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C&D Newin Paper & Pulp Corporation Limited

建發新勝漿紙有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 731)

**FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025**

The board (the “Board”) of directors (“Directors”) hereby announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2025 (the “Year”), together with the comparative figures for the year ended 31 December 2024, as follows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2025

	<i>Note</i>	Year ended 31 December 2025 HK\$'000	Year ended 31 December 2024 HK\$'000 (re-presented)
Revenue	4	1,459,268	1,331,437
Cost of sales		(1,434,769)	(1,329,304)
Taxes and surcharges		(16,155)	(15,400)
Selling expenses		(2,365)	(2,495)
Administrative expenses		(52,680)	(60,654)
Research and development expenses		(42,002)	(41,508)
Reversal of impairment losses of financial assets, net		—	682
Other gains and income, net	5(a)	39,751	37,235
Release of undeclared claims	5(b)	—	128,186
		<hr/>	<hr/>
(Loss)/profit from operations		(48,952)	48,179
Finance costs		(25,375)	(23,839)
		<hr/>	<hr/>
(Loss)/profit before tax		(74,327)	24,340
Income tax credit	7	666	255
		<hr/>	<hr/>
(Loss)/profit for the year attributable to owners of the Company	6	(73,661)	24,595
		<hr/> <hr/>	<hr/> <hr/>
(Loss)/earnings per share			
Basic and diluted	8	HKD(5.2) Cents	HKD1.7 Cents
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025

	Year ended 31 December 2025 HK\$'000	Year ended 31 December 2024 HK\$'000
(Loss)/profit for the year attributable to owners of the Company	<u>(73,661)</u>	<u>24,595</u>
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<u>8,011</u>	<u>(6,403)</u>
Other comprehensive income for the year, net of tax	<u>8,011</u>	<u>(6,403)</u>
Total comprehensive income for the year attributable to owners of the Company	<u><u>(65,650)</u></u>	<u><u>18,192</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

		31 December 2025	31 December
	<i>Note</i>	HK\$'000	2024
			<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		680,106	667,442
Right-of-use assets		173,188	171,825
Other intangible assets		252	97
		<hr/> 853,546	<hr/> 839,364
Current assets			
Inventories		212,362	181,119
Accounts and other receivables and prepayments	10	70,865	30,584
Amount due from immediate holding company	13	—	2
Amounts due from fellow subsidiaries	13	157	—
Bank and cash balances		19,555	42,668
		<hr/> 302,939	<hr/> 254,373
Total assets		<hr/> 1,156,485	<hr/> 1,093,737
Current liabilities			
Accounts and other payables	11	195,782	208,714
Contract liabilities		1,473	1,898
Amounts due to fellow subsidiaries	13	6,493	30,725
Amount due to immediate holding company	13	179	179
Amount due to an intermediate holding company	13	17,349	—
Borrowings	12	446	190,818
Tax payables		—	498
		<hr/> 221,722	<hr/> 432,832
Net current assets/(liabilities)		<hr/> 81,217	<hr/> (178,459)
Total assets less current liabilities		<hr/> 934,763	<hr/> 660,905

		31 December 2025	31 December 2024
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities			
Borrowings	12	785,763	446,302
Deferred tax liabilities		17,015	16,968
		<u>802,778</u>	<u>463,270</u>
NET ASSETS		<u>131,985</u>	<u>197,635</u>
Equity			
Share capital		70,730	70,730
Reserves		61,255	126,905
TOTAL EQUITY		<u>131,985</u>	<u>197,635</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and with the disclosure requirements of the Companies Ordinance (Cap. 622).

The HKICPA has issued certain new and revised HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

Comparative Figures

Certain comparative expenses figures presented in the condensed consolidated statement of profit or loss have been re-presented to conform to the current year’s presentation. The new classification is considered to provide a more appropriate presentation of the expenses of the Group by functions and is also in line with the classification of the parent company of the Group which is listed on the Shanghai Stock Exchange.

2. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

(a) Application of new and revised HKFRS Accounting Standards

The Group has adopted all of the new or amended HKFRS Accounting Standards and Interpretations issued by the HKICPA that are mandatory for the current reporting period. There was no material impact to the consolidated financial statements as a result of the adoption of these standards.

(b) **Revised HKFRS Accounting Standards in issue but not yet effective**

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new standards and amendments to standards and interpretation, which are not effective for the year ended 31 December 2025 and which have not been early adopted by the Group for the annual reporting period ended 31 December 2025. The company's assessment of the impact of these new or amended HKFRS Accounting Standards and Interpretations, most relevant to the company, are set out below:

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7 — Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
Amendment to HKFRS 9 and HKFRS 7 — Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendment to HKAS 21 — Translation to a Hyperinflationary Presentation Currency	1 January 2027
HKFRS 18 — Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to HK Int 5 — Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

The directors of the Company are in the process of making an assessment of what the impacts of these new standards, amendments to standards and interpretation are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:

HKFRS 18 “Presentation and Disclosure in Financial Statements”

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 consolidated financial statements, HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the financial statements.

The new accounting standard introduces the following key new requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group is currently assessing the impact of HKFRS 18, with respect to the structure of the Group's statement of loss, the statements of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the financial statements. Preliminary assessments indicate the following key impacts:

- The Group will need to reclassify certain income and expense items (e.g., interest income on certain investments and foreign exchange gains/losses) into the new categories, namely investing and financing categories.
- The Group disclosed certain MPMs (e.g., adjusted net loss) in its results announcements and the annual report. Under HKFRS 18, this will likely require additional disclosure for the MPMs within the notes to the financial statements.
- The Statement of Cash Flows will also be impacted, as the operating profit subtotal will be the required starting point for the indirect method.

3. SEGMENT INFORMATION

The chief operating decision maker has been identified as the directors of the Company. The directors review the Group's internal reporting for the purposes of resource allocation and assessment of segment performance which focused on business nature and geographical perspectives. The Group has identified two reportable segments as follows:

- (i) Paper manufacturing and selling – manufacturing and sale of paper and pulp-related products; and
- (ii) Trading – trading of paper and pulp and any ancillary or related raw materials.

No geographical information is presented as most of the Group's business is carried out in the People's Republic of China (the "PRC") and the Group's revenue from external customers is generated and non-current assets are located in the PRC during the Year.

For the purposes of assessing segment performance and allocating resources between segments, the Group's directors monitor the results and assets attributable to each reportable segment on the following bases:

Reportable segment (loss)/profit represents (loss)/profit before tax by excluding head office and corporate expenses.

Segment assets include all current and non-current assets with the exception of head office and corporate assets.

Information regarding the Group's reportable segments as provided to the directors of the Company, for the purposes of resource allocation and assessment of segment performance for the year is set out below:

Segment results

	Year ended 31 December 2025		
	Paper manufacturing and selling HK\$'000	Trading HK\$'000	Consolidated HK\$'000
Revenue	1,330,506	128,762	1,459,268
Reportable segment (loss)/profit	(71,060)	76	(70,984)
Head office and corporate expenses			(3,343)
Profit before tax			(74,327)
Interest income			232
Finance costs	24,811	564	25,375
Depreciation	53,176	–	53,176
Other material items of income and expenses			
Cost of inventories sold	1,282,885	127,893	1,410,778
Staff cost	74,159	108	74,267

Segment assets

	As at 31 December 2025		
	Paper manufacturing and selling HK\$'000	Trading HK\$'000	Consolidated HK\$'000
Reportable segment assets	1,097,538	57,007	1,154,545
Head office and corporate assets			1,940
Consolidated total assets			1,156,485

4. REVENUE

Disaggregation of revenue from contracts with customers by major products or service line for the Year is as follows:

	Year ended 31 December 2025 HK\$'000	Year ended 31 December 2024 HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Sale of goods	1,459,268	1,331,437
Timing of revenue recognition		
Products transferred at a point in time	1,459,268	1,331,437

5. OTHER GAINS AND INCOME, NET

(a) Other gains and income, net

	Year ended 31 December 2025 <i>HK\$'000</i>	Year ended 31 December 2024 <i>HK\$'000</i>
Interest income	232	204
Rental income	456	340
Losses on write-off of property, plant and equipment	(503)	(3,194)
Gains on disposal of property, plant and equipment	—	58
Government subsidy (<i>note</i>)	38,393	39,466
Others	1,173	361
	<u>39,751</u>	<u>37,235</u>

Note:

It mainly represents the VAT tax and related other tax refunded from the tax authority in the PRC of approximately HK\$32,611,000 (equivalent to approximately RMB30,081,000) (2024: approximately HK\$27,324,000 (equivalent to approximately RMB25,234,000)), as the Group manufactures the products by using recycled materials which entitled 50% reduction of VAT tax and related other tax; it also includes a special deduction for VAT of approximately HK\$5,782,000 (equivalent to approximately RMB5,334,000) (2024: approximately HK\$12,142,000 (equivalent to approximately RMB11,214,000)), Universal Pulp & Paper (Shandong) Co. Ltd.* (遠通紙業(山東)有限公司) (“UPPSD”), an indirect wholly owned subsidiary of the Company, being an advanced manufacturing enterprise, is eligible to reduce its VAT payable amount by an additional 5% of the deductible input VAT for the year ended 31 December 2025.

(b) Release of undeclared claims

	Year ended 31 December 2025 <i>HK\$'000</i>	Year ended 31 December 2024 <i>HK\$'000</i>
Release of undeclared claims (<i>note</i>)	—	128,186

Note:

It represents a gain arising from the release of undeclared creditor claims. These claims pertained to payable balances of a subsidiary prior to its liquidation administrative process. In accordance with the relevant provisions of the liquidation law in the PRC, and supported by an independent legal opinion, creditor claims not formally declared within three years of the conclusion of the liquidation administrative process are deemed released. Consequently, the related payables were derecognised for the year ended 31 December 2024.

6. (LOSS)/PROFIT FOR THE YEAR

The Group's (loss)/profit for the year is stated after charging/(crediting) the following:

	Year ended 31 December 2025 HK\$'000	Year ended 31 December 2024 HK\$'000 (re-presented)
Amortisation of intangible assets (included in administrative expenses)	33	31
Depreciation on property, plant and equipment	45,939	50,996
Depreciation on right-of-use assets	7,237	7,237
Gain on disposal of property, plant and equipment	—	(58)
Loss on write-off of property, plant and equipment	503	3,194
Cost of inventories sold (<i>note</i>)	1,410,778	1,291,196
Research and development expenditure	42,002	41,508
Auditor's remuneration		
— Audit service	780	1,030
— Non-audit service	20	20
Reversal of impairment losses on financial assets, net	—	(682)
Reversal of impairment losses on inventories	(1,026)	(1,797)
	<u>(1,026)</u>	<u>(1,797)</u>

Note: Cost of inventories sold includes depreciation of approximately HK\$30,556,000 (2024: HK\$34,048,000) which are included in the amounts disclosed separately.

7. INCOME TAX CREDIT

Income tax has been recognised in profit or loss as following:

	Year ended 31 December 2025 HK\$'000	Year ended 31 December 2024 HK\$'000
Current tax		
Hong Kong Profits Tax	26	481
PRC Enterprise Income Tax	107	—
Over-provision of the PRC Enterprise Income Tax in prior years	—	(5)
	<u>133</u>	<u>476</u>
Deferred tax	(799)	(731)
	<u>(666)</u>	<u>(255)</u>

Under the two-tiered Profits Tax rate regime, the first HK\$2 million of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. The profits of the group entities not qualifying for the two-tiered Profits Tax rate regime will continue to be taxed at a rate of 16.5%.

The Company's PRC subsidiaries are subject to the PRC Enterprise Income Tax at rate of 25% except as follows. UPPSD was entitled to the preferential tax rate of 15% with an effective period of three years starting from 2023 to 2026, being accredited as a High and New Technology Enterprise ("HNTE") according to the PRC Corporate Income Tax Law and its relevant regulations on 29 November 2023. The Directors are in opinion that UPPSD continuously fulfilled the requirements of HNTE according to relevant rules and regulations, and therefore the tax rate used to recognise deferred tax assets and liabilities as at 31 December 2025 was 15% (2024: 15%).

Pursuant to the rules and regulations of Bermuda, the Group is not subject to any income tax in Bermuda.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

8. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share is based on the following:

	Year ended 31 December 2025 HK\$'000	Year ended 31 December 2024 HK\$'000
(Loss)/profit		
(Loss)/profit for the purpose of calculating basic and diluted (loss)/earnings per share	<u>(73,661)</u>	<u>24,595</u>
	Year ended 31 December 2025 '000	Year ended 31 December 2024 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic/diluted (loss)/earnings per share	<u>1,414,601</u>	<u>1,414,601</u>

The weighted average numbers of ordinary shares used as denominators in calculating the basic and diluted (loss)/earnings per share are the same for the years ended 31 December 2025 and 2024.

9. DIVIDENDS

The Directors did not recommend payment of any final dividend for the Year (2024: HK\$Nil).

10. ACCOUNTS AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December 2025 HK\$'000	As at 31 December 2024 HK\$'000
Account receivables	42,991	7,773
Bills receivable	13,043	15,355
Less: impairment losses	(8)	(7)
	<u>56,026</u>	<u>23,121</u>
Other receivables	3,154	19
Deposits	197	85
Prepayments	11,488	7,359
	<u>70,865</u>	<u>30,584</u>

The credit terms of account receivables generally range from 0 to 60 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

The aging analysis of accounts and bills receivables, based on the invoice date, and net of allowance, is as follows:

	As at 31 December 2025 HK\$'000	As at 31 December 2024 HK\$'000
Current to 60 days	55,416	22,453
61 days to 90 days	610	71
Over 90 days	—	597
	<u>56,026</u>	<u>23,121</u>

The carrying amount of the Group's accounts and bills receivables are denominated in RMB.

11. ACCOUNTS AND OTHER PAYABLES

	As at 31 December 2025 HK\$'000	As at 31 December 2024 HK\$'000
Account payables	171,373	122,999
Accruals and other payables	24,409	30,238
Debt restructuring (<i>note</i>)	—	55,477
	<u>195,782</u>	<u>208,714</u>
Analysed as:		
Current liabilities	<u>195,782</u>	<u>208,714</u>

Note: According to the UPPSD’s bankruptcy reorganisation plan approved by the Shandong Court (“UPPSD Bankruptcy Reorganisation Plan”), for each creditor’s unsecured claims with principal amount exceeding RMB200,000, settlement will be completed within four (4) years in five (5) instalments of 20% every year. The first instalment payment shall be made to repay creditor’s unsecured claim of principal amount below RMB200,000 (inclusive) and 20% of the principal amount in excess of RMB200,000. The four subsequent instalments of 20% of the principal amount in excess of RMB200,000 shall be paid on or before the first, second, third and fourth anniversary date of the first instalment payment. Remaining debts shall not bear any interest for the period of settlement in instalments. Details of the UPPSD Bankruptcy Reorganisation Plan have been set out in the circular of the Company dated 31 December 2021. As at 31 December 2025, all the remaining debt restructuring has been repaid.

The aging analysis of account payables, based on invoice date, is as follows:

	As at 31 December 2025 HK\$’000	As at 31 December 2024 HK\$’000
0 to 90 days	156,837	121,243
Over 90 days	14,536	1,756
	<u>171,373</u>	<u>122,999</u>

The carrying amounts of the Group’s account payables are denominated in RMB.

12. BORROWINGS

	As at 31 December 2025 HK\$’000	As at 31 December 2024 HK\$’000
Bank loans	33,432	106,010
Other borrowings	752,777	531,110
	<u>786,209</u>	<u>637,120</u>

The analysis of the repayment schedule of borrowings is as follows:

	As at 31 December 2025 HK\$’000	As at 31 December 2024 HK\$’000
Within one year	446	190,818
More than one year, but not exceeding two years	785,763	446,302
	<u>786,209</u>	<u>637,120</u>

The carrying amounts of the Group’s borrowings are denominated in RMB.

The interest rates per annum were as follows:

	As at 31 December 2025	As at 31 December 2024
Bank loans	3.40%	4.25%
Other borrowings	3.48%	3.72%

Bank loans of approximately HK\$33,432,000 (equivalent to RMB30,000,000) are arranged at fixed interest of 3.40% per annum and expose the Group to fair value interest rate risk.

On 20 May 2022, UPPSD entered into a 3-year loan agreement with the bank for a loan facility of approximately HK\$106,010,000 (equivalent to RMB100,000,000) which are secured by a charge over the Group's land and buildings and guaranteed by Xiamen C&D Paper & Pulp Group Co., Ltd.* (廈門建發漿紙集團有限公司) (“Xiamen C&D Paper & Pulp”). The borrowing is repayable within 12 month, which is classified as current liabilities as at 31 December 2024.

On 23 December 2025, UPPSD entered into a 3-year loan agreement with the bank for a loan facility of approximately HK\$111,440,000 (equivalent to RMB100,000,000) which are secured by a charge over the Group's land and buildings. UPPSD has drawn down approximately HK\$33,432,000 (equivalent to RMB30,000,000) as at 31 December 2025. The borrowing approximately HK\$445,760 (equivalent to RMB400,000) is repayable within 12 months, which is classified as current liabilities as at 31 December 2025.

Under the UPPSD Bankruptcy Reorganisation Plan, a loan agreement was entered between Shandong Bairun Paper Co. Ltd.* (山東佰潤紙業有限公司) (“Shandong Bairun”), Greater Paper (Shenzhen) Paper Limited* (偉紙(深圳)紙業發展有限公司) (“Greater Paper SZ”), the immediate holding company of UPPSD and UPPSD entered into a loan agreement for the loan principal of approximately HK\$274,050,000 (equivalent to RMB250,000,000) where RMB80,000,000 was for UPPSD's daily operation and RMB170,000,000 was for the first instalment payment of restructure liabilities.

On 29 September 2022, UPPSD entered into a loan agreement with Shandong Bairun for a loan facility of approximately HK\$109,620,000 (equivalent to RMB100,000,000) and has drawn down approximately HK\$105,235,000 (equivalent to RMB96,000,000). On 4 January 2023, UPPSD entered into another loan agreement with Shandong Bairun for a loan facility of approximately HK\$54,810,000 (equivalent to RMB50,000,000) and has drawn down approximately HK\$54,810,000 (equivalent to RMB50,000,000). During the year ended 31 December 2024, UPPSD has repaid all outstanding borrowing of approximately HK\$ 417,799,600 (equivalent to RMB 396,000,000) from Shandong Bairun.

During the year ended 31 December 2024, UPPSD entered into a supplement loan agreement with Xiamen C&D Paper & Pulp for an increase in loan facility from approximately HK\$109,620,000 (equivalent to RMB100,000,000) to approximately HK\$583,055,000 (equivalent to RMB550,000,000) and an extension the repayment period of loan to 31 July 2026. The borrowing is arranged at fixed interest of 3.72% per annum and repayable within 18 months from drawn down date, of which approximately HK\$446,302,000 (equivalent to RMB421,000,000) was classified as non-current liabilities as at 31 December 2024.

During the year ended 31 December 2025, UPPSD entered into a supplement loan agreement with Xiamen C&D Paper & Pulp for an increase in loan facility from approximately HK\$583,055,000 (equivalent to RMB550,000,000) to approximately HK\$791,224,000 (equivalent to RMB710,000,000) and an extension the repayment period of loan to 30 April 2027. UPPSD has drawn down approximately HK\$696,500,000 (equivalent to RMB625,000,000) as at 31 December 2025. The borrowing is arranged at fixed interest of 3.48% per annum and repayable within 18 months from drawn down date, of which approximately HK\$696,500,000 (equivalent to RMB625,000,000) was classified as non-current liabilities as at 31 December 2025.

On 22 August 2025, the Group entered into a loan agreement with Xiamen C&D Paper & Pulp for a loan facility of approximately HK\$557,200,000 (equivalent to RMB500,000,000) which shall be repayable on 18 months from drawn down date. The Group has drawn down approximately HK\$56,277,200 (equivalent to RMB50,500,000) as at 31 December 2025. The borrowing is arranged at fixed interest of 3.48% per annum, of which approximately HK\$56,277,200 (equivalent to RMB50,500,000) was classified as non-current liabilities as at 31 December 2025.

13. AMOUNTS DUE FROM/(TO) FELLOW SUBSIDIARIES/IMMEDIATE HOLDING COMPANY/ INTERMEDIATE HOLDING COMPANY

As at 31 December 2025, except accounts payables of approximately HK\$4,065,000 (equivalent to approximately RMB3,648,000), the remaining amounts due to fellow subsidiaries represent the contract liabilities which are expected to be recognised as income within one year. The amount due from fellow subsidiaries represents the account receivables, which are resulted from sales. The amount due to an intermediate holding company of approximately HK\$17,349,000 (equivalent to approximately RMB15,610,000) represents contract liabilities which are expected to be recognised as income within one year. The amounts due to immediate holding company are unsecured, interest-free and have no fixed repayment terms.

As at 31 December 2024, except other payables of approximately HK\$2,755,000 (equivalent to approximately RMB2,598,000) which are repayable in one installment in 2025, the remaining amounts due to fellow subsidiaries represent the contract liabilities which are expected to be recognised as income within one year. The amounts due to immediate holding company are unsecured, interest-free and have no fixed repayment terms.

	Other receivables	Contract liabilities	Accounts receivables/ (payables)	Other payables	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
As at 31 December 2025					
Amounts due from/(to)					
fellow subsidiaries					
Current assets	—	—	157	—	157
Current liabilities	—	(2,428)	(4,065)	—	(6,493)
Amount due to an intermediate					
holding company					
Current liabilities	—	(17,349)	—	—	(17,349)
Amounts due to immediate holding					
company					
Current liabilities	—	—	—	(179)	(179)
	<u>—</u>	<u>(19,777)</u>	<u>(3,908)</u>	<u>(179)</u>	<u>(23,864)</u>
As at 31 December 2024					
Amounts due to fellow subsidiaries					
Current liabilities	—	(27,970)	—	(2,755)	(30,725)
Amount due from an intermediate					
holding company					
Current assets	2	—	—	—	2
Amounts due to immediate					
holding company					
Current liabilities	—	—	—	(179)	(179)
	<u>2</u>	<u>(27,970)</u>	<u>—</u>	<u>(2,934)</u>	<u>(30,902)</u>

14. RELATED PARTY TRANSACTIONS

- (a) The remuneration of Directors and other members of key management personnel during the year:

	Year ended 31 December 2025 HK\$'000	Year ended 31 December 2024 HK\$'000
Basic salaries and allowances	<u>455</u>	<u>493</u>

- (b) In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transaction with its related parties during the year:

	Year ended 31 December 2025 HK\$'000	Year ended 31 December 2024 HK\$'000
Sales of finished goods to fellow subsidiaries	234,660	566,783
Sales of finished goods to an intermediate holding company	346,214	5,300
Purchase of raw materials from fellow subsidiaries	44,644	46,691
Management fee to a fellow subsidiary	250	250
Finance cost to a fellow subsidiary	342	9,538
Finance cost to an intermediate holding company	<u>22,703</u>	<u>9,826</u>

15. EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period up to the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2025, the packaging paper industry, in which the Group's papermaking business operates, generally showed a trend of initial weakness followed by a later recovery. In the first half of the Year, due to the slow recovery in market demand and fluctuations in the prices of raw materials such as waste paper, the price spread between finished products and raw materials narrowed, putting the profitability of the papermaking segment under pressure. In the second half of the Year, with the advancement of the industry association's anti-involution initiative, competitive strategies within the industry gradually shifted. Some leading enterprises proactively managed supply and demand, leading to a gradual stabilization and recovery of the market, and the price spread partially recovered. During the Year, the papermaking industry exhibited significant internal structural differentiation, with market share and resources continuously concentrating in enterprises that possess cost control capabilities and advantages in supply chain synergy.

In response to market changes, the Group actively adapted. While maintaining the stable operation of its main papermaking business, it successfully expanded and established a trading segment during the Year, preliminarily forming a new business structure driven by the "papermaking + trading" dual growth engines. However, due to factors such as cyclical adjustments in the industry and the new business being in its incubation period, both business segments faced short-term pressure on their financial performance.

Financial Review

Revenue

During the Year, the revenue of approximately HK\$1,459.3 million comprised approximately HK\$1,330.5 million derived from the paper manufacturing and selling segment (for the year ended 31 December 2024: HK\$1,331.4 million) and approximately HK\$128.8 million derived from the trading segment (for the year ended 31 December 2024: HK\$Nil). The revenue increased by approximately 9.6% from approximately HK\$1,331.4 million for the year ended 31 December 2024 to approximately HK\$1,459.3 million for the Year. Such increase was primarily due to the revenue derived from the trading segment of approximately HK\$128.8 million during the Year.

Selling expenses

During the Year, the selling expenses was approximately HK\$2.4 million (for the year ended 31 December 2024: HK\$2.5 million), which was remained comparable for the year.

Administrative expenses

During the Year, the administrative expenses was approximately HK\$52.7 million (for the year ended 31 December 2024: HK\$60.7 million), which was mainly attributable to staff costs expenses of approximately HK\$21.4 million and depreciation and amortization of approximately HK\$20.5 million (for the year ended 31 December 2024: HK\$25.6 million and HK\$21.8 million respectively).

(Loss)/profit for the year

The Group recorded loss for the Year, which amounted to approximately HK\$73.7 million for the Year as compared to profit amounted to approximately HK\$24.6 million for the year ended 31 December 2024.

The turnaround from profit to loss during the Year was mainly attributable to the combined effect of the following factors:

- (i) absence of the significant one-off gain of approximately HK\$128.2 million as a result of the release of undeclared claims under the debt restructuring of the Group recorded during the year ended 31 December 2024. Details of the debt restructuring of the Group were disclosed in the circular of the Company dated 31 December 2021; and
- (ii) the complicated and volatile trading environment, the slow recovery of the consumer market, the overall pricing pressure faced by packaging paper market and the fluctuation in the price of raw materials narrowed the price spread between finished products and raw materials, thereby putting pressure on the profitability of the papermaking segment of the Group.

If the significant one-off gain of approximately HK\$128.2 million as a result of the release of undeclared claims under the debt restructuring of the Group recorded during the year ended 31 December 2024 were excluded, the Board estimated that the net loss attributable to the owners of the Company will be narrowed by approximately 28.9% as compared to the Company's adjusted net loss of approximately HK\$103.6 million for the year ended 31 December 2024.

The unaudited adjusted net loss attributable to the owners of the Company is for illustrative purpose and should be considered in addition to, not as a substitute for, measures of the Group's financial performance prepared in accordance with Hong Kong Financial Reporting Standards. In addition, it may be defined differently from similar terms used by other companies.

Liquidity and Financial Resources

Bank loans and other borrowings

As at 31 December 2025, the Group's bank loans and other borrowings were approximately HK\$786.2 million, representing an increase of approximately 23.4% as compared with approximately HK\$637.1 million as at 31 December 2024.

Pledge of assets

At 31 December 2025, no asset was pledged as security for the Group's other borrowings (31 December 2024: HK\$Nil).

At 31 December 2025, the carrying amount of property, plant and equipment and right-of-use in aggregate of approximately HK\$190.0 million (31 December 2024: HK\$79.0 million) was pledged as security for the Group's bank borrowings of approximately HK\$33.4 million (31 December 2024: HK\$106.0 million).

Gearing ratio

As at 31 December 2025, our gearing ratio was approximately 85.3% (31 December 2024: 75.0%). The gearing ratio is calculated by net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings) less bank and cash balances. Total capital is calculated as total equity plus net debt.

Current ratio

As at 31 December 2025, our current ratio was approximately 1.37 times as compared with that of 0.59 times as at 31 December 2024. The current ratio is calculated by current assets divided by current liabilities.

Contingent liabilities

As at 31 December 2025, the Group did not have any material contingent liabilities or guarantees (31 December 2024: Nil).

Employees and Staff Costs

As at 31 December 2025, we had a total of 709 employees excluding directors (31 December 2024: 735 employees). For the Year, the Group incurred staff costs (excluding directors' remuneration) of approximately HK\$74.3 million (for the year ended 31 December 2024: HK\$76.5 million).

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

The Group had no material acquisitions and disposals of subsidiaries, associates and joint ventures during the Year and there is no plan for material investments or capital assets as at the date of this announcement.

Foreign exchange risk

The Group's transaction currencies are principally denominated in Renminbi and Hong Kong dollars. The Group currently does not have a foreign currency hedging policy. However, the management closely monitors foreign exchange exposure and the Group will hedge foreign currency exposure when considered necessary.

Prospects

Looking ahead to 2026, the Central Economic Work Conference has clarified the policy orientation of “seeking progress while maintaining stability, and improving quality and efficiency,” providing directional guidance for the development of all industries. In the packaging paper market, as the industry's self-regulation mechanisms gradually improve, market competition is expected to become more orderly. Meanwhile, the inelastic demand for packaging paper from downstream sectors such as e-commerce and food and beverage provides fundamental support for the industry.

Building on the solid foundation of its main papermaking business, the Group will continue to promote cost reduction and efficiency enhancement, optimize its product structure, and improve its raw material response mechanisms. While ensuring the stable operation of its existing capacity, the Group will, in light of changes in the market environment and its own conditions, study the feasibility of capacity optimization and upgrading at an appropriate time, thereby creating flexibility for its medium and long-term development. In the trading segment, the Group will continue to optimize its operational systems, enhance risk control capabilities and operational quality, and pursue cross-category diversified development as a key strategic direction, expanding into other product categories depending on market changes and opportunities. At the same time, by leveraging the resource advantages of its controlling shareholder across various industry chains, the Group will seize development opportunities in the main pulp and paper industry chain and other related potential categories and industries, so as to continuously build momentum for its medium and long-term development.

Subsequent Events after the Year

The Group has no significant events occurred from 1 January 2026 to the date of this announcement which require additional disclosures.

FINAL DIVIDEND

The Board has resolved not to recommend a final dividend for the Year (for the year ended 31 December 2024: HK\$Nil).

PURCHASE, SALE OR REDEMPTION OF SHARES

During the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

REVIEW OF FINANCIAL STATEMENTS

The consolidated financial statements of the Group for the Year, including the accounting principles and practices adopted by the Group, have been reviewed by the audit committee of the Company, together with the Board, and audited by the Auditor.

REVIEW OF THIS FINAL RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2025, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the Year as set out in this preliminary announcement have been agreed by the Auditor, to the amounts set out in the Group's consolidated financial statements for the Year. The work performed by Auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Auditor on this preliminary announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as its own code of conduct regarding the Directors' dealings in the Company's securities. Specific enquiries have been made to all Directors and all Directors have confirmed that they have complied with the Model Code throughout the Year.

COMPLIANCE WITH THE LISTING RULES AND THE CORPORATE GOVERNANCE CODE

None of the Directors is aware of any information which would reasonably indicate that the Company is not, or was not, throughout the Year under review, in compliance with the Listing Rules and the code provisions (the "Code Provision(s)") under the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Listing Rules.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This audited final results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cndnewin.com). The annual report will be dispatched to the shareholders of the Company and will be published on the websites of the Stock Exchange and the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

The Company will hold an annual general meeting (“AGM”) on Wednesday, 20 May 2026. In order to determine the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 13 May 2026 to Wednesday, 20 May 2026, both days inclusive, during which period no transfer of Shares will be registered. In order to be qualified to attend and vote at the AGM, all completed transfers forms accompanied by the relevant share certificates must be lodged for registration with the Company’s branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong no later than 4:30 p.m. on Wednesday, 13 May 2026.

By order of the Board
C&D Newin Paper & Pulp Corporation Limited
Mr. HUANG Tiansheng
Executive Director

Hong Kong, 26 March 2026

As at the date of this announcement, the Board comprise two executive Directors, namely Mr. HUANG Tiansheng and Mr. LIN Ruqing; two non-executive Directors, namely Mr. CHEN Dongxu and Mr. CHOI Wai Hong, Clifford; and three independent non-executive Directors, namely Ms. CHAN Siu Mat, Mr. CHEN Wenshui and Ms. TSANG Wing Yee.

* *for identification purpose only*