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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)**

## **FINAL RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2022**

As disclosed in the announcement of C&D Newin Paper & Pulp Corporation Limited (formerly known as “Samson Paper Holdings Limited”) (the “Company”) dated 30 June 2022, the board (the “Board”) of directors (“Directors”) of the Company resolved to change the financial year end date of the Company from 31 March to 31 December. This change has resulted in a shorter reporting period of nine months (i.e. 1 April 2022 to 31 December 2022).

The Board hereby announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the nine months ended 31 December 2022 (the “Period”), together with the comparative figures for the year ended 31 March 2022, as follows.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE NINE MONTHS ENDED 31 DECEMBER 2022**

|  |             | Nine months ended<br>31 December<br>2022<br><i>HK\$'000</i> | Year ended<br>31 March<br>2022<br><i>HK\$'000</i> |
|--|-------------|---|---|
|  | <i>Note</i> |   |   |
| <b>Continuing operations</b>   |             |   |   |
| <b>Revenue</b>   | 3           | <b>1,044,390</b>  | 1,229,456   |
| Cost of sales  |             | <u>(1,099,214)</u>  | <u>(1,132,386)</u>                                |
| <b>Gross (loss)/profit</b>   |             | <b>(54,824)</b>   | 97,070  |
| Other gains and income, net  |             | 7,420   | 14,958  |
| Selling expenses   |             | (1,631)   | (2,185)   |
| Administrative expenses  |             | (89,564)  | (109,848)   |
| Reversal of impairment losses/<br>(impairment losses) of financial assets, net |             | 130   | (1,067)   |
| Release of financial guarantee liabilities                                     |             | —   | 14,460  |
| Gain on re-consolidation of a deconsolidated<br>subsidiary                     | 13          | <u>—</u>  | <u>465,899</u>                                    |
| <b>(Loss)/profit from operations</b>   |             | <b>(138,469)</b>  | 479,287   |
| Finance costs  |             | <u>(12,422)</u>   | <u>(7,516)</u>                                    |
| <b>(Loss)/profit before tax</b>  |             | <b>(150,891)</b>  | 471,771   |
| Income tax credit  | 5           | <u>16</u>   | <u>720</u>  |
| <b>(Loss)/profit for the period/year from continuing<br/>operations</b>        | 4           | <b>(150,875)</b>  | 472,491   |
| <b>Discontinued operations</b>   | 6           |   |   |
| Profit for the year from discontinued operations                               |             | <u>—</u>  | <u>2,086,411</u>                                  |
| <b>(Loss)/profit for the period/year</b>                                       |             | <u><b>(150,875)</b></u>                                     | <u><b>2,558,902</b></u>                           |

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)**  
**FOR THE NINE MONTHS ENDED 31 DECEMBER 2022**

|   | <i>Note</i> | Nine months ended<br>31 December<br>2022<br><i>HK\$'000</i> | Year ended<br>31 March<br>2022<br><i>HK\$'000</i> |
|---|-------------|---|---|
| <b>(Loss)/earnings per share</b>            | 7           |   |   |
| From continuing and discontinued operations |             |   |   |
| Basic and diluted                           |             | <u><b>HK(10.7) cents</b></u>                                | <u>HK747.9 cents</u>                              |
| From continuing operations                  |             |   |   |
| Basic and diluted                           |             | <u><b>HK(10.7) cents</b></u>                                | <u>HK138.1 cents</u>                              |

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE NINE MONTHS ENDED 31 DECEMBER 2022**

|  | <b>Nine months<br/>ended<br/>31 December<br/>2022</b> | Year ended<br>31 March<br>2022 |
|--|---|--------------------------------|
| <i>Note</i>  | <b>HK\$'000</b>                                       | <b>HK\$'000</b>                |
| <b>(Loss)/profit for the period/year</b>   | <b><u>(150,875)</u></b>                               | <b><u>2,558,902</u></b>        |
| <i>Items that may be reclassified to profit or loss:</i>   |   |                                |
| Exchange differences on translating foreign operations   | <b>(42,191)</b>                                       | 138,675                        |
| Exchange reserves reclassified to profit or loss on disposal and deconsolidation of subsidiaries | <u>—</u>  | <u>(163,957)</u>               |
| <b>Other comprehensive income for the period/year, net of tax</b>                                | <b><u>(42,191)</u></b>                                | <b><u>(25,282)</u></b>         |
| <b>Total comprehensive income for the period/year</b>  | <b><u><u>(193,066)</u></u></b>                        | <b><u><u>2,533,620</u></u></b> |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*AS AT 31 DECEMBER 2022*

|  |             | <b>31 December<br/>2022</b> | 31 March<br>2022 |
|--|-------------|-----------------------------|------------------|
|  | <i>Note</i> | <b><i>HK\$'000</i></b>      | <i>HK\$'000</i>  |
| <b>Non-current assets</b>                      |             |                             |                  |
| Property, plant and equipment                  |             | <b>794,996</b>              | 873,520          |
| Right-of-use assets                            |             | <b>197,916</b>              | 222,550          |
| Other intangible assets                        |             | <b>171</b>                  | 187              |
|  |             | <u><b>993,083</b></u>       | <u>1,096,257</u> |
| <b>Current assets</b>                          |             |                             |                  |
| Inventories                                    |             | <b>238,689</b>              | 352,634          |
| Accounts and other receivables and prepayments | 9           | <b>59,172</b>               | 122,636          |
| Amounts due from related parties               | 12          | <b>13,167</b>               | —                |
| Bank and cash balances                         |             | <b>12,898</b>               | 5,274            |
|  |             | <u><b>323,926</b></u>       | <u>480,544</u>   |
| <b>Total assets</b>                            |             | <u><b>1,317,009</b></u>     | <u>1,576,801</u> |
| <b>Current liabilities</b>                     |             |                             |                  |
| Accounts and other payables                    | 10          | <b>326,336</b>              | 334,563          |
| Contract liabilities                           |             | <b>1,595</b>                | 37,035           |
| Borrowings                                     | 11          | <b>78,967</b>               | 314,976          |
| Amounts due to related parties                 | 12          | <b>52,255</b>               | 122,778          |
| Amount due to ultimate holding company         | 12          | <b>179</b>                  | 179              |
| Provision                                      |             | <b>—</b>                    | 19,732           |
|  |             | <u><b>459,332</b></u>       | <u>829,263</u>   |
| <b>Net current liabilities</b>                 |             | <u><b>(135,406)</b></u>     | <u>(348,719)</u> |
| <b>Total assets less current liabilities</b>   |             | <u><b>857,677</b></u>       | <u>747,538</u>   |

|                                |             | <b>31 December</b>     | 31 March               |
|--------------------------------|-------------|------------------------|------------------------|
|                                |             | <b>2022</b>            | 2022                   |
|                                | <i>Note</i> | <b><i>HK\$'000</i></b> | <b><i>HK\$'000</i></b> |
| <b>Non-current liabilities</b> |             |                        |                        |
| Accounts and other payables    | 10          | <b>129,398</b>         | 212,410                |
| Borrowings                     | 11          | <b>390,323</b>         | —                      |
| Amounts due to related parties | 12          | <b>2,589</b>           | 4,246                  |
| Deferred tax liabilities       |             | <b>19,578</b>          | 22,027                 |
|                                |             | <u><b>541,888</b></u>  | <u>238,683</u>         |
| <b>NET ASSETS</b>              |             | <u><b>315,789</b></u>  | <u>508,855</u>         |
| <b>Equity</b>                  |             |                        |                        |
| Share capital                  |             | <b>70,730</b>          | 70,730                 |
| Reserves                       |             | <b>245,059</b>         | 438,125                |
| <b>TOTAL EQUITY</b>            |             | <u><b>315,789</b></u>  | <u>508,855</u>         |

Notes:

## 1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). HKFRSs comprises HKFRS, Hong Kong Accounting Standards (“HKAS”) and Interpretations. These consolidated financial statements also comply with 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 Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are discussed below.

The HKICPA has issued certain new and revised HKFRSs 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.

### **Change of financial year end date**

Pursuant to a resolution of the Board dated 30 June 2022, the Company’s financial year end date has been changed from 31 March to 31 December commencing from the financial period from 1 April 2022 to 31 December 2022 in order to be in line with the financial year end date of the controlling shareholder of the Company. Accordingly, the comparative figures presented for the audited consolidated statement of profit or loss, audited consolidated statement of comprehensive income, audited consolidated statement of change in equity, audited consolidated statement of cash flows and related notes cover the audited figures of the financial year from 1 April 2021 to 31 March 2022 which may not be comparable with the amounts shown for the current period.

### **Going Concern**

As at 31 December 2022, the Group’s current liabilities exceeded its current assets by approximately HK\$135,406,000. Current portion of the Group’s bank borrowings and amounts due to related parties amounted to approximately HK\$78,967,000 and HK\$52,255,000 respectively while its cash and cash equivalents amounted to approximately HK\$12,898,000. These conditions indicate that material uncertainties exist which may cast significant doubt on the Group’s ability to continue as a going concern and therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Group’s ability to continue as a going concern largely depends on the sufficiency of financial resources available to the Group. The Directors are of the view that the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the next twelve months from 31 December 2022, based on the following considerations:

- (a) The Directors expect the Group to be profitable and to generate operating cash inflows from its future business operations;
- (b) As at 31 December 2022, the Group has drawn down bank borrowings of approximately HK\$78,967,000 (equivalent to RMB70,000,000) and has undrawn loan facilities of approximately HK\$33,843,000 (equivalent to RMB30,000,000). The Directors are of the opinion that the Group will be able to renew its existing bank borrowings and utilise the undrawn loan facilities in 2023 if needed;

- (c) In January 2023, the Group has obtained approximately HK\$56,405,000 (equivalent to RMB50,000,000) borrowings from Shandong Bairun Paper Co. Ltd. (“Shandong Bairun”), which is under the common control of the shareholders of NCD Investment Holding Limited (“NCD”), being a controlling shareholder of the Company. The borrowings shall be repayable within eighteen months from the date of the borrowings (i.e. July 2024), which have subsequently been extended, details of which are as discussed in paragraph (d);
- (d) On 23 March 2023, Universal Pulp & Paper (Shandong) Co., Ltd (“UPPSD”) (遠通紙業(山東)有限公司), being an operating subsidiary of the Company, has entered into extension agreements with Shandong Bairun to extend the borrowings in the amounts of approximately HK\$282,025,000, HK\$108,298,000 and HK\$56,405,000 (equivalent to RMB250,000,000, RMB96,000,000 and RMB50,000,000 respectively) to 31 January 2025; and
- (e) An undertaking has been provided by NCD, that NCD will first procure Shandong Bairun to further extend the term of the loan of approximately HK\$282,025,000 (equivalent to RMB250,000,000), if considered insufficient, NCD will provide further loans required for the operation of UPPSD, being an operating subsidiary of the Company, until other bank financing becomes available.

In view of the above, the Directors consider that there will be sufficient financial resources available to the Group to enable it to continue as a going concern and hence have prepared the consolidated financial statements on a going concern basis. Should the Group be unable to continue as going concern, adjustments would have to be made to write down the carrying value of the assets to their recoverable amounts, to provide for any further liabilities which might arise and to classify non-current assets and liabilities as current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

#### **Listing status of the Company**

By way of letters dated 21 July 2020, 26 November 2020 and 11 June 2021, the Stock Exchange imposed the following resumption guidance (the “Resumption Guidance”) for the Company:

1. Address all audit issues raised by the former auditors (the “Audit Issues”);
2. Conduct an appropriate independent investigation into the Audit Issues, announce the findings and take appropriate remedial actions;
3. Publish all outstanding financial results required under the Listing Rules and address any audit modifications;
4. Have the winding-up petition (or winding-up order, if made) against the Company withdrawn or dismissed;
5. Announce all material information for the Company’s shareholders and investors to appraise the Company’s position;
6. Demonstrate its compliance with Rule 13.24 of the Listing Rules;
7. Conduct an independent internal control review and demonstrate adequate internal control systems being put in place to meet the obligations under the Listing Rules; and
8. Re-comply with Rules 3.05, 3.10(1), 3.21 and 3.25 of the Listing Rules.

For details, please refer to the announcements made by the Company dated 23 July 2020, 27 November 2020, 18 June 2021 and 25 January 2022.

Under Rule 6.01A(1) of the Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. In the case of the Company, the 18-month period expired on 1 January 2022 (the “Delisting Deadline”). If the Company failed to remedy the issue(s) causing its trading suspension, fully comply with the Listing Rules to the Stock Exchange’s satisfaction and resume trading in its shares by 1 January 2022, the Listing Division would have recommended the Listing Committee to proceed with the cancellation of the Company’s listing. Under Rules 6.01 and 6.10 of the Listing Rules, the Stock Exchange also has the right to impose a shorter specific remedial period, where appropriate.

The Group fulfilled the Resumption Guidance imposed by the Stock Exchange on 26 January 2022. Trading in the Shares on the Stock Exchange resumed on the same date.

For details, please refer to the announcement made by the Company dated 26 January 2022.

### **Restructuring of the Group**

On 13 April 2021, the Company, Lai Kar Yan (Derek) and Ho Kwok Leung (Glen), both of Deloitte Touche Tohmatsu, and Rachelle Ann Frisby of Deloitte Ltd. (collectively, the “JPLs”), Xiamen C&D Paper & Pulp Co., Ltd.\* (“Xiamen C&D Paper”) and Zhejiang Xinshengda Holding Group Co., Ltd.\* (“Zhejiang Xinshengda”) entered into the term sheet in relation to the restructuring of the Group (“Term Sheet”). For details, please refer to the announcement made by the Company dated 13 April 2021.

On 30 July 2021, the Company, the JPLs, Xiamen C&D Paper, Zhejiang Xinshengda, NCD (the “Investor”) (a company incorporated in the British Virgin Islands owned by Xiamen C&D Paper as to 55% and Zhejiang Xinshengda as to 45%) and Shandong Bairun (background of which is set out in the paragraphs under the section headed “UPPSD Bankruptcy Reorganisation” below) entered into a restructuring agreement (as amended by a supplemental restructuring agreement dated 22 November 2021) (the “Restructuring Agreement”) in relation to the restructuring of the Group (the “Restructuring”) involving, inter alia, (i) the Capital Reorganisation; (ii) the Subscription; (iii) the Group Reorganisation; (iv) the Placement; (v) the ListCo Scheme; (vi) the UPPSD Bankruptcy Reorganisation; and (vii) the Resumption.

Details of the Restructuring Agreement were announced in an announcement of the Company dated 22 November 2021.

#### **1. Capital Reorganisation**

The Board proposed to implement, subject to the approval by the shareholders, the capital reorganisation (the “Capital Reorganisation”), which comprised of:

- a. the reduction of the issued capital of the Company by cancelling the paid up capital to the extent of HK\$0.095 on each of the issued ordinary shares in the issued capital of the Company before the Capital Reorganisation becoming effective (the “Existing Shares”) such that the par value of each of the Existing Shares shall be reduced from HK\$0.10 to HK\$0.005 (the “Capital Reduction”);

- b. the cancellation of the authorised but unissued ordinary share capital of the Company in its entirety upon the Capital Reduction becoming effective (the “Authorised Share Capital Diminution”);
- c. the cancellation of entire amount standing to the credit of the share premium account of the Company (the “Share Premium Cancellation”) of approximately HK\$161,000,000, being the aggregate amount subscribed for the Existing Shares in excess of such Existing Shares’ par value at that time, and credit the amount cancelled to the contributed surplus reserve account of the Company;
- d. the consolidation of every ten issued and unissued shares of HK\$0.005 each into one new ordinary share of the Company of HK\$0.05 (the “New Share”) upon the Capital Reduction, the Authorised Share Capital Diminution and the Share Premium Cancellation becoming effective (the “Share Consolidation”); and
- e. the increase in authorised share capital upon the Capital Reduction, the Authorised Share Capital Diminution, the Share Premium Cancellation and the Share Consolidation becoming effective, the Company’s authorised ordinary share capital increased from approximately HK\$5,710,000 divided into 114,107,582 New Shares of HK\$0.05 each to HK\$100,000,000 divided into 2,000,000,000 New Shares of HK\$0.05 each.

## **2. Subscription**

The Company issued and allotted, and the Investor subscribed for 990,220,583 New Shares (the “Subscription Shares”), representing 70% of the enlarged ordinary share capital of the Company upon the completion of the Capital Reorganisation and the issue and allotment of the Subscription Shares, Creditors’ Shares (as defined below) and Placement Shares (as defined below) and assuming all issued preference shares of the Company have been converted into ordinary shares of the Company, at the subscription price of HK\$0.121056 per shares (the “Subscription Price”) for a total consideration of HK\$119,872,142 (the “Subscription Proceeds”). The Subscription Proceeds were used for settling the costs and expenses for implementing the Restructuring and discharging debts of the Company under the ListCo Scheme.

## **3. Group Reorganisation**

Pursuant to the Restructuring Agreement, the group reorganisation (the “Group Reorganisation”) involved:

- a. the incorporation of Greater Paper Development Limited (“SPV1”), a company incorporated in Hong Kong with limited liability, owned as to 100% by the Company;
- b. the incorporation of Greater Paper (Shenzhen) Paper Limited (“SPV2”), a company incorporated in the People’s Republic of China (the “PRC”) with limited liability and owned as to 100% by SPV1;
- c. SPV2 becoming the sole registered shareholder of UPPSD through the UPPSD Bankruptcy Reorganisation;

- d. upon the completion of all the transactions under the Restructuring Agreement (the “Closing”), to effectuate the transfer of the subsidiaries of the Group other than SPV1, SPV2 and UPPSD (the “Excluded Subsidiaries”) to the SchemeCo (as defined below) for the benefit of the Scheme Creditors (as defined below) pursuant to the terms of the ListCo Scheme by transferring the entire equity interests of Samson Paper (BVI) Ltd (being the holding company of the Excluded Subsidiaries and a directly wholly-owned subsidiary of the Company) held by the Company to the SchemeCo at a nominal consideration of HK\$1.0. The Retained Group comprised of the Company, SPV1, SPV2 and UPPSD and has been principally engaged in manufacturing of paper product;
- e. provision of a loan not less than RMB80,000,000 by Shandong Bairun to SPV2 which was used in the daily business operations of UPPSD (which formed part of the loan of not less than RMB250,000,000 provided by Shandong Bairun to SPV2 under the UPPSD Bankruptcy Reorganisation, the remaining RMB170,000,000 of which was used for the first instalment payment under the UPPSD Bankruptcy Reorganisation plan);
- f. the completion of the implementation of the UPPSD Bankruptcy Reorganisation plan; and
- g. the above-mentioned loan was secured by charge over the shares of SPV1, SPV2 and UPPSD and the appropriate assets of UPPSD created in favour the Investor or Shandong Bairun (as the case may be) by way of a first priority fixed charge, which have been discharged upon the completion of the Group Reorganisation.

#### **4. Placement**

Pursuant to the Restructuring Agreement, the Company entered into a placing agreement with the Investor and a placing agent (the “Placing Agent for Placement”), pursuant to which the Placing Agent for Placement undertook to place, on a fully underwritten basis, 56,584,032 placement shares (the “Placement Shares”) to no less than six placees at HK\$0.121056 per Placement Share (the “Placement”).

The gross proceeds from the Placement was approximately HK\$6,849,837, and was used for discharging debts of the Company under the ListCo Scheme.

#### **5. ListCo Scheme**

The Company restructured its indebtedness by ListCo Scheme under Hong Kong Law involving:

- a. upon the ListCo Scheme become effective, the scheme administrators incorporated a special purpose vehicle (the “SchemeCo”) to hold and realise assets of the SchemeCo for distribution to the creditors of the Company with unsecured claims admitted by the scheme administrators in accordance with the terms of the ListCo Scheme (the “Scheme Creditors”) and settle the costs and expenses arising from the implementation of the ListCo Scheme in accordance with the terms of the ListCo Scheme;
- b. all the claims against the Company was fully and finally discharged under ListCo Scheme by way of the SchemeCo accepting and assuming an equivalent liability in place of the Company in respect of the claims of the creditors of the Company. In return, the Scheme Creditors were entitled to receive dividends from the realization of the assets of the SchemeCo pursuant to the ListCo Scheme in full and final settlement of their claims against the SchemeCo;

- c. the assets of the SchemeCo realised for the benefit of the Scheme Creditors included:
- (i) the remaining balance of the gross Subscription Proceeds of approximately HK\$119,872,142 after deducting the costs of implementing the Restructuring;
  - (ii) 240,482,142 New Shares issued and allotted by the Company to the SchemeCo (the “Creditors’ Shares”) for the benefit of the Scheme Creditors, representing approximately 17% of the issued ordinary share capital of the Company after the completion of the Capital Reorganisation and as enlarged by the issue and allotment of the Subscription Shares, Placement Shares and Creditors’ Shares and assuming all preference shares have been converted, subject to the right to dispose the Creditors’ Shares as detailed in paragraph (viii) below;
  - (iii) gross proceeds from the Placement of approximately HK\$6,849,837;
  - (iv) the shares and/other assets of the Excluded Subsidiaries;
  - (v) the inter-company account receivables due from the Excluded Subsidiaries to the Retained Group in the amount of approximately HK\$300 million;
  - (vi) the cash, bank deposits and account receivables of the Company as at the effective date of the ListCo Scheme (apart from the account receivables due from the Retained Group);
  - (vii) all claims or litigations and all potential claims or litigation rights against third parties raised by the Retained Group (to the extent transferrable under the applicable law and approved by the relevant party);
  - (viii) a right to the SchemeCo exercisable by the scheme administrators in their absolute discretion (for the benefit of the Scheme Creditors other than the Scheme Creditors who elected to hold the Creditors’ Shares in their own names or through CCASS) to dispose the Creditors’ Shares on behalf of the relevant Scheme Creditors, either (i) in the open market at the market price; or (ii) instructing a placing agent (the “Placing Agent for Placing Out”) at one or more times during the 12 months from the Closing to place such number of the Creditors’ Shares to independent places at price(s) procured by the Placing Agent for Placing Out on a best effort basis (the “Placing Price for Placing Out”) and, given the guarantee by the Investor (the “Price Protection”) to pay the shortfall between the Placing Price for Placing Out and the issue price of the Creditors’ Shares (i.e. HK\$0.121056 per Share) should the Placing Price for Placing Out be lower than the issue price of the Creditors’ Shares, to realise such Creditors’ Shares at a price not less than the issue price of the Creditors’ Shares, thereby offering a certain minimum realization from the Creditors’ Shares in exchange for the relevant Scheme Creditors releasing their admitted claims against the Company.

On 30 September 2021, the Company held a meeting of the creditors of the Company (the “Scheme Meeting”) pursuant to the order dated 1 September 2021 granted by the Hong Kong Court. The resolution to approve the ListCo Scheme was duly passed. Subsequently, the ListCo Scheme was sanctioned by the Hong Kong Court on 28 October 2021.

## **6. UPPSD Bankruptcy Reorganisation**

Upon completion of the Restructuring, the Retained Group has continued to be engaged in paper manufacturing business conducted through UPPSD.

As set out in the Company's announcement dated 22 November 2021, due to the then liquidity shortage of the Group and the eventual suspension of production of UPPSD in late September 2020, in order to provide and ring-fence working capital to resume UPPSD's operation so as to preserve its operational value, UPPSD, Xiamen C&D Paper and Shandong Herun Holding Group Co., Ltd.\* ("Shandong Herun") (a PRC company wholly owned by Mr. Li Shengfeng, the majority ultimate beneficial owner of Zhejiang Xinshengda) entered into the an agreement dated 24 October 2020 (the "Entrusted Operation Agreement"), pursuant to which, Xiamen C&D Paper and Shandong Herun formed their joint venture Shandong Bairun (owned by Xiamen C&D Paper as to 55% and owned by Shandong Herun as at 45%) in November 2020 to operate the paper manufacturing facility of UPPSD (the "Entrusted Assets") on an entrusted basis (the "Entrusted Operation").

The resumption of manufacturing operations of UPPSD was funded by Shandong Bairun on the bases that UPPSD was paid/reimbursed the costs of its staff and Shandong Bairun would pay all operating expenses (including raw material and maintenance costs). Shandong Bairun would not, however, bear liabilities (trade or otherwise) that arose prior to the commencement of the Entrusted Operation. Shandong Bairun would not be entitled to any increase in value of the Entrusted Assets and the operations of UPPSD. Also, Shandong Bairun would not bear any risk of deterioration in value of the Entrusted Assets and risks of seizure of the Entrusted Assets (e.g. Shandong Bairun could terminate the Entrusted Operation Agreement if major assets of UPPSD were under bankruptcy proceedings or enforcement action such that it became impractical for Xiamen C&D Paper, Shandong Herun and Shandong Bairun to continue production in accordance to the terms of the Entrusted Operation Agreement).

The Company/UPPSD also retained control over UPPSD/the Entrusted Assets, including but not limited to selling assets of and/or interests in UPPSD and rights to reject any proposed addition/upgrade to the Entrusted Assets.

In view of the above, the Company is of the view that there is no impact on the accounting treatment of UPPSD in the Company's consolidated financial statements after entering into the Entrusted Operation Agreement.

On 23 December 2020, UPPSD received the notice from the People's Court of Xuecheng District, Zaozhuang City, Shandong Province (the "Shandong Court"), informing that a creditor of UPPSD had filed a bankruptcy application against UPPSD (the "UPPSD Bankruptcy Application"). Despite the objection filed by UPPSD to the Shandong Court, UPPSD received a civil judgement issued by the Shandong Court, advising that the UPPSD Bankruptcy Application was accepted and that a bankruptcy administrator (the "UPPSD Bankruptcy Administrator") was appointed on 30 December 2020. UPPSD Bankruptcy Administrator had taken custody of UPPSD's assets and company seal in accordance to the relevant rules and regulations. Accordingly, the Company lost control over UPPSD and financial results and position of UPPSD were deconsolidated from the Group with effect from 31 December 2020 in accordance with the requirements of HKFRS 10 Consolidated Financial Statements.

Following the execution of the Term Sheet, UPPSD submitted an application to the Shandong Court and the UPPSD Bankruptcy Administrator to seek for a conversion of the bankruptcy proceedings of UPPSD into a bankruptcy reorganisation, which was approved by the Shandong Court with effect from 20 April 2021.

On 29 July 2021, the UPPSD Bankruptcy Administrator convened the second meeting of creditors of UPPSD for the purpose of considering and approving the UPPSD Bankruptcy Reorganisation plan as summarised below:

- a. UPPSD shall become a wholly-owned subsidiary of the Company (through SPV1 and SPV2) through the UPPSD Bankruptcy Reorganisation;
- b. settlement of four creditors' priority claims with an aggregate amount of RMB4,960,533.58 in one lump sum payment by cash in priority to other creditors with unsecured claims, with their unsecured claims totalling RMB1,084,101,760.80 settled in the method as provided in (d), (e) and (f) below;
- c. settlement of two creditors' verified tax claims with an aggregate amount of RMB48,333,787.65 in one lump sum payment by cash;
- d. settlement of each creditor's unsecured claims with principal amount of RMB200,000 (inclusive) or below in full by way of cash;
- e. 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;
- f. the settlement of the inter-company debts due by UPPSD to the Excluded Subsidiaries in the total sum of RMB741,989,908.38 as recognised by the UPPSD Bankruptcy Administrator in one lump sum payment of RMB50,000,000;
- g. upon the completion of UPPSD Bankruptcy Reorganisation, UPPSD shall forfeit its all accounts receivables, prepayments and other receivables due by the Group to UPPSD, which amounted to RMB156,943,268.36 based on the liquidation audit on UPPSD commissioned by the UPPSD Bankruptcy Administrator; and
- h. termination of the Entrusted Operation Agreement.

The UPPSD Bankruptcy Reorganisation was approved by its creditors and the Shandong Court on 29 July 2021 and 31 July 2021 respectively and the UPPSD Bankruptcy Administrator was discharged with effect from 1 August 2021. The Entrusted Operation Agreement has also been terminated with effect from 1 August 2021 and UPPSD resumed its self-operation. Financial results and position of UPPSD were consolidated into those of the Group in accordance with the requirements of HKFRS 10 Consolidated Financial Statements with effect from 1 August 2021.

On 11 October 2021, following the first instalment payment by UPPSD in accordance to the UPPSD Bankruptcy Reorganisation plan, the Shandong Court handed down a judgment confirming that the UPPSD Bankruptcy Reorganisation has been successfully implemented and ordered the termination of the UPPSD's bankruptcy reorganisation proceedings.

## **7. Resumption**

To satisfy the Resumption Guidance as imposed by the Stock Exchange before the Delisting Deadline, the details of which are set out in the preceding paragraph.

The Restructuring was completed upon taking effect of the Listco Scheme and the withdrawal of the Petition. Completion of the Capital Reorganisation, the Subscription, the Group Reorganisation, the Placement, and the taking effect of the Listco Scheme all took place on 26 January 2022. Accordingly, on 26 January 2022, the Company simultaneously issued to (i) the Investor the Subscription Shares, (ii) the Placees the Placement Shares; and (iii) the SchemeCo the Creditors' Shares.

For details, please refer to the announcement made by the Company dated 26 January 2022.

### **Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the nine months ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary; (ii) the carrying amount of any non-controlling interest; and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received; (ii) the fair value of any investment retained; and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

## 2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

### (a) Application of new and revised HKFRSs

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2022 for the preparation of the consolidated financial statements:

|                                      |   |
|--------------------------------------|---|
| Amendments to HKAS 16                | Property, Plant and Equipment: Proceeds before Intended Use |
| Amendments to HKAS 37                | Onerous Contracts — Cost of Fulfilling a Contract           |
| Amendments to HKFRS 3                | Reference to the Conceptual Framework                       |
| Amendments to HKFRS 16 (March 2021)  | Covid-19 Related Rent Concessions beyond 30 June 2021       |
| Annual Improvements Project          | Annual Improvements to HKFRS Standards 2018–2020            |
| Amendments to Accounting Guideline 5 | Merger Accounting for Common Control Combinations           |

The Company did not change its accounting policies or make retrospective adjustments as a result of adopting the abovementioned amended standards or annual improvements.

**(b) New and revised HKFRSs in issue but not yet effective**

The Group has not applied any new standard, amendments to standards and interpretation that have been issued but are not yet effective for the financial year beginning 1 April 2022. The new standard, amendments to standards and interpretation include the following which may be relevant to the Group.

|  | <b>Effective for accounting periods<br/>beginning on or after</b> |
|--|---|
| Amendments to HKAS 1 — Classification of Liabilities as Current or Non-current   | 1 January 2024  |
| Amendments to HKAS 1 — Non-current Liabilities with Covenants  | 1 January 2024  |
| Amendments to HKAS 1 and HKFRS Practice Statement 2 — Disclosure of Accounting Policies                                    | 1 January 2023  |
| Amendments to HKAS 8 — Definition of Accounting Estimates  | 1 January 2023  |
| Amendments to HKAS 12 — Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction                   | 1 January 2023  |
| Amendments to HKFRS 16 — Lease Liability in a Sales and Leaseback  | 1 January 2024  |
| 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 Group is in the process of making an assessment of what the impact of these amendments and new standards is 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 financial statements.

**3. SEGMENT INFORMATION**

The chief operating decision-makers have been identified as the executive directors of the Company. The executive directors review the Group's financial information mainly from business nature and geographical perspectives. From a perspective on business nature, the Group has a single reportable segment for the nine months ended 31 December 2022, namely paper manufacturing and selling segment. From a geographical perspective, management mainly assesses the performance of operations in the PRC.

For the nine months ended 31 December 2022, the Group has carried on a single business under continuing operations, which is manufacturing and selling of paper products. Accordingly, there is only one single reportable segment of the Group which is regularly reviewed by the executive directors.

Three reportable segments (paper trading, property development and investment ("PID") and others) were all discontinued on or before 26 January 2022 (being the date of completion of restructuring). The segment information reported does not include any amounts of these discontinued operations, which are described in more detail in note 6.

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

|   | <b>Nine months<br/>ended 31<br/>December 2022<br/>HK\$'000</b> | Year ended<br>31 March<br>2022<br>HK\$'000 |
|---|--|--|
| <b>Revenue from contracts with customers within the scope of HKFRS 15</b> |  |  |
| Sale of goods   | <u>1,044,390</u>   | <u>1,229,456</u>                           |
| <b>Timing of revenue recognition</b>                                      |  |  |
| Products transferred at a point of time                                   | <u>1,044,390</u>   | <u>1,229,456</u>                           |

#### 4. (LOSS)/PROFIT FOR THE PERIOD/YEAR FROM CONTINUING OPERATIONS

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

|   | <b>Nine months<br/>ended<br/>31 December<br/>2022<br/>HK\$'000</b> | Year ended<br>31 March<br>2022<br>HK\$'000 |
|---|--|--|
| Amortisation of other intangible assets (included in administrative expenses) | 32   | 28   |
| Depreciation on property, plant and equipment                                 | 45,207   | 40,026                                     |
| Depreciation on right-of-use assets   | 5,597  | 5,448                                      |
| Losses/(gains) on disposal/write-off of property, plant and equipment         | 15   | (1,138)                                    |
| Cost of inventories sold ( <i>note</i> )                                      | 1,064,130  | 1,079,550                                  |
| Auditor's remuneration  | 1,200  | 2,400                                      |
| (Reversal of impairment losses)/impairment losses on financial assets, net    | (130)  | 1,067                                      |
| Impairment losses/(reversal of impairment losses) on inventories              | <u>18,568</u>  | <u>(4,920)</u>                             |

*Note:* Cost of inventories sold includes depreciation of approximately HK\$29,149,000 (Year ended 31 March 2022: HK\$33,592,000) which are included in the amounts disclosed separately.

## 5. INCOME TAX CREDIT

Income tax relating to continuing operations has been recognised in profit or loss as following:

|                                | <b>Nine months<br/>ended<br/>31 December<br/>2022<br/>HK\$'000</b> | Year ended<br>31 March<br>2022<br>HK\$'000 |
|--------------------------------|--|--|
| Current tax                    |  |  |
| Under-provision in prior years | <b>562</b>   | —  |
| Deferred tax                   | <b>(578)</b>   | (720)                                      |
|                                | <b>(16)</b>  | (720)                                      |

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the nine months ended 31 December 2022 (Year ended 31 March 2022: Nil).

The Company's PRC subsidiaries are subject to the PRC corporate income tax rate of 25% except as follows. UPPSD, a PRC subsidiary of the Company, was entitled to the preferential tax rate of 15% from years 2016 to 2018, being accredited as a High and New Technology Enterprise ("HNTE") according to the PRC Corporate Income Tax Law and its relevant regulations. As UPPSD has renewed the qualification of HNTE and approved on 28 November 2019 with an effective period of three years starting from 2019, UPPSD is in progress to renew its qualification of HNTE, the Directors are in opinion that UPPSD fulfilled the requirement 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 2022 was 15% (31 March 2022: 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.

## 6. DISCONTINUED OPERATIONS

With reference to note 1(3)(d), the Company transferred the Excluded subsidiaries to the SchemeCo for the Scheme Creditors (as defined below) pursuant to the terms of the ListCo Scheme by transferring the entire equity interests of Samson Paper (BVI) Ltd. (being the holding company of the Excluded Subsidiaries and a directly wholly-owned subsidiary of the Company) held by the Company to the SchemeCo at a nominal consideration of HK\$1.0. The taking effect of the ListCo Scheme took place on 26 January 2022.

For details, please refer to the announcement made by the Company dated 26 January 2022.

**(a) Discontinued operations from paper trading segment**

|  | Year ended<br>31 March<br>2022<br><i>HK\$'000</i> |
|--|---|
| Profit for the year from discontinued operations:  |   |
| Revenue  | 23  |
| Cost of sales  | (438)   |
| Other gains and income, net  | 1,548   |
| Selling expenses   | (524)   |
| Administrative expenses  | (12,586)  |
| Impairment losses of financial assets, net   | (116,644)   |
| Other operating expenses   | (34,984)  |
| Finance costs  | (94)  |
|  | <hr/>   |
| Loss before tax  | (163,699)   |
| Income tax credit  | 1   |
|  | <hr/>   |
| Loss for the year  | (163,698)   |
| Gain on deconsolidation, disposal and deregistration of subsidiaries                     | 1,974,290   |
|  | <hr/>   |
| Profit for the year from discontinued operations (attributable to owners of the Company) | <u>1,810,592</u>                                  |

Profit for the year from discontinued operations include the following:

|   | Year ended<br>31 March<br>2022<br><i>HK\$'000</i> |
|---|---|
| Depreciation of property, plant and equipment | 3,249   |
| Depreciation of right-of-use assets           | 3,342   |
|   | <hr/>   |

Cash flows from discontinued operations:

|   | Year ended<br>31 March<br>2022<br><i>HK\$'000</i> |
|---|---|
| Net cash outflows from operating activities | (4,391)   |
| Net cash outflows from investing activities | (176,995)   |
| Net cash outflows from financing activities | <u>(3,240)</u>                                    |
| Net cash outflows                           | <u><u>(184,626)</u></u>                           |

**(b) Discontinued operations from PID segment**

|  | Year ended<br>31 March<br>2022<br><i>HK\$'000</i> |
|--|---|
| Loss for the year from discontinued operations:  |   |
| Revenue  | 1,634   |
| Cost of sales  | (1,180)   |
| Other gains and income, net  | 520   |
| Selling expenses   | (205)   |
| Administrative expenses  | <u>(1,874)</u>                                    |
| Loss before tax  | (1,105)   |
| Income tax expense   | <u>—</u>  |
| Loss for the year  | (1,105)   |
| Loss on deconsolidation of subsidiaries  | <u>(64,902)</u>                                   |
| Loss for the year from discontinued operations (attributable to owners of the Company) | <u><u>(66,007)</u></u>                            |

Loss for the year from discontinued operations include the following:

|                                     | Year ended<br>31 March<br>2022<br><i>HK\$'000</i> |
|-------------------------------------|---|
| Depreciation of right-of-use assets | <u><u>2,610</u></u>                               |

Cash flows from discontinued operations:

|   | Year ended<br>31 March<br>2022<br><i>HK\$'000</i> |
|---|---|
| Net cash outflows from operating activities | (1,644)   |
| Net cash outflows from investing activities | <u>(735)</u>                                      |
| Net cash outflows                           | <u><u>(2,379)</u></u>                             |

**(c) Discontinued operations from others segment**

|  | Year ended<br>31 March<br>2022<br><i>HK\$'000</i> |
|--|---|
| Profit for the year from discontinued operations:  |   |
| Revenue  | 1,789   |
| Cost of sales  | (1,668)   |
| Other gains and income, net  | 1,026   |
| Selling expenses   | (569)   |
| Administrative expenses  | (9,973)   |
| Reversal of impairment losses of financial assets, net                                   | 32  |
| Other operating expense  | <u>(25,509)</u>                                   |
| Loss before tax  | (34,872)  |
| Income tax expense   | <u>(9)</u>  |
| Loss for the year  | (34,881)  |
| Gain on deconsolidation, disposal and deregistration of subsidiaries                     | <u>376,707</u>                                    |
| Profit for the year from discontinued operations (attributable to owners of the Company) | <u><u>341,826</u></u>                             |

Profit for the year from discontinued operations include the following:

|   | Year ended<br>31 March<br>2022<br><i>HK\$'000</i> |
|---|---|
| Depreciation of property, plant and equipment | 2   |
| Depreciation of right-of-use assets           | <u><u>616</u></u>                                 |

Cash flows from discontinued operations:

|  | Year ended<br>31 March<br>2022<br><i>HK\$'000</i> |
|--|---|
| Net cash inflows from operating activities | 6,016   |
| Net cash inflows from investing activities | <u>1,053</u>                                      |
| Net cash inflows                           | <u><u>7,069</u></u>                               |

## 7. (LOSS)/EARNINGS PER SHARE

### From continuing and discontinued operations

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

|   | Nine months<br>ended<br>31 December<br>2022<br><i>HK\$'000</i> | Year ended<br>31 March<br>2022<br><i>HK\$'000</i> |
|---|--|---|
| <b>(Loss)/profit</b>  |  |   |
| (Loss)/profit for the purpose of calculating basic and diluted (loss)/earnings per share                          | <u>(150,875)</u>   | <u>2,558,902</u>                                  |
|   | <b>31 December<br/>2022<br/>'000</b>                           | <b>31 March<br/>2022<br/>'000</b>                 |
| <b>Number of shares</b>   |  |   |
| Weighted average number of ordinary shares for the purpose of calculating basic/diluted (loss)/earnings per share | <u>1,414,601</u>   | <u>342,139</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 year ended 31 March 2022 and nine months ended 31 December 2022.

### From continuing operations

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

|   | Nine months<br>ended<br>31 December<br>2022<br><i>HK\$'000</i> | Year ended<br>31 March<br>2022<br><i>HK\$'000</i> |
|---|--|---|
| <b>(Loss)/profit</b>  |  |   |
| (Loss)/profit for the purpose of calculating basic and diluted<br>(loss)/earnings per share | <u>(150,875)</u>   | <u>472,491</u>                                    |

### From discontinued operations

For the year ended 31 March 2022, basic earnings per share from the discontinued operations is HK609.8 cents per share and diluted earnings per share from the discontinued operations is HK609.8 cents per share, based on the profit for the year from discontinued operations attributable to the owners of the Company of approximately HK\$2,086,411,000 and the denominators used are the same as those detailed above for both basic and diluted earnings per share.

## 8. DIVIDENDS

The directors of the Company did not recommend payment of any final dividend for the nine months ended 31 December 2022 (Year ended 31 March 2022: Nil).

## 9. ACCOUNTS AND OTHER RECEIVABLES AND PREPAYMENTS

|                                 | As at<br>31 December<br>2022<br><i>HK\$'000</i> | As at<br>31 March<br>2022<br><i>HK\$'000</i> |
|---------------------------------|---|--|
| Accounts receivable             | 11,172  | 18,770                                       |
| Bills receivable                | 824   | 1,207  |
| Allowance for impairment losses | <u>(3,622)</u>                                  | <u>(4,100)</u>                               |
|                                 | 8,374   | 15,877                                       |
| Other receivables               | 30,306  | 64,735                                       |
| Deposits                        | 86  | 99   |
| Prepayments                     | <u>20,406</u>                                   | <u>41,925</u>                                |
|                                 | <u>59,172</u>                                   | <u>122,636</u>                               |

The credit terms of account receivables generally range from 0 to 90 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

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

|                    | As at<br>31 December<br>2022<br><i>HK\$'000</i> | As at<br>31 March<br>2022<br><i>HK\$'000</i> |
|--------------------|---|--|
| Current to 60 days | <u>8,374</u>                                    | <u>15,877</u>                                |

#### 10. ACCOUNTS AND OTHER PAYABLES

|                                    | As at<br>31 December<br>2022<br><i>HK\$'000</i> | As at<br>31 March<br>2022<br><i>HK\$'000</i> |
|------------------------------------|---|--|
| Accounts payable                   | 103,087   | 102,999                                      |
| Accruals and other payables        | 152,654   | 160,761                                      |
| Debt restructuring ( <i>note</i> ) | <u>199,993</u>                                  | <u>283,213</u>                               |
|                                    | <u>455,734</u>                                  | <u>546,973</u>                               |
| Analysed as:                       |   |  |
| Current liabilities                | 326,336   | 334,563                                      |
| Non-current liabilities            | <u>129,398</u>                                  | <u>212,410</u>                               |
|                                    | <u>455,734</u>                                  | <u>546,973</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.

The ageing analysis of accounts payables, based on invoice date, is as follows:

|              | As at<br>31 December<br>2022<br><i>HK\$'000</i> | As at<br>31 March<br>2022<br><i>HK\$'000</i> |
|--------------|---|--|
| 0 to 90 days | 102,930   | 102,984                                      |
| Over 90 days | 157   | 15   |
|              | <u>103,087</u>                                  | <u>102,999</u>                               |

## 11. BORROWINGS

|                  | As at<br>31 December<br>2022<br><i>HK\$'000</i> | As at<br>31 March<br>2022<br><i>HK\$'000</i> |
|------------------|---|--|
| Bank loans       | 78,967  | —  |
| Other borrowings | 390,323   | 314,976                                      |
|                  | <u>469,290</u>                                  | <u>314,976</u>                               |

The borrowings are repayable as follows:

|   | As at<br>31 December<br>2022<br><i>HK\$000</i> | As at<br>31 March<br>2022<br><i>HK\$000</i> |
|---|--|---|
| Within one year and on demand   | 78,967   | 314,976                                     |
| More than one year, but not exceeding two years                                       | 390,323  | —   |
| More than two years, but not more than five years                                     | —  | —   |
| More than five years  | —  | —   |
|   | <u>469,290</u>                                 | <u>314,976</u>                              |
| Less: Amount due for settlement within 12 months<br>(shown under current liabilities) | <u>(78,967)</u>                                | <u>(314,976)</u>                            |
| Amount due for settlement after 12 months   | <u>390,323</u>                                 | <u>—</u>                                    |

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

The interest rates per annum were as follows:

|                  | <b>As at<br/>31 December<br/>2022</b> | As at<br>31 March<br>2022 |
|------------------|---------------------------------------|---------------------------|
| Bank loans       | <b>4.3%</b>                           | N/A                       |
| Other borrowings | <b>3.85%–4.05%</b>                    | 3.85%                     |

Bank loans of approximately HK\$78,967,000 (equivalent to RMB70,000,000) are arranged at fixed interest rates of 4.3% and expose the Group to fair value interest rate risk.

Other borrowings of approximately HK\$282,025,000 (equivalent to RMB250,000,000) and approximately HK\$108,298,000 (equivalent to RMB96,000,000) are arranged at fixed interest of 3.85% and 4.05% respectively per annum, which are repayable within 13 to 18 months, and expose the Group to fair value interest rate risk.

Bank loans of HK\$78,967,000 (equivalent to RMB70,000,000) are secured by a charge over the Group's land and buildings and guaranteed by a non-executive director of the Company and the controlling shareholder of the Company.

Under the UPPSD Bankruptcy Reorganisation Plan, a loan of RMB80,000,000 was for UPPSD's daily operation and RMB170,000,000 was for the first instalment payment, were provided by Shandong Bairun. All the borrowings were secured by a charge over the shares of SPV1, SPV2 and UPPSD, the Group's property, plant and equipment and right-of-use assets. The charge was fully discharged upon the completion of the Group Reorganisation on 26 January 2022.

On 16 November 2022, Shandong Bairun and UPPSD entered into a supplementary loan agreement pursuant to which the maturity date for the loan principal of approximately HK\$282,025,000 (equivalent to RMB250,000,000) which arose from the Bankruptcy Reorganisation Plan was extended to 31 January 2024. The borrowing is classified as non-current liabilities as at 31 December 2022.

On 29 September 2022, UPPSD entered into another loan agreement with Shandong Bairun for a loan facility of approximately HK\$114,291,000 (equivalent to RMB100,000,000) which shall be repayable within 18 months from drawdown date. UPPSD has drawn down approximately HK\$108,298,000 (equivalent to RMB96,000,000) during the nine months ended 31 December 2022. The borrowing is classified as non-current liabilities as at 31 December 2022.

## 12. AMOUNTS DUE FROM/(TO) RELATED PARTIES/ULTIMATE HOLDING COMPANY

As at 31 December 2022, the accounts payables in the aggregate amount of approximately HK\$48,856,000 (equivalent to RMB43,308,000) are unsecured and due on 1 April 2023, in which approximately HK\$11,281,000 (equivalent to RMB10,000,000) carries an interest rate of 3.85% per annum and approximately HK\$37,575,000 (equivalent to RMB33,308,000) is interest-free. The remaining amounts due to related parties/ultimate holding company are unsecured, interest-free and have no fixed repayment terms. The amounts due from related parties are unsecured, interest-free and repayable on demand.

As at 31 March 2022, an amount of approximately HK\$91,863,000 (equivalent to approximately RMB74,489,000) are eligible for an extension for 1 year until the Group's bank financing becomes available, the remaining amounts due to related parties/ultimate holding company are unsecured, interest-free and have no fixed repayment terms.

|   | Account<br>receivables<br><i>HK\$'000</i> | Contract<br>liabilities<br><i>HK\$'000</i> | Accounts<br>payables<br><i>HK\$'000</i> | Other<br>payables<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
|---|---|--|---|--------------------------------------|--------------------------|
| <b>As at 31 December 2022</b>                 |   |  |   |                                      |                          |
| Amounts due from/(to)<br>related parties      |   |  |   |                                      |                          |
| Current assets/<br>(liabilities)              | 13,167                                    | (2,104)                                    | (48,856)                                | (1,295)                              | (39,088)                 |
| Non-current liabilities                       | —   | —  | —                                       | (2,589)                              | (2,589)                  |
|   | <u>13,167</u>                             | <u>(2,104)</u>                             | <u>(48,856)</u>                         | <u>(3,884)</u>                       | <u>(41,677)</u>          |
| Amounts due to<br>ultimate holding<br>company |   |  |   |                                      |                          |
| Current liabilities                           | —   | —  | —                                       | (179)                                | (179)                    |
|   | —   | —  | —                                       | (179)                                | (179)                    |
|   | <u>13,167</u>                             | <u>(2,104)</u>                             | <u>(48,856)</u>                         | <u>(4,063)</u>                       | <u>(41,856)</u>          |
| <b>As at 31 March 2022</b>                    |   |  |   |                                      |                          |
| Amounts due to related<br>parties             |   |  |   |                                      |                          |
| Current liabilities                           | —   | (29,137)                                   | (92,308)                                | (1,333)                              | (122,778)                |
| Non-current liabilities                       | —   | —  | —                                       | (4,246)                              | (4,246)                  |
|   | —   | (29,137)                                   | (92,308)                                | (5,579)                              | (127,024)                |
| Amounts due to<br>ultimate holding<br>company |   |  |   |                                      |                          |
| Current liabilities                           | —   | —  | —                                       | (179)                                | (179)                    |
|   | —   | —  | —                                       | (179)                                | (179)                    |
|   | <u>—</u>                                  | <u>(29,137)</u>                            | <u>(92,308)</u>                         | <u>(5,758)</u>                       | <u>(127,203)</u>         |

### 13. GAIN ON RE-CONSOLIDATION OF A DECONSOLIDATED SUBSIDIARY

On 29 July 2021, the UPPSD Bankruptcy Administrator convened the second meeting of creditors of UPPSD for the purpose of considering and approving the UPPSD Bankruptcy Reorganisation plan. The UPPSD Bankruptcy Reorganisation plan was approved by its creditors and the Shandong Court on 29 July 2021 and 1 August 2021 respectively and the UPPSD Bankruptcy Administrator was discharged with effect from 1 August 2021. UPPSD resumed its self-operation with effect from 1 August 2021. Financial results and position of UPPSD were consolidated into those of the Group in accordance with the requirements of HKFRS 10 Consolidated Financial Statements with effect from 1 August 2021.

Assets and liabilities as at the date of regain of control are as follows:

|   | <i>HK\$'000</i> |
|---|-----------------|
| Property, plant and equipment                           | 848,550         |
| Right-of-use assets                                     | 222,466         |
| Other intangible assets                                 | 210             |
| Inventories   | 2,601           |
| Accounts and other receivables                          | 74,763          |
| Bank and cash balances                                  | 1,566           |
| Accounts and other payables                             | (642,815)       |
| Provisions  | (19,244)        |
| Deferred tax liabilities                                | (22,198)        |
|   | <hr/>           |
| Gain on re-consolidation of a deconsolidated subsidiary | 465,899         |
|   | <hr/> <hr/>     |
| Net cash inflow arising on acquisition:                 |                 |
| Cash and cash equivalents re-consolidated of            | 1,566           |
|   | <hr/> <hr/>     |

### 14. RELATED PARTY TRANSACTIONS

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

|  | <b>Nine months<br/>ended<br/>31 December<br/>2022<br/><i>HK\$000</i></b> | <b>Year ended<br/>31 March<br/>2022<br/><i>HK\$000</i></b> |
|--|--|--|
| Basic salaries and allowances          | 972  | 4,056  |
| Retirement benefit scheme contribution | —  | 18   |
|  | <hr/>  | <hr/>  |
|  | <b>972</b>   | <b>4,074</b>   |
|  | <hr/> <hr/>  | <hr/> <hr/>  |

- (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 party during the period/year:

|  | <b>Nine months<br/>ended<br/>31 December<br/>2022<br/>HK\$'000</b> | Year ended<br>31 March<br>2022<br>HK\$'000 |
|--|--|--|
| Purchase of raw materials from related parties ( <i>note</i> ) | —  | 9,578                                      |
| Sales of finished goods to related parties                     | <b>314,642</b>   | 54,377                                     |
| Management fee to a related party                              | <b>275</b>   | —  |
| Finance cost to a related party                                | <b>10,670</b>  | 3,003                                      |

*Note:* The agreements in relation to the purchases of raw materials for the ordinary and usual course of business of UPPSD were entered into before the date of Resumption.

## 15. EVENTS AFTER THE REPORTING PERIOD

On 4 January 2023, UPPSD entered into a loan agreement with Shandong Bairun for a loan facility of HK\$56,405,000 (equivalent to RMB50,000,000) which is repayable within 18 months from the date of the relevant drawdown. The loan facility was fully drawn on 11 January 2023 for supporting its daily operations.

On 23 March 2023, UPPSD entered into extension agreements with Shandong Bairun to extend the borrowings in an aggregate amount of approximately HK\$446,728,000 (equivalent to RMB396,000,000) to 31 January 2025.

## **AUDIT OPINION**

RSM Hong Kong (the “Auditor”), the independent auditor of the Company, has issued an unqualified opinion on the consolidated financial statements of the Group for the nine months ended 31 December 2022, except for the possible effects on the corresponding figures of the matters described in the “Basis of Qualified Opinion” section of the auditor’s report. An extract of the independent auditor’s report is set out below.

### **EXTRACT OF THE INDEPENDENT AUDITOR’S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 31 DECEMBER 2022**

#### **Opinion**

In our opinion, except for the possible effects on the corresponding figures of the matters described in the Basis of Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the nine months then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

#### **Basis of Qualified Opinion**

The consolidated financial statements for the year ended 31 March 2022 which form the basis for the comparative figures presented in the consolidated financial statements for the nine months period ended 31 December 2022, included a disclaimer of opinion on the profit and loss and on the cash flows of the Group as the accounting records of certain former subsidiaries of the Group were insufficient or unavailable as explained in the sections “Paper trading segment”, “Property development and investment (“PID”) segment” and “Others segment” in note 2 “Basis of Preparation” to the consolidated financial statements.

#### **Material Uncertainty Related to Going Concern**

As at 31 December 2022, the Group’s current liabilities exceeded its current assets by approximately HK\$135,406,000. Current portion of the Group’s borrowings and amounts due to related parties amounted to approximately HK\$78,967,000 and HK\$52,255,000 respectively while its cash and cash equivalents amounted to approximately HK\$12,898,000. These conditions indicate that material uncertainties exist which may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## **THE VIEW OF THE MANAGEMENT OF THE COMPANY, THE AUDIT COMMITTEE AND THE BOARD ON THE AUDITOR'S OPINION**

As disclosed in section headed “Opinion” extracted from the independent auditor’s report on the Group’s consolidation financial statements for the Period on page 31 of this announcement, the Auditor issued an unqualified opinion on the consolidated financial statements of the Group for the Period, except for the possible effects on the corresponding comparative figures of the year ended 31 March 2022 (the “Comparative Period”) in relation to the matters described in the “Basis of Qualified Opinion” section of the above extract from the independent auditor’s report (the “Audit Qualifications”).

It should be emphasised that the Audit Qualifications were related to the financial information on or before the Group restructuring which completed on 26 January 2022.

As advised by the Auditor, the Group’s financial information of the Comparative Period was required to be disclosed as comparative figures in the consolidated financial statements of the Group for the Period. Since the relevant comparative figures will not be reflected in the consolidated financial statements for the year ending 31 December 2023, the Audit Qualifications will be removed in respect of the Group’s consolidated financial statements for the year ending 31 December 2023.

Based on the above-mentioned information, the management of the Company, the audit committee of the Company and the Board agree with the view of the Auditor that the Group’s affairs on or before completion of the Group’s restructuring which led to the Audit Qualifications have no on-going effect on the Group’s consolidated financial information in future reporting periods.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

In 2022, there are still many unstable and uncertain factors in the domestic and international situation, and the situation is becoming more complicated and severe. From the perspective of external situation, global inflation, supply chain shortage, international situation and other issues are unlikely to be fully solved in the short term, while economic recovery and growth still face uncertainties. From the perspective of internal situation, the domestic economic development is under the pressure of shrinking demand, supply shock and expected weakening etc., and the economic situation is not optimistic.

Affected by the internal and external economic downturn and the multiple outbreaks of the pandemic throughout the year, the overall driving force of economic development was insufficient, domestic enterprises were lack of vitality, and the downward pressure on the economy continued to increase. As a result, the paper manufacturing industry, especially the packaging paper industry, suffered a greater impact with continued high inventory level and low circulation throughout the year. During the Period, total revenue of the Company was approximately HK\$1,044.4 million, with a total paper production volume of approximately 270,000 tonnes and a net loss of approximately HK\$150.9 million, which was mainly due to the influences of the downward pressure on the domestic paper manufacturing industry, the overall weak sales market and the impact of regional pandemic control and logistics disruption, resulting in a loss of the Group during the Period.

In view of the continuous downturn of the macro-economy, the continuous deepening of energy policies and power reform, coupled with the impact of pandemic prevention and control policies, the year of 2022 is a tough period for the paper manufacturing industry. In addition, due to the impact of current policies and changes in supply and demand, the Company adjusted its business ideas and actively responded to the impact. Internally, the Company actively developed new products, explored for new production processes, reduced energy consumption and the production cost, and optimised production efficiency; externally, the Company actively exploited the market, increased the proportion of direct sales customers, expanded customers in the markets of south of the Yangtze River region, Beijing and Tianjin, endeavoured to enhance profitability by the increase of market share, increased market recognition and kept up with the policy trend, so as to become a green enterprise and create a new profile for green paper manufacturing.

### Financial Review

#### *Revenue from continuing operations*

During the Period, the revenue was generated from the manufacturing and selling of paper products of approximately HK\$1,044.4 million (for the year ended 31 March 2022: HK\$1,229.4 million).

### ***Costs of sales and gross (loss)/profit from continuing operations***

During the Period, the cost of sales was approximately HK\$1,099.2 million (for the year ended 31 March 2022: HK\$1,132.4 million).

The gross loss for the Period was approximately HK\$54.8 million (for the year ended 31 March 2022: gross profit of approximately HK\$97.1 million). This is mainly attributable the decrease in the cost of major raw materials being slower than the drop in the products' selling price during the Period which imposed pressure on the production cost control and resulted in a squeeze in gross margin.

### ***Selling expenses***

During the Period, the selling expenses was approximately HK\$1.6 million (for the year ended 31 March 2022: HK\$2.2 million), which was mainly attributable to staff costs expenses of approximately HK\$1.3 million (for the year ended 31 March 2022: HK\$1.0 million).

### ***Administrative expenses***

During the Period, the administrative expenses was approximately HK\$89.6 million (for the year ended 31 March 2022: HK\$109.8 million), which was mainly attributable to staff costs expenses of approximately HK\$21.3 million, depreciation and amortization of approximately HK\$18.6 million and research and development expenses of approximately HK\$31.2 million (for the year ended 31 March 2022: HK\$13.3 million, HK\$11.6 million and HK\$28.2 million respectively).

### ***Income tax expense***

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit during the Period (for the year ended 31 March 2022: Nil).

The Company's PRC subsidiaries are subject to the PRC corporate income tax rate of 25% except as follows. UPPSD, a PRC subsidiary of the Company, was entitled to the preferential tax rate of 15% from years 2016 to 2018, being accredited as a High and New Technology Enterprise ("HNTE") according to the PRC Corporate Income Tax Law and its relevant regulations. As UPPSD has renewed the qualification of HNTE and approved on 28 November 2019 with an effective period of three years starting from 2019, UPPSD is in progress to renew its qualification of HNTE, the Directors are in opinion that UPPSD fulfilled the requirement of HNTE according to relevants rules and regulations, and therefore the tax rate used to recognise deferred tax assets and liabilities as at 31 December 2022 was 15% (31 March 2022: 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.

### ***(Loss)/profit for the period/year for continuing operations***

The Group recorded loss for the Period for continuing operations, which amounted to approximately HK\$150.9 million for the Period as compared to profit for the year for continuing operations amounted to approximately HK\$472 million for the year ended 31 March 2022.

Such change was mainly due to (i) the absence of the one-off gain on re-consolidation of a deconsolidated subsidiary of approximately HK\$466 million during the Period, (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 Period, and thereby adversely affected both production and sales of the Group; (iii) the frequent sporadic outbreak of COVID-19 in China during the 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 Period which imposed pressure on the production cost control and resulted in a squeeze in gross margin.

### **Liquidity and Financial Resources**

#### ***Bank loans and other borrowings***

As at 31 December 2022, the Group's bank loans and other borrowings were approximately HK\$469.3 million, representing an increase of approximately 49.0% as compared with approximately HK\$315.0 million as at 31 March 2022.

#### ***Pledge of assets***

At 31 December 2022, no asset was pledged as security for the Group's other borrowings (31 March 2022: Nil).

At 31 December 2022, the carrying amount of property, plant and equipment of approximately HK\$89.5 million (31 March 2022: Nil) was pledged as security for the Group's bank borrowings of approximately HK\$79.0 million (31 March 2022: Nil).

#### ***Gearing ratio***

As at 31 December 2022, our gearing ratio was 59.1% as compared with that of 37.8% as at 31 March 2022. 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 and lease liabilities) less bank and cash balances. Total capital is calculated as total equity plus net debt.

### ***Current ratio***

As at 31 December 2022, our current ratio was 0.71 times as compared with that of 0.58 times as at 31 March 2022. The current ratio is calculated by current assets divided by current liabilities.

### ***Contingent liabilities***

As at 31 December 2022, the Group did not have any material contingent liabilities or guarantees (31 March 2022: Nil).

### **Employees and Staff Costs**

As at 31 December 2022, we had a total of 830 employees excluding directors (31 March 2022: 837 employees). For the nine months ended 31 December 2022, the Group incurred staff costs (excluding directors' remuneration) of approximately HK\$66.3 million (for the year ended 31 March 2022: HK\$68.0 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 Period 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**

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 optimise 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.

### **Subsequent Events after the Period**

On 4 January 2023, UPPSD entered into a loan agreement with Shandong Bairun for a loan facility of HK\$56,405,000 (equivalent to RMB50,000,000) which is repayable within 18 months from the date of the relevant drawdown. The loan facility was fully drawn on 11 January 2023 for supporting its daily operations.

On 23 March 2023, UPPSD entered into extension agreements with Shandong Bairun to extend the borrowings in an aggregate amount of approximately HK\$446,728,000 (equivalent to RMB396,000,000) to 31 January 2025.

Save as disclosed above, the Group has no significant events occurred from 1 January 2023 to the date of this announcement which require additional disclosures.

### **FINAL DIVIDEND**

The Board has resolved not to recommend a final dividend for the Period (for the year ended 31 March 2022: Nil).

### **PURCHASE, SALE OR REDEMPTION OF SHARES**

During the Period, 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 Period, including the accounting principles and practices adopted by the Group, have been reviewed by the audit committee of the Company (the "Audit Committee"), 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 2022, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the Period 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 Period. 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 10 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 Period.

## **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 Period 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 14 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](http://www.hkexnews.hk)) and the Company ([www.cndnewin.com](http://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 Monday, 22 May 2023. 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, 17 May 2023 to Monday, 22 May 2023, 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 Tuesday, 16 May 2023.

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

Hong Kong, 27 March 2023

*As at the date of this announcement, the Board comprise 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*