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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)**

### **DISCLOSEABLE TRANSACTION UPPSD ENGINEERING CONTRACT**

#### **UPPSD ENGINEERING CONTRACT**

The Board hereby announces that after a tendering process, on 15 October 2024 (after trading hours), UPPSD (an indirect wholly-owned subsidiary of the Company) entered into the UPPSD Engineering Contract with the Contractor (the successful bidder), pursuant to which UPPSD engaged the Contractor to carry out engineering design, procurement of equipment and ancillary materials and installation work in relation to the transformation of the existing turbine according to the specifications set out in the Technical Agreement for UPPSD.

#### **LISTING RULES IMPLICATION**

As one or more of the applicable percentage ratios in relation to the transaction contemplated under the UPPSD Engineering Contract exceeds 5% but is less than 25%, the transaction contemplated under the UPPSD Engineering Contract constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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Date: 15 October 2024

Parties: (i) UPPSD (as the hirer); and  
(ii) the Contractor.

Scope of services: The Contractor shall conduct transformation of the existing turbine and be responsible for the engineering design, procurement of the equipment and ancillary materials and installation work. The Contractor shall deliver the equipment within 8 months from the commencement of the contract.

Consideration: The Consideration under the UPPSD Engineering Contract shall be RMB15 million, which comprises of (i) RMB8.2 million for the procurement of equipment and ancillary materials; and (ii) RMB6.8 million for the installation work of the equipment and materials.

The consideration under the UPPSD Engineering Contract was determined based on the tender price submitted by the Contractor. The tender price has taken into account the relevant design fee, value-added tax, equipment fees (including equipment and ancillary materials, fittings, spare parts, tools and software etc.) and other costs to complete the turbine supply and transformation.

Payment terms: UPPSD will make instalment payments to the Contractor based on the progress of the works completed by the Contractor in accordance with the terms of the UPPSD Engineering Contract at the following stages: (i) 30% after signing of the UPPSD Engineering Contract; (ii) 40% upon the equipment being approved and in delivery condition; (iii) 20% after the installation of the equipment, the completion of the system performance test and the signing of the written acceptance report; and (iv) 10% without interest, within 30 calendar days after the expiration of the warranty period and the equipment being free of defect issues, free of claims or claims having been satisfied and having completed the warranty responsibility.

Warranty period: 12 months from the completion of performance acceptance for all equipment or 18 months from the delivery of the last batch of the equipment and materials, whichever is earlier.

The Consideration will be financed by the Group's internal resources and/or banking facilities or a combination of both.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE UPPSD ENGINEERING CONTRACT**

As disclosed in the 2024 interim report of the Company, the Company has implemented the development strategy of energy consumption reduction to reduce energy costs through equipment renewal and process optimization to increase the competitiveness of the Company. The entering into of the UPPSD Engineering Contract is in line with the said long term strategy which shall reduce the overall energy costs upon completion.

Based on the above, the Directors (including the independent non-executive Directors) consider that the transaction contemplated under the UPPSD Engineering Contract and the Consideration is on normal commercial terms, and that the terms of the UPPSD Engineering Contract and the transaction contemplated thereunder are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **INFORMATION ON THE GROUP AND THE CONTRACTOR**

The Company is an investment holding company. The Group is principally engaged in the paper manufacturing and distribution business. The Group's operations are mainly based in the PRC.

UPPSD is a company incorporated in the PRC with limited liability and an indirect wholly owned subsidiary of the Company. It is principally engaged in the paper manufacturing and distribution business in the PRC.

The Contractor is a company established under the laws of the PRC with limited liability. The Contractor is mainly engaged in power engineering construction in integrated disciplines including but not limited to general layout, architecture, structure and chemical engineering. The ultimate beneficial owners of the Contractor are Shao Yun; Zhang Gui; Wang Zengbin; Hao Jinbo and Xie Xinge who holds 47%; 18%; 15%; 10% and 10%, respectively, of the total issued share capital of the Contractor.

To the best of the Directors' knowledge and belief and having made all reasonable enquiries, the Contractor and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

## **LISTING RULES IMPLICATION**

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## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“Board”	the board of Directors
“Company”	C&D Newin Paper & Pulp Corporation Limited (建發新勝漿紙有限公司*), a company incorporated in Bermuda with limited liability, whose Shares are listed on the Main Board of the Stock Exchange (stock code: 731)
“Consideration”	the total contract price of the UPPSD Engineering Contract
“Contractor”	Qingdao Shangneng Electric Power Engineering Co., Ltd (青島尚能電力工程有限公司), a company established under the laws of the PRC with limited liability
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Technical Agreement”	the turbine transformation technical agreement appended to the UPPSD Engineering Contract, setting out the detailed specifications and requirements of the turbine and its ancillary materials
“UPPSD”	Universal Pulp & Paper (Shandong) Co. Ltd.* (遠通紙業(山東)有限公司), a company incorporated in the PRC with limited liability and an indirect wholly owned subsidiary of the Company

“UPPSD Engineering  
Contract”

the contract in relation to the transformation of the existing turbine which includes engineering design, procurement of equipment and ancillary materials and installation work entered into between UPPSD and the Contractor on 15 October 2024

“%”

per cent

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

Hong Kong, 15 October 2024

*As at the date of this announcement, the Board comprises two executive Directors, namely Mr. HUANG Tiansheng and Mr. LIN Ruqing; two non-executive Directors, namely Mr. CHOI Wai Hong, Clifford and Mr. ZHANG Xiaohui; 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*