建發新勝

C&D Newin Paper & Pulp Corporation Limited

(Incorporated in Bermuda with limited liability)

(Stock Code : 0731)

2026 INTERIM REPORT

CONTENTS

BOARD OF DIRECTORS

Executive Directors

Mr. Huang Tiansheng *(Chief Executive Officer)*
Mr. Lin Ruqing

Non-executive Directors

Mr. Chen Dongxu *(Chairman of the Board)*
Mr. Choi Wai Hong, Clifford

Independent non-executive Directors

Ms. Chan Siu Mat
Mr. Chen Wenshui
Ms. Tsang Wing Yee

AUDIT COMMITTEE

Ms. Tsang Wing Yee *(Chairman)*
Mr. Choi Wai Hong, Clifford
Ms. Chan Siu Mat

REMUNERATION COMMITTEE

Mr. Chen Wenshui *(Chairman)*
Mr. Chen Dongxu
Ms. Chan Siu Mat

NOMINATION COMMITTEE

Mr. Chen Wenshui *(Chairman)*
Mr. Chen Dongxu
Ms. Chan Siu Mat

JOINT COMPANY SECRETARIES

Dr. Wong Chi Ho, Raymond
Ms. Li Jing

AUTHORISED REPRESENTATIVES

Mr. Chen Dongxu
Dr. Wong Chi Ho, Raymond

REGISTERED OFFICE

5th Floor, Victoria Place,
31 Victoria Street, Hamilton HM10,
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 2306B & 2307,
23rd Floor, West Tower, Shun Tak Centre,
No. 168–200, Connaught Road Central,
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Global Corporate Services
(Bermuda) Limited
Canon's Court, 22 Victoria Street,
PO Box HM 1179, Hamilton HM EX,
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
Room 2103B, 21/F, 148 Electric Road
North Point, Hong Kong

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited
Bank of China (Hong Kong) Limited
Industrial and Commercial Bank of China,
Xuecheng District Sub-branch
China Everbright Bank Co., Ltd, Xiamen branch
Bank of China, Xiamen C&D Building sub-branch

COMPANY WEBSITE

http://www.cndnewin.com

LEGAL ADVISERS

As to Hong Kong law
Seyfarth Shaw
Suites 3701, 3708–3710, 37/F,
Edinburgh Tower, The Landmark,
15 Queen's Road Central, Hong Kong

STOCK CODE

731

BUSINESS REVIEW

In the first half of 2026, driven by China's total import and export trade of goods volume exceeding RMB25 trillion, representing a year-on-year increase of approximately 16.9%, export growth provided demand support for the packaging paper industry, and the overall operating environment improved compared to the same period last year. The paper manufacturing and selling segment of C&D Newin Paper & Pulp Corporation Limited (the "Company", together with its subsidiaries, the "Group") seized the window of market recovery driven by exports, while continuously strengthening internal management and enhancing product quality stability, providing strong support for sales expansion, resulting in a year-on-year narrowing of losses. The Group's trading segment is in an internal adjustment period in which by optimizing the operational system and improving risk control capabilities and business quality, operations remained basically flat with slight losses.

Prospects

Looking ahead to the second half of 2026, the packaging paper industry still faces certain cost pressures. The recovery momentum of domestic end-consumer spending remains to be seen, and downstream players have limited capacity to absorb paper price increments, meaning the industry's profitability recovery continues to face challenges. The paper manufacturing segment will, on the basis of maintaining quality stability, continue to deepen cost reduction and efficiency improvement, optimize the product mix, enhance operational efficiency, and strengthen its ability to withstand market volatility risks. At the same time, in light of changes in the market environment and conditions, it studies the feasibility of capacity optimization and upgrading in a timely manner, leaving strategic flexibility in medium to long-term development.

On the trading front, the segment will focus on developing overseas pulp and paper trading business, continuously optimizing the operational system, and improving operational efficiency, risk control capabilities, and business quality. Meanwhile, the controlling shareholder's overseas large-scale mining partner has expressed interest in collaborating in areas related to paper-making minerals, non-metallic minerals, and non-ferrous metal minerals, providing new directions and possibilities for the Group's cross-category diversification. The Group will look to further expand into other categories depending on market changes and opportunities, continuously building momentum for medium to long-term development.

FINANCIAL PERFORMANCE

Revenue

The revenue of the Group increased from approximately HK$640.0 million for the six months ended 30 June 2025 to approximately HK$850.0 million for the six months ended 30 June 2026. The increase in the revenue of the Group was mainly due to the (i) increase in revenue in trading segment, and (ii) the increase in sales volume and unit selling price of paper products in paper manufacturing and selling segment during the current period.

Loss for the period

For the six months ended 30 June 2026, the Company recorded a loss of approximately HK$32.9 million, representing a decrease in loss of approximately HK$8.3 million in comparison to that of the previous period in 2025. This was mainly attributable to (i) the increase in revenue in the current period arising from the increase in sales volume and unit price of paper products; (ii) with the prior year's technical renovation projects now in place, overall production efficiency improved during the current period, reducing energy costs per ton of paper products; and (iii) as a qualified enterprise for comprehensive utilization of resources, the increase in income from value-added tax recognized by the Group in accordance with the national tax policy of immediate refund upon collection during the current period.

Liquidity and financial resources

As at 30 June 2026, the Group had bank and cash balances of approximately HK$52.8 million (31 December 2025: approximately HK$19.6 million) with a net gearing ratio of approximately 88.2% (31 December 2025: approximately 85.3%). 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.

As at 30 June 2026, the current ratio (current assets divided by current liabilities) was approximately 1.17 times (31 December 2025: approximately 1.37 times).

Pledge of assets

Certain land and buildings of the Company's subsidiaries, with a total carrying value of approximately HK$191.9 million as at 30 June 2026 (31 December 2025: approximately HK$190.0 million) were pledged to banks as securities for bank loans of approximately HK$114.9 million (equivalent to RMB99.8 million) (31 December 2025: approximately HK$33.4 million (equivalent to RMB30.0 million)).

Contingent liabilities

As at 30 June 2026, the Group did not have any material contingent liabilities (31 December 2025: 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 2026 and there is no plan for material investments or capital assets as at the date of this report.

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 2026, the Group had a total of 714 employees excluding Directors (30 June 2025: 727 employees). For the six months ended 30 June 2026, the Group incurred staff costs (excluding Directors' remuneration) of approximately HK$39.6 million, representing an increase of approximately 4.2% as compared with approximately HK$38.0 million for the six months ended 30 June 2025. The increase was mainly attributable to the increase in retirement benefit scheme contributions of approximately HK$1.3 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 2026.

CHANGE IN INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

The changes in the information of the Directors and the senior management which are required to be disclosed pursuant to Rule 13.51B(1) of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") are as follows:

Mr. Choi Wai Hong, Clifford, being a non-executive Director, has been appointed as an independent non-executive director of Chiho Environment Group Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 976), in May 2026. In June 2026. Mr. Choi resigned as an independent non-executive director of Huscoke Holdings Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 704). In July 2026, Mr. Choi resigned as an executive director of China Evergrande New Energy Vehicle Group Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 708).

Mr. Wong Yiu Kit, Ernest, who was an independent non-executive Director, ceased to be an independent non-executive director of Progressive Path Group Holdings Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 1581) in January 2026.

Ms. Chan Siu Mat, being an independent non-executive Director, has ceased as an independent non-executive director of KEYNE Limited, a company whose shares were delisted on the Main Board of the Stock Exchange (stock code: 0009) in February 2026.

Ms. Tsang Wing Yee, being an independent non-executive Director, resigned as an independent non-executive director of World Houseware (Holdings) Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 713) in July 2026.

Save as disclosed above, there is no change in the information of the Directors and the senior management required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2026, so far as is known to any Director or chief executive of the Company, none of the Directors or the chief executives of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were required to be recorded in the register to be kept by the Company under section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2026, so far as the Directors are aware, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Interests in Shares and underlying Shares of the Company

Name of Shareholder	Capacity/ Nature of interest	Total number of Shares/underlying Shares held (Note 1)	Approximate percentage of shareholding interest in the Company (%) (Note 1)
NCD Investment Holding Limited ("NCD") (Note 2)	Beneficial owner	990,220,583 (L)	70.00
Hong Kong Paper Sources Co. Limited ("HK Paper Sources") (Note 2)	Interest of controlled corporation	990,220,583 (L)	70.00
廈門建發漿紙集團有限公司 (Xiamen C&D Paper and Pulp Group Co., Ltd*) ("Xiamen C&D Paper & Pulp") (Note 2)	Interest of controlled corporation	990,220,583 (L)	70.00
廈門建發股份有限公司 (Note 2)	Interest of controlled corporation	990,220,583 (L)	70.00
廈門建發集團有限公司 (Note 2)	Interest of controlled corporation	990,220,583 (L)	70.00
廈門市人民政府國有資產監督管理委員會 (Note 2)	Interest of controlled corporation	990,220,583 (L)	70.00
Quinselle Holdings Limited (Note 3)	Beneficial owner	73,059,817 (L)	5.16
Lee Seng Jin (Note 3)	Beneficial owner	12,845,969 (L)	6.08
	Interest of controlled corporation	73,059,817 (L)	
	Interest of spouse	114,511 (L)	
Sham Yee Lan Peggy (Note 3)	Beneficial owner	114,511 (L)	6.08
	Interest of spouse	85,905,786 (L)	

Notes:

1. As at 30 June 2026, the Company had issued 1,414,600,832 Shares in total. The letter "L" denotes the person's long position in the Shares.

2. The Company issued 990,220,583 Shares to NCD on 26 January 2022. NCD is directly wholly-owned by HK Paper Sources.

   HK Paper Sources, is direct wholly-owned by Xiamen C&D Paper & Pulp. Xiamen C&D Paper & Pulp is direct wholly-owned by 廈門建發股份有限公司 (Xiamen C&D Inc.*), the shares of which are listed on Shanghai Stock Exchange (stock code: 600153.SH). 廈門建發集團有限公司 (Xiamen C&D Group Co., Ltd.*), being a controlling shareholder of Xiamen C&D Inc., is direct wholly-owned by 廈門市人民政府國有資產監督管理委員會 (Xiamen Municipal People's Government State-owned Assets Supervision and Administration Commission*).

   As at the Latest Practicable Date, (i) Mr. Huang Tiansheng, being the executive Director and chief executive officer of the Company, is the director of NCD, general manager of the paper business of Xiamen C&D Paper & Pulp and director of HK Paper Sources, and (ii) Mr. Chen Dongxu, being a non-executive Director, is the vice general manager of Xiamen C&D Inc., general manager of Xiamen C&D Paper & Pulp and director of HK Paper Sources.

3. As at 30 June 2026, 73,059,817 Shares were held by Quinselle Holdings Limited which was wholly-owned by Mr. Lee Seng Jin (being the former executive Director, chairman and chief executive officer of the Company). Mr. Lee Seng Jin was therefore deemed under the SFO to be interested in such Shares held by Quinselle Holdings Limited.

   Both Mr. Lee Seng Jin and Ms. Sham Yee Lan Peggy (being the former executive Director and deputy chief executive officer of the Company) were also deemed to be interested in the Shares held by each other due to their spousal relationship.

Save as disclosed above, as at 30 June 2026, the Company had not been notified by any other persons (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register required to be kept by the Company pursuant to section 336 of the SFO.

AUDIT COMMITTEE

The Audit Committee of the Company (the "Committee") was set up to review and provide supervision of the Group's financial reporting process and internal controls. The Committee has reviewed the Group's unaudited interim report for the six months ended 30 June 2026, including the accounting principles and practices adopted by the Group, before it was tabled for the Board's approval.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2026, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as its own code of conduct regarding the Directors' dealings in the Company's securities. Specific enquiries have been made to all Directors and all Directors have confirmed that they have complied with the Model Code throughout the six months ended 30 June 2026.

CORPORATE GOVERNANCE CODE

The Company has adopted the Corporate Governance Code (the "CG Code") as set out in Appendix C1 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 2026.

Following the cessation of Mr. Wong Yiu Kit Ernest as an independent non-executive Director with effect from 29 January 2026, the Board did not meet the requirement under Rule 3.10(1) of the Listing Rules to have at least three independent non-executive Directors and the Audit Committee did not meet the requirement under Rule 3.21 of the Listing Rules to have at least three members. Following the appointment of Ms. Tsang Wing Yee as an independent non-executive Director and chairman of the Audit Committee with effect from 6 March 2026, the Company has re-complied with the above Listing Rules requirements.

EVENTS AFTER THE REPORTING PERIOD

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

BOARD OF DIRECTORS

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

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

Hong Kong, 26 August 2026

* *For identification purpose only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2026

The Board hereby announces the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2026 as follows.

	Note	**Unaudited Six months ended 30 June 2026 HK$'000**	Unaudited Six months ended 30 June 2025 HK$'000
Revenue	4	**849,995**	639,997
Cost of sales		**(817,375)**	(622,166)
Taxes and surcharges		**(8,549)**	(7,562)
Selling expenses		**(13,048)**	(9,301)
Administrative expenses		**(29,033)**	(23,740)
Research and development expenses		**(21,209)**	(21,482)
Reversal of impairment losses of financial assets, net		**8**	3
Other gains and income, net	5	**20,165**	15,402
Loss from operations		**(19,046)**	(28,849)
Finance costs		**(14,111)**	(12,564)
Loss before tax		**(33,157)**	(41,413)
Income tax credit	6	**302**	252
Loss for the period	7	**(32,855)**	(41,161)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	Note	**Unaudited Six months ended 30 June 2026 HK$'000**	Unaudited Six months ended 30 June 2025 HK$'000
Loss for the period		**(32,855)**	(41,161)
Other comprehensive income, net of tax:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**3,929**	5,902
Total comprehensive income for the period attributable to owners of the Company		**(28,926)**	(35,259)
Loss per share	9		
Basic		**HK(2.3) cents**	HK(2.9) cents
Diluted		**HK(2.3) cents**	HK(2.9) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

	Note	**Unaudited 30 June 2026 HK$'000**	Audited 31 December 2025 HK$'000
Non-current assets			
Property, plant and equipment	10	**688,205**	680,106
Right-of-use assets	11	**175,101**	173,188
Other intangible assets		**234**	252
		863,540	853,546
Current assets			
Inventories		**184,390**	212,362
Accounts and other receivables and prepayments	12	**75,481**	70,865
Amounts due from fellow subsidiaries	15	**493**	157
Bank and cash balances		**52,829**	19,555
		313,193	302,939
Total assets		**1,176,733**	1,156,485
Current liabilities			
Accounts and other payables	13	**212,640**	195,782
Contract liabilities		**7,425**	1,473
Amounts due to fellow subsidiaries	15	**11,608**	6,493
Amount due to an intermediate holding company	15	**1,181**	17,349
Amounts due to immediate holding company	15	**179**	179
Borrowings	14	**34,309**	446
		267,342	221,722
Net current assets		**45,851**	81,217
Total assets less current liabilities		**909,391**	934,763

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

	Note	**Unaudited 30 June 2026 HK$'000**	Audited 31 December 2025 HK$'000
Non-current liabilities			
Borrowings	14	**789,141**	785,763
Deferred tax liabilities		**17,191**	17,015
		806,332	802,778
NET ASSETS		**103,059**	131,985
Equity			
Share capital	16	**70,730**	70,730
Reserves		**32,329**	61,255
TOTAL EQUITY		**103,059**	131,985

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

	Attributable to owners of the Company						
	Share capital HK$'000	**Share premium HK$'000**	**Contribution surplus HK$'000**	**Capital reserve HK$'000**	**Exchange reserve HK$'000**	**Accumulated losses HK$'000**	**Total HK$'000**
At 1 January 2025 (audited)	70,730	104,016	161,262	108,403	(43,583)	(203,193)	197,635
Total comprehensive income for the period (unaudited)	—	—	—	—	5,902	(41,161)	(35,259)
At 30 June 2025 (unaudited)	70,730	104,016	161,262	108,403	(37,681)	(244,354)	162,376
At 1 January 2026 (audited)	**70,730**	**104,016**	**161,262**	**108,403**	**(35,572)**	**(276,854)**	**131,985**
Total comprehensive income for the period (unaudited)	**—**	**—**	**—**	**—**	**3,929**	**(32,855)**	**(28,926)**
At 30 June 2026 (unaudited)	**70,730**	**104,016**	**161,262**	**108,403**	**(31,643)**	**(309,709)**	**103,059**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

	Unaudited Six months ended 30 June 2026 HK$'000	Unaudited Six months ended 30 June 2025 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash generated from/(used in) operating activities	**40,220**	(462)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(10,725)**	(9,362)
Interest received	**232**	102
Net cash used in investing activities	**(10,493)**	(9,260)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings raised	**140,443**	85,888
Repayment of loans	**(129,326)**	(87,263)
Decrease in amounts due to a fellow subsidiary	**–**	(2,789)
Interest paid	**(14,186)**	(12,564)
Net cash used in financing activities	**(3,068)**	(16,728)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**26,658**	(26,450)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**19,555**	42,668
EFFECT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	**6,615**	801
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**52,829**	17,019
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	**52,829**	17,019

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 year ended 31 December 2025. 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 year ended 31 December 2025 except for the adoption of new and revised standards as set out in note 2 to the condensed consolidated interim financial statements.

1. BASIS OF PREPARATION (CONTINUED)

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 2026. 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 2026. 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 year ended 31 December 2025. A number of new or amended standards are effective from 1 January 2026 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 maker has been identified as the directors of the Company. The directors review the Group's internal reporting for the purposes of resource allocation and assessment of segment performance which focused on business nature and geographical perspectives. The Group has identified two reportable segments as follows:

Paper manufacturing and selling	–	manufacturing and sale of paper and pulp-related products
Trading	–	trading of paper and pulp and any ancillary or related raw materials

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

Reportable segment loss represents loss before tax by excluding head office and corporate expenses.

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

3. SEGMENT INFORMATION (CONTINUED)

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

Segment result

	Six months ended 30 June 2026		
	Paper manufacturing and selling HK$'000	Trading HK$'000	Total HK$'000
Revenue from external customers	785,873	64,122	849,995
Intersegment revenue	—	192	192
Reportable segment loss	(32,086)	(7)	(32,093)
Head office and corporate expenses			(1,064)
Loss before tax			(33,157)
Interest income			53
Finance costs	13,696	490	14,186
Depreciation	24,998	—	24,998
Other material items of income and expenses			
Cost of inventories sold	753,973	63,402	817,375
Staff cost	39,341	222	39,563

3. SEGMENT INFORMATION (CONTINUED)

Segment assets

	As at 30 June 2026		
	Paper manufacturing and selling HK$'000	Trading HK$'000	Total HK$'000
Reportable segment assets	1,116,600	56,266	1,172,866
Head office and corporate assets			3,867
Consolidated total assets			1,176,733

Geographical information:

No geographical information is presented as most of the Group's business is carried out in the PRC and the Group's revenue from external customers is generated and non-current assets are located in the PRC during the six months ended 30 June 2026.

Revenue from major customers:

Revenue from customers contributing over 10% of the total revenue of the Group is as follows:

	Six months ended 30 June 2026 HK$'000	Six months ended 30 June 2025 HK$'000
Customer A	**267,419**	80,742
Customer B	**N/A**[1]	66,343

[1] The corresponding revenue did not contribute over 10% of total revenue of the Group.

4. REVENUE

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

	Six months ended 30 June 2026 HK$'000 (Unaudited)	Six months ended 30 June 2025 HK$'000 (Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Sale of goods	**849,995**	639,997
Timing of revenue recognition		
Products transferred at a point in time	**849,995**	639,997

5. OTHER GAINS AND INCOME/(LOSS), NET

	Six months ended 30 June 2026 HK$'000 (Unaudited)	Six months ended 30 June 2025 HK$'000 (Unaudited)
Interest income	**53**	102
Losses on disposal of property, plant and equipment, net	**—**	(345)
Government subsidy (note)	**19,919**	15,086
Others	**193**	559
	20,165	15,402

Note:

It mainly represents the VAT tax and related other tax refunded from the tax authority in the PRC of approximately HK$17,220,000 (equivalent to approximately RMB15,140,000) (2025: approximately HK$11,980,000 (equivalent to approximately RMB11,159,000)), as the Company's PRC subsidiary (UPPSD) manufactures the products by using recycled materials which entitled 50% reduction of VAT tax and related other tax; it also includes a special deduction for VAT of approximately HK$2,699,000 (equivalent to approximately RMB2,373,000) (2025: approximately HK$3,106,000 (equivalent to approximately RMB2,893,000)), as UPPSD, being an advanced manufacturing enterprise, is eligible to reduce its VAT payable amount by an additional 5% of the deductible input VAT for the six months ended 30 June 2026.

6. INCOME TAX CREDIT

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

	Six months ended 30 June 2026 HK$'000 (Unaudited)	Six months ended 30 June 2025 HK$'000 (Unaudited)
Current tax		
Hong Kong profits tax	**(154)**	(110)
Deferred tax	**456**	362
	302	252

For the six months ended 30 June 2026 and 30 June 2025, under the two-tiered Profits Tax rate regime, the first HK$2 million of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. The profits of the group entities not qualifying for the two-tiered Profit Tax rate regime will continue to be taxed at a rate of 16.5%.

The Company's PRC subsidiaries are subject to the PRC Enterprise Income Tax at rate of 25% except as follows. UPPSD was entitled to the preferential tax rate of 15% with an effective period of three years starting from 2023 to 2026, being accredited as a High and New Technology Enterprise ("HNTE") according to the PRC Corporate Income Tax Law and its relevant regulations on 29 November 2023. The Directors are in opinion that UPPSD continuously fulfilled the requirements of HNTE according to relevant rules and regulations, and therefore the tax rate used to recognise deferred tax assets and liabilities as at 30 June 2026 was 15% (2025: 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.

7. LOSS FOR THE PERIOD

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

	Six months ended 30 June 2026 HK$'000 (Unaudited)	Six months ended 30 June 2025 HK$'000 (Unaudited)
Reversal of impairment losses of financial assets, net	**8**	3

8. DIVIDENDS

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2026 and 30 June 2025.

9. LOSS PER SHARE

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

	Six months ended 30 June 2026 HK$'000 (Unaudited)	Six months ended 30 June 2025 HK$'000 (Unaudited)
Loss		
Loss for the purpose of calculating basic and diluted loss per share	**(32,855)**	(41,161)

9. LOSS PER SHARE (CONTINUED)

	Six months ended 30 June 2026 '000	Six months ended 30 June 2025 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	**1,414,601**	1,414,601

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 2026 and 30 June 2025.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2026, the Group purchased property, plant and equipment of approximately HK$10,725,000 (30 June 2025: approximately HK$9,362,000).

As at 30 June 2026, the carrying amount of property, plant and equipment pledged as security for the Group's bank loans amounted to approximately HK$49,263,000.

11. RIGHT-OF-USE ASSETS

During the six months ended 30 June 2026, the Group did not enter into any new lease agreement (30 June 2025: Nil).

As at 30 June 2026, the carrying amount of land use rights and leasehold land pledged as security for the Group's bank loans amounted to approximately HK$142,604,000.

12. ACCOUNTS AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Accounts and bills receivable, net of allowance	**41,926**	56,026
Other receivables, deposits and prepayments	**33,555**	14,839
	75,481	70,865

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

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Current to 90 days	**39,632**	55,416
91–180 days	**1,817**	610
181–365 days	**477**	—
	41,926	56,026

13. ACCOUNTS AND OTHER PAYABLES

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Accounts payable	**185,540**	171,373
Accruals and other payables	**27,100**	24,409
	212,640	195,782
Analysed as:		
Current liabilities	**212,640**	195,782
Non-current liabilities	**—**	—
	212,640	195,782

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

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
0 to 90 days	**183,472**	156,837
Over 90 days	**2,068**	14,536
	185,540	171,373

14. BORROWINGS

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Bank loans	**114,903**	33,432
Other borrowings	**708,547**	752,777
	823,450	786,209

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

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Within one year and on demand	**34,309**	446
More than one year, but not exceeding two years	**789,141**	785,763
	823,450	786,209

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

The interest rates per annum were as follows:

	30 June 2026	31 December 2025
Bank loans	**3.40%**	3.40%
Other borrowings	**3.48–4.92%**	3.48%

Bank loans of approximately HK$114,903,000 (equivalent to RMB99,800,000) are arranged at fixed interest rates of 3.40% per annum which is secured by a charge over certain land and buildings of the Company's subsidiaries, with a total carrying value of approximately HK$191,867,000 and expose the Group to fair value interest rate risk.

Other borrowings of approximately HK$702,320,000 and HK$6,227,000 are arranged at fixed interest of 3.48% and 4.92% respectively per annum.

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

As at 30 June 2026 and 31 December 2025, except accounts payables of approximately HK$4,865,000 (equivalent to approximately RMB4,225,000) (31 December 2025: approximately HK$4,065,000 (equivalent to approximately RMB3,648,000)), the remaining amounts due to fellow subsidiaries and amount due to an intermediate holding company represent the contract liabilities which are expected to be recognised as income within one year. The amounts due from fellow subsidiaries represents the account receivables, which are resulted from sales. The amounts due to immediate holding company are unsecured, interest-free and have no fixed repayment terms.

	Account receivables/ (payables) HK$'000	Contract liabilities HK$'000	Other payables HK$'000	Total HK$'000
As at 30 June 2026 (unaudited)				
Amounts due from/(to) fellow subsidiaries				
Current assets	**493**	**—**	**—**	**493**
Current liabilities	**(4,865)**	**(6,743)**	**—**	**(11,608)**
Amount due to an intermediate holding company				
Current liabilities	**—**	**(1,181)**	**—**	**(1,181)**
Amounts due to immediate holding company				
Current liabilities	**—**	**—**	**(179)**	**(179)**
	(4,372)	**(7,924)**	**(179)**	**(12,475)**

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

	Accounts receivables/ (payables) HK$'000	Contract liabilities HK$'000	Other payables HK$'000	Total HK$'000
As at 31 December 2025 (audited)				
Amounts due from/(to) fellow subsidiaries				
Current assets	157	—	—	157
Current liabilities	(4,065)	(2,428)	—	(6,493)
Amount due to an intermediate holding company				
Current liabilities	—	(17,349)	—	(17,349)
Amounts due to immediate holding company				
Current liabilities	—	—	(179)	(179)
	(3,908)	(19,777)	(179)	(23,864)

16. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Authorised:		
Ordinary shares of HK$0.05 each		
At 31 December 2025 (audited) and 30 June 2026 (unaudited)	2,000,000,000	100,000
Convertible non-voting preference shares of HK$0.10 each		
At 31 December 2025 (audited) and 30 June 2026 (unaudited)	143,086,013	14,309
At 31 December 2025 (audited) and 30 June 2026 (unaudited)	2,143,086,013	114,309
Issued and fully paid:		
Ordinary shares of HK$0.05 each		
At 31 December 2025 (audited) and 30 June 2026 (unaudited)	1,414,600,832	70,730
Convertible non-voting preference shares of HK$0.10 each		
At 31 December 2025 (audited) and 30 June 2026 (unaudited)	—	—
At 31 December 2025 (audited) and 30 June 2026 (unaudited)	1,414,600,832	70,730

17. RELATED PARTY TRANSACTIONS

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

	Six months ended 30 June 2026 HK$'000 (Unaudited)	Six months ended 30 June 2025 HK$'000 (Unaudited)
Basic salaries and allowances	**206**	237
Retirement benefit scheme contribution	**—**	—
	206	237

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

	Six months ended 30 June 2026 HK$'000 (Unaudited)	Six months ended 30 June 2025 HK$'000 (Unaudited)
Purchase of raw materials from fellow subsidiaries	**23,191**	28,041
Sales of finished goods to an intermediate holding company	**267,419**	80,742
Sales of finished goods to fellow subsidiaries	**89,998**	197,778
Finance cost to an intermediate holding company	**12,068**	10,410
Finance cost to a fellow subsidiary	**388**	—

18. EVENTS AFTER THE REPORTING PERIOD

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