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玖龍紙業(控股)有限公司*

NINE DRAGONS PAPER (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 2689)

**UNAUDITED INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2025**

FINANCIAL HIGHLIGHTS

- The Group's sales volume increased by 8.3% to approximately 12.4 million tonnes.
- Revenue increased by 11.2% to approximately RMB37,220.8 million.
- Gross profit increased by 67.4% to approximately RMB5,347.2 million.
- Net profit increased by 225.1% to approximately RMB2,211.7 million.
- Profit attributable to equity holders of the Company increased by 318.8% to approximately RMB1,966.5 million.
- Earnings per share increased by 320.0% to approximately RMB0.42.

FINANCIAL RESULTS

The board of directors (“Board”) of Nine Dragons Paper (Holdings) Limited (the “Company”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the “Group” or “ND Paper”) for the six months ended 31 December 2025 (the “Period”), together with the comparative figures for the corresponding period of last year.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended	
		31 December	
	<i>Note</i>	2025	2024
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	5	37,220,774	33,464,611
Cost of goods sold	6	<u>(31,873,617)</u>	<u>(30,270,346)</u>
Gross profit		5,347,157	3,194,265
Other income, other expenses and other gains — net		920,456	854,255
Exchange losses on operating activities — net		(31,325)	(5,269)
Selling and marketing costs	6	(1,607,554)	(1,244,738)
Administrative expenses	6	(1,221,156)	(1,207,268)
Net impairment losses on financial assets		<u>—</u>	<u>5,609</u>
Operating profit		3,407,578	1,596,854
Finance costs — net		(808,297)	(771,708)
— Finance income	7	50,911	64,199
— Finance costs	7	(859,208)	(835,907)
Exchange gains on financing activities — net		13,964	119,811
Share of results of associates and a joint venture — net		<u>26,707</u>	<u>(12,808)</u>
Profit before income tax		2,639,952	932,149
Income tax expense	8	(428,233)	(251,871)
Profit for the Period		<u>2,211,719</u>	<u>680,278</u>
Profit attributable to:			
— Equity holders of the Company		1,966,479	469,569
— Holders of perpetual capital securities		201,278	199,529
— Non-controlling interests		43,962	11,180
		<u>2,211,719</u>	<u>680,278</u>

		Six months ended	
		31 December	
		2025	2024
	<i>Note</i>	(Unaudited)	(Unaudited)
Basic earnings per share for profit attributable to equity holders of the Company <i>(expressed in RMB per share)</i>	<i>9</i>	<u>0.42</u>	<u>0.10</u>
Diluted earnings per share for profit attributable to equity holders of the Company <i>(expressed in RMB per share)</i>	<i>9</i>	<u>0.42</u>	<u>0.10</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended	
	31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Profit for the Period	2,211,719	680,278
Other comprehensive (loss)/income:		
<i>Items that may be reclassified subsequently to profit or loss</i>		
— Currency translation differences	<u>(129,746)</u>	<u>208,970</u>
Total comprehensive income for the Period	<u>2,081,973</u>	<u>889,248</u>
Total comprehensive income for the period attributable to:		
— Equity holders of the Company	1,848,732	669,707
— Holders of perpetual capital securities	201,278	199,529
— Non-controlling interests	<u>31,963</u>	<u>20,012</u>
	<u>2,081,973</u>	<u>889,248</u>

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

		31 December 2025	30 June 2025
	<i>Note</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	<i>10</i>	110,716,557	107,414,324
Right-of-use assets	<i>10</i>	5,172,903	5,258,558
Intangible assets		273,720	276,340
Investments in associates and a joint venture		205,672	163,800
Other receivables and prepayments		947,125	906,664
Deferred income tax assets		131,568	203,294
Total non-current assets		<u>117,447,545</u>	<u>114,222,980</u>
Current assets			
Inventories	<i>11</i>	10,386,327	10,449,991
Trade receivables	<i>12</i>	3,651,044	3,226,669
Bills receivables	<i>12</i>	2,912,140	2,553,477
Tax recoverable		24,323	20,314
Other receivables and prepayments		7,813,932	7,025,477
Financial assets at fair value through profit or loss		33,871	54,717
Restricted cash		424,738	268,231
Short-term bank deposits		41,250	11,280
Cash and cash equivalents		6,147,345	11,205,035
Total current assets		<u>31,434,970</u>	<u>34,815,191</u>
Total assets		<u><u>148,882,515</u></u>	<u><u>149,038,171</u></u>
EQUITY			
Capital and reserves			
Share capital	<i>13</i>	480,531	480,531
Share premium	<i>13</i>	1,084,720	1,084,720
Other reserves		7,590,902	7,492,487
Retained earnings		39,949,221	38,198,904
Equity attributable to equity holders of the Company		49,105,374	47,256,642
Perpetual capital securities	<i>14</i>	2,848,326	2,846,329
Non-controlling interests		540,596	508,633
Total equity		<u>52,494,296</u>	<u>50,611,604</u>

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

		31 December 2025	30 June 2025
	<i>Note</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
LIABILITIES			
Non-current liabilities			
Borrowings	15	61,635,592	59,552,525
Lease liabilities		1,568,059	1,651,857
Other payables		179,984	182,066
Deferred income tax liabilities		4,713,460	4,571,354
Total non-current liabilities		<u>68,097,095</u>	<u>65,957,802</u>
Current liabilities			
Borrowings	15	11,831,309	15,865,914
Trade payables	16	3,715,995	3,400,770
Bills payables	16	6,359,706	7,181,496
Other payables		5,367,868	5,152,554
Contract liabilities		782,762	651,749
Lease liabilities		103,211	105,788
Current income tax liabilities		130,273	110,494
Total current liabilities		<u>28,291,124</u>	<u>32,468,765</u>
Total liabilities		<u>96,388,219</u>	<u>98,426,567</u>
Total equity and liabilities		<u>148,882,515</u>	<u>149,038,171</u>

1. GENERAL INFORMATION

The Group is principally engaged in the manufacture and sales of packaging paper, printing and writing paper, high value specialty paper products and pulp.

The Company was incorporated in Bermuda on 17 August 2005 under the Companies Act 1981 as an exempt company with limited liability. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

This condensed consolidated interim financial information is presented in Renminbi ("RMB"), unless otherwise stated. This condensed consolidated interim financial information has been approved for issue by the Board of the Company on 25 February 2026.

The condensed consolidated interim financial information has not been audited.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 31 December 2025 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting", and it does not include all of the notes normally included in annual consolidated financial statements. Accordingly, this condensed consolidated interim financial information should be read in conjunction with the Group's annual financial statements for the year ended 30 June 2025, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") as issued by the Hong Kong Institute of Certified Public Accountants and applicable disclosure requirements of the Hong Kong Companies Ordinance ("HKCO") Cap. 622.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

2.1 Amendments to standards adopted by the Group

The following amendments to standards are relevant and mandatory for the Group's financial year beginning on 1 July 2025:

Amendments to HKAS 21	Lack of Exchangeability
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The adoption of the above amendments to standards does not have any significant impact to the results and financial position of the Group.

2.2 The following amendments to standards and new standards relevant to the Group have been issued but are not effective

The following amendments to standards and new standards relevant to the Group have been issued but are not effective for the financial year beginning on 1 July 2025 and have not been early adopted by the Group:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the classification and measurement of financial instruments, Contracts Referencing Nature-dependent Electricity ¹
Annual Improvements to HKFRS Accounting Standards	Volume 11 ¹
HKFRS 18 and HK Interpretation 5 HKFRS 19	Presentation and Disclosure in Financial Statements ² Subsidiaries without Public Accountability: Disclosures ²
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture ³

¹ Effective for the Group for annual periods beginning on or after 1 July 2026

² Effective for the Group for annual periods beginning on or after 1 July 2027

³ Effective date to be determined

The Group will apply the above new standards and amendments to standards when they become effective.

HKFRS 18 will replace HKAS 1 *Presentation of financial statements*, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

The Group is currently assessing the detailed implications of applying the new standards and amendments to standards on the Group's consolidated financial statements. The Group anticipates that the application of the above new standards and amendments to standards will have no material impact on the results and financial positions of the Group except for certain reclassification.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's consolidated financial statements for the year ended 30 June 2025.

4. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the executive directors of the Company and used to allocate resources and assess performance.

The Group is principally engaged in the manufacture and sales of packaging paper, printing and writing paper, high value specialty paper products and pulp. The executive directors of the Company review the operating results of the Group's businesses as one segment to make decisions about resources to be allocated and assess performance. Therefore, the directors of the Company regard that there is only one segment which is used to make strategic decisions and assess performance. The analysis of the Group's revenue by major products is disclosed in Note 5.

The Group is primarily domiciled in the PRC. The revenue from external customers attributable to the PRC for the six months ended 31 December 2025 was RMB32,216,430,000 (six months ended 31 December 2024: RMB29,912,922,000), and the total of its revenue from external customers from other countries was RMB5,004,344,000 (six months ended 31 December 2024: RMB3,551,689,000).

As at 31 December 2025, other than deferred income tax assets, the total of non-current assets located in the PRC was RMB102,867,144,000 (30 June 2025: RMB98,277,087,000), and the total of these non-current assets located in other countries was RMB14,448,833,000 (30 June 2025: RMB14,835,935,000).

5. REVENUE

Revenue recognised during the Period are as follows:

	Six months ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Sales of packaging paper	33,121,464	30,435,375
Sales of printing and writing paper	3,720,769	2,640,554
Sales of high value specialty paper products	320,614	331,749
Sales of pulp	57,927	56,933
	<u>37,220,774</u>	<u>33,464,611</u>
Timing of revenue recognition		
At a point in time	<u>37,220,774</u>	<u>33,464,611</u>

The Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue during the six months ended 31 December 2025 and 2024.

6. EXPENSES BY NATURE

Expenses included in cost of goods sold, selling and marketing costs and administrative expenses are analysed as follows:

	Six months ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials and consumables used	28,069,608	26,067,923
Changes in finished goods	547,612	1,231,566
Employee benefit expenses	2,143,072	2,015,971
Depreciation charges of property, plant and equipment (<i>Note 10</i>)	2,097,383	1,805,039
Less: amount charged to other expenses	(7,831)	(5,722)
	<u>2,089,552</u>	<u>1,799,317</u>
Repairs and maintenance expenses	416,958	284,758
Transportation expenses	879,070	581,389
Other taxes	332,912	337,404
Net provision/(reversal of provision) for inventory impairment	9,178	(5,458)
Depreciation charges of right-of-use assets (<i>Note 10</i>)	73,860	86,217
Less: amount capitalised in property, plant and equipment	(7,643)	(9,524)
Less: amount charged to other expenses	(32,026)	(31,490)
	<u>34,191</u>	<u>45,203</u>
Amortisation of intangible assets	4,845	7,601
Others	175,329	356,678
	<u><u>34,702,327</u></u>	<u><u>32,722,352</u></u>

7. FINANCE INCOME AND FINANCE COSTS

	Six months ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Finance income:		
Interest income from bank deposits	<u>50,911</u>	<u>64,199</u>
Finance costs:		
Interest expense	(1,121,655)	(1,123,946)
Amortisation of transaction costs	(45,923)	(36,424)
Less: amounts capitalised on property, plant and equipment	<u>308,370</u>	<u>324,463</u>
	<u><u>(859,208)</u></u>	<u><u>(835,907)</u></u>

8. INCOME TAX EXPENSE

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year.

	Six months ended 31 December	
	2025	2024
	RMB'000	RMB'000
Current income tax		
— PRC corporate income tax and withholding income tax (Notes (a) and (b))	184,160	27,587
— Malaysia income tax (Note (c))	183	4,581
— Vietnam income tax (Note (d))	29,896	11,859
	214,239	44,027
Deferred income tax		
— PRC corporate income tax and withholding income tax	184,435	203,804
— Malaysia income tax	27,245	195
— Vietnam income tax	2,314	3,845
	213,994	207,844
	428,233	251,871

(a) PRC corporate income tax

The Group's subsidiaries in the Chinese mainland are subject to corporate income tax at the rate of 25% except that certain of these subsidiaries are entitled to preferential rate of 15% for the six months ended 31 December 2025 as those subsidiaries fulfil the requirements of High and New Technology Enterprise ("HNTE") according to relevant rules and regulations (six months ended 31 December 2024: 15%). The HNTE designation should be reassessed every three years according to relevant rules and regulations.

In accordance with the announcement on extending the enterprise income tax policy for the western region development (《關於延續西部大開發企業所得稅政策的公告》(財政部稅務總局國家發展改革委公告2020年第23號)), from 1 January 2021 to 31 December 2030, enterprises which located in the western region that fall under the encouraged industries are subject to a 15% enterprise income tax rate. In accordance with the Circular of the People's Government of Guangxi Zhuang Autonomous Region on extending and revising certain policies for promoting the opening-up and development of the Guangxi Beibu Gulf Economic Zone (《廣西壯族自治區人民政府關於延續和修訂促進廣西北部灣經濟區開放開發若干政策規定的通知》(桂政發[2014]5號)), qualified newly set up enterprises are exempt from the local shared portion, which is 40% of the enterprise income tax calculated based on the 15% enterprise income tax rate. Therefore, Nine Dragons Paper Industries (Beihai) Co., Ltd. is qualified for such incentive tax arrangement and entitled to the corporate income tax rate of 9%.

In accordance with the Circular of the Ministry of Finance and the State Administration of Taxation on Issues Concerning Implementing the Enterprise Income Tax Incentive Catalogue for Comprehensive Utilization of Resources Cai Shui [2008] No. 47 (《財政部、國家稅務總局關於執行資源綜合利用企業所得稅優惠目錄有關問題的通知》財稅[2008]47號), and the Enterprise Income Tax Incentive Catalogue for Comprehensive Utilization of Resources (2021) (《資源綜合利用企業所得稅優惠目錄(2021年版)》) issued by the Circular of the Ministry of Finance, the State Administration of Taxation, National Development and Reform Commission and Ministry of Ecology and Environment on 16 December 2021, an enterprise, which uses the raw materials under the catalogue to produce recycled resource products under the catalogue and the products meet the national or industrial standards, is entitled to incentive tax arrangement such that only 90% of the sales revenue of the products is subject to the calculation of the taxable income. The Group's sales of recycled products qualifies for the incentive tax arrangement and therefore 10% of the Group's revenue from sales of recycled products was deducted from the taxable income of the Group in the calculation of CIT from 1 January 2021 onwards.

(b) PRC withholding income tax

PRC withholding income tax of 10% shall be levied on the dividends declared by the companies established in the Chinese mainland to their foreign investors out of their profits earned after 1 January 2008. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the Chinese mainland and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%. The applicable withholding income tax rate of the intermediate holding company of the Company's subsidiaries in the Chinese mainland for six months ended 31 December 2025 and 2024 was 5%.

(c) Malaysia income tax

The Group's subsidiaries in Malaysia are subject to corporate income tax at the rate of 24% for the six months ended 31 December 2025 and 2024 in respect of operations in Malaysia.

(d) Vietnam income tax

The Group's subsidiaries in Vietnam are subject to corporate income tax at the rates of 10% or 20% for different operation phases for the six months ended 31 December 2025 and 2024 in respect of operations in Vietnam.

(e) USA income tax

USA income tax has not been provided as the Group did not have any assessable profits for the six months ended 31 December 2025 and 2024.

(f) Hong Kong profits tax

Hong Kong profits tax has not been provided as the Group did not have any assessable profits for the six months ended 31 December 2025 and 2024.

(g) OECD Pillar Two model rules

The Group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in Vietnam, Malaysia and Hong Kong SAR, the jurisdictions in which the Company's subsidiaries are incorporated.

Specifically, since the financial year beginning from 1 July 2024, the Group's earnings in Vietnam is subject to the domestic minimum top-up tax that was introduced by Vietnam with effect from 1 January 2024; since the financial year beginning from 1 July 2025, the Group's earnings in Malaysia is subject to the domestic minimum top-up tax that was introduced by Malaysia with effect from 1 January 2025. Nevertheless, given the effective tax rate (ETR) for Vietnam and Malaysia based on a simplified ETR test were higher than 15%, and thus entities in Vietnam and Malaysia could apply Transitional country-by-country reporting (CbCR) safe harbour rule and based on management's assessment, there was nil jurisdictional top-up tax during the six months ended 31 December 2025.

Besides, since the financial year beginning from 1 July 2025, the Group was also liable to Pillar Two income taxes under the Hong Kong Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 for its earnings in Hong Kong SAR and certain other jurisdictions where a domestic minimum top-up tax had not been implemented, including the Chinese Mainland, BVI, Cayman Island, USA and Macau. Nevertheless, most of the jurisdictions could apply Transitional country-by-country reporting (CbCR) safe harbour rule and based on management's assessment, the top-up tax impact during the six months ended 31 December 2025 was immaterial.

9. EARNINGS PER SHARE

— **Basic**

	Six months ended 31 December	
	2025	2024
Profit attributable to equity holders of the Company (<i>RMB'000</i>)	<u>1,966,479</u>	<u>469,569</u>
Weighted average number of ordinary shares in issue (<i>shares in thousands</i>)	<u>4,692,221</u>	<u>4,692,221</u>
Basic earnings per share (<i>RMB per share</i>)	<u>0.42</u>	<u>0.10</u>

— **Diluted**

Diluted earnings per share is the same as basic earnings per share as there were no potential diluted ordinary shares outstanding during the six months ended 31 December 2025 and 2024.

10. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

	Property, plant and equipment <i>RMB'000</i>	Right-of-use assets <i>RMB'000</i>
Six months ended 31 December 2025		
Opening net book amount as at 1 July 2025	107,414,324	5,258,558
Additions	5,438,495	71,161
Disposals	(48,821)	(45,338)
Depreciation (<i>Note 6</i>)	(2,097,383)	(73,860)
Exchange differences	9,942	(37,618)
	<u>110,716,557</u>	<u>5,172,903</u>
Six months ended 31 December 2024		
Opening net book amount as at 1 July 2024	95,462,861	5,352,769
Additions	6,992,891	7,557
Disposals	(20,652)	—
Depreciation (<i>Note 6</i>)	(1,805,039)	(86,217)
Exchange differences	425,670	27,528
	<u>101,055,731</u>	<u>5,301,637</u>

11. INVENTORIES

	31 December 2025 <i>RMB'000</i>	30 June 2025 <i>RMB'000</i>
Raw materials	6,789,466	6,296,340
Finished goods	3,625,000	4,172,612
	<u>10,414,466</u>	<u>10,468,952</u>
Inventories — gross	10,414,466	10,468,952
Provision for impairment	(28,139)	(18,961)
	<u>10,386,327</u>	<u>10,449,991</u>

The cost of inventories recognised as expenses and included in cost of goods sold amounted to RMB31,864,439,000 for the six months ended 31 December 2025 (six months ended 31 December 2024: RMB30,275,804,000).

Write-downs of inventories to net realisable value were amounted to RMB28,139,000 as at 31 December 2025 (30 June 2025: RMB18,961,000). The net write-downs, amounting to RMB9,178,000 for the six months ended 31 December 2025 (six months ended 31 December 2024: net reversal of write-downs of RMB5,458,000), were recognised as an expense and included in cost of goods sold in the interim condensed consolidated income statement.

12. TRADE AND BILLS RECEIVABLES

	31 December 2025 RMB'000	30 June 2025 RMB'000
Trade receivables (<i>Note (b)</i>)	3,702,208	3,277,833
less: allowance for impairment	(51,164)	(51,164)
	<u>3,651,044</u>	<u>3,226,669</u>
Bills receivables (<i>Note (d)</i>)	2,916,869	2,558,206
less: allowance for impairment	(4,729)	(4,729)
	<u>2,912,140</u>	<u>2,553,477</u>

- (a) As at 31 December 2025 and 30 June 2025, the fair value of trade and bills receivables approximate their carrying amounts due to their short term maturities.
- (b) The Group's sales to customers are mainly entered into on credit terms of not more than 60 days.

As at 31 December 2025, the ageing analysis of trade receivables based on invoice date was as follows:

	31 December 2025 RMB'000	30 June 2025 RMB'000
0–60 days	3,493,823	3,089,700
Over 60 days	208,385	188,113
	<u>3,702,208</u>	<u>3,277,833</u>

- (c) The Group applies the HKFRS 9 simplified approach to measure expected credit losses which use a lifetime expected loss allowance for all trade receivables and bills receivables.
- (d) Bills receivables as at 31 December 2025 and 30 June 2025 mainly represent bank acceptance notes with maturity period of 30 to 180 days.

13. SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares in thousands	Nominal value of ordinary shares <i>HK\$'000</i>	Equivalent nominal value of ordinary shares <i>RMB'000</i>	Share premium <i>RMB'000</i>	Total <i>RMB'000</i>
Issued and fully paid:					
Six months ended					
31 December 2025					
Balance as at 1 July 2025 and 31 December 2025	<u>4,692,221</u>	<u>469,222</u>	<u>480,531</u>	<u>1,084,720</u>	<u>1,565,251</u>
Six months ended					
31 December 2024					
Balance as at 1 July 2024 and 31 December 2024	<u>4,692,221</u>	<u>469,222</u>	<u>480,531</u>	<u>1,084,720</u>	<u>1,565,251</u>

14. PERPETUAL CAPITAL SECURITIES

	Six months ended 2025 <i>RMB'000</i>	31 December 2024 <i>RMB'000</i>
Balance as at 1 July	2,846,329	2,846,329
Profit attributable to holders of perpetual capital securities	201,278	199,529
Distribution to the holders of perpetual capital securities	<u>(199,281)</u>	<u>(199,529)</u>
Balance as at 31 December	<u>2,848,326</u>	<u>2,846,329</u>

In June 2024, the Company issued United States Dollars (“US\$”) 400,000,000 (equivalent to RMB2,845,400,000) senior perpetual capital securities which listed on the Singapore Exchange Securities Trading Limited with the aggregate net proceeds after transaction cost of US\$397,084,000 (equivalent to RMB2,824,660,000).

Distribution is payable semi-annually in arrears based on a distribution rate as defined in the subscription agreements. The annual distribution rate is about 14% for the six months ended 31 December 2025 and 2024.

During the six months ended 31 December 2025, the Company made distribution amounting to US\$28,000,000 (equivalent to RMB199,281,000) to the holders of perpetual capital securities.

There is no maturity of the securities and the payments of distribution can be deferred at the discretion of the Company, and there is no limit as to the number of times of deferral of distribution. When the Company elects to declare dividends to their respective ordinary shareholders, the Company shall make distribution to the holders of perpetual capital securities at the distribution rate as defined in the subscription agreements.

15. BORROWINGS

	31 December 2025 RMB'000	30 June 2025 RMB'000
Current		
Bank borrowings	11,831,309	14,191,582
Outstanding balance of discounted commercial acceptance bills with recourse	<u>—</u>	<u>1,674,332</u>
	<u>11,831,309</u>	<u>15,865,914</u>
Non-current		
Bank borrowings	61,586,392	59,502,416
Borrowing from other non-banking financial institutions	49,200	50,109
	<u>61,635,592</u>	<u>59,552,525</u>
	<u><u>73,466,901</u></u>	<u><u>75,418,439</u></u>

- (a) As at 31 December 2025 and 30 June 2025, the bank borrowings and borrowings from other non-bank financial institutions of the Group were unsecured borrowings.
- (b) The Group's borrowings were repayable as follows:

	31 December 2025 RMB'000	30 June 2025 RMB'000
Within 1 year (including 1 year)	11,831,309	15,865,914
Between 1 and 2 years (including 2 years)	26,069,821	25,257,211
Between 2 and 5 years (including 5 years)	31,108,196	28,831,919
Over 5 years	4,457,575	5,463,395
	<u><u>73,466,901</u></u>	<u><u>75,418,439</u></u>

16. TRADE AND BILLS PAYABLES

	31 December 2025 RMB'000	30 June 2025 RMB'000
Trade payables (<i>Note (a)</i>)	<u>3,715,995</u>	<u>3,400,770</u>
Bills payables	<u>6,359,706</u>	<u>7,181,496</u>

- (a) As at 31 December 2025, the ageing analysis of trade payables based on invoice date was as follows:

	31 December 2025 RMB'000	30 June 2025 RMB'000
0–90 days (including 90 days)	2,783,225	2,957,729
Over 90 days	<u>932,770</u>	<u>443,041</u>
	<u>3,715,995</u>	<u>3,400,770</u>

- (b) Bills payables were mainly with maturity period of 90 to 180 days as at 31 December 2025 and 30 June 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operations

During the Period under review, the global economy progressed under pressure amid accelerated restructuring of the economy and trade, while China's economy steadily recovered under structural transformation and targeted policies. Against the backdrop of multi-pronged policy shifts, volatile raw material costs and product prices, the paper-making industry gradually recovered from a stage of significant downturn. With the signs of marginal improvement in the supply and demand pattern, the profitability of the industry exhibited a trend of structural divergence.

Facing the complex macroeconomic conditions and increasingly diverging industry landscape, the Group focused the concerted efforts of all and overcame challenges to rigorously forge ahead with its integrated pulp and paper production strategy. Comprehensive upgrade was launched from raw materials to finished products, resulting in a leapfrog growth in overall efficiency. During the Period, leveraging consistent product quality and diversified product structure, the sales volume of the Group amounted to 12.4 million tonnes, representing an increase of 8.3% as compared with the corresponding period last year, setting a new record high for the third consecutive comparable period. The average selling price rose against the headwinds, increasing by 2.7% as compared with the corresponding period last year. Driven by both volume and price growth, the revenue amounted to RMB37,220.8 million, representing an increase of 11.2% as compared with the corresponding period last year.

During the Period, the Group completed the establishment of its core entities of integrated pulp and paper production strategy as scheduled, realizing key raw material deployment and product optimization, which were fully transformed into its core competitiveness in terms of risk resilience and growth drivers. By developing a self-sufficient and controllable raw material supply system, the Group not only effectively hedged against price volatility risks associated with external purchase of wood pulp, but also laid a solid foundation for the upgrade toward a high-end and differentiated product portfolio. The Group has successfully achieved a strategic expansion into high value-added paper grades, such as high-end kraftliner, printing and writing paper, and bleached folding boxboard. This upgrade not only significantly broadened its business coverage, but also directly translated into robust performance growth momentum, fully showcasing the strategic foresight and execution capabilities of the Group.

Additionally, adhering to high-quality development, the Group continuously refined its lean operations, empowered technological innovation, and unlocked talent value, so as to relentlessly enhance the efficiency in operational management, thereby introducing new vibrance into sustainable growth. During the Period, the Group delivered outstanding performance in profitability, with the gross profit amounted to approximately RMB5,347.2 million, representing an increase of 67.4% as compared with the corresponding period last year against headwinds. Net profit amounted to approximately RMB2,211.7 million, representing a significant increase of 225.1% as compared with the corresponding period last year, while profit attributable to equity holders of the Company amounted to approximately RMB1,966.5 million, representing a substantial increase of 318.8% as compared with the corresponding period last year and outperforming the industry in terms of profitability. Meanwhile, by consistently prioritizing both development and safety, the Group continued to optimize its risk management system and kept working capital, cash flow and exchange rate fluctuation risks to minimum levels, solidly securing the high-quality sustainable development of the Group.

During the Period, the Group's capacity expansion projects for high-end paper production and raw materials in Beihai, Guangxi Zhuang Autonomous Region and Jingzhou, Hubei Province have started production successfully, which further enhanced the Group's share in the high-end market. As of 31 December 2025, the Group's total design production capacity for fiber raw materials amounted to approximately 8.2 million tpa (wood pulp of 5.4 million tonnes, recycled pulp of 0.7 million tonnes and wood fibre of 2.1 million tonnes); the total design production capacity for paper amounted to approximately 25.4 million tonnes; and the total design production capacity for downstream packaging plants amounted to approximately 2.9 billion sq.m.

Major Capital Expenditure and Expansion Plan

The Group is investing in an annual design production capacity of approximately 3.2 million tonnes of wood pulp, as well as an annual design production capacity of 1.9 million tonnes of bleached folding boxboard and printing and writing paper in Beihai, Guangxi Zhuang Autonomous Region, Jingzhou, Hubei Province, Chongqing, Tianjin and Dongguan, Guangdong Province. Upon completion of the above projects, the Group's total annual design production capacity for fibre raw materials will reach approximately 10.7 million tonnes (wood pulp of 7.9 million tonnes, recycled pulp of 0.7 million tonnes and wood fibre of 2.1 million tonnes), and the total annual design production capacity for paper will reach approximately 25.4 million tonnes. The vertical integration of the raw material supply chain of wood pulp not only enables the Group to effectively control its costs and enhance its quality, but also fuels the performance upgrade and drives brand premiums of high-end paper classes, thereby consolidating the Group's sustainable core competitiveness in the long run and laying a long-term foundation for unlocking its profitability efficiently and continuously.

The details of our latest plans for capital expenditure and capacity expansion projects are as follows:

<i>Capital expenditure and capacity expansion project — wood pulp</i>	<i>Additional annual production capacity</i>	<i>Completion time (expected)</i>
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(million tpa)

PRC

Jingzhou, Hubei Province	(Bleached chemi-thermo mechanical pulp) 0.70	August 2025 (completed)
Chongqing	(Chemical pulp) 0.70	Q4 of 2026 (expected)
Tianjin	(Chemical pulp) 0.50	Q4 of 2026 (expected)
Beihai, Guangxi Zhuang Autonomous Region	(Chemical pulp) 0.80	Q2 of 2027 (expected)
Dongguan, Guangdong Province	(Chemical pulp) 0.50	Q3 of 2027 (expected)

Total

3.20

<i>Capital expenditure and capacity expansion project — paper production</i>	<i>Additional annual production capacity</i>	<i>Completion time (expected)</i>
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(million tpa)

PRC

Beihai, Guangxi Zhuang Autonomous Region	(Printing and writing paper) 0.35	July 2025 (completed)
	(Printing and writing paper) 0.35	October 2025 (completed)
Jingzhou, Hubei Province	(Bleached folding boxboard) 1.20	August 2025 (completed)

Total

1.90

FINANCIAL REVIEW

Revenue

The Group achieved a revenue of approximately RMB37,220.8 million for the Period, representing an increase of approximately 11.2% as compared with the corresponding period last year. The major contributor of the Group's revenue was still its packaging paper business, including linerboard, high performance corrugating medium, coated duplex board and bleached folding boxboard, which accounted for approximately 89.0% of the revenue, with the remaining revenue of approximately 11.0% generated from its printing and writing paper, high value specialty paper and pulp products.

The Group's revenue for the Period increased by 11.2% as compared with the corresponding period last year, resulting from the combined effects of the increase in sales volume of approximately 8.3% and the increase in average selling price of approximately 2.7%.

The Group's annual design production capacity in packaging paperboard, printing and writing paper, high value specialty paper and pulp products as at 31 December 2025 was approximately 31.5 million tpa in aggregation, comprising approximately 14.0 million tpa of linerboard, approximately 6.4 million tpa of high value specialty paper and pulp products, approximately 3.7 million tpa of high performance corrugating medium, approximately 3.0 million tpa of bleached folding boxboard, approximately 2.4 million tpa of printing and writing paper and approximately 2.0 million tpa of coated duplex board. The four US mills capacity was approximately 1.3 million tpa, including approximately 0.9 million tpa coated one-side, coated freesheet and coated groundwood grade for printing and writing paper and specialty paper products, and approximately 0.4 million tpa recycled pulp and wood pulp products.

The Group's sales volume increased by approximately 8.3% to 12.4 million tonnes as compared with 11.4 million tonnes in the corresponding period last year. The increase in sales volume was driven by approximately 0.6 million tonnes increase in the China market and approximately 0.4 million tonnes increase in the overseas market.

The sales volume of linerboard, high performance corrugating medium and bleached folding boxboard for the period increased by 1.1%, 2.4% and 133.3% respectively while coated duplex board for the period decreased by approximately 2.2% as compared with those in the corresponding period last year.

The majority of the Group's revenue continued to be realised from the China market, in particular from the linerboard, high performance corrugating medium, coated duplex board and bleached folding boxboard sectors. For the Period, revenue related to China consumption represented 86.6% of the Group's total revenue, while the remaining revenue of 13.4% represented sales recorded in other countries outside China.

Gross profit and Gross profit margin

The gross profit for the Period was approximately RMB5,347.2 million, an increase of approximately RMB2,152.9 million or 67.4% as compared with RMB3,194.3 million in the corresponding period last year. The gross profit margin increased from 9.5% in the corresponding period last year to approximately 14.4% for the Period mainly due to the increase in selling price of the products and the decrease in the cost of the raw materials.

Selling and marketing costs

Selling and marketing costs increased by approximately 29.1% from RMB1,244.7 million in the corresponding period last year to approximately RMB1,607.6 million for the Period which was mainly contributed by more geographical areas covered and cost incurred to promote sales and marketing to support new paper machine and pulp lines launched in Jingzhou of Hubei Province and Beihai of Guangxi Zhuang Autonomous Region. The total amount of selling and distribution costs as a percentage of the Group's revenue increased from 3.7% in the corresponding period of last year to approximately 4.3% in the Period.

Administrative expenses

Administrative expenses increased by approximately 1.2% from RMB1,207.3 million in the corresponding period last year to approximately RMB1,221.2 million in the Period which was mainly contributed by additional management and administrative costs incurred to support the capacity expansion projects in Jingzhou of Hubei Province and Beihai of Guangxi Zhuang Autonomous Region. As a percentage of Group's revenue, the administrative expenses decreased from 3.6% in the corresponding period of last year to 3.3% in the Period.

Operating profit

The operating profit for the Period was approximately RMB3,407.6 million, representing an increase of approximately RMB1,810.7 million or 113.4% over the corresponding period last year. The increase in operating profit for the Period was mainly due to the increase in gross profit of the Group.

Finance costs — net

The net finance costs for the Period increased by approximately RMB36.6 million, or increased by 4.7% from RMB771.7 million in the corresponding period last year to approximately RMB808.3 million in the Period. The increase in finance cost was mainly contributed by the increase in total borrowings from RMB68,318.9 million as at 31 December 2024 to RMB73,466.9 million as at 31 December 2025 to support the capacity expansion projects in Jinzhou of Hubei Provinces and Beihai of Guangxi Zhuang Autonomous Region which contributed new production capacity for wood pulp and paper products during the Period.

Income tax expense

Income tax expense for the Period amounted to approximately RMB428.2 million, increased by approximately 70.0% or RMB176.3 million as compared with the corresponding period last year.

The drop in the effective tax rate this year compared to corresponding period last year was primarily due to that subsidiaries with relatively low actual income tax rate contributed substantially more to the Group's profit before tax this year, and several overseas subsidiaries that have been loss-making significantly reduced their losses during the Period and thereby increased the Group's taxable income.

In accordance with the announcement on extending the enterprise income tax policy for the western region development (《關於延續西部大開發企業所得稅政策的公告》(財政部稅務總局國家發展改革委公告2020年第23號)), from 1 January 2021 to 31 December 2030, enterprises which located in the western region that fall under the encouraged industries are subject to a 15% enterprise income tax rate. In accordance with the Circular of the People's Government of Guangxi Zhuang Autonomous Region on extending and revising certain policies for promoting the opening-up and development of the Guangxi Beibu Gulf Economic Zone (《廣西壯族自治區人民政府關於延續和修訂促進廣西北部灣經濟區開放開發若干政策規定的通知》(桂政發[2014]5號)), qualified newly set up enterprises are exempt from the local shared portion, which is 40% of the enterprise income tax calculated based on the 15% enterprise income tax rate. Therefore, Nine Dragons Paper Industries (Beihai) Co., Ltd. is qualified for such incentive tax arrangement and entitled to the corporate income tax rate of 9%.

In accordance with the Circular of the Ministry of Finance and the State Administration of Taxation on Issues Concerning Implementing the Enterprise Income Tax Incentive Catalogue for Comprehensive Utilization of Resources Cai Shui [2008] No. 47 (《財政部、國家稅務總局關於執行資源綜合利用企業所得稅優惠目錄有關問題的通知》財稅[2008]47號), and the Enterprise Income Tax Incentive Catalogue for Comprehensive Utilization of Resources (2021) (《資源綜合利用企業所得稅優惠目錄(2021年版)》) issued by the Circular of the Ministry of Finance, the State Administration of Taxation, National Development and Reform Commission and Ministry of Ecology and Environment on

16 December 2021, an enterprise, which uses the raw materials under the catalogue to produce recycled resource products under the catalogue and the products meet the national or industrial standards, is entitled to incentive tax arrangement such that only 90% of the sales revenue of the products is subject to the calculation of the taxable income. The Group's sales of recycled products qualifies for the incentive tax arrangement and therefore 10% of the Group's revenue from sales of recycled products was deducted from the taxable income of the Group in the calculation of CIT from 1 January 2021 onwards.

Net profit

Profit after tax increased from approximately RMB680.3 million in the corresponding period last year to approximately RMB2,211.7 million for the Period, representing an increase of approximately RMB1,531.4 million or 225.1%.

Profit attributable to equity holders of the Company

The profit attributable to the equity holders of the Company increased from approximately RMB469.6 million in the corresponding period last year to approximately RMB1,966.5 million for the Period, representing an increase of approximately RMB1,496.9 million or 318.8%, mainly attributable to the increase in revenue and in gross profit margin.

Working capital

The level of inventories as at 31 December 2025 decreased by approximately 0.6% to approximately RMB10,386.3 million from RMB10,450.0 million as at 30 June 2025. Inventories comprise of raw materials (mainly recovered paper, wood chips, coal and spare parts) of approximately RMB6,761.3 million and finished goods of approximately RMB3,625.0 million.

The turnover days for raw materials (excluding spare parts) and finished products were approximately 29 days and 22 days respectively during the Period, compared with 32 days and 20 days in the same period of last year.

Trade receivables as at 31 December 2025 were approximately RMB3,651.0 million, increased by approximately 13.2% from RMB3,226.7 million as at 30 June 2025. During the Period, the turnover days of trade receivables were approximately 17 days, compared with 21 days in the same period of last year.

Trade payables were approximately RMB3,716.0 million as at 31 December 2025, increased by approximately 9.3% from RMB3,400.8 million as at 30 June 2025. The turnover days of trade payables were approximately 20 days, compared with 31 days in the same period of last year.

Liquidity and financial resources

The working capital and long-term funding required by the Group during the Period primarily comes from its operating cash flows and bank borrowings, while the Group's financial resources are used in its capital expenditures, operating activities and repayment of borrowings.

In terms of the Group's available financial resources as at 31 December 2025, the Group had bank and cash balances, short-term bank deposits and restricted cash amounted to approximately RMB6,613.3 million and total undrawn bank facilities of approximately RMB53,261.9 million.

As at 31 December 2025, the total equity was approximately RMB52,494.3 million, an increase of approximately RMB1,882.7 million or approximately 3.7% from that as at 30 June 2025.

Treasury policies

The Group has established a treasury policy with the objective of achieving better control of treasury operations and lowering cost of funds. Therefore, funding for all its operations and foreign exchange exposure have been centrally reviewed and monitored at the Group level. To manage the Group's exposure to fluctuations in foreign currency exchange rates and interest rates on specific transactions, foreign currency borrowings, currency structured instruments and other appropriate financial instruments will be used to hedge material exposure.

It is the policy of the Group not to enter into any derivative products for speculative activities.

The treasury policies followed by the Group aim to:

(a) Minimise interest risk

This is accomplished by loan re-financing and negotiation. The Board will continue to closely monitor the Group's loan portfolio and compare the loan margin spread under its existing agreements against the current borrowing interest rates under different currencies and new offers from banks.

(b) Minimise currency risk

In view of the current volatile currency market, the Board closely monitors the Group's foreign currency borrowings and will consider arranging for monetary and interest rate hedge at appropriate time to mitigate the corresponding risk. As at 31 December 2025, 99.1% of the Group's borrowings were denominated in RMB, so there would be no significant foreign exchange risk.

FUTURE OUTLOOK

Looking ahead, we remain cautiously optimistic. The continual introduction of a series of more positive policies by the Chinese government to expand domestic demand and promote consumption, coupled with the environmental trend of “replacing plastic with paper” and the optimization of the supply side driven by “anti-involution” campaign is expected to continue to promote marginal improvement of the supply and demand in the paper-making industry. Meanwhile, the Group’s integrated pulp and paper production footprint and product mix diversification have been basically completed, which shall create favourable conditions for the development of the Group. Giving full rein to its advantages in integrated pulp and paper production, the Group will exercise stringent control over production costs, deepen lean management and increase the proportion of high value-added products, maintaining sustainable supply of exemplary quality paper that embodies the characteristics of Nine Dragons Paper to maximize the Group’s profits. At the same time, the Group will continue to unlock talent value, optimize the balance between production and sales, and strengthen technological empowerment while adhering to prudent financial strategies and reinforcing green and compliant operations so as to achieve high-quality and sustainable development.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 31 December 2025 (six months ended 31 December 2024: Nil) to the shareholders.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities for the Period.

AUDIT COMMITTEE REVIEW

The audit committee of the Company, which comprises four independent non-executive directors, has reviewed with Company’s management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters of the Group for the Period.

The unaudited condensed consolidated interim financial information of the Group for the Period has been reviewed by the audit committee.

In addition, PricewaterhouseCoopers, the independent auditor of the Company, has reviewed the unaudited condensed consolidated interim financial information in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” as issued by the Hong Kong Institute of Certified Public Accountants.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in the Appendix C1 — Corporate Governance Code to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) during the Period.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix C3 to the Listing Rules as its own code of conduct regarding directors’ securities transactions. Specific enquiries have been made to all directors, who have confirmed that, during the Period, they were in compliance with provisions of the Model Code.

APPRECIATION

In addition to my gratitude to our management and staff, I would like to express my sincere appreciation to governments of various levels for providing a business-friendly environment that has allowed us to prosper and positively influence the lives of our employees while contributing to the success of our industry. I would also like to thank our shareholders, bankers and business partners for their support and look forward to sharing our continued success.

By Order of the Board
Nine Dragons Paper (Holdings) Limited
Cheung Yan
Chairlady

Hong Kong, 25 February 2026

As at the date of this announcement, the Board of the Company comprises five Executive Directors, being Ms. Cheung Yan, Mr. Liu Ming Chung, Mr. Zhang Cheng Fei, Mr. Ken Liu and Mr. Zhang Lianpeng and four Independent Non-Executive Directors, being Ms. Chan Man Ki Maggie, Dr. Li Huiqun, Dr. Cao Zhenlei and Mr. Sun Po Yuen.

* *For identification purposes only*