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C&D Newin Paper & Pulp Corporation Limited

建發新勝漿紙有限公司*

(formerly known as Samson Paper Holdings Limited 森信紙業集團有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 731)

PROFIT WARNING

This announcement is made by C&D Newin Paper & Pulp Corporation Limited (formerly known as Samson Paper Holdings Limited) (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

As disclosed in the Company’s announcement dated 30 June 2022 (the “**Announcement**”), the board (the “**Board**”) of directors (the “**Directors**”) of the Company had resolved to change the financial year end date of the Company from 31 March to 31 December; and accordingly, the forthcoming audited consolidated financial statements of the Company will be for a period of nine months from 1 April 2022 to 31 December 2022 (the “**Reporting Period**”). Please refer to the Announcement for further details.

The Board wishes to inform the shareholders (the “**Shareholders**”) and potential investors of the Company that based on the information currently available to the management of the Company and a preliminary review and assessment of the Group’s latest unaudited consolidated management accounts (the “**Management Accounts**”) for the Reporting Period, the Group is expected to record a consolidated net loss from continuing operations ranging from approximately HK\$142 million to HK\$162 million (“**Net Loss**”) for the Reporting Period, compared to a consolidated net profit from continuing operations of approximately HK\$472 million (“**Net Profit**”) for the financial year ended 31 March 2022 (the “**Previous Year**”) (after exclusion of the net profit from discontinued operations of approximately HK\$2,086 million for the Previous Year).

The expected change from Net Profit for the Previous Year to Net Loss for the Reporting Period was mainly attributable to the following factors:

- (i) absence of the one-off gain on re-consolidation of a deconsolidated paper manufacturing subsidiary of the Company of approximately HK\$466 million recorded during the Previous Year;
- (ii) the unexpected and prolonged overhaul and downtime of production equipment caused by the regional epidemic control, which lasted about one-third of the scheduled production period of the Group's paper manufacturing business during the Reporting Period, and thereby adversely affected both production and sales of the Group;
- (iii) the frequent sporadic outbreak of COVID-19 in China during the Reporting Period, which weakened the domestic market demand; and
- (iv) the decrease in the cost of major raw materials being slower than the drop in the products' selling price during the Reporting Period which imposed pressure on the production cost control and resulted in a squeeze in gross margin.

As the Company is still in the course of finalising its consolidated financial results for the Reporting Period, the information contained in this announcement is only based on a preliminary review and assessment of the Management Accounts and other information currently available, which have not been reviewed, confirmed or audited by the auditors of the Company or reviewed by the audit committee of the Company as at the date of this announcement, and is subject to possible adjustments arising from further review. The audited results of the Group for the Reporting Period are presently scheduled to be announced on 27 March 2023, in accordance with the Listing Rules.

In 2023, the prevention and control of the COVID-19 pandemic is entering a new stage. China will accelerate the pace of economic recovery and stimulate consumption policies, which will play a positive role in the development of enterprises. The Group will continue to pay close attention of the market conditions, monitor its operation and make timely adjustments to its business strategy. The Group is applying various measures to enhance its profitability and refine the control and management of various operating costs and expenses, amongst others, (i) the Group will continue to develop new products, explore for new production processes, save energy and reduce consumption in order to improve its product mix and production efficiency; and (ii) the Group has been actively exploiting new market opportunities, increasing the proportion of direct sales customers, and expanding customer bases in the markets of Yangtze River region, Beijing and Tianjin in order to enhance its profitability through the increase of market share. The Group will further improve its market recognition and keep up with the policy trend in China, so as to become a green enterprise and create a new profile for green paper manufacturing. Further to the adjustment of pandemic prevention policy and the overall economic recovery in China and leveraging on the abundant resources and industry experience of the controlling Shareholders, the Group has confidence in future development.

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

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

Hong Kong, 9 March 2023

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. SHI Yaofeng, Mr. HUANG Tiansheng and Ms. SHI Chenye; three non-executive Directors, namely Mr. CHENG Dongfang, Mr. LI Shengfeng and Mr. CHOI Wai Hong, Clifford; and three independent non-executive Directors, namely Mr. ZHAO Lin, Mr. WONG Yiu Kit, Ernest and Mr. LAM John Cheung-wah.

* *For identification purpose only*