | (517,011) | – | (517,011) | – | (30,591) | (547,602) |
| **Total comprehensive income** | – | – | (517,011) | 3,580,551 | 3,063,540 | 375,622 | 60,234 | 3,499,396 |
| **Transactions with owners** | | | | | | | | |
| Distribution to holders of perpetual capital securities | – | – | – | – | – | (393,263) | – | (393,263) |
| Reclassification of perpetual capital securities to borrowings | – | – | 69,738 | – | 69,738 | (2,828,688) | – | (2,758,950) |
| Appropriation to statutory reserve and enterprise expansion fund | – | – | 303,703 | (303,703) | – | – | – | – |
| **Balance at 30 June 2026** | 480,531 | 1,084,720 | 7,348,917 | 41,475,752 | 50,389,920 | – | 568,867 | 50,958,787 |

The above consolidated statement of changes of equity should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF CASH FLOWS

| | Note | For the year ended 30 June 2026 RMB'000 | 2025 RMB'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash generated from operations | 28(a) | **10,687,674** | 7,302,127 |
| Income tax paid | | **(387,416)** | (119,091) |
| Interest paid | | **(2,178,165)** | (2,197,638) |
| Net cash generated from operating activities | | **8,122,093** | 4,985,398 |
| **Cash flows from investing activities** | | | |
| Payments for property, plant and equipment, right-of-use assets and intangible assets | | **(11,217,030)** | (14,831,497) |
| Interest received | | **77,569** | 136,444 |
| Proceeds from government grants for purchase of property, plant and equipment | | **100,188** | 20,682 |
| Proceeds from disposals of property, plant and equipment and right-of-use assets | | **153,483** | 37,029 |
| Changes in restricted cash | | **(3,899)** | (129,362) |
| Investment in associates | | **(23,572)** | — |
| Disposal of an associate | | **—** | 18,474 |
| Changes in short-term bank deposits | | **(108,401)** | 25,770 |
| Dividends received from financial assets at fair value through profit or loss | | **1,094** | 2,202 |
| Net cash used in investing activities | | **(11,020,568)** | (14,720,258) |
| **Cash flows from financing activities** | | | |
| Proceeds from borrowings | | **38,148,098** | 43,817,464 |
| Repayments of borrowings | | **(35,091,259)** | (35,674,649) |
| Proceeds from discount of bank acceptance notes — net | | **958,583** | 2,897,600 |
| Distribution to holders of perpetual capital securities | 16 | **(393,263)** | (400,395) |
| Changes in restricted cash | | **(10,946)** | (32,540) |
| Principal elements of lease payment | | **(245,944)** | (249,872) |
| Net cash generated from financing activities | | **3,365,269** | 10,357,608 |
| **Net increase in cash and cash equivalents** | | **466,794** | 622,748 |
| Cash and cash equivalents at beginning of the year | | **11,205,035** | 10,560,669 |
| Exchange (losses)/gains on cash and cash equivalents | | **(23,898)** | 21,618 |
| Cash and cash equivalents at end of the year | 13 | **11,647,931** | 11,205,035 |

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

Nine Dragons Paper (Holdings) Limited (the "Company") and its subsidiaries (together the "Group") are principally engaged in the manufacture and sales of packaging paper, printing and writing paper, high value specialty paper products and pulp.

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

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

These consolidated financial statements are presented in Renminbi thousand, unless otherwise stated. These consolidated financial statements have been approved for issue by the board of directors of the Company on 23 September 2026.

## 2. SUMMARY OF ACCOUNTING POLICIES

This note provides a list of the material accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of the Company and its subsidiaries.

### 2.1 Basis of preparation

#### (a) Compliance with HKFRS Accounting Standards and HKCO

The consolidated financial statements of the Group have been prepared in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants and applicable disclosure requirements of the Hong Kong Companies Ordinance ("HKCO") Cap. 622.

HKFRS Accounting Standards comprise the following authoritative literature:

- Hong Kong Financial Reporting Standards
- Hong Kong Accounting Standards
- Interpretations developed by the Hong Kong Institute of Certified Public Accountants

#### (b) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss and bills receivables which are measured at fair value.

## 2. SUMMARY OF ACCOUNTING POLICIES *(continued)*

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

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

The following amendments to standards are relevant and mandatory for the Group's financial year beginning on 1 July 2025:

| | |
|---|---|
| Amendments to HKAS 21 | Lack of Exchangeability |

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

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

The following new standards, amendments and interpretations to standards have been issued but are not mandatory for annual period beginning after 1 July 2025 and have not been early adopted:

| | |
|---|---|
| Amendments to HKFRS 9 and HKFRS 7 | Amendments to the classification and measurement of financial instruments, Contracts Referencing Nature-dependent Electricity[1] |
| Annual Improvements to HKFRS Accounting Standards | Volume 11[1] |
| HKFRS 18 and HK Interpretation 5 | Presentation and Disclosure in Financial Statements[2] |
| HKFRS 19 | Subsidiaries without Public Accountability: Disclosures[2] |
| Amendments to HKAS 21 | Translation to a Hyperinflationary Presentation Currency (amendments)[2] |
| Amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37 | Disclosures about Uncertainties in the Financial Statements[2] |
| HKFRS 20 | Regulatory Assets and Regulatory Liabilities[3] |
| Amendments to HKFRS 10 and HKAS 28 | Sale or contribution of assets between an investor and its associate or joint venture[4] |

1 Effective for the Group for annual periods beginning on or after 1 July 2026
2 Effective for the Group for annual periods beginning on or after 1 July 2027
3 Effective for the Group for annual periods beginning on or after 1 July 2029
4 Effective date to be determined

The Group will apply the above new standards, amendments and interpretations to standards when they become effective. According to the assessment made by the directors of the Company, these new and amended standards are either not relevant to the Group or not significant to the financial performance and positions of the Group when they become effective, except for HKFRS 18.

## 2. SUMMARY OF ACCOUNTING POLICIES *(continued)*

### 2.2 New standards, amendments and interpretations to standards *(continued)*

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

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

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. From the high-level preliminary assessment performed, the following potential impact has been identified:

*Impact on consolidated income statement:*

Although the adoption of HKFRS 18 will have no impact on the Group's net profit, the Group expects that grouping items of income and expenses in the income statement into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the Group has performed, the following items might potentially impact operating profit:

Foreign exchange differences

Foreign exchange differences currently aggregated in the line item "other gains — net" in operating profit might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit, unless doing so would involve undue cost or effort.

Gain or loss of investments measured at fair value through profit or loss

The gain or loss of investments measured at fair value through profit or loss currently aggregated in the line item "other gains — net" in operating profit and will be presented below operating profit.

*Impact on consolidated balance sheet:*

The goodwill currently aggregated in the line item "intangible assets" will be presented separately.

*Impact on disclosures:*

The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for the first annual period of application of HKFRS 18, a reconciliation for each line item in the income statement between the restated amounts presented by applying HKFRS 18 and the amounts previously presented applying HKAS 1.

## 2. SUMMARY OF ACCOUNTING POLICIES *(continued)*

### 2.2 New standards, amendments and interpretations to standards *(continued)*

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

*Impact on disclosures: (continued)*

The Group will apply the new standard from 1 July 2027. Retrospective application is required, and so the comparative information for the financial year ending 30 June 2027 will be restated in accordance with HKFRS 18.

### 2.3 Summary of material accounting policies

**(a) Property, plant and equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Freehold land are not depreciated and are measured at historical cost less subsequent accumulated impairment losses.

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged in the consolidated income statement during the financial period in which they are incurred.

Depreciation on property, plant and equipment other than freehold lands is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

| | |
|---|---|
| Buildings | 20–48 years |
| Plants and machineries | 12–35 years |
| Furniture, fixtures and equipment | 5–12 years |
| Motor vehicles, transportation and logistics equipment | 6–15 years |

The assets' residual values mainly ranged from 3% to 5%. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount (Note 2.4(l)).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other income, other expenses and other gains — net" in the consolidated income statement.

## 2. SUMMARY OF ACCOUNTING POLICIES *(continued)*

### 2.3 Summary of material accounting policies *(continued)*

#### (b) Construction in progress

Construction in progress represents property, plant and equipment under construction and pending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction of buildings, the cost of plant and machinery and interest charges arising from borrowings used to finance these assets during the period of construction or installation and testing, if any. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and are available for intended use. When the assets concerned are brought into use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated in Note 2.3(a).

#### (c) Land use rights

Land use rights represent up-front prepayment made for operating leases for land use rights paid to the counterparties. Land use rights are presented in right-of-use assets, carried at cost and are charged to the consolidated income statement on a straight-line basis over the respective periods of the leases which range from 23 years to 62 years.

#### (d) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operation capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### (e) Trade, bills and other receivables

Trade and bills receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection of trade, bills and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and bills receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and other receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. The Group holds bills receivables for collection of contractual cash flows and for selling. Therefore, bills receivables are measured at fair value through other comprehensive income.

## 2. SUMMARY OF ACCOUNTING POLICIES *(continued)*

### 2.3 Summary of material accounting policies *(continued)*

#### (f) Trade, bills and other payables

Trade and bills payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade, bills and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade, bills and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### (g) Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the consolidated income statement in the period in which they are incurred.

Borrowing costs include interest expense, finance charges in respect of finance lease and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on forward currency rates at the inception of the borrowings.

#### (h) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

## 2. SUMMARY OF ACCOUNTING POLICIES *(continued)*

### 2.3 Summary of material accounting policies *(continued)*

#### (h) Current and deferred income tax *(continued)*

*(i) Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

*(ii) Deferred income tax*

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming that the property will be recovered entirely through sale.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

## 2. SUMMARY OF ACCOUNTING POLICIES *(continued)*

### 2.3 Summary of material accounting policies *(continued)*

#### (h) Current and deferred income tax *(continued)*

*(iii) Offsetting*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

#### (i) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer. This may be at a single point in time or over time.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- when the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- when the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced;
- when the Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance completed to date.

If none of the above conditions are met, the Group recognises revenue at a single point in time at which the performance obligation is satisfied for the sale of good or service when control has been passed.

If control of the product or service transfers over time, revenue is recognised over the period of the contract by measuring the progress towards complete satisfaction of that performance obligation.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities, net of value-added tax ("VAT"), return, rebate and discount after eliminating sales within the group companies.

Revenue from sales of goods is recognised at the point in time when the control of the goods is transferred to the customer, which generally coincides with delivery and acceptance of the goods sold.

## 2. SUMMARY OF ACCOUNTING POLICIES *(continued)*

### 2.3 Summary of material accounting policies *(continued)*

#### (j) Leases

The Group leases office buildings, land use rights and vessels on both short-term and long-term contracts.

Land use rights represent prepaid operating lease payments for land less accumulated amortisation and any impairment losses. Amortisation is calculated using the straight-line method to allocate the prepaid operating lease payments for land over the remaining lease term or the operating period, whichever is shorter.

Rental contracts for office buildings, land use rights and vessels are typically made for fixed periods of 3 to 62 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

## 2. SUMMARY OF ACCOUNTING POLICIES *(continued)*

### 2.3 Summary of material accounting policies *(continued)*

#### (j) Leases *(continued)*

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

Sublease is a transaction for which an underlying asset is re-leased by the lessee to a third party, and the lease ("head lease") between the head lessor and lessee remains in effect. The sublease of the vessels to third parties with rental period from three to nine months are classified as an operating lease by reference to the right-of-use assets arising from the head lease.

## 2. SUMMARY OF ACCOUNTING POLICIES *(continued)*

### 2.3 Summary of material accounting policies *(continued)*

#### (j) Leases *(continued)*

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

### 2.4 Summary of other accounting policies

#### (a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (Note 2.4(h)).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

#### (b) Changes in ownership interests in subsidiaries without change of control

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

#### (c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that the amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRS Accounting Standards.

## 2. SUMMARY OF ACCOUNTING POLICIES *(continued)*

### 2.4 Summary of other accounting policies *(continued)*

#### (d) Separate financial statements of the Company

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

#### (e) Equity method

Under the equity method of accounting, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the result of the investee after the date of acquisition. The Group's investment in an associate or a joint venture includes goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate or a joint venture, any difference between the cost of the associate or joint venture and the Group's share of the net fair value of the associate's or joint venture's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in the associate or joint venture is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in the associate or joint venture equals or exceeds its interest in the associate or joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

The Group determines at each balance sheet date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount adjacent to "share of results of associates and a joint venture — net" in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associate or joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the associate or joint venture have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gains and losses on dilution of equity interests in the associate or joint venture are recognised in the consolidated income statement.

## 2. SUMMARY OF ACCOUNTING POLICIES *(continued)*

### 2.4 Summary of other accounting policies *(continued)*

#### (f) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

#### (g) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control and over which none of the participating parties has unilateral control. The Group has assessed the nature of its joint arrangement and determined it to be a joint venture. Joint venture is accounted for using the equity method.

#### (h) Business combinations

*(i) Business combinations under common control*

The consolidated financial statements incorporate the consolidated financial statements items of the entities or businesses in which the common control combination occurs as if they had been consolidated from the date when the entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in consideration for goodwill or excess of acquirer's interest in the net fair value of acquirer's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated income statement and the consolidated statement of comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities had been combined at the previous year end date or when they first came under common control, whichever is shorter.

A uniform set of accounting policies is adopted by those entities. All intra-group transactions, balances and unrealised gains on transactions between combining entities or businesses are eliminated.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting is recognised as an expense in the period in which it is incurred.

## 2. SUMMARY OF ACCOUNTING POLICIES *(continued)*

### 2.4 Summary of other accounting policies *(continued)*

**(h) Business combinations** *(continued)*

*(ii) Business combinations not under common control*

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

## 2. SUMMARY OF ACCOUNTING POLICIES *(continued)*

### 2.4 Summary of other accounting policies *(continued)*

**(h) Business combinations** *(continued)*

*(ii) Business combinations not under common control (continued)*

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

**(i) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the "CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that make strategic decisions.

**(j) Foreign currency translation**

*(i) Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These consolidated financial statements are presented in RMB, which is the Company's functional currency and the Group's presentation currency.

*(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement, except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated income statement within "Finance costs — net". Other foreign exchange gains and losses related to ordinary activities are presented in the consolidated income statement within "Other income, other expenses and other gains — net".

*(iii) Group companies*

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

— assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

## 2. SUMMARY OF ACCOUNTING POLICIES *(continued)*

### 2.4 Summary of other accounting policies *(continued)*

**(j) Foreign currency translation** *(continued)*

*(iii) Group companies (continued)*

— income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

— all resulting currency translation differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

**(k) Intangible assets**

*(i) Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units ("CGU") for the purpose of impairment testing. The allocation is made to those CGU or groups of CGU that are expected to benefit from the business combination in which the goodwill arose.

*(ii) Other intangible assets*

- Trademark

  Separately acquired trademark represents the right of use of the "Xueshan" brand which delivers an earning stream and generates value for the Group. The trademark can be re-registered every 10 years at minimal cost. The directors of the Company are of the view that the Group has both the intention and ability to register the trademark continuously. As a result, the useful life of the trademark is considered by the management as indefinite because the trademark is expected to contribute to the Group's net cash inflows indefinitely. Trademark acquired in a business combination are recognised at fair value at the acquisition date. Trademark with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses. Impairment testing of intangible assets is described in Note 2.4(l).

## 2. SUMMARY OF ACCOUNTING POLICIES *(continued)*

### 2.4 Summary of other accounting policies *(continued)*

**(k) Intangible assets** *(continued)*

*(ii) Other intangible assets (continued)*

- Patent

  The patent represents the right of use of odor treatment equipment which is designed to solve the environment pollution problems caused by odor emission during the production process and other technical rights used during the production process. Patent acquired in a business combination are recognised at fair value at the acquisition date. The patent is carried at costs less accumulated amortisation and impairment, if any. Amortisation is calculated using the straight-line method to allocate the cost of patent over its estimated useful life of 8 years.

- Customer relationship

  Customer relationship acquired in a business combination is recognised at fair value at the acquisition date. The customer relationship has a finite useful life of 10 years and is carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method over the expected life of the customer relationship. As at 30 June 2026 and 2025, the customer relationship has been fully amortised.

- Computer software

  Computer software is shown at historical cost. Historical cost includes expenditure that is directly attributable to the acquisition of the item. Computer software has a definite useful life and is carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the cost of the computer software over its estimated useful life (10 years).

- Sea area and shoreline use rights

  Sea area and shoreline use rights are stated at cost less accumulated amortisation and impairment. Cost represents consideration paid for the rights to use the sea area. Amortisation is calculated using the straight-line method over its estimated useful life of 50 and 30 years, respectively.

**(l) Impairment of non-financial assets**

Assets that have an indefinite useful life, for example goodwill and trademark, are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGU). Non-financial assets other than goodwill and trademark that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

## 2. SUMMARY OF ACCOUNTING POLICIES *(continued)*

### 2.4 Summary of other accounting policies *(continued)*

#### (m) Financial assets

*(i) Classification*

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, the classification will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

*(ii) Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

*(iii) Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- Amortised cost: assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

## 2. SUMMARY OF ACCOUNTING POLICIES *(continued)*

### 2.4 Summary of other accounting policies *(continued)*

**(m) Financial assets** *(continued)*

*(iii) Measurement (continued)*

Debt instruments *(continued)*

- FVOCI: assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as a separate line item in the statement of profit or loss.

- FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in the consolidated income statement as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at financial assets at fair value through other comprehensive income are not reported separately from other changes in fair value.

*(iv) Impairment*

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and bills receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. For other receivables, the Group applies either 12-month or lifetime expected losses method to assess the expected credit losses depending on whether there has been a significant increase in credit risk since initial recognition.

## 2. SUMMARY OF ACCOUNTING POLICIES *(continued)*

### 2.4 Summary of other accounting policies *(continued)*

#### (n) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

#### (o) Restricted cash, short-term bank deposits and cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank deposits which are restricted to use are included in "restricted cash". The maturity dates for short-term deposits are between three months and one year. Restricted cash and short-term bank deposits are excluded from cash and cash equivalents in the consolidated statement of cash flows.

#### (p) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

#### (q) Perpetual capital securities

Perpetual capital securities with no contractual obligation for the Group to deliver cash or another financial asset to the holders are classified as equity instruments. They are initially recorded at the net proceeds after transaction cost received within equity. Discretionary interest declared by the Group to the holders of perpetual capital securities is treated as distribution.

#### (r) Employee benefits

*(i) Pension obligations*

The Group participates in various defined contribution retirement benefit plans which are available to relevant employees. These plans are generally funded through payments to schemes established by governments or trustee-administered funds. A defined contribution plan is a pension plan under which the Group pays contributions on a mandatory, contractual or voluntary basis into a separate fund. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior years. The Group's contributions to the defined contribution plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plans prior to vesting fully in the contributions.

*(ii) Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

## 2. SUMMARY OF ACCOUNTING POLICIES *(continued)*

### 2.4 Summary of other accounting policies *(continued)*

#### (s) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

#### (t) Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

#### (u) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to the purchase of property, plants and equipment are deducted from the cost of additions of the related assets and consequently are effectively recognised in the consolidated income statement on a straight-line basis over the expected useful lives of the related assets by way of reduced depreciation/amortisation charges.

Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

# 3. FINANCIAL RISK MANAGEMENT

## 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

### (a) Foreign exchange risk

The Group mainly operates in Chinese mainland, Hong Kong, the United States of America ("USA"), Macau, Socialist Republic of Vietnam ("Vietnam") and Malaysia and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollars ("US$"), Euros ("EURO"), Hong Kong Dollars ("HK$"), Vietnamese Dong ("VND") and Malaysian Ringgit ("MYR"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

To manage the Group's foreign exchange risks, foreign currency borrowings, currency structured instruments and other appropriate financial instruments may be used to hedge material exposure. The Group may adjust the mix of currencies of its borrowings in response to change in market conditions. During the year ended 30 June 2026, the Group was primarily exposed to the fluctuations of RMB versus MYR and USD, and MYR versus US$.

At 30 June 2026, if RMB had strengthened/weakened by 5.0% against MYR, with all other variables held constant, post-tax profit for the year ended 30 June 2026 would have been RMB73,068,000 lower/higher (2025: RMB126,773,000) and other reserves would have been RMB105,000 higher/lower (2025: RMB8,390,000). If RMB had strengthened/weakened by 5.0% against US$, with all other variables held constant, post-tax profit for the year ended 30 June 2026 would have been RMB804,670,000 higher/lower (2025: RMB52,604,000 lower/higher) and other reserves would have been RMB79,647,000 lower/higher (2025: RMB44,850,000). If MYR had strengthened/weakened by 5.0% against US$, with all other variables held constant, post-tax profit for the year ended 30 June 2026 would have been RMB75,095,000 higher/lower (2025: RMB39,772,000) and other reserves would not change for the years ended 30 June 2026 and 2025. The fluctuations were mainly as a result of unrealised foreign exchange gains on translation of foreign currency-denominated financial instruments (including cash and cash equivalents, short-term bank deposits, restricted cash, trade and other receivables, trade and other payables, borrowings and lease liabilities) into the functional currency of the group entities and the translation of financial statements of the Group's foreign operations into the Group's presentation currency.

### (b) Interest rate risk

The Group's major interest-bearing assets are cash at banks. The maturity term of cash at banks is within 12 months so there would be no significant interest rate risk.

The Group's interest-rate risk mainly arises from its borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. To manage the Group's exposure to fluctuations in interest rates on specific transactions, the management will consider to use appropriate financial instruments to hedge material exposure if necessary.

## 3. FINANCIAL RISK MANAGEMENT *(continued)*

### 3.1 Financial risk factors *(continued)*

**(b) Interest rate risk** *(continued)*

As at 30 June 2026, if interest rates on borrowings had been 25 basis point higher/lower with all other variables held constant, pre-tax profit for the year would have been RMB132,202,000 lower/higher (2025: pre-tax profit for the year would have been RMB115,291,000 lower/higher), mainly as a result of higher/lower interest expense on floating rate borrowings.

**(c) Credit risk**

Credit risk arises from cash at banks, trade receivables, bills receivables and other receivables.

*(i) Cash at banks*

The Group expects that there is no significant credit risk associated with cash at banks since they are substantially deposited at state-owned banks and large-sized listed banks with good reputations. Management does not expect any losses from non-performance by these counterparties.

*(ii) Trade receivables at amortised cost*

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors (i.e., Gross Domestic Product and Consumer Price Index) affecting the ability of the customers to settle the receivables. On that basis, the loss allowance as at 30 June 2026 was determined as follows:

| **As at 30 June 2026** | **0–60 days RMB'000** | **Over 60 days RMB'000** | **Total RMB'000** |
|---|---|---|---|
| Gross carrying amount – trade receivables | **4,392,379** | **17,043** | **4,409,422** |
| Expected loss rate | **0.01%–22.65%** | **15.75%–100.00%** | **0.01%–100.00%** |
| Loss allowance | **15,688** | **15,570** | **31,258** |

| **As at 30 June 2025** | 0–60 days RMB'000 | Over 60 days RMB'000 | Total RMB'000 |
|---|---|---|---|
| Gross carrying amount – trade receivables | 3,242,645 | 35,188 | 3,277,833 |
| Expected loss rate | 0.01%–29.37% | 58.48%–100.00% | 0.01%–100.00% |
| Loss allowance | 19,659 | 31,505 | 51,164 |

## 3. FINANCIAL RISK MANAGEMENT *(continued)*

### 3.1 Financial risk factors *(continued)*

#### (c) Credit risk *(continued)*

*(iii) Other receivables at amortised cost*

Other receivables at amortised cost mainly represents other receivables and deposits arising from normal operations.

The loss allowance for other receivables as at 30 June reconciles to the opening loss allowance as follows:

| | For the year ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | **RMB'000** | RMB'000 |
| Opening loss allowance at 1 July | **44,242** | 41,573 |
| Increase in loss allowance recognised in profit or loss during the year | **27,193** | 2,669 |
| Closing loss allowance at 30 June | **71,435** | 44,242 |

*(iv) Bills receivables at FVOCI*

Bills receivables at FVOCI mainly include bank acceptance notes. The loss allowance for bills receivables at FVOCI is recognised in profit or loss and reduces the fair value loss otherwise recognised in OCI.

The loss allowance for bills receivables at FVOCI as at 30 June reconciles to the opening loss allowance as follows:

| | For the year ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | **RMB'000** | RMB'000 |
| Opening loss allowance at 1 July | **4,729** | 9,432 |
| Decrease in loss allowance recognised in profit or loss during the year | **(218)** | (4,703) |
| Closing loss allowance at 30 June | **4,511** | 4,729 |

## 3. FINANCIAL RISK MANAGEMENT *(continued)*

### 3.1 Financial risk factors *(continued)*

#### (c) Credit risk *(continued)*

*(iv) Bills receivables at FVOCI (continued)*

The loss allowance provision for trade receivables, other receivables and bills receivables at FVOCI as at 1 July 2025 and 30 June 2026 reconciles to the opening loss allowance for that provision as follows:

| | **Trade receivables RMB'000** | **Other receivables RMB'000** | **Bills receivables at FVOCI RMB'000** | **Total RMB'000** |
|---|---|---|---|---|
| Loss allowance at 1 July 2025 | **51,164** | **44,242** | **4,729** | **100,135** |
| (Decrease)/Increase in loss allowance recognised in profit or loss during the year | **(19,906)** | **27,193** | **(218)** | **7,069** |
| Loss allowance at 30 June 2026 | **31,258** | **71,435** | **4,511** | **107,204** |

| | Trade receivables RMB'000 | Other receivables RMB'000 | Bills receivables at FVOCI RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| Loss allowance at 1 July 2024 | 31,407 | 41,573 | 9,432 | 82,412 |
| Increase/(decrease) in loss allowance recognized in profit or loss during the year | 19,757 | 2,669 | (4,703) | 17,723 |
| Loss allowance at 30 June 2025 | 51,164 | 44,242 | 4,729 | 100,135 |

# 3. FINANCIAL RISK MANAGEMENT *(continued)*

## 3.1 Financial risk factors *(continued)*

### (d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities. The Group aims to maintain flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts of the Group's liquidity reserve comprising undrawn borrowing facilities (Note 17), cash and cash equivalents (Note 13) and short-term bank deposits on the basis of expected cash flows.

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date, to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, including interest payments computed using contractual rates, or, if floating, based on current rates.

| | Less than 1 year RMB'000 | Between 1 and 2 years RMB'000 | Between 2 and 5 years RMB'000 | Over 5 years RMB'000 | Total contractual cash flows RMB'000 | Carrying amount liabilities RMB'000 |
|---|---|---|---|---|---|---|
| **As at 30 June 2026** | | | | | | |
| Borrowings | **16,340,846** | **36,318,700** | **28,627,721** | **4,480,874** | **85,768,141** | **81,158,782** |
| Trade, bills and other payables, excluding staff welfare benefits payable and other taxes payable | **16,798,224** | **–** | **–** | **167,435** | **16,965,659** | **16,965,659** |
| Lease liabilities | **235,232** | **231,132** | **694,989** | **1,210,247** | **2,371,600** | **1,611,466** |
| Financial guarantee provided to Global Fame (Note 30(e)) | **3,967** | **3,967** | **5,612** | **–** | **13,546** | **–** |
| **As at 30 June 2025** | | | | | | |
| Borrowings | 17,830,140 | 26,698,654 | 30,249,105 | 5,710,525 | 80,488,424 | 75,418,439 |
| Trade, bills and other payables, excluding staff welfare benefits payable and other taxes payable | 15,185,046 | – | – | 166,987 | 15,352,033 | 15,352,033 |
| Lease liabilities | 243,965 | 265,715 | 703,832 | 1,489,614 | 2,703,126 | 1,757,645 |
| Financial guarantee provided to Global Fame (Note 30(e)) | 3,984 | 3,984 | 9,630 | – | 17,598 | – |

## 3. FINANCIAL RISK MANAGEMENT *(continued)*

### 3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group will consider the macro economic conditions, prevailing borrowing rates in the market and adequacy of cash flows generating from operations and may raise funding through capital market or bank borrowings as necessary.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) plus lease liabilities (including current and non-current lease liabilities as shown in the consolidated balance sheet) less cash and cash equivalents, restricted cash and short-term bank deposits. Total capital is "Total equity" as shown in the consolidated balance sheet.

The gearing ratio is calculated as follows:

| | **As at 30 June 2026 RMB'000** | As at 30 June 2025 RMB'000 |
|---|---|---|
| Total borrowings (Note 17) | **81,158,782** | 75,418,439 |
| Total lease liabilities | **1,611,466** | 1,757,645 |
| | **82,770,248** | 77,176,084 |
| Less: cash and cash equivalents, restricted cash and short-term bank deposits | **(12,050,965)** | (11,484,546) |
| Net debt | **70,719,283** | 65,691,538 |
| Total equity | **50,958,787** | 50,611,604 |
| Gearing ratio | **139%** | 130% |

The increase in the gearing ratio during the year ended 30 June 2026 was primarily resulted from the increase in total borrowings.

## 3. FINANCIAL RISK MANAGEMENT *(continued)*

### 3.3 Fair value estimation

Financial instruments carried at fair value are categorised by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

— Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price already incorporates the market's assumptions with respect to changes in economic climate such as rising interest rates and inflation, as well as changes due to Environmental, Social and Governance ("ESG") risk. These instruments are included in level 1.

— Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

— Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and for instruments where ESG risk gives rise to a significant unobservable adjustment.

The following table presents the Group's financial assets measured and recognised at fair value at 30 June 2026 on a recurring basis:

| | As at 30 June 2026 | | | As at 30 June 2025 | | |
|---|---|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Total** | Level 1 | Level 2 | Total |
| | **RMB'000** | **RMB'000** | **RMB'000** | RMB'000 | RMB'000 | RMB'000 |
| Financial assets at fair value through profit or loss | **40,257** | **—** | **40,257** | 54,717 | — | 54,717 |
| Bills receivables | **—** | **3,152,560** | **3,152,560** | — | 2,553,477 | 2,553,477 |
| Total financial assets | **40,257** | **3,152,560** | **3,192,817** | 54,717 | 2,553,477 | 2,608,194 |

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### (a) Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The Group engaged an external valuer to assist them in carrying out the impairment assessment on the property, plant and equipment with impairment indicators. The impairment assessment involves significant judgments and estimates which include the estimation of the production resumption timing of the production lines currently under temporary suspension, the adoption of appropriate valuation method and the use of key assumptions, including revenue growth rate during the forecast period, terminal growth rate and pre-tax discount rate. Changing the above significant judgments and estimates could materially affect the recoverable amount in the impairment test and as a result affect the Group's financial condition and results of operations. Details of the impairment assessment and key assumptions adopted in the impairment assessment are disclosed in Note 6.

### (b) Useful lives of property, plant and equipment and right-of-use assets

The Group's management determines the estimated useful lives and related depreciation expense for its property, plant and equipment and right-of-use assets. The estimate is based on the expected lifespan of the property, plant and equipment and right-of-use assets and expected wears and tears incurred. Wears and tears can be significantly different following maintenance and renovations each time. It could also change significantly as a result of technical innovations. Management regularly reviews the estimated useful lives and related depreciation charge of the Group's property, plant and equipment and right-of-use assets. When the useful lives differ from the original estimated useful lives, management will adjust the estimated useful lives accordingly, or will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. It is possible that the estimates made based on existing experience are different to the actual outcomes within the next financial period and could cause a material adjustment to the depreciation and carrying amount of property, plant and equipment and right-of-use assets.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(continued)*

### (c) Income taxes

The Group is subject to income taxes in various jurisdictions. Judgment is required in determining the amount of the provision for taxation and timing of payment of the related taxation. Judgment is also required in determining the tax rate that would be applicable when related temporary difference that gives rise to deferred income tax is recycled for those group entities currently entitling preferential tax rate. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is likely that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectations are different from the original estimates, such differences will impact the recognition of deferred income tax assets and income tax charges in the period in which such estimates have been changed.

## 5. SEGMENT INFORMATION

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

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

The Group is domiciled in the PRC. The revenue from external customers attributable to the PRC for the year ended 30 June 2026 is RMB65,919,370,000 (2025: RMB56,091,036,000), and the total of its revenue from external customers from other countries is RMB9,081,093,000 (2025: RMB7,149,503,000).

As at 30 June 2026, the total of non-current assets other than deferred income tax assets located in the PRC is RMB106,355,068,000 (2025: RMB98,277,087,000), and the total of these non-current assets located in other countries is RMB13,540,727,000 (2025: RMB14,835,935,000).

## 6. PROPERTY, PLANT AND EQUIPMENT

| | Freehold land RMB'000 | Buildings RMB'000 | Plants and machineries RMB'000 | Furniture, fixtures and equipment RMB'000 | Motor vehicles, transportation, and logistics equipment RMB'000 | Construction in progress RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|---|---|
| **At 1 July 2024** | | | | | | | |
| Cost | 566,221 | 24,637,419 | 77,384,401 | 2,202,317 | 961,775 | 22,051,513 | 127,803,646 |
| Accumulated depreciation | – | (7,413,258) | (22,976,296) | (1,291,439) | (659,792) | – | (32,340,785) |
| Net book amount | 566,221 | 17,224,161 | 54,408,105 | 910,878 | 301,983 | 22,051,513 | 95,462,861 |
| **Year ended 30 June 2025** | | | | | | | |
| Opening net book amount | 566,221 | 17,224,161 | 54,408,105 | 910,878 | 301,983 | 22,051,513 | 95,462,861 |
| Additions | – | 58,517 | 473,533 | 121,119 | 144,549 | 14,226,472 | 15,024,190 |
| Transfer | – | 1,786,100 | 6,666,266 | 138,857 | 586 | (8,591,809) | – |
| Disposals | – | (1,920) | (93,556) | (2,677) | (1,568) | – | (99,721) |
| Depreciation (Notes (a)) | – | (577,404) | (2,780,183) | (158,363) | (72,675) | – | (3,588,625) |
| Exchange differences | 54,600 | 175,825 | 286,642 | 5,629 | 810 | 92,113 | 615,619 |
| Closing net book amount | 620,821 | 18,665,279 | 58,960,807 | 1,015,443 | 373,685 | 27,778,289 | 107,414,324 |
| **At 30 June 2025** | | | | | | | |
| Cost | 620,821 | 26,658,741 | 84,578,965 | 2,442,398 | 1,049,072 | 27,778,289 | 143,128,286 |
| Accumulated depreciation | – | (7,993,462) | (25,618,158) | (1,426,955) | (675,387) | – | (35,713,962) |
| Net book amount | 620,821 | 18,665,279 | 58,960,807 | 1,015,443 | 373,685 | 27,778,289 | 107,414,324 |
| **Year ended 30 June 2026** | | | | | | | |
| Opening net book amount | **620,821** | **18,665,279** | **58,960,807** | **1,015,443** | **373,685** | **27,778,289** | **107,414,324** |
| Additions | **–** | **27,995** | **972,807** | **67,491** | **62,475** | **10,486,964** | **11,617,732** |
| Transfer | **–** | **4,362,649** | **11,532,794** | **224,917** | **56,776** | **(16,177,136)** | **–** |
| Disposals | **(9,591)** | **(22,524)** | **(194,136)** | **(2,189)** | **(6,473)** | **(24,805)** | **(259,718)** |
| Depreciation (Notes (a)) | **–** | **(828,433)** | **(3,303,943)** | **(174,868)** | **(107,372)** | **–** | **(4,414,616)** |
| Impairment (Notes (b)) | **–** | **(61,971)** | **(211,573)** | **(2,593)** | **(413)** | **–** | **(276,550)** |
| Exchange differences | **(12,224)** | **(86,111)** | **(372,442)** | **(4,083)** | **(684)** | **(27,200)** | **(502,744)** |
| Closing net book amount | **599,006** | **22,056,884** | **67,384,314** | **1,124,118** | **377,994** | **22,036,112** | **113,578,428** |
| **At 30 June 2026** | | | | | | | |
| Cost | **599,006** | **30,754,193** | **95,330,968** | **2,674,888** | **1,101,528** | **22,036,112** | **152,496,695** |
| Accumulated depreciation | **–** | **(8,635,338)** | **(27,735,081)** | **(1,548,177)** | **(723,121)** | **–** | **(38,641,717)** |
| Accumulated impairment | **–** | **(61,971)** | **(211,573)** | **(2,593)** | **(413)** | **–** | **(276,550)** |
| Net book amount | **599,006** | **22,056,884** | **67,384,314** | **1,124,118** | **377,994** | **22,036,112** | **113,578,428** |

## 6. PROPERTY, PLANT AND EQUIPMENT *(continued)*

**(a)** Depreciation was included in the following categories in the consolidated income statement:

| | For the year ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | **RMB'000** | RMB'000 |
| Cost of goods sold | **4,063,649** | 3,284,626 |
| Administrative expenses | **218,707** | 198,249 |
| Selling and marketing costs | **132,260** | 105,750 |
| | **4,414,616** | 3,588,625 |

### (b) Impairment

The property, plant and equipment ("PPE") of certain subsidiaries' production lines currently under temporary suspension were identified by management as having impairment indicators (the "PPE with impairment indicators"). As at 30 June 2026, the carrying amount of the PPE with impairment indicators was approximately RMB1,002,224,000, representing approximately 0.9% of the Group's total carrying amount of PPE. Based on management's best estimates and as approved by the directors of the Company, and taking into account the current market environment and the Group's business plans, the above-mentioned production lines are expected to resume production by no later than July 2027.

Management performed an impairment assessment on the PPE with impairment indicators at the level of the cash-generating units ("CGUs") to which these PPE were attributable. The recoverable amount of these CGUs was determined based on the higher of their fair value less costs of disposal and value-in-use ("VIU"), which was calculated using discounted cash flows derived from five-year financial projections approved by management. These projections assumed a revenue growth rate ranging from 7.4% to 14.4% (2025: 4.0% to 41.0%) per annum during the forecast period, plus a terminal value related to cash flows beyond the projection period, extrapolated at an estimated terminal growth rate of 2% (2025: 2%). The cash flow projections were discounted at a pre-tax discount rate ranging from 14.8% to 15.1% (2025: 13.7% to 15.9%).

Based on the results of management's assessment, an impairment loss of approximately RMB276,550,000 was recognised against the carrying amount of the PPE with impairment indicators for the year ended 30 June 2026 (2025: Nil).

If the revenue growth rate during the forecast period had decreased/increased by one percentage point, the impairment loss would have been approximately RMB135,000,000 higher/lower; if the pre-tax discount rate had increased or decreased by one percentage point, the impairment loss would have been approximately RMB117,000,000 higher or RMB137,000,000 lower.

## 7. RIGHT-OF-USE ASSETS

| | Land use rights RMB'000 | Office buildings RMB'000 | Vessels RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| **As at 1 July 2024** | | | | |
| Cost | 3,887,563 | 111,038 | 2,203,042 | 6,201,643 |
| Accumulated depreciation | (746,817) | (62,722) | (39,335) | (848,874) |
| Net book amount | 3,140,746 | 48,316 | 2,163,707 | 5,352,769 |
| **Year ended 30 June 2025** | | | | |
| Opening net book amount | 3,140,746 | 48,316 | 2,163,707 | 5,352,769 |
| Additions | 44,266 | 7,557 | — | 51,823 |
| Depreciation (Notes (a)) | (81,612) | (19,712) | (63,184) | (164,508) |
| Exchange differences | 8,830 | 66 | 9,578 | 18,474 |
| Closing net book amount | 3,112,230 | 36,227 | 2,110,101 | 5,258,558 |
| **As at 30 June 2025** | | | | |
| Cost | 3,941,084 | 109,091 | 2,212,872 | 6,263,047 |
| Accumulated depreciation | (828,854) | (72,864) | (102,771) | (1,004,489) |
| Net book amount | 3,112,230 | 36,227 | 2,110,101 | 5,258,558 |
| **Year ended 30 June 2026** | | | | |
| Opening net book amount | **3,112,230** | **36,227** | **2,110,101** | **5,258,558** |
| Additions | **116,683** | **62,369** | **—** | **179,052** |
| Disposals | **(28,669)** | **(17,088)** | **—** | **(45,757)** |
| Depreciation (Notes (a)) | **(77,788)** | **(18,836)** | **(62,507)** | **(159,131)** |
| Exchange differences | **(1,892)** | **(1,705)** | **(100,795)** | **(104,392)** |
| Closing net book amount | **3,120,564** | **60,967** | **1,946,799** | **5,128,330** |
| **As at 30 June 2026** | | | | |
| Cost | **4,002,242** | **140,681** | **2,105,360** | **6,248,283** |
| Accumulated depreciation | **(881,678)** | **(79,714)** | **(158,561)** | **(1,119,953)** |
| Net book amount | **3,120,564** | **60,967** | **1,946,799** | **5,128,330** |

## 7. RIGHT-OF-USE ASSETS *(continued)*

(a) Depreciation was included in the following categories in the consolidated income statement and consolidated balance sheet:

| | For the year ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | **RMB'000** | RMB'000 |
| Cost of goods sold | **76,564** | 62,077 |
| Other expenses | **62,507** | 63,184 |
| Administrative expenses | **12,417** | 21,065 |
| Capitalised in construction in progress | **7,643** | 18,182 |
| | **159,131** | 164,508 |

## 8. INTANGIBLE ASSETS

| | Goodwill RMB'000 (Note (b)) | Others RMB'000 (Note (c)) | Total RMB'000 |
|---|---|---|---|
| **As at 1 July 2024** | | | |
| Cost | 155,106 | 334,679 | 489,785 |
| Accumulated amortisation | — | (202,975) | (202,975) |
| Net book amount | 155,106 | 131,704 | 286,810 |
| **Year ended 30 June 2025** | | | |
| Opening net book amount | 155,106 | 131,704 | 286,810 |
| Additions | — | 3,325 | 3,325 |
| Amortisation (Notes (a)) | — | (14,147) | (14,147) |
| Exchange differences | — | 352 | 352 |
| Closing net book amount | 155,106 | 121,234 | 276,340 |
| **As at 30 June 2025** | | | |
| Cost | 155,106 | 338,356 | 493,462 |
| Accumulated amortisation | — | (217,122) | (217,122) |
| Net book amount | 155,106 | 121,234 | 276,340 |
| **Year ended 30 June 2026** | | | |
| Opening net book amount | **155,106** | **121,234** | **276,340** |
| Additions | **—** | **320,938** | **320,938** |
| Amortisation (Notes (a)) | **—** | **(26,881)** | **(26,881)** |
| Disposal | **—** | **(197)** | **(197)** |
| Exchange differences | **—** | **(175)** | **(175)** |
| Closing net book amount | **155,106** | **414,919** | **570,025** |
| **As at 30 June 2026** | | | |
| Cost | **155,106** | **654,885** | **809,991** |
| Accumulated amortisation | **—** | **(239,966)** | **(239,966)** |
| Net book amount | **155,106** | **414,919** | **570,025** |

## 8. INTANGIBLE ASSETS *(continued)*

**(a)** Amortisation of RMB25,090,000 and RMB1,791,000 for the year ended 30 June 2026 (2025: RMB12,363,000 and RMB1,784,000) were charged to the administrative expenses and cost of goods sold of the consolidated income statement, respectively.

### (b) Impairment test for goodwill

Goodwill is allocated to the Group's CGU identified. The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period, which is based on management's past experience and its expectation for the market development and is consistent with their business plan. Based on the results of the impairment test, the directors of the Company were of the view that there was no impairment on goodwill as at 30 June 2026 and 2025.

**(c)** As at 30 June 2026 and 2025, other intangible assets mainly represent patent, trademark, computer software, and sea area and shoreline use rights.

## 9. SUBSIDIARIES

The following is a list of the Group's principal subsidiaries as at 30 June 2026. They have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business of each entity.

| | Place of incorporation and kind of legal entity | Principal activities/place of operation | Issued and fully paid share capital/paid-in capital | As at 30 June 2026 and 2025 Attributable equity interest held |
|---|---|---|---|---|
| **Directly held:** | | | | |
| Nine Dragons Paper (BVI) Group Limited | British Virgin Islands (the "BVI"), limited liability company | Investment holdings/BVI | US$10,000 | 100% |
| **Indirectly held:** | | | | |
| Nine Dragons Worldwide Investment Limited | Hong Kong, limited liability company | Investment holdings/Hong Kong | HK$1 | 100% |
| Nine Dragons Worldwide (China) Investment Group Co., Ltd. | PRC, limited liability company | Investment holdings/PRC | US$3,657,491,293 | 100% |
| Nine Dragons Paper Industries (Dongguan) Co., Ltd. | PRC, limited liability company | Manufacture of paper and pulp/PRC | US$993,181,000 | 100% |

## 9. SUBSIDIARIES *(continued)*

| | Place of incorporation and kind of legal entity | Principal activities/place of operation | Issued and fully paid share capital/paid-in capital | As at 30 June 2026 and 2025 Attributable equity interest held |
|---|---|---|---|---|
| Nine Dragons Paper Industries (Taicang) Co., Ltd. | PRC, limited liability company | Manufacture of paper/ PRC | US$820,720,000 | 100% |
| Nine Dragons Paper Industries (Chongqing) Co., Ltd. | PRC, limited liability company | Manufacture of paper and pulp/PRC | US$927,728,460 | 100% |
| Nine Dragons Paper Industries (Tianjin) Co., Ltd. | PRC, limited liability company | Manufacture of paper/ PRC | US$882,349,400 | 100% |
| Nine Dragons Paper Industries (Quanzhou) Co., Ltd. | PRC, limited liability company | Manufacture of paper/ PRC | US$419,600,000 | 100% |
| Nine Dragons Paper Industries (Leshan) Co., Ltd. | PRC, limited liability company | Manufacture of paper/ PRC | RMB612,210,000 | 100% |
| Nine Dragons Paper Industries (Shenyang) Co. Ltd. | PRC, limited liability company | Manufacture of paper and pulp/PRC | US$518,057,000 | 100% |
| Nine Dragons Paper Industries (Hebei) Co., Ltd. | PRC, limited liability company | Manufacture of paper/ PRC | US$163,193,000 | 100% |
| Nine Dragons Paper Industries (Hubei) Co., Ltd. | PRC, limited liability company | Manufacture of paper and pulp/PRC | RMB6,500,000,000 | 100% |
| Nine Dragons Paper Industries (Beihai) Co., Ltd. | PRC, limited liability company | Manufacture of paper and pulp/PRC | RMB10,000,000,000 | 100% |
| Cheng Yang Paper Mill Co., Ltd. (Note (a)) | Vietnam, limited liability company | Manufacture of paper/ Vietnam | US$100,000,000 | 67% |

## 9. SUBSIDIARIES *(continued)*

| | Place of incorporation and kind of legal entity | Principal activities/place of operation | Issued and fully paid share capital/paid-in capital | As at 30 June 2026 and 2025 Attributable equity interest held |
|---|---|---|---|---|
| ND Paper Inc. | USA, limited liability company | Manufacture of paper and pulp/USA | US$1,652,878,382 | 100% |
| ND Group Holding (Malaysia) Sdn Bhd | Malaysia, limited liability company | Manufacture of paper and pulp/Malaysia | MYR1,531,984,000 | 100% |
| Wah Da (Macao Commercial Offshore) Company Limited | Macao, limited liability company | Overseas trading of the recovered papers, wood pulp and packaging paper board products/Macao | MOP100,000 | 100% |

**(a)** The Group holds controlling interests in this subsidiary. In the opinion of the directors of the Company, the non-controlling interest is individually not material to the Group's consolidated financial statements. Therefore, no separate disclosure on this subsidiary's financial information is presented.

**(b)** The English names of those subsidiaries incorporated in the PRC represent management's best efforts at translating the Chinese names of these companies as no English names have been registered.

**(c) Significant restrictions**

Cash and short-term deposits held in Asian countries (including China) are subject to local exchange control regulations. These regulations provide for restrictions on exporting capital from those countries, other than through normal dividends.

As at 30 June 2026, the carrying amount of the assets included within the consolidated financial statements to which these restrictions apply was RMB6,858,596,000 (2025: RMB10,492,515,000).

## 10. INVESTMENTS IN ASSOCIATES AND A JOINT VENTURE

There was no associate nor joint venture of the Group as at 30 June 2026 which, in the opinion of the directors of the Company, is individually material to the Group. For those individually immaterial associates and joint venture that are accounted for using the equity method, amounts recognised in the consolidated balance sheet and the consolidated income statement are set out as below:

| | Associates RMB'000 (Note (a)) | Joint venture RMB'000 (Note (b)) | Total RMB'000 |
|---|---|---|---|
| **As at 1 July 2024** | 176,781 | 19,488 | 196,269 |
| Share of results | (12,449) | (2,376) | (14,825) |
| Disposals | (18,001) | — | (18,001) |
| Exchange differences | 326 | 31 | 357 |
| **As at 30 June 2025** | 146,657 | 17,143 | 163,800 |
| **As at 1 July 2025** | **146,657** | **17,143** | **163,800** |
| Additions | **23,572** | **—** | **23,572** |
| Share of results | **34,349** | **(4,767)** | **29,582** |
| Exchange differences | **(24)** | **1,374** | **1,350** |
| **As at 30 June 2026** | **204,554** | **13,750** | **218,304** |

(a) Particulars of the Group's major associates are set out below:

| Name of entity | Place of incorporation | % of ownership interest 2026 | % of ownership interest 2025 | Principal activities |
|---|---|---|---|---|
| ACN (Tianjin) Resources Co., Ltd. ("ACN Tianjin") | PRC | **30** | 30 | Sales of recovered paper |
| Hainan ACN Resources Co., Ltd. ("ACN Hainan") | PRC | **30** | 30 | Sales of recovered paper |
| Beihai Minerals Environmental Technology Co, Ltd. | PRC | **49** | 49 | Resource recycling technology research and development |
| Ganglong (Guangxi Beihai) Terminal Co., Ltd. ("Guangxi Ganglong") | PRC | **49** | 49 | Port operations |
| Hubei Minerals Environmental Technology Co, Ltd. | PRC | **49** | — | Resource recycling technology research and development |
| ND Paper Logistics Sdn. Bhd | Malaysia | **40** | 40 | Transportation |

## 10. INVESTMENTS IN ASSOCIATES AND A JOINT VENTURE *(continued)*

(b) Particulars of the Group's joint venture are set out below:

| Name of entity | Place of incorporation | % of ownership interest 2026 | % of ownership interest 2025 | Principal activities |
|---|---|---|---|---|
| Global Fame Developments Limited ("Global Fame") | BVI | **50** | 50 | Leasing |

As at 30 June 2026 and 2025, the Group had no significant commitments and contingencies in respect of the associates or the joint venture except for the guarantee provided to the joint venture as disclosed in Note 30(e).

## 11. INVENTORIES

| | As at 30 June 2026 RMB'000 | As at 30 June 2025 RMB'000 |
|---|---|---|
| Raw materials | **7,128,644** | 6,296,340 |
| Finished goods | **3,015,011** | 4,172,612 |
| Inventories — gross | **10,143,655** | 10,468,952 |
| Provision for impairment | **—** | (18,961) |
| Inventories — net | **10,143,655** | 10,449,991 |

The cost of inventories recognised as expenses and included in cost of goods sold amounted to RMB64,094,656,000 for the year ended 30 June 2026 (2025: RMB56,011,903,000).

No provision for write-downs of inventories to net realisable value was made for the year ended 30 June 2026 (2025: RMB18,961,000). The write-downs and reversal of write-downs of inventories to net realisable value were recognised in cost of goods sold in the consolidated income statement.

## 12. TRADE, BILLS AND OTHER RECEIVABLES AND PREPAYMENTS

| | As at 30 June 2026 RMB'000 | As at 30 June 2025 RMB'000 |
|---|---|---|
| Trade receivables (Note (b)(e)) | **4,409,422** | 3,277,833 |
| less: allowance for impairment (Note (c)) | **(31,258)** | (51,164) |
| | **4,378,164** | 3,226,669 |
| Bills receivables (Note (d)(e)) | **3,157,071** | 2,558,206 |
| less: allowance for impairment (Note (c)) | **(4,511)** | (4,729) |
| | **3,152,560** | 2,553,477 |
| VAT recoverable | **4,294,612** | 4,560,327 |
| Other receivables and deposits (Note (e)(g)) | **815,137** | 694,585 |
| less: allowance for impairment (Note (c)) | **(71,435)** | (44,242) |
| | **743,702** | 650,343 |
| Prepayments (Note (f)(g)) | **3,005,947** | 2,721,471 |
| Less: VAT recoverable and prepayments included in non-current assets | **(400,708)** | (906,664) |
| Other receivables and prepayments — current portion | **7,643,553** | 7,025,477 |

(a) As at 30 June 2026 and 2025, the fair values of trade, bills and other receivables approximate their carrying amounts due to their short term maturities.

## 12. TRADE, BILLS AND OTHER RECEIVABLES AND PREPAYMENTS *(continued)*

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

As at 30 June 2026, the ageing analysis of trade receivables based on invoice date was as follows:

| | **As at 30 June 2026 RMB'000** | As at 30 June 2025 RMB'000 |
|---|---|---|
| 0–60 days (including 60 days) | **4,293,826** | 3,089,700 |
| Over 60 days | **115,596** | 188,133 |
| | **4,409,422** | 3,277,833 |

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

(c) The Group applies the HKFRS 9 simplified approach to measure expected credit losses which use a lifetime expected loss allowance for all trade receivables and bills receivables. For other receivables, the Group has assessed the expected credit losses for these receivables at an amount equal to 12-months expected losses.

(d) Bills receivables as at 30 June 2026 and 2025 mainly represented bank acceptance notes with maturity period of 30 to 180 days.

(e) The gross amounts of trade, bills and other receivables and deposits are denominated in the following currencies:

| | **As at 30 June 2026 RMB'000** | As at 30 June 2025 RMB'000 |
|---|---|---|
| RMB | **7,085,520** | 5,606,829 |
| US$ | **803,832** | 492,608 |
| MYR | **255,422** | 173,443 |
| VND | **235,811** | 234,403 |
| Others | **1,045** | 23,341 |
| | **8,381,630** | 6,530,624 |

(f) Prepayments mainly represent advance to suppliers for purchase of raw materials and prepayments for acquisition of equipment and land use rights.

(g) The amounts due from related parties are disclosed in Note 30(d).

## 13. CASH AND CASH EQUIVALENTS

| | As at 30 June 2026 RMB'000 | As at 30 June 2025 RMB'000 |
|---|---|---|
| Cash at banks and in hand | **12,050,965** | 11,484,546 |
| Less: restricted cash (b) | **(283,353)** | (268,231) |
| Less: short-term bank deposits | **(119,681)** | (11,280) |
| | **11,647,931** | 11,205,035 |
| Cash and cash equivalents were denominated in: | | |
| — RMB | **10,527,241** | 10,513,859 |
| — US$ | **734,202** | 535,461 |
| — Others | **386,488** | 155,715 |
| | **11,647,931** | 11,205,035 |

(a) As at 30 June 2026, the maximum exposure to credit risk is the carrying amount of cash at banks of RMB11,647,354,000 (30 June 2025: RMB11,203,208,000).

(b) Restricted cash mainly represented frozen funds due to ongoing litigations in relation to certain construction projects.

## 14. SHARE CAPITAL AND SHARE PREMIUM

| | Number of ordinary shares | Nominal value of ordinary shares HK$'000 | Equivalent nominal value of ordinary shares RMB'000 | Share premium RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|
| **Issued and fully paid: Year ended 30 June 2026** | | | | | |
| Balance as at 1 July 2025 and 30 June 2026 | **4,692,220,811** | **469,222** | **480,531** | **1,084,720** | **1,565,251** |
| **Issued and fully paid: Year ended 30 June 2025** | | | | | |
| Balance as at 1 July 2024 and 30 June 2025 | 4,692,220,811 | 469,222 | 480,531 | 1,084,720 | 1,565,251 |

## 15. OTHER RESERVES

| | Contributed surplus RMB'000 (Note (a)) | Capital reserve RMB'000 | Statutory reserve and enterprise expansion fund RMB'000 (Note (b)) | Merger reserve RMB'000 (Note (c)) | Currency translation reserve RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|---|
| **Year ended 30 June 2025** | | | | | | |
| Balance as at 1 July 2024 | 1,389,550 | 246,267 | 5,947,497 | (335,183) | (432,708) | 6,815,423 |
| Appropriation to statutory reserve and enterprise expansion fund | – | – | 353,224 | – | – | 353,224 |
| Currency translation differences | – | – | – | – | 323,840 | 323,840 |
| Balance as at 30 June 2025 | 1,389,550 | 246,267 | 6,300,721 | (335,183) | (108,868) | 7,492,487 |
| **Year ended 30 June 2026** | | | | | | |
| Balance as at 1 July 2025 | **1,389,550** | **246,267** | **6,300,721** | **(335,183)** | **(108,868)** | **7,492,487** |
| Appropriation to statutory reserve and enterprise expansion fund | **–** | **–** | **303,703** | **–** | **–** | **303,703** |
| Effect of reclassification of perpetual capital securities (Note 16) | **–** | **69,738** | **–** | **–** | **–** | **69,738** |
| Currency translation differences | **–** | **–** | **–** | **–** | **(517,011)** | **(517,011)** |
| Balance as at 30 June 2026 | **1,389,550** | **316,005** | **6,604,424** | **(335,183)** | **(625,879)** | **7,348,917** |

**(a)** Contributed surplus of the Group represents the difference between the share capital of subsidiaries acquired pursuant to the reorganisation over the nominal value of the share capital of the Company issued in exchange therefor and the amount transferred from share premium.

**(b) Statutory reserve and enterprise expansion fund**

In accordance with relevant rules and regulations in the PRC, except for Sino-foreign equity joint venture enterprises, all other PRC companies are required to transfer 10% of their profit after taxation calculated under PRC accounting rules and regulations to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capitals. The statutory reserve fund can only be used, upon approval by the relevant authority, to offset previous years' losses or to increase the capital of respective companies. The appropriation to the enterprise expansion fund is solely determined by the board of directors of the PRC companies. The enterprise expansion fund can only be used to increase capital of respective companies or to expand their production operations upon approval by the relevant authority.

In accordance with relevant rules and regulations in the PRC applied on Sino-foreign equity joint venture enterprises, the appropriations to the statutory reserve fund and enterprise expansion fund are determined by the board of directors of respective companies.

## 15. OTHER RESERVES *(continued)*

### (c) Merger reserve

The merger reserve represents the aggregate nominal value of the share capital of the subsidiaries acquired by the Group from the controlling shareholders of the Company less considerations paid.

## 16. PERPETUAL CAPITAL SECURITIES

| | For the year ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | **RMB'000** | RMB'000 |
| Balance as at 1 July | **2,846,329** | 2,846,329 |
| Profit attributable to holders of perpetual capital securities | **375,622** | 400,395 |
| Distribution to the holders of perpetual capital securities | **(393,263)** | (400,395) |
| Reclassification to borrowings | **(2,828,688)** | — |
| Balance as at 30 June | **—** | 2,846,329 |

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

Distribution was payable semi-annually in arrears based on a distribution rate as defined in the subscription agreements. The annual distribution rate was about 14% for the year ended 30 June 2026 (2025: 14%).

During the year ended 30 June 2026, the Company made distribution amounting to US$56,000,000 (equivalent to RMB393,263,000) (2025: US$56,000,000, equivalent to RMB400,395,000) to the holders of the perpetual capital securities.

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

On 15 June 2026, the Company issued an irrevocable public announcement to the holders of the perpetual capital securities regarding the exercise of its redemption option.

Pursuant to HKFRS 9, the irrevocable redemption offer indicates that the Company has effectively assumed a payment obligation that cannot be unconditionally avoided, which meets the definition of a financial liability. Accordingly, the Company reclassified the perpetual capital securities from equity to borrowings which were initially measured at the fair value of the assumed financial liability on 15 June 2026, amounting to US$405,201,000 (equivalent to RMB2,758,950,000). The difference between the carrying amount of the perpetual capital securities and the fair value of the borrowing at the reclassification date, amounting to RMB69,738,000, was recognized in "Other reserves" (Note 15).

## 16. PERPETUAL CAPITAL SECURITIES *(continued)*

In July 2026, a total of US$399,500,000 of the aggregate principal amount of the securities had been validly tendered and redeemed pursuant to the tender instructions, representing approximately 99.9% of the total amount of the perpetual capital securities outstanding. The redemption of the remaining amount of US$500,000 was completed in August 2026.

## 17. BORROWINGS

| | **As at 30 June 2026 RMB'000** | As at 30 June 2025 RMB'000 |
|---|---|---|
| Current | | |
| Bank borrowings | **11,747,395** | 14,191,582 |
| Perpetual capital securities (Note 16) | **2,758,950** | — |
| Outstanding balance of discounted commercial acceptance bills with recourse | **—** | 1,674,332 |
| | **14,506,345** | 15,865,914 |
| Non-current | | |
| Bank borrowings | **66,652,437** | 59,502,416 |
| Borrowing from other non-banking financial institutions | **—** | 50,109 |
| | **66,652,437** | 59,552,525 |
| | **81,158,782** | 75,418,439 |

**(a)** As at 30 June 2026 and 2025, all of the bank borrowings and borrowings from other non-bank financial institutions of the Group were unsecured borrowings.

**(b)** The exposure of the Group's borrowings to interest-rate changes and the contractual repricing dates or maturity dates whichever is earlier is as follows:

| | **As at 30 June 2026 RMB'000** | As at 30 June 2025 RMB'000 |
|---|---|---|
| 6 months or less (including 6 months) | **30,842,206** | 30,556,139 |
| 6–12 months (including 12 months) | **16,141,354** | 18,707,289 |
| 1–5 years (including 5 years) | **22,944,345** | 14,444,058 |
| Over 5 years | **190,650** | 200,900 |
| | **70,118,555** | 63,908,386 |

## 17. BORROWINGS *(continued)*

**(c)** The Group's borrowings were repayable as follows:

| | **As at 30 June 2026 RMB'000** | As at 30 June 2025 RMB'000 |
|---|---|---|
| Within 1 year (including 1 year) | **14,506,345** | 15,865,914 |
| Between 1 and 2 years (including 2 years) | **34,935,916** | 25,257,211 |
| Between 2 and 5 years (including 5 years) | **27,427,577** | 28,831,919 |
| Over 5 years | **4,288,944** | 5,463,395 |
| | **81,158,782** | 75,418,439 |

**(d)** The effective interest rates of borrowings were mainly as follows:

| | **As at 30 June 2026** | | | | |
|---|---|---|---|---|---|
| | **RMB** | **US$** | **EURO** | **MYR** | **VND** |
| Long-term bank borrowings | **2.77%** | **Not applicable** | **1.30%** | **Not applicable** | **Not applicable** |
| Short-term bank borrowings and perpetual capital securities | **2.79%** | **2.14%** | **1.30%** | **4.03%** | **Not applicable** |

| | As at 30 June 2025 | | | | |
|---|---|---|---|---|---|
| | RMB | US$ | EURO | MYR | VND |
| Long-term bank and other borrowings | 2.89% | 2.63% | 1.30% | Not applicable | Not applicable |
| Short-term bank borrowings | 2.63% | Not applicable | 1.04% | 4.30% | 4.24% |

**(e)** The carrying amounts of the bank and other borrowings approximated their fair values as these borrowings are mainly floating-rate borrowings.

## 17. BORROWINGS *(continued)*

**(f)** The Group's borrowings were denominated in:

| | **As at 30 June 2026 RMB'000** | As at 30 June 2025 RMB'000 |
|---|---|---|
| RMB | **77,867,480** | 74,573,446 |
| US$ | **2,941,497** | 50,109 |
| MYR | **317,949** | 322,056 |
| EURO | **31,856** | 278,750 |
| VND | **—** | 194,078 |
| | **81,158,782** | 75,418,439 |

**(g)** The Group has the following undrawn borrowing facilities:

| | **As at 30 June 2026 RMB'000** | As at 30 June 2025 RMB'000 |
|---|---|---|
| Expiring within one year | **47,362,085** | 33,084,894 |
| Expiring beyond one year | **14,681,908** | 10,932,413 |
| | **62,043,993** | 44,017,307 |

**(h) Loan covenants**

As at 30 June 2026, under the terms of the Group's bank borrowings with a total carrying amount of approximately RMB32,069,963,000 (2025: RMB34,778,112,000), the Group or specific subsidiaries were required to comply with certain financial covenants, which mainly included net debt ratio (net debt divided by net tangible assets), asset-liability ratio and current ratio. The Group has complied with the financial covenants of the related borrowings during the years ended 30 June 2026 and 2025.

## 18. DEFERRED INCOME TAX

| | As at 30 June 2026 RMB'000 | As at 30 June 2025 RMB'000 |
|---|---|---|
| Deferred income tax assets | **(144,494)** | (203,294) |
| Deferred income tax liabilities | **4,877,921** | 4,571,354 |
| Deferred income tax liabilities, net | **4,733,427** | 4,368,060 |

(a) The net movement on the deferred income tax assets and liabilities is as follows:

| | For the year ended 30 June 2026 RMB'000 | 2025 RMB'000 |
|---|---|---|
| Beginning of the year | **4,368,060** | 4,302,118 |
| Charged to the consolidated income statement (Note 25) | **365,695** | 65,970 |
| Exchange differences | **(328)** | (28) |
| End of the year | **4,733,427** | 4,368,060 |

(b) The movements in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

| | **Deferred income tax assets** RMB'000 | **Deferred income tax liabilities** RMB'000 |
|---|---|---|
| As at 1 July 2024 | (1,490,366) | 5,792,484 |
| (Credited)/charged to the consolidated income statement | (271,665) | 337,635 |
| Exchange difference | — | (28) |
| As at 30 June 2025 | (1,762,031) | 6,130,091 |
| As at 1 July 2025 | **(1,762,031)** | **6,130,091** |
| Charged to the consolidated income statement | **132,355** | **233,340** |
| Exchange difference | **—** | **(328)** |
| As at 30 June 2026 | **(1,629,676)** | **6,363,103** |

## 18. DEFERRED INCOME TAX *(continued)*

(b) *(continued)*

| | **As at 30 June 2026 RMB'000** | As at 30 June 2025 RMB'000 |
|---|---|---|
| Total gross deferred income tax assets | **(1,629,676)** | (1,762,031) |
| Offsetting | **1,485,182** | 1,558,737 |
| Net deferred income tax assets | **(144,494)** | (203,294) |
| Total gross deferred income tax liabilities | **6,363,103** | 6,130,091 |
| Offsetting | **(1,485,182)** | (1,558,737) |
| Net deferred income tax liabilities | **4,877,921** | 4,571,354 |

As at 30 June 2026, deferred income tax assets were mainly recognised in respect of temporary differences arising from tax losses and deferred income tax liabilities were mainly provided in respect of temporary differences arising from accelerated tax depreciation.

Pursuant to the relevant corporate income tax rules and regulations, withholding tax is imposed on dividends declared in respect of profits earned by the Group's certain subsidiaries. As at 30 June 2026, deferred income tax liabilities of RMB2,232,336,000 (2025: RMB2,227,543,000) have not been provided for in these consolidated financial statements in respect of temporary differences attributable to accumulated profits of the Group's certain subsidiaries as the Group controls the dividend policy of these subsidiaries and it is probable that these temporary differences will not be reversed in the foreseeable future.

As at 30 June 2026, deferred tax assets associated with tax losses of approximately RMB4,182,358,000 (2025: RMB3,881,800,000) of the Group had not been recognized, of which RMB421,100,000 (2025: RMB509,077,000) can be carried forward against future taxable income between 2026 and 2033, while RMB3,761,258,000 (2025: RMB3,372,723,000) can be carried forward against future taxable income with no expiry date.

## 19. TRADE, BILLS AND OTHER PAYABLES

| | As at 30 June 2026 RMB'000 | As at 30 June 2025 RMB'000 |
|---|---|---|
| Trade payables (Note (a)) | **4,484,727** | 3,400,770 |
| Bills payables (Note (b)) | **8,143,000** | 7,181,496 |
| Other payables | | |
| — Payables for purchase of property, plant and equipment | **3,412,152** | 3,789,789 |
| — Staff welfare benefits payable | **366,228** | 313,944 |
| — Other taxes payable | **436,656** | 250,909 |
| — Others (Note (c)) | **925,780** | 979,978 |
| | **5,140,816** | 5,334,620 |
| Less: non-current portion of other payables | **(197,672)** | (182,066) |
| Other payables — current portion | **4,943,144** | 5,152,554 |

(a) Trade payables are settled in accordance with agreed terms with suppliers, of which amounts due to related parties are disclosed in Note 30(d). The ageing analysis of trade payables based on invoice date as at 30 June 2026 is as follows:

| | As at 30 June 2026 RMB'000 | As at 30 June 2025 RMB'000 |
|---|---|---|
| 0–90 days (including 90 days) | **4,021,165** | 2,957,729 |
| Over 90 days | **463,562** | 443,041 |
| | **4,484,727** | 3,400,770 |

(b) Bills payables were mainly with maturity period of 90 to 180 days as at 30 June 2026 and 2025.

(c) Others mainly represent payables for other operating expenses, of which amounts due to related parties are disclosed in Note 30(d).

## 20. REVENUE

| | For the year ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | **RMB'000** | RMB'000 |
| Sales of packaging paper | **66,043,630** | 56,899,733 |
| Sales of printing and writing paper | **7,965,799** | 5,407,685 |
| Sales of high value specialty paper products | **883,069** | 672,906 |
| Sales of pulp | **107,965** | 260,215 |
| | **75,000,463** | 63,240,539 |
| **Timing of revenue recognition** | | |
| At a point in time | **75,000,463** | 63,240,539 |

**(a)** The Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue during the years ended 30 June 2026 and 2025.

**(b) Contract liabilities:**

The Group has recognised the following revenue-related contract liabilities:

| | For the year ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | **RMB'000** | RMB'000 |
| Related to sales of paper and pulp | **958,319** | 651,749 |

**(i) Revenue recognised in relation to contract liabilities**

Revenue recognised related to carried-forward contract liabilities amounted to RMB651,749,000 for the year ended 30 June 2026 (2025: RMB632,551,000).

**(ii) Unsatisfied performance obligations**

The Group has adopted a practical expedient methodology by omitting disclosure of remaining performance obligations as all related contracts have a duration of one year or less.

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

| | For the year ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | **RMB'000** | RMB'000 |
| Other income | | |
| — VAT refund (Note (a)) | **1,437,748** | 1,438,690 |
| — income from leases | **209,795** | 183,800 |
| — subsidy income | **202,836** | 184,404 |
| — income from other sales and services | **66,745** | 86,146 |
| Other expenses | | |
| — cost of leases | **(138,889)** | (143,337) |
| — cost of other sales and services | **(55,987)** | (76,332) |
| Other losses — net | | |
| — Impairment losses on property, plant and equipment (Note 6) | **(276,550)** | — |
| — losses on disposal of property, plant and equipment and right-of-use assets | **(134,718)** | (62,692) |
| — others | **51,907** | (48,152) |
| Net exchange (losses)/gains on operating activities (Note (b)) | **(56,368)** | 37,748 |
| | **1,306,519** | 1,600,275 |

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

(b) Net exchange (losses)/gains on operating activities are presented within "Other income, other expenses and other gains — net" in the current year as they are immaterial. The comparative figures have been reclassified to conform to the current year's presentation.

## 22. EXPENSES BY NATURE

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

| | For the year ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | **RMB'000** | RMB'000 |
| Raw materials and consumables used | **55,836,088** | 50,091,867 |
| Changes in finished goods | **1,157,601** | (289,067) |
| Employee benefit expenses (Note 23) | **4,606,160** | 4,198,814 |
| Depreciation charges of property, plant and equipment (Note 6) | **4,414,616** | 3,588,625 |
| Less: amount charged to other expenses | **(11,274)** | (10,314) |
| | **4,403,342** | 3,578,311 |
| Repairs and maintenance expenses | **737,708** | 805,006 |
| Transportation expenses | **1,829,237** | 1,322,679 |
| Net reversal of provision for inventory impairment (Note 11) | **(18,961)** | (16,507) |
| Other taxes | **658,083** | 607,172 |
| Depreciation charges of right-of-use assets (Note 7) | **159,131** | 164,508 |
| Less: amount capitalised in property, plant and equipment | **(7,643)** | (18,182) |
| Less: amount charged to other expenses | **(62,507)** | (63,184) |
| | **88,981** | 83,142 |
| Rental expenses relating to short-term leases | **25,739** | 33,611 |
| Amortisation of intangible assets (Note 8) | **26,881** | 14,147 |
| Auditor's remuneration | | |
| — Audit services | **12,900** | 10,900 |
| — Non-audit services | **1,969** | 447 |
| Others | **353,542** | 445,950 |
| | **69,719,270** | 60,886,472 |

## 23. EMPLOYEE BENEFIT EXPENSES

| | For the year ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | **RMB'000** | RMB'000 |
| Wages and salaries | **3,974,999** | 3,645,384 |
| Contribution to pension plans | **254,691** | 216,780 |
| Other employee benefits | **376,470** | 336,650 |
| | **4,606,160** | 4,198,814 |

**(a)** Majority of the Group's pension plans and other employee benefits are related to the local employees in the PRC. All local employees of the subsidiaries in the PRC participate in employee social security plans established in the PRC, which cover pension, medical and other welfare benefits. The plans are organised and administered by the governmental authorities. Except for the contributions made to these social security plans, the Group has no other material commitments owing to the employees. According to the relevant regulations, the portion of premium and welfare benefit contributions that should be borne by the companies within the Group as required by the above social security plans are principally determined based on percentages of the basic salaries of employees, subject to certain ceilings imposed. These contributions are paid to the respective labor and social welfare authorities and are expensed as incurred.

### (b) Directors' and chief executive officer's emoluments

The remuneration of each of the directors and chief executive officer of the Company for the year ended 30 June 2026 is set out below:

| Name of director | Fees RMB'000 | Allowance RMB'000 | Salary RMB'000 | Discretionary bonus RMB'000 | Employer's contribution to pension scheme RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|---|
| *Executive directors* | | | | | | |
| Ms. Cheung Yan | **8,928** | **–** | **–** | **–** | **–** | **8,928** |
| Mr. Liu Ming Chung (i) | **8,376** | **–** | **–** | **–** | **8** | **8,384** |
| Mr. Zhang Cheng Fei (i) | **8,100** | **–** | **–** | **–** | **11** | **8,111** |
| Mr. Lau Chun Shun | **800** | **–** | **–** | **–** | **3** | **803** |
| Mr. Ken Liu | **2,982** | **–** | **–** | **–** | **16** | **2,998** |
| Mr. Zhang Lianpeng | **3,600** | **–** | **–** | **–** | **11** | **3,611** |
| Ms. Zhang Lianru (ii) | **200** | **–** | **–** | **–** | **–** | **200** |
| *Independent non-executive directors* | | | | | | |
| Mr. Lam Yiu Kin (iii) | **238** | **–** | **–** | **–** | **–** | **238** |
| Ms. Chan Man Ki | **425** | **–** | **–** | **72** | **–** | **497** |
| Dr. Li Huiqun | **425** | **–** | **–** | **72** | **–** | **497** |
| Mr. Cao Zhenlei (iii) | **425** | **–** | **–** | **72** | **–** | **497** |
| Mr. Sun Po Yuan (iii) | **317** | **–** | **–** | **36** | **–** | **353** |
| | **34,816** | **–** | **–** | **252** | **49** | **35,117** |

## 23. EMPLOYEE BENEFIT EXPENSES *(continued)*

### (b) Directors' and chief executive officer's emoluments *(continued)*

The remuneration of each of the directors and chief executive officer of the Company for the year ended 30 June 2025 is set out below:

| Name of director | Fees RMB'000 | Allowance RMB'000 | Salary RMB'000 | Discretionary bonus RMB'000 | Employer's contribution to pension scheme RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|---|
| *Executive directors* | | | | | | |
| Ms. Cheung Yan | 8,928 | – | – | – | – | 8,928 |
| Mr. Liu Ming Chung (i) | 8,376 | – | – | – | – | 8,376 |
| Mr. Zhang Cheng Fei (i) | 8,100 | – | – | – | – | 8,100 |
| Mr. Zhang Yuan Fu (iv) | 709 | – | 4,819 | – | 17 | 5,545 |
| Mr. Lau Chun Shun | 4,800 | – | – | – | 17 | 4,817 |
| Mr. Ken Liu | 4,384 | – | – | – | 17 | 4,401 |
| Mr. Zhang Lianpeng | 3,600 | – | – | – | – | 3,600 |
| Ms. Zhang Lianru (ii) | 1,200 | – | – | – | – | 1,200 |
| *Independent non-executive directors* | | | | | | |
| Mr. Lam Yiu Kin | 485 | – | – | 44 | – | 529 |
| Ms. Chan Man Ki | 441 | – | – | 40 | – | 481 |
| Dr. Li Huiqun | 441 | – | – | 40 | – | 481 |
| Mr. Cao Zhenlei (iii) | 330 | – | – | 20 | – | 350 |
| Mr. Ng Leung Sing (v) | 244 | – | – | – | – | 244 |
| | 42,038 | – | 4,819 | 144 | 51 | 47,052 |

(i) Mr. Liu Ming Chung and Mr. Zhang Cheng Fei are also the chief executive officer and deputy chief executive officer of the Group, respectively.

(ii) Ms. Zhang Lianru was appointed on 1 March 2024 as executive director and resigned on 30 September 2025.

(iii) Mr. Lam Yiu Kin retired at the 2025 annual general meeting held on 11 December 2025, Mr. Sun Po Yuan was appointed on 16 October 2025, Mr. Cao Zhenlei was appointed on 2 October 2024.

(iv) Mr. Zhang Yuanfu resigned as executive director on 8 April 2025.

(v) Mr. Ng Leung Sing retired at the 2024 annual general meeting held on 3 December 2024.

During the years ended 30 June 2026 and 2025, no director received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

## 23. EMPLOYEE BENEFIT EXPENSES *(continued)*

### (c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 30 June 2026 include two directors (2025: three) whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2025: two) individuals during the year ended 30 June 2026 are as follows:

| | For the year ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | **RMB'000** | RMB'000 |
| Wages and salaries | **28,960** | 17,000 |
| Contribution to pension plans | **46** | 61 |
| Other employee benefits | **194** | 52 |
| | **29,200** | 17,113 |

The emoluments of these remaining individuals of the Group fell within the following bands:

| | For the year ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| Annual emolument band | | |
| RMB7,616,000 to RMB8,064,000 (equivalent to HK$8,500,001 to HK$9,000,000) | **—** | 1 |
| RMB8,064,001 to RMB8,512,000 (equivalent to HK$9,000,001 to HK$9,500,000) | **1** | — |
| RMB8,512,001 to RMB8,960,000 (equivalent to HK$9,500,001 to HK$10,000,000) | **—** | 1 |
| RMB9,856,001 to RMB10,304,000 (equivalent to HK$11,000,001 to HK$11,500,000) | **1** | — |
| RMB10,304,001 to RMB10,752,000 (equivalent to HK$11,500,001 to HK$12,000,000) | **1** | — |

## 24. FINANCE INCOME AND FINANCE COSTS

| | For the year ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | **RMB'000** | RMB'000 |
| Finance income: | | |
| Interest income from bank deposits | **77,569** | 136,444 |
| Finance costs: | | |
| Interest expenses | **(2,207,448)** | (2,262,171) |
| Amortisation of transaction costs | **(91,001)** | (71,224) |
| Less: amounts capitalised on property, plant and equipment (Note (a)) | **563,767** | 645,807 |
| Net exchange (losses)/gains on financing activities (Note (b)) | **(127,907)** | 113,926 |
| | **(1,862,589)** | (1,573,662) |
| | **(1,785,020)** | (1,437,218) |

(a) The capitalisation interest rate was 3.09% for the year ended 30 June 2026 (2025: 3.33%).

(b) Net exchange (losses)/gains on financing activities, previously presented as a separate line item have been presented within "Finance costs" in the current year as the amounts are immaterial. The comparative figures have been reclassified to conform to the current year's presentation.

## 25. INCOME TAX EXPENSE

| | For the year ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | **RMB'000** | RMB'000 |
| Current income tax | | |
| — PRC corporate income tax and withholding income tax (Notes (a) and (b)) | **343,868** | 192,076 |
| — Malaysia income tax (Note (c)) | **475** | 21 |
| — Vietnam income tax (Note (d)) | **68,169** | 24,844 |
| | **412,512** | 216,941 |
| Deferred income tax (Note 18) | | |
| — PRC corporate income tax and withholding income tax | **361,622** | 58,469 |
| — Malaysia income tax | **(646)** | (131) |
| — Vietnam income tax | **4,719** | 7,632 |
| | **365,695** | 65,970 |
| | **778,207** | 282,911 |

## 25. INCOME TAX EXPENSE *(continued)*

### (a) PRC corporate income tax

The Group's subsidiaries in Chinese mainland are subject to corporate income tax at the rate of 25% except that certain of these subsidiaries are entitled to preferential rate of 15% for the Group's financial years ended 30 June 2026 and 2025 as those subsidiaries fulfil the requirements of High and New Technology Enterprises ("HNTE") according to relevant rules and regulations. The HNTE designation should be reassessed every three years according to relevant rules and regulations.

In accordance with the announcement on extending the enterprise income tax policy for the western region development (《關於延續西部大開發企業所得税政策的公告》(財政部税務總局國家發展改革委公告2020年第23號)), from 1 January 2021 to 31 December 2030, enterprises which located in the western region that fall under the encouraged industries are subject to a 15% enterprise income tax rate. In accordance with the Circular of the People's Government of Guangxi Zhuang Autonomous Region on extending and revising certain policies for promoting the opening-up and development of the Guangxi Beibu Gulf Economic Zone (《廣西壯族自治區人民政府關於延續和修訂促進廣西北部灣經濟區開放開發若干政策規定的通知》(桂政發[2014]5號)), qualified newly set up enterprises are exempt from the local shared portion, which is 40% of the enterprise income tax calculated based on the 15% enterprise income tax rate. Therefore, Nine Dragons Paper Industries (Beihai) Co., Ltd. is qualified for such incentive tax arrangement and entitled to the corporate income tax rate of 9% for the years ended 30 June 2026 and 2025.

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

### (b) PRC withholding income tax

PRC withholding income tax of 10% shall be levied on the dividends declared by the companies established in the Chinese mainland to their foreign investors out of their profits earned after 1 January 2008. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the Chinese mainland and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%. The applicable withholding income tax rate of the intermediate holding company of the Company's subsidiaries in Chinese mainland for the years ended 30 June 2026 and 2025 was 5%.

### (c) Malaysia income tax

The Group's subsidiaries in Malaysia are subject to corporate income tax at the rate of 24% for the years ended 30 June 2026 and 2025 in respect of operations in Malaysia.

## 25. INCOME TAX EXPENSE *(continued)*

### (d) Vietnam income tax

The Group's subsidiaries in Vietnam are subject to corporate income tax at the rate of 20% for the years ended 30 June 2026 and 2025 in respect of operations in Vietnam.

### (e) USA income tax

USA income tax has not been provided as the Group did not have any assessable profits for the years ended 30 June 2026 and 2025.

### (f) Hong Kong profits tax

Hong Kong profits tax has not been provided as the Group did not have any assessable profits for the years ended 30 June 2026 and 2025.

(g) The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the applicable tax rates of the group entities as follows:

| | For the year ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | **RMB'000** | RMB'000 |
| Profit before income tax | **4,825,205** | 2,484,576 |
| Adjust: share of results of associates and a joint venture | **(29,582)** | 14,825 |
| | **4,795,623** | 2,499,401 |
| Tax calculated at applicable tax rates of the group entities | **1,270,278** | 706,044 |
| Effect of preferential tax rates | **(905,437)** | (641,160) |
| Tax losses for which no deferred income tax assets were recognised | **424,853** | 169,606 |
| Others | **(11,487)** | 48,421 |
| Income tax expense | **778,207** | 282,911 |

### (h) OECD Pillar Two model rules

The Company is within the scope of the OECD Pillar Two model rules (the "GloBE rules"). The Company applies the mandatory temporary exception under paragraph 4A of HKAS/IAS 12 and, accordingly, has neither recognised nor disclosed deferred tax assets and liabilities related to Pillar Two income taxes.

Pillar Two legislation has been enacted in the jurisdictions in which certain of the Company's constituent entities are incorporated, namely Vietnam, Malaysia and Hong Kong SAR. The global minimum tax, comprising the Income Inclusion Rule (IIR) and the domestic minimum top-up tax (qualify as a Qualified Domestic Minimum Top-up Tax, "QDMTT"), became effective in Vietnam on 1 January 2024, and became effective in both Malaysia and Hong Kong SAR on 1 January 2025.

## 25. INCOME TAX EXPENSE *(continued)*

### (h) OECD Pillar Two model rules *(continued)*

For the year ended 30 June 2026, based on management's comprehensive assessment, the Company was eligible for the transitional country-by-country reporting (CbCR) safe harbour in Vietnam jurisdiction based on the simplified effective tax rate (ETR) test, which indicated an ETR in excess of 16%. For Hong Kong SAR and Malaysia jurisdictions, the Company was eligible for the transitional country-by-country reporting (CbCR) safe harbour based on the routine profits test under the Pillar Two rules. Accordingly, it is estimated that no top-up tax liabilities arose under the QDMTT for these entities in Vietnam, Hong Kong SAR and Malaysia jurisdictions.

For the Company's constituent entities in other jurisdictions, including Chinese Mainland, the United States, Macau SAR, the British Virgin Islands and the Cayman Islands, management performed a full Pillar Two compliance review: The Company was qualified for the routine profits test in Chinese Mainland, the United States and Macau SAR, while qualified for the de minimis test in the British Virgin Islands and the Cayman Islands. Consequently, it is estimated that no top-up tax was payable by any of these entities under the IIR rules.

Accordingly, the Company recognized no current tax expense/(income) related to Pillar Two income taxes for the year ended 30 June 2026.

## 26. EARNINGS PER SHARE

### — Basic

| | For the year ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| Profit attributable to equity holders of the Company (RMB'000) | **3,580,551** | 1,767,106 |
| Weighted average number of ordinary shares in issue (shares in thousands) | **4,692,221** | 4,692,221 |
| Basic earnings per share (RMB per share) | **0.76** | 0.38 |

### — Diluted

Diluted earnings per share was the same as basic earnings per share as there were no potential dilutive ordinary shares outstanding during the years ended 30 June 2026 and 2025.

## 27. DIVIDENDS

At the meeting held on 23 September 2026, the Board proposed a payment of a final dividend of RMB0.1 per share (equivalent to approximately HKD0.116 per share) for the year ended 30 June 2026, subject to the approval of the shareholders of the Company at the forthcoming annual general meeting of the Company (2025: Nil). These consolidated financial statements do not reflect this dividend payable.

## 28. NOTES OF CONSOLIDATED STATEMENT OF CASH FLOWS

### (a) Cash generated from operations

| | For the year ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | **RMB'000** | RMB'000 |
| **Profit before income tax** | **4,825,205** | 2,484,576 |
| **Adjustments for** | | |
| Depreciation charges of property, plant and equipment (Note 6) | **4,414,616** | 3,588,625 |
| Depreciation charges of right-of-use assets (Note 7(a)) | **151,488** | 146,326 |
| Amortisation (Note 8) | **26,881** | 14,147 |
| Impairment losses on property, plant and equipment | **276,550** | — |
| Net impairment losses on financial assets | **7,069** | 17,723 |
| Net reversal of provision for inventory impairment | **(18,961)** | (16,507) |
| Share of results of associates and a joint venture — net (Note 10) | **(29,582)** | 14,825 |
| Finance income (Note 24) | **(77,569)** | (136,444) |
| Finance costs (Note 24) | **1,862,589** | 1,573,662 |
| Net exchange (losses)/gains on operating activities (Note 21) | **56,368** | (37,748) |
| Fair value losses on financial assets at fair value through profit or loss | **12,673** | 31,531 |
| Dividend income on financial assets at fair value through profit or loss | **(1,094)** | (2,202) |
| Losses on disposal of property, plant and equipment and right of use assets (Note 21) | **134,718** | 62,692 |
| | **11,640,951** | 7,741,206 |
| **Changes in working capital** | | |
| Inventories | **325,297** | (264,176) |
| Changes in restricted cash | **(277)** | 26,017 |
| Trade receivables | **(1,131,589)** | 2,325,427 |
| Bills receivables | **(462,018)** | 287,854 |
| Other receivables and prepayments | **(884,051)** | 436,350 |
| Trade payables | **968,366** | (1,344,589) |
| Bills payables | **(7,707)** | 19,198 |
| Contract liabilities | **306,570** | (2,163,003) |
| Other payables | **(67,868)** | 237,843 |
| **Cash generated from operations** | **10,687,674** | 7,302,127 |

## 28. NOTES OF CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

### (b) Reconciliation of liabilities arising from financing activities

| | 1 July 2025 RMB'000 | Financing cash inflows — net RMB'000 | New leases RMB'000 | Other changes (i) RMB'000 | 30 June 2026 RMB'000 |
|---|---|---|---|---|---|
| Borrowings | 75,418,439 | 3,056,839 | — | 2,683,504 | 81,158,782 |
| Lease liabilities | 1,757,645 | (245,944) | 62,369 | 37,396 | 1,611,466 |
| | 77,176,084 | 2,810,895 | 62,369 | 2,720,900 | 82,770,248 |

| | 1 July 2024 RMB'000 | Financing cash inflows — net RMB'000 | New leases RMB'000 | Other changes (i) RMB'000 | 30 June 2025 RMB'000 |
|---|---|---|---|---|---|
| Borrowings | 67,179,081 | 8,142,815 | — | 96,543 | 75,418,439 |
| Lease liabilities | 1,846,352 | (249,872) | 7,557 | 153,608 | 1,757,645 |
| | 69,025,433 | 7,892,943 | 7,557 | 250,151 | 77,176,084 |

(i) Other changes for borrowings mainly comprise foreign exchange adjustments and the reclassification of perpetual capital securities (Note 16). Other changes for lease liabilities mainly comprise interest expense. The principal payments of leases are included in "financing cash inflows — net".

### (c) Non-cash investing and financing activities

| | For the year ended 30 June 2026 RMB'000 | 2025 RMB'000 |
|---|---|---|
| Additions of right-of-use assets | 62,369 | 7,557 |

## 29. CAPITAL COMMITMENTS

The Group has material capital commitments contracted but not provided for on property, plant and equipment as follows:

| | As at 30 June 2026 RMB'000 | As at 30 June 2025 RMB'000 |
|---|---|---|
| Property, plant and equipment | 3,257,418 | 3,858,093 |

## 30. SIGNIFICANT RELATED PARTY TRANSACTIONS

The Company's ultimate holding company is Best Result Holdings Limited which held approximately 65% equity interests of the Company as at 30 June 2026.

### (a) Name and relationship with major related parties

| Name | Relationship |
|---|---|
| America Chung Nam Inc. ("ACN Inc") | A company beneficially owned by Ms. Cheung Yan and Mr. Liu Ming Chung, executive directors of the Company |
| ACN Tianjin | An associate of the Group |
| ACN Hainan | An associate of the Group |
| Global Fame | A joint venture of the Group |
| Guangxi Ganglong | An associate of the Group |
| ND Paper Logistics Sdn Bhd | An associate of the Group |
| Skying Dragon Packaging Limited | An associate of the Group |
| Beihai Minerals Environmental Technology Co., Ltd | An associate of the Group |

### (b) Transactions with related parties

During the year ended 30 June 2026, the Group had the following significant transactions with related parties. These transactions were conducted in the normal course of the Group's business:

| | For the year ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | **RMB'000** | RMB'000 |
| Purchase of recovered paper, pulp and woodchips: | | |
| — ACN Inc | **2,660,668** | 2,713,522 |
| — ACN Tianjin and ACN Hainan and their designated agents | **1,911,523** | 5,268,671 |
| | **4,572,191** | 7,982,193 |
| Purchase of logistics services: | | |
| — ND Paper Logistics Sdn Bhd | **13,633** | 3,725 |

All the above transactions are entered into with the relevant related parties at mutually agreed terms.

## 30. SIGNIFICANT RELATED PARTY TRANSACTIONS *(continued)*

### (c) Key management compensation

Key management includes directors and the senior management team of the Company. Details of key management compensation are as follows:

| | For the year ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | **RMB'000** | RMB'000 |
| Wages and salaries | **123,754** | 132,232 |
| Contribution to pension plans | **466** | 507 |
| Other employee benefits | **535** | 550 |
| | **124,755** | 133,289 |

The wages and salaries, contribution to pension plans and other employee benefits disclosed above include RMB10,313,000 (2025: RMB9,269,000) which were unpaid as at year end and are included in other payables.

### (d) Balances with related parties

| | **As at** | As at |
|---|---|---|
| | **30 June 2026** | 30 June 2025 |
| | **RMB'000** | RMB'000 |
| Trade receivables: | | |
| — ACN Tianjin and ACN Hainan and their designated agents | **2,227** | 668 |
| — ACN Inc | **—** | 277 |
| | **2,227** | 945 |

| | **As at** | As at |
|---|---|---|
| | **30 June 2026** | 30 June 2025 |
| | **RMB'000** | RMB'000 |
| Other receivables and prepayments: | | |
| — ACN Inc | **409,342** | 453,988 |
| — ACN Tianjin and ACN Hainan and their designated agents | **390,868** | 274,870 |
| — Global Fame | **53,020** | 58,520 |
| — ND Paper Logistics Sdn Bhd | **13,799** | 10,594 |
| — Beihai Minerals Environmental Technology Co., Ltd | **879** | — |
| — Skying Dragon Packaging Limited | **436** | — |
| | **868,344** | 797,972 |

## 30. SIGNIFICANT RELATED PARTY TRANSACTIONS *(continued)*

### (d) Balances with related parties *(continued)*

| | As at 30 June 2026 RMB'000 | As at 30 June 2025 RMB'000 |
|---|---|---|
| Trade payables: | | |
| — ACN Inc | **380,024** | 348,358 |
| — ACN Tianjin and ACN Hainan and their designated agents | **85,780** | 79,345 |
| — ND Paper Logistics Sdn Bhd | **—** | 3,844 |
| | **465,804** | 431,547 |

| | As at 30 June 2026 RMB'000 | As at 30 June 2025 RMB'000 |
|---|---|---|
| Other payables: | | |
| — ACN Tianjin and ACN Hainan and their designated agents | **3** | 7,309 |
| — Guangxi Ganglong | **—** | 100,000 |
| | **3** | 107,309 |

Balances with related parties as at 30 June 2026 and 2025 were unsecured, interest free and repayable on demand.

### (e) Provision of guarantee to the joint venture

As at 30 June 2026, the Group provided guarantee of approximately RMB12,459,000 to Global Fame related to its borrowings (30 June 2025: RMB16,518,000).

## 31. SUBSEQUENT EVENTS

Apart from the redemption of perpetual capital securities and the proposed final dividend as disclosed in Note 16 and Note 27 respectively, no significant events have occurred subsequent to the balance sheet date and up to the date of approval of these consolidated financial statements.

## 32. BALANCE SHEET OF THE COMPANY STANDING ALONE

| | Note | As at 30 June 2026 RMB'000 | As at 30 June 2025 RMB'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | **146** | 166 |
| Interests in subsidiaries | | **19,162,421** | 17,874,660 |
| | | **19,162,567** | 17,874,826 |
| **Current assets** | | | |
| Amounts due from subsidiaries | | **10,172,477** | 9,527,940 |
| Cash and cash equivalents | | **3,522,910** | 228,666 |
| | | **13,695,387** | 9,756,606 |
| **Total assets** | | **32,857,954** | 27,631,432 |
| **EQUITY** | | | |
| **Capital and reserves** | | | |
| Share capital | | **480,531** | 480,531 |
| Share premium | | **1,084,720** | 1,084,720 |
| Other reserves | (a) | **4,657,833** | 5,260,335 |
| | | **6,223,084** | 6,825,586 |
| Perpetual capital securities | | **–** | 2,846,329 |
| **Total equity** | | **6,223,084** | 9,671,915 |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Borrowings | | **9,990,588** | 7,600,625 |
| **Current liabilities** | | | |
| Amounts due to subsidiaries | | **13,229,106** | 9,481,958 |
| Other payables | | **4,422** | 5,542 |
| Borrowings | | **3,410,754** | 871,392 |
| | | **16,644,282** | 10,358,892 |
| **Total liabilities** | | **26,634,870** | 17,959,517 |
| **Total equity and liabilities** | | **32,857,954** | 27,631,432 |

**Ms. Cheung Yan**
*Chairlady*

**Mr. Liu Ming Chung**
*Deputy Chairman and Chief Executive Officer*

## 32. BALANCE SHEET OF THE COMPANY STANDING ALONE *(continued)*

### (a) Movement of other reserves

| | RMB'000 |
|---|---|
| **As at 1 July 2024** | 2,901,339 |
| Profit for the year | 2,358,996 |
| **As at 30 June 2025** | 5,260,335 |
| **As at 1 July 2025** | **5,260,335** |
| Loss for the year | **(602,502)** |
| **As at 30 June 2026** | **4,657,833** |

# OTHER INFORMATION

## SHAREHOLDERS

As at 30 June 2026, the Group had over 2,300 non-institutional shareholders.

## FINANCIAL CALENDAR

| | |
|---|---|
| FY2026 interim results announcement | published on 25 February 2026 |
| FY2026 annual results announcement | published on 23 September 2026 |
| Closure of register of members for determining the entitlement of the attendance of the 2026 AGM | 8 December 2026 to 11 December 2026 (both dates inclusive) |
| 2026 AGM | 11 December 2026 |
| Ex-dividend date for final dividend | 15 December 2026 |
| Latest time to lodge transfer with the Share Registrar for entitlement of the final dividend | 4:30 p.m. on 16 December 2026 |
| Closure of register of members for determining the entitlement of the final dividend | 17 December 2026 to 21 December 2026 (both dates inclusive) |
| Distribution of FY2026 final dividend# | on or about 19 January 2027 |

# subject to Shareholders' approval of the final dividend at the 2026 AGM

## ANNUAL GENERAL MEETING

The 2026 AGM will be held on Friday, 11 December 2026. The notice of the 2026 AGM which constitutes part of the circular to Shareholders will be sent together with this Annual Report. The notice of 2026 AGM and the proxy form will also be available on the website of HKExnews at www.hkexnews.hk under Listing Company Information and the website of the Company at www.ndpaper.com.

# SHARE INFORMATION

## Share Information as at 30 June 2026

| | |
|---|---|
| Market capitalization: | HK$32 billion |
| Number of issued shares: | 4,692,220,811 Shares |
| Nominal Value: | HK$0.1 per Share |
| Board Lot: | 1,000 Shares |

## Shares listing

The Shares of ND Paper have been listed on the Main Board of the Stock Exchange (Stock Code: 2689) since March 2006.

## Dividend

Dividend per Share for the year ended 30 June 2026

| | |
|---|---|
| — Interim Dividend: | Nil |
| — Final Dividend: | RMB10.0 cents per Share |

## Share registrar and transfer office

### Principal:

Richmond House 12 Par-la-Ville Road
Hamilton HM 08 Bermuda

### Hong Kong branch:

Tricor Investor Services Limited
17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
Tel: (852) 2980 1333
Fax: (852) 2810 8185

## Investor relations contact

Nine Dragons Paper (Holdings) Limited
Unit 1, 22/F., One Harbour Square, 181 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong
Tel: (852) 3929 3800
Fax: (852) 3929 3890
Email: ir@ndpaper.com

## Stock Code

Hong Kong Stock Exchange: 2689

## Website

www.ndpaper.com
www.irasia.com/listco/hk/ndpaper

# DEFINITION

| | |
|---|---|
| "2016 Share Option Scheme" | the share options scheme adopted by the Company on 11 December 2015 and was expired on 3 March 2026 |
| "2025 AGM" | Annual General Meeting held on 11 December 2025 |
| "2026 AGM" | Annual General Meeting to be held on 11 December 2026 |
| "ACN" | America Chung Nam, Inc., a corporation established with limited liability under the laws of the State of California in the United States, is indirectly wholly owned by Ms. Cheung Yan and Mr. Liu Ming Chung |
| "Associate(s)" | has the meaning ascribed to it under the Listing Rules |
| "Best Result" | Best Result Holdings Limited, a company incorporated under the laws of BVI, is a substantial shareholder of the Company |
| "Board" | the board of directors of the Company |
| "BVI" | the British Virgin Islands |
| "Bye-laws" | the bye-laws of ND Holdings |
| "CG Code" | the code provisions of the corporate governance code as set out in Appendix C1 to the Listing Rules |
| "Company or ND Holdings" or "ND Paper" or "Nine Dragons Paper" | Nine Dragons Paper (Holdings) Limited, a company which was incorporated in Bermuda on 17 August 2005 under the Companies Act 1981 as an exempt company with limited liability |
| "Director(s)" | the director(s) of the Company or any one of them |
| "Dongguan Longteng" | Dongguan Longteng Industrial Co., Ltd. (東莞市龍騰實業有限公司), a limited liability company established in the PRC in May 2003 |
| "FY" | Financial year ended/ending 30 June |
| "Group" | the Company and its subsidiaries |
| "Hainan ACN" or "ACN Hainan" | Hainan ACN Resources Co., Ltd. (海南中南再生資源有限公司), a limited liability company established in the PRC |
| "HKD/HK$" | Hong Kong dollars, the lawful currency of Hong Kong |
| "Hong Kong" or "Hong Kong SAR" or "HKSAR" | Hong Kong Special Administrative Region of the PRC |
| "INED(s)" | independent non-executive director(s) of ND Holdings |

| | |
|---|---|
| "Listing Rules" | Rules Governing the Listing of Securities on the Stock Exchange |
| "Model Code" | Model Code for Securities Transactions by Directors of Listed Issuers |
| "PM" | a prefix referring to the Group's paper machines. For example, PM1 refers to the Group's first paper machine |
| "PRC" | People's Republic of China |
| "RMB" | Renminbi, the lawful currency of the PRC |
| "SFC" | Securities and Futures Commission |
| "SFO" | Securities and Futures Ordinance |
| "Share(s)" | ordinary share(s) of HK$0.10 each in the issued share capital of the Company |
| "Shareholder(s)" | holder(s) of Shares of the Company |
| "sq.ft." | square feet |
| "sq.m." | square metre |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "Tianjin ACN" or "ACN Tianjin" | ACN (Tianjin) Resources Co., Ltd. (中南(天津)再生資源有限公司), a company established in the PRC |
| "tpa" | tonnes per annum |
| "US$/USD" | United States dollars, the lawful currency of the United States |
| "Year" | the twelve months ended 30 June 2026 |
| "%" | per cent |



This 2025/26 Annual Report ("Annual Report") (in both English and Chinese versions) has been posted on the Company's website at www.ndpaper.com and on the website of HKExnews at www.hkexnews.hk.

Shareholders who have chosen to receive the Company's Corporate Communications (including but not limited to annual report, summary financial report (where applicable), interim report, summary interim report (where applicable), notice of meeting, listing document, circular and proxy form) via the Company's website and for any reason have difficulty in gaining access to the Annual Report posted on the Company's website will promptly upon request be sent by post the Annual Report in printed form free of charge.

Shareholders who have chosen to receive the Company's Corporate Communications in either English or Chinese version may request for the other language version of the Annual Report.

Shareholders may at any time change their choice of means of receipt and language of the Corporate Communications.

Shareholders may request for printed copy of the Annual Report or change of their choice of means of receipt and language of the Corporate Communications by sending reasonable notice in writing to the Company's branch registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or by sending an email to ndpaper-ecom@vistra.com.

玖龍紙業(控股)有限公司*

NINE DRAGONS PAPER (HOLDINGS) LIMITED