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C&D Newin Paper & Pulp Corporation Limited

建發新勝漿紙有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 731)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

The board of directors (the “Board”) of C&D Newin Paper & Pulp Corporation Limited (the “Company”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2023 as follows.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

		Unaudited Six months ended 30 June 2023 <i>HK\$'000</i>	Unaudited Six months ended 30 September 2022 <i>HK\$'000</i>
	<i>Note</i>		
Revenue	3	593,547	722,184
Cost of sales		<u>(626,953)</u>	<u>(732,100)</u>
Gross loss		(33,406)	(9,916)
Other gains and income/(loss), net		2,845	4,889
Selling expenses		(2,740)	(1,022)
Administrative expenses		(58,512)	(55,729)
Impairment losses of financial assets, net		<u>(1,145)</u>	<u>(613)</u>
Loss from operations		(92,958)	(62,391)
Finance costs		<u>(10,677)</u>	<u>(7,253)</u>
Loss before tax		(103,635)	(69,644)
Income tax expense	5	<u>—</u>	<u>(346)</u>
Loss for the period	4	<u>(103,635)</u>	<u>(69,990)</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

		Unaudited Six months ended 30 June 2023 <i>HK\$'000</i>	Unaudited Six months ended 30 September 2022 <i>HK\$'000</i>
Loss for the period		(103,635)	(69,990)
Other comprehensive income, net of tax:			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>(8,795)</u>	<u>(48,800)</u>
Total comprehensive income for the period attributable to owners of the Company		<u>(112,430)</u>	<u>(118,790)</u>
Loss per share			
Basic	6	<u>HK(7.3) cents</u>	<u>HK(4.9) cents</u>
Diluted		<u>HK(7.3) cents</u>	<u>HK(4.9) cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		Unaudited 30 June 2023 <i>HK\$'000</i>	Audited 31 December 2022 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		741,232	794,996
Right-of-use assets		185,611	197,916
Other intangible assets		147	171
		926,990	993,083
Current assets			
Inventories		171,188	238,689
Accounts and other receivables and prepayments	8	60,278	59,172
Amounts due from related parties		1,416	13,167
Bank and cash balances		14,890	12,898
		247,772	323,926
Total assets		1,174,762	1,317,009
Current liabilities			
Accounts and other payables	9	266,643	326,336
Contract liabilities		9,129	1,595
Amounts due to related parties		48,029	52,255
Amount due to ultimate holding company		179	179
Borrowings		75,488	78,967
		399,468	459,332
Net current liabilities		(151,696)	(135,406)
Total assets less current liabilities		775,294	857,677

		Unaudited	Audited
		30 June	31 December
		2023	2022
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities			
Accounts and other payables	9	120,569	129,398
Amounts due to related parties		5,604	2,589
Borrowings		427,046	390,323
Deferred tax liabilities		18,716	19,578
		<hr/> 571,935 <hr/>	<hr/> 541,888 <hr/>
NET ASSETS		<hr/> 203,359 <hr/>	<hr/> 315,789 <hr/>
Equity			
Share capital		70,730	70,730
Reserves		132,629	245,059
		<hr/> 203,359 <hr/>	<hr/> 315,789 <hr/>
TOTAL EQUITY		<hr/> 203,359 <hr/>	<hr/> 315,789 <hr/>

Notes:

1. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements of the Group for the nine months ended 31 December 2022. The accounting policies (including the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the consolidated financial statements for the nine months ended 31 December 2022 except for the adoption of new and revised standards as set out in note 2.

Change of financial year end date

The board (the “Board”) of directors (the “Directors”, each a “Director”) of C&D Newin Paper & Pulp Corporation Limited (the “Company”, together with its subsidiaries, the “Group”) in June 2022 has resolved to change the financial year end date of the Company from 31 March to 31 December commencing from the financial period from 1 April 2022 to 31 December 2022. Please refer to the Company’s announcement dated 30 June 2022 for details.

Accordingly, this unaudited condensed consolidated financial information and the related notes presented for the current period cover a six-month period from 1 January 2023 to 30 June 2023 (the “period”) while the corresponding comparative amounts shown for the condensed consolidated statements of profit or loss and condensed consolidated statements of comprehensive income, and the related notes cover a six-month period from 1 April 2022 to 30 September 2022. As a result, the comparative amounts may not be comparable with the amounts shown for the period.

Going Concern

As at 30 June 2023, the Group’s current liabilities exceeded its current assets by approximately HK\$151,696,000. As at 30 June 2023, current portion of the Group’s accounts payable, bank borrowings and amounts due to related parties amounted to approximately HK\$53,820,000, HK\$75,488,000 and HK\$48,029,000 respectively while its cash and cash equivalents amounted to approximately HK\$14,890,000. 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, that 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 1 July 2023, based on the following considerations:

- the Group will continue to pay close attention to its operations and make good use of its resources with an aim to attain positive and sustainable cash flow from operations;

- an undertaking has been provided by NCD Investment Holding Limited (“NCD”), being the controlling shareholder (as defined in the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”)) of the Company, that NCD will first procure Shandong Bairun Paper Co. Ltd.* (山東佰潤紙業有限公司) (“Shandong Bairun”), which is under the control of the shareholders of NCD, to further extend the term of the loan of approximately HK\$269,600,000 (equivalent to RMB250,000,000). If considered insufficient, NCD will provide further loans required for the operation of Universal Pulp & Paper (Shandong) Co. Ltd.* (遠通紙業(山東)有限公司) (“UPPSD”), being an indirect wholly owned subsidiary of the Company, until other bank financing becomes available; and
- on 25 August 2023, UPPSD (as borrower) entered into a shareholder’s loan agreement (the “Shareholder’s Loan Agreement”) with 廈門建發漿紙集團有限公司 (Xiamen C&D Paper & Pulp Group Co., Ltd.*, formerly known as 廈門建發紙業有限公司 (Xiamen C&D Paper & Pulp Co., Ltd.*) (“Xiamen C&D Paper”) (as lender), which is the intermediate holding company of NCD, for a loan facility of approximately HK\$107,840,000 (equivalent to RMB100,000,000) which is repayable within 18 months from the date of relevant drawdown.

In view of the above, the Directors are confident that there will be sufficient financial resources available to the Group to enable it to continue as a going concern and hence have prepared these condensed 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 condensed consolidated financial statements.

Basis of consolidation

The unaudited condensed consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2023. 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

In the period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2023. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The accounting policies applied in these unaudited condensed consolidated financial statements are the same as those applied in the Group's consolidated financial statements as at and for the nine months ended 31 December 2022. A number of new or amended standards are effective from 1 January 2023 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing the Group's condensed consolidated financial statements.

The adoption of the new and revised standards are not expected to have any significant impact on this condensed consolidated financial information.

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, namely paper manufacturing and selling segment, for the six months ended 30 June 2023. From a geographical perspective, management mainly assesses the performance of operations in the People's Republic of China (the "PRC").

For the six months ended 30 June 2023, the Group has carried on a single business 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.

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

	Six months ended 30 June 2023 HK\$'000 (Unaudited)	Six months ended 30 September 2022 HK\$'000 (Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Sale of goods	<u>593,547</u>	<u>722,184</u>
Timing of revenue recognition		
Products transferred at a point of time	<u>593,547</u>	<u>722,184</u>

4. LOSS FOR THE PERIOD

The Group's loss for the period is stated at after charging the following:

	Six months ended 30 June 2023 HK\$'000 (Unaudited)	Six months ended 30 September 2022 HK\$'000 (Unaudited)
Impairment losses of financial assets, net	<u>1,145</u>	<u>613</u>

5. INCOME TAX EXPENSE

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

	Six months ended 30 June 2023 <i>HK\$'000</i> (Unaudited)	Six months ended 30 September 2022 <i>HK\$'000</i> (Unaudited)
Income tax — the PRC		
Provision for the period	—	—
Under-provision in prior years	—	572
	—	572
Deferred tax	—	(226)
	—	346

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the period (2022: nil).

The Company's PRC subsidiaries, save for UPPSD, are subject to the PRC corporate income tax rate of 25%. 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 according to the PRC Corporate Income Tax Law and its relevant regulations. As UPPSD has renewed the High and New Technology Enterprise qualification and approved on 28 November 2019 with an effective period of three years starting from 2019, and therefore the tax rate used to recognise deferred tax assets and liabilities as at 30 September 2022 was 15%. As the renewal of the High and New Technology Enterprise qualification is still in progress, UPPSD was subject to the statutory corporate income tax rate of 25% for the six months ended 30 June 2023.

Pursuant to the applicable laws, 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. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the following:

	Six months ended 30 June 2023 <i>HK\$'000</i> (Unaudited)	Six months ended 30 September 2022 <i>HK\$'000</i> (Unaudited)
Loss		
Loss for the purpose of calculating basic and diluted loss per share	<u>(103,635)</u>	<u>(69,990)</u>
	Six months ended 30 June 2023 '000	Six months ended 30 September 2022 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u>1,414,601</u>	<u>1,414,601</u>

Basic and diluted loss per share is calculated by dividing the loss attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2023 and 30 September 2022.

7. DIVIDENDS

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2023 and 30 September 2022.

8. ACCOUNTS AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2023 <i>HK\$'000</i> (Unaudited)	31 December 2022 <i>HK\$'000</i> (Audited)
Accounts and bills receivable, net of provision	15,508	8,374
Other receivables, deposits and prepayments	<u>44,770</u>	<u>50,798</u>
	<u>60,278</u>	<u>59,172</u>

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

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Current to 90 days	14,699	8,374
91-180 days	809	—
	<u>15,508</u>	<u>8,374</u>

9. ACCOUNTS AND OTHER PAYABLES

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Accounts payable	53,820	103,087
Accruals and other payables	145,339	152,654
Debt restructuring (<i>note</i>)	188,053	199,993
	<u>387,212</u>	<u>455,734</u>
Analysed as:		
Current liabilities	266,643	326,336
Non-current liabilities	120,569	129,398
	<u>387,212</u>	<u>455,734</u>

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

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

	30 June 2023 <i>HK\$'000</i> (Unaudited)	31 December 2022 <i>HK\$'000</i> (Audited)
0 to 90 days	53,820	102,930
Over 90 days	—	157
	<hr/> 53,820 <hr/>	<hr/> 103,087 <hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Business Review

In the first half of 2023, the overall economy of China recovered moderately under the low base effect. However, the economic recovery has mainly manifested in the “scenario-based” consumption, which did not have a significant effect in driving up demand for most of wrapping paper products. In addition, the export market weakened, and the downstream demand for wrapping paper remained weak. On the supply side, the policy of zero tariff on imported paper led to an increase in the amount of imported paper. Domestic paper prices were under greater pressure due to the increase in supply. Although part of the supply side attempted to stop production initiatives for adjustments, it was still difficult to support the price and profit margin. Affected by the overall downward pressure on the average unit selling price and gross margin in the domestic paper manufacturing industry, the Company recorded a loss during the period.

In the face of the continuous downturn of the macro-economy, the continuous promotion of energy policies and dual-carbon policies, coupled with the impact of complex international relations such as the intense competition among the great powers, the Company actively responded to the impact. Internally, the Company actively developed new products, explored new production processes, reduced energy consumption and improved production efficiency; whilst externally, the Company actively exploited new market opportunities, increased the proportion of direct sales customers, expanded customer bases in the markets of the Yangtze River region and Tianjin, in order to enhance its profitability by improving its market recognition and increasing its market share.

Prospects

Looking ahead, although the overall sentiment of the paper manufacturing industry is relatively pessimistic, China is accelerating the pace of economic recovery and actively adjusting its industrial development strategy to provide active support for corporate development. The Group will continue to implement development strategies to upgrade production capacity and reduce energy consumption, and enhance its production capacity through increasing and accelerating production, equipment upgrading and process optimization to build a production base for fine coated duplex board.

FINANCIAL PERFORMANCE

Revenue

The revenue of the Group decreased from approximately HK\$722.2 million for the six months ended 30 September 2022 to approximately HK\$593.5 million for the six months ended 30 June 2023. The decrease in the revenue of the Group was mainly due to the decrease in the average unit selling price of the major paper products of the Group for the six months period ended 30 June 2023 amid the overall domestic macroeconomic downturn and the sluggish recovery of the consumer market. However, the Group's overall sales volume of the major paper products during the six months period ended 30 June 2023 had been maintained at a similar level with that for the six months period ended 30 September 2022.

Gross loss

Gross loss of the Group for the six months ended 30 June 2023 was approximately HK\$33.4 million (30 September 2022: approximately HK\$9.9 million). For the six months ended 30 June 2023, the decrease in the costs of raw materials was at a pace slower than that in the average unit selling price of the major paper products of the Group resulting in a further drop of the gross margin of the Group, hence leading to an increased gross loss.

Loss for the period

Loss for the period was approximately HK\$103.6 million (30 September 2022: approximately HK\$70.0 million). The loss for the period was due to the above-mentioned decrease in revenue and gross margin.

Liquidity and financial resources

As at 30 June 2023, the Group had bank and cash balances of approximately HK\$14.9 million with a net gearing ratio of approximately 70.6%. Net gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings) less bank and cash balances. Total capital refers to total equity plus net debt.

The current ratio (current assets divided by current liabilities) was approximately 0.62 times (31 December 2022: approximately 0.71 times).

Charge of assets

Certain land and buildings of the Company's subsidiaries, with a total carrying value of approximately HK\$83.6 million as at 30 June 2023 (31 December 2022: approximately HK\$89.5 million) were pledged to banks as securities for bank loans of approximately HK\$75.5 million (equivalent to RMB70.0 million) (31 December 2022: approximately HK\$79.0 million (equivalent to RMB70.0 million)).

Contingent liabilities

As at 30 June 2023, the Group did not have any material contingent liabilities (31 December 2022: nil).

Material acquisitions and disposals of subsidiaries, associates and joint ventures and future plans for material investments or capital assets

The Group had no material acquisitions and disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2023 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 is closely monitoring foreign exchange exposure and the Group will hedge foreign currency exposure when considered necessary.

Employees, staff costs and training

As at 30 June 2023, the Group had a total of 775 employees excluding Directors (30 September 2022: 820 employees). For the six months ended 30 June 2023, the Group incurred staff costs (excluding Directors' remuneration) of approximately HK\$42.5 million, representing an increase of approximately 10.4% as compared with approximately HK\$38.5 million for the six months ended 30 September 2022. The increase was mainly attributable to the one-off termination benefits of approximately HK\$2.5 million during the period.

The remuneration payable to our employees may include salaries and bonuses. Their salaries are determined with reference to, among other things, their respective position, qualification and experience. Their bonuses are generally determined with reference to, among other things, their respective position, term of service and performance. The remuneration package provided to our employees are reviewed on a regular basis from time to time. Training for various levels of staff is also undertaken depending on the needs and actual circumstances of the Group.

INTERIM DIVIDEND

The Board has resolved not to recommend an interim dividend for the six months ended 30 June 2023.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

REVIEW OF THIS INTERIM RESULTS ANNOUNCEMENT

The Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2023 as set out in this announcement, including the accounting principles and practices adopted by the Group, have been reviewed by the audit committee of the Company, together with the Board.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (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 six months ended 30 June 2023.

CORPORATE GOVERNANCE CODE

The Company has adopted the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. The Company has complied with all applicable code provisions of the CG Code during the six months ended 30 June 2023.

EVENTS AFTER THE REPORTING PERIOD

Change in the Shareholding Structure of the Controlling Shareholder

On 21 July 2023, Hong Kong Paper Sources Co., Limited (香港紙源有限公司) ("HK Paper Sources") and XSD Investment Holding Limited ("XSD") entered into a share purchase agreement pursuant to which HK Paper Sources had conditionally agreed to acquire and XSD had conditionally agreed to sell XSD's 45% equity interests in NCD, the direct controlling shareholder of the Company holding as to approximately 70.00% issued share capital of the Company, the completion of which (the "Completion") took place on 8 August 2023.

Immediately upon and from Completion, XSD ceases to hold any shares in the capital of NCD and HK Paper Sources holds in aggregate, directly and indirectly through its wholly owned subsidiary, Glenfor Investment Holding Limited, 100% equity interests in NCD. There was no change in the shareholding of NCD in the Company and NCD remains to be a controlling shareholder of the Company upon and from Completion.

Please refer to the announcements of the Company dated 21 July 2023 and 8 August 2023 for details.

Resignations of Directors

On 8 August 2023, (i) Ms. Shi Chenye resigned as each of an executive Director and the vice chief executive officer of the Company with effect from 8 August 2023; and (ii) Mr. Li Shengfeng resigned as each of a non-executive Director and a director of NCD with effect from 8 August 2023 ((i) and (ii) are collectively referred to as the “Resignations of Directors”).

Details of the Resignations of Directors were set out in the announcement of the Company dated 8 August 2023.

Entering into of the Shareholder’s Loan Agreement

On 25 August 2023, UPPSD (as borrower), an indirect wholly owned subsidiary of the Company, entered into the Shareholder’s Loan Agreement with Xiamen C&D Paper (as lender), which is the intermediate holding company of NCD, for a loan facility of approximately HK\$107,840,000 (equivalent to RMB100,000,000) which is repayable within 18 months from the date of relevant drawdown. Given the financial assistance received by UPPSD from Xiamen C&D Paper under the Shareholder’s Loan Agreement is conducted on normal commercial terms or better and is not secured by the assets of the Group, it is fully exempted from shareholders’ approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Listing Rules.

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

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This unaudited interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cndnewin.com). The 2023 interim report will be despatched to the shareholders of the Company and will be published on the websites of the Stock Exchange and the Company in due course.

Shareholders and potential investors of the Company are reminded 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, 28 August 2023

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. SHI Yaofeng and Mr. HUANG Tiansheng; two non-executive Directors, namely Mr. CHENG Dongfang 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*