玖龍紙業(控股)有限公司*

NINE DRAGONS PAPER (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 2689

NO ENVIRONMENTAL MANAGEMENT
NO PAPER MAKING

Annual Report 2023/2024

* For identification purposes only

THE NINE DRAGONS CULTURE

Respect and care for our staff; Refinement and innovation in management; Perpetuating a brand that thrives for a century; Propagating the spirit of diligence.

Contents printed on Land Dragon 100% Recycled Fiber Offset Paper

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Cheung Yan *JP (Chairlady)*
Mr. Liu Ming Chung *(Deputy Chairman and Chief Executive Officer)*
Mr. Zhang Cheng Fei *(Deputy Chairman and Deputy Chief Executive Officer)*
Mr. Ken Liu *(Deputy Chairman and Vice President)*
Mr. Lau Chun Shun *(Vice President)*
Mr. Zhang Lianpeng *(Vice President)*
Mr. Zhang Yuanfu *(Chief Financial Officer)*
Ms. Zhang Lianru *(Deputy Chief Financial Officer)*

Independent Non-Executive Directors

Mr. Ng Leung Sing *SBS, JP*
Mr. Lam Yiu Kin
Ms. Chan Man Ki, Maggie *MH, JP*
Dr. Li Huiqun
Dr. Cao Zhenlei

EXECUTIVE COMMITTEE

Ms. Cheung Yan *JP (Chairlady)*
Mr. Liu Ming Chung
Mr. Zhang Cheng Fei
Mr. Lau Chun Shun

AUDIT COMMITTEE

Mr. Lam Yiu Kin *(Chairman)*
Mr. Ng Leung Sing *SBS, JP*
Ms. Chan Man Ki, Maggie *MH, JP*

REMUNERATION COMMITTEE

Ms. Chan Man Ki, Maggie *MH, JP (Chairlady)*
Mr. Ng Leung Sing *SBS, JP*
Mr. Lam Yiu Kin
Mr. Liu Ming Chung
Mr. Zhang Cheng Fei

NOMINATION COMMITTEE

Ms. Cheung Yan *JP (Chairlady)*
Mr. Ng Leung Sing *SBS, JP*
Mr. Lam Yiu Kin
Ms. Chan Man Ki, Maggie *MH, JP*
Mr. Zhang Cheng Fei

CORPORATE GOVERNANCE COMMITTEE

Mr. Ng Leung Sing *SBS, JP (Chairman)*
Mr. Lam Yiu Kin
Ms. Chan Man Ki, Maggie *MH, JP*
Ms. Cheung Yan *JP*
Mr. Zhang Cheng Fei

AUTHORISED REPRESENTATIVES

Mr. Zhang Cheng Fei
Ms. Cheng Wai Chu, Judy *ACG, HKACG*

COMPANY SECRETARY

Ms. Cheng Wai Chu, Judy *ACG, HKACG*

REGISTERED OFFICE

Clarendon House, 2 Church Street
Hamilton HM 11, Bermuda

HONG KONG OFFICE

Unit 1, 22/F., One Harbour Square
181 Hoi Bun Road, Kwun Tong
Kowloon, Hong Kong
Tel: (852) 3929 3800
Fax: (852) 3929 3890

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants and
Registered Public Interest Entity Auditor

LEGAL ADVISERS

Conyers Dill & Pearman (Bermuda)
Sidley Austin (Hong Kong)
Zhong Lun Law Firm (PRC)

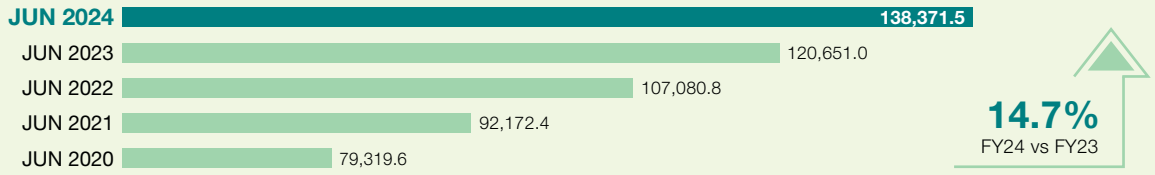
PRINCIPAL BANKERS

Bank of Communications
Bank of China
The Export-Import Bank of China
Agricultural Bank of China
Industrial and Commercial Bank of China
China Merchants Bank
China Construction Bank
China Minsheng Bank
Postal Savings Bank of China

FINANCIAL HIGHLIGHTS

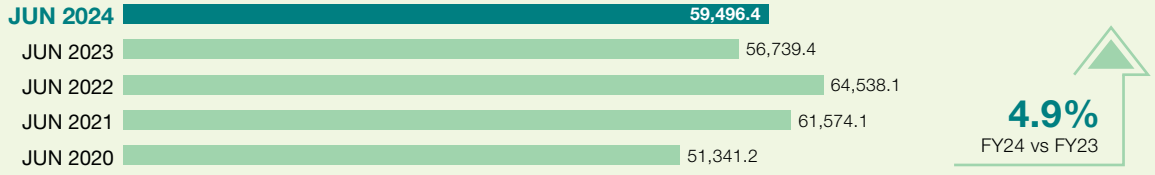
For the year ended 30 June	2024	2023	Change
Operating results (RMB million)			
Revenue	**59,496.4**	56,739.4	4.9%
Gross profit	**5,711.5**	1,530.2	273.2%
Operating profit/(loss)	**2,645.1**	(1,595.2)	N/A
Profit/(loss) before income tax	**1,238.4**	(2,726.0)	N/A
Profit/(loss) attributable to Company's equity holders	**750.7**	(2,383.4)	N/A
Financial position (RMB million)			
Total assets	**138,371.5**	120,651.0	14.7%
Total equity	**48,484.5**	45,136.4	7.4%
Per share data (RMB cents)			
Earnings/(loss) per share — basic	**16.0**	(50.8)	N/A
Earnings/(loss) per share — diluted	**16.0**	(50.8)	N/A
Other data (RMB million)			
Capital expenditures	**12,818.9**	17,697.6	(27.6%)
Key ratio			
Gross profit margin (%)	**9.6**	2.7	+6.9 pts
Total liabilities/total asset ratio (%)	**65.0**	62.6	+2.4 pts

TOTAL ASSETS
RMB million



TOTAL EQUITY
RMB million

REVENUE
RMB million



MAIN PRODUCTS

01 LINERBOARD CATEGORY

1) Kraftlinerboard

Kraftlinerboard is unbleached linerboard manufactured from unbleached wood pulp and recovered paper. The Group classifies different classes of products into Nine Dragons and Sea Dragon so as to cater to the different needs of the customers.

2) Testlinerboard

Testlinerboard is made of 100% recovered paper. It meets certain customers' requirements for lower cost and environmentally friendly purposes. The Group classifies different classes of products into Land Dragon high performance testlinerboard, Sea Dragon testlinerboard, Land Dragon testlinerboard and River Dragon testlinerboard so as to cater to the different needs of the customers.

3) White Top Linerboard

White top linerboard is a three-ply sheet of which the surface layer is bleached, and caters to customers that require a white surface for appearance or superior printability. The Group classifies different classes of products into Nine Dragons and Sea Dragon so as to cater to the different needs of the customers.

4) Coated Linerboard

Coated linerboard is a four-ply sheet of which the surface layer is coated on bleached wood pulp. It possesses the characteristics of high performance (as that of kraftlinerboard) and high printability (as that of coated duplex board), which can replace the traditional coated duplex board. The Group classifies different classes of products into Nine Dragons, Sea Dragon and Land Dragon so as to cater to the different needs of the customers.

5) Coated White Cardboard

Coated white cardboard is a one-side or both-side coated paper that has been calendered and finished with the surface and bottom layers of raw paper in bleached kraft pulp and the middle layer in mechanical wood pulp. Given its superior printability, it is mainly used in pharmaceuticals, daily necessities, electronic products, cosmetics, hang tags, carrying bags, packaging for toys and cards, etc. The Group classifies different classes of products into Sea Dragon brand, Nine Dragons Brand (High Bulk), Nine Dragons Brand (Ultra-High Bulk) and Nine Dragons Brand (Ultra-High Bulk PLUS) so as to cater to the different needs of the customers. Among which, the Ultra-High Bulk and Ultra-High Bulk PLUS products featuring the thickness of ultra-high bulk paper can ensure sound stiffness for high performance in box moulding with more light-weighted packaging design.

6) Bleached Folding Boxboard

Comprising cup stock, coated folding boxboard and other products, bleached folding boxboard is made of high-quality all-wood pulp fibre and chemical raw materials, and free of optical brightening agent. The Group offers three types of cup stock, namely fullweight paper, high bulk paper and ultra-high bulk paper, with weight ranging from 150–320g/m^2. Given its excellent stiffness, folding endurance and edge permeance resistance, it is mainly used in the production of paper cups for cold or hot drinks, paper cup covers, paper bowls, among others. Coated folding boxboard with weight ranging from 150–320g/m^2 is mainly used in the production of packaging for different types of food, frozen products, chocolates and candies (without food contact), among others. The Group classifies different classes of products into Sea Dragon and Nine Dragons so as to cater to the different needs of the customers.

02 HIGH PERFORMANCE CORRUGATING MEDIUM

Compared to standard corrugating medium, high performance corrugating medium, which undergoes surface sizing, achieves superior strength and physical properties for the same basis weight, which reduces packaging weight, bulk and the amount of material used, allowing customers to save on shipping costs. The Group offers high performance corrugating medium ranging from 45–180g/m^2, of which light weight high performance corrugating medium of 45, 50, 60 and 70g/m^2 are at a superior position in the industry. High performance corrugating medium satisfies the needs of the customers for different classes and weights. The Group classifies different classes of products into Nine Dragons, Sea Dragon, Land Dragon and River Dragon so as to cater to the different needs of the customers.

03 COATED DUPLEX BOARD

Coated duplex board can be produced in basis weights ranging from 180–550g/m^2. Coated duplex board is a type of boxboard with a glossy coated surface on one side for superior printability. This product is typically used as packaging material for small boxes that require high quality printability, such as consumer electronic products, cosmetics or other consumer merchandise. It can also be used in combination with high performance corrugating medium and linerboard for the outer layer of corrugated board. The Group classifies different classes of products into Nine Dragons, Sea Dragon, Land Dragon, River Dragon and River Dragon Grade B so as to cater to the different needs of the customers.

04 GREYBOARD CATEGORY

Greyboard can be produced in basis weights ranging from 300–500g/m^2. Greyboard, a cardboard made from recycled waste paper, is an environmentally-friendly packaging material. The multi-layer laminated greyboard is used as packaging material for cartons, stationery and homeware products, etc. The Group classifies different classes of products into Land Dragon and Sea Dragon so as to cater to the different needs of the customers.

05 PRINTING AND WRITING PAPER CATEGORY

1) Uncoated Woodfree Paper

Uncoated woodfree paper is suitable for printing books, teaching materials, magazines, notebooks and colour pictures. This product has passed FSC™ certification. The Group classifies different classes of products into Sea Dragon and Land Dragon so as to cater to the different needs of the customers.

2) Office Paper

Office paper is suitable for colour printing and copying, colour inkjet and digital printing, high-speed black and white printing and copying for office uses. The surface of this product is processed with special technologies, minimizing the wear of office equipment. It has passed FSC™ certification. The recycled fiber multifunction office paper under the Sea Dragon brand is made of recovered paper and is more environmentally friendly.

06 GYPSUM BOARD COVER PAPER

Gypsum board cover paper can be produced in basis weights ranging from 140–160 g/m^2. Gypsum board cover paper is a paperboard used in the production of paper-surfaced gypsum board. It is used to cover both sides of the gypsum core and can be firmly bonded to the core materials. With high tensile strength and permeability, the gypsum board cover paper offers a strong resistance to heat penetration, water and moisture, which can fulfill the requirements on strength and performance indicators for production of high-end paper-surfaced gypsum. The Group classifies different classes of products into Sea Dragon and Land Dragon so as to cater to the different needs of the customers.

07 PRODUCTS OFFERED BY U.S. MILLS

1) Containerboard

A leader in containerboard production, the Group offers recycled and virgin papers for a variety of packaging applications.

2) Kraft Paper

For excellent runnability and a clean printing surface, the Group offers a durable kraft paper, sourced from virgin fibers, for all tough packaging needs and sturdy, designed bags. Recycled kraft paper is also available, providing uniform appearance and strength to work in your application.

3) Printing and Specialty Papers

Inventive and adaptable with dependable quality and reliability, the Group's printing and specialty papers provide a product option for any project.

4) Pulp

The Group is an established producer of Northern bleached hardwood kraft pulp (NBHK) and recycled pulp products throughout the eastern and northeastern U.S. All of our pulp grades are widely recognized for their consistency and functional properties.

5) Packaging Products

Integrated with paper supply from Biron Division, this full line box plant operates a high-speed corrugator and converting equipment to provide quality corrugated products to a wide variety of customers in the Midwest United States.

08 PACKAGING PRODUCTS CATEGORY

1) High Performance Corrugated Cardboard Products

Equipped with multiple advanced Germany's BHS and Italy's Fosber Pro/line corrugators, our high performance corrugated cardboard is 100% made by the Group's containerboard products. The Group produces Type A, C, B and E corrugated cardboard and triple to quintuple wall cardboard. Being highly tenacious and impact resistant, the products are suitable for producing high-end carton boxes and lining boards. The Group also caters to customers' needs to design and produce corrugated cardboard with special functionalities such as waterproof, moisture proof, and anti-counterfeiting.

2) High Performance Carton Box Products

The Group produces carton boxes with 1–7 colour water based printing. The products offer high resistance to compression and impact, and clear printing effect. All raw materials meet the latest environmental requirements and are suitable for the packaging of food, electronic appliances, industrial products and logistics purposes, etc. With advanced high-speed printing presses and equipment including fully automated flatbed die-cutting, combination stitcher/gluer machines, the Group is able to meet the diverse needs of customers.

CHAIRLADY'S REPORT

Forging ahead to navigate across the cycle Turning losses into profits

Cheung Yan Chairlady

Forging ahead to navigate across the cycle and turning losses into profits

During FY2024, the Chinese economy faced the triple pressure of shrinking demand, supply shocks and weakening expectations, which affected the rebound of sales in the packaging paper industry to a certain extent. Meanwhile, the overall supply of domestic packaging paper continued to expand, posing notable downward pressure on paper prices. Besides, the continued expansion of production capacity by the peers and the increasing supply of imported paper further added the supply pressure, putting the packaging paper industry under stress.

In the face of the complex situation, we proactively responded to these difficulties and challenges and successfully navigated across the cycle by pursuing progress amidst stability and promoting stability through making progress. We actively explored new profit growth points, optimized the product portfolio, and made expansion plan for high-value products to continuously boost our market share and strengthen our market competitiveness. The Group achieved a significant year-on-year growth of 18.3% in sales volume and a year-on-year increase of 4.9% in revenue for the financial year. We kept a close tab on the supply and prices of raw materials, while improving the supply chain to strengthen our ability to control the industrial chain. By striking a balance between production and sales and optimizing inventory management, we enhanced the efficiency of resource utilization. All these efforts contributed to the steady recovery and positive development of the Group's results for the financial year. Recording a substantial year-on-year growth of 273.2% in gross profit and significant year-on-year growth of 6.9 percentage points in gross profit margin, we eventually registered a successful turnaround from loss to profit.

Creating exemplary quality paper that embodies the characteristics of Nine Dragons Paper

The quality of packaging paper is closely related to that of raw materials, and good control at the source gives core impetus to precisely control costs and enhance product competitiveness. During the current financial year, we continued to promote the deployment of high-quality pulp production lines to improve resource security, ensure the quality of high-end products, and strive for premium pricing of products. As of the end of the financial year, the Group's production capacity for fibre raw materials amounted to 5.14 million tonnes, including production capacity of 2.38 million tonnes for wood pulp, 0.7 million tonnes for recycled pulp and 2.06 million

tonnes for wood fibre, effectively optimizing our fiber raw material structure, and strengthening our solid foundation and comprehensive competitiveness in the upstream industry chain.

In terms of products, Beihai base was officially put into operation in November 2023, with a production capacity of 1.35 million tonnes for virgin kraftliner and printing and writing paper, which boosted the paper production capacity of the Group to 21.67 million tonnes. We will adhere to the development path towards high value-added products and high effectiveness, and continue to promote value creation and profit growth. The Group is pressing on its capacity expansion projects with a total of 3.70 million tonnes of paper production capacity for bleached folding boxboard and, printing and writing paper to further enhance the product mix.

Nine Dragons Paper is one of the few paper-making enterprises in mainland China that is equipped with the advantage of a vertically integrated production chain, with its downstream packaging business effectively complementing the paper-making industry chain. While the market remained in a stage of recovery and adjustment during the financial year, the packaging business strived for the leading position against stiff headwinds, met the challenges with a high degree of flexibility, and precisely seized the market dynamics to provide one-stop and efficient packaging services to end-users, giving play to our excellent resilience for development and adaptability, and showcasing the strong competitiveness and strategic vision of Nine Dragons Paper.

Focusing our concerted efforts to promote high-quality development

Currently, under the complicated and volatile international situation, the competition in the industry remains intense, and the economy and consumer confidence have yet to fully recover. Nonetheless, we believe that with a series of policies gradually launched by the Chinese government to stabilize the economy, expand domestic demand and promote consumption, consumer confidence will be further boosted, which will in turn promote the growth of demand in the packaging paper industry. Amidst both challenges and opportunities, Nine Dragons Paper will focus its concerted efforts to forge ahead, increase profitability and fulfil high-quality and sustainable development. Stepping into the next financial year, our core strategies are as follows:

1. **Optimize the raw material structures — We will push ahead with the production capacity projects for wood pulp and alternative raw materials in full steam. While minimizing the procurement cost of recovered paper, we will ensure stable production quality;**

2. **Strengthen the core competitiveness of products — Putting efforts in effective and intensive product differentiation for higher premium pricing of products, we will continue to increase our market share by tapping high-end markets and precise positioning with excellent quality, so as to consolidate and enhance our position in the industry;**

3. **Increase the operating efficiency and effectiveness — We will adopt measures of cost reduction and efficiency enhancement in all aspects, streamline and optimize staffing structure. By closely monitoring the market price movements of raw materials, we will precisely control costs and maintain our competitiveness. We will maintain low-inventory operations in the long run and strengthen working capital management to ensure a robust cash flow; and**

4. **Pursue high-quality and sustainable development — Nine Dragons Paper is committed to achieving high-quality and sustainable development by developing a comprehensive management system, implementing green and low-carbon development, and ensuring safe, compliant and efficient operations.**

Last but not least, on behalf of all members of the Board, I would like to take this opportunity to express my sincere gratitude to all shareholders. I will closely work with all employees of Nine Dragons Paper to forge ahead with dedication, and remain committed to further boost the profitability. Thank you.

Cheung Yan
Chairlady

25 September 2024

BUSINESS ANALYSIS

Review of Operations

During the year under review, the Chinese economy faced the triple pressure of shrinking demand, supply shocks and weakening expectations with a sustained weakness in consumer confidence, which restrained the rebound of sales in the packaging paper industry to a certain extent. Meanwhile, the overall domestic supply of packaging paper continued to increase, posing notable downward pressure on paper prices. Besides, high interest rates in the United States and the weakening of the Renminbi, coupled with the continued expansion of production capacity by the peers and the continued increase in imported paper further added pressure on supply, putting the packaging paper industry under constant stress.

The Group proactively responded to these difficulties and challenges by pursuing progress amidst stability and promoting stability through making progress. Leveraging its excellent product quality and diverse product portfolio, the Group has a large, stable and diversified customer base, which contributed to the Group's significant year-on-year growth of 18.3% in sales volume and its year-on-year increase of 4.9% in revenue to RMB59,496.4 million for the year. We optimized the raw material structure, kept a close tab on the supply and prices of raw materials, and implemented refined production and sales management, inventory management and a range of cost reduction and efficiency enhancement measures to effectively strengthen the operating efficiency and cost control capabilities, thereby significantly improving the profitability of the Group. Recording a substantial year-on-year growth of 273.2% in the gross profit and significant year-on-year growth of 6.9 percentage points in the gross profit margin, we successfully navigated across the cycle and registered a turnaround from loss to profit during the year. In addition, we further improved the risk management system and kept working capital, cash flow and exchange rate fluctuation risks to minimum levels, solidifying the high-quality sustainable development of the Group.

During the year, a number of the Group's capacity expansion projects for paper production and raw materials have started production as scheduled. Among which, the new base in Beihai, Guangxi Zhuang Autonomous Region was also officially put into operation, which further expanded the Group's market coverage. As of 30 June 2024, the Group's total design production capacity for fibre raw materials amounted to 5.14 million tpa (wood pulp of 2.38 million tonnes, recycled pulp of 0.70 million tonnes and wood fibre of 2.06 million tonnes), and the total design production capacity for paper amounted to 21.67 million tpa, while the total annual design production capacity for downstream packaging plants amounted to 2.86 billion sq.m.

Capacity Expansion Plan

Leveraging the significant advantages of vertical integration of the supply chain resources, which include high-quality and sustainable raw material supply, an efficient paper production capacity and the synergy with downstream packaging business, the Group has been taking steady and progressive steps to push forward the strategy of integrated pulp and paper production. Aside from adding a production capacity of 3.05 million tonnes for wood pulp in Beihai, Guangxi Zhuang Autonomous Region and Jingzhou, Hubei Province, the Group also pressed on with capacity expansion projects for paper production in respect of bleached folding boxboard and printing and writing paper with a total production capacity of 3.70 million tonnes in Beihai, Guangxi Zhuang Autonomous Region and Jingzhou, Hubei Province. Upon completion of the above projects, the Group's total design production capacity for fibre raw materials will reach 8.19 million tpa (wood pulp of 5.43 million tonnes, recycled pulp of 0.70 million tonnes and wood fibre of 2.06 million tonnes), and the total design production capacity for paper will reach 25.37 million tpa. These projects would lay a solid foundation for further strengthening the Group's market competitiveness as well as improving its structural profitability in the future, reinforcing steady growth of the Group amidst the complex and volatile market.

The details of our latest plan for capacity expansion projects are as follows:

Capacity expansion project — wood pulp	New annual production capacity (million tpa)	Expected completion time
Beihai, Guangxi Zhuang Autonomous Region	(Chemical pulp) 1.10	Q3 of 2024
	(Bleached chemi-thermo mechanical pulp) 0.60	Q3 of 2024
Jingzhou, Hubei Province	(Chemical pulp) 0.65	Q2 of 2025
	(Bleached chemi-thermo mechanical pulp) 0.70	Q2 of 2025
Total	**3.05**	

Capacity expansion project — paper production	New annual production capacity (million tpa)	Expected completion time
Beihai, Guangxi Zhuang Autonomous Region	(Bleached folding boxboard)1.20	Q3 of 2024
	(Printing and writing paper) 0.70	Q2 of 2025
Jingzhou, Hubei Province (Phase II)	(Printing and writing paper) 0.60	Q1 of 2025
Jingzhou, Hubei Province (Phase III)	(Bleached folding boxboard) 1.20	Q2 of 2025
Total	**3.70**	

As of 30 June 2024, the Group employed a total of 25,410 full-time staff.

FINANCIAL REVIEW

Revenue

The Group achieved a revenue of approximately RMB59,496.4 million for FY2024, representing an increase of approximately 4.9% as compared with FY2023. The major contributor of the Group's revenue was still its packaging paper business, including linerboard, high performance corrugating medium and coated duplex board, which accounted for approximately 91.8% of the revenue, with the remaining revenue of approximately 8.2% generated from its printing and writing paper, high value specialty paper and pulp products.

The Group's revenue for FY2024 increased by approximately 4.9% as compared with FY2023, resulting from the net effect of the increase in sales volume of approximately 18.3% and the decrease in average selling price of approximately 11.4%. Revenue of linerboard, high performance corrugating medium, coated duplex board and printing and writing paper for FY2024 accounted for approximately 55.5%, 22.6%, 13.7% and 6.9% respectively of the total revenue, compared to 49.5%, 25.5%, 15.0% and 8.3% respectively in FY2023.

The Group's annual design production capacity in packaging paperboard, printing and writing paper, and high value specialty paper and pulp products as at 30 June 2024 was approximately 24.8 million tpa in aggregation, comprising approximately 13.4 million tpa of linerboard, approximately 3.7 million tpa of high performance corrugating medium, approximately 2.6 million tpa of coated duplex board, approximately 1.7 million tpa of printing and writing paper and approximately 3.4 million tpa high value specialty paper and pulp products. The four US mills capacity was approximately 1.3 million tpa, including approximately 0.9 million tpa of coated one-side, coated freesheet and coated groundwood grade for printing and writing paper and specialty paper products; and approximately 0.4 million tpa of recycled pulp and wood pulp.

The Group's sales volume reached approximately 19.6 million tonnes in FY2024, increased by approximately 18.3% as compared with 16.6 million tonnes in FY2023. The increase in sales volume was driven by approximately 3.0 million tonnes increase in China business.

The sales volume of linerboard, high performance corrugating medium and coated duplex board for FY2024 increased by approximately 32.9%, 3.1% and 4.3% respectively as compared with those in FY2023.

The majority of the Group's revenue continued to be realised from the China market, in particular from the linerboard, high performance corrugating medium and coated duplex board sectors. For FY2024, revenue related to China consumption represented 88.1% of the Group's total revenue, while the remaining revenue of 11.9% represented overseas sales to customers in other countries.

For FY2024, revenue from the Group's top five customers in aggregate accounted for approximately 6.4% (FY2023: 7.0%) of the Group's total revenue, with that to the single largest customer accounted for approximately 2.7% (FY2023: 3.5%).

Gross profit and Gross profit margin

The gross profit for FY2024 was approximately RMB5,711.5 million, an increase of approximately RMB4,181.3 million or 273.2% as compared with RMB1,530.2 million in FY2023. The gross profit margin increased from 2.7% in FY2023 to 9.6% in FY2024 mainly due to the decrease in the cost of raw materials being more significant than the decrease in the selling price of the products.

Selling and marketing costs

Selling and marketing costs increased by approximately 10.1% from RMB2,124.4 million in FY2023 to approximately RMB2,338.5 million in FY2024 which was mainly contributed by more geographical areas covered and cost incurred to promote sales and marketing to support new paper machines launched in Beihai of Guangxi Zhuang Autonomous Region and Selangor of Malaysia. The total amount of selling and marketing costs as a percentage of the Group's revenue slightly increased from 3.7% in FY2023 to approximately 3.9% in FY2024.

Administrative expenses

Administrative expenses decreased by approximately 16.6% from RMB2,577.0 million in FY2023 to approximately RMB2,150.1 million in FY2024 which was mainly contributed by tighten control of management and administrative costs as well as optimization of management personnel structure. As a percentage of Group's revenue, the administrative expenses decreased from 4.5% in FY2023 to approximately 3.6% in FY2024.

Operating profit/loss

The operating profit for FY2024 was approximately RMB2,645.1 million as compared with operating loss of RMB1,595.2 million in FY2023. The increase in operating profit for FY2024 was mainly due to the increase in revenue and in gross profit margin of the Group.

Finance costs — net

The net finance costs increased by approximately RMB306.8 million, or 27.2% from RMB1,126.8 million in FY2023 to approximately RMB1,433.6 million in FY2024. The increase in finance cost was mainly contributed by the increase in total borrowing from RMB56,773.3 million as at 30 June 2023 to RMB67,179.1 million as at 30 June 2024 to support the capacity expansion projects, mainly new bases constructed including Jingzhou of Hubei Province, Beihai of Guangxi Zhuang Autonomous Region and Selangor of Malaysia which contributed new production capacity for wood pulp and paper products during the year and in the coming one to two years.

Income tax expense/credit

Income tax expense for the FY2024 amounted to approximately RMB444.5 million as compared with income tax credit for FY2023 amounted to approximately RMB355.2 million.

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 qualify 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/loss

The profit attributable to equity holders of the Company amounted to approximately RMB750.7 million in FY2024 as compared to the loss attributable to the equity holders of the Company amounted to RMB2,383.4 million in FY2023, the profit attributable to the equity holder of the Company mainly attributable to the increase in revenue and in gross profit margin.

Working capital

The level of inventory as at 30 June 2024 increased by approximately 14.8% to approximately RMB10,169.3 million from RMB8,855.7 million as at 30 June 2023. Inventories mainly comprise of raw materials (mainly recovered paper, coal and spare parts) of approximately RMB6,303.8 million and finished goods of approximately RMB3,865.5 million.

In FY2024, raw material (excluding spare parts) turnover days increased to approximately 31 days as compared to 29 days for FY2023 while the finished goods turnover days increased to approximately 25 days as compared to 24 days for FY2023.

Trade and bills receivables as at 30 June 2024 were approximately RMB8,482.3 million, increased by approximately 90.2% from RMB4,460.1 million as at 30 June 2023, which was mainly contributed by the increase in bills receivables from RMB1,373.7 million as at 30 June 2023 to RMB4,948.0 million as at 30 June 2024. The increase in bills receivables as at 30 June 2024 mainly represented bank acceptance note with maturity period of 30 to 180 days and to recruit more customers with more geographical areas covered including but not limited to Jingzhou of Hubei Province and Beihai of Guangxi Zhuang Autonomous Region. During FY2024, the turnover days of trade receivables were approximately 20 days (2023: same).

Trade and bills payables were approximately RMB11,266.1 million as at 30 June 2024, increased by approximately 16.8% from RMB9,648.3 million in FY2023. The turnover days of trade payables were approximately 27 days for FY2024 as compared with 22 days for FY2023.

Liquidity and financial resources

The working capital and long-term funding required by the Group in FY2024 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 available financial resources as at 30 June 2024, the Group had bank and cash balances, short-term bank deposits and restricted cash amounted to approximately RMB10,730.1 million and total undrawn bank facilities of approximately RMB39,314 million.

As at 30 June 2024, the shareholders' funds were approximately RMB48,484.5 million, an increase of approximately RMB3,348.1 million or approximately 7.4% from that as at 30 June 2023 mainly due to in June 2024, the Company issued US$400 million 14.0% (equivalent to approximately RMB2,845 million) senior perpetual capital securities listed on the Singapore Exchange Securities Trading Limited with the aggregate net proceeds after transaction cost of US$397 million (equivalent to approximately RMB2,824 million).

Debts Management

The Group's outstanding borrowings increased by approximately RMB10,405.8 million from RMB56,773.3 million as at 30 June 2023 to approximately RMB67,179.1 million as at 30 June 2024 to support the capacity expansion plan of the Group. As at 30 June 2024, the short-term and long-term borrowings amounted to approximately RMB14,852.3 million and RMB52,326.8 million respectively, accounting for 22.1% and 77.9% of the total borrowings respectively.

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 30 June 2024, total foreign currency borrowings amounted to the equivalent of approximately RMB1,090.6 million and loans denominated in RMB amounted to approximately RMB66,088.5 million, representing approximately 1.6% and 98.4% of the Group's borrowings respectively.

Cost of borrowing

The effective interest rates of long-term borrowings and short-term borrowings both were stable at approximately 3.2% and 3.1% per annum as at 30 June 2024 and approximately 3.5% and 2.5% per annum as at 30 June 2023 respectively. The gross interest and finance charges (including interest capitalised but before interest income and exchange gains or losses on financing activities) increased to approximately RMB2,317.0 million in FY2024 from RMB2,035.8 million in FY2023.

Future Outlook

Looking ahead to the next fiscal year, we will encounter both opportunities and challenges. The United States is returning to cutting its interest rate after four years, while the Chinese government has launched a batch of policy measures to stabilize the economy, expand domestic demand and promote consumption. It is believed that with the intensive implementation of the relevant policies, consumer confidence will be further boosted by the combined efforts of all parties and the internal impetus of consumption, which will in turn promote the growth of demand in the packaging paper industry. Nonetheless, the competitive pressure of zero tariff on imported paper, the increased supply of new capacity from the peers, the necessarily gradual recovery of economic and consumer confidence, and the complex and volatile international situation have all added uncertainties to the current business environment. However, we firmly believe that the external factors such as the environmental trend of "replacing plastic with paper", the change in market demand arising from consumption upgrade of "replacing the old with the new", and fluctuations in raw material supply will further strengthen the Group's competitive advantages of the integrated pulp and paper production. This will not only facilitate us to increase the market share and consolidate our market position as an industry leader, but also lay a stronger foundation for the profitability of the Group.

The Group will strive to strike a proper balance between production and sales, and push forward its domestic and overseas raw material expansion plans in an orderly and steady manner. It will also strengthen technological innovation and resource integration to provide differentiated and high-quality products, and continuously increase the proportion of high value-added products. At the same time, the Group will implement cost reduction and efficiency enhancement measures in all aspects, adhere to prudent financial strategies and pursuing safe and green production, so as to achieve high-quality and sustainable development and maintain its robust profitability.

THE GROUP IN THE LAST FIVE YEARS

In millions of RMB

	For the year ended 30 June				
Consolidated Income Statements	**2024**	**2023**	**2022**	**2021**	**2020**
Revenue	59,496.4	56,739.4	64,538.1	61,574.1	51,341.2
Cost of goods sold	(53,784.9)	(55,209.2)	(57,546.2)	(49,883.2)	(42,313.9)
Gross profit	5,711.5	1,530.2	6,991.9	11,690.9	9,027.3
Other income/expenses and other gains, net	1,551.3	1,403.1	968.1	755.2	619.3
Exchange (losses)/gains on operating activities, net	(46.7)	172.9	(94.9)	(27.3)	(120.2)
Selling and marketing costs	(2,338.5)	(2,124.4)	(1,955.5)	(1,811.6)	(1,584.5)
Administrative expenses	(2,150.1)	(2,577.0)	(2,322.5)	(2,065.5)	(1,880.5)
Net impairment losses on financial Asset	(82.4)	—	—	—	—
Operating profit/(loss)	2,645.1	(1,595.2)	3,587.1	8,541.7	6,061.4
Finance income	135.2	162.1	187.6	123.5	126.3
Finance costs	(1,568.8)	(1,288.9)	(898.9)	(759.5)	(884.0)
Exchange gains/(losses) on financing activities, net	19.2	27.8	380.7	383.7	(149.3)
Share of results of associates and a joint venture	7.7	(31.8)	116.5	186.1	141.2
Profit/(loss) before income tax	1,238.4	(2,726.0)	3,373.0	8,475.5	5,295.6
Income tax (expense)/credit	(444.5)	355.2	(62.5)	(1,307.5)	(1,065.5)
Profit/(loss) for the year	793.9	(2,370.8)	3,310.5	7,168.0	4,230.1
Profit/(loss) attributable to:					
— Equity holders of the Company	750.7	(2,383.3)	3,275.4	7,101.1	4,168.5
— Holders of perpetual capital securities	21.7	—	—	—	—
— Non-controlling interests	21.5	12.5	35.1	66.9	61.6

	For the year ended 30 June				
Information of Cash Flows	**2024**	**2023**	**2022**	**2021**	**2020**
Net cash (used in)/generated from operating activities	(794.2)	6,924.5	3,030.5	2,516.8	8,948.7
Net cash used in investing activities	(12,656.0)	(17,424.0)	(12,321.5)	(5,635.6)	(4,507.1)
Net cash generated from/(used in) financing activities	13,666.2	11,136.5	8,920.6	7,629.5	(7,222.9)
Net increase/(decrease) in cash and cash equivalents	216.0	637.0	(370.4)	4,510.7	(2,781.3)

In millions of RMB

Consolidated Assets, Liabilities and Equity	As at 30 June 2024	2023	2022	2021	2020
Total assets	138,371.5	120,651.0	107,080.8	92,172.4	79,319.6
Inventories	10,169.3	8,855.7	12,170.1	8,214.5	5,245.7
Trade and bills receivables	8,482.3	4,460.1	4,951.1	6,365.5	4,596.7
Other receivables and prepayments	6,805.8	5,556.1	5,418.9	3,889.2	2,809.8
Financial assets at fair value through profit or loss	86.2	87.4	79.5	77.6	63.3
Tax recoverable	39.1	32.3	237.2	26.4	14.0
Short-term bank deposits	37.1	32.1	42.5	37.8	35.8
Cash and cash equivalents and restricted cash	10,693.0	10,430.8	9,722.2	10,107.5	5,655.1
Total current assets	36,312.8	29,454.5	32,621.5	28,718.5	18,420.4
Property, plant and equipment	95,462.9	86,557.2	70,669.7	60,198.5	58,532.6
Right-of-use assets	5,352.8	3,019.3	2,155.6	1,650.5	1,664.2
Intangible assets	286.8	300.2	312.3	313.1	287.8
Investments in associates and a joint venture	196.2	175.4	270.8	199.1	130.4
Deferred income tax assets	197.1	131.0	154.1	80.5	51.8
Prepayments	562.9	1,013.4	896.8	1,012.2	232.4
Total non-current assets	102,058.7	91,196.5	74,459.3	63,453.9	60,899.2
Total liabilities	89,887.0	75,514.6	59,575.5	45,776.7	38,523.2
Trade and bills payables	11,266.1	9,648.3	6,667.9	4,349.6	5,472.7
Other payables, lease liabilities and contract liabilities	5,057.5	4,808.0	3,891.0	2,614.1	2,503.4
Current income tax liabilities	33.1	22.2	253.3	380.4	586.7
Borrowings	14,852.3	13,592.5	7,379.3	16,587.6	7,926.2
Total current liabilities	31,209.0	28,071.0	18,191.5	23,931.7	16,489.0
Borrowings	52,326.7	43,180.7	36,861.7	17,523.3	18,361.3
Deferred income tax liabilities	4,499.2	4,157.6	4,414.8	4,199.4	3,554.6
Other payables and lease liabilities	1,852.1	105.3	107.5	122.3	118.3
Total non-current liabilities	58,678.0	47,443.6	41,384.0	21,845.0	22,034.2
Total Equity	48,484.5	45,136.4	47,505.3	46,395.7	40,796.4

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

REPORTING PRINCIPLES

Scope

Founded in 1995, the Group is currently the world's leading papermaking group and the leading enterprise for fully-integrated pulp and paper production with principal business focusing on the production and sales of various environmentally friendly packaging paper and high-end virgin paper (and paper products along its upstream and downstream industry chain), including linerboard (kraftlinerboard, testlinerboard, white top linerboard, coated linerboard, coated white cardboard and bleached folding boxboard), high performance corrugating medium, coated duplex board, greyboard, recycled printing and writing paper, gypsum board cover paper, specialty paper and pulp. Adhering to the philosophy of "No Environmental Management, No Paper Making", the Group uses recyclable paper as its major raw materials, committing itself to environmental protection, energy conservation and emission reduction.

In determining the scope of disclosure in the Group's Environmental, Social and Governance Report (the "Report") for FY2024, the Board of the Group mainly considered the proportion of production capacity of, and revenue from, each production base of the Group respectively. The Board of the Group believes that the environmental, social and governance related issues of the Group in FY2024 are properly reflected in the sustainable development initiatives and performance of the ten operating production bases of the Group in mainland China (namely Dongguan, Taicang, Chongqing, Tianjin, Quanzhou, Shenyang, Leshan, Tangshan, Jingzhou and Beihai bases) and one base in Vietnam during the period from 1 July 2023 to 30 June 2024 (the "Year" or "financial year").

Unless otherwise indicated, the Report does not cover the relevant data on the downstream packaging factories in mainland China because they only contributed to approximately 5% of the Group's revenue for the financial year. In addition, the data of the Group's bases in Malaysia and the United States are not included in the Report because they both only accounted for approximately 5% of the Group's overall annual production capacities respectively. The Board will continue to review the importance of such data and consider covering the relevant full-year data in our future reports.

As the base in Beihai, Guangxi has been put into operation since November 2023, it was included in the scope of disclosure for the Year. Apart from this, the remaining scope is consistent with that in the previous year's Report.

Reference Guideline

The Group has been disclosing its performance regarding environment, health and safety, human resources, corporate governance and social responsibility annually since FY2014. The preparation of the Report was with reference to the information commonly disclosed in the paper manufacturing industry and the ESG Reporting Guide in Appendix 27 of the Main Board Listing Rules on the Hong Kong Stock Exchange, and was complied with the mandatory disclosure requirement and the "comply or explain" provisions under the ESG Reporting Guide.

Working Group

The data and information in the Report was derived from the Group's internal documents, records and statistics. The Group's Environmental Protection & Energy Saving Department, Human Resources Department, Information Technology Department, General Management Department, Sales Department, Finance Department, Public Relations Department and Investor Relations Department have formed an inter-department working group to be responsible for the collection, statistics and consolidation of the data and information disclosed in the Report.

The Report has been confirmed and approved by the Board.

ESG Management Approach and Strategy of the Board

The Board of the Group and its five Board Committees (Executive Committee, Audit Committee, Remuneration Committee, Nomination Committee and Corporate Governance Committee) regularly monitor and review the Company's overall strategy, risk management, financial position, corporate governance, governance on environmental protection and other sustainability initiatives, etc.

The Group has implemented policies in relation to environmental protection and climate change. The management of climate-related issues has been incorporated into the terms of reference of the existing standing Board Committees, while the environmental risk factors have been included in the evaluation list of risk management and control of the Group. The Environmental Protection Department of the Group performs evaluation according to the list on a regular basis and the evaluation results will be submitted to the executive Directors for timely response. The Board may seek professional advice from external experts whenever necessary. The executive Directors of the Group are ultimately accountable for the climate-related issues.

The executive Directors and the supervisors of the Group's bases and functional departments are delegated by the Board to hold special meetings on sustainability issues (including ESG) regularly, so as to identify, assess, screen and prioritise issues that are material to the Group and, in turn, formulate strategy and implement specific plans in relevant aspects. The delegated department or working group shall be responsible for the execution of the finalized sustainability plans.

The persons-in-charge of the Group's major bases and departments hold management meetings with executive Directors at least every two weeks to report on business operation, including the progress on established environmental, social and governance goals. For instance, they report on the progress of energy saving projects, discharge reduction projects, fire drills arrangement, production safety projects and recruitment and training. They also optimize the relevant plans based on actual circumstances. The executive Directors will report material and high-risk issues to the Board for discussion and form project teams for follow-up actions if necessary.

EXAMPLES OF MATERIAL ISSUES

Social issues

- Poverty alleviation in the community
- Poverty alleviation through industry development
- Education-oriented poverty alleviation
- Disaster aid and relief

Talent and corporate governance

- Staff development, salaries and benefits
- Talent training
- Governance structure and transparency
- Anti-corruption policy
- Equal opportunities and female rights
- Privacy protection

Operation management

- Raw material and fuel supply management
- Supply chain management
- Financial risk management
- Consumer complaint

Safety, security and health

- Product safety and quality
- Production and fire safety
- Occupational health and safety
- Unexpected public health event

Environmental protection

- Environmental friendly production
- Waste treatment
- Waste reduction and recycling
- Greenhouse gas and wastewater emission
- Energy efficiency, carbon reduction and utilization of water resources
- Biodiversity
- Climate change

MAJOR SUSTAINABILITY RISKS AND RESPONSE STRATEGY

Risk	Analysis/example	Response strategy
Shortage of raw material supply	Since 2021, China has fully implemented the "Waste Import Ban" (禁廢令) to forbid foreign waste imports. As the Group's major raw material, recovered paper cannot be imported as well, which intensifies the risk of raw material shortage in the paper manufacturing industry.	• Fill the gap of imported recovered paper: Leveraging its strong procurement network, the Group has gradually increased the ratio of domestic recovered paper procured and used in the manufacturing process since 2018. Meanwhile, the Group has been expanding the production capacity of recycled pulp, wood pulp and wood fibre, so as to replenish the reserve of raw materials. • Expand product mix: Capitalizing on the capacity expansion for wood pulp, the Group developed premium products with high entry barriers and profitability, such as virgin kraftliner and bleached folding boxboard. In addition, in view of the quality of domestic recovered paper, the Group has launched the "River Dragon (江龍牌)" brand for low-end products to diversify revenue sources.
Significant fluctuations in raw material and fuel prices	Unexpected events and geopolitical instabilities may lead to significant fluctuations in the supply, price and transportation cost of raw materials and fuels, which may affect the production costs.	• The Group has strengthened the procurement network for raw materials and built up its production capacity of recycled pulp, wood pulp and wood fibre, hence increasing the self-sufficiency ratio of raw materials to better control the raw material costs. • The Group has entered into contracts for fixed supply or prices during the contract term with suppliers to mitigate the impacts of price volatility caused by emergencies.

Risk	Analysis/example	Response strategy
Structural change in product demand	China plans to forbid all production and sales of plastic packaging for delivery, plastic shopping bags and disposable plastic tableware by 2025 through the gradual implementation of the "Plastic Limit Order" (限塑令). Given their affordable price and light weight, paper products are certainly the best alternatives to plastic. The Group will lose market share if it fails to seize this major market opportunity in time.	• The Group plans to expand the production capacity for bleached folding boxboard in order to seize the opportunity arising from the "Plastic Ban Order". • With a focus on strengthening its technology innovation and R&D capability, the Group is enhancing the core technology for new products that are low-carbon and green.
Severe overcapacity in production	In order to seize market share, paper-making enterprises of varying sizes may build up their production capacity simultaneously, coupled with the import competition, resulting in a short-term production glut in the market which may in turn affect the selling prices of products.	• Subject to the tight supply of recovered paper in the market, solving the problems relating to raw material supply are regarded as the top priority of paper-making enterprises for the expansion of their production capacity. The Group is equipped with its own production capacity for alternative raw materials, such as wood pulp, enabling the production of high-end products with less market supply including virgin kraftliner, white top linerboard and bleached folding boxboard, thus enjoying stronger market competitiveness. • As the globally largest paper-making group in terms of production capacity and an integrated pulp and paper enterprise in China, the Group is benefiting from the economies of scale and stable customer base while ensuring the consistency in product quality, which enable it to retain customers, maintain bargaining power in determining the prices of products and market competitiveness.

Risk	Analysis/example	Response strategy
Unexpected public health event	Unexpected public health events (such as the Covid-19 pandemic) can pose considerable risks to the Group's employees, which are its most valuable asset. Furthermore, these events can have a significant impact on the market demand, production and operation. The overall supply chain and economy can also be impeded, hence affecting the product demands.	• The Group has been optimising its emergency and safety management mechanism, which allows it to respond to unexpected public health events in a timely manner. For example, in response to the outbreak of Covid-19 and Omicron, the Group formed the Covid-19 prevention and control group promptly, established various pandemic prevention mechanisms and safety measures, and offered special training on pandemic prevention knowledge for its staff, as well as organized employees to receive vaccination. As a result, it became one of the fastest manufacturers to resume production in the industry. • The Group will flexibly adjust its product mix in times of economic instability. For example, under the impact of the Covid-19 pandemic, the Group launched a sub-brand of the "River Dragon" brand in order to cater to the market demands.

Risk	Analysis/example	Response strategy
Operational risk	Natural disasters such as floods, typhoons, fires and earthquakes can be a threat to the Group's production and the safety of its employees.	• The Group formulates corresponding emergency plans based on the local climate of each of the plants in advance and conducts regular drills for activating the emergency response mechanism in extreme weather conditions. It also makes reasonable adjustments to the production plan to ensure the transportation of raw material and auxiliary materials as well as the normal operation of facilities, thereby minimising the adverse effect of climate change. Besides, it has purchased work injury insurance for all employees. • In terms of fires, the Group not only requires its staff to maintain strict compliance with the "Fire Safety Management Practices", but also forms its own firefighting team which conducts regular drills to prepare for fire emergencies.

Risk	Analysis/example	Response strategy
Financial risk	The Group will expand the production capacity of kraft pulp, recycled pulp and wood fibre as raw materials for production, and expand the capacity of high-end products. The Group's financial risks will increase along with its capital expenditure. Together with the intensified global inflation in recent years, the interests of loans have been increased.	• While the Group's exposure to rising gearing ratio will be driven by its capital expenditure plan in the short term, the Group has low cash flow risk and a controllable financial risk given its stable customer base and operating revenue base due to the close correlation between the paper manufacturing industry and the inelastic demand in the economy. • With the overwhelming support from major banks, the Group has entered into various syndicate loans. These loans can fully cover the Group's capital expenditure for production capacity expansion in the future and guarantee the sufficiency of working capital. • Despite the possible increase in the interest of bank loans resulting from high inflation, the Group can enjoy more favourable interest rates by maintaining its good relationship with various banks.
	In addition to the operating bases in China, the Group has similar facilities in the U.S., Malaysia and Vietnam. Moreover, it procures some of the raw materials and paper manufacturing equipment from overseas. Hence, it is exposed to certain exchange risks.	• The majority of the Group's operation is located in China and most of the transactions are settled in RMB. As the Group does not face material exchange risk, it does not have a hedge policy. • When deciding the currency of bank loans, the Group strikes a balance between the interest and exchange risk, and adjusts the proportion in a timely manner. The Group's loans are mainly denominated in RMB, with only a few bank loans denominated in EURO and other foreign currencies.

Risk	Analysis/example	Response strategy
Tightening of national environmental policy	China continued to adopt the general principle of green development and established more stringent standards for the paper manufacturing industry in promoting clean production, pollution and emission reduction, as well as technological advancement.	• The Group has obtained the "China Environmental Labelling Products" (中國環境標誌產品) certification and a number of international certifications for standardized management systems, such as the ISO 14001 Environmental Management System. • The Group keeps a close tab on international and domestic environmental policy and maintains higher standards. For example, we took the lead in establishing environmental incinerators in the industry, through which all solid wastes generated during paper production are converted into clean energy without external discharge. It also helps the local governments disposing a portion of industrial solid wastes, thereby contributing to the development of "zero-waste cities". In addition, two gas-fired units in Dongguan Base have been put into operation to enhance the application of clean energy.
Climate change	Extreme weather becomes more prevalent every year as a result of climate change. High temperature, chilly conditions, typhoons, drought, flooding and other extreme weather may affect the operation of supply chains in the paper manufacturing industry (including raw material supply, procurement, power generation, production facilities, and pollution prevention and treatment facilities).	• The Group has implemented policies to address the climate change risks, and adopted the governance structure under a comprehensive approach in respect of the oversight of relevant issues on climate change.

Sustainability Goal and Progress

FY2020 (base year)	FY2024 (progress)	FY2025 (goal)
Emission target and progress		
• Greenhouse gas intensity: 9,330 tonnes in CO_2 equivalent/ten thousand tonnes of paper	• Greenhouse gas intensity: 9,048 tonnes in CO_2 equivalent/ten thousand tonnes of paper	• Greenhouse gas intensity: <9,300 tonnes in CO_2 equivalent/ten thousand tonnes of paper
• Sulfur dioxide intensity: 0.94 tonnes/ten thousand tonnes of paper	• Sulfur dioxide intensity: 0.84 tonnes/ten thousand tonnes of paper	• Sulfur dioxide intensity: <0.84 tonnes/ten thousand tonnes of paper
• Nitrogen oxides intensity: 2.76 tonnes/ten thousand tonnes of paper	• Nitrogen oxides intensity: 2.61 tonnes/ten thousand tonnes of paper	• Nitrogen oxides intensity: <2.65 tonnes/ten thousand tonnes of paper
• Dust intensity: 0.16 tonnes/ten thousand tonnes of paper	• Dust intensity: 0.12 tonnes/ten thousand tonnes of paper	• Dust intensity: approximately 0.13 tonnes/ten thousand tonnes of paper
• Hazardous wastes intensity: 3.93 tonnes/ten thousand tonnes of paper	• Hazardous wastes intensity: 2.87 tonnes/ten thousand tonnes of paper	• Hazardous wastes intensity: <3.08 tonnes/ten thousand tonnes of paper

FY2020 (base year)	FY2024 (progress)	FY2030 (goal)
Clean and alternative energy		
• All bases in Mainland China have adopted coal-fired units	• Two gas-fired turbine units have been applied to Dongguan base	• The formation of an operation model with the use of various types of energy (gas-fired turbine units, coal-fired units, overall utilization of solid wastes, photovoltaic power generation and incineration of methane for power generation) simultaneously
• Utilization of solid waste as resources, which reduced standard coal of 0.37 million tonnes per annum	• Utilization of solid waste as resources, which reduced standard coal of 0.54 million tonnes per annum	• Utilization of solid waste as resources, which will reduce standard coal of over 0.55 million tonnes per annum
• The methane collection & treatment system can generate electricity and supply heat through incineration, hence substituted for some coal and reduced standard coal of 0.14 million tonnes per annum	• The methane collection & treatment system can generate electricity and supply heat through incineration, hence substituted for some coal and reduced standard coal of 0.208 million tonnes per annum	

FY2020 (base year)	FY2024 (progress)	FY2030 (goal)
Clean and alternative energy		
• The rooftop photovoltaic power generation project at Dongguan base has reduced standard coal of 2,000 tonnes per annum	• The rooftop photovoltaic power generation project at Dongguan base has reduced standard coal of 4,800 tonnes per annum	• The methane collection & treatment system can generate electricity and supply heat through incineration, hence will substitute for some coal and reduce standard coal of 0.25 million tonnes per annum • The rooftop photovoltaic power generation project at Dongguan base will reduce standard coal of over 4,800 tonnes per annum

FY2020 (base year)	FY2024 (progress)	FY2030 (goal)
Recycling of wastewater		
• Recycling rate of wastewater maintained at over 97.2%	• Recycling rate of wastewater maintained at over 97.3%	• Recycling rate of wastewater will be maintained at over 97.5%

FY2020 (base year)	FY2024 (progress)	FY2030 (goal)
Sustainability of raw materials		
• Recovered paper recycled amounted to over 14 million tonnes	• Recovered paper recycled amounted to over 14 million tonnes	• Recovered paper recycled will amount to over 16 million tonnes

FY2020 (base year)	FY2024 (progress)	FY2030 (goal)
Waste recycling		
• Commissioning qualified companies with operating license to conduct detoxification treatment for hazardous waste	• Commissioning qualified companies with operating license to conduct detoxification treatment for hazardous waste	• Commissioning qualified companies with operating license to conduct detoxification treatment

FY2020 (base year)	FY2024 (progress)	FY2030 (goal)
Employee safety		
• 40 incidents of injury or death	• 55 incidents of injury or death	• "Zero" injury or death

STAKEHOLDER GROUPS AND ENGAGEMENT

The Group values the engagement of and respects the sustainable relationship with each of its stakeholders including business partners, suppliers, clients, investors, regulators, employees and communities. All stakeholders may express their opinions to the Group through a variety of channels listed below to assist in identifying the existing room for improvement by the Group in environmental, social and governance. The opinions and information provided by all parties will be kept confidential and will not be disclosed to any third party.

EMPLOYEES

Engagement Channels

- "Chairlady Mailbox (董事長信箱)" established in each of the production bases
- The Company's internal specific email box for complaints
- Management biweekly meetings, quarterly meetings, half-yearly meetings and annual meetings, etc.

CUSTOMERS

Engagement Channels

- Customer visits by customer service team on a regular basis
- Customer satisfaction survey carried out quarterly
- Sales hotline, email and WeChat

Suppliers and business partners

Engagement Channels

- Service satisfaction survey conducted on a regular basis
- "Complaint Handling Guidelines (投訴處理指引)" attached in the commercial contracts entered into with external parties
- Notice board about the method of complaints placed at the loading and unloading site in respective production bases

INVESTORS AND SHAREHOLDERS

Engagement Channels

- Investor enquiry email
- Annual General Meeting and Special General Meeting
- Express their views through Investor Relations Department

GOVERNMENTS AND REGULATORS

Engagement Channels

- Regular communication with the relevant departments of the Company

MEDIA

Engagement Channels

- Media enquiry email

PUBLIC

Engagement Channels

- General enquiry email

ENVIRONMENT

Actively practising the national concept of ecological civilization of "Clear waters and green mountains are as valuable as mountains of gold and silver", the Group adheres to the corporate philosophy of "No Environmental Management, No Paper Making" and deems environmental protection as the key to maintaining vitality of the enterprise.

The Group advocates the sustainable circular economic model of "Reduce, Reuse and Recycle as Resources". We not only use recovered paper as our major raw materials for paper manufacturing to reduce deforestation significantly, but also continuously step up the efforts in environmental protection by implementing various environmental protection regulations and introducing environmental protection facilities in different production stages so as to ensure our various emission and energy consumption indices outperform government standards.

As the environmental pioneer to establish environmental incinerators in the industry, the Group, on the one hand, converts all solid wastes generated during the process of paper manufacturing into clean energy without external discharge, and, on the other hand, helps disposing some of the industrial solid wastes for the local governments, thereby contributing to the development of "Zero-waste Cities" (無廢城市). In addition to obtaining the ISO14001 certification for environmental management and certification for clean production, our production bases have been rated as "Environmentally Credible Enterprise" (環保誠信企業), "Environmental Management Demonstration Enterprise" (環境管理示範企業), "Green Factory" (綠色工廠), an "Environmentally Friendly Enterprise in the PRC's Paper Industry" (中國造紙工業環境友好企業), "Hong Kong–Guangdong Cleaner Production Excellent Partners" (粵港清潔生產優越夥伴), "Advanced Enterprise in Environmental Protection of 2023" (2023年度環境保護先進單位) by local environmental authorities for several years and awarded a corporate winner in the "Energy Conservation and Discharge Reduction Contest for the National Paper-making Industry" (全國造紙行業節能減排達標競賽優勝企業).

THE GROUP'S ENVIRONMENTAL POLICIES ARE AS FOLLOWS:

- Adopting the environmental management system as indicators in daily operations.
- Improving employees' environmental awareness and providing relevant training on a regular basis.
- Considering environmental factors in procurement policies.
- Encouraging employees, suppliers, customers and other stakeholders to realise environmental protection.
- Formulating environmental measures with higher standards than those required by regulations.
- Setting environmental protection goals relating to energy conservation and emission so as to achieve sustainable development.

Allocation of capital expenditure for environmental facilities

During the Year, the Group's capital expenditure on the addition and upgrade of environmental facilities in various bases exceeded RMB1,600 million. Such facilities included the second gas-fired turbine unit built in Dongguan Base to increase the usage of clean energy, newly built facilities such as desulfurization, denitrification and dust removal facilities as well as boilers for overall utilization of solid wastes at sewage treatment plants and thermal power plants in Jingzhou Base in Hubei and Beihai Base, technological upgrade enabling coal-free combustion in the incinerators in Tianjin Base, and energy-saving transformation of the thermal power units of the paper machines in Quanzhou Base. Each base continued to set up and improve the treatment capacity of sewage treatment plants, such as the addition of sewage anaerobic IC facilities.

Impact of the production capacity and production volume on emissions and energy consumption

Both production volume and the commissioning work needed for the trial production of the new paper machines would affect the total emission and total energy consumption of various types of emission. In all, the newly added paper, wood pulp and wood fibre production capacity amounted to 1.65 million tonnes, 0.2 million tonnes and 0.2 million tonnes during the Year, respectively. Among them, Beihai Base in Guangxi was officially put into use during the Year with various new production lines commencing production. In terms of production volume, the paper production volume increased by approximately 3.49 million tonnes or 22.1% year-on-year during the Year.

Production volume for FY2024 increased by approximately 4.60 million tonnes as compared with that of FY2020, representing a compound annual growth rate of 7.1%.

Impact of the "Waste Import Ban" on water consumption and emissions

With the implementation of the "Waste Import Ban" (禁廢令), since 2021, imported recovered paper, the major raw material of the Group, was also prohibited from import, which has intensified the risk of raw material shortage in the paper manufacturing industry. In order to solve the problem of raw materials, apart from increasing the ratio of domestic recovered paper used in the paper manufacturing process, the Group also beefed up the capacity of kraft pulp, recycled pulp and wood fibre for its own use, so as to replenish the reserve of raw materials. Generally, domestic recovered paper has a higher level of impurity as compared to imported recovered paper, resulting in a higher risk of breaking of paper during the production. Hence, paper manufacturing with the use of domestic recovered paper has also caused an increase in emissions.

Moreover, the water and electricity used as well as emission during the course of production of kraft pulp will also be higher than that of paper manufacturing with the use of recovered paper, and the water and electricity consumption as well as the emission level varied depending on the types of pulp produced. The Group continued its deployment plans of downstream wood pulp and wood fibre. As such, total water consumption and emissions increased accordingly. Nonetheless, the Group's new integrated pulp and paper production base will be equipped with the most up-to-date and most advanced equipment, which will facilitate the control over emissions to a certain extent. In addition, the operation mode of integrated pulp and paper production will also be able to reuse some of the water resources, which will make greater contribution to pollution abatement and carbon reduction as compared to production bases adopting the operation mode of separating pulp and paper production, hence reducing the intensity of emissions of the Group.

A1. EMISSIONS

Upholding the principle of green development, energy conservation and emission reduction, the Group monitors its emissions in strict compliance with regulations such as "Environmental Protection Law of the People's Republic of China" (《中華人民共和國環境保護法》), "Air Pollution Prevention and Control Law of the People's Republic of China" (《中華人民共和國大氣污染防治法》), "Emission Standard of Air Pollutants for Thermal Power Plants" (《火電廠大氣污染物排放標準》), "Water Pollution Prevention and Control Law of the People's Republic of China" (《中華人民共和國水污染防治法》), "Discharge Standard of Water Pollutants for Pulp and Paper Industry" (《製漿造紙工業水污染物排放標準》) and "Law on the Prevention and Control of Environmental Pollution By Solid Waste of the People's Republic of China" (《中華人民共和國固體廢物污染環境防治法》). The Group has well-established emission monitoring and management system, including 24-hour online monitoring, or commissions third party institutions with China Metrology Accreditation (CMA) to regularly collect data for statistical analysis.

Internationally Leading Gas Treatment Facilities and Enclosed Coal Storage Domes

Each of the production bases of the Group has its own heat and electricity boiler to provide steam and electricity for production lines. Currently, coal serves as its major energy source. The adoption of circulating fluidized bed boilers enables reduction in nitrogen oxide at source. For the treatment of exhaust gas, the Group adopts the state-of-the-art and highly efficient desulfurization process (limestone injection and oxidized magnesium wet scrubber at the end), "two-tier dust removal process (electrostatic bag filter), low-nitrogen combustion and SCR/SNCR denitrification" processes. Through these processes, we have achieved a desulfurization efficiency ratio of over 95%, a denitrification efficiency ratio of over 85% and a dust removal efficiency ratio of over 99.95%. This reduces the generation and emission of pollutants in the flue gas, ensuring various indicators of flue gas outperforming the relevant national emission standards.

Since 2016, the Group has been gradually upgrading and adding ultra-clean facilities, such as the adoption of the latest wet electrostatic precipitating technology to the boilers in an active approach, so as to further reduce dust emission. Currently, boilers of the Group that have undergone ultra-low emission upgrade in accordance with the requirements of national policies have met the national standard of ultra-low emission (with the emission of SO_2 maintaining below 35mg/m^3, NOx below 50mg/m^3 and dust below 10mg/m^3), thus effectively improving the quality of the environment.

The Group is the pioneer in the industry in constructing fully automatic and enclosed coal storage domes, which can effectively avoid fugitive dust pollution during the loading, transportation and storage of coal, thereby offering better protection for the surroundings and further improvements to the working and living environment of our staff.

Clean Energy and Emissions

Global warming and greenhouse effect have become urgent issues to be solved around the globe, and the Chinese Central Government has put forward the goal of realising carbon neutrality by 2060. In response to national and local policies, the Group introduced gas-fired turbine units in its largest production base nationwide (Dongguan base). The two gas-fired turbine units have been put into operation. Looking forward, an operation model that deploys various types of energy simultaneously will be formed, including gas-fired turbine units, coal-fired units, overall utilization of solid wastes, photovoltaic power generation, and incineration of methane for power generation. This will help to gradually lower consumption of coal resources and water resources as well as discharge of pollutants, and reduce the use of coal transport vehicles and chemicals.

In order to enhance the utilization of natural gas, the Group has established a professional energy operation team and successfully obtained the right of use for infrastructure such as national pipeline network, receiving stations, etc. The Group has also entered into cooperation relationship with major domestic energy companies and overseas suppliers.

Geopolitical situation and national policies will affect the fuel supply, and in turn the fuel price and emissions. The Group aims to not only maintain a cost-effective production, but also ensure that the intensity of greenhouse gas emission meets the standards set by the Ministry of Ecology and Environment. The Group will strive for successive reduction in annual greenhouse gas emissions, even if it has achieved satisfactory results in this respect.

During the Year, each emission indicator of the Group's emissions and greenhouse gases outperformed national or regional standards. As a result of the significant increase in production volume during the Year, the total greenhouse gas emission increased by 24.9% year-on-year, but its intensity decreased by 0.1% year-on-year. During the Year, the Group continued to improve the control of pollutants. Therefore, SO_2 intensity decreased by 2.3% year-on-year, while the intensity of dust and NOx remained similar to that of last year.

Greenhouse gas emission	FY2024	FY2023	FY2020	Comparison of FY2024 with FY2023 (%)	Average compound annual rate of change from FY2020 to FY2024 (%)
Total emission (tonnes in CO_2 equivalent)	**16,998,070**	13,612,503	13,547,004	**+24.9%**	+5.8%
— Direct (scope 1) emission	**16,228,463**	13,025,319	/	**+24.6%**	/
— Indirect (scope 2) emission	**769,607**	587,184	/	**+31.1%**	/
Intensity (tonnes in CO_2 equivalent/ten thousand tonnes of paper)	**9,048**	9,061	9,330	**–0.1%**	–0.8%
— Direct (scope 1) emission	**8,631**	8,670	/	**–0.4%**	/
— Indirect (scope 2) emission	**417**	391	/	**+6.6%**	/

Note: The statistics on direct (scope 1) and indirect (scope 2) emission in FY2020 have not been prepared separately.

Type of emission	FY2024	FY2023	FY2020	Comparison of FY2024 with FY2023 (%)	Average compound annual rate of change from FY2020 to FY2024 (%)
Sulfur dioxide (SO_2) intensity (tonnes/ten thousand tonnes of paper)	**0.84**	0.86	0.94	**–2.3%**	–2.8%
Nitrogen oxides (NOx) intensity (tonnes/ten thousand tonnes of paper)	**2.61**	2.62	2.76	**–0.4%**	–1.4%
Dust intensity (tonnes/ten thousand tonnes of paper)	**0.12**	0.12	0.16	**0%**	–6.9%

Advanced Wastewater Treatment Facilities

The Group adopts internationally leading production technologies for paper making to control the volume of wastewater generated at source. Each of the production lines is installed with an advanced water recycling system which effectively reduces a large amount of wastewater generated and discharged.

The Group continued to optimize the wastewater treatment facilities installed at each production base, and enhanced the processing capacity of core facilities such as anaerobic IC and aeration tanks, contributing to the stability in the quality indicators of discharged water. In addition, at the end of the wastewater treatment process, we upgraded to a "five-stage water treatment process (physical + IC anaerobic + aerobic + Fenton advanced treatment + sand filtration)", which is more effective in filtering sewage as compared to the "four-stage water treatment process (physical + IC anaerobic + aerobic + Fenton advanced treatment)" used previously.

A large amount of methane produced during the anaerobic biological treatment of wastewater could also be transmitted to the boiler for heat and electricity generation as a clean energy after biological desulfurization.

However, since alternative raw material projects including wood pulp production line and wood fibre have been newly launched in certain production bases during the Year, water consumption inevitably increased and wastewater treatment will be more difficult as compared to papermaking by only using recovered paper. During the Year, although our various indicators of discharged water still outperformed the national standard of "Discharge Standard of Water Pollutants for Pulp and Paper Industry" (《製漿造紙工業水污染物排放標準》) (GB3544–2008) and the discharge standards of regions where our production bases are located, intensity of chemical oxygen demand (COD), suspended solids (SS), ammonia nitrogen, total nitrogen, biological oxygen demand, chromaticity and pH value basically remained flat as compared with last year.

Discharged water indicators	FY2024	FY2023	FY2020	Comparison of FY2024 with FY2022 (%)	Average compound annual rate of change from FY2020 to FY2024 (%)
Chemical oxygen demand (COD) (tonnes/ten thousand tonnes of paper)	**3.33**	3.27	3.05	**+1.8%**	+2.2%
Ammonia nitrogen (tonnes/ten thousand tonnes of paper)	**0.10**	0.10	0.10	**0%**	0%
Suspended solids (SS) (tonnes/ten thousand tonnes of paper)	**0.60**	0.60	0.58	**+0%**	+0.9%
Total nitrogen (tonnes/ten thousand tonnes of paper)	**0.54**	0.53	0.52	**+1.9%**	+0.9%
Biological oxygen demand (BOD) (mg/L)	**10.06**	10.04	10.53	**+0.2%**	−1.1%
Chromaticity (times)	**10.00**	10.10	9.97	**−1.0%**	+0.1%
pH value	**6.40**	6.60	6.71	**/**	/

Solid Waste Disposal

The hazardous wastes and non-hazardous wastes generated by the Group shall be in compliance with the "Solid Waste Pollution Prevention and Control Law of the People's Republic of China" (《中華人民共和國固體廢物污染環境防治法》). For hazardous wastes, the Group carries out standardized management in strict compliance with the national management requirements in relation to hazardous waste, with measures including identifying hazardous waste in our plant area in accordance with the "Directory of National Hazardous Wastes" (《危險廢物名錄》), setting up standardized warehouses in plant area for the storage of hazardous waste and commissioning qualified companies with the operating license for disposal of hazardous waste to conduct detoxification treatment.

Since as early as 2003, being the first of its kind, the Group has developed in-house environmentally friendly industrial waste incinerators and sludge drying equipment, to effectively manage its solid wastes. Advanced exhaust gas treatment equipment, SNCR denitrification facilities, semi-dry desulfurization facilities, two-stage bag dust removal facilities and activated carbon absorption facilities are utilized in incinerators, while emission monitoring units are installed to ensure real-time online monitoring of exhaust gas emission.

In order to enhance our overall utilization rate of solid wastes, we reuse all pulp wastes generated in paper manufacturing in the paper-making workshops and incinerate all waste residues generated in paper manufacturing after selection, which can generate steam and electricity for production. The water content in sludge is less than 40%, which is an achievement from our research and development as well as continuous promotion and application of the overall utilization techniques of paper making, sludge drying and incineration, at the same time successfully incinerating sludge generated from wastewater treatment through the frame membrane filter drying process. This does not only reduce secondary pollution, but also turns all dried sludge into renewable fuel, thus saving a large amount of coal and realizing recycling and zero discharge of sludge.

We also sell other solid wastes such as waste coal ashes in the power plants and boiler slag to qualified companies which use such wastes as construction materials.

During the Year, both hazardous wastes and non-hazardous wastes discharge by the Group outperformed national or regional standards. The total volume of hazardous wastes registered a year-on-year increase of 13% and the intensity of hazardous wastes reduced by 8.0%; while the total volume and intensity of non-hazardous wastes increased by 29.4% and 5.4%, respectively, mainly due to the higher volume of non-hazardous wastes such as white mud, green mud and sawdust generated as a result of the wood pulp production line projects being put into operation in some of the bases during the year.

Looking ahead, the Group will continue to put efforts from the source to reduce the purchase of raw materials and supporting materials which would produce hazardous wastes.

Solid wastes	FY2024	FY2023	FY2020	Comparison of FY2024 with FY2022 (%)	Average compound annual rate of change from FY2020 to FY2024 (%)
Total volume					
Hazardous wastes (tonnes)	**5,290**	4,680	5,711	**+13%**	−1.9%
Non-hazardous wastes (tonnes)	**4,504,358**	3,481,596	2,781,322	**+29.4%**	+12.8%
Intensity					
Hazardous wastes (tonnes/ten thousand tonnes of paper)	**2.87**	3.12	3.93	**−8.0%**	−7.6%
Non-hazardous wastes (tonnes/ten thousand tonnes of paper)	**2,441**	2,317	1,915	**+5.4%**	+6.3%

A2. USE OF RESOURCES

Forest in the City

"There is no waste on this planet, only misplaced resources". The Group has confirmed its general approach to upholding scientific development, green development and using recovered paper for paper making since its establishment.

Among all raw material we used in our products, recovered paper accounted for the most substantial portion. With the completion of the large-scale recovered paper recycling in paper manufacturing, we also recycled and reused various wastes generated during our production processes through research and development, technology upgrades as well as equipment enhancement. We have recycled and reused over 14 million tonnes of recovered paper during the financial year, representing a year-on-year increase mainly due to the increase in the production volume during the financial year.

ENERGY CONSERVATION

For energy consumption, each production base of the Group has its heat and electricity boiler in place to generate steam and electricity for its production lines with coal as the major energy source. Meanwhile, the Group is committed to employing a series of initiatives to reduce use of coal and energy consumption.

Five Major Measures for Reduction of Coal and Energy Consumption

01

General energy-saving measures

- Formulate plans for research, development and upgrade of energy-saving technologies
- Eliminate equipment with high energy consumption, including replacing less efficient motors with variable-frequency motors, upgrading drum pulpers and wind turbines and eliminating certain lightings and refrigerating equipment
- Energy-saving lights are used in the office and lights of different zones are controlled with individual switches. Air-conditioning is constantly set at over 26 degrees Celsius

02

Utilization of solid waste

- Development of in-house environmentally-friendly industrial waste incinerators since as early as 2003, being the first of its kind
- Utilizing non-hazardous wastes generated from paper production, namely light slag and dehydrated sludge of sewage treatment plants as resources, which significantly reduces waste discharge
- Heat and electricity generated from incineration of solid substances is utilized for paper production
- Standard coal of 0.54 million tonnes was reduced during the Year

03

Photovoltaic Power Generation Project

- In response to the call of the government, Dongguan base established a rooftop photovoltaic power generation project since 2017, being the first of its kind
- Currently, photovoltaic power plant with an installed capacity of 17MW has been completed and put into operation. Standard coal of 4,800 tonnes was reduced during the Year

04

Methane Collection & Treatment System

- Continuous technological upgrades since 2008, including the introduction of methane desulfurization devices
- Methane generated from sewage treatment plants is incinerated for electricity and heat supply to substitute for some coal
- Standard coal of 0.208 million tonnes was reduced during the Year

05

Introduction of gas-fired turbine units

- The construction of the second gas-fired turbine unit in the Dongguan base has been completed and an operation model that deploys various types of energy simultaneously will be formed in the future, including gas-fired turbine units, coal-fired units, overall utilization of solid wastes, photovoltaic power generation, and incineration of methane for power generation. This will help to gradually lower consumption of coal resources

During the Year, each of the Group's energy consumption indices outperformed national or regional standards. On a year-on-year basis, the total consumption of coal, steam and electricity increased by 27.2%, 21.4% and 21.9%, respectively; the intensity of coal increased by 3.8%, while the intensity of steam and electricity decreased by 1.2% and 0.9%, respectively, which was mainly due to the establishment of wood fibre and wood pulp production line projects in certain production bases, leading to a higher intensity of coal. Benefitted from the adoption of a series of effective energy-saving policies such as the natural gas and heat power co-generation project, the photovoltaic power generation project, the technological upgrade project in relation to the pulp grinding system of the production line, the incineration and overall utilization of external solid wastes as well as staggering electricity usage, the overall energy consumption index still remained at a low level.

Energy	FY2024	FY2023	FY2020	Comparison of FY2024 with FY2022 (%)	Average compound annual rate of change from FY2020 to FY2024 (%)
Total consumption					
Coal (tonnes of standard coal)	**5,567,834**	4,378,427	4,603,849	**+27.2%**	+4.9%
Steam (tonnes)	**28,064,047**	23,119,182	22,389,831	**+21.4%**	+5.8%
Electricity (kWh)	**10,175,662,276**	8,346,515,088	8,226,312,893	**+21.9%**	+5.5%
Intensity					
Coal (tonnes of standard coal/tonnes of paper)	**0.302**	0.291	0.317	**+3.8%**	−1.2%
Steam (tonnes/tonnes of paper)	**1.521**	1.539	1.54	**−1.2%**	−0.3%
Electricity (kWh/tonnes of paper)	**551**	556	567	**−0.9%**	−0.7%

CONSERVATION OF WATER RESOURCES

Recycling of Rainwater

The Group attaches great importance to water resources and endeavors to reduce water resources consumption in every production stage. We perform regular inspection on water supply facilities to prevent leakage. Water used in the course of production is obtained from rivers in the vicinity of the production bases upon government's approval, which reduces the impact on drinking water resources.

The Group dedicated more effort in recycling of rainwater. In view of the characteristics of heavy rainfall during summer of the South China regions, the Group formulated special plans for the establishment of rooftop rainwater collection systems in bases located in regions such as Dongguan, Quanzhou, Hubei and Beihai. Approximately 10,000 m^3 of rainwater can be recycled per day when there is sufficient rainfall. The rainwater collected is redirected into paper-making workshops for reuse.

Maintaining high water recycling rate

Each of the Group's paper-making machines is installed with an advanced water recycling system, through which the reuse of tail-end wastewater has been increased and the processed wastewater was reused at the source of production, hence maintaining a high utilization rate of the water recycling system and recycling rate of wastewater. During the Year, the recycling rate of wastewater is maintained at a high level of 97.3%, and the volume of reused reclaimed water reaches 17.88 million m^3.

- Approximately 10,000 m^3 of rainwater can be recycled per day when there is sufficient rainfall

- The volume of reused reclaimed water reaches 17.88 million m^3

- The recycling rate of wastewater is 97.3% and is targeted to surpass 97.5%

The implementation of the "Waste Import Ban" has posed new challenges for the water consumption and emissions of the packaging paper industry *(for details, please refer to sub-sections headed "Impact of the production capacity and production volume on emissions and energy consumption" and "Impact of the 'Waste Import Ban' on water consumption and emissions" in the "ENVIRONMENT" section in this report)*. With various self-produced wood pulp, recycled pulp and wood fibre projects being put into production during the Year, the total water consumption for the Year increased by 22.7%, while the average water consumption per tonne of paper remained flat.

Looking forward, the Group will continue to enhance the utilization rate of front-end wastewater by carrying out the upgrade of its water-saving facilities, and optimize the operation of wastewater treatment facilities with a view to enhancing the recycling rate of tail-end reclaimed water, thereby reducing the consumption of clean water with this two-pronged approach.

Water resources	FY2024	FY2023	FY2020	Comparison of FY2024 with FY2022 (%)	Average compound annual rate of change from FY2020 to FY2024 (%)
Total water consumption (tonnes)	**103,869,183**	84,662,296	82,329,938	**+22.7%**	+6.0%
Average water consumption (tonnes/tonne of paper)	**5.6**	5.6	5.7	**0%**	–0.4%
Recycling rate of wastewater (%)*	**97.3**	97.2	97.2	**+0.1%**	0.0%

* Estimated value

Packaging Materials

Paper is the Group's major packaging material. Due to the needs for moisture proof packaging of certain products or regions, the Group had to use a small amount of plastics packaging. The Group strives to reduce unnecessary usage by properly handling the materials and adopting light-weight packaging.

During the Year, the total volume of major packaging materials increased by 43%; while the intensity of major packaging materials increased by 12.7%, which is mainly attributable to the increase in production volume and the increase in packaging used per unit of product as a result of the moderate increase in packaging thickness to meet customers' requirements for product packaging. The Group only uses packing rope and uses no plastics or paper packaging materials if possible. Even in cases where the use of paper packaging materials is necessary, only lightweight paper will be used as the packaging materials.

Major packaging material	FY2024	FY2023	FY2020	Comparison of FY2024 with FY2022 (%)	Average compound annual rate of change from FY2020 to FY2024 (%)
Total consumption (tonnes)	**12,555**	8,778	10,259	**+43.0%**	+5.2%
Paper	**10,095**	6,960	8,319	**+45.0%**	+5.0%
Plastics	**2,460**	1,818	1,940	**+35.3%**	+6.1%
Intensity (tonnes/ten thousand tonnes of paper)	**6.58**	5.84	7.35	**+12.7%**	–2.7%
Paper	**5.29**	4.63	5.96	**+14.3%**	–2.9%
Plastics	**1.29**	1.21	1.39	**+6.6%**	–1.8%

A3. ENVIRONMENT AND NATURAL RESOURCES

Green products

The Group always encourages technological innovation as well as the research and development of green products. We continuously innovate and upgrade our products and support the research and development of light-weighted and high-performance products, including testlinerboard, light weight high performance corrugating medium, recycled printing and writing paper, recycled corrugating medium, unbleached linerboard, white top linerboard, coated duplex board and coated white top linerboard. This series of environmentally friendly product with strong edge in resource conservation is leading the development of light-weighted paper packaging.

Awards, Recognition and Certification

Recognitions for environmental performance

"Green Factory" rated by the Ministry of Industry and Information Technology of the PRC (由國家工業和信息化部評為「綠色工廠」)

"Environmental Management Demonstration Enterprise" (環境管理示範企業)

"Energy Efficiency Benchmarking Leader in Guangdong Province" (廣東省能效對標領跑者單位)

Corporate winner in the "Energy Conservation and Discharge Reduction Contest for the National Paper-making Industry" (全國造紙行業節能減排達標競賽優勝企業)

"Environmental Credible Enterprise (Green Label)" (環保誠信綠牌企業)

"Hong Kong-Guangdong Cleaner Production Excellent Partners" (粵港清潔生產優越夥伴)

Certifications

"China Environmental Labelling Product" certification

Various certifications under international standardized management systems, including ISO 9001 certification for quality management systems, ISO 14001 certification for environmental management systems, ISO 45001 certification for occupational health and safety management systems and SA 8000 certification for social responsibility management systems

All bases of the Group were granted relevant certificates by the FSC™, including the ten paper manufacturing bases in Mainland China, the Vietnam base, the Malaysia base and the US base

Impact on Natural Resources and the Environment

The Group mainly produces paper with recovered paper. It is estimated that 1 tonne of recovered paper produces approximately 0.8 tonne of finished product of paper. Therefore, in comparison with paper-making solely with kraft pulp, it can save wood of 3 to 4 cubic meters, standard coal of approximately 1.2 tonnes, electricity of 600 kWh and water of over 100 tonnes. Recovered paper recycled by the Group amounted to over 14 million tonnes during the Year, which significantly reduced logging and consumption of water resources and energy, thereby reducing waste discharge and relieving the burden of the environment.

How to solve the problem of odor in the plant area?

The Group have adopted the advanced anaerobic IC treatment technology in the treatment of wastewater generated from paper production, through which the organic substances in wastewater can be decomposed by anaerobic microorganisms;

We collect the methane generated from the process as clean energy to be incinerated in boilers;

Concerning the odor generated from various pools in sewage treatment plants, including acidification pools, thickening pools, aeration tanks and primary sedimentation tanks, we implement tank topped-out and ventilation to the odor source, and carry out biological treatment and alkaline sprinkling cleaning treatment of the odor, or send it to boilers for incineration.

How to deal with the problem of noise emission?

We ensure that the Group's noise emission is in compliance with the national "Emission Standard of Noise for Industrial Enterprises at Boundary" (《工業企業廠界環境噪聲排放標準》) (GB12348–2008);

We have installed acoustic insulation panels and mufflers for equipment that produce heavy noise, and set up noise-insulated control rooms in the workshops at paper manufacturing bases and packaging bases to prevent staff from working under high noise levels for prolonged hours;

Noise protection devices, such as earplugs, are provided and employees are required to wear them during inspection around the workshops;

We also conduct noise monitoring around the plant area on a regular basis, and actively communicate with local residents, so as to minimize the impact on their daily life.

Advocacy of Transparent Management

To ensure open and transparent environmental information, we have set up an LED display screen at the main entrance of our plant area and displayed key environmental data for the paper manufacturing industry to the public, such as sulphur dioxide and COD, which is monitored in real time by local environmental authorities via intranet.

Establishment of Environmental Protection Management System

A range of systems including a centralized control system on environmental protection, an operational management ledger, and a ledger for facilities and equipment inspection and maintenance;

The centralized control system on environmental protection incorporates the core environmental protection equipment, process operation parameters and online monitoring data into the environmental protection SMS alarm platform, so as to maintain 24-hour online monitoring of the environmental protection operation condition of all bases of the Group;

The Environmental Protection & Energy Saving Department conducts statistical analysis on data on a monthly basis.

Biodiversity

Nature is our treasure. Water, air, trees and minerals are necessary and fundamental for economic development and business operation, and also the indispensable and essential resources during the manufacturing process of the paper industry. Biodiversity refers to the variety of species of plant and animal that supports the stable operation of the ecosystem and is highly correlated to human existence and economic development. The Convention on Biological Diversity (the "Convention") was adopted in the Earth Summit held in Rio de Janeiro in 1992 and came into operation in 1993. The People's Republic of China also signed the Convention in 1993 and pledged to support and organize projects in relation to biodiversity conservation.

As a responsible enterprise, the Group understands the importance of biodiversity to the health of our planet and the well-being of people. We have established a biodiversity protection policy, based on which we take into account biodiversity during the course of business operation and strive to identify major biodiversity risks by adhering to the philosophy of "avoidance, mitigation, compensation and training", so as to minimize the adverse impacts of our business operation on biodiversity and the ecosystem.

The biodiversity protection policy of the Group are as follows:

To take into account the impacts of biodiversity at the strategic level of daily operations, including strategies in respect of procurement, production, sales and other aspects;

To identify, evaluate and review the potential risks on biodiversity resulting from the Group's business on a regular basis, and pledge to minimize the risks as far as practicable;

To develop a sustainable industry chain, so as to ensure the reduction of energy consumption and gas emission and hence reduce the impact on biodiversity.

Philosophy	Example
Avoidance	• Environmental impact and ecological assessments must be conducted at the early stage of the production base development in an effort to minimize the damage to the farmlands and natural habitats to prevent endangered species from being harmed by production.
Mitigation	• Formulate plans to mitigate impacts on natural resources including air and water during the production process (e.g. improvement on wastewater treatment and recycling system). • Use renewable resources where possible, for instance, utilizing pulp with environmental certificates as much as possible; developing rooftop photovoltaic power generation project; introducing more methane desulfurization devices, which incinerate methane generated from sewage for electricity and heat supply to substitute for some coal.
Compensation	• Formulate a general outline plan for greening in each production base and employees' dormitory area.
Training	• Organize staff training on ecological and environmental protection so as to incorporate the biodiversity management into their daily work and lives.

A4. CLIMATE CHANGE

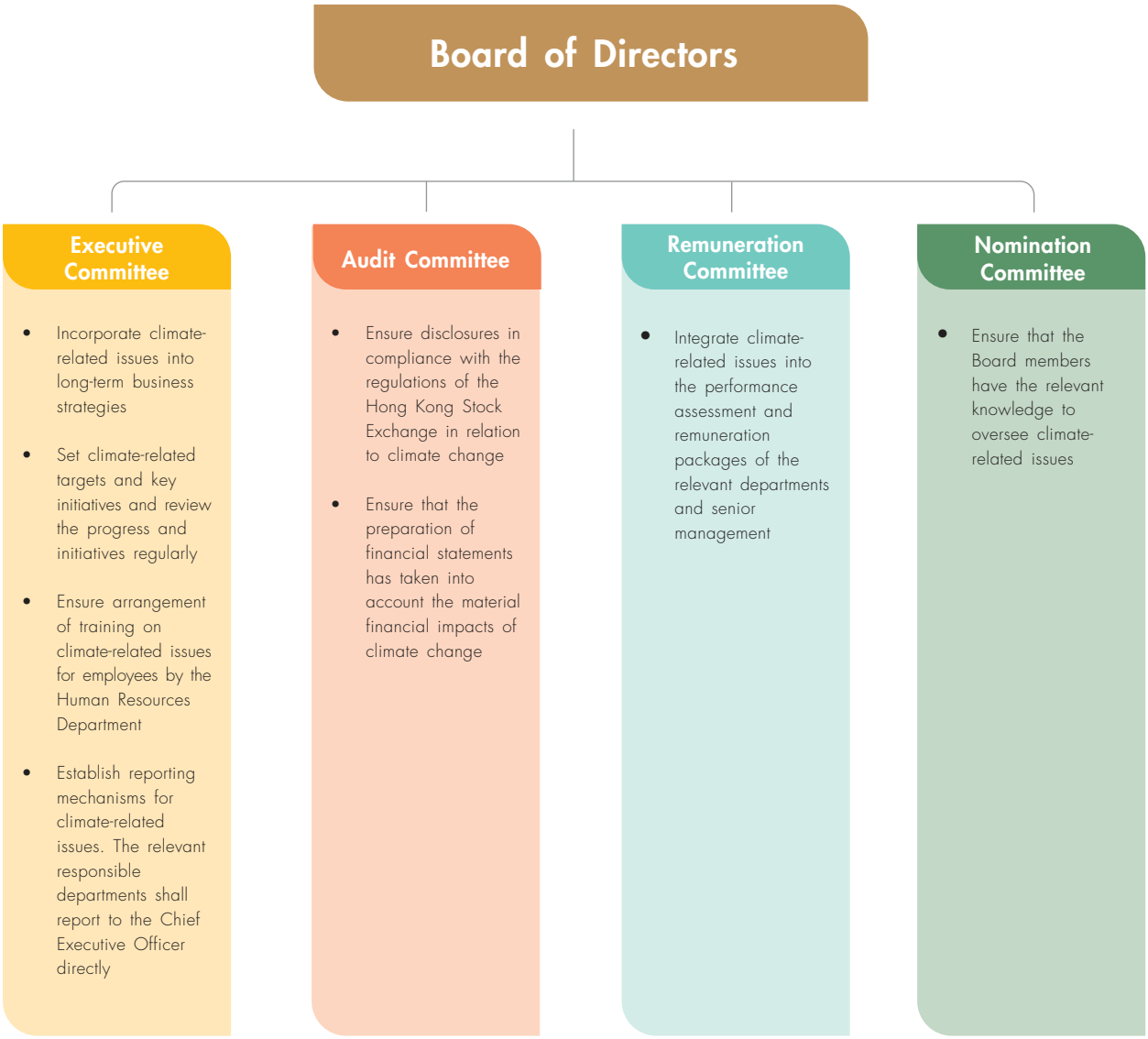
Extreme weather becomes more prevalent every year as a result of climate change. The frequent occurrence of high temperature, chilly conditions, typhoons, drought, flooding and other extreme weather may affect the operation of supply chains in the paper industry (including raw material supply, procurement, power generation, production facilities, and pollution prevention and treatment facilities). Therefore, we have established the policies in relation to climate change, endeavoring to alleviate, adapt to and withstand climate change, while taking countermeasures to reduce its impact on our business.

Governance

The Group's policies in relation to climate change are as follows:

- Actively respond to climate change, and formulate energy conservation and carbon emission reduction goals to reduce greenhouse gas emission;
- Report greenhouse gas emission and relevant performance of the Group with reference to national regulations and international standards;
- Take into account climate-related impacts during the course of daily operation, including procurement, production and sales;
- Raise employees' awareness on impacts of climate change through training and publicity;
- Perform climate-related risk assessments on a regular basis, analyze the impacts, formulate mitigate measures, and conduct periodic review on performance as well as the effectiveness of management structure.

In respect of the oversight of relevant issues on climate change, we adopt the governance structure under a comprehensive approach:



	Risk Factors	Potential Financial Effects
1. Physical Risks		
a. Acute risks: Extreme weather becomes more prevalent every year as a result of climate change, including high temperature, chilly conditions, typhoons, drought, flooding and other extreme weather	◎ Impact on the supply chain: ▶ Decrease in the supply of raw materials for paper manufacturing (recovered paper, pulp and woodchips) ▶ Disruption to power generating units ▶ Accelerated ageing and higher possibilities of damage in our plants or production equipment	▶ Higher repairment costs ▶ The higher price of raw materials for paper manufacturing may lead to an increase in production costs ▶ Asset impairment and depreciation may increase
b. Chronic risks: Weather patterns change slowly and progressively as a result of climate change, including change in the amount of rainfall and gradual increase of temperature	◎ Disruption to social and economic activities: ▶ Decline in sales volume ▶ Increasing or obsolete inventory	▶ The prices of products may fall and thus our profits may decrease
	◎ Threaten the health, such as more likely to suffer from heat stroke, and safety of employees, and hence lower the productivity	▶ Insurance and compensation expenses may increase
2. Transition Risk		
a. Regulatory risk arising from changes in policies and regulations	◎ Limitation on purchase of raw materials ◎ Paper industry is included as one of the top eight carbon trading industries in China	▶ The carbon emission rights quota and carbon pricing may potentially affect our business operation
	◎ Municipal governments implemented regulations to require the use of clean energy such as natural gas, or renewable energy	▶ The Group may allocate more fund to carry out technological transformation and upgrade of the industry ▶ Operating costs may increase
b. Legal and reputational risks	◎ Compliance risk may increase if the Company fails to comply with the new regulations regarding environmental protection	▶ Profits may be affected by fines imposed ▶ Damage to reputation may lead to lower income

During the Year, no asset impairment or depreciation is required due to extreme weather. During the Year, the Group's capital expenditure on the addition and upgrade of environmental facilities in various bases exceeded RMB1,600 million, which included the fund allocated for the construction of gas-fired turbine units.

Examples of the actions taken

Example (1)

The Group has managed its daily operational risks in relation to the climate change, carbon emission and energy management through the ISO 14001 Environmental Management System. In response to a wide range of possibilities for extreme weather, the Group will keep abreast of the changes in weather conditions in advance, so that we can activate the emergency response mechanism under extreme weather. We will make reasonable adjustments to the production plan to secure normal transportation of raw materials and finished goods, thereby mitigating the adverse impacts arising from climate change.

Example (2)

In response to the risk of rupture of supply chain caused by the extreme weather, the Group has pre-determined a list of alternative suppliers in case of emergency, and also avoided procuring raw materials from a single supplier or region to diversify the risk.

Example (3)

Located in the Guangdong-Hong Kong-Macao Greater Bay Area, the Dongguan base of the Group is often hit by typhoons and rainstorms in summer. Therefore, we have formulated a well-established emergency plan, in which the Regulatory Commission (監管會) and the fire safety management department of the Group will issue alarms for typhoons and rainstorms in advance and the corresponding departments will immediately take responsive measures, including, among others, reserving raw materials and chemical ancillary materials required during extreme weather in advance, inspecting outdoor wastewater and exhaust gas treatment facilities, examining and eliminating potential risks, suspending outdoor climbing, electrical or heavy lifting operations, taking measures to prevent backflow in the plant areas, checking the preparation of flood prevention materials and ensuring the safety of transportation vehicles on the road.

EMPLOYMENT AND LABOR PRACTICES

Employees are the cornerstone of the Company's success, and "Respect and care for our staff" is one of the core values of the Group. It would be impossible for the Group to have the currently sustainable and stable development without the support of its employees. We not only care about our employees' well-being but also their personal and career development.

B1. EMPLOYMENT

Recruitment, Remuneration and Benefits

Fair competition: An extensive pool of talents is crucial to the development of the Group, and we capture industry elites through multiple channels, such as campus recruitment, social recruitment and internal employee recruitment. The Group ensures compliance with regulations and contracts in relation to employment in the jurisdiction where it operates by conducting its recruitment in a fair, open and impartial manner, and providing its employees with competitive remuneration and benefits. For instance, our employee recruitment in Mainland China is in strict compliance with regulations such as the "Labor Law of the People's Republic of China" (《中華人民共和國勞動法》) and the "Labor Contract Law of the People's Republic of China" (《中華人民共和國勞動合同法》). Meanwhile, we have formulated comprehensive internal systems, namely the "Recruitment Management System" (《招聘管理制度》) and the "Professional Title Evaluation System" (《職稱評審制度》), to ensure equality in the workplace, regardless of the employees' gender, age (except for minors), region and ethnicity. Candidates who meet the job requirements will be able to obtain equal and promotion working opportunities and equal pay for equal work regardless of gender. All recruited employees will enter into labor contracts in writing with the Company once they join and report to the Company, which adequately protect the rights of labors.

Remuneration and benefits: Upholding the mission of "Taking a leading position in the industry in terms of production output and efficiency, quality management of employees and software management as well as employees' benefits and remuneration", we provide employees with competitive remuneration and benefits among its peers in accordance with the "Remuneration and Benefits Management System" (《薪酬福利管理制度》), and offer attendance bonus to encourage high-caliber staff. In addition to contributions to retirement insurance, work injury insurance, medical insurance, maternity insurance, unemployment insurance and housing provident fund as required by the government, we also offer other benefits, including meal allowance, shift allowance, high temperature allowance, subsidies for environment protection, phone bill allowance and business travel allowance.

Work-Life Balance

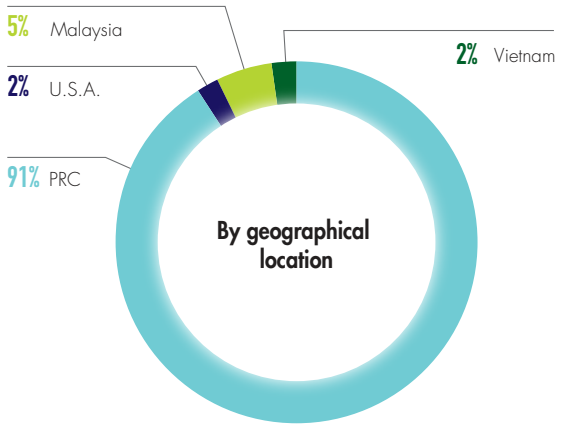
Working hours and holidays: The Group, in strict compliance with laws and regulations, ensures that employees can at least have one day off after six days of work. Pursuant to the "Regulation on Public Holidays for National Annual Festivals and Memorial Days" (《全國年節及紀念日放假辦法》), we arrange day offs for employees on national statutory holidays and give overtime pay to those who are unable to take day off in accordance with the regulation. Pursuant to the "Regulation on Paid Annual Leave for Employees" (《職工帶薪年休假條例》), we provide paid annual leaves to all employees. Pursuant to the "Special Rules on Labor Protection for Female Employees" (《女職工勞動保護特別規定》), we provide maternity leave and breastfeeding leave to female employees. Advocating work-life balance, the Group encourages employees to enhance work efficiency and avoid overtime. During the Year, the average monthly overtime hours of employees was 9 hours (FY2023: 10 hours).

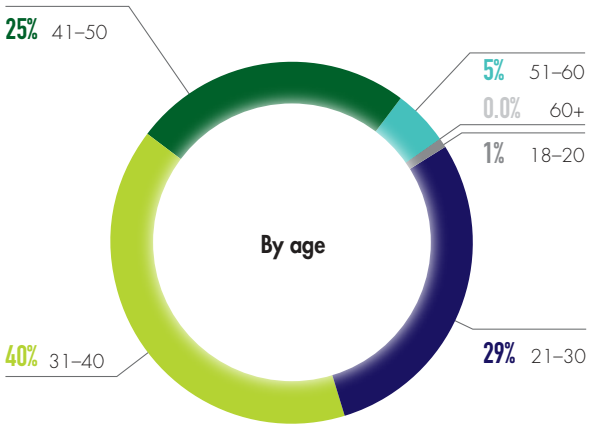
Entertainment facilities: The Group has built its own housing complexes with pleasant environment to provide dormitories to all employees. Besides, with a view to enriching employees' life after work, the Group also provides various living and entertainment facilities, such as gym rooms, swimming pools, basketball courts, football fields and badminton courts. We attach great importance to the meal quality and nutrition in staff canteens, for example, the canteen in Dongguan base uses fresh ingredients supplied by our own ecological park. During the hot summer season, our plants in different areas will arrange the delivery of some cooling refreshments to employees.

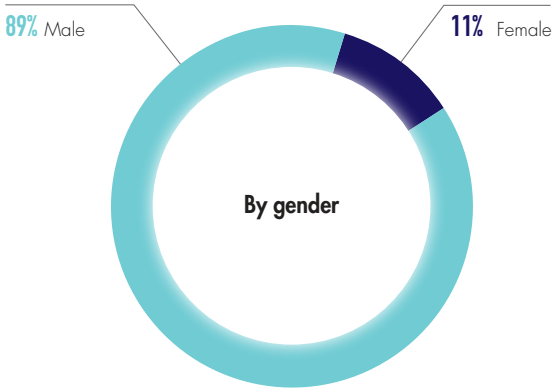
Leisure and recreation activities: With an aim to further foster the sense of belonging and team spirit, the Group has formed various leisure and recreation clubs, including photography club, badminton club, dance club and volunteer club. Diverse recreational and cultural events have also been held, such as various sports events, Chinese New Year banquets, Lantern Festival Fun Fair and Mid-autumn Festival barbeque gatherings.

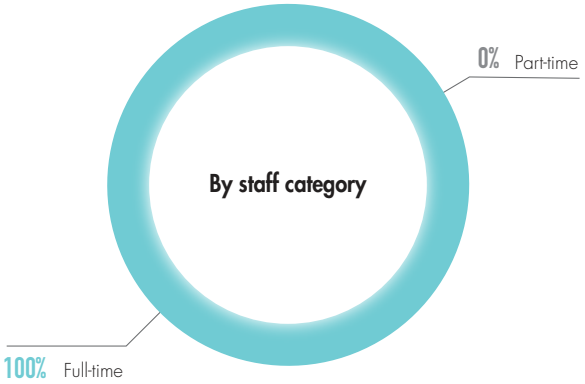
As at 30 June 2024, the Group employed a total of 25,410 full-time staff, 23,139 are from the PRC, 583 from Vietnam, 1,147 from Malaysia and 541 are from the United States.

The breakdown of staff





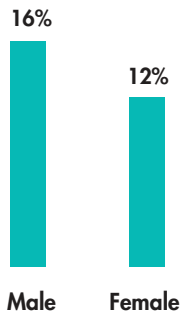




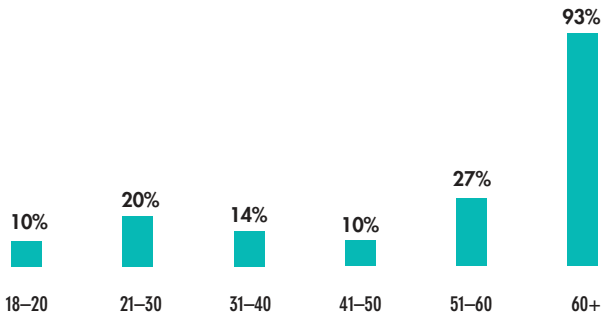
The staff turnover rate

By geographical location

By gender



By age



B2. HEALTH AND SAFETY

Upholding the principles of "Safety first" (「安全第一」) and "No fire, No injury" (「不輕傷一個人、不着一把火」), the Group strives to reduce the health and safety risks in its production sites and workplaces.

The Group maintains social insurance, including work injury insurance, for all employees pursuant to regulations such as the Prevention and Control of Occupational Diseases of the People's Republic of China (《中華人民共和國職業病防治法》) and the Regulation on Work-related Injury Insurance (《工傷保險條例》). Furthermore, the Group sets up a fire safety management department, and strictly implements relevant safety regulations and practices formulated by the Group, including Safety Incidents Reporting Management Practices (《集團安全事故匯報管理規範》), Material Stacking Management Practices (《集團物料堆垛管理規範》), Fire Safety Management Practices (《集團消防安全管理規範》), Proposal for Handling of Hazardous Chemical Incidents (《危險化學品事故處置方案》), and Hazardous Waste Stacking Management Practices (《集團危廢物料堆垛管理規範》), amongst others.

During the Year, the Group strengthened the control of hazardous operations and implemented stringent operational approvals and safety measures to ensure the safety of high-risk operations. We have also promoted the standardization of production safety: we have optimized our management in terms of the construction of safety management system and regulations, safety management of on-site equipment and facilities, personnel safety code of conduct, safety risk management and control, potential hazard management, safety training and safety culture construction, emergency response management, performance evaluation, etc., and continued to make improvements in order to continuously enhance the level of our safety management.

The Group provides a broad range of safety protection supplies for all workers, including safety helmets, safety shoes, earplugs, earmuffs, gloves and heat insulation gear, and organizes physical examination in respect of occupational health for staff every year. We carry out special inspections on the use of labor protection equipment for on-site operations to urge employees to use personal protection equipment consciously and correctly. We also carry out special inspections on on-site safety protection facilities carefully, optimize factory safety warning boards and set up risk notification boards at various risk points, so as to strengthen visual management for on-site safety, issue a warning with highly recognizable, clear and concise safety tips, and specify safety matters such as management responsible persons and precautionary measures.

Fire safety is a key integral part of corporate governance, particularly the top priority for the paper manufacturing industry. In addition to demanding for strictly complying with the Fire Safety Management Practices by our employees, we have also formed a firefighting team. We highly value the physical training and responsiveness of the team and regular fire drills for coping with fire emergency.

We carry out first aid knowledge training, set up first aid posts and regularly conduct emergency rescue drills. In order to improve employees' capability to deal with emergencies, we organize a large number of emergency drills every year. Over 3,012 emergency drills were held during the Year (FY2023: 2,747).

Regular Anti-epidemic Measures

Learning from the experience against the COVID-19 pandemic, the Group has put in place a regular epidemic prevention mechanism to minimize the risks posed by any epidemic to the Group's operations and the health of its employees.

Epidemic prevention measures include: establishing an epidemic prevention team and setting up a dedicated quarantine area; regularly disinfecting the plant area, office buildings and employees' dormitories; measuring and registering the body temperatures of employees when entering the plant area, office buildings and employees' dormitories during the epidemic with automatic body temperature detection equipment installed at the entrances; distributing face masks and providing hand sanitizers to the staff; giving priority to those staff who are responsible for pandemic prevention and control, and waste paper inspection when providing safety protection supplies such as protective gear, face masks and protective gloves; requiring employees to abide by alternated shifts and dining time while also dining isolated; and conducting specialized training on the knowledge on prevention and control of epidemic for employees.

	FY2024	FY2023	FY2022
Work-related incidents (cases)	**55**	36	30
Number of work-related fatalities	**3**	2	1
Working days lost due to work injuries (days)	**3,200**	3,333	6,981

The Group's work-related incidents in the past three years were all minor injuries, most of which were due to that employees tended to be less sensitive to the established operating procedures, resulting in accidents caused by careless mistakes. The number of lost days due to work injuries is related to the severity of the injury and the progress of recovery.

For every accident, the Group strictly complied with the "Intolerant Four Principles (四不放過原則)", performed in-depth investigation and conducted a thorough review, and followed up rectification measures for the occurred incidents to avoid similar incidents. In the past two years, our safety trainings have focused on adjusting employees' less sensitive mentality to once again arouse their crisis awareness. During the Year, we continued to optimize the "Safety Education and Training Program (安全教育培訓計劃)", carried out different types of safety month activities on a monthly basis and required all employees to participate. In addition to covering group-level and base-level employees, our safety education and training also included organizing special safety education and training programs for special operators and special equipment operators, and encouraging pre-operation safety assemblies — "Finger and Oral Safety Confirmation (手指口述安全確認)" activities to urge employees to develop their pre-operation safety risk analysis and safety confirmation habits.

In addition, we will strengthen the regular inspection and spot checks of the components of machinery, as well as the inspection before every outage maintenance; further improve the safe work practices, safety risks notices and alert facilities; increase the number of safety officers and their inspection patrols; and enhance the training on safety and first aid (including consolidating the employees' safe work skills and awareness, and on-site emergency response capability) in order to reduce the rate of accidents to zero.

B3. DEVELOPMENT AND TRAINING

The Group values each of its employees. Attaching importance to the human resources power, our personnel management focuses on enhancing staff morale, rendering staff members with hope, momentum, vibrancy and the caring and warmth in the big family of Nine Dragons Paper.

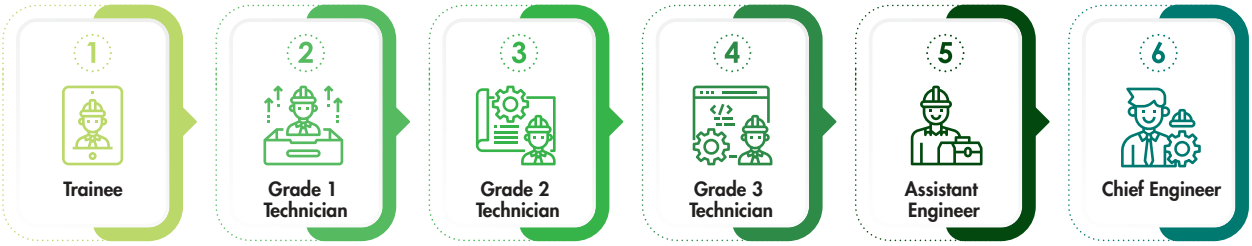
Staff Development

The Group has established a management path and a technology path for employees' selection, encouraging them to take both paths for career development. Employees in positions requiring professional techniques can achieve promotion and development by following the professional technique path. With their positions remaining unchanged, they can realize improvement in their position rank and remuneration package in the enterprise.

Through the implementation of "Professional Title Evaluation System of the Group", employees obtain professional titles through open, fair and just evaluation standards such as job performance, examinations and answers to questions. Considering that the development of new projects of the Group will require a large number of professional and technical talents in the next few years, the Group will expand the reserve of professional and technical talents in each base by increasing the quota for title evaluation. It is believed that this system will play a positive role in the stability, development and growth of professionals.

Management Path

Professional Technique Path



Staff Training

The Group provides a continuous learning environment for its employees by offering various internal and external trainings, which enable them to acquire the latest industry knowledge and techniques, thereby staying abreast of industry standards and market trends. It also provides related training programs to all employees. Such trainings include special operations training and certification, middle-level executive reserve cultivation, Nine Dragons Class student cultivation, professional skills training, etc.

During the Year, the average training hours per employee of the Group was 18.0 hours.

Employee training	FY2024	FY2023	FY2020
Trainings of the Group (hours)	**457,380**	375,649	208,256
Average training (hours)	**18.0**	17.1	12.2
Male employees (hours)	**18.2**	17.9	11.8
Female employees (hours)	**17.8**	11.6	14.5
Senior management (hours)	**8.1**	5.6	Not applicable*
Middle-level management (hours)	**12.2**	11.4	Not applicable*
External trainings			
Join the external trainings (participants)	**4,201**	3,576	2,241
Funding provided by the Group (RMB million)	**8.3**	7.9	3.6
Internal trainings			
Organize internal trainings (sessions)	**10,458**	10,213	7,495
Join the internal trainings (participants)	**243,251**	229,636	178,024
— Senior management (participants)	**102**	65	415
— Middle-level management (participants)	**17,624**	17,547	10,630
By types of training			
Professional skills training (participants)	**75,787**	61,473	54,584
Safety training (participants)	**120,758**	107,863	86,383
Clean and civilized production training (participants)	**6,354**	6,237	4,137
Conceptual guidance and professional ethics training (participants)	**36,800**	34,410	16,202
Anti-corruption trainings (participants)	**8,758**	7,863	—
Environmental protection related trainings (participants)	**1,158**	896	—
Other types of training (participants)	**24,325**	19,753	16,718

* No classification records for FY2020

B4. LABOR STANDARDS

The Group strictly complies with relevant laws such as the "Labor Contract Law of the People's Republic of China" (《中華人民共和國勞動合同法》), the "Labor Law of the People's Republic of China" (《中華人民共和國勞動法》), the "Law of the People's Republic of China on the Protection of Minors" (《中華人民共和國未成年人保護法》) and the "Provisions on Prohibition of Child Labor" (《禁止使用童工規定》) and the minimum age requirement as stipulated by laws and regulations of the places in which it operates, and tolerates no child labor and forced labor. The youngest among the existing employees in the Group are over 18.

The Group has also been at the forefront of the industry in fulfilling its social responsibilities. Nine Dragons Paper Industries (Dongguan) Co., Ltd. has taken the lead in introducing SA 8000 Social Responsibility Management System in the industry since 2013, and passed the certification and was awarded the certificate in February 2015. Nine Dragons Paper Industries (Taicang) Co., Ltd. has also passed the SA 8000 Social Responsibility Management System certification and was awarded the certificate in September 2016.

What is SA 8000 Social Responsibility Management System?

SA 8000 Social Responsibility Management System is the world's first international standard of ethics, which aims to provide a standard based on the labor laws of the country where international labor rights norms and standards are adopted, so as to protect and assist all production personnel or persons who provide services within the control and influence of the enterprise, including those employed by the enterprise itself and its suppliers and subcontractors.

SA 8000 certification and audit areas include: child labor, forced labor, discrimination, health and safety, working hours, freedom of association and collective bargaining, compensation and benefits, management systems.

The Group has a staff union in place with members from different departments, who can represent the interests of grass-roots employees. The Company attaches importance to organizing staff union activities and demonstrating its roles so as to put our humanized management concepts into practice.

The Group has also introduced the IKEA IWAY Management System into the Group's management system since 2015. In order to understand and verify the Group's implementation of the IWAY Management System, IKEA regularly delegates a special audit expert group each year to visit the Group's production bases, such as Dongguan, Taicang and Tianjin bases, for on-site audits. IKEA will make recommendations to improve our deficiencies. The management of the Group attaches great importance to the audit opinions of IKEA, while communication and exchange are made with each other on a regular basis to continuously improve the Company's management system and institutional norms.

What is the IWAY Standards?

IWAY, IKEA's code of conduct for suppliers, is prepared based on recognized international documents and conventions on human rights, environmental protection and worker safety. IWAY Standards play an important role in the active development of enterprises, which stipulates the minimum requirements in respect of the environment, social impacts and working conditions.

Detailed IWAY Standards may be downloaded from the IKEA website.

The requirements of the IWAY Standards include:

No child labor and young workers must be encouraged

No employment under compulsion or for debt settlement

Right of employees to non-discrimination

Right of employees to freedom of association

Basic salary protection and overtime allowance for employees

Provision of a safe and healthy working environment, prevention of air, land and water pollution, and commitment to reducing energy consumption

During the Year, there was no child labor or forced labor in the Group, and no complaints on human rights were received.

B5. SUPPLY CHAIN MANAGEMENT

The Group has a series of rigorous selection criteria for the evaluation of qualified suppliers. A comprehensive evaluation is conducted on suppliers in terms of company qualification (including time of inception, registered capital, shareholders of the company, scope of operation, necessary qualifications and certificates of the industry, etc.), entities of the company, manufacturing capability (including main products and production capacity, production equipment, inventory, etc.), technical competence (including patents, number of technicians, etc.), aftersales service ability, ISO certification (including certification of Quality Management Systems, Environment Management Systems and Occupational Health and Safety Management Systems respectively), the capability of quality management and control, price advantage, credit reputation, honour(s) awarded to the company, business relationships among the suppliers, corporate reputation, geographical advantages of the suppliers, etc.

The suppliers are required to provide all information for filing and evaluation in accordance with the Group's requirements. Suppliers evaluated as qualified are recorded into the system as qualified suppliers and the failed are listed as unqualified suppliers. The Group specifically requires the suppliers to provide, among others, "Report to the relevant parties on quality, environment, occupational health and safety and social responsibilities", "Commitment of suppliers on intellectual property rights" and "Questionnaire on social responsibilities of supplier".

We have also encouraged our suppliers to comply with the IWAY Standards since we introduced the IKEA IWAY Management System in 2015. We regularly discuss the Group's implementation of the IKEA IWAY Standards and the challenges we face in the next stage with the IKEA headquarters annually, and work together to promote continuous progress of the Group in all aspects.

The Group strictly controls the raw materials to meet the requirements of environmental protection. The coal contracts of each base of the Group have specific requirements for sulphur content, which is the environmental performance index in respect of coal. The procurement standards are stricter than various local environmental protection requirements.

The Group identifies whether the supplier is in normal operating condition by tracking the business and enterprise information of suppliers on a regular basis. Re-evaluation is made for suppliers with abnormal operating condition. Meanwhile, the suppliers will be tracked regularly to identify any breach of fiduciary duties, and suppliers with such acts of breach will be frozen.

As at 30 June 2024, the number of the Group's suppliers of the China bases amounted to 9,258 (FY2023: 8,710) and the suppliers of the Vietnam base amounted to 525 (FY2023: 514). The increase in the number of suppliers of the China base was mainly due to the increase in the number of raw material suppliers as we continued to make expansion plan for the production capacity of wood pulp and wood fiber in the financial year, which required the procurement of the relevant raw materials.

The Group's procurement principles are as follows:

Strictly abide by laws and regulations in the procurement process, and severely punish any form of corruption, fraud, bribery and other misconduct;

Try best to avoid purchasing raw materials and materials that have a negative impact on the environment and climate change during the procurement process;

Shop around in the procurement process, only work with suppliers with business integrity and ethics, and encourage suppliers to adopt measures bearing social responsibility.

B6. PRODUCT RESPONSIBILITY

The packaging paper products of the Group are applicable to various consumer goods. As an enterprise that shouldered its social responsibility, product safety and quality is one of our key commitments to customers.

Quality assurance

Quality is the core competitiveness of manufacturing industry, and an intrinsic support for perpetuating a brand that thrives for a century. All bases of the Group are making proactive efforts in facilitating works in relation to ISO 9000 quality management system, ISO 14000 environmental management system and FSC™ certification for forest environmental protection systems. We add no environmentally and physically harmful substances during the process of production. In addition, we carry out precise management and control through domestically and internationally advanced online monitoring and production and quality management system, i.e. DCS, QCS and other systems, and regularly inspect the substances of papers, which are concerns of the customers, through authoritative testing organizations such as SGS.

Follow-up of complaints and recall of products

Benefited from its professional customer service team and well-established workflow of customer service, the Group is able to carry out all-direction works, including pre-sale, sale and after-sale works. We highly value the feedback of customers, and hence actively visit our customers on a regular basis and actively and professionally answer the questions raised by them. Also, we convene analysis meeting periodically and carry out customer satisfaction investigation works quarterly, so as to continue to improve the quality of products and level of service to the satisfaction of customers genuinely.

For each complaint, the Group designates sales personnel and aftersales service personnel to follow up, conduct onsite handling and provide solutions, so as to reach a consensus between the customers and the Group. The Group responds to the complaints promptly. After verification, complaints within the province, and complaints in remote areas within the province or in other provinces will be handled and closed in 3 working days and 5 working days, respectively. The Group is also committed to achieving the response rate of 100% for complaints from all clients. The Group stipulates that all evidences such as vouchers and records in relation to the complaints must be filed to ensure there are relevant records and evidences available for inspection or for reference. All complaints are handled in accordance with the relevant regulations, such as the "Product Quality Law of the People's Republic of China" (《中華人民共和國產品質量法》) and the "Law on Protection of the Rights and Interests of Consumers of the People's Republic of China" (《中華人民共和國消費者權益保護法》).

The Group has a set of comprehensive product traceability management system, under which each product has an independent barcode and label (qualification certificate) that are accurately traceable with SAP, PIMS system, etc. Furthermore, the Group has a stringent product recall management system in place.

During the Year, the complaint rate, calculated based on the number of complaints received for every 10,000 tonnes of products sold, was 0.028% (FY2023: 0.032%), which was lower as compared to that of last year, mainly involving minor quality issue, while none of any cases of recall of sold or shipped products for safety and health reasons has occurred.

Safeguarding and protecting intellectual property rights

The Group has specifically established the Internal Audit Department, contract review personnel and external legal team which have comprehensive study in the relevant practices and legal knowledge involving intellectual property rights. In addition, the Group has various well-established management and regulations and systems. It also makes reference to the local laws and regulations in relation to intellectual property rights in the places of business when drafting various external documents including purchase and sales contracts, supply agreements and quotations. In order to enhance protection on intellectual property rights of the Group, the related management of the Company receives the corresponding training on a regular basis.

Consumer data protection and privacy policies

The Group develops a stringent information confidential system (e.g. "The Group's Internal Information Confidential Management Practices" (集團內部信息保密管理規範)). For the purpose of ensuring that customer data and privacy are given adequate protection, and as required by the Information Confidential Management Practices, the related responsible persons must keep complete secrecy of all the confidential materials and confidential information, and shall never spread them without authorization. Meanwhile, the responsible persons shall keep confidential of the data and information, and confidential materials and confidential information leak resulting from mismanagement is not allowed. The responsible persons shall not photograph, copy and make private copies of any confidential documents and data without authorization, and shall not discuss the secret matters in public places and refer to any secret matters in private communication. The copies of confidential materials shall be regarded and managed as if they are the original, and the waste pages generated during the process of copying shall be destroyed in a timely manner. The passing of confidential materials, for which personal service is required, shall be performed in compliance with secrecy measures. We shall implement classified management for documents and shall manage and control the limits of authority of the responsible persons to browse and download such documents in accordance with secrecy requirements.

During the Year, the Group has no such case regarding the leakage of personal information of any customers.

B7. SOUND CORPORATE GOVERNANCE

The Group firmly believes that sound and effective corporate governance, which is a fundamental element in the development of all enterprises, is essential for safeguarding the interests of all stakeholders.

In order to devote all its effort to maintain the highest level of corporate governance, the Group has adopted a set of comprehensive corporate governance principles, emphasizing the need for an excellent Board, effective internal management and control and stringent disclosure practices, as well as the transparency and accountability for all stakeholders.

The Group has formulated the "Comprehensive Employee Management Standards" (《員工綜合管理規範》) in the corporate employee handbook, and formulated ethical conduct and behavior guidelines for the Group's employees including integrity, honesty, caring for the environment, emphasis on safety, confidentiality and anti-discrimination. The Group updates such practices from time to time with a view to fostering a corporate culture with high standards of integrity.

ANTI-CORRUPTION

Independent governance structure	• The Group has established a "Group Audit Regulatory Department" (集團審計監管部) to maintain objectivity and independence in its governance structure and practical work, and prevent corruption and investigate corruption cases. • Regular operating management audits and special audits are conducted by the Group Audit Regulatory Department quarterly to each of the production bases, while the "Regulatory Commission (監管會)" is also set up in each of the production bases respectively to supervise and manage daily works.
Business process standardization	• The Group applies the SAP and OA (office automation) systems to achieve standardization of all businesses processes, and makes continuous revision and improvement based on feedback to minimize the practicability of corruption and related loopholes. • The Group Audit Regulatory Department shall maintain all whistleblowing of corruption and bribery by any employees in confidentiality and make relevant investigations.
Training	• The Group provides anti-corruption education and training for its directors, senior management and staff on a regular basis and incorporates integrity into its corporate culture and ethical conduct. • Anti-corruption education and training were arranged for new employees during orientation. • The legal department provides anti-corruption education and training to relevant employees on a quarterly basis. • Each functional department promotes anti-corruption education at their department meetings.

Avoiding conflicts of interest	• The "Letter of Undertaking of Integrity (廉潔承諾書)" shall be signed by all the purchasing, sales and supervision personnel and employees holding positions related to economic activities in all other departments of the Group and each of its production bases. • The Group and each of its production bases enter into the "Non-improper Commercial Practices Agreement (禁止不正當商業行為協議)" concurrently while entering into commercial contracts with external parties. • All the in-service staff of the Group are strictly prohibited from taking part-time jobs or participating in the operation of business in relation to the Group's activities without permission. Any in-service personnel, whose families (including his/her immediate relatives, spouse and children) establish a company by themselves, is required to file registration with the regulatory department. • In the event that the organizations, in which the relatives and friends of the in-service personnel (including his/her immediate relatives, spouse, children, classmates, friends, etc.) work, are doing business with the Group, such personnel shall submit a list of those relatives and friends to the Group and avoid contact with them during the course of business. It is strictly prohibited from divulging any information of the Group to the ex-service personnel.

Communication channels and processing complaints	• Internally, we collect the employees' complaints and suggestions through a specific email box for complaints, i.e. the "集團投訴 claim_group/NDDG/ndpaper" and "Chairlady Mailbox (董事長信箱)" established in each of the production bases. • Externally, we conduct a service satisfaction survey with customers and suppliers on a regular basis by issuing questionnaires to collect their advice, complaints and suggestions. • The commercial contracts entered into with external parties are attached with the "Complaint Handling Guidelines (投訴處理指引)" and there is a notice board about the method of complaints being placed at the loading and unloading site in respective production bases. • Among all the matters complained about, those related to each production base will be investigated and handled by the Regulatory Commission thereof, and for those with more significant influence or covering a wider range, a special investigation will be conducted and handled by the Group Audit Department.

During the Year, no outstanding and concluded litigation in relation to corruption was brought against the Group and its employees.

COMMUNITY

Upholding the public welfare concept of "engaging everyone in public welfare", the Group has been proactively performing its social responsibility and participating in national and local economic development, thereby sparing no efforts in poverty alleviation in the community. In addition to assistance to the poor and vulnerable groups, we support education and poverty alleviation through industry development in poverty-stricken areas, aiming to boost local economic development and create long-term job opportunities. Besides, we are committed to improving the infrastructures in rural areas and improving the living environment of the villagers.

During the financial year, the Group actively participated in various public welfare activities, with over RMB16 million worth of money and materials donated

MAJOR COMMUNITY ACTIVITIES PARTICIPATED IN FY2024

1. CONTINUOUSLY PARTICIPATE IN "6.30" ACTIVITY IN GUANGDONG PROVINCE TO ASSIST RURAL REVITALIZATION

The Group actively participated in rural revitalization and donated RMB12 million for 2023 "6.30" Activity in Guangdong Province, providing support on education, poverty alleviation through industry development, relief and support to the underprivileged groups, improving the infrastructure in rural areas and improvement of the living environment of villagers in various underdeveloped areas such as western and northern Guangdong.

The Group has donated over RMB310 million accumulatively in this project, and has been awarded the "Guangdong Poverty Alleviation Cotton Tree" Golden Cup for 13 consecutive years.

Participate in 2023 "6.30" Activity

Assist in building village (community) party community service center

Improve the infrastructure construction in rural areas

Carry out poverty alleviation for rural areas through industry development

Support the "Caring for Rural Mothers Program (農村母親關愛工程)" and "Caring for Children with Thalassemia Program (地貧兒童關愛工程)"

Over the years, Nine Dragons Paper has joined hands with public welfare organisations to carry out a series of public welfare activities for the underprivileged such as elderly living alone, poor mothers and children with serious illness. In particular, in support of the "Caring for Rural Mothers Program" and "Caring for Children with Thalassemia Program" implemented by the Guangdong Foundation for Rural Revitalization continuously, the Group provided financial assistance to poor mothers/children suffering from serious illnesses among the rural population of the 14 prefecture-level cities in Guangdong Province, with a view to effectively alleviating their practical difficulties.

2. ASSISTING LEARNING AND TEACHING & LAUNCHING SCHOOL-ENTERPRISE COOPERATION ACTIVITIES PROACTIVELY

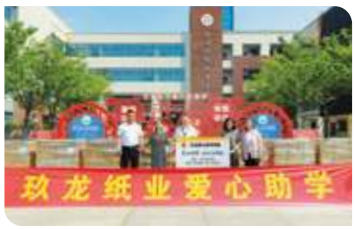
2.1 Continuing to open "Nine Dragons Class"

The 19th Nine Dragons Class was opened in September 2023, providing three majors, i.e. pulp & paper production, equipment and thermal power, to 157 students. The Nine Dragons Class has been launched for 20 years consecutively and provided trainings to a total of 1,821 persons, which not only realized education-oriented poverty alleviation but also developed industrial experts with environmental awareness and advanced technological skills for the country.

2.2 Establishing school-enterprise cooperation to nurture professionals

2.3 Carrying out various forms of activities to assist learning and teaching

Every year, Nine Dragons Paper invests funds to support the education undertakings of the Group and in the surrounding areas where its bases are located, such as providing "Nine Dragons Scholarships", in an endeavour to dedicate its love and care as a responsible enterprise to realise the beautiful dreams of more children.



3. GETTING INVOLVED IN LOCAL COMMUNITY AND ENTHUSIASTICALLY PARTICIPATING IN ACTIVITIES TO SERVE THE ELDERLY, ASSIST THE DISABLED AND HELP THE POOR

3.1 Love and respect for the elderly

3.2 Care for people with disabilities

3.3 Visiting the old Party members and sending condolences to veterans

3.4 Helping the poor and needy

4. CONTRIBUTING TO MEDICAL AND HEALTHCARE PUBLIC WELFARE CAUSES

4.1 Charity blood donation

4.2 Donation to medical and healthcare affairs

5. ENGAGING EVERYONE IN PUBLIC WELFARE FOR MUTUAL HELP

Nine Dragons has a long history of fulfilling its corporate social responsibility by following the principle of "starting small, starting from things around, and engaging everyone in public welfare". Led by its Party branch and the labour union, Nine Dragons has established a variety of internal public service organisations within the enterprise to carry out diversified mutual-help activities among employees and to send warmth and care to those in need. Nine Dragons has also established an Employee Emergency Assistance Fund, which is financed by the Company and voluntary donations from employees, in order to help Nine Dragons' employees in need and their families.

5.1 Extending condolences and offering help to employees

5.2 Emergency assistance for employees

A. Environmental	Key Performance Indicator	
Aspect A1: Emissions		
Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	**A1**	✓
The types of emissions and respective emissions data	A1.1	✓
Greenhouse gas emissions (in tonnes) and intensity	A1.2	✓
Total hazardous waste produced and intensity	A1.3	✓
Total non-hazardous waste produced and intensity	A1.4	✓
Emissions targets set and steps taken to achieve them	A1.5	✓
How hazardous and non-hazardous wastes are handled, waste reduction targets set and steps taken to achieve them	A1.6	✓
Aspect A2: Use of Resources		
Policies on the efficient use of resources, including energy, water and other raw materials	**A2**	✓
Direct and/or indirect energy consumption by type in total and intensity	A2.1	✓
Water consumption in total and intensity	A2.2	✓
Energy use efficiency targets and steps taken to achieve them	A2.3	✓
Whether there is any issue in sourcing water that is fit for purpose, water efficiency targets and steps taken to achieve them	A2.4	✓
Total packaging material used for finished products with reference to per unit produced	A2.5	✓
Aspect A3: The Environment and Natural Resources		
Policies on minimising the issuer's significant impact on the environment and natural resources	**A3**	✓
Significant impacts of activities on the environment and natural resources and actions taken to manage them	A3.1	✓
Biodiversity		✓
Aspect A4: Climate Change		
Policies on identification and mitigation of significant climate-related issues which have or may have significant impact on the issuer	**A4**	✓
Significant climate-related issues which have or may have significant impact on the issuer and actions taken to manage them	A4.1	✓

B. Social	Key Performance Indicator	
Aspect B1: Employment		
Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	**B1**	✓
Total workforce by gender, employment type (full time or part time), age group and geographical region	B1.1	✓
Employee turnover rate by gender, age group and geographical region	B1.2	✓
Aspect B2: Health and Safety		
Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	**B2**	✓
Number of work-related fatalities occurred in each of the past three years including the reporting year	B2.1	✓
Lost days due to work injury	B2.2	✓
Description of occupational health and safety measures adopted, and how they are implemented and monitored	B2.3	✓
Aspect B3: Development and Training		
Policies on improving employees' knowledge and skills for discharging duties at work and description of training activities	**B3**	✓
The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	B3.1	✓
The average training hours completed per employee by gender and employee category	B3.2	✓
Aspect B4: Labour Standards		
Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	**B4**	✓
Description of measures to review employment practices to avoid child and forced labour	B4.1	✓
Description of steps taken to eliminate such practices when discovered	B4.2	✓

B. Social	Key Performance Indicator	
Aspect B5: Supply Chain Management		
Policies on managing environmental and social risks of the supply chain	**B5**	✓
Number of suppliers by geographical region	B5.1	✓
Practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	B5.2	✓
Practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	B5.3	✓
Practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	B5.4	✓
Aspect B6: Product Responsibility		
Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	**B6**	✓
Percentage of total products sold or shipped subject to recalls for safety and health reasons	B6.1	✓
Number of products and services related complaints received and how they are dealt with	B6.2	✓
Description of practices relating to observing and protecting intellectual property rights	B6.3	✓
Quality assurance process and recall procedures	B6.4	✓
Consumer data protection and privacy policies, and how they are implemented and monitored	B6.5	✓
Aspect B7: Anti-corruption		
The policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	**B7**	✓
Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	B7.1	✓
Preventive measures and whistle-blowing procedures, and how they are implemented and monitored	B7.2	✓
Anti-corruption training provided to directors and staff	B7.3	✓

B. Social	Key Performance Indicator	
Aspect B8: Community Investment		
Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	**B8**	✓
Focus areas of contribution	B8.1	✓
Resources contributed to the focus area	B8.2	✓

INVESTOR RELATIONS

The Group has maintained a high level of transparency and trusted investor relations since its listing on the Hong Kong Stock Exchange in 2006. We disseminate consistent information to investors regularly to allow them to keep abreast of the Group's business development, operating strategies, and industry updates effectively. Meanwhile, we actively maintain effective two-way communications with shareholders, investors and financial institutions via various means and listen to investors' opinions, making us highly recognized by investors worldwide.

In terms of communication channels, the Group maintains a tri-lingual (English, Traditional Chinese and Simplified Chinese) corporate website where the investor relations page serves as an easy access to regulatory required announcements, reports, circulars, annual reports, interim reports, press releases and other documents as issued in a timely manner. In addition, the Group actively maintains close communication with the investment community through online and offline channels such as conferences arranged by investment banks, deal/non-deal roadshows, project site visits and conference calls, and sets up an email (ir@ndpaper.com) dedicated to investor relations in order to communicate with investors, allowing investors to gain a more complete understanding and analyze the business and financial situation of the Group.

The major roadshows of the Group during FY2024 were as below:

Time	Event
September, 2023	FY2023 Annual Results — Investor and Analyst Briefing Call
September, 2023	Post-results non-deal roadshows
February, 2024	FY2024 Interim Results — Investor and Analyst Briefing Call
February, 2024	Post-results non-deal roadshows

All shareholders of the Group are entitled to attend Nine Dragons Paper's Annual General Meetings and Special General Meetings either in person or by proxy. Two-way communications are encouraged in such general meetings, so that shareholders present can have an update about the Group's business in addition to a good understanding of the matters being discussed and resolved, while their questions and opinions are heard by the Board and company's management. The Special General Meeting and last Annual General Meeting were held at W Hotel in Hong Kong on 21 July and 11 December 2023, respectively. All resolutions proposed at the meeting were passed by shareholders by way of poll.

Nine Dragons Paper (2689.HK) is currently a constituent stock of the following indexes.

1	Hang Seng Composite Index
2	Hang Seng Composite Industry Index — Materials
3	Hang Seng Composite MidCap Index
4	Hang Seng Composite LargeCap & MidCap Index
5	Hang Seng Composite MidCap & SmallCap Index
6	Hang Seng Corporate Sustainability Benchmark Index
7	Hang Seng Stock Connect Hong Kong Index
8	Hang Seng Stock Connect Hong Kong MidCap & SmallCap Index
9	Hang Seng Stock Connect Greater Bay Area Composite Index
10	Hang Seng Stock Connect Hong Kong Greater Bay Area Index
11	Hang Seng SCHK Mainland China Companies Index
12	Hang Seng Stock Connect Greater Bay Area Shenzhen-Dongguan-Huizhou Index
13	Hang Seng Large-Mid Cap (Investable) Index
14	Hang Seng Large-Mid Cap Low Volatility Comprehensive Index
15	Hang Seng Large-Mid Cap Quality Comprehensive Index
16	Hang Seng Large-Mid Cap Low Size Comprehensive Index
17	Hang Seng Large-Mid Cap Dividend Yield Comprehensive Index
18	Hang Seng Large-Mid Cap Momentum Comprehensive Index
19	Hang Seng Large-Mid Cap Value Comprehensive Index
20	Hang Seng Large-Mid Cap Equal Weighted Factor Mix (QVLM) Index
21	Hang Seng Large-Mid Cap Risk Parity Factor Mix (QVLM) Index
22	Hang Seng SCHK Materials & Industrials Index
23	Hang Seng SCHK Materials & Industrials (Investable) Index

Investor Relations Contact:
Nine Dragons Paper (Holdings) Limited
Unit 1, 22/F, One Harbour Square, 181 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong
Tel: (852) 3929–3800
Fax: (852) 3929–3890
Email: ir@ndpaper.com

CORPORATE GOVERNANCE

The Company strives to attain and maintain the highest standards of corporate governance as it believes that effective corporate governance practices are fundamental to enhancing shareholder value and safe guarding the interests of shareholders and other stakeholders. The Company has accordingly adopted sound corporate governance principles that emphasis a quality Board, effective internal control, stringent disclosure practices and transparency and accountability to all stakeholders. It is, in addition, committed to continuously improving these practices and inculcating an ethical corporate culture.

During FY2024, the Company has complied with the CG Code as set out in Appendix C1 to the Listing Rules.

COMPLIANCE WITH THE MODEL CODE SET OUT IN APPENDIX C3 TO THE LISTING RULES

The Company has adopted 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 Year, they were in compliance with provisions of the Model Code.

Senior management who, because of their positions in the Company, are likely to be in possession of unpublished price sensitive/inside information, have been requested to comply with the provisions of the Model Code.

BOARD

As the date of this Annual Report, the Board comprised thirteen Directors, including eight executive Directors and five INEDs.

Ms. Cheung Yan is the spouse of Mr. Liu Ming Chung, sister of Mr. Zhang Cheng Fei and the aunt of Mr. Zhang Lianpeng and Ms. Zhang Lianru. Mr. Ken Liu and Mr. Lau Chun Shun are the sons of Ms. Cheung Yan and Mr. Liu Ming Chung, nephews of Mr. Zhang Cheng Fei and cousins of Mr. Zhang Lianpeng and Ms. Zhang Lianru. Mr. Zhang Lianpeng and Ms. Zhang Lianru are the son and daughter of Mr. Zhang Cheng Fei, nephews of Ms. Cheung Yan and Mr. Liu Ming Chung and cousins of Mr. Ken Liu and Mr. Lau Chun Shun. Save as disclosed above, the Board members have no financial, business, family or other material/relevant relationship with each other.

During FY2024, the Company has experienced the following changes in the composition of the Board:

(1) Mr. Chen Kefu retired as an INED of the Company at the 2023 AGM.

(2) Ms. Zhang Lianru has been appointed as an executive Director of the Company with effect from 1 March 2024.

The Board is responsible for giving guidance to and exercising effective checks on the management. In general, the duties of the Board are:

- formulating the long-term strategies of the Group and supervising their implementation;
- reviewing and approving, if thought fit, the business plans and financial budgets of the Group;
- approving, if thought fit, the annual and interim results of the Group;
- reviewing and supervising the risk management and internal control of the Group;
- ensuring a high standard of corporate governance and compliance; and
- overseeing the performance of the management.

Matters not specifically reserved to the Board and necessary for the daily operations of the Company are delegated to the management under the supervision of the respective Directors and the leadership of the Chief Executive Officer. A Director who considers a need for independent professional advice in order to perform his/her duties as a Director may convene, or request the Company Secretary to convene a meeting of the Board to approve the seeking of independent legal or other professional advice.

All Directors are appointed for a specific term. In accordance with the Company's Bye-laws, at each annual general meeting, all Directors will be subject to retirement by rotation at least once every three years. Retiring Directors are eligible for re-election at the annual general meeting at which he retires. Any Director appointed to fill a casual vacancy shall hold office until the first annual general meeting of the Company after his appointment and be subject to re-election at such meeting. The election of each Director is done through a separate resolution.

The attendance record of each Director at Board Meetings, Board Committee meetings and general meetings for the Year is set out below:

	Board	Private	Remuneration Committee	Audit Committee	Nomination Committee	Corporate Governance Committee	AGM/SGM
Number of Meetings	5	1	2	4	2	1	2
Executive Directors							
Ms. Cheung Yan (Chairlady)	5/5	1/1			2/2	1/1	2/2
Mr. Liu Ming Chung (Deputy Chairman and Chief Executive Officer)	5/5		2/2				2/2
Mr. Zhang Cheng Fei (Deputy Chairman and Deputy Chief Executive Officer)	5/5		2/2		2/2	1/1	2/2
Mr. Ken Liu (Deputy Chairman and Vice President)	5/5						2/2
Mr. Lau Chun Shun (Vice President)	5/5						2/2
Mr. Zhang Lianpeng (Vice President)	5/5						2/2
Mr. Zhang Yuanfu (Chief Financial Officer)	5/5						2/2
Ms. Zhang Lianru (Deputy Chief Financial Officer) (Note 2)	1/1						
Independent Non-Executive Directors							
Mr. Ng Leung Sing	5/5	1/1	2/2	4/4	2/2	1/1	2/2
Mr. Lam Yiu Kin	5/5	1/1	2/2	4/4	2/2	1/1	2/2
Ms. Chan Man Ki, Maggie	4/5	1/1	1/2	3/4	1/2	1/1	2/2
Dr. Li Huiqun	5/5	1/1					2/2
Mr. Chen Kefu (Note 3)	2/2	1/1					2/2

Note:

(1) The Company's external auditor also attended the 2023 AGM.

(2) Ms. Zhang Lianru has been appointed as an executive Director with effect from 1 March 2024.

(3) Mr. Chen Kefu retired as an INED at the 2023 AGM.

CHAIRLADY AND CHIEF EXECUTIVE OFFICER

To avoid concentration of power and control, the position of the Chairlady and the Deputy Chairman cum Chief Executive Officer are segregated and each plays a distinctive role but complementing each other. Ms. Cheung Yan is the Chairlady of the Board and Mr. Liu Ming Chung is the Deputy Chairman cum Chief Executive Officer. The Chairlady is responsible for supervising the functions and performance of the Board, while the Deputy Chairman cum Chief Executive Officer is responsible for the management of the businesses of the Group. Ms. Cheung Yan is the wife of Mr. Liu Ming Chung.

INDEPENDENT NON-EXECUTIVE DIRECTORS

As at the date of this Annual Report, the composition of the Board, with 5 INEDs out of the 13-member Board, reaches the requirements of the Listing Rules which provides that every board of Directors of a listed issuer must include at least 3 INEDs and the number of INEDs must represent at least one-third of the Board.

The Company has received, from each of the INEDs, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules, and considers that all INEDs to be independent in accordance with each and every guideline set out in Rule 3.13 of the Listing Rules.

CONTRIBUTIONS OF INEDS

The Company strives to build an effective Board, whose capability is appropriate for the scale, complexity and strategic positioning of our business. With this in mind, the INEDs are highly regarded incumbents with the following expertise and experience present in one or more of them:

- Significant board, financial and general management experience across a range of sectors and knowledge of corporate governance issues;
- In-depth and up-to-date knowledge of the global markets and economic, political and regulatory development;
- Considerable experience and qualification in financial administration, banking, legal and/or compliance;
- Broad experience in government organisations, public bodies and/or regulatory authorities;
- Leadership role in large-scale companies or organizations;
- Deep knowledge of commercial expertise;
- Alert of corporate social responsibility issues.

All of them have a wealth of experience in diverse fields and possess the requisite upright character, integrity and business insight for the proper discharge of their duties as independent directors. In pursuit of the Group's objectives and business endeavors, by offering independent and constructive advice, they provide valuable contributions and insights to the Board and instill integrity into every aspect of our business which is also aligned to our values. Their considerable pool of knowledge, experience, skills and expertise are crucial to the Board's deliberations. They have given the Board and the committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through active participation.

In addition, the INED act as custodian of the policies and practices that define and safeguard the reputation of the Company and are well placed to carry out their role. They have devoted time to satisfying themselves that our corporate governance practices and compliance policies accord with latest requirements. Their drive, enthusiasm and commitment, along with their proven ability to build and lead a strong Board, brings significant value to all stakeholders of the Group.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for making sure that the financial statements for each financial year are prepared to reflect the true and fair view of the state of affairs, profitability and cash flows of the Group. In preparing the financial statements of the Group for FY2024, the Directors have adopted appropriate and consistent accounting policies and made prudent and reasonable judgements and estimations. The Directors are responsible for maintaining proper accounting records which reflect with reasonable accuracy the state of affairs, operating results, cash flows and equity movements of the Group at any time.

The Directors recognize the responsibility for preparing the consolidated financial statements of the Group. The Directors consider that the Group has adequate resources to continue in business for the foreseeable future and are not aware of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

The statement of reporting responsibilities of the Company's external auditor in connection with the financial statements of the Company is set out in the Independent Auditor's Report on pages 120 to 126.

EXECUTIVE COMMITTEE

The Board has established the Executive Committee, which is responsible for the management and administration of the business of the Company and any matters which are within the ordinary course of the Company's business under the control and supervision of the Board and in accordance with the provisions of the Bye-laws.

The members of the Executive Committee shall be executive Directors, but the Executive Committee shall not at any time consist of more than four members. No change shall be made to the composition of the Executive Committee except with the approval of all the Directors in writing. The Chairlady of the Board shall be the Chairlady of the Executive Committee.

Currently, the members of the Executive Committee include Ms. Cheung Yan (Chairlady), Mr. Liu Ming Chung, Mr. Zhang Cheng Fei and Mr. Lau Chun Shun.

REMUNERATION COMMITTEE

The Board has set up a Remuneration Committee with a majority of the members being INEDs. Currently, it comprises three INEDs and two executive Directors, namely, Ms. Chan Man Ki, Maggie (Chairlady), Mr. Ng Leung Sing, Mr. Lam Yiu Kin, Mr. Liu Ming Chung and Mr. Zhang Cheng Fei.

A separate report prepared by the Remuneration Committee which summarized its works performed during FY2024, and also set out details of the share options to the Directors and the employees on pages 95 to 97 of this Annual Report. No Director or any of his/her associates is involved in deciding his/her own remuneration.

AUDIT COMMITTEE

Currently, the Audit Committee of the Company consists of three INEDs, namely, Mr. Lam Yiu Kin (Chairman), Mr. Ng Leung Sing and Ms. Chan Man Ki, Maggie. Mr. Lam is a qualified accountant with extensive experience in financial reporting and controls. Mr. Ng possesses extensive banking, finance and management experience in Hong Kong. Ms. Chan is a solicitor and practicing in Hong Kong.

A separate report prepared by the Audit Committee which summarized its works performed during FY2024 is set out on pages 98 to 99 of this Annual Report.

NOMINATION COMMITTEE

Currently, the Nomination Committee comprises three INEDs and two executive Directors, namely, Ms. Cheung Yan (Chairlady), Mr. Ng Leung Sing, Mr. Lam Yiu Kin, Ms. Chan Man Ki, Maggie and Mr. Zhang Cheng Fei.

The Nomination Committee was established by the Board with written terms of reference in compliance with the CG Code. The full terms of reference are available on ND Paper's website (http://www.ndpaper.com) and the Stock Exchange's website.

During FY2024, the Nomination Committee reported directly to the Board and the work performed by the Nomination Committee was:

- reviewed the policy for the nomination of Directors and set out the nomination procedures and the process and criteria adopted to select and recommend candidates for directorship which shall take into consideration the principle of diversity;
- reviewed the structure, size, composition and diversity of the Board and made recommendations on any proposed changes to the Board;
- assessed the independence of INEDs;
- made recommendations to the Board on the appointment or re-appointment of Directors; and
- reviewed the board diversity policy and made recommendations on any required changes to the Board.

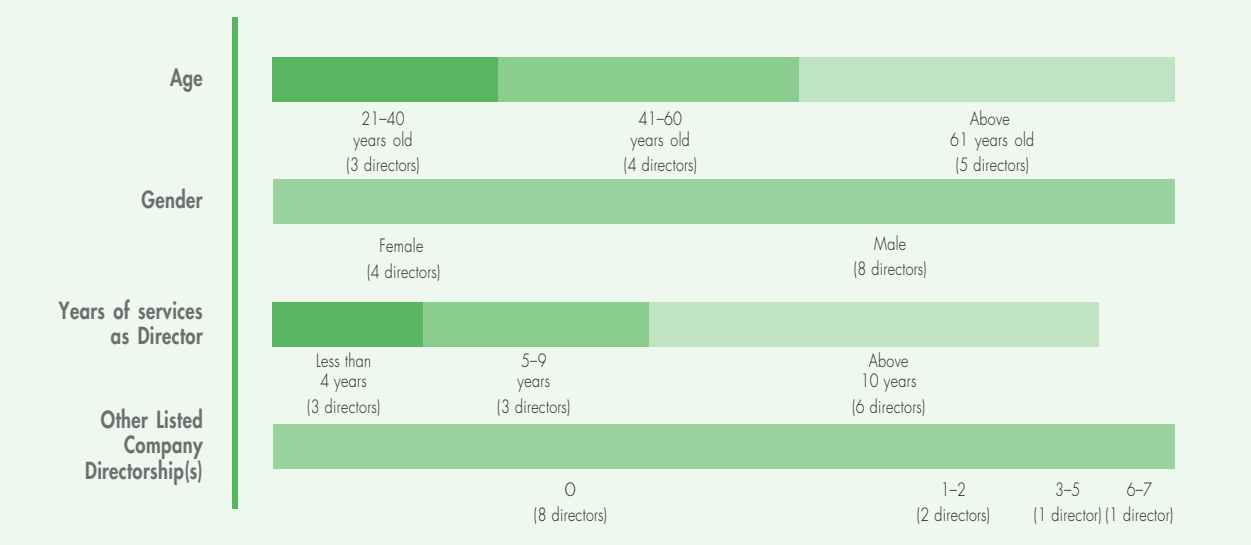
The Nomination Committee undertakes an additional function delegated from the Board to review the board diversity policy adopted in August 2013, and makes recommendations on any required changes to the Board. The board diversity policy sets out the approach to achieve diversity on the Board, including making good use of the difference in skills, experience and background, geographical and industry experience, ethnicity, gender, knowledge and length of service and other qualities of the members of the Board. These differences will be considered in determining the optimum composition of the Board and all Board appointments will be based on merit, having due regard to the overall effective function of the Board as a whole. The Company believes that diversity can strengthen the performance of the Board, promote effective decision-making and better corporate governance and monitoring. The Nomination Committee discusses and agrees annually the relevant measurable objectives that the Board has set for implementing this policy and makes recommendations to the Board for adoption. It also monitors the implementation of this policy and reports to the Board on the achievement of the measurable objectives for achieving diversity under this policy.

The Nomination Committee meets at least annually and at such other times as it shall require. The Company Secretary acts as the secretary to the Committee. The Committee is provided with sufficient resources enabling it to perform its duties, and it can seek independent professional advice at ND Paper's expense if necessary.

The Nomination Committee has set the measurable objectives based on five focused areas: gender, age, length of service, professional experience and skills and knowledge for the implementation of board diversity of the Company.

As at the date of this report, the Board comprises thirteen directors. Five of them are INEDs drawn from a diverse background, spanning business management, investment management, public administration, financial services, legal, compliance and accounting, thereby ensuring critical review and control of the management process. The Board has maintained a balanced composition in terms of gender, age, professional experience, skills and knowledge. It has performed effectively by providing sound judgement on strategic issues and effective oversight of and guidance to management. The biographies of the Directors as at the date of this report set out in pages 104 to 107 to this Annual Report demonstrate a diversity of skills, expertise, experience and qualifications.

AS AT 30 JUNE 2024, THE COMPOSITION OF THE BOARD IS AS FOLLOWS:



Areas of expertise

Having reviewed the implementation of the Board Diversity Policy and the structure, size and composition of the Board, the Nomination Committee of the Board considered that the requirements of the Board Diversity Policy had been met.

Gender Diversity

The Company's board diversity policy was consistently implemented. As at the date of this report, the Board comprises thirteen Directors, four of which are female. The Board considers that the gender diversity in respect of the Board taking into account the business model and specific needs of the Group is satisfactory. The Board targets to maintain at least the current level of female representation, with the goal of achieving gender parity. The Company believes the balance of gender in the Board would bring innovation and different perspectives to the Board, thus in considering the Board's succession, gender diversity is one of the key factors for the Company to select suitable candidate as a Director.

As at 30 June 2024, approximately 88.5% of the Group's workforce (including senior management) is male and approximately 11.5% is female. Same as the gender diversity of the Board, the Company targets to avoid a single gender workforce. The Group has also taken, and continues to take steps to promote diversity at all levels of its workforce and will review the gender diversity of the workforce regularly in accordance with the business development of the Group.

During the Year, two Nomination Committee meetings were held with 90% attendance by the committee members. The Company Secretary prepared full minutes of the Nomination Committee meetings, and the draft minutes were sent to all committee members.

CORPORATE GOVERNANCE COMMITTEE

Currently, the Corporate Governance Committee comprises three INEDs and two executive Directors, namely Mr. Ng Leung Sing (Chairman), Mr. Lam Yiu Kin, Ms. Chan Man Ki, Maggie, Ms. Cheung Yan and Mr. Zhang Cheng Fei.

The Corporate Governance Committee was established by the Board with written terms of reference in compliance with the CG Code. The full terms of reference are available on ND Paper's website (http://www.ndpaper.com) and the Stock Exchange's website.

During FY2024, the Corporate Governance Committee reports directly to the Board and the work performed by the Corporate Governance Committee are:

- developed and reviewed the Company's policy and practices on corporate governance and made recommendations to the Board;
- reviewed and monitored the Company's policies and practices in compliance with legal and regulatory requirements;
- developed, reviewed and monitored the code of conduct applicable to employees and Directors;
- reviewed the annual corporate governance report and recommended to the Board for consideration and approval for disclosure;
- reviewed the time required from a Director to perform his responsibilities;
- reviewed the Committee's terms of reference and recommended to the Board on any changes; and
- reviewed and monitored the training and continuous professional development of Directors.

The Corporate Governance Committee meets at least annually and at such other times as it shall require. The Company Secretary acts as the secretary to the Committee. The Committee is provided with sufficient resources enabling it to perform its duties, and it can seek independent professional advice at ND Paper's expense if necessary.

During the Year, one Corporate Governance Committee meeting was held with full attendance by the committee members. The Company Secretary prepared full minutes of the Corporate Governance Committee meeting, and the draft minute was sent to all committee members.

RISK CONTROL COMMITTEE

The Risk Control Committee comprises senior and experienced members of management. The primary duties of the Risk Control Committee are strengthening the control environment; assessing relevant risks and carrying out necessary control activities; ensuring seamless information exchange; exercising appropriate supervision to ensure the effectiveness and efficiency of control over activities within and between different departments; identifying risks and analyzing such risks which may impede the achievement of corporate objectives (including such risks associated with constant changes in the regulatory and operating environments); establishing internal control measures for minimizing and eliminating risks; reviewing and reporting to the Board in respect of the effectiveness of internal control.

INDUCTION AND PROFESSIONAL DEVELOPMENT

Every newly appointed Director receives a comprehensive, formal and tailored induction on the first occasion of his appointment to make sure that he has a proper understanding of the operations and business of the Company and that he is fully aware of his responsibilities in the Company. Ms. Zhang Lianru and Dr. Cao Zhenlei, who were appointed to the Board in March and October 2024, had obtained legal advice from Sidley Austin as required under Rule 3.09D of the Listing Rules on 11 March 2024 and 4 October 2024 respectively, and each of them have confirmed their understanding of the obligation as a director of the Company.

During the Year, the directors were provided with the monthly business updates and other reading materials concerning the latest developments in corporate governance practices and relevant legal and regulatory developments. Further, the Company has forwarded e-training courses launched by the Stock Exchange to the directors to help them to develop and refresh their knowledge and skills so as to ensure that their contribution to the board remains informed and relevant.

A summary of Directors' and Company Secretary's participation in the Directors' training program and other external training for the Year is as follows:

	Attending briefings/ seminars	Reading materials/ regulatory updates/ management monthly updates
Executive Directors		
Ms. Cheung Yan	✓	✓
Mr. Liu Ming Chung	✓	✓
Mr. Zhang Cheng Fei	✓	✓
Mr. Ken Liu	✓	✓
Mr. Lau Chun Shun	✓	✓
Mr. Zhang Lianpeng	✓	✓
Mr. Zhang Yuanfu	✓	✓
Ms. Zhang Lianru (Note 1)	✓	✓
Independent Non-Executive Directors		
Mr. Ng Leung Sing	✓	✓
Mr. Lam Yiu Kin	✓	✓
Ms. Chan Man Ki, Maggie	✓	✓
Dr. Li Huiqun	✓	✓
Mr. Chen Kefu (Note 2)	✓	✓
Company Secretary		
Ms. Cheng Wai Chu, Judy	✓	✓

Note:

(1) Ms. Zhang Lianru has been appointed as an executive Director with effect from 1 March 2024.

(2) Mr. Chen Kefu retired as an INED at the 2023 AGM.

Directors' training is an ongoing process. All Directors are encouraged to attend relevant training courses at the Company's expenses. They are requested to provide their respective training records to the Company Secretary.

COMPANY SECRETARY

The Company Secretary supports the Chairlady, Board and Board Committees by ensuring good information flow and that Board policy and procedures are followed. She advises the Board on governance matters and facilitates the induction and professional development of Directors. The Company Secretary is an employee of the Company and is appointed by the Board. Although the Company Secretary reports to the Chairlady and Chief Executive Officer, all Directors may call upon her for advice and assistance at any time in respect to their duties and the effective operation of the Board and Board Committees. The Company Secretary also plays an essential role in the relationship between the Company and its shareholders, including assisting the Board in discharging its obligations to shareholders pursuant to the Listing Rules.

During FY2024, the Company Secretary confirmed that she has complied with all the required qualifications, experience and training requirements of the Listing Rules.

DIRECTORS' AND OFFICERS' INSURANCE

The Company has arranged appropriate insurance cover in respect of potential legal actions against its Directors and Officers.

CONSTITUTIONAL DOCUMENTS

There was no change in the Bye-laws during FY2024. If any amendment to the Bye-laws is necessary, according to the relevant law governing the Company, the Company will propose the amendment for shareholders' approval at a general meeting of the Company.

DIVIDEND POLICY

Pursuant to Code Provision F.1.1, the Company has adopted a policy with regard to the declaration of dividends on 18 December 2018. Such policy aims to allow shareholders to participate in the Company's profits and for the Company to retain adequate reserves for future growth. The Company intends to return surplus cash to the shareholders through the payment of dividends, which is subject to the Company's capacity to pay from accumulated and future earnings, cash availability and future commitments at the time of declaration of dividend. The Company may also consider declaring special dividends from time-to-time, in addition to the semi-annual dividends. The Company's income and its ability to pay dividends are dependent upon, among other things, the dividends received from the Company's subsidiaries, which, in turn, would depend on such subsidiaries' distributable profits, operating results, financial condition, capital expenditure plans and other factors. The payment of dividend is also subject to any restrictions under the Bermuda law and the Bye-laws.

The Board has complete discretion on whether to pay dividends, subject to the approval of the shareholders of the Company, where applicable. Even if the Board decides to recommend and pay dividends, the form, frequency and amount will depend upon the operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors of and affecting the Group.

Dividend Policy reflects the Company's view on the financial and cashflow position of the Group prevailing at the time of its adoption. The Board will review the policy from time-to-time and may adopt changes as appropriate at the relevant time.

COMMUNICATION WITH SHAREHOLDERS

The Company recognizes the importance of communications with the shareholders of the Company, both individual and institutional as well as potential investors. In February 2012, the Company adopted a Shareholders Communication Policy of the Company which aims to set out the provisions with the objective of ensuring that the shareholders of the Company and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company, in order to enable shareholders of the Company to exercise their rights in an informed manner, and to allow shareholders of the Company and potential investors to engage actively with the Company.

Disclosure of information on Company's Website

The Company endeavours to disclose all material information about the Group to all interested parties as widely and as timely as possible. The Company maintains a corporate website at http://www.ndpaper.com where important and updated information about the Group's activities and corporate matters such as annual and interim reports, announcements, business development and operations, corporate governance practices and other information are available for review by shareholders and other stakeholders. When announcements are made through the Stock Exchange, the same information is made available on the ND Paper's website.

Annual General Meeting

The annual general meeting provides an important opportunity for constructive communication between the Board and the Shareholders. The Chairman and the chairmen of the Board Committees maintained an on-going dialogue with the Shareholders and answered all questions raised by the Shareholders throughout the last annual general meeting held on 11 December 2023.

Investor Relations

During the Year, the Company strived to improve transparency and communications with shareholders and investors. Meetings and conference calls with investors and analysts were held, in order for the Company to understand their views and to keep them abreast on the latest developments. Inquiries on the Company were also dealt with in an informative and timely manner. At the same time, the Company reached out to the investment community by participating in investment conferences and road shows. In order to maintain high standards of corporate governance, the Company will keep a proactive dialogue with the shareholders and investors. Feedback and suggestions can be addressed to the Company at ir@ndpaper.com.

Shareholders' enquiries

1. Shareholders should direct their questions about their shareholdings to the Company's Hong Kong branch registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

2. Shareholders and the investment community may at any time make a request for the Company's information to the extent such information is publicly available.

3. Shareholders may make enquiries to the Board in writing to the Company Secretary at the office of the Company at Unit 1, 22/F., One Harbour Square, 181 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong, by email to ir@ndpaper.com or by fax to (852) 3929 3894.

Procedure for Shareholders

Set out below are procedures by which Shareholders may: (1) convene a special general meeting and (2) put forward proposals at Shareholders' meetings. These procedures are generally governed by the provisions of the Company's Bye-laws and applicable laws, rules and regulations, which prevail over what is stated in this section in case of inconsistencies. Shareholders who have enquiries regarding the below procedures may write to the Company Secretary, whose contact details are set out in paragraph 3 of Shareholders' enquiry above.

1. Procedures by which Shareholders may convene a special general meeting

1.1 Shareholders or a group of Shareholders holding not less than one-tenth of the paid-up capital of the Company as at the date of the deposit of the requisition carrying the right of voting at general meetings of the Company may by written requisition deposit at the Company's principal place of business at Unit 1, 22/F., One Harbour Square, 181 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong for the attention of the Board or the Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition.

1.2 The requisition must specify the purposes of the meeting, signed by the requisitionists and may consist of several documents in like form each signed by one or more of those requisitionists.

1.3 The signatures and the requisition will be verified by the Company's share registrars. The Board will proceed to convene a special general meeting for the transaction of any business specified in the requisition within 21 days from the date of deposit of such requisition if it has been validly raised.

1.4 If the Board does not within 21 days from the date of the deposit of a valid requisition, proceed duly to convene such meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date. In addition, such meeting convened by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the Board.

2. Procedures for putting forward proposals at a Shareholders' meeting

2.1 The Company holds an annual general meeting ("AGM") every year, and may hold a general meeting known as a special general meeting whenever necessary.

2.2 Shareholder(s) of the Company holding (i) not less than one-twentieth of the total voting rights of all Shareholders having the right to vote at the general meeting; or (ii) not less than 100 Shareholders, can submit a written request stating the resolution intended to be moved at the AGM; or a statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at a particular general meeting.

2.3 The written request/statements must be signed by the Shareholder(s) concern and deposited at the Company's principal place of business at Unit 1, 22/F., One Harbour Square, 181 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong, for the attention of the Board of Directors or the Company Secretary, not less than six (6) weeks before the AGM in the case of a requisition requiring notice of a resolution and not less than one (1) week before the general meeting in the case of any other requisition.

2.4 If the written request is in order, the Company Secretary will ask the Board of Directors of the Company (i) to include the resolution in the agenda for the AGM; or (ii) to circulate the statement for the general meeting, provided that the Shareholder(s) concerned have deposited a sum of money reasonably determined by the Board of Directors sufficient to meet the Company's expenses in serving the notice of the resolution and/or circulating the statement submitted by the Shareholder(s) concerned in accordance with the statutory requirements to all the registered Shareholders. On the contrary, if the requisition is invalid or the Shareholder(s) concerned have failed to deposit sufficient money to meet the Company's expenses for the said purposes, the Shareholder(s) concerned will be advised of this outcome and accordingly, the proposed resolution will not be included in the agenda for the AGM; or the statement will not be circulated for the general meeting.

REMUNERATION COMMITTEE

The Remuneration Committee was established in March 2006. The functions of the Remuneration Committee include making recommendations to the Board on the remuneration policy and practices and establishing recruitment policies that enable the Company to recruit, retain and motivate high-calibre staff to reinforce the success of the Company and create value for the Shareholders.

In addition, the Remuneration Committee supervises and enforces the 2016 Share Option Scheme of the Company in an effective manner. Currently, the Remuneration Committee consists of Ms. Chan Man Ki, Maggie (Chairlady), Mr. Ng Leung Sing, Mr. Lam Yiu Kin, Mr. Liu Ming Chung and Mr. Zhang Cheng Fei.

The Remuneration Committee has adopted the model that it will review the proposals made by the management on the remuneration of Executive Directors and senior management, and make recommendations to the Board. The Board will have final authority to approve the recommendations made by the Remuneration Committee.

Major responsibilities and functions of the Remuneration Committee are:

- make recommendations to the Board on the Company's policy and structure of all Directors' and senior management's remuneration; and the establishment of a formal and transparent procedure for developing remuneration policy;
- review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- make recommendations to the Board on the remuneration packages of individual Executive Directors and senior management; and
- make recommendations to the Board on the remuneration of INED.

SUMMARY OF MAJOR WORK DONE IN FY2024

During FY2024, the Remuneration Committee held two meetings. The following is a summary of the major tasks completed by the Remuneration Committee during the Year:

- reviewed the remuneration level for Directors;
- determined the remuneration packages for Directors appointed in FY2024;
- recommended the Board to approve the fee of the Directors and senior management;
- reviewed and approved the remuneration packages and service contracts of Directors;
- reviewed the movement of the share options under the 2016 Share Option Scheme;
- reviewed the bonus payments to the Directors and the Bonus Distribution policy; and
- reviewed the terms of reference of the Remuneration Committee.

REMUNERATION POLICY

The Company's remuneration package of the executive directors and senior management include: (i) director's fee or monthly salaries; (ii) discretionary year-end bonuses; (iii) share option scheme and (iv) retirement benefits. The basic salaries and discretionary year-end bonuses provide short term incentives and the share option scheme and retirement benefits provide long term incentive bonuses to the directors and senior management team.

When determining and reviewing the remuneration packages, the Company's management will consider and make reference to the Company's performance and profitability, individual's performance, the remuneration benchmark in the industry and the prevailing market conditions. The Chairlady and the Company's management team will communicate their remuneration proposals of the executive directors and the INEDs with the Remuneration Committee annually. Directors do not participate in decisions on their own remuneration.

The remuneration paid to the directors of the Company, by name, for the year ended 30 June 2024 is set out in note 23 to the financial statements. The remuneration paid to the senior management, by band, for the year ended 30 June 2024 is set out below:

Remuneration of senior management other than directors paid/payable during the year ended 30 June 2024

Annual Remuneration Bands	Number of Executives
RMB8,210,000 to RMB8,660,000	2
RMB8,660,000 to RMB9,120,000	1

Discretionary bonuses included in the above table are related to the term of service of senior management (other than directors), which were determined and paid during the year.

SHARE OPTION SCHEME

2016 Share Option Scheme

The Directors has adopted the 2016 Share Option Scheme on 11 December 2015, which has a term of 10 years and will expire on 3 March 2026.

The principal terms of 2016 Share Option Scheme are as follows:

It is a share incentive scheme established to recognise and acknowledge the contributions or potential contributions of the eligible participants to the Group. Pursuant to 2016 Share Option Scheme, the Board may, at its discretion, offer to grant an option to any director, employee, executive, officer or any supplier, customer, consultant, agent and adviser of the Group.

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the 2016 Share Option Scheme to eligible participants in any 12-month period up to the Grant Date shall not exceed 1% of the Shares in issue as at the Grant Date. Any further grant of options in excess of this 1% limit shall be subject to the approval of Shareholders at a general meeting.

The subscription price of a Share in respect of any particular option granted under the 2016 Share Option Scheme shall not be less than the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the Grant Date; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the Grant Date; and (iii) the nominal value of a Share.

The maximum number of shares in respect of which options may be granted under the 2016 Share Option Scheme and any other share option scheme of the Company shall not exceed such number of shares as required under the Listing Rules, being 10% of the Shares in issue as at the adoption date of the 2016 Share Option Scheme, being 466,622,081 shares. Under the Listing Rules, a listed issuer may seek approval by its shareholders in general meeting for "refreshing" the 10% limit under the scheme. The limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2016 Share Option Scheme and any other share option scheme of the Company must not exceed 30% of the shares in issue from time to time (or such number of shares as required under the Listing Rules). No options may be granted if such grant will result in this 30% limit being exceeded.

As at 30 June 2024 and the date of the Annual Report, no option was granted under the 2016 Share Option Scheme.

DIRECTORS' SERVICES CONTRACTS

None of the Directors who are proposed for re-election at the 2024 AGM has an unexpired service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

EMOLUMENT DETAILS

Details of the emoluments of the Directors and the senior management are set out in note 23 to the financial statements.

AUDIT COMMITTEE

MEMBERS

As at the date of this Annual Report, all the members of the Audit Committee are appointed from the INEDs, namely, Mr. Lam Yiu Kin (Chairman), Mr. Ng Leung Sing and Ms. Chan Man Ki, Maggie.

TERMS OF REFERENCE

Based on the terms of reference of the Audit Committee, members of the committee shall, among other things, oversee the Group's relationship with its external auditor, monitor the external auditor's independence and objectively, develop and implement policy on the engagement of an external auditor to supply non audit services, review the preliminary results, interim results and annual financial statements, monitor the compliance with statutory requirements and Listing Rules, review the scope, extent and effectiveness of the Group's internal audit functions, review arrangement for concerns about possible improprieties in financial reporting, internal control or other matters, and, where necessary, commission independent investigations by legal advisers or other professionals.

SUMMARY OF MAJOR WORK DONE IN FY2024

The Audit Committee holds regular meetings and organizes additional meetings if and when necessary. During FY2024, the Committee held four meetings. The following is a summary of the tasks completed by the Audit Committee during FY2024:

- reviewed the financial statements for FY2024 and for the six months ended 31 December 2023 before submission to the Board focusing particularly on:

  (i) any changes in accounting policies and practices;

  (ii) major judgemental areas;

  (iii) significant adjustments resulting from the audit;

  (iv) the going concern assumption;

  (v) compliance with accounting standards; and

  (vi) compliance with the Listing Rules and other disclosure requirements in relation to financial reporting;

- reviewed the external auditor's audit plan, audit's management letter and audit engagement letter;

- considered and approved FY2024 external audit fees;

- reviewed and monitored the external auditor's independence and the non-audit services, especially tax-related services, provided by the external auditor;

- reviewed the connected transactions and continuing connected transactions of the Group;

- reviewed the purchase terms and the fairness of the Group's basis of selecting its suppliers on recovered paper, pulp and woodchips;

- reviewed the terms of reference of Audit Committee and dividend policy of the Group;

- reviewed and approved loan agreements with covenants relating to specific performance of the controlling shareholders that give rise to a disclosure obligation under section 13.18 of the Listing Rules;
- reviewed the exchange rate risk and hedging policy; and
- reviewed the Company's financial reporting system and internal control system.

REVIEW OF CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The Audit Committee also reviewed the terms and conditions of connected transactions and continuing connected transactions of the Group which took place during FY2024. Details of the connected transactions and continuing connected transactions are disclosed in the Director's Report contained in this Annual Report.

FINANCIAL REPORTS

The Audit Committee reviewed and considered the reports and statements of the management to ensure that the consolidated financial statements of the Group have been prepared in accordance with the accounting principles generally accepted in Hong Kong and Appendix D2 to the Listing Rules. The Committee also met with the external auditor of the Group, PricewaterhouseCoopers, to consider the scope and results of their independent audit of the consolidated financial statements.

REVIEW OF INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

The Audit Committee assisted the Board to perform its duties to maintain an effective internal control system for the Group. The Audit Committee reviewed the Group's procedure and workflow for environmental and risk assessment and its initiatives for business risks management and control.

REVIEW OF THE GROUP'S ACCOUNTING AND FINANCIAL REPORTING FUNCTION

The Audit Committee reviewed the resources, qualifications and experience of the employees of the Group's accounting and financial reporting function, and their training programmes and budget, and was satisfied with their adequacy and effectiveness.

RE-APPOINTMENT OF EXTERNAL AUDITOR

There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditor during FY2024. The Audit Committee recommended to the Board that, subject to Shareholders' approval at the 2024 AGM, PricewaterhouseCoopers be re-appointed as the Company's external auditor for FY2025.

For FY2024, the external auditor of the Company received approximately RMB10.9 million for audit services and RMB2.3 million for tax and other services.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board recognizes and acknowledges that certain aspects of risks are inherent in its businesses and operations and the markets in which the Group operates, and undertakes to determine, evaluate and monitor significant risks ongoingly in pursuit of its corporate initiatives and strategic objectives such that sustainable growth and long term shareholder value are achieved. The Board has established and maintained comprehensive risk management and internal control systems to identify and manage the significant risks of its businesses and operations and the external environment.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Risk Management and Internal Control Framework (the "Framework") is a tool specifically designed by the Group for its risk management and internal control purpose. The Framework comprises an organizational control structure which emphasizes segregation of duties that facilitates the identification, assessment, management and report of significant risks. The Framework encompasses a well-defined internal control structure which focuses on monitoring the efficiency and effectiveness of the Group's operations and activities and compliance with applicable laws and regulations.

The risk management and internal control process is embedded in the Group's daily businesses and operations, which involves understanding the context, identifying potential exposures, assessing the likelihood of consequences, determining the risk level, establishing appropriate mitigating measures followed by appropriate reporting.

The Business Unit leaders organize their risk management and internal controls through constant monitoring and discussion with peers, evaluate the overall operational and business environment for material risks, design appropriate control measures to address the potential exposures, escalate and report the significant risks to the Risk Control Committee, and provide assurance. The Functional Unit heads exercise the risk management and internal controls in their daily businesses, operations and decision making processes, escalate and report material risks to the Business Unit heads. On annual basis, the Business Unit leaders submit material risks assessments to the Risk Control Committee for review and consolidation.

Phase 1 Establish Risk Context ↓	Risk Control Committee establishes risk assessment criteria and risk context for the Group. ↓
Phase 2 Risk Identification ↓	Departments identify the risks that potentially impact the key processes of their operations. ↓
Phase 3 Risk Assessment ↓	Departments assess and score the risks identified along with their impact on the business and the likelihood of their occurrence. ↓
Phase 4 Risk Response ↓	Departments assess effectiveness of existing controls and provide proposals where required. ↓
Phase 5 Risk Reporting & Monitoring	Departments regularly reports risk management activities to the management and continuously monitors and optimizes risk management and control measures.

The Group's Internal Audit Department takes the responsibility to review and assess the risk management and internal control system, summarizes and presents to the Audit Committee a Risk Assessment Report, and confirms the adequacy and effectiveness of the Group's risk management and internal control system.

RISK CONTROL COMMITTEE

At the top of the risk governance structure is the Board Level Control. The Board oversees the running and ensures adequacy and effectiveness of the Framework. The Executive Committee sets up a Risk Control Committee, which comprises senior and experienced members of management, to implement the Framework. The Risk Control Committee supervises the risk management and internal control process, facilitates its implementation with appropriate guidelines and tools, tracks material risks and mitigating activities, and determines significant control failings or weaknesses that have been identified. The Risk Control Committee entrusts the execution of the risk management and internal control process to the Business and Functional Units. Through discussion with the respective Business and Functional Unit leaders on any critical and significant risks and how the risks have been or will be managed, the Risk Control Committee summarizes and compiles a Risk Assessment Report for discussion with the Board.

The major risk factors assessed by the Group are listed as follows:

Risk factors	Impacts to the Group	Risk Mitigation Measures
Overall business environment	• Global and local economies continued to slow down. • The international situation is complex. • Structural changes in products demand.	• Providing new products and services to customers. • Close monitoring on inventory management. • Monitoring the market conditions proactively to facilitate the Group's business strategies, as well as new business developments.
Major regulatory changes	• Regulatory or policy changes (e.g. increase price of raw material, price cut, tariff reduction, tightening of environmental protection policy, privacy policy, etc.) may directly impact our strategy and business model as well as increase complexity, and may continue to adversely affect the Group's profitability and financial conditions.	• Developing and maintaining relationships with relevant regulatory stakeholders and policy makers proactively, in an effort to minimise potential adverse effects of policy and regulatory decisions. • Establishing clear, transparent and timely communications with our stakeholders (including customers, government and regulators) about our company and corporate strategy, and seeking to understand their views and maintain good relationships.
Information Technology ("IT")	• Business operations may be adversely affected and sensitive information may be leaked out under Cyber-attack by internal/external hackers or security breach due to information technology infrastructure/system failure.	• Enforce security measures such as periodic change of password, updating antivirus and firewall protection. • Establish information technology security policy on use of information technology equipment and installation of application software. • Recovery drills are conducted periodically to ensure its effectiveness.

Risk factors	Impacts to the Group	Risk Mitigation Measures
Weather conditions	• Extreme weathers conditions such as typhoons, flooding, earthquakes. • Business may be adversely disrupted, properties of the Group may be lost or damaged and the well-being of employees may be enlarged.	• Improve building structures and facilities, set up emergency plans. • Set up new bases in areas less vulnerable and frequent to extreme weather conditions.
Price fluctuations in raw materials and fuels	• Increase of raw materials and fuels price and/or decrease of supplies by the supplier due to regulatory changes, worldwide transportation issues, extreme weather etc.	• Close monitoring on inventory levels. • Explore new chains of suppliers in PRC and the world. • Set up new pulp lines in bases to supply raw materials to the Group.
Exchange rate risk	• The Group is exposed to exchange rate risk due to its investments in overseas bases and payments to its overseas suppliers.	• The Group may adjust the mix of currencies of its borrowings in response to change in market conditions. • Constantly monitoring and optimizing the composition of short term borrowings and long term borrowings.
Interest rate risk	• The Group is exposed to interest rate risk through the impact of rate changes on interest from long term borrowings. The Group may be affected by changes in the prevailing interest rates of the global credit market. Any increase in interest rate in connection with the currencies the Group borrows will increase the Group's finance costs and may adversely affect the Group's financial condition and results of operations.	• Performing regular review to achieve a balance between minimising the Group's overall cost of fund and managing large interest rate movements, as well as having regard to the floating/fixed rate mix appropriate to its current business portfolio.

ASSESSMENT

The Board has reviewed the report of the Risk Control Committee. In addition, proper whistleblowing arrangement was in place in the Group and across the different business units so that employees can report their concerns, or any misconduct, improper or fraudulent acts committed by other personnel in the Group. All reported whistleblowing concerns were handled and investigated confidentially and independently and followed up by appropriate remedial actions.

The Board has considered and endorsed the assessment of the effectiveness of risk management and controls systems in the Group, namely that throughout FY2024 there were no areas of concern identified which might materially affect the operational, financial reporting and compliance controls of the Group, and that the existing risk management and internal control systems remained effective and adequate. The resources, qualifications, experience, training programmes and budget of the employees of the Group's accounting and financial reporting and internal audit functions were adequate. The Group has complied with the risk management and internal control code provisions in FY2024.

PROCEDURES AND INTERNAL CONTROLS FOR THE HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Company complies with the requirements of Part XIVA of the SFO and the Listing Rules. The Company discloses inside information to the public as soon as reasonably practicable after any inside information has come to its knowledge unless the information falls within any of the "Safe Harbours" as provided for in the SFO. Before the information is fully disclosed to the public, the Company ensures the information is kept strictly confidential. If the Company believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Company would immediately disclose the information to the public. The Company is committed to ensure that information contained in announcements are not false or misleading as to a material fact, or false or misleading through the omission of a material fact, to provide for equal, timely and effective access by the public to the inside information disclosed.

For the purpose of handling and disseminating inside information in accordance with the SFO and the Listing Rules, the Company has taken various procedures and measures, including arousing the awareness to preserve confidentiality of inside information with the Company, sending blackout period and securities dealing restrictions notification to the relevant directors and employees regularly, and disseminating information to specified persons on a need-to-know basis.

DIRECTORS AND SENIOR MANAGEMENT

PROFILE OF EXECUTIVE DIRECTORS

Ms. Cheung Yan, *JP*, 67, has been the chairlady of the Company since 2006. She is a director of several subsidiaries of the Company. She is one of the founders of the Group and is in charge of the Company's overall corporate development and the Group's strategic planning. Ms. Cheung has over 28 years of experience in paper manufacturing and over 38 years of experience in recovered paper recycling and international trade. Ms. Cheung was a member of the National Committee of the Chinese People's Political Consultative Conference. She is currently executive committee member of All-China Federation of Returned Overseas Chinese, honorary president of China Federation of Overseas Chinese Entrepreneurs, vice president of China Paper Association, president of China Paper Industry Chamber of Commerce, honorary life president of the Guangdong Overseas Chinese Enterprises Associations, honorary president of Guangdong Federation of Industry and Commerce, honorary president of World Dongguan Entrepreneurs, chairlady of Hong Kong Federation of Overseas Chinese Associations and chairlady, Supervisory Board of New Home Association. Ms. Cheung is an honorary citizen of the City of Dongguan, Guangdong Province, China. In 2007, Ms. Cheung was awarded the "Entrepreneur of the Year in China 2007" by Ernst & Young and in 2008, she was accredited as a "Leader Figure" ("領袖人物獎") in "China Cailun Award" ("中華蔡倫獎") by China Paper Industry Chamber of Commerce and was awarded "China Charity Award 2008" ("2008年中華慈善獎") by the Ministry of Civil Affairs of the PRC. In May 2009, Ms. Cheung was awarded "Outstanding Entrepreneur in Pulp and Paper Manufacturing Industry in China" ("全國製漿造紙行業優秀企業家") by China Paper Association. She was awarded "Chinese Chamber of Commerce Contributions Award" ("華商貢獻獎") in the city of Chongqing in January 2010, and the title of "Outstanding Person on Energy Saving and Emission Reduction in China 2009" ("2009中國節能減排功勳人物") by All-China Environment Federation in May 2010, "Outstanding Contribution Award on Poverty Alleviation and Benefiting the Community by a Businessman in the Private Sector in Guangdong Province" ("廣東省非公有制經濟人士扶貧濟困回報社會突出貢獻獎") in July 2010. Ms. Cheung was also awarded "Outstanding Entrepreneur in China" ("全國優秀企業家") by China Enterprise Association in May 2014, "Asian CEO of the Year" ("亞洲最佳CEO獎") by RISI and "Outstanding Contribution Award in Paper Industry in China" ("全國造紙行業傑出貢獻獎") by China Paper Association in June 2014. Ms. Cheung was appointed by the Government of the HKSAR as a Justice of the Peace (JP) in July 2016. She was given the "National Poverty Alleviation Award" ("全國脱貧攻堅獎—奉獻獎") by the State Council of the PRC in 2018. Ms. Cheung was awarded the title of "Senior Economist" (Entrepreneur in Technology Field) ("正高級經濟師 (科技型企業家)") by the Guangdong Province in January 2020. She was given the dual awards of "Outstanding Contribution to Poverty Alleviation and Other Areas of Charity" and "Outstanding Contribution to Fighting the Coronavirus Pandemic" in the 11th "China Charity Award" ("中華慈善獎") by the Ministry of Civil Affairs of the PRC in September 2021. Ms. Cheung is the wife of Mr. Liu Ming Chung, the sister of Mr. Zhang Cheng Fei, the mother of Mr. Lau Chun Shun and Mr. Ken Liu and the aunt of Mr. Zhang Lianpeng and Ms. Zhang Lianru.

Mr. Liu Ming Chung, 62, has been the Deputy Chairman and Chief Executive Officer of the Company since 2006. He is a director of various subsidiaries of the Company. He is one of the founders of the Group and is responsible for the overall corporate management and planning, the development of new manufacturing technologies, the procurement of production equipment and human resources management of the Group. Mr. Liu has over 33 years of experience in international trade and over 25 years of experience in corporate management. Mr. Liu graduated with a bachelor degree in Dental Surgery from the University of Santo Amaro in 1983. Mr. Liu is an honorary citizen of the City of Dongguan, Guangdong Province, China. In 2000, Mr. Liu was appointed as a member of the Ninth Committee of the Chinese People's Political Consultative Conference of Guangzhou of Guangdong province and a consultant of the Committee for Affairs of Hong Kong, Macao, Taiwan Compatriots and Overseas Chinese. In 2001, Mr. Liu was awarded a member of All-China Youth Federation. Mr. Liu is the husband of Ms. Cheung Yan, the brother-in-law of Mr. Zhang Cheng Fei, the father of Mr. Lau Chun Shun and Mr. Ken Liu and the uncle of Mr. Zhang Lianpeng and Ms. Zhang Lianru.

Mr. Zhang Cheng Fei, 56, has been an Executive Director and Deputy Chief Executive Officer of the Company since 2006 and was re-designated as an Executive Director, Deputy Chairman and Deputy Chief Executive Officer of the Company since June 2018. He is a director of various subsidiaries of the Company. He is one of the founders and is responsible for the overall management of the operations and business of the Group including marketing, finance, procurement, sales and IT departments. Mr. Zhang has over 30 years of experience in procurement, marketing and distribution and is a member of the Third Committee of the Chinese People's Political Consultative Conference of Chongqing. Mr. Zhang is the father of Mr. Zhang Lianpeng and Ms. Zhang Lianru, the younger brother of Ms. Cheung Yan, Mr. Liu Ming Chung's brother-in-law and the uncle of Mr. Lau Chun Shun and Mr. Ken Liu.

Mr. Ken Liu, 32, has been the Executive Director and Deputy Chairman of the Company since 2018. He was appointed as the Vice President of the Company in 2020. He assists the Chairlady on the overall corporate development and strategic planning of the Group. He is also the Chief Executive Officer (North America) of various subsidiaries of the Company in charge of business in North America. Mr. Ken Liu graduated cum laude in Government from Harvard University. He was previously a consultant at PricewaterhouseCoopers in U.S. where he advised technology, telecom, and banking companies for approximately two years. Since March 2016, Mr. Ken Liu has been the vice chairman of ACN, one of the largest recovered paper suppliers to the Group, where he was responsible for overseeing its corporate development, marketing strategy and general management. Mr. Ken Liu is the son of Ms. Cheung Yan and Mr. Liu Ming Chung, the brother of Mr. Lau Chun Shun, the nephew of Mr. Zhang Cheng Fei and the cousin of Mr. Zhang Lianpeng and Ms. Zhang Lianru.

Mr. Lau Chun Shun, 43, joined the Company as a Non-executive Director in 2006 and was re-designated as an Executive Director of the Company in August 2009. He was appointed as the vice president of the Company in 2020. He is a director of various subsidiaries of the Company. He is responsible for the Group's external liaison, intelligent production technology facilities and management, and affairs related to the energy sector. Mr. Lau has over 15 years of experience in procurement, marketing and distribution, sales and corporate management. Mr. Lau holds a bachelor degree in Economics from the University of California, Davis and a master degree in Industrial Engineering from Columbia University. Mr. Lau is a member of the Guangdong Provincial Committee of the Chinese People's Political Consultative Conference, vice chairman of Dongguan Federation of Industry and Commerce and president of New Home Association. Mr. Lau is the son of Ms. Cheung Yan and Mr. Liu Ming Chung, the brother of Mr. Ken Liu, the nephew of Mr. Zhang Cheng Fei and the cousin of Mr. Zhang Lianpeng and Ms. Zhang Lianru.

Mr. Zhang Lianpeng, 32, joined the Company as a Non-executive Director in 2017 and was re-designated as an Executive Director of the Company in August 2018. He was appointed as Vice President of the Company in 2020. Mr. Zhang is responsible for the management of the Group's sales department and the packaging business. Mr. Zhang graduated from The New York University with a Bachelor of Arts Degree. He previously worked in the U.S. and has experience in administration, project management, accounting and corporate financing. Mr. Zhang is the son of Mr. Zhang Cheng Fei, the brother of Ms. Zhang Lianru, the nephew of Ms. Cheung Yan and Mr. Liu Ming Chung and the cousin of Mr. Lau Chun Shun and Mr. Ken Liu.

Ms. Zhang Lianru, 27, has been an Executive Director of the Company since March 2024. She joined the Group as an Assistant Financial Controller in 2020 and has served as the Group's Deputy Chief Financial Officer in charge of financial management and internal control operation since January 2022. She graduated from Columbia University with a Bachelor of Financial Economics Degree. Ms. Zhang is the daughter of Mr. Zhang Cheng Fei, the younger sister of Mr. Zhang Lianpeng, the niece of Ms. Cheung Yan and Mr. Liu Ming Chung and the cousin of Mr. Lau Chun Shun and Mr. Ken Liu.

Mr. Zhang Yuanfu, 61, has been an Executive Director of the Company since 2008. He is also a director of various subsidiaries of the Company. He also serves as the Group's Chief Financial Officer in charge of financial matters and investor relations. Prior to joining the Group, Mr. Zhang served as the chief financial officer, qualified accountant and company secretary of Weichai Power Co., Ltd. for more than 5 years and also worked in a number of Hong Kong listed companies in charge of accounting and financial management. He has more than 38 years of experience in auditing, accounting and corporate finance. Mr. Zhang holds a bachelor degree in Economics. He is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and an associate member of the Hong Kong Institute of Certified Public Accountants.

PROFILE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ng Leung Sing, *SBS, JP*, 75, has been appointed as an INED of the Company since March 2013. Mr. Ng is the chairman of Bank of China (Hong Kong) Trustees Limited and a director of BOCHK Charitable Foundation. Mr. Ng is a Hong Kong Deputy to the 10th, 11th, 12th and 13th National People's Congress, People's Republic of China. He is also an independent non-executive director of SmarTone Telecommunications Holdings Limited and Grand Brilliance Group Holdings Limited, all are listed companies in Hong Kong. Mr. Ng was a member of The Court of The Lingnan University from 1999 to 2011, the General Manager of Bank-wide Operation Department of Bank of China (Hong Kong) Limited from August 2005 to July 2009, the executive director and general manager of The China and South Sea Bank Limited, Hong Kong from 1990 to 1998. He was previously a member of the Legislative Council of the Hong Kong Special Administrative Region, an independent non-executive director of MTR Corporation Limited and a member of the managing board of The Kowloon-Canton Railway Corporation, Hong Kong. Mr. Ng is a graduate of University of East Asia, Graduate College, Macau and holds a diploma in Chinese Law.

Mr. Lam Yiu Kin, 69, has been appointed as an INED of the Company since 2016. Mr. Lam is a fellow member of each of the Association of Chartered Certified Accountants, the Institute of Chartered Accountants in England & Wales, the Chartered Accountants of Australia and New Zealand, and Hong Kong Institute of Certified Public Accountants ("HKICPA"). He graduated from The Hong Kong Polytechnic University with a higher diploma in Accountancy in 1975. He was conferred an Honorary Fellow of The Hong Kong Polytechnic University in 2002.

Mr. Lam was previously a member of the Listing Committee and the Financial Reporting Advisory Panel of the Stock Exchange from 1997 to 2003, a committee member of HKICPA from 1994 to 2009, and a partner of PricewaterhouseCoopers from 1993 to 2013. Mr. Lam was an independent non-executive director of Vital Innovations Holdings Limited; Bestway Global Holding Inc.; WWPKG Holdings Company Limited; and Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. respectively. In all, Mr. Lam has over 41 years of extensive experience in accounting, auditing and business consulting. Mr. Lam is currently an independent non-executive director of each of Global Digital Creations Holdings Limited; Spring Asset Management Limited as the manager of Spring Real Estate Investment Trust; Shougang Century Holdings Limited; COSCO SHIPPING Ports Limited; CITIC Telecom International Holdings Limited and Topsports International Holdings Limited.

Ms. Chan Man Ki Maggie, *MH, JP*, 55, has been appointed as an INED of the Company since February 2023. Ms. Chan obtained her Bachelor degree in Laws and Postgraduate Certificate in Laws from the University of Hong Kong in 1991 and 1992 respectively. She is the founder and managing partner of CMK lawyers, a law firm in Hong Kong, and has over 29 years of experience in providing legal advice and services as a solicitor in Hong Kong. Ms. Chan is also a lawyer in the Guangdong-Hong Kong-Macao Greater Bay Area and her practice institution is Sino-Win Law Firm in Guangdong. Ms. Chan is an Accredited Mediator and a China-Appointed Attesting Officer in Hong Kong. She is also the founding president of The Small and Medium Law Firms Association of Hong Kong. Furthermore, Ms. Chan is a Specially Invited Mediator of Guangdong Court for Cross-border Commercial Dispute Resolution in the Guangdong-Hong Kong-Macao Greater Bay Area, a Mediator of Shenzhen Qianhai International Commercial Mediation Centre, and an Arbitrator of China Guangzhou Arbitration Commission, Shenzhen Court of International Arbitration, Qingdao Arbitration Commission and South China International Arbitration Centre (Hong Kong). Ms. Chan is also a member of Guangdong-Hong Kong-Macao Greater Bay Area Foreign Law Ascertainment Expert.

Ms. Chan has also undertaken various community positions in Hong Kong including being an Ex-officio Member of Election Committee and Chairman of Appeal Tribunal Panel (Building Ordinance). She was awarded the Medal of Honor in 2012 and Justice of the Peace in 2015 by the Government of the Hong Kong Special Administrative Region. Ms. Chan was also conferred with Honorary Fellow by City University of Hong Kong in 2013. Ms. Chan was elected as a Hong Kong Deputy to the National People's Congress of The People's Republic of China (the 13th session and the 14th session) in 2017 and 2022 respectively, an executive member of the All-China Women's Federation Executive Committee in 2018, a president of All-China Women's Federation Hong Kong Delegates Association Ltd. in 2021 and a Legislative Council Member of the Hong Kong Special Administrative Region in 2022. Ms. Chan is also an independent non-executive director of Beijing Enterprises Holdings Limited (stock code: 392), Wine's Link International Holdings Limited (stock code: 8509) and China State Construction Development Holdings Limited (stock code: 830).

Dr. Li Huiqun, 58, has been appointed as an INED of the Company since February 2023. She obtained a bachelor's degree in economics, a master's degree in economics and a doctorate degree in economics from the School of Economics of Wuhan University, Hubei Province, China in 1988, 1991 and 1994, respectively. Dr. Li obtained the title of senior economist. She has extensive experience in the banking and financial markets sector. From April 1994 to October 2015, she served as head of several divisions and on vice-president level positions in the Shenzhen Central Branch of the People's Bank of China, in charge of the Money and Credit Division, the Financial Research Office, the Bullion Management Division, labour union work and management of human resources. From November 2015 to June 2021, she has been the vice president of Shenzhen Rural Commercial Bank in charge of asset management, financial market and interbank business, international business and management of the Qianhai branch. Dr. Li is also an independent non-executive director of Zensun Enterprises Limited (stock code: 185) and Beijing Properties (Holdings) Limited (stock code: 925).

Dr. Cao Zhenlei, 65, has been appointed as an INED of the Company since October 2024. Dr. Cao is a senior research scientist with more than 30 years of experience in research and management in the pulp and paper industry in China. Dr. Cao currently serves as the director of China National Household Paper Industry Association. Dr. Cao holds a bachelor's degree from South China University of Technology with a specialization in the pulp and paper industry in 1981, a master's degree in paper making from the Light Industry Institute of Science and Technology in 1984, a Ph.D. in chemical engineering from the University of Saskatchewan in 1993 and an Executive M.B.A. from Peking University's Guanghua School of Management in 2005. Dr. Cao was an independent non-executive director of Vinda International Holdings Limited from August 2022 to August 2024. He also served as president of China Technical Association of Paper Industry and a director of China National Pulp and Paper Research Institute, vice president of Sinolight Corporation, vice chairman of China Paper Association and vice president of China Paper Industry Chamber of Commerce.

PROFILE OF SENIOR MANAGEMENT

Mr. Geng Guanglin, 50, has served as the Special Assistant to the Deputy Chairman of Nine Dragons Worldwide (China) Investment Group Co., Ltd. and the General Manager of the production and operation department of the Group since June 2022, responsible for the supervision and management of the pulp and paper production of the Group. Mr. Geng has more than 31 years of production management experience in large paper industry. Before joining the Group, he was the group senior management of Shandong Chenming Paper Holdings Limited and served as the rotating president, executive vice president, general manager of subsidiaries, etc. He graduated from Central Radio and Television University (major in Business Administration).

Mr. Zhang Yian, 50, joined the Group in June 2001. He has served as the General Manager of Nine Dragons Paper Industries (Dongguan) Co., Ltd. since June 2018 and has worked for the Group for over 23 years. Prior to joining the Group, Mr. Zhang worked for Hunan Taoyuan textile printing and dyeing company for over 6 years and was responsible for equipment's management. He graduated from Hunan Province Changde College (currently renamed as Hunan University of Arts and Science) and Hunan University (major in Industrial Economy Management).

Mr. Meng Feng, 52, has served as the General Manager of Nine Dragons Paper Industries (Taicang) Co., Ltd. in charge of supervision and management since December 2010. Mr. Meng has over 31 years production management experience in the large-scale paper manufacturing industry. Prior to joining the Group, he worked in Shandong Chenming Paper Industries Co., Ltd as a senior management and also acted as the general manager of a subsidiary. He graduated from Shandong Weifang Radio & Television Institute (major in Economic Information & Management Professional).

Mr. Yin Xianwen, 56, joined the Group in 2002 and has served as the General Manager of Nine Dragons Paper Industries (Tianjin) Co., Ltd. since November 2017. Mr. Yin has over 32 years' experience in management in paper manufacturing industry. Prior to joining the Group, he worked for Shandong Huazhong Paper Manufacturing Co., Ltd. He graduated from East China Normal University (major in Electronic Science and Technology) and is an engineer in automatic control.

Mr. Li Xin, 37, joined the Group in 2010 and has served as the General Manager of Nine Dragons Paper Industries (Chongqing) Co., Ltd. since January 2024. Mr. Li is in charge of the overall management and operation of the Chongqing base. He has worked for the Group for over 14 years and accumulated extensive experience in paper management and operation. He graduated from Wuhan Engineering College with a bachelor degree in Mechanical Design Manufacturing and its Automation.

Mr. Zhang Zhu, 43, joined the Group in 2002 and has been the General Manager of Nine Dragons Paper Industries (Hubei) Co., Ltd. since June 2022, responsible for the overall operation and management of the Hubei base. He has worked for the Group for over 22 years of experience in the papermaking technology and production management. He graduated from Nanjing Forestry University and received his bachelor's degree in pulp and papermaking.

Mr. Zhang Xin, 40, joined the Group in 2009 and has been the General Manager of Nine Dragons Paper Industries (Quanzhou) Co., Ltd. since March 2024. He has worked for the Group for over 16 years and accumulated extensive experience in papermaking technology and production management. He graduated from Northeast Electric Power University and received his bachelor's degree in pulp and papermaking in 2008.

Mr. Li Dengzheng, 50, joined the Group in 2016 and has served as the General Manager of Nine Dragons Paper Industries (Shenyang) Co., Ltd. since June 2023. Mr. Li has over 29 years' experience in management in paper manufacturing industry. Prior to joining the Group, Mr. Li worked for Shandong Chenming Paper Co., Ltd. He graduated from Shandong University of Technology (major in Electric Engineering and Automation).

Mr. Zhou Guowei, 56, has served as the General Manager of Nine Dragons Paper Industries (Hebei) Co., Ltd. in charge of supervision and management since June 2023. He served as the Deputy General Manager of Nine Dragons Paper Industries (Tianjin) Co., Ltd from 2007 to 2023. He served as the Chief Engineer of Nine Dragons Paper Industries (Dongguan) Co., Ltd. from 2002 to 2007, responsible for the research and development and manufacturing of the kraftlinerboards production lines. Before joining the Group in August 1996, he worked as the DCS (Distributed Control System) engineer at Shandong First Paper Yantai Paper Co., Ltd. for 4 years. Mr. Zhou has approximately 31 years of experience in pulp and paper manufacturing industry in China. He graduated from the Tianjin Institute of Light Industry with a bachelor's degree in pulp and paper manufacturing.

Mr. Ye Jian, 49, joined the Group in 2003 and has served as the General Manager of Nine Dragons Pulp and Paper (Leshan) Co., Ltd. in charge of operations and management since July 2014. Mr. Ye has 29 years of experience in production, technology and management in the paper manufacturing industry. Prior to joining the Group, he worked in Ningbo Zhonghua Paper Industry Co., Ltd. He graduated from Quzhou College of Technology, Zhejiang Province.

Mr. Li Yuming, 39, joined the Group in 2009 and has served as the General Manager of the Vietnam base of Nine Dragons Group, responsible for the overall operation and management of the Vietnam base since January 2024. He has worked for the Group for over 15 years and accumulated extensive experience in paper industry management and production operations. He graduated from Northeast Electric Power University (major in pulp and paper manufacturing, electrical engineering and automation) and received his bachelor's degree in pulp and papermaking.

Mr. Michael LaVerdiere, 53, joined the Group in August 2020 and has served as Executive Vice President and Chief Operating Officer of ND Paper Inc. in USA. since April 2021. He is leading mill operations, operational excellence, EHS and capital investment teams. Mr. LaVerdiere has over 31 years of experience in the paper manufacturing industry. Prior to joining the Group, he worked with International Paper and Verso Corporation where he served in a variety of leadership roles including Androscoggin Mill Operations Manager, Quinnesec Mill Manager, Vice President of Operations, and Vice President — Center of Excellence and Technology. Mr. LaVerdiere holds a Bachelor of Science degree in Chemical Engineering from the University of Maine.

Mr. Xin Gang, 50, joined the Group in 1998 and has served as the General Manager of the Selangor base in Malaysia of Nine Dragons Group in charge of supervision and management since April 2024. Mr. Xin has over 28 years of experience in production, technology and management in the paper manufacturing industry. He graduated from Shandong Institute of Light Industry with a bachelor degree in pulp and paper manufacturing in 1996.

Mr. Zhang Duling, 54, joined as the Group's General Manager of the Sales Department in charge of sales management and operation of the Group. He joined the Group in July 1998. Prior to joining the Group, he worked as the Manager of the sales department of Dongguan Chung Nam Paper Manufacturing Co., Ltd. He has approximately 28 years of experience in sales and marketing in the paper manufacturing industry in China. He graduated from the School of Management of Chinese Academy of Sciences with a higher diploma in Business Administration.

DIRECTORS' REPORT

The Directors are pleased to present the audited consolidated financial statements of ND Holdings for FY2024.

PRINCIPAL BUSINESSES

The Group is engaged in the production and sale of a broad variety of quality packaging paperboard products, including linerboard (kraftlinerboard, testlinerboard, white top linerboard and coated duplex board), high performance corrugating medium, recycled printing & writing paper, specialty paper, high performance corrugated sheet, high performance corrugated box and pulp, providing one-stop packaging services for customers.

BUSINESS REVIEW AND PERFORMANCE

A fair review of the business of the Company and a discussion and analysis of the Group's performance during the year, the material factors underlying its results and financial position and material attributable factors of the development and likely future developments of the Group's business, are provided throughout this Annual Report, particularly in the following separate sections:

(a) Review of the Company's business — "Management's Discussion and Analysis";

(b) The Company's risk management framework — "Internal Controls and Risk Management";

(c) The Company's financial risk management — "Note 3 to the Consolidated Financial Statements";

(d) Future development in the Company's business — "Chairlady's Report";

(e) Analysis using financial key performance indicators — "Financial Highlights" and "Management's Discussion and Analysis";

(f) Discussion on the Company's environmental policies and performance — "Environmental, Social and Governance Report";

(g) Discussion on the Company's compliance with the relevant laws and regulations — "Corporate Governance", "Independent Auditor's Report" and "Directors' Report"; and

(h) An account of the Company's key relationships with its employees, customers and suppliers and others — "Environmental, Social and Governance Report" and "Directors' Report".

The above sections form part of the Directors' Report.

RESULTS AND APPROPRIATIONS

The results of the Group for FY2024 are set out in the accompanying financial statements on page 129.

The Company did not distribute an interim dividend for the six months ended 31 December 2023 (six months ended 31 December 2022: Nil) to shareholders.

The Directors does not recommend the payment of a final dividend for FY2024 (2023: Nil).

FINANCIAL SUMMARY

A summary of the consolidated results and of the assets and liabilities of the Group for the last five financial years is set out on pages 17 to 18.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 30 June 2024 are set out in note 9 to the financial statements.

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

Details of the movements in the property, plant and equipment and right-of-use assets of the Group during the Year are set out in notes 6 and 7 to the financial statements.

BORROWINGS

Details of the borrowings of the Group are set out in note 17 to the financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the Year are set out in note 14 to the financial statements.

RESERVES

Details of the change in reserves of the Group and the Company during the Year are set out in notes 15 and 32 to the financial statements.

DISTRIBUTABLE RESERVES

As at 30 June 2024, the Company's reserve available for cash distribution and/or distribution in specie, representing the retained earnings, amounted to approximately RMB257,288,000. In addition, the Company's share premium account and contributed surplus of approximately RMB1,084,720,000 and RMB2,644,051,000, respectively, as at 30 June 2024 may be distributed to shareholders in certain circumstance prescribed by Section 54 of the Companies Act 1981 of Bermuda.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the aggregate amount of purchases attributable to the Group's five largest suppliers represented about 51.8% of the Group's total purchases and the purchase attributable to the Group's largest supplier was about 39.5% of the Group's total purchases. The aggregate amount of turnover attributable to the Group's five largest customers was approximately 6.4% of total turnover of the Group.

As at 30 June 2024, ACN, Tianjin ACN and Hainan ACN are three of the Group's five largest suppliers. ACN is a company indirectly owned by Ms. Cheung Yan and Mr. Liu Ming Chung. Tianjin ACN and Hainan ACN are both companies indirectly owned as to 70% by Ms. Cheung Yan, Mr. Liu Ming Chung, Mr. Zhang Cheng Fei, Mr. Lau Chun Shun, Mr. Zhang Lianpeng and Ms. Zhang Lianru. Ms. Cheung Yan is the wife of Mr. Liu Ming Chung, the sister of Mr. Zhang Cheng Fei, the mother of Mr. Lau Chun Shun and Mr. Ken Liu and the aunt of Mr. Zhang Lianpeng and Ms. Zhang Lianru. Mr. Liu Ming Chung is the husband of Ms. Cheung Yan, the brother-in-law of Mr. Zhang Cheng Fei, the father of Mr. Lau Chun Shun and Mr. Ken Liu and the uncle of Mr. Zhang Lianpeng and Ms. Zhang Lianru.

Save as disclosed herein, none of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) has any interest in the Group's five largest suppliers.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of Directors and Senior Management are set out in the Directors and Senior Management of this Annual Report.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business were entered into or existed during the Year.

DIRECTORS

The Directors who held office during the Year and up to the date of this report are:

Executive Directors

Ms. Cheung Yan
Mr. Liu Ming Chung
Mr. Zhang Cheng Fei
Mr. Ken Liu
Mr. Lau Chun Shun
Mr. Zhang Lianpeng
Mr. Zhang Yuanfu
Ms. Zhang Lianru (appointed on 1 March 2024)

INEDs

Mr. Ng Leung Sing
Mr. Lam Yiu Kin
Ms. Chan Man Ki, Maggie
Dr. Li Huiqun
Mr. Chen Kefu (retired on 11 December 2023)
Dr. Cao Zhenlei (appointed on 2 October 2024)

Pursuant to Bye-law 84 of the Company and the Corporate Governance Code under the Listing Rules, Mr. Liu Ming Chung, Mr. Ken Liu, Mr. Lau Chun Shun and Mr. Ng Leung Sing will retire at the 2024 AGM. Among them, Mr. Liu Ming Chung, Mr. Ken Liu and Mr. Lau Chun Shun are being eligible, will offer themselves for re-election at the 2024 AGM while Mr. Ng Leung Sing will not seek for re-election at the 2024 AGM and will retire as an INED after the conclusion of the 2024 AGM.

Pursuant to Bye-law 83(2) of the Company, a director appointed either to fill a casual vacancy or as an addition to the Board should hold office only until the next following annual general meeting. In this regard, Ms. Zhang Lianru and Dr. Cao Zhenlei will retire and, being eligible, offer themselves for re-election at the 2024 AGM.

No director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

As at 30 June 2024, the Directors and chief executive of the Company and their associates had the following interests and short positions in the Shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

The Company

(A) Interests in the Company

The table below sets out the aggregate long positions in the Shares and underlying shares of the Directors and the chief executive of the Company as at 30 June 2024.

		Number of Shares				
Name of Directors	Long Position/ Short Position	Personal Interests	Family Interests	Corporate Interests (Note 1)	Total	Approximate percentage of shareholdings
Ms. Cheung Yan	Long Position	90,097,758	31,594,184	2,992,120,000	3,113,811,942	66.36%
Mr. Liu Ming Chung	Long Position	31,594,184	90,097,758	2,992,120,000	3,113,811,942	66.36%
Mr. Zhang Cheng Fei	Long Position	34,399,821	—	—	34,399,821	0.73%
Mr. Ken Liu	Long Position	1,382,000	—	2,992,120,000	2,993,502,000	63.80%
Mr. Lau Chun Shun	Long Position	14,149,000	—	2,992,120,000	3,006,269,000	64.07%

Senior Perpetual Capital Securities of the Company

Name of Director	Capacity	Currency of Securities	Type of Securities	Principal Amount held	Approximate % held in Securities
Ms. Cheung Yan	Beneficial Owner	US$	14.0% senior perpetual securities ("Securities")	USD270,400,000	67.60%
Mr. Liu Ming Chung	Spouse Interest	US$	Securities	USD270,400,000	67.60%
Mr. Zhang Cheng Fei	Beneficial Owner	US$	Securities	USD27,000,000	6.75%
Mr. Lau Chun Shun	Beneficial Owner	US$	Securities	USD27,800,000	6.95%

Note: In June 2024, the Company issued US$400,000,000 14.0% (equivalent to RMB2,845,400,000) senior perpetual capital securities listed on the Singapore Exchange Securities Trading Limited. 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.

(B) Interests in Associated Corporation — Best Result

Name of Directors	Long Position/ Short Position	Capacity	No. of issued ordinary shares held in Best Result	Approximate percentage of shareholding
Ms. Cheung Yan	Long Position	Settlor of The Cheung Family Trust	37,073	37.073%
	Long Position	Interest of spouse	37,053	37.053%
Mr. Liu Ming Chung	Long Position	Settlor of The Liu Family Trust	37,053	37.053%
	Long Position	Interest of spouse	37,073	37.073%
Mr. Zhang Cheng Fei	Long Position	Settlor and beneficiary of The Zhang Family Trust and The Golden Nest Trust	25,874	25.874%
Mr. Ken Liu	Long Position	Beneficiary of trusts (Note 4)	90,000	90.000%
Mr. Lau Chun Shun	Long Position	Beneficiary of trusts (Note 4)	90,000	90.000%
Mr. Zhang Lianpeng	Long Position	Beneficiary of trusts (Note 5)	25,874	25.874%
Ms. Zhang Lianru	Long Position	Beneficiary of trusts (Note 5)	25,874	25.874%

Notes:

(1) Best Result directly held 2,992,120,000 Shares in the Company. The issued share capital of Best Result is held (i) as to approximately 37.073% by YC 2013 Company Limited which was held by Zedra Jersey Trust Corporation Limited as the trustee of The Cheung Family Trust, (ii) as to approximately 37.053% by Goldnew Limited which was held by Zedra Jersey Trust Corporation Limited as the trustee of The Liu Family Trust, (iii) as to approximately 10.000% by Acorn Crest Limited which was held by Zedra Jersey Trust Corporation Limited as the trustee of The Zhang Family Trust, and (iv) as to approximately 15.874% by Winsea Investments Limited which was held by Zedra Jersey Trust Corporation Limited as the trustee of The Golden Nest Trust.

(2) The Zhang Family Trust is an irrevocable trust. The Cheung Family Trust, The Liu Family Trust and The Golden Nest Trust are revocable discretionary trusts.

(3) Ms. Cheung Yan and Mr. Liu Ming Chung are the settlors of The Cheung Family Trust and The Liu Family Trust respectively. Ms. Cheung Yan is the spouse of Mr. Liu Ming Chung. Ms. Cheung Yan and Mr. Liu Ming Chung are each deemed to be interested in the Shares held by Best Result pursuant to Part XV of the SFO.

(4) Mr. Lau Chun Shun and Mr. Ken Liu are two of the beneficiaries of each of The Cheung Family Trust, The Liu Family Trust and The Golden Nest Trust. They are therefore deemed to be interested in the Shares held by Best Result pursuant to Part XV of the SFO.

(5) Mr. Zhang Lianpeng and Ms. Zhang Lianru are two of the beneficiaries of each of The Zhang Family Trust and The Golden Nest Trust.

Save as disclosed above, none of the Directors or chief executive of the Company or any of their associates (within the meaning of Part XV of SFO) had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any associated corporation as at the 30 June 2024, as recorded in the register required to be kept under 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debts securities (including debentures) of, the Company or any other body corporate.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

So far as is known to any Directors or chief executive of the Company, as at 30 June 2024, the following persons had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

Name of Shareholder	Long Position/ Short Position	Capacity	No. of issued ordinary shares held in Best Result	Approximate percentage of shareholding
Best Result (Note)	Long Position	Beneficial Owner	2,992,120,000	63.77%
YC 2013 Company Limited	Long Position	Interest of controlled corporation	2,992,120,000	63.77%
Goldnew Limited	Long Position	Interest of controlled corporation	2,992,120,000	63.77%
Zedra Jersey Trust Corporation Limited	Long Position	Trustee of The Cheung Family Trust and The Liu Family Trust	2,992,120,000	63.77%

Note: Best Result directly held 2,992,120,000 Shares in the Company. The issued share capital of Best Result is held (i) as to approximately 37.073% by YC 2013 Company Limited which was held by Zedra Jersey Trust Corporation Limited as the trustee of The Cheung Family Trust; (ii) as to approximately 37.053% by Goldnew Limited which was held by Zedra Jersey Trust Corporation Limited as the trustee of The Liu Family Trust, (iii) as to approximately 10.000% by Acorn Crest Limited which was held by Zedra Jersey Trust Corporation Limited as the trustee of The Zhang Family Trust, and (iv) as to approximately 15.874% by Winsea Investments Limited which was held by Zedra Jersey Trust Corporation Limited as the trustee of The Golden Nest Trust.

Save as disclosed above, as at 30 June 2024, as far as the Company is aware of, there was no other person who had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' INTERESTS IN CONTRACTS

Details of the connected transactions and related party transactions are set out in the Continuing Connected Transactions and note 30 the consolidated accounts of this Annual Report.

Save for the above, there was no contract of significance connected to the business of the Group (within the meaning of the Listing Rules), to which the Company, its subsidiaries, or its holding company or any of its fellow subsidiaries was a party and in which any director of the Company had a direct or indirect material interest, subsisting at the end of the Year or at any time during the Year.

DONATIONS

The Group's charitable and other donations during the Year amounted to approximately RMB16,173,000 (2023: RMB28,376,000).

CONTINUING DISCLOSURE REQUIREMENT UNDER RULE 13.21 OF THE LISTING RULES

In accordance with the disclosure requirements of Rule 13.21 of the Listing Rules, the following disclosure is included in respect of the Company's loan agreement, which contains covenants requiring performance obligations of the controlling shareholder of the Company as at 30 June 2024.

In January 2023, the Company as borrower, Nine Dragons Worldwide Investment Limited as guarantor and Bank of Communications (Hong Kong) Limited as lender entered into a facility agreement for a facility of USD475 million for a term of three years. Under the terms of the facility agreement, if Ms. Cheung Yan and her family members (including but not limited to Mr. Liu Ming Chung, Mr. Zhang Cheng Fei, Mr. Ken Liu, Mr. Lau Chun Shun and Mr. Zhang Lianpeng), in aggregate, ceases to hold and control 51% or more equity interest of the Company, the Facility will become immediately due and repayable.

In December 2023, ND Paper Malaysia (Selangor) Sdn. Bhd. as borrower, the Company as guarantor and certain banks as lenders entered into a Facility Agreement for a facility of RMB2,630 million for a term of 3 years. Under the terms of the facility agreement, if Ms. Cheung Yan and her family members (including but not limited to Mr. Liu Ming Chung, Mr. Zhang Cheng Fei, Mr. Ken Liu, Mr. Lau Chun Shun and Mr. Zhang Lianpeng), in aggregate, ceases to legally and beneficially own (directly or indirectly) and control at least 51% of the issued and fully paid share capital of the Company or ceases to have a management control over the Company, the facility will become immediately due and repayable.

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 FY2024.

RELATED PARTY TRANSACTIONS

During FY2024, the Group entered into certain transactions with "related parties" as defined under the applicable accounting standards. Related party transactions are disclosed in note 30 to the financial statements.

Some of these transactions also constituted continuing connected transactions under the Listing Rules as summarised below.

CONTINUING CONNECTED TRANSACTIONS

During FY2024 and in the normal course of business, the Company and its subsidiaries had various commercial transactions with certain connected persons. These transactions are considered to be continuing connected transactions for the Company under the Listing Rules. The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules in respect of the following continuing connected transactions.

EXEMPT CONTINUING CONNECTED TRANSACTIONS

During the Year, the Group engaged in the following exempt continuing connected transactions with the connected persons, particulars of which were previously disclosed on the announcement dated 25 May 2023 and are required under the Listing Rules to be disclosed in this annual report.

(1) Packaging Paper Supply Agreement

Dongguan Longteng is a company wholly-owned by Mr. Zhang Cheng Ming and his family members. Mr. Zhang Cheng Ming is a brother of Mr. Zhang Cheng Fei and Ms. Cheung Yan, the uncle of Mr. Lau Chun Shun, Mr. Ken Liu, Mr. Zhang Liangpeng and Ms. Zhang Lianru, all of whom are the Directors and substantial shareholders of the Company. On 25 May 2023, Dongguan Longteng and the Company entered into a supply agreement (the "Packaging Paper Supply Agreement"), pursuant to which the Company agreed to supply packaging paper to Dongguan Longteng for the Group's production requirements from 1 July 2023 to 30 June 2026.

During FY2024, the actual amount of transactions under the Packaging Paper Supply Agreement was RMB545 million and was within the annual cap of RMB800 million.

(2) Chemicals Purchase Agreement

Cheng Ming Group (H.K.) Limited ("Cheng Ming Group") is a company wholly-owned by Mr. Zhang Cheng Ming and his family members. Mr. Zhang Cheng Ming is a brother of Mr. Zhang Cheng Fei and Ms. Cheung Yan, the uncle of Mr. Lau Chun Shun, Mr. Ken Liu, Mr. Zhang Liangpeng and Ms. Zhang Lianru, all of whom are the Directors and substantial shareholders of the Company. On 25 May 2023, Cheng Ming Group and the Company entered into a purchase agreement (the "Chemicals Purchase Agreement"), pursuant to which the Group agreed to purchase chemicals from Cheng Ming Group for the Group's production requirements from 1 July 2023 to 30 June 2026.

During FY2024, the actual amount of transactions under the Chemicals Purchase Agreement was RMB838 million and was within the annual cap of RMB1,000 million.

NON-EXEMPT CONTINUING CONNECTED TRANSACTION

During the Year, the Group engaged in the following non-exempt continuing connected transactions with the connected persons, particulars of which were previously disclosed on the announcement dated 25 May 2023 and the circular of the Company dated 21 June 2023 and are required under the Listing Rules to be disclosed in this annual report of the Company.

Recovered Paper, Recycled Pulp and Woodchips Agreement

ACN is indirectly wholly owned by Ms. Cheung Yan and Mr. Liu Ming Chung. Tianjin ACN and Hainan ACN both are 70% indirectly owned by Ms. Cheung Yan, Mr. Liu Ming Chung, Mr. Zhang Cheng Fei, Mr. Lau Chun Shun, Mr. Zhang Lianpeng and Ms. Zhang Lianru and indirectly owned as to 30% by the Company.

ACN is a company established in California, the United States, and is the leading exporter of recovered paper, recycled pulp and woodchips in the United States, Europe and Asia. ACN has a strong and long term relationship and connection with recycled pulp and woodchips major exporter worldwide. Tianjin ACN is a company established in the PRC and is principally engaged in the business of sourcing of recovered paper, recycled pulp and woodchips in the PRC. Hainan ACN is a company established in the PRC and is principally engaged in the business of sourcing of recovered paper, recycled pulp and woodchips in the PRC.

On 25 May 2023, the Company, ACN, Tianjin ACN and Hainan ACN entered into a recovered paper, recycled pulp and woodchips agreement (the "Recovered Paper, Recycled Pulp and Woodchips Agreement"), pursuant to which the Company agreed to purchase recovered paper, recycled pulp and woodchips from ACN and/or Tianjin ACN and/or Hainan ACN or their respective subsidiaries from 1 July 2023 to 30 June 2026. The Recovered Paper, Recycled Pulp and Woodchips Agreement was approved by the independent shareholders at the special general meeting held on 21 July 2023.

During FY2024, the actual amount of transactions under Recovered Paper, Recycled Pulp and Woodchips Agreement was RMB20,437 million and was within the annual cap of RMB40,000 million.

Save as disclosed above, there were no other non-exempted connected transaction or non-exempted continuing connected transaction discloseable under the Listing Rules during FY2024 and up to the date of this report.

ANNUAL REVIEW OF CONTINUING CONNECTED TRANSACTIONS

The continuing connected transactions mentioned above have been reviewed by the Board, including the INEDs. The INEDs have confirmed that the transactions have been entered into:

(a) in the ordinary and usual course of the business of the Group;

(b) either on normal commercial terms or, if there are not sufficient comparable terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties;

(c) in accordance with the relevant agreements governing such transactions; and

(d) on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditor of the Company was engaged to report on the above continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor of the Company has issued an unqualified letter containing the findings and conclusions in respect of the continuing connected transactions in accordance with Main Board Listing Rule 14A.56.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the applicable laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year or subsisted at the end of the Year.

PERMITTED INDEMNITY PROVISION

Pursuant to the Bye-laws, every director shall be indemnified and held harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he/she shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of his/her duty, or supposed duty, in his/her respective offices or trusts.

The Company has appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Group.

PUBLIC FLOAT

Based on the information which is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed amount of public float during the Year and up to the date of this report as required under the Listing Rules.

AUDITOR

The Group's financial statements for FY2024 have been audited by PricewaterhouseCoopers who retires and, being eligible, offers itself for re-appointment. A resolution to re-appoint PricewaterhouseCoopers and to authorize the Directors to fix its remuneration will be proposed at the 2024 AGM.

On behalf of the Board

Cheung Yan
Chairlady

Hong Kong, 25 September 2024

INDEPENDENT AUDITOR'S REPORT

pwc 羅兵咸永道

Independent Auditor's Report
To the Shareholders of Nine Dragons Paper (Holdings) Limited
(incorporated in Bermuda with limited liability)

OPINION

What we have audited

The consolidated financial statements of Nine Dragons Paper (Holdings) Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 127 to 188, comprise:

- the consolidated balance sheet as at 30 June 2024;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Independent Auditor's Report *(continued)*
To the Shareholders of Nine Dragons Paper (Holdings) Limited
(incorporated in Bermuda with limited liability)

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Revenue recognition on sales of goods
- Impairment assessment of property, plant and equipment

Key Audit Matters	How our audit addressed the Key Audit Matters
Revenue recognition on sales of goods	
Refer to note 2.24 and note 20 to the consolidated financial statements. During the year ended 30 June 2024, the Group has recognised revenue from sales of goods of RMB59,496,365,000. Revenue is recognised at the point in time when the control of the goods is transferred to the customer, which generally coincides with delivery and acceptance of the goods sold. We focused on this area due to the huge volume of sales transactions generated in various locations and from many customers, and thus significant time and resource were devoted in this area.	We understood, evaluated and validated management's relevant controls in respect of the Group's sales transactions from sales contracts, sales orders, through to recording of sales based on the goods delivery notes accepted by customers. In addition, we tested the general control environment of the Group's information technology systems and the specific automatic controls that were related to revenue recording to assess the completeness and accuracy of the revenue entries being recorded in the accounting system. We checked the sales contract templates prepared by the Group, and analysed and evaluated the Group's accounting policies on the revenue recognition of sales of goods based on the interview with management, understanding of the Group's business and our audit experience. We selected sales contracts entered into by the Group and its customers on a sample basis and compared the key contract terms with the sales contract template; we also examined on a sample basis the goods delivery notes accepted by customers relevant to selected sales during the year. We circulated confirmations to selected customers to confirm the balances of trade receivables as at the balance sheet date. The items tested were selected on a sample basis by considering the amount, nature and characteristics of the customers through the whole year. Furthermore, we tested sales transactions that took place shortly before and after the balance sheet date by inspecting the goods delivery notes to assess whether revenue was recognised in the correct reporting periods. Based on the work performed, we found the Group's revenue from sales of goods being tested were recognised in a manner consistent with the Group's accounting policy of revenue recognition.

Independent Auditor's Report *(continued)*
To the Shareholders of Nine Dragons Paper (Holdings) Limited
(incorporated in Bermuda with limited liability)

KEY AUDIT MATTERS *(continued)*

Key Audit Matters	How our audit addressed the Key Audit Matters
Impairment assessment of property, plant and equipment	
Refer to Note 4(a) — critical accounting estimates and judgements and Note 6 — property, plant and equipment to the consolidated financial statements. As at 30 June 2024, the carrying value of the Group's property, plant and equipment ("PP&E") amounted to RMB95,462,861,000. Management performed impairment assessment on PP&E with impairment indicators at the level of cash generating unit ("CGU") to which the PP&E was allocated using discounted cash flow model. Based on management's best estimates and the impairment assessment, there was no impairment for the PP&E as at 30 June 2024. Management estimated the recoverable amounts of the PP&E with impairment indicators based on their value in use, which have been determined on the basis of valuation carried out by an independent valuer. The value-in-use calculations use cash flow projections based on the five-year financial budgets which involved significant assumptions such as the discount rates and the expected sales growth rates. We focused on this area because of the material balances of PP&E, and the significant estimations and judgements involved in determining the recoverable amounts of the PPE with impairment indicators.	Our procedures in relation to the impairment assessment of PP&E included: • understood and evaluated the internal controls over the process of identification of impairment indicators, impairment assessment of the PP&E with impairment indicators, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud; • evaluated management's identification of the CGUs and the allocation of assets to the CGUs for the purpose of identification of impairment indicators and impairment assessment of the PP&E with impairment indicators, by reference to our understanding of the Group's business and its industry; • evaluated management's impairment assessment of the PP&E with impairment indicators: o assessed the competence, capabilities and objectivity of the independent valuer; o agreed the input data used by the management with supporting evidence such as approved financial budgets; o by comparing and analysing the actual financial results of such PP&E during the current year against the respective forecasts in prior year, we evaluated the outcome of prior-year impairment tests to challenge the appropriateness of management's assessment process;

Independent Auditor's Report *(continued)*
To the Shareholders of Nine Dragons Paper (Holdings) Limited
(incorporated in Bermuda with limited liability)

KEY AUDIT MATTERS *(continued)*

Key Audit Matters	How our audit addressed the Key Audit Matters
	o involved our internal valuation expert to assess the appropriateness of the valuation methodologies used by the independent valuer, test the mathematical accuracy of the value-in-use calculations and benchmark the discount rates applied to comparable companies in the same industry; o challenged management the reasonableness of significant assumptions applied in the financial budgets by comparing with historical performances and available market information; and o assessed management's sensitivity analyses on the significant assumptions, to ascertain the extent to which adverse changes, both individually or in aggregate, would result in the assets being impaired. • evaluated the appropriateness and adequacy of the relevant disclosures made in the Group's consolidated financial statements. Based on the procedures described above, we found that the impairment assessment of PP&E made by management is supportable by available evidence.

Independent Auditor's Report *(continued)*
To the Shareholders of Nine Dragons Paper (Holdings) Limited
(incorporated in Bermuda with limited liability)

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report *(continued)*
To the Shareholders of Nine Dragons Paper (Holdings) Limited
(incorporated in Bermuda with limited liability)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Independent Auditor's Report *(continued)*
To the Shareholders of Nine Dragons Paper (Holdings) Limited
(incorporated in Bermuda with limited liability)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Pong Fei Ho.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 25 September 2024

CONSOLIDATED BALANCE SHEET

	Note	30 June 2024 RMB'000	30 June 2023 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**95,462,861**	86,557,207
Right-of-use assets	7	**5,352,769**	3,019,260
Intangible assets	8	**286,810**	300,248
Investments in associates and a joint venture	10	**196,269**	175,400
Prepayments	12	**562,865**	1,013,424
Deferred income tax assets	18	**197,113**	130,969
Total non-current assets		**102,058,687**	91,196,508
Current assets			
Inventories	11	**10,169,308**	8,855,674
Trade receivables	12	**3,534,280**	3,086,387
Bills receivables	12	**4,948,012**	1,373,742
Other receivables and prepayments	12	**6,805,813**	5,556,064
Financial assets at fair value through profit or loss		**86,248**	87,404
Tax recoverable		**39,077**	32,330
Restricted cash		**132,346**	113,319
Short-term bank deposits		**37,050**	32,088
Cash and cash equivalents	13	**10,560,669**	10,317,488
Total current assets		**36,312,803**	29,454,496
Total assets		**138,371,490**	120,651,004
EQUITY			
Capital and reserves			
Share capital	14	**480,531**	480,531
Share premium	14	**1,084,720**	1,084,720
Other reserves	15	**6,815,423**	6,812,482
Retained earnings		**36,785,022**	36,274,153
		45,165,696	44,651,886
Perpetual capital securities	16	**2,846,329**	—
Non-controlling interests		**472,452**	484,536
Total equity		**48,484,477**	45,136,422

	Note	30 June 2024 RMB'000	30 June 2023 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	17	**52,326,732**	43,180,730
Lease liabilities	7(b)	**1,751,420**	21,203
Other payables	19	**100,652**	84,093
Deferred income tax liabilities	18	**4,499,231**	4,157,579
Total non-current liabilities		**58,678,035**	47,443,605
Current liabilities			
Borrowings	17	**14,852,349**	13,592,522
Trade payables	19	**4,745,359**	3,277,468
Bills payables	19	**6,520,710**	6,370,854
Contract liabilities	20	**632,551**	454,378
Lease liabilities	7(b)	**94,932**	30,812
Other payables	19	**4,330,009**	4,322,791
Current income tax liabilities		**33,068**	22,152
Total current liabilities		**31,208,978**	28,070,977
Total liabilities		**89,887,013**	75,514,582
Total equity and liabilities		**138,371,490**	120,651,004

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 127 to 188 were approved by the board of directors of the Company on 25 September 2024 and were signed on its behalf.

Ms. Cheung Yan
Chairlady

Mr. Liu Ming Chung
Deputy Chairman and Chief Executive Officer

CONSOLIDATED INCOME STATEMENT

	Note	For the year ended 30 June 2024 RMB'000	2023 RMB'000
Revenue	20	**59,496,365**	56,739,440
Cost of goods sold	22	**(53,784,893)**	(55,209,226)
Gross profit		**5,711,472**	1,530,214
Other income, other expenses and other gains — net	21	**1,551,383**	1,403,089
Exchange (losses)/gains on operating activities — net		**(46,710)**	172,835
Selling and marketing costs	22	**(2,338,521)**	(2,124,365)
Administrative expenses	22	**(2,150,149)**	(2,576,995)
Net impairment losses on financial assets		**(82,412)**	—
Operating profit/(loss)		**2,645,063**	(1,595,222)
Finance costs — net		**(1,433,584)**	(1,126,805)
— Finance income	24	**135,181**	162,110
— Finance costs	24	**(1,568,765)**	(1,288,915)
Exchange gains on financing activities — net		**19,231**	27,839
Share of results of associates and a joint venture — net	10	**7,663**	(31,842)
Profit/(loss) before income tax		**1,238,373**	(2,726,030)
Income tax (expense)/credit	25	**(444,483)**	355,191
Profit/(loss) for the year		**793,890**	(2,370,839)
Profit/(loss) attributable to:			
— Equity holders of the Company		**750,677**	(2,383,376)
— Holders of perpetual capital securities		**21,669**	—
— Non-controlling interests		**21,544**	12,537
		793,890	(2,370,839)
Basic earnings/(loss) per share for profit/(loss) attributable to equity holders of the Company during the year *(expressed in RMB per share)*	26	**0.16**	(0.51)
Diluted earnings/(loss) per share for profit/(loss) attributable to equity holders of the Company during the year *(expressed in RMB per share)*	26	**0.16**	(0.51)

The above consolidated income statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 30 June	
	2024	2023
	RMB'000	RMB'000
Profit/(loss) for the year	**793,890**	(2,370,839)
Other comprehensive (loss)/income		
(Items that may be reclassified subsequently to profit or loss)		
— currency translation differences	**(270,495)**	95,779
Total comprehensive income/(loss) for the year	**523,395**	(2,275,060)
Total comprehensive income/(loss) for the year attributable to:		
— Equity holders of the Company	**513,810**	(2,309,069)
— Holders of perpetual capital securities	**21,669**	—
— Non-controlling interests	**(12,084)**	34,009
	523,395	(2,275,060)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company						
	Share capital RMB'000 (Note 14)	Share premium RMB'000 (Note 14)	Other reserves RMB'000 (Note 15)	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 July 2022	480,531	1,084,720	6,403,756	39,085,792	47,054,799	450,527	47,505,326
Comprehensive loss							
Loss for the year	–	–	–	(2,383,376)	(2,383,376)	12,537	(2,370,839)
Other comprehensive income							
Currency translation differences	–	–	74,307	–	74,307	21,472	95,779
Total comprehensive loss	–	–	74,307	(2,383,376)	(2,309,069)	34,009	(2,275,060)
Transactions with owners							
2022 final dividends to equity holders of the Company	–	–	(93,844)	–	(93,844)	–	(93,844)
Appropriation to statutory reserve and enterprise expansion fund	–	–	428,263	(428,263)	–	–	–
Balance at 30 June 2023	480,531	1,084,720	6,812,482	36,274,153	44,651,886	484,536	45,136,422

	Attributable to equity holders of the Company							
	Share capital RMB'000 (Note 14)	Share premium RMB'000 (Note 14)	Other reserves RMB'000 (Note 15)	Retained earnings RMB'000	Total RMB'000	Perpetual capital securities RMB'000 (Note 16)	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 July 2023	480,531	1,084,720	6,812,482	36,274,153	44,651,886	–	484,536	45,136,422
Comprehensive loss								
Profit for the year	–	–	–	750,677	750,677	21,669	21,544	793,890
Other comprehensive loss								
Currency translation differences	–	–	(236,867)	–	(236,867)	–	(33,628)	(270,495)
Total comprehensive income	–	–	(236,867)	750,677	513,810	21,669	(12,084)	523,395
Transactions with owners								
Issuance of perpetual capital securities	–	–	–	–	–	2,824,660	–	2,824,660
Appropriation to statutory reserve and enterprise expansion fund	–	–	239,808	(239,808)	–	–	–	–
Balance at 30 June 2024	480,531	1,084,720	6,815,423	36,785,022	45,165,696	2,846,329	472,452	48,484,477

The above consolidated statement of changes of equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the year ended 30 June 2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
Cash generated from operations	28(a)	**1,564,480**	9,004,968
Income tax paid		**(163,396)**	(62,951)
Interest paid		**(2,195,283)**	(2,017,530)
Net cash (used in)/generated from operating activities		**(794,199)**	6,924,487
Cash flows from investing activities			
Payments for property, plant and equipment, right-of-use assets and intangible assets		**(12,818,920)**	(17,697,628)
Dividends received from associates		**—**	170,159
Interest received		**135,181**	162,110
Proceeds from government grants for purchase of property, plant and equipment and land use right		**17,660**	80,999
Investment in associates		**(12,981)**	(108,453)
Others — net		**23,087**	(31,213)
Net cash used in investing activities		**(12,655,973)**	(17,424,026)
Cash flows from financing activities			
Proceeds from borrowings		**44,456,365**	47,326,577
Repayments of borrowings		**(34,005,995)**	(35,738,137)
Proceeds from issuance of perpetual capital securities, net of transaction costs	16	**2,824,660**	—
Proceeds from discount of bank acceptance notes — net		**568,618**	47,866
Dividends paid to equity holders of the Company		**—**	(469,360)
Changes in restricted cash		**(4,741)**	(7,106)
Proceeds from lessee exercising purchase option		**13,390**	—
Principal elements of lease payment		**(186,071)**	(23,368)
Net cash generated from financing activities		**13,666,226**	11,136,472
Net increase in cash and cash equivalents		**216,054**	636,933
Cash and cash equivalents at beginning of the year		**10,317,488**	9,654,344
Exchange gains on cash and cash equivalents		**27,127**	26,211
Cash and cash equivalents at end of the year	13	**10,560,669**	10,317,488

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Nine Dragons Paper (Holdings) Limited (the "Company") and its subsidiaries (together the "Group") are 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.

These consolidated financial statements are presented in Renminbi thousand, unless otherwise stated. These consolidated financial statements have been approved for issue by the board of directors of the Company ("BoD") on 25 September 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION

This note provides a list of the material accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

(a) Compliance with HKFRSs and HKCO

The consolidated financial statements of the Group 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.

HKFRS comprise the following authoritative literature:

- Hong Kong Financial Reporting Standards
- Hong Kong Accounting Standards
- Interpretations developed by the Hong Kong Institute of Certified Public Accountants

(b) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss which are measured at fair value.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

2.2 New standards, amendments and interpretations to standards

(a) New standards and amendments to standards adopted by the Group

The following new standards and amendments to standards are relevant and mandatory for the Group's financial year beginning on 1 July 2023:

HKFRS 17	Insurance Contract
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

The adoption of the above amendments to standards and interpretations does not have any significant impact to the results and financial position of the Group.

(b) New standards, amendments and interpretations to standards relevant to the Group have been issued but are not effective

The following new standards, amendments and interpretations to standards have been issued but are not mandatory for annual period beginning after 1 July 2023 and have not been early adopted:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to HKAS 1	Non-current Liabilities with Covenants[1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[1]
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 21	Lack of Exchangeability[2]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]

1 Effective for the Group for annual periods beginning on or after 1 July 2024
2 Effective for the Group for annual periods beginning on or after 1 July 2025
3 Effective for the Group for annual periods beginning on or after 1 July 2026
4 Effective for the Group for annual periods beginning on or after 1 July 2027
5 Effective date to be determined

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

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

2.3 Principles of consolidation and equity accounting

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (Note 2.4).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions — that is, as transactions with the owners in their capacities as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that the amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

(d) Separate financial statements of the Company

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

2.3 Principles of consolidation and equity accounting *(continued)*

(e) Equity method

Under the equity method of accounting, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the result of the investee after the date of acquisition. The Group's investment in an associate or a joint venture includes goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate or a joint venture, any difference between the cost of the associate or joint venture and the Group's share of the net fair value of the associate's or joint venture's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in the associate or joint venture is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in the associate or joint venture equals or exceeds its interest in the associate or joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

The Group determines at each balance sheet date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount adjacent to "share of results of associates and a joint venture — net" in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associate or joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the associate or joint venture have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gains and losses on dilution of equity interests in the associate or joint venture are recognised in the consolidated income statement.

(f) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

(g) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control and over which none of the participating parties has unilateral control. The Group has assessed the nature of its joint arrangement and determined it to be a joint venture. Joint venture is accounted for using the equity method.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

2.4 Business combinations

(a) Business combinations under common control

The consolidated financial statements incorporate the consolidated financial statements items of the entities or businesses in which the common control combination occurs as if they had been consolidated from the date when the entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in consideration for goodwill or excess of acquirer's interest in the net fair value of acquirer's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated income statement and the consolidated statement of comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities had been combined at the previous year end date or when they first came under common control, whichever is shorter.

A uniform set of accounting policies is adopted by those entities. All intra-group transactions, balances and unrealised gains on transactions between combining entities or businesses are eliminated.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting is recognised as an expense in the period in which it is incurred.

(b) Business combinations not under common control

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

2.4 Business combinations *(continued)*

(b) Business combinations not under common control *(continued)*

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the "CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that make strategic decisions.

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

2.6 Foreign currency translation *(continued)*

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement, except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings, restricted cash, short-term bank deposits and cash and cash equivalents are presented in the consolidated income statement within "exchange gains on financing activities — net". All other foreign exchange gains and losses are presented in the consolidated income statement within "exchange (losses)/gains on operating activities — net".

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

— assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

— income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

— all resulting currency translation differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Freehold lands are not depreciated and are measured at historical cost less subsequent accumulated impairment losses.

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

2.7 Property, plant and equipment *(continued)*

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged in the consolidated income statement during the financial period in which they are incurred.

Depreciation on property, plant and equipment other than freehold lands is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	20–48 years
Plants and machineries	12–35 years
Furniture, fixtures and equipment	5–12 years
Motor vehicles, transportation and logistics equipment	6–15 years

The assets' residual values mainly ranged from 3% to 5%. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount (Note 2.11).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other income, other expenses and other gains — net" in the consolidated income statement.

2.8 Construction in progress

Construction in progress represents property, plant and equipment under construction and pending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction of buildings, the cost of plant and machinery and interest charges arising from borrowings used to finance these assets during the period of construction or installation and testing, if any. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and are available for intended use. When the assets concerned are brought into use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated in the preceding paragraphs.

2.9 Land use rights

Land use rights represent up-front prepayment made for operating leases for land use rights paid to the counterparties. Land use rights are presented in right-of-use assets, carried at cost and are charged to the consolidated income statement on a straight-line basis over the respective periods of the leases which range from 24 years to 62 years.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

2.10 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units ("CGU") for the purpose of impairment testing. The allocation is made to those CGU or groups of CGU that are expected to benefit from the business combination in which the goodwill arose.

(b) Other intangible assets

(i) Trademark

Separately acquired trademark represents the right of use of the "Xueshan" brand which delivers an earning stream and generates value for the Group. The trademark can be re-registered every 10 years at minimal cost. The directors of the Company are of the view that the Group has both the intention and ability to register the trademark continuously. As a result, the useful life of the trademark is considered by the management as indefinite because the trademark is expected to contribute to the Group's net cash inflows indefinitely. Trademark acquired in a business combination are recognised at fair value at the acquisition date. Trademark with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses. Impairment testing of intangible assets is described in Note 2.11.

(ii) Patent

The patent represents the right of use of odor treatment equipment which is designed to solve the environment pollution problems caused by odor emission during the production process and other technical rights used during the production process. Patent acquired in a business combination are recognised at fair value at the acquisition date. The patent is carried at costs less accumulated amortisation and impairment, if any. Amortisation is calculated using the straight-line method to allocate the cost of patent over its estimated useful life of 8 years.

(iii) Customer relationship

Customer relationship acquired in a business combination is recognised at fair value at the acquisition date. The customer relationship has a finite useful life of 10 years and is carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method over the expected life of the customer relationship.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

2.10 Intangible assets *(continued)*

(c) Computer software

Computer software is shown at historical cost. Historical cost includes expenditure that is directly attributable to the acquisition of the item. Computer software has a definite useful life and is carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the cost of the computer software over its estimated useful life (10 years).

(d) Sea area use rights

Sea area use rights are stated at cost less accumulated amortisation and impairment. Cost represents consideration paid for the rights to use the sea area. Amortisation is calculated using the straight-line method over its estimated useful life of 50 years.

2.11 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill and trademark, are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGU). Non-financial assets other than goodwill and trademark that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.12 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, the classification will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

2.12 Financial assets *(continued)*

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in the consolidated income statement as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at financial assets at fair value through other comprehensive income are not reported separately from other changes in fair value.

(d) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and bills receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. For other receivables, the Group applies either 12-month or lifetime expected losses method to assess the expected credit losses depending on whether there has been a significant increase in credit risk since initial recognition.

2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operation capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.15 Trade, bills and other receivables

Trade and bills receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection of trade, bills and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade, bills and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and other receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. The Group holds bills receivables for collection of contractual cash flows and for selling. Therefore, bills receivables are measured at fair value through other comprehensive income.

2.16 Restricted cash, short-term bank deposits and cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank deposits which are restricted to use are included in "restricted cash". Restricted cash and short-term bank deposits are excluded from cash and cash equivalents in the consolidated statement of cash flows.

2.17 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.18 Perpetual capital securities

Perpetual capital securities with no contractual obligation for the Group to deliver cash or another financial asset to the holders are classified as equity instruments. They are initially recorded at the net proceeds after transaction cost received within equity. Discretionary interest declared by the Group to the holders of perpetual capital securities is treated as distribution.

2.19 Trade, bills and other payables

Trade and bills payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade, bills and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade, bills and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

2.20 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the consolidated income statement in the period in which they are incurred.

Borrowing costs include interest expense, finance charges in respect of finance lease and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on forward currency rates at the inception of the borrowings.

2.21 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

2.21 Current and deferred income tax *(continued)*

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associate and joint venture, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Generally the Group is unable to control the reversal of the temporary difference for the associate. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.22 Employee benefits

(a) Pension obligations

The Group participates in various defined contribution retirement benefit plans which are available to relevant employees. These plans are generally funded through payments to schemes established by governments or trustee-administered funds. A defined contribution plan is a pension plan under which the Group pays contributions on a mandatory, contractual or voluntary basis into a separate fund. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior years. The Group's contributions to the defined contribution plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plans prior to vesting fully in the contributions.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

2.22 Employee benefits *(continued)*

(b) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2.23 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.24 Revenue and other income recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer. This may be at a single point in time or over time.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- when the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- when the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced;
- when the Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance completed to date.

If none of the above conditions are met, the Group recognises revenue at a single point in time at which the performance obligation is satisfied for the sale of good or service when control has been passed.

If control of the product or service transfers over time, revenue is recognised over the period of the contract by measuring the progress towards complete satisfaction of that performance obligation.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

2.24 Revenue and other income recognition *(continued)*

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities, net of value-added tax ("VAT"), return, rebate and discount after eliminating sales within the group companies.

(a) Revenue from sales of goods

Revenue from sales of goods is recognised at the point in time when the control of the goods is transferred to the customer, which generally coincides with delivery and acceptance of the goods sold.

(b) Other income from sales of electricity

Other income from sales of electricity is recognised at the point in time when electricity is generated and transmitted to the power grids operated by the provincial electricity power company.

(c) Other income from rendering of transportation service

Other income from rendering of transportation service is recognised over the period when the services are provided.

2.25 Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.26 Leases

The Group leases office buildings, land use rights and vessels on both short-term and long-term contracts.

Land use rights represent prepaid operating lease payments for land less accumulated amortisation and any impairment losses. Amortisation is calculated using the straight-line method to allocate the prepaid operating lease payments for land over the remaining lease term or the operating period, whichever is shorter.

Rental contracts for office buildings, land use rights and vessels are typically made for fixed periods of 3 to 62 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

2.26 Leases *(continued)*

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

2.26 Leases *(continued)*

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

2.27 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to the purchase of property, plants and equipment are deducted from the cost of additions of the related assets and consequently are effectively recognised in the consolidated income statement on a straight-line basis over the expected useful lives of the related assets by way of reduced depreciation/amortisation charges.

Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

2.28 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where applicable.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign exchange risk

The Group mainly operates in Chinese mainland, Hong Kong, the United States of America ("USA"), Macau, Socialist Republic of Vietnam ("Vietnam") and Malaysia and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollars ("US$"), Euros ("EURO"), Hong Kong Dollars ("HK$"), Vietnamese Dong ("VND") and Malaysian Ringgit ("MYR"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(a) Foreign exchange risk *(continued)*

To manage the Group's foreign exchange risks, foreign currency borrowings, currency structured instruments and other appropriate financial instruments may be used to hedge material exposure. The Group may adjust the mix of currencies of its borrowings in response to change in market conditions. The Group is primarily exposed to the fluctuations of RMB versus US$, EURO and HK$, and MYR versus US$ and EURO.

Foreign exchange risks are mainly as a result of unrealised foreign exchange losses/gains on translation of foreign currency-denominated financial instruments (including cash and cash equivalents, short-term bank deposits, restricted cash, trade and other receivables, trade and other payables, borrowings and lease liabilities) into the functional currency of the group entities and the translation of financial statements of the Group's foreign operations into the Group's presentation currency.

(b) Interest rate risk

The Group's major interest-bearing assets are cash at banks. The maturity term of cash at banks is within 12 months so there would be no significant interest rate risk.

The Group's interest-rate risk mainly arises from its borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. To manage the Group's exposure to fluctuations in interest rates on specific transactions, the management will consider to use appropriate financial instruments to hedge material exposure if necessary.

As at 30 June 2024, if interest rates on borrowings had been 25 basis point higher/lower with all other variables held constant, pre-tax profit for the year would have been RMB86,824,000 lower/higher (2023: pre-tax loss for the year would have been RMB64,978,000 higher/lower), mainly as a result of higher/lower interest expense on floating rate borrowings.

(c) Credit risk

Credit risk arises from cash at banks, trade receivables, bills receivables and other receivables.

(i) Cash at banks

The Group expects that there is no significant credit risk associated with cash at banks since they are substantially deposited at state-owned banks and large-sized listed banks with good reputations. Management does not expect any losses from non-performance by these counterparties.

(ii) Trade receivables at amortised cost

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(c) Credit risk *(continued)*

(ii) Trade receivables at amortised cost (continued)

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors (i.e., Gross Domestic Product and Consumer Price Index) affecting the ability of the customers to settle the receivables. On that basis, the loss allowance as at 30 June 2024 was determined as follows:

30 June 2024	0–30 days RMB'000	31–60 days RMB'000	Over 60 days RMB'000	Total RMB'000
Gross carrying amount				
— trade receivables	3,525,840	21,136	18,711	3,565,687
Expected loss rate	0.15%–3.82%	27.02%	65.70%–100.00%	0.15%–100.00%
Loss allowance	8,354	5,712	17,341	31,407

(iii) Other receivables at amortised cost

Other receivables at amortised cost mainly represents other receivables and deposits arising from normal operations.

The loss allowance for other receivables as at 30 June reconciles to the opening loss allowance as follows:

	For the year ended 30 June 2024 RMB'000
Loss allowance as at 30 June 2023	—
Increase in the loss allowance recognised in profit or loss during the year	41,573
Loss allowance as at 30 June 2024	41,573

(iv) Bills receivables at FVOCI

Bills receivables at FVOCI mainly include bank acceptance notes. The loss allowance for bills receivables at FVOCI is recognised in profit or loss and reduces the fair value loss otherwise recognised in OCI.

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(c) Credit risk *(continued)*

(iv) Bills receivables at FVOCI (continued)

The loss allowance for bills receivables at FVOCI as at 30 June reconciles to the opening loss allowance as follows:

	For the year ended 30 June 2024 RMB'000
Loss allowance as at 30 June 2023	–
Increase in the loss allowance recognised in profit or loss during the year	9,432
Loss allowance as at 30 June 2024	9,432

The loss allowance provision for trade receivable, other receivables and bills receivables at FVOCI as at 1 July 2023 and 30 June 2024 reconciles to the opening loss allowance for that provision as follows:

	Trade receivables RMB'000	Other receivables RMB'000	Bills receivables at FVOCI RMB'000	Total RMB'000
Loss allowance at 1 July 2023	–	–	–	–
Increase in loss allowance recognised in profit or loss during the year	31,407	41,573	9,432	82,412
Loss allowance at 30 June 2024	31,407	41,573	9,432	82,412

(d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities. The Group aims to maintain flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts of the Group's liquidity reserve comprising undrawn borrowing facilities (Note 17), cash and cash equivalents (Note 13) and short-term bank deposits on the basis of expected cash flows.

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(d) Liquidity risk *(continued)*

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date, to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, including interest payments computed using contractual rates, or, if floating, based on current rates.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total contractual cash flows RMB'000	Carrying amount liabilities RMB'000
At 30 June 2024						
Borrowings	16,853,125	31,517,584	18,023,957	5,534,897	71,929,563	67,179,081
Trade, bills and other payables, excluding staff welfare benefits payable and other taxes payable	15,037,499	–	–	–	15,037,499	15,037,499
Lease liabilities	240,197	273,234	713,928	1,725,546	2,952,905	1,846,352
At 30 June 2023						
Borrowings	15,356,922	24,754,188	16,335,414	4,573,773	61,020,297	56,773,252
Trade, bills and other payables, excluding staff welfare benefits payable and other taxes payable	13,266,019	–	–	–	13,266,019	13,266,019
Lease liabilities	22,069	10,718	13,293	12,908	58,988	52,015

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group will consider the macro economic conditions, prevailing borrowing rates in the market and adequacy of cash flows generating from operations and may raise funding through capital market or bank borrowings as necessary.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) plus lease liabilities (including current and non-current lease liabilities as shown in the consolidated balance sheet) less cash and cash equivalents, restricted cash and short-term bank deposits. Total capital is "Total equity" as shown in the consolidated balance sheet.

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.2 Capital risk management *(continued)*

The gearing ratio is calculated as follows:

	30 June 2024 RMB'000	30 June 2023 RMB'000
Total borrowings (Note 17)	**67,179,081**	56,773,252
Total lease liabilities	**1,846,352**	52,015
	69,025,433	56,825,267
Less: cash and cash equivalents, restricted cash and short-term bank deposits	**(10,730,065)**	(10,462,895)
Net debt	**58,295,368**	46,362,372
Total equity	**48,484,477**	45,136,422
Gearing ratio	**120%**	103%

The increase in the gearing ratio during the year ended 30 June 2024 was primarily resulted from the increase in borrowings and lease liabilities.

3.3 Fair value estimation

Financial instruments carried at fair value are categorised by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

— Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price already incorporates the market's assumptions with respect to changes in economic climate such as rising interest rates and inflation, as well as changes due to ESG risk. These instruments are included in level 1.

— Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

— Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and for instruments where ESG risk gives rise to a significant unobservable adjustment.

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.3 Fair value estimation *(continued)*

The following table presents the Group's financial assets measured and recognised at fair value at 30 June 2024 on a recurring basis:

	30 June 2024			30 June 2023
	Level 1 RMB'000	Level 2 RMB'000	Total RMB'000	Level 1 RMB'000
Financial assets at fair value through profit or loss	86,248	—	86,248	87,404
Bills receivables	—	4,957,444	4,957,444	—
Total financial assets	86,248	4,957,444	5,043,692	87,404

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations which were net present value of future cash flows which are estimated based upon the continued use of the asset in the relevant cash generating unit ("CGU"). These calculations require the use of judgements and estimates.

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether there are impairment indicators at the level of CGU; and (ii) the significant assumptions to be applied in value-in-use calculations such as the discount rates and the expected sales growth rates. Changing the assumptions selected by management in assessing impairment, including the discount rates and the expected sales growth rate in the cash flow projections, could materially affect the net present value in the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the consolidated income statement.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

(b) Useful lives of property, plant and equipment and right-of-use assets

The Group's management determines the estimated useful lives and related depreciation expense for its property, plant and equipment and right-of-use assets. The estimate is based on the expected lifespan of the property, plant and equipment and right-of-use assets and expected wears and tears incurred. Wears and tears can be significantly different following maintenance and renovations each time. It could also change significantly as a result of technical innovations. Management regularly reviews the estimated useful lives and related depreciation charge of the Group's property, plant and equipment and right-of-use assets. When the useful lives differ from the original estimated useful lives, management will adjust the estimated useful lives accordingly, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. It is possible that the estimates made based on existing experience are different to the actual outcomes within the next financial period and could cause a material adjustment to the depreciation and carrying amount of property, plant and equipment and right-of-use assets.

(c) Income taxes

The Group is subject to income taxes in various jurisdictions. Judgement is required in determining the amount of the provision for taxation and timing of payment of the related taxation. Judgement is also required in determining the tax rate that would be applicable when related temporary difference that gives rise to deferred income tax is recycled for those group entities currently entitling preferential tax rate. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is likely that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectations are different from the original estimates, such differences will impact the recognition of deferred income tax assets and income tax charges in the period in which such estimates have been changed.

5. 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. Management reviews the operating results of the business as one segment to make decisions about resources to be allocated. Therefore, the directors of the Company regard that there is only one segment which is used to make strategic decisions. The breakdown of the major products of the total revenue is disclosed in Note 20.

The Group is domiciled in the PRC. The revenue from external customers attributable to the PRC for the year ended 30 June 2024 is RMB52,419,649,000 (2023: RMB50,495,610,000), and the total of its revenue from external customers from other countries is RMB7,076,716,000 (2023: RMB6,243,830,000).

As at 30 June 2024, other than deferred income tax assets, the total of non-current assets located in the PRC is RMB88,008,440,000 (30 June 2023: RMB77,732,862,000), and the total of these non-current assets located in other countries is RMB13,853,134,000 (30 June 2023: RMB13,332,677,000).

6. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RMB'000	Buildings RMB'000	Plants and machineries RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles, transportation, and logistics equipment RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 July 2022							
Cost	558,278	12,660,945	65,806,903	1,536,715	808,647	15,054,877	96,426,365
Accumulated depreciation	–	(4,979,386)	(19,188,897)	(1,052,338)	(536,077)	–	(25,756,698)
Net book amount	558,278	7,681,559	46,618,006	484,377	272,570	15,054,877	70,669,667
Year ended 30 June 2023							
Opening net book amount	558,278	7,681,559	46,618,006	484,377	272,570	15,054,877	70,669,667
Additions	5,220	290,100	730,374	166,589	50,158	17,800,873	19,043,314
Transfer	–	7,385,117	5,065,347	350,927	11,141	(12,812,532)	–
Disposals	–	(3,492)	(31,017)	(441)	(408)	–	(35,358)
Depreciation (Notes (a) and 22)	–	(673,145)	(2,829,018)	(126,079)	(63,355)	–	(3,691,597)
Exchange differences	16,260	75,783	377,696	5,882	763	94,797	571,181
Closing net book amount	579,758	14,755,922	49,931,388	881,255	270,869	20,138,015	86,557,207
At 30 June 2023							
Cost	579,758	21,675,875	70,720,356	2,050,631	877,682	20,138,015	116,042,317
Accumulated depreciation	–	(6,919,953)	(20,788,968)	(1,169,376)	(606,813)	–	(29,485,110)
Net book amount	579,758	14,755,922	49,931,388	881,255	270,869	20,138,015	86,557,207
Year ended 30 June 2024							
Opening net book amount	579,758	14,755,922	49,931,388	881,255	270,869	20,138,015	86,557,207
Additions	473	50,571	530,002	44,860	98,873	11,879,667	12,604,446
Transfer	–	2,983,169	6,746,090	132,846	3,043	(9,865,148)	–
Disposals	–	(4,103)	(41,847)	(6,388)	(491)	–	(52,829)
Depreciation (Notes (a) and 22)	–	(503,522)	(2,589,417)	(141,410)	(70,214)	–	(3,304,563)
Exchange differences	(14,010)	(57,876)	(168,111)	(285)	(97)	(101,021)	(341,400)
Closing net book amount	566,221	17,224,161	54,408,105	910,878	301,983	22,051,513	95,462,861
At 30 June 2024							
Cost	566,221	24,637,419	77,384,401	2,202,317	961,775	22,051,513	127,803,646
Accumulated depreciation	–	(7,413,258)	(22,976,296)	(1,291,439)	(659,792)	–	(32,340,785)
Net book amount	566,221	17,224,161	54,408,105	910,878	301,983	22,051,513	95,462,861

6. PROPERTY, PLANT AND EQUIPMENT *(continued)*

(a) Depreciation was included in the following categories in the consolidated income statement:

	For the year ended 30 June	
	2024	2023
	RMB'000	RMB'000
Cost of goods sold	**3,028,470**	3,368,476
Administrative expenses	**195,101**	245,948
Selling and marketing costs	**80,992**	77,173
	3,304,563	3,691,597

(b) Based on management's best estimates, there was no impairment for the property, plant and equipment as at 30 June 2024 (30 June 2023: nil).

For the purpose of impairment assessment on the property, plant and equipment with impairment indicators, management identified four cash generating units ("CGU") and estimated the recoverable amount of each CGU based on their value in use. The value-in-use calculations used cash flow projections based on financial budgets approved by the management covering a five-year period, which involved significant estimations and judgements. Future cash flows are discounted at pre-tax rates of 13.8% to 16.1% with expected sales growth rates of 4%. For all other variables held constant, increasing the discount rates or the expected sales growth rates individually by 50 basis points from the original estimates would not give rise to any impairment as at 30 June 2024.

7. RIGHT-OF-USE ASSETS

	Land use rights RMB'000	Office buildings RMB'000	Vessels RMB'000	Total RMB'000
At 1 July 2022				
Cost	2,724,456	46,965	—	2,771,421
Accumulated depreciation	(595,579)	(20,275)	—	(615,854)
Net book amount	2,128,877	26,690	—	2,155,567
Year ended 30 June 2023				
Opening net book amount	2,128,877	26,690	—	2,155,567
Additions	911,748	44,485	—	956,233
Sale of land use rights	(11,280)	—	—	(11,280)
Depreciation (Notes (a) and 22)	(70,438)	(21,235)	—	(91,673)
Exchange differences	9,513	900	—	10,413
Closing net book amount	2,968,420	50,840	—	3,019,260
At 30 June 2023				
Cost	3,634,773	92,796	—	3,727,569
Accumulated depreciation	(666,353)	(41,956)	—	(708,309)
Net book amount	2,968,420	50,840	—	3,019,260
Year ended 30 June 2024				
Opening net book amount	**2,968,420**	**50,840**	**—**	**3,019,260**
Additions (Notes (b))	**260,700**	**856**	**2,198,727**	**2,460,283**
Depreciation (Notes (a) and 22)	**(81,015)**	**(20,779)**	**(39,335)**	**(141,129)**
Exchange differences	**(7,359)**	**17,399**	**4,315**	**14,355**
Closing net book amount	**3,140,746**	**48,316**	**2,163,707**	**5,352,769**
At 30 June 2024				
Cost	**3,887,563**	**111,038**	**2,203,042**	**6,201,643**
Accumulated depreciation	**(746,817)**	**(62,722)**	**(39,335)**	**(848,874)**
Net book amount	**3,140,746**	**48,316**	**2,163,707**	**5,352,769**

(a) Depreciation of RMB47,394,000, RMB39,335,000, RMB23,785,000 and RMB30,615,000 (2023: RMB40,822,000, RMB nil, RMB21,235,000 and RMB29,616,000) are charged to the "cost of goods sold", "other expenses" and "administrative expenses" of the consolidated income statement, and capitalised in construction in progress included in "property, plant and equipment", respectively.

(b) The additions of right-of use assets and lease liabilities were mainly comprised of 8 vessels with purchase options which were considered reasonably certain to be exercised by the Company at the end of the lease term. The accompanying right-of-use assets for the 8 vessels amounting to RMB2,198,727,000 are depreciated over the useful life of the vessels as 30 years.

8. INTANGIBLE ASSETS

	Goodwill RMB'000 (Note (b))	Others RMB'000 (Note (c))	Total RMB'000
At 1 July 2022			
Cost	155,106	311,587	466,693
Accumulated amortisation	—	(154,375)	(154,375)
Net book amount	155,106	157,212	312,318
Year ended 30 June 2023			
Opening net book amount	155,106	157,212	312,318
Additions	—	13,002	13,002
Amortisation (Notes (a) and 22)	—	(29,721)	(29,721)
Exchange differences	—	4,649	4,649
Closing net book amount	155,106	145,142	300,248
At 30 June 2023			
Cost	155,106	329,238	484,344
Accumulated amortisation	—	(184,096)	(184,096)
Net book amount	155,106	145,142	300,248
Year ended 30 June 2024			
Opening net book amount	**155,106**	**145,142**	**300,248**
Additions	**—**	**6,583**	**6,583**
Amortisation (Notes (a) and 22)	**—**	**(18,879)**	**(18,879)**
Exchange differences	**—**	**(1,142)**	**(1,142)**
Closing net book amount	**155,106**	**131,704**	**286,810**
At 30 June 2024			
Cost	**155,106**	**334,679**	**489,785**
Accumulated amortisation	**—**	**(202,975)**	**(202,975)**
Net book amount	**155,106**	**131,704**	**286,810**

(a) Amortisation of RMB14,522,000 and RMB4,357,000 (2023: RMB21,876,000 and RMB7,845,000) are charged to the administrative expenses and cost of goods sold of the consolidated income statement.

8. INTANGIBLE ASSETS *(continued)*

(b) Impairment test for goodwill

Goodwill is allocated to the Group's CGU identified. The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period, which is based on management's past experience and its expectation for the market development and is consistent with their business plan. Based on the impairment test, management of the Group was of the view that there was no impairment on goodwill as at 30 June 2024 (30 June 2023: nil).

(c) As at 30 June 2024, other intangible assets mainly represent patent, trademark, computer software and sea area use right (30 June 2023: same).

9. SUBSIDIARIES

The following is a list of the principal subsidiaries as at 30 June 2024:

	Place of incorporation and kind of legal entity	Principal activities/ place of operation	Issued and fully paid share capital/ paid-in capital	Attributable equity interest held
Directly held:				
Nine Dragons Paper (BVI) Group Limited	British Virgin Islands (the "BVI"), limited liability company	Investment holdings/BVI	US$10,000	100%
Indirectly held:				
Nine Dragons Worldwide Investment Limited	Hong Kong, limited liability company	Investment holdings/ Hong Kong	HK$1	100%
Nine Dragons Worldwide (China) Investment Group Co., Ltd.	PRC, limited liability company	Investment holdings/ PRC	US$3,217,491,000	100%
Nine Dragons Paper Industries (Dongguan) Co., Ltd.	PRC, limited liability company	Manufacture of paper and pulp/PRC	US$863,181,000	100%
Nine Dragons Paper Industries (Taicang) Co., Ltd.	PRC, limited liability company	Manufacture of paper/ PRC	US$790,720,000	100%
Nine Dragons Paper Industries (Chongqing) Co., Ltd.	PRC, limited liability company	Manufacture of paper and pulp/PRC	US$763,847,770	100%

9. SUBSIDIARIES *(continued)*

	Place of incorporation and kind of legal entity	Principal activities/ place of operation	Issued and fully paid share capital/ paid-in capital	Attributable equity interest held
Nine Dragons Paper Industries (Tianjin) Co., Ltd.	PRC, limited liability company	Manufacture of paper/ PRC	US$756,468,000	100%
Nine Dragons Paper Industries (Quanzhou) Co., Ltd.	PRC, limited liability company	Manufacture of paper/ PRC	US$362,100,000	100%
Nine Dragons Paper Industries (Leshan) Co., Ltd.	PRC, limited liability company	Manufacture of paper/ PRC	RMB462,210,000	100%
Nine Dragons Paper Industries (Shenyang) Co. Ltd.	PRC, limited liability company	Manufacture of paper/ PRC	US$518,057,000	100%
Nine Dragons Paper Industries (Hebei) Co., Ltd.	PRC, limited liability company	Manufacture of paper/ PRC	US$163,193,000	100%
Nine Dragons Paper Industries (Hubei) Co., Ltd.	PRC, limited liability company	Manufacture of paper and pulp/PRC	RMB3,565,000,000	100%
Nine Dragons Paper Industries (Beihai) Co., Ltd.	PRC, limited liability company	Manufacture of paper and pulp/PRC	RMB10,000,000,000	100%
Cheng Yang Paper Mill Co., Ltd. (Note (a))	Vietnam, limited liability company	Manufacture of paper/ Vietnam	US$100,000,000	67%
ND Paper Inc.	USA, limited liability company	Manufacture of paper and pulp/USA	US$1,589,309,670	100%
ND Group Holding (Malaysia) Sdn Bhd.	Malaysia, limited liability company	Manufacture of paper and pulp/Malaysia	MYR1,531,984,000	100%

(a) The Group holds controlling interests in this subsidiary. In the opinion of the directors, the non-controlling interest is individually not material to the Group's consolidated financial statements. Therefore, no separate disclosure on this subsidiary's financial information is presented.

(b) The English names of those subsidiaries incorporated in the PRC represent management's best efforts at translating the Chinese names of these companies as no English names have been registered.

10. INVESTMENTS IN ASSOCIATES AND A JOINT VENTURE

There was no associate nor joint venture of the Group as at 30 June 2024 which, in the opinion of the executive directors, are individually material to the Group. For those individually immaterial associates and joint venture that are accounted for using the equity method, amounts recognised in the consolidated balance sheet and the consolidated income statement are set out as below:

	Associates RMB'000 (Note (a))	**Joint venture** RMB'000 (Note (b))	**Total** RMB'000
At 1 July 2022	248,077	22,755	270,832
Addition	108,453	—	108,453
Share of results	(32,938)	1,096	(31,842)
Dividends declared	(170,159)	—	(170,159)
Disposals	(336)	—	(336)
Exchange differences	—	(1,548)	(1,548)
At 30 June 2023	153,097	22,303	175,400
At 1 July 2023	**153,097**	**22,303**	**175,400**
Addition	**12,981**	**—**	**12,981**
Share of results	**10,708**	**(3,045)**	**7,663**
Exchange differences	**(5)**	**230**	**225**
At 30 June 2024	**176,781**	**19,488**	**196,269**

(a) Particulars of the Group's major associates are set out below:

Name of entity	**Place of incorporation**	**% of ownership interest** **2024**	2023	**Principal activities**
ACN (Tianjin) Resources Co., Ltd. ("ACN Tianjin")	PRC	**30**	30	Sales of recovered paper
Hainan ACN Resources Co., Ltd. ("ACN Hainan")	PRC	**30**	30	Sales of recovered paper
Beihai Minerals Environmental Technology Co, Ltd.	PRC	**49**	49	Resource recycling technology research and development
Ganglong (Guangxi Beihai) Terminal Co., Ltd. ("Guangxi Ganglong")	PRC	**49**	49	Port operations
ND Paper Logistics Sdn. Bhd.	Malaysia	**40**	—	Transportation

10. INVESTMENTS IN ASSOCIATES AND A JOINT VENTURE *(continued)*

(b) Particulars of the Group's joint venture are set out below:

Name of entity	Place of incorporation	% of ownership interest 2024	% of ownership interest 2023	Principal activities
Global Fame Developments Limited ("Global Fame")	BVI	**50**	50	Leasing

11. INVENTORIES

	30 June 2024 RMB'000	30 June 2023 RMB'000
Raw materials	**6,321,231**	5,499,061
Finished goods	**3,883,545**	3,625,390
Inventories — gross	**10,204,776**	9,124,451
Provision for impairment	**(35,468)**	(268,777)
Inventories — net	**10,169,308**	8,855,674

The cost of inventories recognised as expenses and included in cost of goods sold amounted to RMB54,018,202,000 for the year ended 30 June 2024 (2023: RMB54,940,449,000).

Write-downs of inventories to net realisable value amounted to RMB35,468,000 during the year ended 30 June 2024 (2023: RMB268,777,000). The Group reversed RMB268,777,000 of a previous inventory write-down during the year end 30 June 2024 (2023: nil), as the Group sold the relevant goods that had been written down. These were recognised as an expense and included in cost of goods sold in the consolidated income statement.

12. TRADE, BILLS AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2024 RMB'000	30 June 2023 RMB'000
Trade receivables (Note (b)(e))	3,565,687	3,086,387
Less: allowance for impairment (Note (c))	(31,407)	—
	3,534,280	3,086,387
Bills receivables (Note (d)(e))	4,957,444	1,373,742
Less: allowance for impairment (Note (c))	(9,432)	—
	4,948,012	1,373,742
VAT recoverable	3,546,477	2,769,364
Other receivables and deposits (Note (e)(g))	592,547	546,882
Less: allowance for impairment (Note (c))	(41,573)	—
	550,974	546,882
Prepayments (Note (f)(g))	3,271,227	3,253,242
Less: prepayments included in non-current assets	(562,865)	(1,013,424)
Other receivables and prepayments — current portion	6,805,813	5,556,064

(a) As at 30 June 2024, the fair values of trade, bills and other receivables approximate their carrying amounts due to their short term maturities (30 June 2023: same).

(b) The Group's credit sales to customers are mainly entered into on credit terms of not more than 60 days.

As at 30 June 2024, the ageing analysis of trade receivables based on invoice date was as follows:

	30 June 2024 RMB'000	30 June 2023 RMB'000
0–30 days	3,525,840	2,575,787
31–60 days	21,136	432,809
Over 60 days	18,711	77,791
	3,565,687	3,086,387

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers, which are widely dispersed.

12. TRADE, BILLS AND OTHER RECEIVABLES AND PREPAYMENTS *(continued)*

(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. For other receivables, the Group has assessed that the expected credit losses for these receivables under the 12 months expected losses method.

(d) Bills receivables as at 30 June 2024 mainly represent bank acceptance notes (30 June 2023: same) with maturity period of 30 to 180 days (30 June 2023: 180 to 360 days).

(e) The amounts of trade, bills and other receivables and deposits are denominated in the following currencies:

	30 June 2024 RMB'000	30 June 2023 RMB'000
RMB	**8,160,594**	4,223,030
US$	**561,038**	573,322
HK$	**112,603**	63,256
Others	**281,443**	147,403
	9,115,678	5,007,011

(f) Prepayments mainly represent advance to suppliers for purchase of raw materials and prepayments for acquisition of equipment and land use rights.

(g) The amounts due from related parties are disclosed in Note 30(d).

13. CASH AND CASH EQUIVALENTS

	30 June 2024 RMB'000	30 June 2023 RMB'000
Cash and cash equivalents		
— Cash at banks	**10,558,461**	10,315,559
— Cash in hand	**2,208**	1,929
	10,560,669	10,317,488
Cash and cash equivalents were denominated in:		
— RMB	**9,557,301**	8,659,902
— US$	**830,786**	1,377,756
— Others	**172,582**	279,830
	10,560,669	10,317,488

(a) As at 30 June 2024, the maximum exposure to credit risk is the carrying amount of cash at banks of RMB10,558,461,000 (30 June 2023: RMB10,315,559,000).

13. CASH AND CASH EQUIVALENTS *(continued)*

(b) The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated cash and cash equivalents out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

14. SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares HK$'000	Nominal value of ordinary shares RMB'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total
Issued and fully paid:					
Year ended 30 June 2024					
Balance as at 1 July 2023 and 30 June 2024	**4,692,220,811**	**469,222**	**480,531**	**1,084,720**	**1,565,251**
Issued and fully paid:					
Year ended 30 June 2023					
Balance as at 1 July 2022 and 30 June 2023	4,692,220,811	469,222	480,531	1,084,720	1,565,251

15. OTHER RESERVES

	Contributed surplus RMB'000 (Note (a))	Capital reserve RMB'000	Statutory reserve and enterprise expansion fund RMB'000 (Note (b))	Merger reserve RMB'000 (Note (c))	Currency translation reserve RMB'000	Total RMB'000
Year ended 30 June 2023						
Balance as at 1 July 2022	1,483,394	246,267	5,279,426	(335,183)	(270,148)	6,403,756
Appropriation to statutory reserve and enterprise expansion fund	–	–	428,263	–	–	428,263
Dividends	(93,844)	–	–	–	–	(93,844)
Currency translation differences	–	–	–	–	74,307	74,307
Balance at 30 June 2023	1,389,550	246,267	5,707,689	(335,183)	(195,841)	6,812,482
Year ended 30 June 2024						
Balance as at 1 July 2023	**1,389,550**	**246,267**	**5,707,689**	**(335,183)**	**(195,841)**	**6,812,482**
Appropriation to statutory reserve and enterprise expansion fund	**–**	**–**	**239,808**	**–**	**–**	**239,808**
Currency translation differences	**–**	**–**	**–**	**–**	**(236,867)**	**(236,867)**
Balance at 30 June 2024	**1,389,550**	**246,267**	**5,947,497**	**(335,183)**	**(432,708)**	**6,815,423**

15. OTHER RESERVES *(continued)*

(a) Contributed surplus of the Group represents the difference between the share capital of subsidiaries acquired pursuant to the reorganisation over the nominal value of the share capital of the Company issued in exchange therefor and the amount transferred from share premium.

(b) Statutory reserve and enterprise expansion fund

In accordance with relevant rules and regulations in the PRC, except for Sino-foreign equity joint venture enterprises, all other PRC companies are required to transfer 10% of their profit after taxation calculated under PRC accounting rules and regulations to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capitals. The statutory reserve fund can only be used, upon approval by the relevant authority, to offset previous years' losses or to increase the capital of respective companies. The appropriation to the enterprise expansion fund is solely determined by the board of directors of the PRC companies. The enterprise expansion fund can only be used to increase capital of respective companies or to expand their production operations upon approval by the relevant authority.

In accordance with relevant rules and regulations in the PRC applied on Sino-foreign equity joint venture enterprises, the appropriations to the statutory reserve fund and enterprise expansion fund are determined by the board of directors of respective companies.

(c) Merger reserve

The merger reserve represents the aggregate nominal value of the share capital of the subsidiaries acquired by the Group from the controlling shareholders of the Company less considerations paid.

16. PERPETUAL CAPITAL SECURITIES

	For the year ended 30 June	
	2024	2023
	RMB'000	RMB'000
Balance as at 1 July	**—**	—
Issuance	**2,824,660**	—
Profit attributable to holders of perpetual capital securities	**21,669**	—
Balance as at 30 June	**2,846,329**	—

In June 2024, the Company issued 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 year ended 30 June 2024 (2023: nil).

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.

17. BORROWINGS

	30 June 2024 RMB'000	30 June 2023 RMB'000
Non-current		
— Long-term bank and other borrowings	**52,326,732**	43,180,730
Current		
— Short-term bank borrowings	**3,210,872**	5,889,013
— Current portion of long-term bank borrowings	**11,641,477**	7,703,509
	14,852,349	13,592,522
	67,179,081	56,773,252

(a) The exposure of the Group's borrowings to interest-rate changes and the contractual repricing dates or maturity dates whichever is earlier is as follows:

	30 June 2024 RMB'000	30 June 2023 RMB'000
6 months or less	**25,410,065**	31,766,210
6–12 months	**17,444,717**	16,012,226
1–5 years	**24,151,308**	8,889,816
Over 5 years	**172,991**	105,000
	67,179,081	56,773,252

(b) The Group's borrowings were repayable as follows:

	30 June 2024 RMB'000	30 June 2023 RMB'000
Within 1 year	**14,852,349**	13,592,522
Between 1 and 2 years	**30,198,046**	23,510,231
Between 2 and 5 years	**16,911,781**	15,426,361
Over 5 years	**5,216,905**	4,244,138
	67,179,081	56,773,252

17. BORROWINGS *(continued)*

(c) The effective interest rates of borrowings were mainly as follows:

	30 June 2024				
	RMB	US$	EURO	MYR	VND
Long-term bank and other borrowings	3.24%	2.63%	1.07%	Not applicable	Not applicable
Short-term bank borrowings	3.09%	Not applicable	0.97%	4.36%	2.89%

	30 June 2023				
	RMB	US$	EURO	MYR	VND
Long-term bank and other borrowings	3.33%	7.68%	1.03%	Not applicable	Not applicable
Short-term bank borrowings	2.82%	7.48%	0.94%	4.26%	Not applicable

(d) The carrying amounts of the bank and other borrowings approximated their fair values as these borrowings are mainly floating-rate borrowings.

(e) The Group's borrowings were denominated in:

	30 June 2024 RMB'000	30 June 2023 RMB'000
RMB	66,088,468	52,932,722
EURO	572,712	860,967
MYR	286,801	155,118
VND	181,214	—
US$	49,886	2,824,445
	67,179,081	56,773,252

(f) The Group has the following undrawn borrowing facilities:

	30 June 2024 RMB'000	30 June 2023 RMB'000
At floating rates:		
— expiring within one year	18,902,795	33,114,870
— expiring beyond one year	20,410,894	22,119,163
	39,313,689	55,234,033

18. DEFERRED INCOME TAX

	30 June 2024 RMB'000	30 June 2023 RMB'000
Deferred income tax assets	(197,113)	(130,969)
Deferred income tax liabilities	4,499,231	4,157,579
Deferred income tax liabilities, net	4,302,118	4,026,610

(a) The net movement on the deferred income tax assets and liabilities is as follows:

	For the year ended 30 June 2024 RMB'000	2023 RMB'000
Beginning of the year	4,026,610	4,260,686
Charged/(credited) to the consolidated income statement (Note 25)	276,817	(235,911)
Exchange differences	(1,309)	1,835
End of the year	4,302,118	4,026,610

(b) The movements in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	Deferred income tax assets RMB'000	Deferred income tax liabilities RMB'000
At 1 July 2022	(786,638)	5,047,324
(Credited)/charged to the consolidated income statement	(696,337)	460,426
Exchange difference	289	1,546
At 30 June 2023	(1,482,686)	5,509,296
At 1 July 2023	(1,482,686)	5,509,296
(Credited)/charged to the consolidated income statement	(7,680)	284,497
Exchange difference	—	(1,309)
At 30 June 2024	(1,490,366)	5,792,484

As at 30 June 2024, deferred income tax assets were mainly recognised in respect of temporary differences arising from tax losses and deferred income tax liabilities were mainly provided in respect of temporary differences arising from accelerated tax depreciation.

18. DEFERRED INCOME TAX *(continued)*

(b) *(continued)*

Pursuant to the relevant corporate income tax rules and regulations, withholding tax is imposed on dividends declared in respect of profits earned by the Group's certain subsidiaries. Deferred income tax liabilities of RMB1,862,599,000 (30 June 2023: RMB1,779,725,000) have not been provided for in these consolidated financial statements in respect of temporary differences attributable to accumulated profits of the Group's certain subsidiaries as the Group controls the dividend policy of these subsidiaries and it is probable that these temporary differences will not be reversed in the foreseeable future.

19. TRADE, BILLS AND OTHER PAYABLES

	30 June 2024 RMB'000	30 June 2023 RMB'000
Trade payables (Note (a))	**4,745,359**	3,277,468
Bills payables (Note (b))	**6,520,710**	6,370,854
Other payables (Note (c))	**4,430,661**	4,406,884
Less: non-current portion of other payables	**(100,652)**	(84,093)
Other payables — current portion	**4,330,009**	4,322,791

(a) Trade payables are settled in accordance with agreed terms with suppliers, of which amounts due to related parties are disclosed in Note 30(d). The ageing analysis of trade payables based on invoice date as at 30 June 2024 is as follows:

	30 June 2024 RMB'000	30 June 2023 RMB'000
0–90 days	**4,261,319**	2,746,127
Over 90 days	**484,040**	531,341
	4,745,359	3,277,468

(b) Bills payables are mainly with maturity period of 90 to 180 days as at 30 June 2024 (30 June 2023: 90 to 360 days), of which amounts due to related parties are disclosed in Note 30(d).

(c) Other payables mainly represent payables for purchase of property, plant and equipment and other operating expenses, of which amounts due to related parties are disclosed in Note 30(d).

20. REVENUE

	For the year ended 30 June	
	2024	2023
	RMB'000	RMB'000
Sales of packaging paper	**54,609,046**	51,009,294
Sales of printing and writing paper	**4,133,707**	4,699,885
Sales of high value specialty paper products	**641,833**	675,291
Sales of pulp	**111,779**	354,970
	59,496,365	56,739,440
Timing of revenue recognition		
A point in time	**59,496,365**	56,739,440

(a) The Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue during the year ended 30 June 2024 (2023: same).

(b) Contract liabilities:

The Group has recognised the following revenue-related contract liabilities:

	For the year ended 30 June	
	2024	2023
	RMB'000	RMB'000
Related to sales of paper and pulp	**632,551**	454,378

(i) Revenue recognised in relation to contract liabilities

Revenue recognised related to carried-forward contract liabilities amounted to RMB454,378,000 for the year ended 30 June 2024 (2023: RMB374,065,000).

(ii) Unsatisfied performance obligations

The Group has adopted a practical expedient methodology by omitting disclosure of remaining performance obligations as all related contracts have a duration of one year or less.

21. OTHER INCOME, OTHER EXPENSES AND OTHER GAINS — NET

	For the year ended 30 June	
	2024	2023
	RMB'000	RMB'000
Other income		
— VAT refund (Note (a))	**1,320,014**	1,231,774
— income from other sales, services and leases	**193,511**	79,645
— subsidy income	**93,706**	116,960
Other expenses		
— cost of other sales, services and leases	**(163,178)**	(70,644)
Other gains — net		
— losses on disposal of property, plant and equipment	**(20,520)**	(28,170)
— Others	**127,850**	73,524
	1,551,383	1,403,089

(a) Effective from 1 July 2015, pursuant to the preferential VAT policies collectively issued by the Ministry of Finance and the PRC State Administration of Taxation, the Group's VAT paid in relation to the production and sales of paper products using recycled paper as raw materials is eligible for refund of 50%.

22. EXPENSES BY NATURE

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

	For the year ended 30 June	
	2024	2023
	RMB'000	RMB'000
Raw materials and consumables used	**48,463,322**	45,959,412
Changes in finished goods	**(258,155)**	2,993,011
Employee benefit expenses (Note 23)	**4,013,449**	4,014,510
Depreciation charges of property, plant and equipment (Note 6)	**3,304,563**	3,691,597
Repairs and maintenance expenses	**560,310**	744,555
Transportation expenses	**1,205,962**	1,023,559
(Reversal of)/provision for inventory impairment (Note 11)	**(233,309)**	268,777
Other taxes	**566,763**	588,726
Depreciation charges of right-of-use assets (Note 7)	**141,129**	91,673
Less: amount capitalised in property, plant and equipment	**(30,615)**	(29,616)
Less: amount charged to other expenses	**(39,335)**	—
	71,179	62,057
Amortisation of intangible assets (Note 8)	**18,879**	29,721
Auditor's audit and non-audit service fees	**13,157**	9,480
Others	**547,443**	525,181
	58,273,563	59,910,586

23. EMPLOYEE BENEFIT EXPENSES

	For the year ended 30 June	
	2024	2023
	RMB'000	RMB'000
Wages and salaries	**3,488,269**	3,524,335
Allowances and benefits	**525,180**	490,175
	4,013,449	4,014,510

(a) Pensions costs — defined contribution plans

The details of retirement scheme contributions for the employees, which have been dealt with in the consolidated income statement are as follows:

	For the year ended 30 June	
	2024	2023
	RMB'000	RMB'000
Gross scheme contributions	**187,575**	167,343

(b) Directors' and senior management's emoluments

The remuneration of each of the directors and chief executive officer of the Company for the year ended 30 June 2024 is set out below:

Name of director	Fees RMB'000	Allowance RMB'000	Salary RMB'000	Discretionary bonus RMB'000	Employer's contribution to pension scheme RMB'000	Total RMB'000
Executive directors						
Ms. Cheung Yan	8,928	–	–	2,500	–	11,428
Mr. Liu Ming Chung (i)	8,376	–	–	2,500	–	10,876
Mr. Zhang Cheng Fei (i)	8,100	–	–	–	–	8,100
Mr. Zhang Yuan Fu	909	–	6,184	–	16	7,109
Mr. Lau Chun Shun	4,800	–	–	2,500	16	7,316
Mr. Ken Liu	4,127	–	–	3,000	16	7,143
Mr. Zhang Lianpeng	2,800	–	–	–	–	2,800
Ms. Zhang Lianru (ii)	400	–	800	–	–	1,200
Independent non-executive directors						
Mr. Lam Yiu Kin	480	–	–	40	–	520
Mr. Ng Leung Sing	480	–	–	40	–	520
Mr. Chen Kefu (ii)	217	–	–	–	–	217
Ms. Chan Man Ki	437	–	–	36	–	473
Dr. Li Huiqun	437	–	–	36	–	473
	40,491	–	6,984	10,652	48	58,175

23. EMPLOYEE BENEFIT EXPENSES *(continued)*

(b) Directors' and senior management's emoluments *(continued)*

The remuneration of each of the directors and chief executive officer of the Company for the year ended 30 June 2023 is set out below:

Name of director	Fees RMB'000	Allowance RMB'000	Salary RMB'000	Discretionary bonus RMB'000	Employer's contribution to pension scheme RMB'000	Total RMB'000
Executive directors						
Ms. Cheung Yan	8,928	–	–	1,500	–	10,428
Mr. Liu Ming Chung (i)	8,376	–	–	5,500	–	13,876
Mr. Zhang Cheng Fei (i)	8,100	–	–	–	–	8,100
Mr. Zhang Yuan Fu	922	–	6,269	–	16	7,207
Mr. Lau Chun Shun	4,800	–	–	1,500	16	6,316
Mr. Ken Liu	4,109	–	–	4,000	–	8,109
Mr. Zhang Lianpeng	2,400	–	–	3,500	–	5,900
Independent non-executive directors						
Ms. Tam Wai Chu, Maria (iii)	317	–	–	80	–	397
Mr. Lam Yiu Kin	479	–	–	80	–	559
Mr. Ng Leung Sing	479	–	–	80	–	559
Mr. Chen Kefu	436	–	–	73	–	509
Ms. Chan Man Ki (iii)	184	–	–	–	–	184
Dr. Li Huiqun (iii)	184	–	–	–	–	184
	39,714	–	6,269	16,313	32	62,328

(i) Mr. Liu Ming Chung and Mr. Zhang Cheng Fei are also the chief executive officer and deputy chief executive officer of the Group, respectively.

(ii) Mr. Chen Kefu retired at the 2023 annual general meeting held on 11 December 2023. Ms. Zhang Lianru was appointed on 1 March 2024.

(iii) Ms. Tam Wai Chu, Maria resigned on 31 March 2023. Ms. Chan Man Ki and Dr. Li Huiqun were appointed on 6 February 2023.

During the year ended 30 June 2024, no director received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office (2023: same).

23. EMPLOYEE BENEFIT EXPENSES *(continued)*

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 30 June 2024 include two (2023: three) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2023: two) individuals during the year ended 30 June 2024 are as follows:

	For the year ended 30 June	
	2024	2023
	RMB'000	RMB'000
Wages and salaries	**25,660**	19,290
Allowances and benefits	**—**	144
	25,660	19,434

The emoluments of these remaining individuals of the Group fell within the following bands:

	For the year ended 30 June	
	2024	2023
Annual emolument band		
RMB8,210,000 to RMB8,660,000 (equivalent to HK$9,000,000 to HK$9,500,000)	**2**	—
RMB8,660,000 to RMB9,120,000 (equivalent to HK$9,500,000 to HK$10,000,000)	**1**	—
RMB9,580,000 to RMB10,030,000 (equivalent to HK$10,500,000 to HK$11,000,000)	**—**	1
RMB10,030,000 to RMB10,490,000 (equivalent to HK$11,000,000 to HK$11,500,000)	**—**	1

24. FINANCE INCOME AND FINANCE COSTS

	For the year ended 30 June	
	2024	2023
	RMB'000	RMB'000
Finance income:		
Interest income from bank deposits	**135,181**	162,110
Finance costs:		
Interest expenses	**(2,250,894)**	(1,863,598)
Other incidental costs	**(43,074)**	(120,143)
Less: amounts capitalised on property, plant and equipment (Note (a))	**748,221**	746,863
	(1,545,747)	(1,236,878)
Other finance costs	**(23,018)**	(52,037)
	(1,568,765)	(1,288,915)

(a) The capitalisation interest rate is 3.55% for the year ended 30 June 2024 (2023: 4.02%).

25. INCOME TAX EXPENSE/(CREDIT)

	For the year ended 30 June	
	2024	2023
	RMB'000	RMB'000
Current income tax		
— PRC corporate income tax and withholding income tax (Notes (a) and (b))	**151,613**	(120,870)
— Malaysia income tax (Note (c))	**5,612**	—
— Vietnam income tax (Note (d))	**10,441**	1,590
	167,666	(119,280)
Deferred income tax (Note 18)		
— PRC corporate income tax and withholding income tax	**255,311**	(322,950)
— Malaysia income tax	**17,270**	—
— USA income tax (Note (e))	**—**	77,925
— Vietnam income tax	**4,236**	9,114
	276,817	(235,911)
	444,483	(355,191)

25. INCOME TAX EXPENSE/(CREDIT) *(continued)*

(a) PRC corporate income tax

The Group's subsidiaries in 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 Group's financial year ended 30 June 2024 as those subsidiaries fulfil the requirements of High and New Technology Enterprise ("HNTE") according to relevant rules and regulations (2023: 15%). The HNTE designation should be reassessed every three years according to relevant rules and regulations.

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 certain recycled products is qualified for the incentive tax arrangement and therefore 10% of the Group's revenue from sales of qualified 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 Chinese mainland for the year ended 30 June 2024 was 5% (2023: 5%).

(c) Malaysia income tax

The Group's subsidiaries in Malaysia are subject to corporate income tax at the rate of 24% for the year ended 30 June 2024 in respect of operations in Malaysia (2023: nil assessable profit).

(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 year ended 30 June 2024 in respect of operations in Vietnam (2023: same).

(e) USA income tax

USA income tax has not been provided as the Group did not have any assessable profits for the year ended 30 June 2024 (2023: same).

(f) Hong Kong profits tax

Hong Kong profits tax has not been provided as the Group did not have any assessable profits for the year ended 30 June 2024 (2023: same).

25. INCOME TAX EXPENSE/(CREDIT) *(continued)*

(g) The taxation on the Group's profit/(losses) before taxation differs from the theoretical amount that would arise using the applicable tax rates of the group entities as follows:

	For the year ended 30 June	
	2024	2023
	RMB'000	RMB'000
Profit/(loss) before income tax	**1,238,373**	(2,726,030)
Less: share of results of associates and a joint venture	**(7,663)**	31,842
	1,230,710	(2,694,188)
Tax calculated at applicable tax rates of the group entities	**337,409**	(594,931)
Effect of preferential tax rates	**(310,395)**	(90,170)
Tax losses for which no deferred income tax assets was recognised	**322,054**	368,635
Others	**95,415**	(38,725)
Income tax expense/(credit)	**444,483**	(355,191)

26. EARNINGS/(LOSS) PER SHARE

— Basic

	For the year ended 30 June	
	2024	2023
Profit/(Loss) attributable to equity holders of the Company (RMB'000)	**750,677**	(2,383,376)
Weighted average number of ordinary shares in issue (shares in thousands)	**4,692,221**	4,692,221
Basic earnings/(loss) per share (RMB per share)	**0.16**	(0.51)

— Diluted

Diluted earnings per share is the same as basic earnings per share as there were no potential dilutive ordinary shares outstanding during the year ended 30 June 2024 (2023: same).

27. DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 30 June 2024 (2023: nil).

28. NOTES OF CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash generated from operations

	For the year ended 30 June	
	2024	2023
	RMB'000	RMB'000
Profit/(loss) for the year	**793,890**	(2,370,839)
Adjustments for		
Income tax expense/(credit) (Note 25)	**444,483**	(355,191)
Depreciation charges of property, plant and equipment (Note 6)	**3,304,563**	3,691,597
Depreciation charges of right-of-use assets (Note 7)	**110,514**	62,057
Amortisation (Notes 8 and 22)	**18,879**	29,721
Net impairment losses on financial assets	**82,412**	—
(Reversal of)/provision for inventory impairment	**(233,309)**	268,777
Share of results of associates and a joint venture — net (Note 10)	**(7,663)**	31,842
Finance income (Note 24)	**(135,181)**	(162,110)
Finance costs (Note 24)	**1,568,765**	1,288,915
Exchange gains on financing activities — net	**(19,231)**	(27,839)
Exchange gains/(losses) on operating activities — net	**46,710**	(172,835)
Others	**18,605**	24,356
	5,993,437	2,308,451
Changes in working capital		
Inventories	**(1,080,325)**	3,045,649
Trade, bills and other receivables and prepayments	**(4,466,146)**	(85,583)
Trade, bills and other payables and contract liabilities	**1,117,514**	3,736,451
Cash generated from operations	**1,564,480**	9,004,968

28. NOTES OF CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(b) Reconciliation of liabilities arising from financing activities

	1 July 2023 RMB'000	Financing cash inflows — net RMB'000	New leases RMB'000	Other changes (i) RMB'000	30 June 2024 RMB'000
Borrowings	56,773,252	10,450,370	—	(44,541)	67,179,081
Lease liabilities	52,015	(186,071)	1,889,057	91,351	1,846,352
	56,825,267	10,264,299	1,889,057	46,810	69,025,433

	1 July 2022 RMB'000	Financing cash inflows — net RMB'000	New leases RMB'000	Other changes (i) RMB'000	30 June 2023 RMB'000
Borrowings	44,241,001	11,588,440	—	943,811	56,773,252
Lease liabilities	27,483	(23,368)	28,503	19,397	52,015
Dividend payable	376,307	(469,360)	—	93,799	746
	44,644,791	11,095,712	28,503	1,057,007	56,826,013

(i) Other changes for borrowings mainly comprise foreign exchange adjustments. Other changes for lease liabilities mainly comprise interest expense.

29. CAPITAL COMMITMENTS

The Group has material capital commitments contracted but not provided for on property, plant and equipment as follows:

	30 June 2024 RMB'000	30 June 2023 RMB'000
Property, plant and equipment	8,012,562	7,545,689

30. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Name and relationship with major related parties

Name	Relationship
America Chung Nam Inc. ("ACN Inc")	A company beneficially owned by Ms. Cheung Yan and Mr. Liu Ming Chung, executive directors of the Company
ACN Tianjin	An associate of the Group
ACN Hainan	An associate of the Group
Global Fame	A joint venture of the Group
Guangxi Ganglong	An associate of the Group

30. SIGNIFICANT RELATED PARTY TRANSACTIONS *(continued)*

(b) Transactions with related parties

During the year ended 30 June 2024, the Group had the following significant transactions with related parties. These transactions are conducted in the normal course of the Group's business:

	For the year ended 30 June	
	2024	2023
	RMB'000	RMB'000
Purchase of recovered paper, pulp and woodchips:		
— ACN Tianjin and ACN Hainan and their designated agents	**19,212,804**	19,140,216
— ACN Inc	**1,223,921**	2,289,043
	20,436,725	21,429,259

All the above transactions are entered into with the relevant related parties at mutually agreed terms.

(c) Key management compensation

Compensation for key management including the compensation for directors as disclosed in Note 23 is as follows:

	For the year ended 30 June	
	2024	2023
	RMB'000	RMB'000
Salaries, allowance and benefits	**80,084**	90,951

(d) Balances with related parties

	30 June 2024	30 June 2023
	RMB'000	RMB'000
Other receivables and prepayments:		
— ACN Inc	**714,429**	1,154,646
— ACN Tianjin and ACN Hainan and their designated agents	**468,444**	173,727
— Global Fame	**8,722**	52,317
— Other related parties	**—**	2
	1,191,595	1,380,692

30. SIGNIFICANT RELATED PARTY TRANSACTIONS *(continued)*

(d) Balances with related parties *(continued)*

	30 June 2024 RMB'000	30 June 2023 RMB'000
Trade and bills payables:		
— ACN Tianjin and ACN Hainan and their designated agents	2,807,844	3,237,251
— ACN Inc	410,483	199,464
	3,218,327	3,436,715

	30 June 2024 RMB'000	30 June 2023 RMB'000
Other payables:		
— Guangxi Ganglong	100,000	—

Balances with related parties as at 30 June 2024 were unsecured, interest free and repayable in accordance with agreed terms with related parties (30 June 2023: same).

(e) Provision of guarantee to the joint venture

As at 30 June 2024, the Group has provided guarantee of RMB19,696,000 to Global Fame related to its borrowings (30 June 2023: RMB22,804,000).

31. ULTIMATE HOLDING COMPANY

The directors of the Company regard Best Result Holdings Limited, a company incorporated in the BVI, to be the ultimate holding company of the Company.

32. BALANCE SHEET OF THE COMPANY STANDING ALONE

	Note	30 June 2024 RMB'000	30 June 2023 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		99	104
Interests in subsidiaries		17,171,247	10,978,572
		17,171,346	10,978,676
Current assets			
Amounts due from subsidiaries		6,674,998	2,914,529
Cash and cash equivalents		9,054	25,406
		6,684,052	2,939,935
Total assets		23,855,398	13,918,611
EQUITY			
Capital and reserves			
Share capital		480,531	480,531
Share premium		1,084,720	1,084,720
Other reserves	(a)	2,644,051	2,803,708
Retained earnings	(b)	257,288	161,685
		4,466,590	4,530,644
Perpetual capital securities		2,846,329	—
Total equity		7,312,919	4,530,644
LIABILITIES			
Non-current liabilities			
Borrowings		5,524,795	5,832,663
Current liabilities			
Amounts due to subsidiaries		9,208,191	2,709,596
Other payables		670	8,208
Borrowings		1,808,823	837,500
		11,017,684	3,555,304
Total liabilities		16,542,479	9,387,967
Total equity and liabilities		23,855,398	13,918,611

Ms. Cheung Yan
Chairlady

Mr. Liu Ming Chung
Deputy Chairman and Chief Executive Officer

32. BALANCE SHEET OF THE COMPANY STANDING ALONE *(continued)*

(a) Movement of other reserves

	Contributed surplus RMB'000	Currency translation reserve RMB'000	Other reserves RMB'000
At 1 July 2022	2,897,552	—	2,897,552
2022 final dividends	(93,844)	—	(93,844)
At 30 June 2023	2,803,708	—	2,803,708
At 1 July 2023	**2,803,708**	**—**	**2,803,708**
Currency translation differences	**—**	**(159,657)**	**(159,657)**
At 30 June 2024	**2,803,708**	**(159,657)**	**2,644,051**

(b) Movement of retained earnings

	RMB'000
At 1 July 2022	37,199
Profit of the year	124,486
At 30 June 2023	161,685
At 1 July 2023	**161,685**
Profit of the year	**95,603**
At 30 June 2024	**257,288**

OTHER INFORMATION

SHAREHOLDERS

As at 30 June 2024, the Group had over 2,500 non-institutional shareholders.

FINANCIAL CALENDAR

FY2024 interim results announcement	published on 27 February 2024
FY2024 annual results announcement	published on 25 September 2024
Closure of register of members for determining the entitlement of the attendance of the 2024 AGM	28 November 2024 to 3 December 2024 (both dates inclusive)
2024 AGM	3 December 2024

ANNUAL GENERAL MEETING

The 2024 AGM will be held on Tuesday, 3 December 2024. The notice of the 2024 AGM which constitutes part of the circular to Shareholders will be sent together with this Annual Report. The notice of 2024 AGM and the proxy form will also be available on the website of HKExnews at www.hkexnews.hk under Listing Company Information and the website of the Company at www.ndpaper.com.

SHARE INFORMATION

Share Information as at 30 June 2024

Market capitalization:	HK$15.2 billion
Number of issued shares:	4,692,220,811 Shares
Nominal Value:	HK$0.1 per Share
Board Lot:	1,000 Shares

Shares listing

The Shares of ND Paper have been listed on the Main Board of the Stock Exchange (Stock Code: 2689) since March 2006.

Dividend

Dividend per Share for the year ended 30 June 2024

— Interim Dividend:	Nil
— Final Dividend:	Nil

Share registrar and transfer office

Principal:

Conyers Corporate Services (Bermuda) Limited
Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda

Hong Kong branch:

Tricor Investor Services Limited
17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
Tel: (852) 2980 1333
Fax: (852) 2810 8185

Investor relations contact

Nine Dragons Paper (Holdings) Limited
Unit 1, 22/F., One Harbour Square, 181 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong
Tel: (852) 3929 3800
Fax: (852) 3929 3890
Email: ir@ndpaper.com

Stock Code

Hong Kong Stock Exchange: 2689

Website

www.ndpaper.com
www.irasia.com/listco/hk/ndpaper

DEFINITION

"2016 Share Option Scheme"	the share options scheme adopted by the Company on 11 December 2015
"2023 AGM"	Annual General Meeting held on 11 December 2023
"2024 AGM"	Annual General Meeting to be held on 3 December 2024
"ACN"	America Chung Nam, Inc., a corporation established with limited liability under the laws of the State of California in the United States, is indirectly wholly owned by Ms. Cheung Yan and Mr. Liu Ming Chung
"Associate(s)"	has the meaning ascribed to it under the Listing Rules
"Best Result"	Best Result Holdings Limited, a company incorporated under the laws of BVI, is a substantial shareholder of the Company
"Board"	the board of directors of the Company
"BVI"	the British Virgin Islands
"Bye-laws"	the bye-laws of ND Holdings
"CG Code"	the code provisions of the corporate governance code as set out in Appendix C1 to the Listing Rules
"Company or ND Holdings" or "ND Paper" or "Nine Dragons Paper"	Nine Dragons Paper (Holdings) Limited, a company which was incorporated in Bermuda on 17 August 2005 under the Companies Act 1981 as an exempt Company with limited liability
"Director(s)"	the director(s) of the Company or any one of them
"Dongguan Longteng"	Dongguan Longteng Industrial Co., Ltd. (東莞市龍騰實業有限公司), a limited liability company established in the PRC in May 2003
"FY"	Financial year ended/ending 30 June
"Group"	the Company and its subsidiaries
"Hainan ACN" or "ACN Hainan"	Hainan ACN Resources Co., Ltd. (海南中南再生資源有限公司), a limited liability company established in the PRC
"HKD/HK$"	Hong Kong dollars
"Hong Kong" or "Hong Kong SAR" or "HKSAR"	Hong Kong Special Administrative Region of the PRC
"INED(s)"	independent non-executive director(s) of ND Holdings

"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers
"PM"	a prefix referring to the Group's paper machines. For example, PM1 refers to the Group's first paper machine
"PRC"	People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"SFC"	Securities and Futures Commission
"SFO"	Securities and Futures Ordinance
"Share(s)"	ordinary share(s) of HK$0.10 each in the issued share capital of the Company
"Shareholder(s)"	holder(s) of Shares of the Company
"sq.ft"	square feet
"sq.m"	square metre
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Tianjin ACN" or "ACN Tianjin"	ACN (Tianjin) Resources Co., Ltd. (中南(天津)再生資源有限公司), a company established in the PRC
"tpa"	tonnes per annum
"US$/USD"	United States dollars
"Year"	the twelve months ended 30 June 2024
"%"	per cent

This 2023/24 Annual Report ("Annual Report") (in both English and Chinese versions) has been posted on the Company's website at www.ndpaper.com and on the website of HKExnews at www.hkexnews.hk.

Shareholders who have chosen to receive the Company's Corporate Communications (including but not limited to annual report, summary financial report (where applicable), interim report, summary interim report (where applicable), notice of meeting, listing document, circular and proxy form) via the Company's website and for any reason have difficulty in gaining access to the Annual Report posted on the Company's website will promptly upon request be sent by post the Annual Report in printed form free of charge.

Shareholders who have chosen to receive the Company's Corporate Communications in either English or Chinese version may request for the other language version of the Annual Report.

Shareholders may at any time change their choice of means of receipt and language of the Corporate Communications.

Shareholders may request for printed copy of the Annual Report or change of their choice of means of receipt and language of the Corporate Communications by sending reasonable notice in writing to the Company's branch registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or by sending an email to ndpaper-ecom@hk.tricorglobal.com.

玖龍紙業(控股)有限公司*

NINE DRAGONS PAPER (HOLDINGS) LIMITED